



ANNUAL REPORT

EVROFINANCE MOSNARBANK

2009

Annual Report 2009



Evrofinance
Mosnarbank

EVROFINANCE MOSNARBANK ANNUAL REPORT 2009

Reviewed and submitted for approval of the annual General Meeting of Shareholders by the Supervisory Board of Evrofinance Mosnarbank (Minutes No. 118__ of the meeting of the Supervisory Board of April 23, 2010).

Approved at the Annual General Meeting of Shareholders of Evrofinance Mosnarbank (Minutes No. 47__ of the Annual General Meeting of Shareholders of June 15, 2010).

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Chairman of the Executive Board**

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1. Letter from the President – Chairman of the Board

Dear Shareholders, Customers and Partners!

Year 2009 was not the easiest for the national economy and banking system. Negative trends of global financial markets, restructuring of major financial institutions did not spare Russian banks. However, a lot of national credit institutions, which many times overcame negative trends of both internal and external nature, coped with the challenges of the preceding year of 2009.

One of them is Evrofinance Mosnarbank, that always builds its strategy to ensure efficient continuous work under any external conditions. During the preceding decade the national economy passed through periods of growth and stagnation, or even recession. In such a situation the ability to adhere to long-term plans and ensure the required financial results, irrespective of crisis developments in the financial market and economy in general, is always of special importance for a bank striving for progressive development and securing long-term relationships with customers. This approach was once again proven in 2009: equity capital showed an 18% growth and reached RUB 12,745 million within one year; the assets amounted to RUB 37,395 million, the annual profit exceeded RUB 1 billion. Capital and asset profitability ratios were equal to 8.2% and 2.8%, accordingly.

Balanced asset management in the banking business is always of paramount importance. Aiming at unreasonable customer base expansion and disproportionate funding base enlargement caused problems for a number of Russian banks; this was

not our case from the beginning. When other banks pursued potentially profitable but risky and quite unpredictable projects in terms of payback, our Bank focused on more stable and reliable financial instruments which allowed preserving the high quality of assets. Our reasonable conservatism proved itself and ensured progressive growth background. In the Bank's 2009-2011 Business Strategy we maintain a high level of capitalization, which, amid the crisis, demonstrates financial stability and ensures stable ratings of key rating agencies. According to the results of 2009, the Bank's ratings assigned earlier by FitchRatings and Moody's were confirmed.

Euromoney called Evrofinance Mosnarbank the best Russian bank in terms of risk management.

Today it is safe to say that the Bank managed to respond to the challenge of time with honor by keeping and even strengthening its positions in the market. The successful accomplishment of the Bank's tasks is to a large extent the merit of our staff — a close-knit team of professional experts. Their energy and dedication allowed the Bank to overcome all negative external factors and to achieve a new stage of qualitative development.

In conclusion, I would like to address our shareholders, customers and partners with warm words and to thank them for fruitful joint work. We hope that during the reporting year we managed to strengthen our reputation as a reliable and promising financial institution. We are confident that the confidence we are enjoying will form a solid foundation for new joint projects and further close cooperation.

President - Chairman of the Executive Board



Vladimir M. Stolyarenko

2. General Information

Evrofinance Mosnarbank, holder of full banking license No. 2402 issued by the Bank of Russia, is a Russian bank with a rich European history. The Bank conducts all types of bank operations offered in the domestic financial services market.

Key Dates

Key dates in the history of Evrofinance Mosnarbank:

1911 - Moscow Narodny Bank (MNB), the largest private bank (owned by cooperatives) in the Russian Empire, was established in Russia;

1915 - a representative office of MNB was launched in London, UK;

1919 - the London representative office was reorganized into a full-fledged bank incorporated under English law – Moscow Narodny Bank Limited. As a result of nationalization, the bank became a subsidiary of the State Bank of the USSR (at present - the Bank of Russia);

1921 - BCEN – Eurobank (Banque Commerciale pour l'Europe du Nord), another subsidiary of the State Bank of the USSR and later of the Bank of Russia, was incorporated in France;

1990 - Evrofinance company (one of the first financial companies with foreign capital which held a General License issued by the State Bank of the USSR) was incorporated in the USSR;

1993 - the Bank of Russia granted a general banking license to Bank Evrofinance (legal successor to Evrofinance Company). Its shareholders were BCEN – Eurobank, Paris, the Bank for Foreign Economic Affairs (Vnesheconombank) and the Bank for Foreign Trade of Russia (Vneshtorgbank);

1995 - Bank Mosnarbank, a wholly owned subsidiary of Moscow Narodny Bank Limited, London, was incorporated in Russia;

1996 - Bank Evrofinance joined the International Chamber of Commerce. The amount invested into Russian

Government Short-Term Bonds (GKO /OFZs) by overseas investors via Bank Evrofinance exceeded USD 3.4 billion;

1998 - Bank Evrofinance not only survived the financial crisis of 1998 but also managed to increase its customer base, increase the amount of borrowed funds, and became one of the few domestic banks which offered loans to the real sector of the Russian economy;

2001 - Bank Evrofinance was recognized by Standard & Poor's as the most profitable bank among the 100 largest credit institutions in Central and Eastern Europe;

2003 - Evrofinance Mosnarbank emerged in the Russian Federation as a result of the merger of Bank Mosnarbank with Bank Evrofinance;

2005 - The Banker magazine ranked Evrofinance Mosnarbank in its Top 1,000 World Banks;

2005 - VTB Group - upon purchase of BCEN-Eurobank, Paris and MNB Limited, London by Moscow-based Vneshtorgbank (now VTB Bank) – became the largest shareholder in Evrofinance Mosnarbank with a 35.85% consolidated stake;

2007 - Evrofinance Mosnarbank was ranked by Euromoney magazine as 'A Leading Bank in Corporate Governance in Central and Eastern Europe';

2008 - The Banker magazine ranked Evrofinance Mosnarbank 27th on the list of Russian banks based on shareholders' equity;

2009 - Evrofinance Mosnarbank is the best Russian bank in terms of risk management according to EUROMONEY magazine.

Licenses and Statuses

Evrofinance Mosnarbank possesses all the licenses required by Russian Law for conducting all types of banking operations:

- General License to Conduct Banking Operations No. 2402 of December 18, 2003, issued by the Bank of Russia;
- License No. 2402 of December 18, 2003, for banking operations in precious metals involving precious metal deposit taking and placement of precious metals;
- Securities Dealer License No. 177-03607-010000 of December 7, 2000;

Evrofinance Mosnarbank is:

- A member of the National Deposit Insurance System (a status assigned by the Bank of Russia);
- A credit institution authorized to accept pension savings in Rouble-denominated deposits (a status assigned by the Russian Federal Financial Markets Service – FSFR);
- An operator in the securities market;
- An authorized dealer in the Russian government short-term bonds (GKO /OFZs);
- A contributor bank to the indicative Moscow Inter-Bank Offered Rate (MosIBOR);

- Securities Broker License No. 177-03504-100000 of December 7, 2000;
- Securities Custodian License No. 177-04142-000100 of December 20, 2000;
- Securities Trustee License No. 177-03695-001000 of December 7, 2000;
- Commodities Futures and Options Exchange Dealer License No. 1438 of September 17, 2009;
- Customs Guarantee Provider License No 137 of December 1, 2008, issued by the Russian Federal Customs Service.

- A contributor bank to the following average rates:
 - MIBID (Moscow inter-bank bid rate);
 - MIBOR (Moscow inter-bank offered rate);
 - MIACR (Moscow inter-bank actual credit rate);
- A market maker in the domestic money market;
- A market maker in the domestic FX market - a RIBER (the indicative USD /RUB Russian Inter-Bank Exchange Rate) project member acting as a contributor bank.



Evrofinance Mosnarbank is a member of the following leading professional organizations:

- Association of Russian Banks (ARB);
- National Securities Market Association (NSMA);
- National Foreign Exchange Association (NVA);
- Association of Promissory Note Market Participants (AUVER);
- International payment system MasterCard International (Principal Member);
- International payment system VISA International (Principal Member);
- International payment system China UnionPay (Principal Member);
- Union Card Payment System (clearing bank);
- SWIFT Association;
- Moscow Inter-bank Currency Exchange (MICEX);
- MICEX Stock Exchange;
- MICEX Clearing House;
- International Chamber of Commerce;
- Association of the Russian members of VISA;
- Association of the Russian members of Europay;
- National Credit Cards Payment System;
- A party to the American Express card distribution agreement.



Management and Governance

EXECUTIVE BOARD

Vladimir M. Stolyarenko	President – Chairman of the Executive Board
Ilya K. Lomakin	Chief Executive Director – First Deputy Chairman of the Board – Chairman of the Executive Board
Ivan N. Bolshakov	First Vice President – Deputy Chairman of the Executive Board
Alexander V. Bondarenko	First Vice President – Deputy Chairman of the Executive Board
Olga V. Zavgorodnyaya	Senior Vice President – Deputy Chairman of the Executive Board
Sergei N. Yarosh	Senior Vice President – Deputy Chairman of the Executive Board
Vladimir M. Favorin	Senior Vice President – Member of the Executive Board

No shares in Evrofinance Mosnarbank were owned by any member of the Executive Board throughout the reporting period.

