ICICI BANK EURASIA LLC

4TH ANNUAL REPORT AND ACCOUNTS 2008

Directors
Chanda D. Kochhar, *Chairperson*
Sonjoy Chatterjee
Suvek Nambiar
K. M. Jayarao
Vladislav Voitsehovich
James Bernard Cook

Auditors
ZAO KPMG

Registered Office
3, 50 Let Oktyabrya Square
City of Balabanovo
Borovsk District
Kaluga Region
Russian Federation
249 000

directors' report

to the members

Your Directors have pleasure in presenting the Fourth Annual Report of ICICI Bank Eurasia LLC with the audited statement of accounts for the financial year ended December 31, 2008.

FINANCIAL HIGHLIGHTS

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

	Rs. million, except percentages		
	2007	**2008**	**% change**
Net interest income and other income	*589*	**853**	45%
Operating expense	*(639)*	**(642)**	0%
Provisions & contingencies	*(42)*	**(28)**	-33%
Profit before tax	*(92)*	**183**	—
Tax expenses	*14*	**(69)**	—
Consolidated profit after tax	*(78)*	**114**	—

The balance sheet as at December 31 is summarised below:

	Rs. million, except percentages		
	2007	**2008**	**% change**
CAPITAL AND LIABILITIES			
HO Control Account	*3,165*	**3,165**	0%
Reserves and Surplus	*(252)*	**(536)**	113%
Deposits	*876*	**2,860**	226%
Borrowings	*28,299*	**19,587**	-31%
Other liabilities and provisions	*125*	**172**	38%
TOTAL	**32,213**	**25,248**	**-22%**
ASSETS			
Cash and balance with Reserve Bank of India	—	**—**	—
Balances with banks and money at call and short notice	*13,279*	**4,905**	-63%
Investments	*5,991*	**2,878**	-52%
Advances	*12,609*	**16,868**	34%
Fixed Assets	*92*	**118**	29%
Other Assets	*241*	**478**	99%
TOTAL	**32,213**	**25,248**	**-22%**

ISSUANCE OF EQUITY CAPITAL

In November 2007, ICICI Bank Limited made an additional contribution to the registered equity capital of the ICICI Bank Eurasia LLC in amount of Rs. 989 mln.

SUBSIDIARY COMPANIES

At December 31, 2008, ICICI Bank Eurasia LLC had no subsidiaries.

DIRECTORS

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

- Chanda D. Kochhar (Chairperson)
- Sonjoy Chatterjee
- Suvek Nambiar
- K. M. Jayarao
- Vladislav Voitsehovich
- James Bernard Cook

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.

K. M. Jayarao was elected as member of the Supervisory Board on August 9, 2007 vide the Resolution of the Sole Participants of ICICI Bank Eurasia LLC.

James Bernard Cook was elected as member of the Supervisory Board on October 19, 2007 vide the Resolution of the Sole Participants of ICICI Bank Eurasia LLC.

Suvek Nambiar was elected as member of the Supervisory Board on March 28, 2008 vide the Resolution of the Sole Participants of ICICI Bank Eurasia LLC.

Vladislav Voitsekhovich was elected as member of the Supervisory Board on May 26, 2008 vide the Resolution of the Sole Participants of ICICI Bank Eurasia LLC.

Niranjan Limaye ceased to be a member of the Supervisory Board vide the Resolution of the Sole Participants of ICICI Bank Eurasia LLC from May 30, 2008.

AUDITORS

ZAO KPMG has been appointed as auditor of ICICI Bank Eurasia LLC on for the financial year 2008 by a resolution of the Sole Participant pursuant recommendation of the Audit Committee of the Bank.

PERSONNEL

As of December 31, 2008 number of the Bank's employees was 171.

CORPORATE GOVERNANCE

ICICI Bank Eurasia LLC 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, 2008, the Supervisory Board consisted of 6 members. There were 8 (eight) meetings of the Supervisory Board during the period from April 1, 2008 till March 31, 2009 – April 16, 2008, April 22, 2008, June 06, 2008, July 09, 2008, September 10, 2008, November 24, 2008 and February 17, 2009. 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
Suvek Nambiar	8	1
Sonjoy Chatterjee	6	3
K. M. Jayarao	7	2
Chanda D. Kochhar (Chairperson)	5	2
James Bernard Cook	5	3
Vladislav Voitsekhovich	5	3
Niranjan Limaye (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, 2009 it was supported in its activities by five committees constituted to oversee specific areas: Executive Credit Committee, Asset and Liability Management Committee, Product and Process Approval Committee and Budjet Committee.

Currently the Executive Board consists of 3 members:

- Vladislav Voitsehovich - *President and CEO*
- Galina Kazanikova - *Deputy CEO*
- Olga Parshina - *Chief Accountant - Chief Financial Officer*

The position of the President and CEO of ICICI Bank Eurasia LLC was held by Niranjan Limaye who ceased to be the President and CEO from April 16, 2008 vide the decision of the Supervisory Board of ICICI Bank Eurasia LLC. Vladislav Voitsehovich was approved to the position of the President and CEO of ICICI Bank Eurasia LLC on April 16, 2008 subject to the approval of the Chief Division of the Central Bank of Russian Federation for Kaluga Region. Olga Parshina was approved to the position of the Member of the Executive Board of ICICI Bank Eurasia LLC on November 24, 2008 subject to the approval of the Chief Division of the Central Bank of Russian Federation for Kaluga Region.

There were 33 meetings of the Executive Board during the period from April 1, 2008 till March 31, 2009.

Audit Committee (AC)

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, 2009 the Audit Committee comprises four Directors and is chaired by Chanda D. Kochhar. There were five meetings of the Committee during the period from April 1, 2008 till March 31, 2009. 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
K. M. Jayarao	5
Chanda D. Kochhar (Chairperson)	4
Sonjoy Chatterjee	4
James Bernard Cook	3

GOVERNANCE COMMITTEE (GC)

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 behavior and compliance with laws and regulations

Composition

The Governance Committee comprises two members and is chaired by Chanda D. Kochhar. There was one meeting of the Committee during the period from April 1, 2008 till March 31, 2009. 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

RISK AND CREDIT COMMITTEE (RCC)

Terms of reference

The functions of the Committee include:

- Approve all new credit proposals in excess of US$ 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 programme lending and delegate authority under these programmes.
- Approve facility reviews where the aggregate group exposure exceeds US$ 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 five Members. It is chaired by Sonjoy Chatterjee. There were 11 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
Sonjoy Chatterjee (Chairperson)	11
K. M. Jayarao	11
James Bernard Cook	7
Suvek Nambiar	10
Niranjan Limaye (ex-member)	1

Executive Credit Committee (ECC)

Terms of reference

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

Composition

The Executive Credit Committee comprises three members, since March 24, 2009 namely,

President and CEO (Chairman). The position of President and CEO of ICICI Bank Eurasia LLC was held by Niranjan Limaye who ceased to be the President and CEO from April 16, 2008 vide the decision of the Supervisory Board of ICICI Bank Eurasia LLC from April 30, 2008. Vladislav Voitsekhovich was approved to the position of the President and CEO of ICICI Bank Eurasia LLC on April 16, 2008 subject to the approval of the Chief Division of the Central Bank of Russian Federation for Kaluga Region. Chief Accountant - Chief Financial Officer - Olga Parshina Head of Credit, Market and Operational Risks Division – Karen Edonts.

There have been 33 meetings of the Executive Credit Committee during the reporting period from April 1, 2008 till March 31, 2009.

Asset and Liability Management Committee (ALMC)

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 Niranjan Limaye who ceased to be the President and CEO from April 16, 2008 vide the decision of the Supervisory Board of ICICI Bank Eurasia LLC from April 30, 2008. Vladislav Voitsekhovich was approved to the position of the President and CEO of ICICI Bank Eurasia LLC on April 16, 2008 subject to the approval of the Chief Division of the Central Bank of Russian Federation for Kaluga Region), Head of Credit, Market and Operational Risks Division – Karen Edonts, Chief Accountant – Chief Financial Officer - Olga Parshina.

There have been 9 meetings of the ALM Committee during the period from April 1, 2008 till March 31, 2009.

Product and Process Approval Committee (PPAC)

Terms of reference

To assess the proposed product offering / process improvement from the business and operational perspective, examine feasibility of the system requirements for supporting the product/ process and ensure that adequate risk mitigation and legal & compliance measures are considered.

Composition

The Product and Process Approval Committee comprises of the following members: Head Compliance department Elizaveta Stepina (Chairperson), Head of Credit, Market and Operational Risks Division – Karen Edonts, Chief Accountant– Chief Financial Officer - Olga Parshina, Head of Operations & IT Group – Svetlana Larionova, Head of Legal Service – Ruslan Gritsevich, Head of Branch Operations and Settlements Division Tatyana Braiko, Head of Treasury Yulia Nikolayshvili, Head of Internal Control Service Vladimir Grigorjev.

There have been 11 meetings of the Product and Process Approval Committee during the reporting period from April 1, 2008 till March 31, 2009.

Budget Committee (BC)

Terms of Reference

The functions of Budget Committee include:

- Adjustment of Bank's annual operating and capital expenses budget;
- Supervision of operating and capital expenses on constant basis under the approved power delegated authorities;
- Allocation of responsibility for implementation of approved budget. Controlling of variances in actual results and approved budget. Cost reduction for every item of budget;
- Approval/rejection of administrative activity extra budget costs;
- Norm-fixing and limitation of operating and capital expenses, appointment of all vendors on tender basis.

Composition

The Budget Committee comprises of the following members: Chief Accountant – Chief Financial Officer - Olga Parshina (Chairperson), Deputy CEO – Galina Kazanikova, Assistant Vice-President – Head of Compliance – Elizaveta Stepina, Head of Moscow Branch – Irina Orekhova.

There have been 14 meetings of Budget Committee during the reporting period from April 1, 2008 till March 31, 2009.

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 Limited.

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 LLC 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 LLC disseminates information on its operations and initiatives on a regular basis. The ICICI Bank Eurasia LLC 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 LLC strategy, business segments, financial performance, operational performance and the latest press releases.

ICICI Bank Eurasia LLC 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 LLC 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, 2009

Shareholder Category	Shares	%
ICICI Bank Limited	1,594,077,500	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 judgments 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 LLC 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.