PROFILES OF THE EXECUTIVE BOARD MEMBERS

Vladimir M. Stolyarenko, born in 1961, Russian citizen. Graduated from Leningrad Institute of Economics and Finance with a degree in Finance and Credit; Moscow State Academy of Law; post-graduate program, Harvard Law School; 2006-2008 Executive MBA-GLOBAL Program, London Business School & Columbia Business School, New York. PhD in Economics; Doctorate degree in Law (Doctor of Law). Since September 1998 - President - Chairman of the Board, Bank Evrofinance, Moscow. Since December 2003 - President – Chairman of the Executive Board, Evrofinance Mosnarbank, Moscow.

Ilya K. Lomakin, born in 1943, Russian citizen. Graduated from Moscow Institute of Finance, Institute of Oriental Languages under Moscow State University. Mr. Lomakin has a record of service in finance since 1965.

Ivan N. Bolshakov, born in 1961, Russian citizen. Graduated from Moscow Institute of Finance, PhD in Economics. Mr. Bolshakov has a record of service in finance since 1983.

Alexander V. Bondarenko, born in 1972, Russian citizen. Graduated from Saint Petersburg University of Economics and Finance, PhD in Law. Mr. Bondarenko has a record of service in finance since 1991.

Olga V. Zavgorodnyaya, born in 1954, Russian citizen. Graduated from Moscow State Institute of International Relations (MGIMO). Mrs. Zavgorodnyaya has a record of service in finance since 1977.

Sergei N. Yarosh, born in 1972, Russian citizen. Graduated from Saint Petersburg University of Economics and Finance. Mr. Yarosh has a record of service in finance since 1994.

Vladimir M. Favorin, born in 1955, Russian citizen. Graduated from Moscow State University and Moscow Institute of Economics, Management and Law. PhD in Physics and Mathematics. Mr. Favorin has a record of service in finance since 1995.

SUPERVISORY BOARD

Chairman

Alexander N. Shokhin

President of the State University Higher School of Economics, President of RSPP (the Russian Union of Industrialists and Entrepreneurs), member of the Public Chamber of the Russian Federation, Moscow, independent member of the Supervisory Board.

Board Members

Nikolai A. Kouznetsov

Senior Vice President, VTB Bank, Moscow.

Vadim O. Levin

First Deputy of the President – Chairman of the Board, VTB Bank, Moscow. Since July 16, 2009 — First Vice-President of Evrofinance Mosnarbank.

Sergei P. Lykov

Deputy Chairman, Vnesheconombank, Moscow, independent member of the Supervisory Board.

Jean-Pierre Saltiel

Vice President of the Center for Prospective Studies and International Information (Centre d'Etudes Prospectives et d'Informations Internationales), Paris, independent member of the Supervisory Board.

Vladimir M. Stolyarenko

President – Chairman of the Executive Board, Evrofinance Mosnarbank, Moscow.

Robert M. Foresman

Deputy Chairman of the Executive Board, Renaissance Capital, Moscow. Since December 1, 2009 — CEO, Barclays Capital and Country Head of Barclays Group, Russia. Independent member of the Supervisory Board.

No shares in Evrofinance Mosnarbank were owned by any member of the Supervisory Board throughout the reporting period.

PROFILES OF THE MEMBERS OF THE SUPERVISORY BOARD

Alexander N. Shokhin, born in 1951, Russian citizen. In 1974, graduated from the Moscow State University with a degree in Economics. Doctor of Economics, Professor. From 1991 to 1994, Mr. Shokhin occupied the position of Deputy Chairman of the Russian Government. At the same time he held the positions of Minister of Labor and Employment, Minister of Economy, and Chairman of the Russian Agency for International Cooperation and Development. In 1998, he was the Deputy Chairman of the Russian Government dealing with financial and economic issues. From 1994 to 2002 – Deputy of the State Duma of three convocations. In 2002 -2005 – Chairman of the Supervisory Board of the Renaissance Capital Investment Group. Since 1995 – President of the State University Higher School of Economics, Head of the Department of Theoretical and Practical Policy Dialogue. Since 2005 – President of RSPP (the Russian Union of Industrialists and Entrepreneurs), member of the Public Chamber of the Russian Federation, member of the President’s Council for National Priority Projects and Demographic Policy, member of the President’s Commission for Management Staff Training, member of the Council for Competition and Entrepreneurship under the Chairman of the Russian Government, member of Russian Government Commissions dealing with administrative reforms, high technologies and innovations, small and medium-sized business, an independent member of the Board of Directors of Lukoil OAO, Russian Railways OAO and a number of other companies.

Nikolay A. Kouznetsov, born in 1964, Russian citizen. In 1986, graduated from the Moscow Management Institute, Business School in Grenoble, France (Pierre Mendès France University), PhD in Economics. Since 2006, Mr. Kouznetsov has been Senior Vice President of VTB Bank, Moscow.

Vadim O. Levin, born in 1963, Russian citizen. In 1985 graduated from Leningrad Institute of Economics and Finance with a degree in Economic Cybernetics, PhD in Economics. In 1997, he was appointed Deputy Chairman of Vnesheconombank and member of the Executive Board. August 2002 - July 2009 — First Deputy of the President – Chairman of the Executive Board, VTB Bank, Moscow. Since July 16, 2009 — First Vice-President of Evrofinance Mosnarbank.

Sergei P. Lykov, born in 1952, Russian citizen. In 1975 graduated from Moscow Institute of Finance with a degree in International Economic Relations (diploma cum laude), PhD in Economics. From 1975 to 1991, he worked in the State Bank of the USSR, and from 1991 to 2005, he occupied the position of the Senior Vice President - member of the Executive Board of Evrofinance Mosnarbank. Since November 2005, Mr. Lykov has been Deputy Chairman, Vnesheconombank, Moscow; since June 2007 – member of the Executive Board and Deputy Chairman of Vnesheconombank. He also holds the positions of Deputy Chairman of the Board of Directors of Moscow Inter-bank Currency Exchange (MICEX), member of the Board of Directors of Moscow Inter-bank Currency Exchange, and a number of other companies. Since August 2008, Mr. Lykov has been an associate of the Institute of Directors, UK.

PROFILES OF THE MEMBERS OF THE SUPERVISORY BOARD

Vladimir M. Stolyarenko, born in 1961, Russian citizen. In 1983 graduated from Leningrad Institute of Economics and Finance, with a degree in Finance and Credit; post-graduate course, Moscow Institute of Finance, PhD in Economics; Moscow State Academy of Law, Doctorate degree in Law (Doctor of Law); post-graduate program, Harvard Law School; Certified International Investment Analyst (CIIA); 2006-2008 Executive MBA-GLOBAL Program, London Business School & Columbia Business School, New York. Since September 1998 - President - Chairman of the Board, Bank Evrofinance, Moscow. Since December 2003 - President — Chairman of the Executive Board, Evrofinance Mosnarbank, Moscow.

Jean-Pierre Saltiel, born in 1937, French citizen. In 1959 graduated from Sorbonne with a degree in Economics and Law; Institut d'Ecoles Politique with a degree in Political Science, Economics and Accounting, postgraduate studies in economics at Moscow State University, PhD in Law, doctorate degree in Economic History. He worked in the Ministry of Foreign Affairs of France, occupied the position of Deputy Director of Credit Industriel et Commercial, partner in the investment bank Maison Lazard et Cie. From 1999 to 2004, he has been President of Rothschild Conseil International. President of International Finance Services since April 2005; Member of the Executive Board of Yalta European Strategy independent international organization; Vice President, Centre d'Etudes Prospectives et d'Informations Internationales. In November 2007, he was appointed a member of the Board of Directors of Interpipe Limited.

Robert M. Foresman, MA, born in 1968, USA citizen. In 1990, graduated from Bucknell University with a degree in International Relations; in 1993 – postgraduate studies in Harvard University Graduate School of Arts & Sciences. The topic of his thesis was Voucher Privatization Policy in Russia. Mr. Foresman studied at the Moscow Energy Institute. From 1993 to 1995, Mr. Foresman headed the IFC Privatization Consulting Group in Ukraine. From 1995 to 1997 he worked in the IFC main office in Washington and monitored investment transactions in the field of project finance and private investments. In 2001, worked as Head of the Investment Department of ING Barings in Russia and Ukraine. Since 2001 Mr. Foresman has been Chairman of the Board of Directors of Investment Bank Dresdner Kleinwort Wasserstein. Since 2006 – Deputy Chairman of the Executive Board of Renaissance Capital Investment Group. Since December 1, 2009 — the CEO, Barclays Capital and Country Head of Barclays Group, Russia).