Vladislav Voitsekhovich
Chief Executive Officer

April 30, 2009

independent auditors' report

to the Board of Directors of ICICI Bank Eurasia Limited Liability Company

To the Supervisory Board of ICICI Bank Eurasia Limited Liability Company

Report on the Financial Statements

We have audited the accompanying financial statements of ICICI Bank Eurasia Limited Liability Company (the "Bank"), which comprise the balance sheet as at December 31, 2008, and the income statement, statement of changes in net assets attributable to participants and cash flow statement 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 December 31, 2008, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

ZAO KPMG
April 20, 2009

balance sheet income statement

ICICI Bank

as at December 31, 2008

	Notes	2008	(Rs. in 000's) 2007
ASSETS			
Cash and cash equivalents	4	**638,830**	*899,873*
Due from the Central Bank of the Russian Federation	5	**28,167**	*320,564*
Placements with banks and other financial institutions	6	**4,237,779**	*12,058,941*
Financial instruments at fair value through profit or loss			
– Held by the Bank	7	**187,863**	*1,228,595*
– Pledged under sale and repurchase agreements	7	**—**	*170,677*
Loans to customers	8	**16,868,311**	*12,609,399*
Available-for-sale assets			
– Held by the Bank	9	**2,204,831**	*4,623,736*
– Pledged under loan agreements	9	**673,156**	*—*
Property and equipment	10	**118,495**	*92,074*
Deferred tax asset	11	**183,599**	*78,186*
Other assets	12	**106,811**	*130,813*
TOTAL ASSETS		**25,247,842**	*32,212,858*
LIABILITIES			
Financial instruments at fair value through profit or loss	7	**—**	*65,718*
Deposits and balances from banks and other financial institutions	13	**18,558,716**	*27,437,807*
Current accounts and deposits from customers	14	**2,859,502**	*870,971*
Promissory notes		**259**	*4,937*
Subordinated debt	15	**1,028,168**	*861,195*
Other liabilities	16	**172,304**	*59,383*
Total liabilities, other than net assets attributable to participants		**22,618,949**	*29,300,011*
Net assets attributable to participants	17	**2,628,893**	*2,912,847*
TOTAL LIABILITIES		**25,247,842**	*32,212,858*
Commitments and contingencies	29-31		

The financial statements as set out on pages 228 to 244 were approved by Supervisory Board on April 20, 2009.

VLADISLAV VOITSEKHOVICH
Chief Executive Officer

OLGA PARSHINA
Chief Accountant and Chief Financial Officer

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

for the year ended December 31, 2008

	Notes	2008	(Rs. in 000's) 2007
Interest income	18	**1,884,387**	*1,651,956*
Interest expense	18	**(1,101,987)**	*(1,124,499)*
Net interest income		**782,400**	*527,458*
Fee and commission income	19	**72,773**	*56,332*
Fee and commission expense	20	**(14,342)**	*(4,773)*
Net fee and commission income		**58,431**	*51,559*
Net loss on financial instruments at fair value through profit or loss and available for sale assets	21	**(29,834)**	*(12,511)*
Net foreign exchange income	22	**19,824**	*11,310*
Other income	23	**22,766**	*10,815*
Operating income		**853,587**	*588,631*
Net impairment losses	24	**(28,004)**	*(41,654)*
General administrative expenses	25	**(642,156)**	*(639,400)*
Operating expenses		**(670,160)**	*(681,054)*
Income/(loss) before taxes		**183,427**	*(92,423)*
Income tax (expense)/benefit	26	**(69,493)**	*14,113*
Net income/(loss)		**113,934**	*(78,310)*

VLADISLAV VOITSEKHOVICH
Chief Executive Officer

OLGA PARSHINA
Chief Accountant and Chief Financial Officer

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

for the year ended December 31, 2008

	Notes	2008	(Rs. in 000's) 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest receipts		**2,152,286**	*1,669,790*
Interest payments		**(1,144,040)**	*(934,121)*
Fee and commission receipts		**72,773**	*57,097*
Fee and commission payments		**(15,232)**	*(3,767)*
Net (payments)/receipts from financial instruments at fair value through profit or loss		**(25,016)**	*(1,128)*
Net receipts/(payments) from foreign exchange		**619,576**	*(151,855)*
Other income		**20,938**	*10,817*
General administrative expenses		**(591,164)**	*(627,391)*
		1,090,120	*19,442*
(Increase)/decrease in operating assets			
Placements with banks and other financial institutions and due from the Central Bank of the Russian Federation		**8,261,141**	*(8,511,021)*
Financial instruments at fair value through profit or loss		**1,321,943**	*560,141*
Loans to customers		**(3,042,700)**	*(7,295,266)*
Available-for-sale assets		**1,258,120**	*(1,434,175)*
Other assets		**33,564**	*(2,752)*
		7,832,069	*(16,683,073)*
Increase/(decrease) in operating liabilities			
Deposits and balances from banks and other financial institutions		**(11,429,547)**	*15,595,133*
Current accounts and deposits from customers		**2,335,725**	*452,352*
Other liabilities		**6,599**	*224*
		(9,087,223)	*16,047,709*
Net cash provided from operating activities before taxes paid		**(165,034)**	*(615,921)*
Taxes paid		**(46,467)**	*(83,317)*
Cash flows from operations		**(211,501)**	*(699,238)*
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (purchases)/sales of property and equipment		**(51,450)**	*(50,122)*
Cash flows from investing activities		**(51,450)**	*(50,122)*
CASH FLOWS FROM FINANCING ACTIVITIES			
Contribution by participant		**—**	*1,034,857*
Proceeds from subordinated debt		**—**	*476,672*
Cash flows from financing activities		**—**	*1,511,529*
Net increase/(decrease) in cash and cash equivalents		**(262,952)**	*762,169*
Effect of changes in exchange rates on cash and cash equivalents		**1,908**	*522*
Cash and cash equivalents at the beginning of the year	4	**899,873**	*137,183*
Cash and cash equivalents at the end of the year	4	**638,830**	*899,873*

VLADISLAV VOITSEKHOVICH
Chief Executive Officer

OLGA PARSHINA
Chief Accountant and Chief Financial Officer

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

Statement of Changes in Net Assets Attributable to Participants for the year ended December 31, 2008

(Rs. in 000's)

	Charter capital	Additional paid-in capital	Revaluation reserve for available-for-sale assets	Accumula-ted losses	Total net assets attributable to participants
Balance at January 1, 2007	**1,843,918**	**285,966**	**(12,568)**	**(148,102)**	**1,969,214**
Net loss for the year	—	—	—	(78,310)	(78,310)
Net unrealised losses on available-for-sale assets	—	—	(16,994)	—	(16,994)
Tax effect on unrealised losses on available-for-sale assets	—	—	4,080	—	4,080
Total Income					**(91,225)**
Contribution by the sole participant (refer to Note 17)	1,034,857	—	—	—	1,034,857
Balance at December 31, 2007	**2,878,775**	**285,966**	**(25,482)**	**(226,411)**	2,912,847
Net income for the year	—	—	—	113,934	113,934
Net unrealised losses on available-for-sale assets	—	—	(497,360)	—	(497,360)
Tax effect on unrealised losses on available-for-sale assets	—	—	99,472	—	99,472
Total Income					**(283,954)**
Balance at December 31, 2008	**2,878,775**	**285,966**	**(423,370)**	**(112,478)**	**2,628,893**

The statement of changes in net asstes attributable to participants is to be read in conjunction with the Notes to, and forming part of, the financial statements.

NOTE 1 – BACKGROUND

Principal activities

ICICI Bank Eurasia Limited Liability Company (the "Bank") was established in the Russian Federation in May 2005, when ICICI Bank Limited (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 1992. 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.

On October 2, 2008 the Bank received broker, dealer and custodian licenses of a professional financial market participant from the Federal Service for Financial Markets.

The Bank is a member of the state deposit insurance scheme in the Russian Federation.

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 activities of the Bank are regulated by the Central Bank of the Russian Federation ("CBR").

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

As of December 31, 2008, the number of staff employed by the Bank was 171 (December 31, 2007: 178).

Participants

The Bank is wholly-owned by ICICI Bank Limited which is the parent company of ICICI Group (the "Group"). The majority of the Bank's funding is from the Group. As a result the Bank is economically dependent upon the Group. In addition, the activities of the Bank are closely linked with the requirements of the Group and determination of the pricing of services to or from the Group is undertaken in conjunction with other Group companies. Related party transactions are detailed in Note 33.

Russian business environment

The Russian Federation has been experiencing political and economic change that has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in the Russian Federation involve risks that typically do not exist in other markets. In addition, the recent contraction in the capital and credit markets has further increased the level of economic uncertainty in the environment. The financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. 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 has 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 Indian Rupees is the Bank's presentation currency for the purposes of these financial statements only.

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

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.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies is described in Note 8 Loan impairment estimates.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied in the preparation of the financial statements. The accounting policies have been consistently applied except for the changes in accounting policies described at the end of this Note.

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. Non-monetary assets and liabilities that are stated at fair value and whose appraised value is denominated in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the dates the fair values were determined. Foreign exchange differences arising on translation are recognised in the income statement.

Inflation accounting

The Russian Federation ceased to be hyperinflationary with effect from January 1, 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 December 31, 2002 became their carrying amounts as at January 1, 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;
- derivative financial instruments (except for derivative financial instruments that are designated and effective hedging instruments); or,
- upon initial recognition, designated by the Bank as at fair value through 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 assets. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported liabilities.

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

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.

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

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 can not 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 amortized cost. Amortized 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 amortized based on the effective interest rate of the instrument.

Where a valuation based on observable market data indicates a fair value gain or loss on initial recognition of an asset or liability, the gain or loss is recognised immediately in the income statement. Where an initial gain or loss is not based entirely on observable market data, it is deferred and recognised over the life of the asset or liability on an appropriate basis, or when prices become observable, or on disposal of the asset or liability.

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 in equity through the statement of changes in net 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 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 amortized 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 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.

The Bank also derecognises certain assets when it writes off balances pertaining to the assets deemed to be uncollectible.

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 prices 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 difference between the purchase and resale prices represents interest income and is recognized in the income statement over the term of the repo agreement using the effective interest rate method.

If assets purchased under agreement to resell are sold to third parties, the obligation to return securities is recorded as a trading liability and measured at fair value.

Derivative financial instruments

Derivative financial instruments include swap, forward, futures, spot transactions and options in interest rate, foreign exchange, and any combinations of these instruments.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Changes in the fair value of derivatives are recognised immediately in the income statement.

Derivatives may be embedded in another contractual arrangement (a "host contract"). An embedded derivative is separated from the host contract and it is accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the combined instrument is not measured at fair value with changes in fair value recognised in the income statement. Derivatives embedded in financial assets or financial liabilities at fair value through profit or loss are not separated.

Although the Bank trades in derivative instruments for risk hedging purposes, these instruments do not qualify for hedge accounting.

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 acquisition date or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated useful lives are as follows:

Equipment	4 years
Fixtures and fittings	4 to 10 years
Motor vehicles	5 years
Leasehold improvements	Term of lease

Intangible assets

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

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

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	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.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, breach of loan covenants or conditions, restructuring of a loan or advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, deterioration in the value of collateral, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers in the group, or economic conditions that correlate with defaults in the group.