AUDIT COMMITTEE

Chairman of the Audit Committee

Alexander V. Protsko

Deputy Head of Internal
Control – Head of the Department, VTB Bank

Members of the Audit Committee

Dmitri M. Apatin

Vice President — Head of Structured Finance,
Evrofinance Mosnarbank

Tatyana A. Ivleva

Chief Accountant, Sovetskaya Zvezda OOO

No shares in Evrofinance Mosnarbank were owned by any member of the Audit Committee throughout the reporting period.

PROFILES OF THE MEMBERS OF THE AUDIT COMMITTEE

Alexander V. Protsko, born in 1975, Russian citizen. Graduated from Moscow University of Cooperative Societies (MUPK) with a degree in World Economy. Since 2006, Mr. Protsko has been Deputy Head of Internal Control, Head of the Department, VTB Bank.

Dmitri M. Apatin, born in 1963, Russian citizen. Graduated from the Moscow Institute of National Economy with a degree in Industrial Economics. Mr. Apatin worked at Price Waterhouse & Co and Deloitte & Touche. In 1999 and 2000 he worked as a main specialist at the audit department of Bank

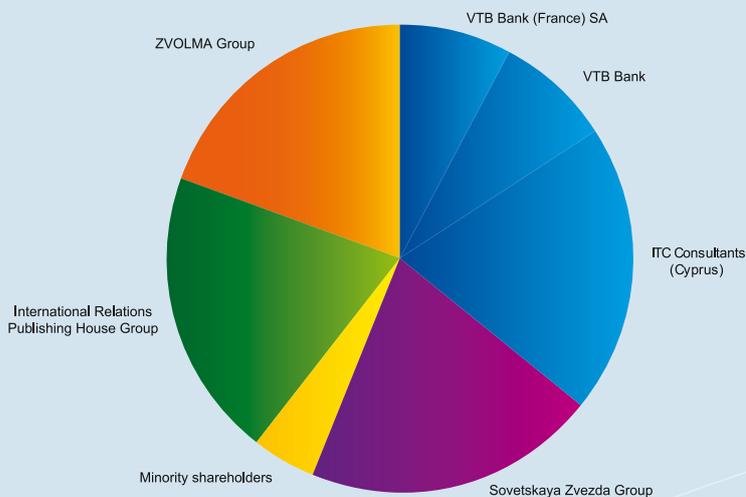
Austria Creditanstalt (Russia). Since 2000, Mr. Apatin has been working at Evrofinance Mosnarbank as Deputy Head of Risk Management and then Vice-President — Head of Structured Finance.

Tatyana A. Ivleva, born in 1952, Russian citizen. Graduated from Leningrad Polytechnics with a degree in Economics and Organization of the Radio-electronic Industry. Since 2005, Mrs. Ivleva has been Chief Accountant in Sovetskaya Zvezda OOO.



Shareholding Structure

In 2009, the shareholding structure of Evrofinance Mosnarbank remained diversified. The largest shareholder in the Bank is the VTB Group.



The list of Evrofinance Mosnarbank's major shareholders as of January 1, 2010,

- VTB Bank (7.987%) – a recognized leader in the Russian banking industry. At present the bank's major shareholder is the Russian Government (85.5%), represented by the Federal Agency for Federal Property Management;
- VTB Bank (France) SA (7.966%) – a French bank with Russian capital, established in Paris in 1921 (formerly Banque Commerciale pour l'Europe du Nord – EUROBANK) under French law, regulated by French banking regulatory bodies being members of Bank VTB Group;
- ITC Consultants (Cyprus) (19.896%) – a wholly-owned subsidiary of VTB Bank;
- Sovetskaya Zvezda Group (19.947%), one of the leaders in the domestic textile industry established over 130 years ago;
- Ivan Zvorykin Linen Factory (ZVOLMA) Group (19.375%), leader in Russian linen production;
- International Relation Publishing House Group (19.850%), established in 1957, specializing in publishing international literature;
- Minority shareholders – 4.979%.

RATINGS

Evrofinance Mosnarbank has the following ratings:

National long-term rating (FitchRatings)	BBB
National long-term rating (FitchRatings)	B outlook - stable
National short-term rating (FitchRatings)	B outlook - stable
Long-term rating («PA Moody's Interfax»)	Aa3 (rus)
International long-term rating («Moody's»)	Ba3
Short-term foreign currency deposits rating («Moody's»)	Not-Prime
Bank Financial Strength rating («Moody's»)	E+
Forecast («Moody's»)	Stable

3. Financial Highlights

BALANCE SHEET ANALYSIS

In 2009, Evrofinance Mosnarbank maintained the balance sheet structure defined by its Business Development Strategy adhering to the risk limitations principles. This enables the Bank to guarantee the highest possible profitability of banking operations.

SHAREHOLDERS' EQUITY AND LIABILITIES

Based on a conservative forecast and estimation of the economic situation, the Bank did not preclude the possibility of a certain reduction of the funding base during 2009. In connection with the review of the funding base creation policy and application of a more conservative approach to fund major loan projects at the end of 2008, funds of the Bank of Russia in amount of RUB 13 billion were borrowed for a half a year period. Borrowed funds reduced after the repayment of the Bank of Russia loans. At year end the reduction of borrowed funds was 29% .

Another difference from the previous year is the reduction of banks' borrowed funds (through loan repayment to non-resident banks) and issued promissory notes. While in the previous reporting periods the issue of promissory notes by the Bank ensured loan portfolio increase funding, the reduction of loans volumes in 2009 reduced the additional resource requirement.

Except for the factors mentioned above, the volume and structure of the funding base were rather stable and according to average annual values met the forecast and were comparable to previous periods.

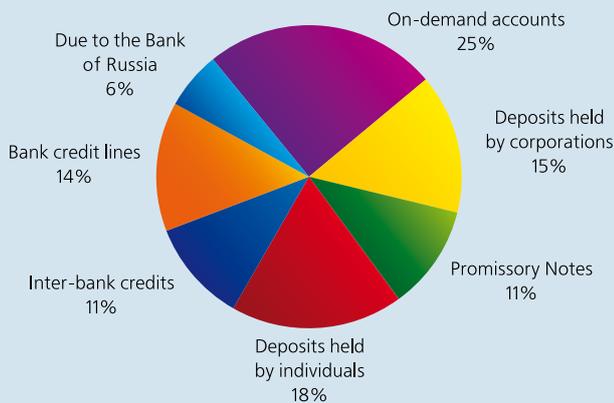


While maintaining optimum liquidity ratios, the Bank remains a net lender in the inter-bank market, abstaining from inter-bank borrowing in order to maintain its current liquidity. In 2009 the amount of funds allocated in the inter-bank market exceeded borrowed funds by RUB 836 billion. The share of credit institutions' funds did not exceed 5% of the total funding base.

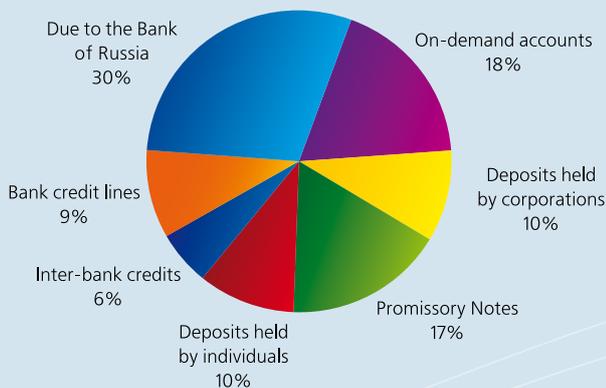
Until 2008 the flow of funds borrowed from individuals tended to grow continuously (25% in 2006, 40% in 2007). In 2008 the amount of individuals' funds dropped by 4%. However, since the beginning of 2009 individuals' funds have grown by 9% and amounted to RUB 4,555 million. Therefore, the pre-crisis level of this ratio was restored.

The shareholders' equity of the Bank, calculated in accordance with the Bank of Russia requirements, as of January 1, 2010 amounted to RUB 12,745 million. In 2009 the shareholders' equity increased 18%, owing to the reporting year profit (9.7%) and the shareholders' equity of the subordinated loan (9%), obtained from the Black Sea Trade and Development Bank. In October 2009 Evrofinance Mosnarbank signed an agreement with Black Sea Trade and Development Bank, presuming the roll-over of the USD 32 million loan provided earlier into the long-term financing as a subordinated loan.

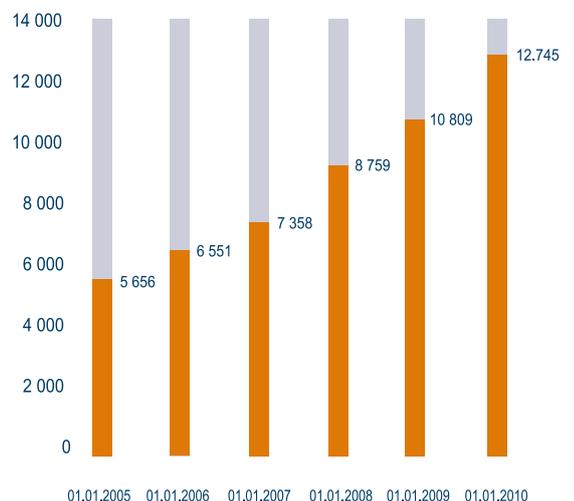
The Breakdown of Borrowed Funds as of January 1, 2010



The Breakdown of Borrowed Funds as of January 1, 2009



Shareholders' Equity Trends in 2004-2009



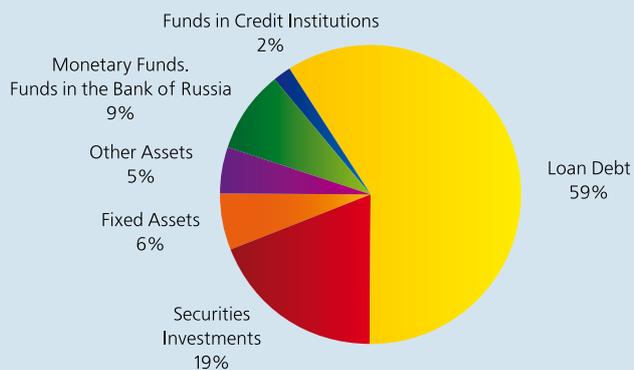


ASSETS

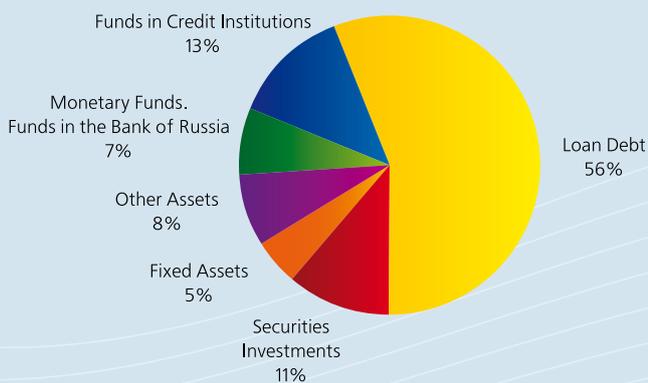
Following the chosen strategy, the optimal asset structure focused on reducing risks and preserving the Bank's high liquidity position.

In 2009, the operating assets structure did not change significantly from the previous year, having kept its share in the main areas of capital investment:

Breakdown of the Bank's Assets in 2009



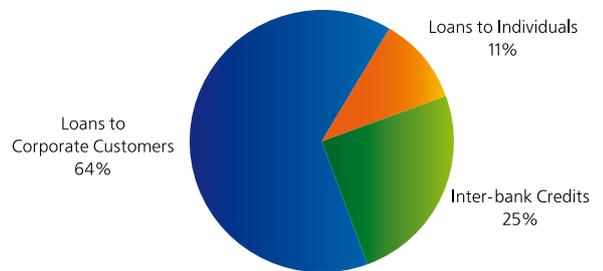
Breakdown of the Bank's Assets in 2008



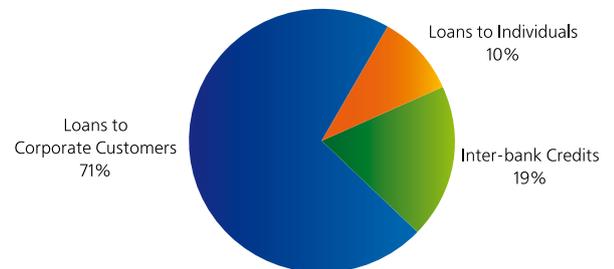
LOAN PORTFOLIO

In 2009, the Bank, adhering to the designed Business Strategy and minimizing risks, continued its conservative lending policy, limiting its loan portfolio amid the economic crisis by time-proved and reliable borrowers. In this connection, the scope of lending operations reduced as compared with the previous period and the loan portfolio reduced by 25% against the beginning of the year. As a result, the structure of the cumulative loan portfolio changed for the growth of inter-bank lending:

Loan Portfolio Analysis, 2009



Loan Portfolio Analysis, 2008



SECURITIES PORTFOLIO

Over many years the Bank has maintained a certain portfolio of debt instruments and shared liabilities represented by liquid securities of corporations and lending institutions. At the end of 2009, the overall securities portfolio was represented by securities with an acceptable risk level and profitability, including corporate bonds (60%), Russian Government debt securities (31%), shares of major Russian corporations (9%).



COSTS AND REVENUES

Following the results of the reporting year the profit of Evrofinance Mosnarbank after tax stood at RUB 1,048 million. ROE amounted to 8.2% (the ratio used net profit as the basis for calculating this ratio).

In general the structure of costs and revenues formed in 2009 follows the Bank's Development Strategy aimed at commercial business development. Operations with commercial customers generated the bulk of the Bank's profit over the year.

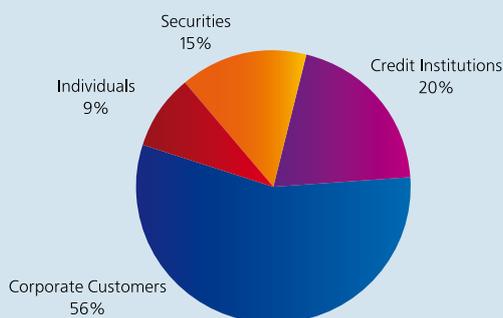
The Bank's interest income amounted to RUB 4,554 million (77% of total revenues), which is consistent with the previous year level. The change of the earned interest income structure as compared with 2008 reflects the change of operating asset structure including due to the corporate loan portfolio reduction. Interest income on loans advanced to commercial customers and individuals totaled RUB 2,950 million; inter-bank market operations earned RUB 903 million; and fixed income on securities totaled RUB 701 million.

Total interest expenses for the Bank stood at RUB 1,821 million and are broken down as follows: 38% – costs of funds borrowed from the Bank of Russia, 34% – paid on the deposits of commercial customers and individuals, 17% – interest paid on inter-bank loans borrowed by the Bank, and 11% – interest paid on the debt instruments issued by the Bank.

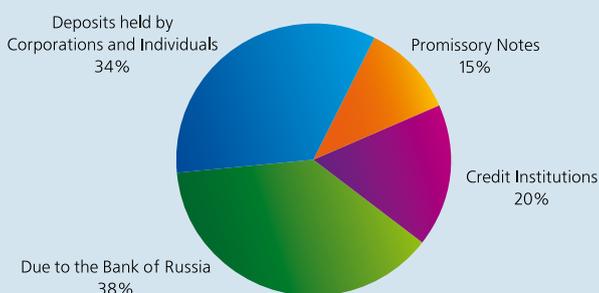
One of the basic ratios describing the efficiency of the Bank's operations during the reporting year has become the operating costs and net operating income ratio (cost-to-income ratio) that totaled 52.1%. Material improvement of this ratio as compared with the previous reporting period (77.4%) was due to keeping the operating income level and a reduction of operating costs by 29%.

Remuneration payable to the President – Chairman of the Board and other members of the Executive Board of the Bank was established on a case-by-case basis, based on their employment contracts. The total amount of such remuneration paid in 2009 was RUB 42.5 million. Bonuses paid for the Bank's overall business results or by business units are fixed by special resolutions of the Board.

Interest Income Structure



Interest Expenses Structure



4. Key Lines of Business

CUSTOMER SERVICES

Evrofinance Mosnarbank Customer Policy is based upon establishing long-term mutually beneficial relations with enterprises and organizations. With this purpose, in 2009 the Bank sought to create more attractive and comfortable terms of cooperation for customers. Customized approach in service, prompt response to incoming requests, quality improvement, diversification of services and new technologies were representative of the Customer Policy of the Bank in 2009.

The success of cooperation between the Bank and the Customer depends to a large extent on the Bank's ability to fully satisfy all customer's requirements regarding financial services and to offer quite a wide range of high quality services. Making emphasis on customer business development, in 2009 Evrofinance Mosnarbank gave consideration to the extension of banking product line and new services in response to changing preferences and market trends. The Bank paid special attention to the further development of the pool of account managers consisting of highly-skilled specialists able to solve customers' current and strategic objectives. Account managers provided counseling assistance on issues of strategic planning and improvement of efficient conduct of business, taking into account the specific features of an enterprise or organization.

Taking into account the fact that the financial well-being of the Bank to a large extent depends on the affluence of its customers, Evrofinance Mosnarbank's objective within its cooperation policy was to expand its operations and establish

long-term partnership relations with customers. As a result, in 2009 a lot of corporate customers moved from purchasing individual products to integrated banking services.

In retail services the Bank primarily focused on VIP customer services as well as on corporate customers' staff. Principal attention was paid to high-quality up-to-date service. Flexible approach to relations based on mutual trust and high level of service allowed the Bank to retain almost all of its customer base in this segment notwithstanding the unstable situation in financial markets.

One of the primary advantages of the Bank's services remains the high level of communication culture in work with customers. It includes not only strict compliance with the rules of business ethics but also counseling assistance on financial and legal issues.

A significant factor behind the continuously high level of service is the use of up-to-date IT technologies. During the reporting year the Bank successfully developed its Microsoft Dynamics customer relationships management system that enabled more precise financial decision making to the benefit of our customers.