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 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.

When a loan is uncollectable, it is written off against the related allowance for loan impairment. The Bank writes off a loan balance (and any related allowances for loan losses) when the Bank's management determines that the loans are uncollectible and when all necessary steps to collect the loan are completed.

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 be 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.

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.

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.

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

Financial guarantee liabilities and provisions for other credit related commitment are included within other liabilities.

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 net assets atributable to participants, in which case it is recognised in net assets atributable to 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: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and temporary differences related to investments in subsidiaries 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 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.

Income and expense recognition

With the exception of financial assets held for trading and other financial instruments at fair value through profit or loss, interest income and expense are recognised in the income statement using the effective interest method. Interest income on financial assets held for trading and on other 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 gains less losses from financial instruments at fair value through profit or loss, respectively.

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 the interest income over the estimated life of the financial instrument using the effective interest rate method.

Other fees, commissions and other income and expense items are recognised when the corresponding service has been 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.

Changes in accounting policies

In October 2008 the IASB issued "Reclassification of Financial Assets" (Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures").

The amendment to IAS 39 permits an entity to reclassify non-derivative financial assets, other than those designated at fair value through profit or loss upon initial recognition, out of the fair value through profit or loss (i.e., trading) category if they are no longer held for the purpose of being sold or repurchased in the near term, would have met the definition of loans and receivables at initial recognition, and the entity has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If the financial asset would not have met the definition of loans and receivables, then it may be reclassified out of the trading category only in 'rare circumstances'.

The amendment also permits an entity to transfer a non-derivative financial asset from the available-for-sale category to the loans and receivables category provided the non-derivative financial asset would have met the definition of loans and receivables and the entity has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

The amendment to IFRS 7 introduces additional disclosure requirements if an entity has reclassified financial assets in accordance with the amendment to IAS 39. The amendments are effective retrospectively from July 1, 2008.

Pursuant to these amendments, the Bank reclassified certain non-derivative financial assets out of trading assets and into available-for-sale assets. For details on the impact of these reclassifications, refer to Note 7 of the financial statements.

New Standards and Interpretations not yet adopted

A number of new Standards, amendments to Standards and Interpretations are not yet effective as at December 31, 2008, 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 8 Operating Segments introduces the "management approach" to segment reporting and becomes mandatory for the Bank's 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Bank's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them.

Revised IAS 1 Presentation of Financial Statements (2007) which becomes mandatory for the Bank's 2009 financial statements is expected to have a significant impact on the presentation of the financial statements. The Standard introduces the concept of total comprehensive income and requires presentation of all owner changes in equity in the statement of changes in equity, separately from non-owner changes in equity.

Amended IAS 27 Consolidated and Separate Financial Statements (2008) requires accounting for changes in ownership interests by the Bank in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Bank loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments will become mandatory for the Bank's 2010 financial statements.

Amendments to IAS 32 Financial instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which become mandatory for the Bank's 2009 financial statements, with retrospective application required, are expected to impact the financial statements.

Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The amendment will become mandatory for the Bank's 2010 financial statements, with retrospective application required.

Amendment to IAS 18 Revenue, which is effective for annual periods beginning on or after January 1, 2009, provides guidance on transaction costs related to originating a financial asset, which is aligned with the definition of transaction costs as included in IAS 39.

Various Improvements to IFRSs have been dealt with on a standard-by-standard basis. All amendments, which result in accounting changes for presentation, recognition or measurement purpose, will come into effect not earlier than January 1, 2009.

NOTE 4 – CASH AND CASH EQUIVALENTS

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

	2008	2007
		(Rs. in 000's)
Cash	**221,109**	*302,000*
Due from the Central Bank – nostro accounts	**417,721**	*597,873*
	638,830	*899,873*

The nostro accounts represent balances with the CBR related to settlement activity and were available for withdrawal at year end.

NOTE 5 – DUE FROM THE CENTRAL BANK OF THE RUSSIAN FEDERATION

	2008	2007
		(Rs. in 000's)
Minimum reserve deposit	**28,167**	*320,564*
	28,167	*320,564*

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

	2008	2007
		(Rs. in 000's)
Not impaired or past due		
Nostro accounts		
OECD banks	**296,473**	*855,505*
Largest 30 Russian banks	**26,800**	*28,797*
Other foreign banks	**9,249**	*7,495*
Other Russian banks	**20**	*15*
Total nostro accounts	**332,542**	*891,812*
Loans and deposits		
Other foreign banks	**2,133,178**	*632,143*
Other Russian banks	**1,427,508**	*1,373,280*
Largest 30 Russian banks	**246,364**	*4,864,447*
OECD banks	**98,187**	*3,340,991*
Total loans and deposits	**3,905,237**	*10,210,860*
Overnight placements with banks		
OECD banks	**—**	*956,269*
Total overnight placements with banks	**—**	*956,269*
	4,237,779	*12,058,941*

Concentration of placements with banks and other financial institutions

As at December 31, 2008 the Bank had 2 (2007: 2) banks and financial institutions, respectively, whose balances exceeded 10% of total placements with banks and other financial institutions. The gross value of these balances as of December 31, 2008 was Rs 2,915,149 thousand (2007: Rs. 5,141,980 thousand).

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

	2008	2007
		(Rs. in 000's)
Assets		
Debt and other fixed-income instruments		
Held by the Bank		
Government and municipal bonds		
– Russian Government Federal bonds (OFZ)	**—**	*12,721*
Total government and municipal bonds	**—**	*12,721*
Corporate bonds		
– CJSC OMK, 1	**—**	*188,951*
– OJSC TMK, 3	**—**	*175,150*
– LLC Investment Company Rubin	**—**	*174,993*
– OJSC Severstal, 2009	**—**	*174,548*
– OJSC MOESK, 01	**—**	*172,621*
– X5 Retail Group N.V., 01	**—**	*172,325*
– OJSC Uralsvyazinform, 7	**—**	*30,475*
– OJSC TMK, 2	**—**	*9,929*
Total corporate bonds	**—**	*1,098,991*
Bonds issued by banks		
– CJSC Nomos Bank, 7	**—**	*85,319*
Total bonds issued by banks	**—**	*85,319*
Pledged under sale and repurchase agreements (refer to Note 13)		
Corporate bonds		
– JSC OGK-6, 01	**—**	*170,677*
	—	*170,677*
Derivative financial instruments		
Foreign currency contracts	**187,863**	*31,564*
	187,863	*31,564*
	187,863	*1,399,272*
Liabilities		
Derivative financial instruments		
Foreign currency contracts	**—**	*65,718*
	—	*65,718*

Included in financial assets at fair value through profit or loss at December 31, 2008 are Rs.187,863 thousand of financial assets which were, upon initial recognition, designated by the entity as financial assets at fair value through profit or loss (2007: Rs. 31,564 thousand).

Reclassifications out of financial assets at fair value through profit or loss

Pursuant to the amendments to IAS 39 and IFRS 7 (described in Note 3), the Bank reclassified certain quoted securities to available-for-sale assets. The Bank identified securities eligible under the amendments, for which it had changed its intent such that it no longer held these securities for the purpose of selling in the short term. For those quoted securities identified for reclassification, the Bank determined that the Georgian conflict in August 2008 in the context of the deterioration of the financial markets during the third quarter of 2008 constituted rare circumstances that permit reclassification out of the trading category.

Under IAS 39 as amended, the reclassifications were made with effect from August 8, 2008 at fair value at that date. The table below sets out the quoted securities reclassified and their carrying and fair values:

	August 8, 2008		December 31, 2008	(Rs. in 000's)
	Carrying value	Fair value	Carrying value	Fair value
Quoted securities reclassified to available-for-sale assets	549,865	549,865	383,731	383,731
	549,865	**549,865**	**383,731**	**383,731**

The table below sets out the amounts actually recognized in profit or loss and net assets atributable to participants during 2008 in respect of quoted securities reclassified out of financial assets at fair value through profit or loss:

	Profit or loss	(Rs. in 000's) net assets atributable to participants
Period before reclassification		
Quoted securities reclassified to available-for-sale assets:		
Net income	20,251	—
	20,251	**—**
Period after reclassification		
Quoted securities reclassified to available-for-sale assets:		
Interest income	14,317	—
Net change in fair value	4,592	(31,196)
	18,909	**(31,196)**

At August 8, 2008 the effective interest rates on quoted securities reclassified to available-for-sale assets ranged from 7.0% to 8.6% with expected recoverable cash flows of Rs. 691,444 thousand.

The table below sets out the amounts that would have been recognised in the period following reclassification during 2008 if the reclassifications had not been made:

	(Rs. in 000's) Profit or loss
Quoted securities reclassified to available-for-sale assets:	
Net income	(12,288)
	(12,288)

Foreign currency contracts

The table below summarises, by major currencies, the contractual amounts of the Bank's forward exchange contracts outstanding at December 31, 2008 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	
	2008 Rs. in 000's	*2007 Rs. in 000's*	2008 Rs. in 000's	*2007 Rs. in 000's*
Buy US$ sell RUR				
Less than three months	**—**	*1,795,098*	**—**	*42.60*
Between three months and one year	**—**	*417,465*	**—**	*43.16*
Buy JPY sell US$				
Less than three months	**—**	*1,364,242*	**—**	*0.02*
Between three months and one year	**1,094,753**	*766,703*	**0.02**	*0.02*
Buy US$ sell GBP				
Less than three months	**—**	*336,561*	**—**	*0.85*
Between three months and one year	**274,942**	*295,833*	**1.09**	*0.83*

The following table provides information on the credit quality of foreign currency contracts, which are assets:

	2008	(Rs. in 000's) 2007
Largest 30 Russian banks	—	*4,209,200*
Other foreign banks	1,369,695	*766,702*
	1,369,695	*4,975,902*

NOTE 8 – LOANS TO CUSTOMERS

	2008	(Rs. in 000's) 2007
Commercial loans		
Loans to corporate clients	12,321,394	*9,580,056*
Public sector customers		
Public administration	242,893	*431,701*
Loans to individuals		
Mortgage loans	4,243,626	*2,466,880*
Auto loans	107,845	*160,141*
Credit cards	31,380	*21,445*
Total loans to individuals	4,382,851	*2,648,465*
Gross loans to customers	16,947,138	*12,660,222*
Impairment allowance	(78,827)	*(50,823)*
Net loans to customers	16,868,311	*12,609,399*

Movements in the loan impairment allowance for the year ended December 31, 2008 are as follows:

	2008	(Rs. in 000's) 2007
Balance at the beginning of the year	50,823	*8,951*
Net charge for the year (Note 24)	28,004	*41,872*
Balance at the end of the year	78,827	*50,823*

As at December 31, 2008, interest accrued on impaired loans amounted to Rs. 4,441 thousand (December 31, 2007: Rs. 2,849 thousand).