Dedication to a policy focusing on the customers' financial needs allowed the Bank not only to improve its own goodwill but also to create a foundation for further improvement in this field.

LENDING POLICY

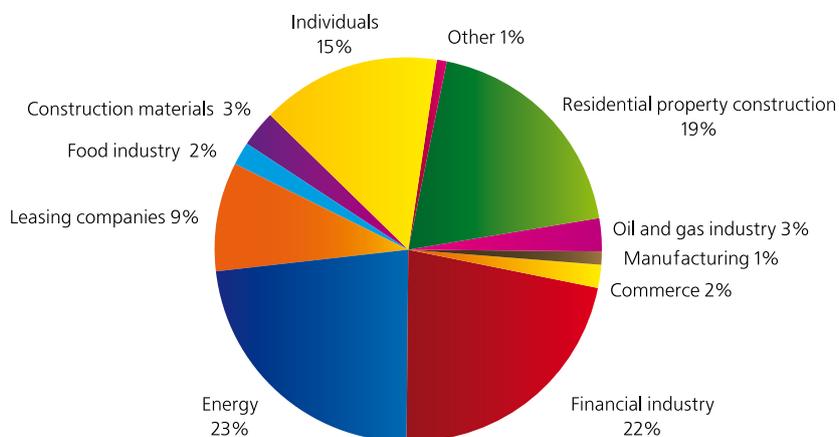
Corporate lending was the main line of the Bank's business in 2009. The lending policy focused on mitigating risk in lending operations, maintaining the optimum size of the loan portfolio, and improving available lending products. Generally, the Bank followed a conservative policy, due to the uncertain economic situation dominating the country in the reporting period. The well-developed approach helped achieve the objectives related to lending operations. As a result, the Bank's loan portfolio amounted to RUB 17 billion as of January 1, 2010.

Last year loans were extended for different purposes: to

acquire fixed assets and equipment, raw materials and stocks; to provide capital expenditures, to cover current expenses. Last year the Bank was engaged in project funding, lending of export contracts, municipal program funding. Bank's own lending capabilities were enhanced by using well-tested procedures for raising syndicated loans from foreign and domestic banks.

The analysis of the Bank's loan portfolio by sector as of January 1, 2010, shows that the Bank's lending policy focuses on its loyal and reliable borrowers that have a long credit history with the Bank. Significant loan portfolio shares belong to the energy sector, financial and leasing industries.

Loan Portfolio Analysis as of January 1, 2010



LENDING POLICY

The Bank sets flexible requirements for borrowers and, therefore, its lending products are attractive and enjoy demands. The financial condition of each borrower, its business prospects and collateral liquidity are taken into account to assess its borrowing capacity. Last year objects of debt instruments, real estate, vehicles, equipment, goods for sale and bank guarantees were accepted as collaterals. Besides, receivables under contracts, sureties, property rights were accepted as additional security. Being an active stock market player, Evrofinance Mosnarbank offered its customers a broad range of securities lending services: REPO in Russian Eurobonds and corporate bonds.

In 2009 lending operations shrank as a result of the Bank's conservative policy, following the general trend of the banking sector in 1H 2009. The Bank set stricter

requirements for borrowers' financial situation, which affected the size of debt provisions. Thus, the loan loss provision to loan portfolio ratio grew significantly and reached 9%, which corresponds to the average ratio in the banking sector fixed for the end of 2009. While using stricter criteria for loan portfolio quality assessment, the Bank made no changes to lending terms and conditions for its traditional clients.

Taking into account the good prospects for an economic upturn in Russia and the global financial system in general, the Bank plans to recover its previous level of financing and then to expand its lending programs. However, the priority of high reliability and stability remains unchanged, therefore, any expansion of the lending policy will be possible only after its assessment from the point of view of risk management and in strict compliance with the provision policy.

SECURITIES MARKET SERVICES

In the reporting year Evrofinance Mosnarbank actively operated in the securities market, investing money in securities of Russian issuers, including state, sub-federal and corporate bonds and shares. The Bank significantly extended the range of acquired bonds to enhance the security of investments and ensure efficient risk management. Based on the 2009 results, the trade portfolio amounted to RUB 6.8 billion.

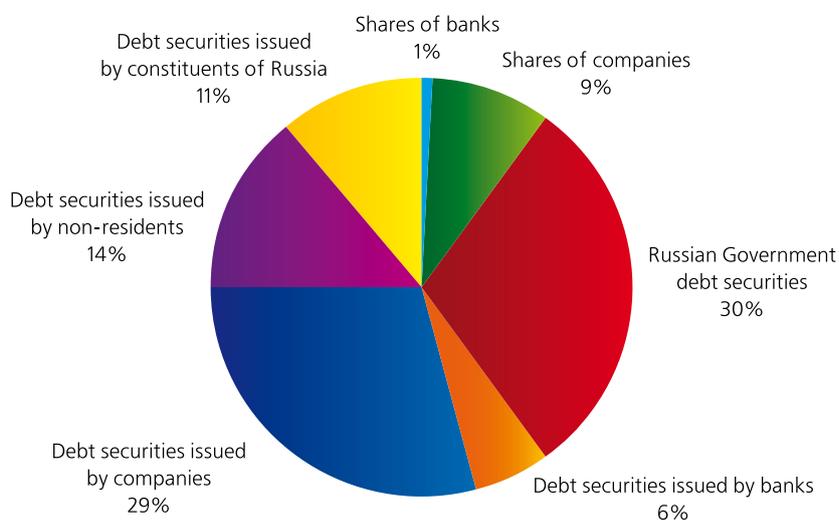
In 2009 the Russian securities market was driven by many internal and external factors. However, the recovery trend has become obvious. As a result, the securities market managed not only to maintain its stability, but also to recover its attraction, which became especially noticeable in H2 2009. During that period the Bank has decided to expand its investments in

blue chip debt securities, as their investing efficiency increased because of lower interest rates. Securities were chosen by the issuer's financial stability and prospects for securities' growth in this sector.

According to the results of the reporting year, Evrofinance Mosnarbank has kept its positions as a leading participant of the organized and OTC markets, trading in Russian-issued debt instruments and equity. In 2009 the Bank's securities transactions amounted to RUB 42 billion and income from operations with securities totaled RUB 1.4 billion.

As of the end of the reporting year, the aggregate market-traded securities portfolio consisted mainly of liquid securities.

Securities portfolio structure as of January 1, 2010



SECURITIES MARKET SERVICES

The Bank operates in the securities market on its own behalf and on behalf of its customers. The Bank provided access to all segments of the Russian stock market and professional information support to its customers. The Bank's specialists gave professional advice on transactions in financial markets. Moreover, Evrofinance Mosnarbank offered its customers a wide range of securities lending services:

- REPO deals in promissory notes, MinFin bonds, sovereign Eurobonds issued by the Russian Federation and in corporate bonds;

- securities lending against packages of mixed securities.

In the reporting period the Bank operated as:

- a qualified participant of the securities market;
- an authorized dealer of the Bank of Russia in the market of state treasury bills and federal loan bonds;
- a member of the MICEX Securities Market Section;
- a member of the RTS Stock Exchange;
- a member of several organizations of securities market qualified participants (Association of Bill Market Participants, NSMA)

INVESTMENT BANKING

In 2009, Evrofinance Mosnarbank took part in a number of major investment projects as a co-arranger and/or a co-underwriter in the following bond issues:

Lukoil, Gazprom, TGC-1, Nomos Bank, Tomsk City Administration, Far East Telecom, Gazpromneft, OGC-5, Samara Region Administration, Petromerz, MRSK Yugra, Severstal, Rosbank, Uralsvyazinform, Rosselkhozbank, Sistema, Mosenergo, Kazan City Administration, VTB-24, MMK.

In the reporting year the Bank also took part in a few investment projects connected with fund raising and business restructuring. Having good experience in project implementation in Russia and abroad, the Bank's specialists advised foreign companies wishing to expand their presence in Russia and domestic companies willing to gain access to the international capital markets.

CUSTODY SERVICES

The Depository of Evrofinance Mosnarbank was created in 1995 and licensed as a qualified participant of the securities market for custody services. The Depository keeps corporate and individual accounts. Major Russian companies, qualified participants of the securities market, and foreign financial and investment institutions are customers of the Depository.

Evrofinance Mosnarbank has established correspondent relations with nearly all settlement and authorized Russian depositories: National Depository Center, Depository Clearing Company, Vneshtorgbank, Vnesheconombank, and Euroclear, the largest European international depository and clearing center. Custody of securities with Euroclear provides

access to more than 25 share markets and 30 bond markets all over the world, including the American securities market. According to the 2009 results, the Depository correspondent network expanded further, allowing greater convenience to customers in internal and external securities markets.

The Depository focused on the reliability of its operations, which included high qualification of personnel, use of advanced technologies and up-to-date equipment, customer's interests being the top priority. The above aspects contribute to the Bank's Depository the status of a stable, absolutely reliable and modern institution, which may satisfy the demands of most exacting participants of the securities market.