Credit quality of commercial loan portfolio

The following table provides information on the credit quality of the commercial loan portfolio as at December 31, 2008:

	(Rs. in 000's) Gross loans	Impairment	Net loans	% Impairment to gross loans
Loans to corporate clients				
Loans for which no impairment has been identified:				
– Standard loans	7,675,461	(19,181)	7,656,280	0.25
– Watch list loans	4,634,499	(30,125)	4,604,374	0.65
Total loans for which no impairment has been identified	12,309,960	(49,306)	12,260,654	0.40
Impaired loans:				
– overdue more than 1 year	11,434	(11,434)	—	100.0
Total impaired loans	11,434	(11,434)	—	100.0
Total loans to corporate clients	12,321,394	(60,740)	12,260,654	0.49

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

	(Rs. in 000's) Gross loans	*Impairment*	*Net loans*	*% Impairment to gross loans*
Loans to corporate clients				
Loans for which no impairment has been identified:				
– Standard loans	*9,569,945*	*(24,744)*	*9,545,201*	*0.26*
Total loans for which no impairment has been identified	*9,569,945*	*(24,744)*	*9,545,201*	*0.26*
Impaired loans:				
– Overdue more than 1 year	*10,111*	*(10,111)*	—	*100*
Total impaired loans	*10,111*	*(10,111)*	—	*100*
Total loans to corporate clients	*9,580,056*	*(34,855)*	*9,545,201*	*0.36*

The Bank has estimated loan impairment for commercial loans based on an analysis of the future cash flows for impaired loans and based on its past loss experience for portfolios of loans for which no indications of impairment has been identified. The collective provision applied to loans for which no specific impairment has been identified is determined based on past loss experience adjusted for current market conditions, resulting in a provision rate of 0.40% at December 31, 2008 (December 31, 2007: 0.26%).

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 one percent, the loan impairment provision on commercial loans as of December 31, 2008 would be Rs. 122,607 thousand lower/higher (December 31, 2007: Rs. 95,452 thousand).

During the year the Bank renegotiated commercial loans or is currently in the process of renegotiating loans that would otherwise be past due or impaired amounting to Rs. 1,387,810 thousand (December 31, 2007: Nil). Such restructuring activity is aimed at managing customer relationships and maximising collection opportunities.

Analysis of collateral

The following table provides an analysis of the commercial loan portfolio by types of collateral as at December 31, 2008:

	2008 Rs. in 000's	% of loan portfolio	*2007 Rs. in 000's*	*% of loan portfolio*
Guarantees of legal entities and individuals	3,956,262	32%	*1,288,781*	*14%*
Equipment and other property	1,140,146	9%	*1,699,169*	*18%*
Real estate	383,001	3%	*1,005,553*	*10%*
Motor vehicles	—	—	*11,689*	—
Other collateral	2,023,115	16%	*2,389,776*	*25%*
No collateral	4,818,870	40%	*3,185,088*	*33%*
Total	12,321,394	100%	*9,580,056*	*100%*

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.

Overdue loans with a gross value of Rs. 11,434 thousand are not secured by collateral.

During the year ended December 31, 2008 the Bank did not obtain any assets by taking control of collateral accepted as security for commercial loans (December 31, 2007: nil).

Analysis of movements in the impairment allowance

Movements in the loan impairment allowance for commercial loans for the year ended December 31, 2008 are as follows:

	2008	(Rs. in 000's) 2007
Loan impairment allowance as at January 1	34,855	*7,351*
Loan impairment losses during the year	25,885	*27,504*
Loan impairment allowance as at December 31	60,740	*34,855*

Credit quality of loans to public sector customers

The following table provides information on the credit quality of the loans to public sector customers portfolio as at December 31, 2008:

	(Rs. in 000's) Gross loans	Impairment	Net loans	% Impairment to gross loans
Loans to public sector customers				
Loans for which no impairment has been identified:				
– Standard loans	242,893	—	242,893	—
Total loans for which no impairment has been identified	242,893	—	242,893	—
Total loans to public sector customers	242,893	—	242,893	—

The following table provides information on the credit quality of the loans to public sector customers portfolio as at December 31, 2007:

	(Rs. in 000's) Gross loans	*Impairment*	*Net loans*	*% Impairment to gross loans*
Loans to public sector customers				
Loans for which no impairment has been identified:				
– Standard loans	*431,701*	—	*431,701*	—
Total loans for which no impairment has been identified	*431,701*	—	*431,701*	—
Total loans to public sector customers	*431,701*	—	*431,701*	—

There were no historical losses from loans to public sector customers.

Changes in estimates could effect the loan impairment provision. For example, to the extent that the net present value of the estimated cash flows differs by one percent, the loan impairment on loans to public sector customers as of December 31, 2008 would be Rs. 2,429 thousand lower/higher (December 31, 2007: Rs. 4,316 thousand).

Credit quality of loans to individuals

The following table provides information on the credit quality of loans to individual portfolios as at December 31, 2008:

	(Rs. in 000's)			%
	Gross loans	Impairment	Net loans	Impairment to gross loans
Mortgage loans				
– Not past due	4,112,680	—	4,112,680	—
– Overdue less than 30 days	97,550	—	97,550	—
– Overdue 30-89 days	20,715	(1,663)	19,052	8.03
– Overdue 180 - 360 days	12,681	(8,781)	3,900	69.25
Total mortgage loans	4,243,626	(10,444)	4,233,182	0.25
Auto loans				
– Not past due	96,800	—	96,800	—
– Overdue less than 30 days	6,267	—	6,267	—
– Overdue 30-89 days	2,738	—	2,738	—
– Overdue more than 360 days	2,039	(2,039)	—	100.00
Total auto loans	107,845	(2,039)	105,806	1.89
Credit cards				
– Not past due	15,470	—	15,470	—
– Overdue less than 30 days	3,349	—	3,349	—
– Overdue 30-89 days	4,816	—	4,816	—
– Overdue 90-179 days	2,692	(1,481)	1,211	55.02
– Overdue 180 - 360 days	4,422	(3,492)	930	79.01
– Overdue more than 360 days	631	(631)	—	100
Total credit card	31,380	(5,604)	25,776	17.86
Total loans to individuals	4,382,851	(18,087)	4,364,764	0.41

The following table provides information on the credit quality of loans to individual portfolios as at December 31, 2007:

	(Rs. in 000's)			*%*
	Gross loans	*Impairment*	*Net loans*	*Impairment to gross loans*
Mortgage loans				
– Not past due	*2,466,880*	*(12,517)*	*2,454,363*	*0.51*
Total mortgage loans	*2,466,880*	*(12,517)*	*2,454,363*	*0.51*
Auto loans				
– Not past due	*158,588*	*(1,167)*	*157,421*	*0.74*
– Overdue more than 360 days	*1,553*	*(1,553)*	*—*	*100*
Total auto loans	*160,141*	*(2,719)*	*157,421*	*1.69*
Credit cards				
– Not past due	*20,851*	*(138)*	*20,713*	*0.66*
– Overdue 180 - 360 days	*58*	*(58)*	*—*	*100.0*
– Overdue more than 360 days	*536*	*(536)*	*—*	*100.0*
Total credit card	*21,445*	*(731)*	*20,713*	*3.41*
Total loans to individuals	*2,648,465*	*(15,968)*	*2,632,497*	*0.60*

The Bank estimates loan impairment based on its past historical loss experience on these types of loans and taking into account current market conditions.

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 plus/minus three percent, the loan impairment on retail loans as of December 31, 2008 would be Rs. 130,943 thousand lower/higher (December 31, 2007: Rs. 78,975 thousand).

Analysis of collateral

Mortgage loans are secured by underlying housing real estate. Auto loans are secured by underlying car. Credit card overdrafts and consumer loans are not secured.

The Bank estimates that the fair value of the collateral for overdue or impaired mortgage loans is at least equal to 95% of the mortgage balance. Management believes that it is impracticable to estimate fair value of collateral held in respect of other loans to individuals.

Analysis of movements in the impairment allowance

Movements in the loan impairment allowance by classes of retail loans for the year ended December 31, 2008 are as follows:

	Mortgage loans	Auto loans	Credit cards	Total
Loan impairment allowance as at January 1	12,517	2,719	731	15,968
Loan impairment losses/ (recovery) during the year	(2,073)	(680)	4,873	2,119
Loan impairment allowance as at December 31	10,444	2,039	5,604	18,087

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

	Mortgage loans	*Auto loans*	*Credi cards*	*Total*
Loan impairment allowance as at January 1	*—*	*1,600*	*—*	*1,600*
Loan impairment losses during the year	*12,517*	*1,119*	*731*	*14,368*
Loan impairment allowance as at December 31	*12,517*	*2,719*	*731*	*15,968*

Industry and geographical analysis of the loan portfolio

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

	2008	**(Rs. in 000's)** *2007*
Finance	**2,959,842**	*1,185,586*
Trade	**2,428,299**	*2,326,437*
Mining/metallurgy	**2,135,702**	*1,040,908*
Manufacturing	**2,033,940**	*2,252,370*
Real estate	**1,176,378**	*599,659*
Machine-building	**986,912**	*492,912*
Other	**575,588**	*904,499*
Municipal authorities	**242,893**	*431,701*
Oil and gas	**24,734**	*777,684*
Loans to individuals	**4,382,851**	*2,648,465*
	16,947,138	*12,660,222*
Impairment allowance	**(78,827)**	*(50,823)*
	16,868,311	*12,609,399*

Significant credit exposures

As at December 31, 2008 and 2007 the Bank had no borrowers or groups of related borrowers whose loan balances exceeded 10% of loans to customers.

Loan maturities

The maturity of the Bank's loan portfolio is presented in Note 36, 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 loans 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

	2008	**(Rs. in 000's)** *2007*
Held by the Bank		
Government and municipal bonds		
– Russian Government Federal bonds (OFZ)	**114,872**	*158,731*
– Volgograd municipality	**73,924**	*85,111*
Total government and municipal bonds	**188,796**	*243,842*
Corporate bonds		
– Severstal, 2009	**205,008**	*—*
– OJSC Salavatnefteorgsintez, 2	**169,779**	*180,439*
– JSC OGK-5, 01	**168,115**	*171,277*
– OJSC Bashkirenergo, 3	**165,435**	*169,321*
– OJSC UMPO, 1	**157,209**	*169,879*
– OJSC KOKS, 02	**153,050**	*172,252*
– LLC Sun Interbrew Finance, 2	**149,727**	*172,629*
– OJSC OGK-2, 01	**127,135**	*157,025*
– LLC X5 Finance, 01	**125,925**	*—*
– OJSC Chelyabinsk Tube Rolling Plant, 1	**125,548**	*199,370*
– PJSC Stroytransgaz, 02	**112,816**	*172,309*
– LLC Itera Finance	**96,984**	*171,891*
– JSC Amurmetal	**41,937**	*173,658*
– JSC SIBUR Holding, 01	**22,467**	*170,631*

(Rs. in 000's)

	2008	2007
– OJSC Tatenergo, 1	—	*186,121*
– OJSC Wimm-Bill-Dann Foods, 2	—	*183,101*
– OJSC Nijnekamskneftechim, 4	—	*174,957*
– JSC TGK-1, 01	—	*172,099*
– URALSIB Financial Corporation's Leasing Company, 01	—	*172,048*
– JSC The Seventh Continent, 02	—	*166,476*
– OJSC MMK, 2008	—	*149,508*
– AFK Sistema, 2008	—	*140,809*
– OJSC Uralsvyazinform, 6	—	*103,020*
– OJSC Gas-finance, 1	—	*87,652*
– JSC Tattelecom	—	*86,428*
– OJSC Uralsvyazinform, 5	—	*34,778*
Total corporate bonds	**1,821,135**	*3,737,678*
Bonds issued by banks		
– OJSC Commercial Bank Petrocommerce	**176,755**	*146,164*
– Alfa Bank, 2012 (LPN)	**18,147**	*19,448*
– OJSC Bank Zenit, 03	—	*86,256*
– JSC TransCreditBank, 02	—	*83,725*
– JSC TransCreditBank, 01	—	*32,844*
– OJSC MDM Bank, 03	—	*86,695*
Total bonds issued by banks	**194,900**	*455,132*
Promissory notes issued by banks		
– OJSC MDM Bank	—	*145,901*
– OJSC Bank URALSIB	—	*41,183*
Total promissory notes issued by banks	—	*187,084*
	2,204,831	*4,623,736*
Pledged under credit line agreements with CBR (Refer to Note 12)		
Corporate bonds		
– OJSC Nijnekamskneftechim, 4	**169,246**	—
– JSC SIBUR Holding, 01	**145,838**	—
– OJSC Wimm-Bill-Dann Foods, 2	**123,218**	—
– OJSC Uralsvyazinform, 7	**30,419**	—
– OJSC TMK, 02	**9,728**	—
Total corporate bonds	**478,449**	—
Bonds issued by banks		
– OJSC Bank Zenit, 03	**82,169**	—
– JSC TransCreditBank, 02	**82,666**	—
– JSC TransCreditBank, 01	**29,872**	—
Total bonds issued by banks	**194,707**	—
	673,156	—
	2,877,987	*4,623,736*

NOTE 10 – PROPERTY AND EQUIPMENT

(Rs. in 000's)

	Equipment	Fixtures and fittings	Vehicles	Intangible Assets (Computer software)	Leasehold improvements	Total
Cost						
At January 1, 2008	**42,626**	**33,640**	**2,857**	**22,305**	**10,718**	**112,146**
Additions	**6,163**	**4,276**	**—**	**26,953**	**22,178**	**59,570**
Disposals	**(29)**	**(5,587)**	**—**	**—**	**—**	**(5,616)**
At December 31, 2008	**48,760**	**32,329**	**2,857**	**49,258**	**32,896**	**166,100**
Depreciation and amortisation						
At January 1, 2008	**(12,458)**	**(2,895)**	**(1,505)**	**(2,819)**	**(395)**	**(20,072)**
Depreciation and amortisation charge	**(8,866)**	**(5,925)**	**(510)**	**(2,825)**	**(9,876)**	**(28,002)**
Disposals	**5**	**464**	**—**	**—**	**—**	**469**
At December 31, 2008	**(21,319)**	**(8,356)**	**(2,015)**	**(5,644)**	**(10,271)**	**(47,605)**
Carrying value						
At December 31, 2008	**27,441**	**23,973**	**842**	**43,614**	**22,625**	**118,495**
At December 31, 2007	*30,168*	*30,746*	*1,352*	*19,485*	*10,323*	*92,074*

(Rs. in 000s)

	Equipment	*Fixtures and fittings*	*Vehicles*	*Intangible Assets (Computer software)*	*Const-ruction in progress*	*Leasehold improve-ments*	*Total*
Cost							
At January 1, 2007	*23,014*	*23,990*	*2,857*	*12,043*	*119*	*—*	*62,024*
Additions	*19,546*	*9,650*	*—*	*10,262*	*10,664*	*—*	*50,122*
Transfers	*65*	*—*	*—*	*—*	*(10,783)*	*10,718*	*—*
At December 31, 2007	*42,625*	*33,640*	*2,857*	*22,305*	*—*	*10,718*	*112,146*
Depreciation and amortisation							
At January 1, 2007	*(3,907)*	*(1,878)*	*(993)*	*(1,286)*	*—*	*—*	*(8,063)*
Depreciation and amortisation charge	*(8,551)*	*(1,017)*	*(512)*	*(1,534)*	*—*	*(395)*	*(12,009)*
At December 31, 2007	*(12,458)*	*(2,895)*	*(1,505)*	*(2,820)*	*—*	*(395)*	*(20,072)*
Carrying value							
At December 31, 2007	*30,168*	*30,746*	*1,352*	*19,485*	*—*	*10,323*	*92,074*
At December 31, 2006	*19,108*	*22,113*	*1,864*	*10,757*	*119*	*—*	*53,961*

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 a net deferred tax asset as of December 31, 2008 and 2007. 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:

(Rs. in 000's)

	Assets		Liabilities		Net	
	2008	*2007*	**2008**	*2007*	**2008**	*2007*
Financial instruments at fair value through profit or loss	**—**	*28,506*	**—**	*(990)*	**—**	*27,516*
Placements with banks and other financial institutions	**2,881**	*3,861*	**—**	*—*	**2,881**	*3,861*
Loans to customers	**75,606**	*39,112*	**—**	*—*	**75,606**	*39,112*
Available-for-sale assets	**109,905**	*8,048*	**—**	*—*	**109,905**	*8,048*
Property and equipment	**—**	*—*	**(9,643)**	*(3,691)*	**(9,643)**	*(3,691)*
Deposits and balances from banks and other financial institutions	**—**	*—*	**(4,971)**	*(10,631)*	**(4,971)**	*(10,631)*
Other	**9,822**	*13,971*	**—**	*—*	**9,822**	*13,971*
Total deferred tax assets/(liabilities)	**198,213**	*93,498*	**(14,614)**	*(15,312)*	**183,599**	*78,186*

In accordance with Russian tax legislation, adopted in November 2008, starting from January 1, 2009 the income tax rate is reduced from 24% to 20%. Accordingly deferred tax has been calculated at a tax rate of 20% at December 31, 2008.

Movement in temporary differences during the year ended December 31, 2008

(Rs. in 000's)

	Balance January 1, 2008	Recognised in income	Recognised in net assets atributable to participants	Balance December 31, 2008
Financial instruments at fair value through profit or loss	27,516	(27,516)	—	—
Placements with banks and other financial institutions	3,861	(980)	—	2,881
Loans to customers	39,112	36,494	—	75,606
Available-for-sale assets	8,048	2,384	99,472	109,905
Property and equipment	(3,691)	(5,953)	—	(9,643)
Deposits and balances from banks and other financial institutions	(10,631)	5,660	—	(4,971)
Other	13,971	(4,150)	—	9,822
	78,186	**5,941**	**99,472**	**183,599**

NOTE 12 – OTHER ASSETS

(Rs. in 000's)

	2008	2007
Tax prepayments	47,600	34,438
Other prepayments	47,406	81,606
Rent advances	10,567	11,944
Unsettlements securities trades	—	1,379
Other	1,238	1,446
	106,811	130,813

Analysis of movements in the impairment allowance

(Rs. in 000's)

	2008	2007
Balance at the beginning of the year	—	218
Impairment losses / (recovery) during the year (Note 24)	—	(218)
Balance at the end of the year	—	—

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

(Rs. in 000's)

	2008	2007
Term deposits	17,995,589	27,292,067
Due to Central Bank	563,127	—
Sale and repurchase agreements (Refer to Note 7)	—	145,740
	18,558,716	27,437,807

Amounts due to the Central Bank were collateralized by available for-sale-assets (Refer to Note 9).

Concentration of deposits and balances from banks and other financial institutions

As at December 31, 2008 the Bank had 2 (2007: 1) groups of related banks, whose balances exceeded 10% of total deposits and balances from banks and other financial institutions. The gross Rs. 23,234,173 and Rs. 17,326,831 thousand, respectively.

NOTE 14 – CURRENT ACCOUNTS AND DEPOSITS FROM CUSTOMERS

(Rs. in 000's)

	2008	2007
Current accounts and demand deposits		
– Retail	200,836	102,051
– Corporate	562,693	462,151
Term deposits		
– Retail	170,745	221,654
– Corporate	1,925,228	85,115
	2,859,502	870,971

Blocked accounts

As of December 31, 2008, the Bank maintained customer deposit balances of Rs. 1,500,935 thousand (2007: Rs. 57,677 thousand) which were blocked by the Bank as collateral for loans and off-balance sheet credit instruments granted by the Bank.

Concentrations of current accounts and customer deposits

As of December 31, 2008 the Bank had 1 (2007: 1) customer, whose balance exceeded 10% of total customer accounts. These balances as of December 31, 2008 and 2007 were Rs. 1,481,996 thousand and Rs. 99,312 thousand, respectively.

NOTE 15 – SUBORDINATED DEBT

(Rs. in 000's)

	2008	2007
Subordinated debt (ICICI Bank Limited)	1,028,168	861,195
	1,028,168	861,195

As at December 31, 2008 and 2007, the Bank had the following subordinated debt outstanding:

				2008	2007
Principal amount (in US$ thousand)	Interest rate	Issue date	Maturity date	Rs. in 000's	Rs. in 000's
8,000	6.65%	30 March 2006	30 March 2016	420,125	350,998
12,000	5.22%	26 March 2007	27 March 2017	608,043	510,197

NOTE 16 – OTHER LIABILITIES

(Rs. in 000's)

	2008	2007
Deferred income received	134,033	54,833
Accrued expenses	8,694	3,388
Taxes payable	27,730	-
Other	1,847	1,162
	172,304	59,383

NOTE 17 – NET ASSETS ATTRIBUTABLE TO PARTICIPANTS

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. 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, 2008 the charter capital of the Bank was Rs. 2,878,775 thousand (2007 Rs.: 2,878,775 thousand). During 2008 charter capital was not increased (2007 Rs.: charter capital was increased by Rs. 1,034,857 thousand).