MONEY MARKET

Evrofinance Mosnarbank was an active participant of the Russian money market in 2009. Having a large resource base and a wide network of partner banks, the Bank maintained a sufficient level of own liquidity and provided refinancing to Russian banks against various types of collateral. The reputation of a reliable business partner, accurate and quick performance obligations contributed to strengthening the Bank's positions in the inter-bank lending market in 2009.

For the past years the bank has been a net seller of lending resources in the inter-bank money market and 2009 has been no exception. In the reporting period placed inter-bank loans amounted to RUB 1,108 billion. The drawn inter-bank loans amounted to RUB 272 billion.

Bank's 2009 borrowing and lending transactions in the Inter-Bank Market, RUB million.

	Placed	Drawn
RUB	749,400	265,760
Other currencies (equivalent of RUB)	358,950	6,490

The Bank's strategy in the foreign exchange market relied on maintaining the liquidity level required for efficient risk management and meeting the requirements set by the Bank of Russia.

Last year the Bank went on using conversion operations to insure and cover possible currency risks in the foreign ex-

change market and to receive income from arbitrage activities. In 2009 exchange and non-exchange conversion transactions amounted to USD 22 billion, including futures totaling USD 0.5 billion.

Conversion transactions conducted by the Bank on behalf of its customers amounted to USD 1.5 billion.

Bank customers' conversion transactions in 2009

Pair	Customer sales (in thousands)	Customer purchases (in thousands)
USD/RUB	USD 863,900	USD 318,780
EUR/RUB	EUR 80,445	EUR 145,630



STABLE RELATIONS WITH PARTNER BANKS AND A WIDE NETWORK OF NOSTRO ACCOUNTS ENABLED THE BANK TO QUICKLY AND EFFICIENTLY CONDUCT INTERNATIONAL AND DOMESTIC CLEARING TRANSACTIONS FOR ITS CUSTOMERS IN ALL KEY CURRENCIES AND IN CLEARING CURRENCIES FOR CLEARING TRANSACTIONS WITH INDIA AND CHINA.

CORRESPONDENT RELATIONS AND TRADE FINANCE

Russian companies are becoming more and more engaged in foreign economic activity. The increasing export and import volume needs quality and professional document support for concluded transactions, exchange operations and control over all payment stages. In 2009 the Bank successfully participated in the above activities.

In the reporting year Evrofinance Mosnarbank continued to develop cooperation with Russian and foreign financial institutions to accelerate foreign trade payments and expand their coverage area. Besides, the Bank focused on optimizing the existing network of partners and correspondents. As a result, by the end of 2009 the Bank established relations with over 100 correspondent banks with over 300 correspondent loro accounts.

Taking into account the growing demand of its customers, the Banks tried to offer the widest range of services for exchange transactions, including opening and keeping of accounts in world currencies, purchase and sale of foreign currencies, international clearing, and trade finance. The Bank advises its customers on the execution of transaction passports, international clearing transactions, etc.

BANK CARDS

Evrofinance Mosnarbank, being an integrated bank, strives to offer its customers the widest range of services. Bank card services developed further last year.

In 2009 the Bank, wishing to implement modern payment technologies everywhere, provided services for making payments to mobile operators, Internet service providers, housing and utilities companies through its ATMs.

Last year the Bank improved the conditions for issuing bank cards with overdraft facilities and commission rates on individuals' bank orders. The Bank's policy in the bank card area aims mainly at corporations through payroll projects. Having certain advantages, payroll projects soon became very popular among the Bank's customers. This service provides to a company or an enterprise facilitates salary payment, ensures its confidentiality and, finally, payments become more secure. The Bank had payroll projects with various categories of companies: large businesses and SME.

As usual, in 2009 Evrofinance Mosnarbank paid much attention to the development of settlement technologies employing latest trends of the bank card market. Evrofinance Mosnarbank was the first in Russia and Europe to issue China

UnionPay cards and to ensure their servicing at its terminals. Therefore, the Bank's customers are now issued Visa, MasterCard or China UnionPay cards. Last year the Bank continued to support other banks in the Visa, MasterCard and China UnionPay payment systems.

It is also worth mentioning that Evrofinance Mosnarbank, being the Central Settlement Bank of the Union Card Payment System, actively participates in the preparation of a bill on the national payment system, in the Russian-Vietnamese Team for Inter-bank Cooperation, in the expert group for the creation of common Russian and Belarusian retail payment infrastructure, to integrate the leading Russian payment systems and Belarus BelCard payment system, in sessions of the Russian-Chinese Sub-Commission for Inter-Bank Cooperation.

In the Reporting year the Bank continued servicing China UnionPay cards in the network of the Union Card and NCC payment systems. The main operations with such cards were cash withdrawals at ATMs, goods and services purchases, etc. In future such cards will be used on a wider scale and the list of services provided along with such cards will be expanded.



The 2009 key financial indicators for the regional branch network are given below:

- total assets – RUB 7.9 billion;
- loan portfolio – RUB 4.3 billion;
- due to customers – RUB 3.5 billion;
- balance sheet profit – RUB 58.7 billion.

Last year's activity of the Bank's regional branches aimed to provide sufficient funding to customers and to develop banking services designed for particular companies and organizations. In 2010 the regional strategy will be as selective as in previous years: most promising and reliable projects will be top priority. At the same time the Bank will focus on maintaining and improving the quality of the loan portfolio and its compliance with the risk management policy.

5. Regional Policy

Evrofinance Mosnarbank aims to create a branch network that would be most promising for the long-term operation of the Bank in Russian regions. The priority goals of the Bank's branches are to maintain mutually beneficial cooperation with strategic clients that are regional leaders in their industry, to provide banking services to financially stable companies in various industries, such as defense industry, energy, machine-building. Development of interregional economic relations is an important function of the branch network.

In this connection, in 2009 the Bank's specialists focused on improving regional banking principles and fastest achievement of all goals established for territorial subdivision. In the reporting period the Bank took some measures aimed to streamline and improve the Bank's organizational structure. As a result, the branch network was greatly altered. The bank opened a branch in Chelyabinsk, a representative office in Beijing (China) and an operating office in Tver. Besides, the Astrakhan and Tula branches were closed. These measures helped cut operating costs and increase overall efficiency of regional subdivisions.

By the end of the reporting year, Evrofinance Mosnarbank's regional network had 12 branches in Vladimir, Volgograd, Voronezh, Krasnoyarsk, Nizhny Novgorod, Rostov-on-Don, Samara, Saint Petersburg, Stavropol, Tolyatti, Chelyabinsk, Yaroslavl, two additional offices in Pyatigorsk and Nevinnomyssk, a representative office in Beijing (China), and an operating office in Tver. When altering the branch network, the Bank based its decisions on the changing scope of cooperation with regional customers. Special attention was paid to the companies and organizations that are structural subdivisions or long-term business partners of the Bank's customers.

6. Business Development Strategy

Developing its 2010-2011 strategy, Evrofinance Mosnarbank resolved to concentrate on ensuring high capitalization, which, taking into account the financial instability, is a basis for stable and steady operation. Besides, the bank focused on maintaining high liquidity. The middle-term strategy of the Bank's development includes the attraction of a strategic investor from among well-known international banks and further development and improvement of the risk management system to achieve the above purposes.

The most important line of the Bank's business is lending to companies in the real sector. Special attention will be paid to loan portfolio diversification and a balanced risk management policy.

In the securities market the Bank will focus on developing

hi-tech services based on modern technological innovations. Besides, the bank plans to expand the investment banking, including underwriting, brokerage and trust operations, investment consulting.

Though the Bank does not plan to enter the retail market with mass products, a reasonable strategy today involves promoting certain services to VIP clients that, on the one hand, have significant savings and, on the other hand, need individual packages of bank services.

In future much attention will be paid to further implementation of international standards of corporate governance. The Bank will focus on increasing business transparency, division of management and control functions and preparation of reports as required by international standards.



In 2009 Evrofinance Mosnarbank continued and expanded its projects aimed to support Russian culture and provide social aid.

7. Charity

The Russian business has always recognized its social responsibility and the need to develop the Russian culture. Historically, major Russian industrialists invested not only in factories, railways and other industrial and transport facilities, but also in the development of arts, music and theater.

Charity traditions are also upheld now, although affected by the present-day economic situation. Because of the worsening financial environment many companies and banks had to wind up or cut their charity programs and concentrate on their business problems. At the same time, the crisis became a kind of litmus test showing how serious a bank or a company is about its social position. At present charity programs of any bank testify not only to its business maturity, but also to its financial and operational stability.

The Bank financed the State Russian Museum (Saint Petersburg) for purchasing new paintings. The Bank sponsored the preparation and holding by the Mariinsky Theatre of XVII Music Festival Stars of the White Nights. The festival was scheduled for the same time when the World Economic Forum was held in Saint Petersburg, therefore, people from the world of art and politics got an opportunity to have a dialogue.