NOTE 18 – NET INTEREST INCOME

(Rs. in 000's)

	2008	2007
Interest income		
Loans to customers	1,273,707	801,566
Securities interest	372,577	455,299
Placements with banks and other financial institutions	238,103	395,091
	1,884,387	1,651,956
Interest expense		
Deposits and balances from banks and other financial institutions	1,009,507	1,053,512
Subordinated debt	53,190	50,405
Current accounts and deposits from customers	39,212	20,108
Certificates of deposit and promissory notes	78	475
	1,101,987	1,124,499

NOTE 19 – FEE AND COMMISSION INCOME

(Rs. in 000's)

	2008	2007
Fees related to loans	27,832	18,795
Settlement fees	21,441	11,196
Currency exchange fees	6,913	6,317
Agency services fees	5,609	4,680
Guarantee and letter of credit issuance fees	4,090	1,316
Account maintenance fees	2,133	3,160
Cash transaction fees	2,111	6,072
Other	2,643	4,796
	72,773	56,332

NOTE 20 – FEE AND COMMISSION EXPENSE

(Rs. in 000's)

	2008	2007
Fees related to letters of credit	9,138	—
Settlement fees	3,424	1,735
Participation fee	565	1,182
Cash transactions fees	507	578
Credit card maintenance fees	454	177
Other	255	1,101
	14,342	4,773

NOTE 21 – NET LOSS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS AND AVAILABLE-FOR-SALE ASSETS

(Rs. in 000's)

	2008	2007
Realized loss on financial instruments at fair value through profit or loss	(8,255)	(6,844)
Realised loss on available-for-sale assets	(21,579)	(5,667)
	(29,834)	(12,511)

NOTE 22 – NET FOREIGN EXCHANGE INCOME/(LOSS)

(Rs. in 000's)

	2008	2007
Gain/(loss) from revaluation of financial assets and liabilities	(822,551)	*194,067*
Gain/(loss) on spot transactions and derivatives	842,375	*(182,757)*
	19,824	*11,310*

NOTE 23 – OTHER INCOME

(Rs. in 000's)

	2008	2007
Income from provision of information services	15,917	*—*
Fines and penalties	3,543	*910*
Income from sale of loans	1,634	*9,084*
Other	1,672	*821*
	22,766	*10,815*

NOTE 24 – IMPAIRMENT LOSSES

(Rs. in 000's)

	2008	2007
Impairment losses		
Loans to customers	(28,004)	*(41,872)*
	(28,004)	*(41,872)*
Reversals of impairment losses		
Other assets	—	*218*
	—	*218*
Net impairment losses	**(28,004)**	*(41,654)*

NOTE 25 – GENERAL ADMINISTRATIVE EXPENSES

(Rs. in 000's)

	2008	2007
Employee compensation	315,594	*264,101*
Rent	82,589	*62,379*
Taxes other than on income	38,780	*48,549*
Payroll related taxes	36,591	*31,096*
Professional services	33,401	*27,639*
Depreciation and amortisation	28,002	*12,009*
Retail banking sales agents	20,035	*15,506*
Communications and information services	15,106	*13,220*
Repairs and maintenance	11,956	*28,972*
Information and consultation services	8,340	*18,705*
Travel expenses	6,483	*11,164*
Advertising and marketing	6,468	*82,778*
Insurance	5,648	*847*
Other expenses	33,163	*22,436*
	642,156	*639,400*

NOTE 26 – INCOME TAX EXPENSE

(Rs. in 000's)

	2008	2007
Current tax expense		
Current year	77,035	*47,756*
Over provided in prior years	(1,600)	*(2,121)*
	75,435	*45,635*
Deferred tax expense		
Deferred taxation movement due to origination and reversal of temporary differences and movement in valuation allowance	(5,940)	*(59,748)*
	(5,940)	*(59,748)*
Total income tax expense in the income statement	**69,493**	*(14,113)*

The Bank's applicable tax rate for current tax is 24% (2007: 24%) and deferred tax is 20% (2007: 24%).

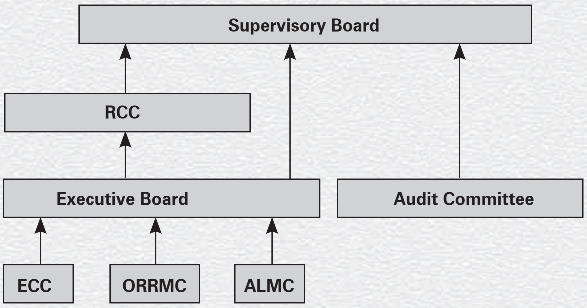
Reconciliation of effective tax rate:

	2008		2007	
	Rs. in 000's	%	*Rs. in 000's*	*%*
Income/(loss) before tax	183,427		*(92,423)*	
Income tax at the applicable tax rate	44,022	24	*(22,183)*	*24*
Tax effect of non-deductible costs/(non-taxable income)	11,757	7	*11,3745*	*(12)*
Tax effect of items taxed at lower rate	(1,510)	(1)	*(1,184)*	*1*
Overprovided in previous years	(1,600)	(1)	*(2,121)*	*2*
Difference from effect of change in tax rate	16,825	9	*—*	*—*
	69,493	38	*(14,113)*	*15*

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, interest rate and currency risks, credit risk, liquidity risk and operational risk. In 2008 the Bank has implemented ICAAP in accordance with Basel II principals which includes stress test and forecasts for the next 4 years.

Risk Governance and Management:



The Bank's Supervisory Board (SB) is responsible for the oversight and control of the functioning of the Bank and approves all major policies and procedures of the Bank. The Supervisory Board delegates authority to the Executive Board and various Committees responsible for managing the day-to-day activities of the Bank.

SB comprises the following members:

- CEO & President, ICICI Bank Eurasia LLC
- Independent non-executive Director
- Joint Managing Director, ICICI Bank Limited
- Executive Director – Wholesale & International Banking, ICICI Bank Limited
- Head of Global Risk Management Group, ICICI Bank Limited
- Managing Director and CEO, ICICI Bank UK PLC

Audit Committee supervises the adequacy of internal control systems and the internal audit function, external audit reports, CBR inspection reports, and reports from the Compliance Officer. The Audit Committee meets once a quarter and the reports and recommendations are circulated to SB.

Risk and Credit Committee (RCC) reviews and monitors the risk profile of the Bank on behalf of SB and makes appropriate recommendations. The committee considers credit approvals in excess of limits delegated to the ECC.

Executive Board (EB) comprises the CEO and members of the Executive Board. It is responsible for the day-to-day management of the Bank and meets on a fortnightly basis. It reviews key elements of operational performance, including reviews of project implementation schedules, business performance, operational risk and compliance and audit issues.

Executive Credit Committee (ECC) considers credit approvals and renewals/reviews within defined limits.

Operational and Reputation risk management committee (ORRMC). The principal objective of the Committee is to mitigate operational and reputation risks within the Bank by creation and maintenance of an explicit operational and reputation risks management process. The Committee will review the operational and reputation risks exposure across the Bank (taking into consideration business units views) and assure that a proper understanding is reached and actions taken to meet the stated goals and objectives of operational and reputation risks management in the Bank.

Asset Liability Management Committee (ALMC) comprises the CEO, CFO, the Treasurer and heads of the business, compliance and risk groups. Functions of the Committee include reviewing the ALM profile of the Bank, and setting the ALM policy of the Bank. It also considers other investment and treasury operations matters, implementation of risk mitigation measures, and recommends major policy changes governing treasury activities to the EB/RCC. This Committee reviews adherence to CBR market risk requirements of market risk as well as internal control guidelines and limits.

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 Supervisory Board 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 Executive Board of the Bank is responsible for monitoring and implementation of risk mitigation measures and making sure that the Bank operates within the established risk parameters. The Head of Risk Management Group of the Bank is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to the President and CEO of the Bank.

Credit, market, liquidity and operational risks at portfolio and transactional levels are managed and controlled through a system of Credit Committees, Operational and Reputation Risk Management Committee, Product and Process Approval Committee and an Asset and Liability Management Committee. In order to facilitate efficient decision-making, the Bank has established a hierarchy of credit committees 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. Apart from the standard credit and market risk analysis, the Risk Management Group monitors financial and non-financial risks by holding regular meetings with operational units in order to obtain expert judgments in their areas of expertise.

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, currency and equity 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.

Overall authority for market risk is vested in the Executive Board and Asset and Liability Management Committee (ALMC), both chaired by the President and CEO of the Bank. Market risk limits are approved by ALMC and the Executive Board based on recommendations of the Risk Management Group. On a monthly basis Risk Management Group prepares detailed presentation for ALMC meetings.

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

The management of interest rates risk, component of market risk, by monitoring interest rate gaps is supplemented by monitoring the sensitivity of the Bank's net interest margin to various standard and non-standard interest rate scenarios.

The Bank also utilizes Value-at-Risk (VaR) methodology to monitor market risk of its trading positions.

Interest rate repricing risk

Interest rate repricing 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.

Interest rate repricing 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.

An analysis of sensitivity of the Bank's projected net income for the year and net assets attributable to participants 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 December 31, 2008 and December 31, 2007 is as follows:

(Rs. in 000's)

	2008	*2007*
	Net income and net assets attributable to participants	*Net income and net assets attributable to participants*
100 bp parallel increase	**(19,710)**	*(25,293)*
100 bp parallel decrease	**19,710**	*25,293*

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 37.

An analysis of sensitivity of the Bank's net income for the year and net assets attributable to participants to changes in the foreign currency exchange rates based on positions existing as at December 31, 2008 and 2007 and a simplified scenario of a 5% change in US$, JPY and Euro to Russian Rouble exchange rates is as follows:

(Rs. in 000's)

	2008	*2007*
	Net income and net assets attributable to participants	*Net income and net assets attributable to participants*
5% appreciation of US$ against RUR	**(17,892)**	*(23,145)*
5% depreciation of US$ against RUR	**17,892**	*23,145*
5% appreciation of JPY against RUR	**7,818**	*787*
5% depreciation of JPY against RUR	**(7,818)**	*(787)*
5% appreciation of EUR against RUR	**(19)**	*323*
5% depreciation of EUR against RUR	**19**	*(323)*

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. The Bank is holding fixed income securities (government and corporate bonds) in the available-for-sale portfolio. Interest rate risk for this book is estimated using VaR.

Value at risk (VaR) estimates

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 or 10-day holding period depending on the type of positions. The VaR model used is mainly based on historical simulation. The model derives plausible future scenarios based on historical market rate time series, taking into account inter-relationships between different markets and rates. 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 positions it 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 recognized 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 portfolio of financial instruments at fair value through profit or loss as at December 31, 2008 is as follows:

(Rs. in 000's)

	2008	*2007*
Fixed income securities interest rate risk	**37,479**	*37,891*
	37,479	*37,891*

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 Executive Credit Committee, which actively monitors the Bank's credit risk. The Bank's credit policy is reviewed and approved by the Supervisory Board.

The Bank's credit policy establishes:

- Procedures for review and approval of loan/credit applications;
- Credit rating framework;
- Formation of reserves (provisions);
- Assessment of pledges;
- Methodology for the credit assessment of borrowers (corporate, public and retail);
- Methodology for the credit assessment of counterparties, issuers and insurance companies;
- Methodology for the evaluation of collateral;
- Credit documentation requirements;
- Limits on portfolio concentrations;
- Procedures for the ongoing monitoring of loans and other credit exposures.

Corporate loan/credit applications are originated by the Corporate Credit 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. The loan/credit application and the report are then independently reviewed by the Risk Management Group's Credit Risk Manager and a second opinion with a credit rating 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 Corporate Credit Department and the Risk Management Group. Individual transactions are also reviewed by the Bank's Legal, Security and Accounting departments depending on the specific risks and pending final approval of the Credit Committee.

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 the Bank's specialists, and in the event of negative movements in market prices the borrower is usually requested to put up additional security.

Retail loan/credit applications are reviewed by the Bank's respective retail lending division (Mortgages, Auto loans, Credit Cards) through the use of parameters, stipulated in the retail policies and application data verification procedures developed together with the Risk Management Group. Approval of retail transactions lies under different authorities depending on the amount and deviation from the policy.

Apart from individual customer analysis, the whole credit portfolio is assessed by the Risk Management Group with regard to credit concentration and market risks.

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

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 8 "Loans to customers".

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 Executive Board.

The Bank seeks to actively support a diversified and stable funding base comprising debt securities in issue, 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 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 liquidity and funding contingency plans;
- monitoring balance sheet liquidity ratios against regulatory requirements.

The Treasury Department receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury Department then provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of short-term liquid trading securities, loans to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole.

Under the normal market conditions, liquidity reports covering the liquidity position of the Bank are presented to senior management on a weekly basis. On a monthly basis Risk Management Group prepares detailed presentation for ALMC meetings. Decisions on the Bank's liquidity management are made by the Asset and Liability Management Committee and implemented by the Treasury Department.

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 December 31, 2008 and December 31, 2007.

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 December 31, 2008 was as follows:

(Rs. in 000's)

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount outflow/ (inflow)	Carrying amount
Non-derivative liabilities							
Deposits and balances from banks and other financial institutions	2,099,895	2,112,120	568,966	7,410,593	7,244,846	19,436,419	18,558,716
Current accounts and deposits from customers	1,090,848	614,314	62,305	1,026,482	151,683	2,945,632	2,859,502
Promissory notes	—	—	—	—	493	493	259
Subordinated debt	—	42,217	—	15,635	1,423,270	1,481,122	1,028,168
Other liabilities	5,094	39,710	44,884	11,221	71,395	172,304	172,304
Derivative liabilities							
– Inflow	—	—	—	(1,369,697)	—	(1,369,697)	(187,863)
– Outflow	—	—	—	1,181,834	—	1,181,834	—
Total	3,195,837	2,808,361	676,154	8,276,069	8,891,687	23,848,107	22,431,086
Credit related commitments	824,380	—	—	—	—	824,380	824,380

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

(Rs. in 000's)

	Demand and less than 1 month	*From 1 to 3 months*	*From 3 to 6 months*	*From 6 to 12 months*	*More than 1 year*	*Total gross amount outflow/ (inflow)*	*Carrying amount*
Non-derivative liabilities							
Deposits and balances from banks and other financial institutions	*4,203,640*	*8,103,597*	*4,804,761*	*5,147,844*	*6,017,565*	*28,277,408*	*27,437,807*
Current accounts and deposits from customers	*636,058*	*53,447*	*16,633*	*137,446*	*47,541*	*891,125*	*870,971*
Promissory notes	—	—	*4,786*	—	*429*	*5,214*	*4,937*
Subordinated debt	—	*39,903*	—	*17,693*	*1,317,613*	*1,375,209*	*861,195*
Other liabilities	*211*	*952*			–	*1,163*	*59,383*
Derivative liabilities							
– Inflow	*(2,911,451)*	*(417,465)*	*(166,986)*	*(2,270,662)*	—	*(5,766,563)*	*(31,564)*
– Outflow	*2,909,124*	*434,120*	*166,638*	*2,289,448*	—	*5,799,329*	*65,718*
Total	*4,837,582*	*8,214,555*	*4,825,832*	*5,321,770*	*7,383,148*	*30,582,886*	*29,268,448*
Credit related commitments	*1,168,953*	—	—	—	—	*1,168,953*	*1,168,953*

For further information on the Bank's exposure to liquidity risk at year end refer to Note 36.

Operational and other risks management

Management of operational risk is based on the Operational risk management policy approved by the Supervisory Board. This document requires the following activities to be performed:

- Identification of operational risks (during creating/changing of Bank's products and procedures as well as during separately executed analysis of actual transactions);
- Assessment and measurement of operational risks (including Risk and Control Self-Assessment);
- Monitoring of operational risks (operational loss data collection within and outside the Bank and Key Risk Indicators framework implemented on several levels);
- Operational risk management based on existing informational flows in the Bank (including maintenance of analytical database, ensuring necessary reporting as well as creating, implementation and testing of plans aimed at mitigation of operational risks within approved risk profile and ensuring contingency of Bank's transactions);
- Calculation of capital to be allocated for operational risks based on requirements of Basel Committee on Banking Supervision, Reserve Bank of India (acting as regulator for the Sole Participant – ICICI Bank Limited.) and Central Bank of Russia;
- Training of all Bank employees and ensuring their participation in operational risks management with proper responsibility and delegation of powers matrix established for management and governing bodies of the Bank.

Reputational risk management

The Reputation Risk Management Policy provides for establishing and monitoring of limits for main indicators for such kind of risks. The Bank has specially created an Operational and Reputation Risk Management Committee. The Bank's policies for identification, assessment, mitigation and control of legal risks are based on Group policies.

NOTE 28 - 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 December 31, 2008, this minimum level is 10%. The Bank was in compliance with the statutory capital ratio during the years ended December 31, 2007 and December 31, 2008.

The Bank also monitors its capital adequacy levels calculated in accordance with the requirements of the Basel Accord, as defined in the International Convergence of Capital Measurement and Capital Standards (updated April 1998) and Amendment to the Capital Accord to incorporate market risks (updated November 2007), commonly known as Basel I.

The following table shows the composition of the Bank's capital position calculated in accordance with the requirements of the Basel Accord, as at December 31, 2008:

(Rs. in 000's)

	2008	2007
Tier 1 capital		
Charter Capital	**2,878,775**	*2,878,775*
Additional paid-in capital	**285,966**	*285,966*
Accumulated losses	**(112,478)**	*(226,411)*
Net unrealised losses on available-for-sale assets	**(423,370)**	*(25,482)*
Total tier 1 capital	**2,628,893**	*2,912,847*
Tier 2 capital		
Subordinated debt (unamortized portion)	**1,028,168**	*861,195*
Total tier 2 capital	**1,028,168**	*861,195*
Total capital	**3,657,061**	*3,774,042*
Risk-weighted assets		
Banking book	**17,912,801**	*14,871,341*
Trading book	**3,733,468**	*7,270,992*
Total risk weighted assets	**21,646,269**	*22,142,333*
Total capital expressed as a percentage of risk-weighted assets ("total capital ratio")	**16.89**	*17.04*
Total tier 1 capital expressed as a percentage of risk-weighted assets ("tier 1 capital ratio")	**12.14**	*13.16*

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The Bank is subject to minimum capital adequacy requirements calculated in accordance with the Basel Accord established by covenants under liabilities incurred by the Bank.

The Bank also monitors its capital adequacy levels in order to comply with the covenants set out in loan agreements with other creditors. As at December 31, 2008, the minimum capital adequacy requirement under such loan agreements was 11.5%. The Bank was in compliance with the contractual capital ratio requirement during the year ended December 31, 2008.

NOTE 29 – COMMITMENTS

At any time the Bank has outstanding commitments to extend loans. 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.

(Rs. in 000's)

	2008	2007
Contracted amount		
Guarantees and letters of credit	**1,493,498**	*37,396*
Loan and credit line commitments	**674,569**	*1,018,999*
Credit card commitments	**149,811**	*149,953*

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 30 – OPERATING LEASES

Leases as lessee

Non-cancelable operating lease rentals are payable as follows:

(Rs. in 000's)

	2008	2007
Less than one year	**41,457**	*35,977*
Between one and five years	**128,495**	*134,722*
More than five years	**575**	*—*
	170,527	*170,699*

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.

During the current year Rs. 82,590 thousand was recognised as an expense in the income statement in respect of operating leases (2007: Rs. 62,379 thousand).

NOTE 31 – 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 the financial position of the Bank, if the authorities were successful in enforcing their interpretations, could be significant.

NOTE 32 – TRUST AND CUSTODY ACTIVITIES

Custody activities

The Bank does not provide custody services to its customers, whereby it holds securities on behalf of customers and receives fee income for providing these services.

NOTE 33 – RELATED PARTY TRANSACTIONS

Control relationships

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

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

Total remuneration included in employee compensation (refer Note 25):

(Rs. in 000's)

	2008	*2007*
Members of the Supervisory Board of Directors	**13,279**	*14,759*
Members of the Executive Board of Directors	**11,710**	*7,704*
	24,989	*22,463*

The above amounts include non-cash benefits in respect of the members of the Supervisory Board of Directors and the Executive Board of Directors.