The Bank also provided financial support for the International Military Music Festival Spasskaya Tower 2009 organized in the Red Square in Moscow and timed with Moscow Day. Besides, the Bank is a sponsor of the Igor Butman's Jazz Orchestra. The Mikhail Lomonosov Arkhangelsk Drama Theatre staged a number of new plays with the Bank's financial support.

In 2009 special attention was paid to the aid to the needy: aid provided to Orphanage No. 17 in Moscow became a good tradition for the Bank. The Bank also provided financial aid to the Troitsky Orthodox Church to develop its educational base.

8. Code of Corporate Conduct

Evrofinance Mosnarbank follows the key provisions of the Code (Code of Rules) of Corporate Conduct in its business activities.

No member of the Bank's Supervisory Board, the Executive Board, nor employee of its compliance control function, has ever been found guilty of any economic crime or offences against public order, or has been subject to administrative penalty for any wrong-doing in the following field: business, finance, taxation or dealing in the securities market.

The President – Chairman of the Executive Board, acting as the sole executive body of the Bank, and the Executive Board as a whole, acting as the collective executive body of the Bank, are responsible for the day-to-day activities of Evrofinance Mosnarbank. The powers, rights and duties of the President – Chairman of the Executive Board and other members of the Executive Board are set forth by the Bank's Charter, and by service contracts made by each of the members of the Executive Board with the Bank, represented by the Chairman of the Supervisory Board.

The Bank has an efficient internal control system in place. Under the Charter and the Regulation on Internal Control Systems, the internal control within the Bank is exercised by the governing bodies of the Bank, the Audit Committee, the Chief Accountant and Deputies of the Chief Accountant, managers and deputy managers of the branches, chief accountants and deputy chief accountants of all the regional branches, the Internal Control Service, the Money Laundering Prevention Unit and a controller of the qualified participant in the securities market.

Timely identification, aversion and mitigation of operational and financial risks is secured by adhering to the relevant documents adopted by the Bank: the Operational Risk Management Policy and the Market Risk Management Policy.

The Internal Control Service monitors how the Bank complies with applicable laws, regulations, instructions from the Bank of Russia, and corporate by-laws. Neither the Head of the Internal Control Service nor its staff members are members of the Bank's executive bodies; neither are they members, general directors (managers), members of the governing bodies or employees of any legal entity competing with the Bank. Under the Regulations for the Internal Control Service, the Bank's Internal Control Service is directly subordinated to and controlled by the Supervisory Board.

Under current Russian law, the Bank's financial and business activities should also be audited by its Audit Committee. Audit procedures are set out by the Regulation for the Audit Committee adopted at the General Meeting of the Shareholders.

Annual audits held by independent auditors provide thorough and unbiased information on the Bank's business activities. Auditors review the financial statements of the Bank prepared in accordance with Russian Accounting Standards and IAS. Unbiased conduct of the audits is ensured by the independence of auditors from the executive bodies of the Bank, its officials, shareholders and members of the Supervisory Board. The auditors are approved at the General Meeting of the Shareholders.

Key facts and figures on Evrofinance Mosnarbank, and significant corporate events, are disclosed on the Bank's Web-site.

9. Financial Statements

BALANCE SHEET as of 01 January 2010

RUB '000

No	DESCRIPTION	AS OF REPORTING DATE	AS OF REPORTING DATE FOR PREVIOUS YEAR
1	2	3	4
I. ASSETS			
1.	Cash and cash equivalents	558,345	905,665
2.	Cash and balances with the Central Bank of the Russian Federation	2,941,542	2,934,697
2.1	Mandatory provisions	339,903	126,622
3.	Due from banks	691,857	6,872,237
4.	Net financial assets at fair value through profit or loss	0	0
5.	Total loans to customers	21,988,363	29,688,136
6.	Net investments in securities and other financial assets available for sale	5,792,111	4,347,681
6.1	Investments in subsidiaries and affiliates	70,500	10
7.	Net investments in securities held to maturity	1,129,561	1,475,373
8.	Property, plant and equipment, intangible assets and inventories	2,436,692	2,457,896
9.	Other assets	1,856,172	4,106,109
10.	Total assets	37,394,643	52,787,794
II. LIABILITIES			
11.	Due to the Central Bank of the Russian Federation	1,500,000	13,197,511
12.	Due to banks	6,490,710	5,793,654
13.	Customer accounts	14,504,476	15,402,377
13.1	Deposits of individuals	4,554,923	4,169,114
14.	Financial liabilities at fair value through profit or loss	0	315,000
15.	Debt securities issued	2,737,729	6,872,336
16.	Other liabilities	274,258	332,922
17.	Provisions for possible losses from credit contingent liabilities, other potential losses and transactions with residents of offshore areas	102,486	370,055
18.	Total liabilities	25,609,659	42,283,855

1	2	3	4
III. SHAREHOLDERS' EQUITY			
19.	Share capital	1,638,252	1,638,252
20.	Shares repurchased	0	0
21.	Share premium	2,982,117	2,982,117
22.	Reserve funds	81,913	81,913
23.	Fair value adjustment reserve on available-for-sale investments	94,672	-105,881
24.	Revaluation of property, plant and equipment	1,212,315	1,180,129
25.	Undistributed profit (uncovered losses) from previous years	4,727,409	4,235,956
26.	Accumulated profit (loss) for current year	1,048,306	491,453
27.	Total shareholders' equity	11,784,984	10,503,939
IV. OFF-BALANCE SHEET LIABILITIES			
28	Irrevocable liabilities of the credit institution	2,268,780	78,840,939
29	Guarantees and sureties issued by the credit institution	1,812,536	2,802,258

President – Chairman of the
Executive Board



Vladimir M. Stolyarenko

Chief Accountant



Natalia G. Dmitrieva

INCOME STATEMENT for the year 2009

RUB'000

No	DESCRIPTION	CURRENT REPORTING PERIOD	PREVIOUS REPORTING PERIOD
1	2	3	4
1.	Interest income, including	4,553,811	4,520,604
1.1	from funds placed with other banks	903,381	672,805
1.2	from loans to customers (other than banks)	2,949,795	3,289,504
1.3	from finance leases	0	0
1.4	from investments in securities	700,635	558,295
2.	Interest expense, including	1,820,795	1,803,264
2.1	on funds borrowed from other banks	1,005,463	633,287
2.2	on customer accounts (other than banks)	613,084	697,163
2.3	on issued debt securities	202,248	472,814
3.	Net interest income (negative interest margin)	2,733,016	2,717,340
4.	Provisions for impairment losses, bad debts and similar debts, funds on correspondent accounts and accrued interest income, including	-1,098,716	-144,365
4.1	Provisions for accrued interest income	-26,620	-24,563
5.	Net interest income (negative interest margin) after provision for impairment losses	1,634,300	2,572,975
6.	Net gain on transactions with securities at fair value through profit or loss	19,504	-362,389
7.	Net gain on transactions with securities available for sale	675,539	-96,622
8.	Net gain on transactions with securities held to maturity	-3	0
9.	Net gain on foreign exchange transactions	-217,972	301,545
10.	Net foreign currency revaluation gain	141,084	31,081
11.	Income from interest in other companies	8,141	8,718
12.	Fee and commission income	246,814	332,939

1	2	3	4
13.	Fee and commission expense	49,550	74,355
14.	Provisions for potential losses from securities available for sale	-46,505	-4,775
15.	Provisions for potential losses from securities held to maturity	-5,379	-15,640
16.	Provisions for other losses	248,689	69,830
17.	Other operating income	381,753	133,786
18.	Net income (expense)	3,036,415	2,897,093
19.	Operating expense	1,582,335	2,241,840
20.	Profit (loss) before tax	1,454,080	655,253
21.	Accrued (paid) taxes	405,774	163,800
22.	Profit (loss) after tax	1,048,306	491,453
23.	Profit payments after tax, total including	0	0
23.1	Distribution of dividends among shareholders (participants)	0	0
23.2	Contributions to the provisions	0	0
24	Undistributed profit (loss) for the reporting period	1,048,306	491,453

President – Chairman of the
Executive Board



Vladimir M. Stolyarenko

Chief Accountant



Natalia G. Dmitrieva

STATEMENT OF CHANGES IN EQUITY, CAPITAL SUFFICIENCY RATIOS, LOAN IMPAIRMENT PROVISIONS AND OTHER PROVISIONS as of 01 January 2010