The outstanding balances and average interest rates as of December 31, 2008 with the members of the Supervisory Board of Directors and the Executive Board of Directors are as follows:

	2008 Rs. in 000's	Average Interest Rate	*2007 Rs. in 000's*	*Average Interest Rate*
Balance Sheet				
Assets				
Loans to customers	**82**	**23.88%**	*269*	*23.88%*
Liabilities				
Current accounts and deposits from customers	**5,789**	**6.17%**	*3,602*	*9.36%*

Amounts included in the income statement in relation to transactions with the members of the Supervisory Board of Directors and the Executive Board of Directors are as follows:

(Rs. in 000's)

	2008	*2007*
Income statement		
Interest income	**27**	*31*
Interest expense	**(138)**	*(105)*

Transactions with other related parties

Other related parties include ICICI Bank Limited (Parent company) and ICICI Bank UK PLC (other subsidiary of the Parent company). The outstanding balances and the related average interest rates as of December 31, 2008 and related income statement amounts of transactions for the year ended December 31, 2008 with other related parties are as follows:

	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 with banks and other financial institutions	2,142,387	0.6	36	—	2,142,423
Financial instruments at fair value through profit or loss	187,863	—	—	—	187,863
Liabilities					
Placements from banks and other financial institutions	9,760,406	3.78	4,374,414	5.32	14,134,820
Subordinated debt	1,028,168	5.80	—	—	1,028,168
Income statement					
Interest income	643	—	—	—	643
Interest expense	(678,693)	—	(191,040)	—	(869,733)
Net loss on financial instruments at fair value through profit or loss	(198,773)	—	—	—	(198,773)

Other related parties include ICICI Bank Limited (Parent company) and ICICI Bank UK PLC (other subsidiary of the Parent company). The outstanding balances and the related average interest rates as of December 31, 2007 and related income statement amounts of transactions for the year ended December 31, 2007 with other related parties are as follows:

	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 with banks and other financial institutions	7,495	—	1,022	—	8,517
Liabilities					
Financial instruments at fair value through profit or loss	10,912	—	—	—	10,912
Deposits and balances from banks and other financial institutions	20,433,671	7.01%	2,800,502	6.35%	23,234,173
Subordinated debt	861,195	6.90%	—	—	861,195
Income statement					
Interest income	107	—	—	—	107
Interest expense	(910,714)	—	(118,535)	—	(1,029,249)
Net loss on financial instruments at fair value through profit or loss	(10,912)	—	—	—	(10,912)

NOTE 34 – FAIR VALUE OF 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 discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the balance sheet date.

Except as disclosed below, management believes that the fair values of all financial instruments do not differ significantly from their carrying values.

(Rs. in 000's)

	2008		*2007*	
	Carrying value	Fair value	*Carrying value*	*Fair value*
Financial assets				
Loans to customers	**16,868,311**	**16,713,082**	*12,609,399*	*12,609,399*
	16,868,311	**16,713,082**	*12,609,399*	*12,609,399*
Financial liabilities				
Deposits and balances from banks and other financial institutions	**18,558,716**	**18,488,185**	*27,437,807*	*27,437,807*
Subordinated debt	**1,028,168**	**941,762**	*861,195*	*861,195*
	19,586,884	**19,429,947**	*28,299,002*	*28,299,003*

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 35 – AVERAGE EFFECTIVE INTEREST RATES

The table below displays the Bank's interest bearing assets and liabilities as at December 31, 2008 and 2007 and their corresponding average effective interest rates at those dates.

	2008		*2007*	
	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	6,864	—	19,739	—
– US$	303,985	—	854,001	—
– other currencies	21,693	—	18,072	—
Loans and deposits				
– RUR	—	—	444,351	8.22%
– US$	1,772,062	3.41%	10,722,778	5.14%
– other currencies	2,133,175	0.60%	—	—
Financial instruments at fair value through profit or loss				
– RUR	—	—	1,193,159	9.03%
– US$	—	—	174,549	8.63%
Loans to customers				
– RUR	937,369	12.46%	1,015,872	10.20%
– US$	15,055,284	7.10%	10,569,882	8.05%
– other currencies	875,658	7.24%	1,023,646	8.67%
Available-for-sale assets				
– RUR	2,478,079	8.56%	4,167,806	8.74%
– US$	399,908	8.01%	455,930	8.70%
Interest Bearing Liabilities				
Deposits and balances from banks and other financial institutions				
Term deposits				
– RUR	—	—	1,804,820	3.79%
– US$	14,168,552	4.21%	23,085,100	6.14%
– other currencies	3,827,037	2.56%	2,547,887	2.70%
Deposits and balances from Central Bank				
– RUR	563,127	10.25%	—	—
Subordinated debt				
– US$	1,028,168	5.80%	861,195	6.90%
Current accounts and deposits from customers				
Current accounts and demand deposits				
– RUR	354,568	—	495,482	—
– US$	393,080	—	67,184	—
– other currencies	15,881	—	1,536	—
Term deposits				
– RUR	464,347	8.47%	163,037	9.33%
– US$	1,607,734	7.29%	128,051	6.79%
– other currencies	23,892	5.40%	5,541	5.24%
Collateral for letters of credit				
– US$	—	—	10,140	—
Promissory notes				
– RUR	—	—	4,728	13.50%
– other currencies	259	10.00%	209	10.00%

NOTE 36 – MATURITY ANALYSIS

The following table shows assets and liabilities by remaining contractual maturity dates as at December 31, 2008.

(Rs. in 000's)

	Demand and less than 1month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Overdue	Total
Assets								
Cash and cash equivalents	638,830	—	—	—	—	—	—	638,830
Due from the Central Bank of the Russian Federation	3,990	3,646	11,228	9,303	—	—	—	28,167
Placements with banks and other financial institutions	2,841,052	498,809	799,731	98,187	—	—	—	4,237,779
Financial instruments at fair value through profit or loss	—	—	187,863	—	—	—	—	187,863
Loans to customers	586,580	2,484,942	3,480,353	6,893,397	3,282,885	—	140,154	16,868,311
Available-for-sale assets	—	404,141	502,362	1,845,556	125,929	—	—	2,877,987
Property and equipment	—	—	—	—	—	118,495	—	118,495
Deferred tax asset	—	—	—	—	—	183,599	—	183,599
Other assets	1,090	50,362	5,891	48,365	539	563	—	106,811
Total assets	4,071,543	3,441,900	4,987,428	8,894,808	3,409,353	302,657	140,154	25,247,842

(Rs. in 000's)

	Demand and less than 1month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Overdue	Total
Liabilities								
Financial instruments at fair value through profit or loss	—	—	—	—	—	—	—	—
Deposits and balances from banks and other financial institutions	2,083,284	2,023,845	7,510,965	6,940,623	—	—	—	18,558,716
Current accounts and deposits from customers	950,771	749,376	1,027,440	131,915	—	—	—	2,859,502
Promissory notes	—	—	—	—	259	—	—	259
Subordinated debt	—	—	—	—	1,028,168	—	—	1,028,168
Other liabilities	5,094	39,710	56,105	71,395	—	—	—	172,304
Total liabilities	3,039,148	2,812,931	8,594,510	7,143,933	1,028,426	—	—	22,618,949
Net position as at December 31, 2008	1,032,394	628,969	(3,607,082)	1,750,874	2,380,927	302,657	140,154	2,628,893
Cumulative net position	1,032,391	1,661,360	(1,945,722)	(194,848)	2,186,079	302,657	140,154	2,628,893
Net position as at December 31, 2007	*4,302,447*	*(6,709,562)*	*(2,040,810)*	*4,598,138*	*2,594,122*	*168,512*	*—*	*2,912,847*

The amounts in the tables above represent carrying amounts of the assets and liabilities as at the reporting date and do not include future interest payments.

The Bank has undrawn collateralised lines of credit with the CBR (facilities against securities and loans provided as collateral) and credit lines with the Parent. The Bank in its liquidity forecast estimates that the liquidity gaps in the table above are covered by such facilities.

The table below summarises the Banks assets and liabilities by date of repricing as at December 31, 2008.

(Rs. in 000's)

	Demand and less than 1month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Not interest bearing	Overdue	Total
Assets								
Cash and cash equivalents	—	—	—	—	—	638,830	—	638,830
Due from the Central Bank of the Russian Federation	—	—	—	—	—	28,167	—	28,167
Placements with banks and other financial institutions	2,841,052	498,809	799,731	98,187	—	—	—	4,237,779
Financial instruments at fair value through profit or loss	—	—	—	—	—	187,863	—	187,863
Loans to customers	4,572,731	5,253,383	2,423,629	458,758	4,019,657	—	140,154	16,868,311
Available-for-sale assets	—	569,576	1,300,266	1,008,145	—	—	—	2,877,987
Property and equipment	—	—	—	—	—	118,495	—	118,495
Deferred tax asset	—	—	—	—	—	183,599	—	183,599
Other assets	—	—	—	—	—	106,811	—	106,811
Total assets	7,413,783	6,321,768	4,523,625	1,565,090	4,019,657	1,263,765	140,154	25,247,842

(Rs. in 000's)

	Demand and less than 1month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non interest bearing	Overdue	Total
Liabilities								
Deposits and balances from banks and other financial institutions	2,083,284	13,366,518	3,108,914	—	—	—	—	18,558,716
Current accounts and deposits from customers	950,771	749,376	1,027,440	131,915	—	—	—	2,859,502
Promissory notes	—	—	—	—	259	—	—	259
Subordinated debt	—	608,043	—	420,125	—	—	—	1,028,168
Other liabilities	—	—	—	—	—	172,304	—	172,304
Total liabilities	3,034,055	14,723,937	4,136,354	552,040	259	172,304	—	22,618,949
Net position as at December 31, 2008	4,379,728	(8,402,169)	387,272	1,013,050	4,019,398	1,091,460	140,154	2,628,893
Net position as at December 31, 2007	*5,057,920*	*(9,402,275)*	*(2,020,148)*	*5,582,662*	*2,266,714*	*1,427,974*	*—*	*2,912,847*

NOTE 37 – CURRENCY ANALYSIS

The following table shows the currency structure of assets and liabilities at December 31, 2008:

(Rs. in 000's)

	RUR	US$	EUR	Other currencies	Total
Assets					
Cash and cash equivalents	587,267	17,528	34,035	—	638,830
Due from the Central Bank of the Russian Federation	28,167	—	—	—	28,167
Placements with banks and other financial institutions	6,864	2,076,047	5,060	2,149,808	4,237,779
Financial instruments at fair value through profit or loss	—	21,266	—	166,597	187,863
Loans to customers	937,369	15,055,284	—	875,658	16,868,311
Available-for-sale assets	2,478,079	399,908	—	—	2,877,987
Property and equipment	118,495	—	—	—	118,495
Deferred tax asset	183,599	—	—	—	183,599
Other assets	106,809	2	—	—	106,811
Total assets	4,446,650	17,570,034	39,095	3,192,063	25,247,842

(Rs. in 000's)

	RUR	US$	EUR	Other currencies	Total
Liabilities					
Deposits and balances from banks and other financial institutions	563,127	14,168,552	—	3,827,037	18,558,716
Current accounts and deposits from customers	818,915	2,000,814	39,317	456	2,859,502
Promissory notes	—	—	259	—	259
Subordinated debt		1,028,168	—	—	1,028,168
Other liabilities	172,303	2	—	—	172,304
Total liabilities	1,554,345	17,197,535	39,576	3,827,493	22,618,949
Net on balance sheet position as of December 31, 2008	2,892,306	372,499	(481)	(635,430)	2,628,893
Net off balance sheet position as of December 31, 2008	—	(819,811)	—	819,811	
Net on and off balance sheet positions as of December 31, 2008	2,892,306	(447,312)	(481)	184,381	2,628,893
Net on and off balance sheet positions as of December 31, 2007	*3,512,113*	*(609,065)*	*8,517*	*1,282*	*2,912,847*