RUB'000

No	DESCRIPTION	AS OF THE BEGINNING OF THE REPORTING YEAR	INCREASE (+)/ DECREASE (-) OVER THE REPORTING YEAR	AS OF THE END OF THE REPORTING YEAR
1	2	3	4	5
1.	Shareholders' Equity, (RUB'000), total including:	10,808,769.0	1,936,235	12,745,004.0
1.1	Share capital, including:	1,638,252.0	0	1,638,252.0
1.1.1	Registered ordinary shares at par value	1,638,252.0	0	1,638,252.0
1.1.2	Registered preferred shares at par value	0.0	0	0.0
1.1.3	Unregistered value of share capital (for credit institutions which are not corporations)	0.0	0	0.0
1.2	Shares repurchased	0.0	0	0.0
1.3	Share premium	2,982,117.0	0	2,982,117.0
1.4	Reserve funds	81,913.0	0	81,913.0
1.5	Undistributed profit (uncovered losses):	4,667,846.0	1,070,605	5,738,451.0
1.5.1	From previous years	4,235,956.0	505,586	4,741,542.0
1.5.1	For current fiscal year	431,890.0	565,019	996,909.0
1.6	Intangible assets	2,971.0	-2,726	245.0
1.7	Subordinated loan (loan, deposit, debenture issue), residual value	293,804.0	976,452	1,270,256.0
1.8	Capital sources (part thereof) which investors used as inappropriate assets	0.0	0	0.0
2.	Minimum mandatory requirement for capital adequacy ratio, %	10.0	x	10.0
3.	Actual capital adequacy ratio, %	23.1	x	40.2
4.	Actual provisions for losses, (RUR'000), total including:	1,245,918.0	900,976	2,146,894.0
4.1	related to loans, debts and similar debts	819,235.0	1,098,853	1,918,088.0

1	2	3	4	5
4.2	related to other assets bearing risk of losses and other losses	56,628.0	69,692	126,320.0
4.3	related to contingent liabilities recorded in off-balance accounts and futures transactions	370,055.0	-267,569	102,486.0
4.4	related to transactions with residents of offshore area	0.0	0	0.0

“For reference only” section:

1. Creation (supplementing) of reserves for potential bad debts during the reporting period(thousand rubles), total 11,642,794, including due to:

- 1.1. issue of new loans 9,246,086;
- 1.2. change of loan quality 2,360,406;
- 1.3. established by the Bank of Russia official ruble to foreign currency exchange rate fluctuations 34,532;
- 1.4. other reasons 1,770;

2. Bad debt allowance recovery (decrease) during the reporting period(thousand rubles), total 10,543,941, including due to:

- 2.1. write-off of bad debts 83;
- 2.2. loan repayment 8,786,251;
- 2.3. change of loan quality 1,714,325;
- 2.4. established by the Bank of Russia official ruble to foreign currency exchange rate fluctuations 26,538;
- 2.5. other reasons 16,744;

President – Chairman of the
Executive Board



Vladimir M. Stolyarenko

Chief Accountant



Natalia G. Dmitrieva

REPORT ON ADHERENCE TO THE MANDATORY RATIOS as of 01 January 2010

RUB'000

No	DESCRIPTION	STANDARD VALUE	ACTUAL VALUE	
			AS OF REPORTING DATE	AS OF PREVIOUS REPORTING DATE
1	2	3	4	5
1.	Capital adequacy ratio (H1)	10.0	40.2	23.1
2.	Instant liquidity ratio (H2)	15.0	73.5	99.7
3.	Current liquidity ratio (H3)	50.0	97.5	118.7
4.	Long-term liquidity ratio (H4)	120.0	48.3	57.5
5.	Maximum credit risk per a single borrower or a group of related borrowers ratio (H6)	25.0	Maximum/ 16.1	Maximum/ 21.8
			Minimum/ 0.1	Minimum/ 0.9
6.	Large credit risks aggregate ceiling (H7)	800.0	115.3	223.4
7.	Maximum amounts of loan and bank guaranties to shareholders (H9.1)	50.0	1.6	0.2
8.	Aggregate amount of risk for insiders (H10.1)	3.0	1.0	1.3
9.	Ceiling on the use of the bank's shareholders' equity for purchase of stock (shares) in other corporations (H12)	25.0	0.0	2.9
10.	Liquid assets maturing within 30 calendar days to the amount of liabilities of the clearing non-bank credit institutions (H15)			
11.	Maximum aggregate loans to clients – participants for settlement completion (H16)			
12.	Issuing of loans by a clearing non-bank credit institutions on its behalf and on its account to borrowers, except for participants of the clearing (H16.1)			
13.	Minimum amount of issued mortgage-backed loans to shareholders' equity (capital) (H17)			
14.	Minimum amount of mortgage collateral to mortgage-backed bond issue (H18)			

1	2	3	4	5
15.	Maximum aggregate liabilities of the credit institution– issuer to its creditors, which, under Russian federal law, have a priority right under claims to mortgage-backed bonds, to equity (capital) (H19)			

President – Chairman of the
Executive Board



Vladimir M. Stolyarenko

Chief Accountant



Natalia G. Dmitrieva

CASH FLOW STATEMENT For the year 2009

RUB'000

No	DESCRIPTION	CASH FLOWS DURING THE REPORTING PERIOD	CASH FLOWS DURING THE PREVIOUS REPORTING PERIOD
1	2	3	4
1.	Net cash from operating activities		
1.1	Cash flows from operating activities before changes in operating assets and liabilities, total including:	1,226,317	1,007,956
1.1.1	Interest received	4,568,777	4,429,304
1.1.2	Interest paid	-1,928,634	-1,772,665
1.1.3	Fees and commissions received	244,442	333,386
1.1.4	Fees and commissions paid	-47,286	-71,472
1.1.5	Income net of expenses on transactions with financial instruments at fair value through profit or loss, available for sale	3,694	-442,177
1.1.6	Income of expenses on transactions with securities held to maturity	-3	0
1.1.7	Income net of expenses on transactions in foreign currencies	-217,972	301,545
1.1.8	Other operating income	368,746	76,347
1.1.9	Operating expenses	-1,578,895	-1,812,310
1.1.10	Income tax paid/refunded	-186,552	-34,002
1.2	Increase/decrease in operating assets and liabilities, total: including:	-1,681,764	4,287,194
1.2.1	Net increase/decrease in mandatory reserve deposits with the Bank of Russia	-213,281	825,753
1.2.2	Net increase/decrease in financial instruments at fair value through profit or loss	14,665	2,648,545
1.2.3	Net increase/decrease in funds due from banks	7,003,889	-6,160,458
1.2.4	Net increase/decrease in total loans to customers	7,091,785	7,344,334
1.2.5	Net increase/decrease in other assets	2,077,488	-987,408

1	2	3	4
1.2.6	Net increase/decrease in loans from, deposits and other funds with the Bank of Russia	-11,697,511	13,197,511
1.2.7	Net increase/decrease in due from other credit institutions	538,412	-6,970,674
1.2.8	Net increase/decrease from customer accounts (non-credit institutions)	-1,343,799	-4,430,053
1.2.9	Net increase/decrease in financial liabilities at fair value through profit or loss	-315,000	0
1.2.10	Net increase/decrease in debt securities issued	-4,861,178	-589,800
1.2.11	Net increase (decrease) in other liabilities	22,766	-590,556
1.3	Total for section 1 (item 1.1 + item 1.2)	-455,447	5,295,150
2.	Net cash flows from investment activities		
2.1	Acquisition of securities and other financial instruments available-for-sale	-14,412,242	-11,500,357
2.2	Proceeds on sale and redemption of securities and other financial instruments available-for-sale	14,304,043	7,982,506
2.3	Acquisition of securities held to maturity	44,435	-8,240
2.4	Proceeds on redemption of securities held to maturity	0	0
2.5	Acquisition of property, plant and equipment, intangible assets and inventories	-61,611	-106,843
2.6	Proceeds on sale of property, plant and equipment, intangible assets and inventories	2,656	6,139
2.7	Dividends received	8,141	8,718
2.8	Total for section 2 (sum from item 2.1 to item 2.2)	-114,578	-3,618,077
3.	Net cash flows from financing activities		
3.1	Contributions of shareholders (participants) to the authorized capital	0	0
3.2	Acquisition of repurchased shares	0	0
3.3	Sale of repurchased shares	0	0
3.4	Dividends paid	0	0
3.5	Total of section 3 (sum of items from 3.1 to 3.4)	0	0

CASH FLOW STATEMENT For the year 2009

RUB'000

1	2	3	4
4.	Changes in cash and cash equivalents due to changes in official exchange rates set by the Bank of Russia	16,269	49,117
5.	Increase/ decrease of cash and cash equivalents	-553,756	1,726,190
5.1	Cash and cash equivalents, beginning of year	3,713,740	1,987,550
5.2	Cash and cash equivalents, end of year	3,159,984	3,713,740

President – Chairman of the
Executive Board



Vladimir M. Stolyarenko

Chief Accountant



Natalia G. Dmitrieva

INDEPENDENT AUDITOR

In 2009 Evrofinance Mosnarbank signed contracts for independent audit of its activities:

- with FBK Company for audit in accordance with the Russian Accounting Standards. The cost of services paid for in 2009 amounted to RUB 2,467,592;
- with Deloitte & Touche CIS for audit in accordance with IFRS. The cost of services paid for in 2009 amounted to RUB 2,754,853.

These above audit companies are neither affiliated in any manner, nor have any proprietary interest in Evrofinance Mosnarbank.

Auditor's Report on Financial (Accounting) State-ments



Attn: Shareholders of EVROFINANCE MOSNARBANK

Auditor

Name:

Limited Liability Company "Financial and accounting consultants"(LLC FBK)

Address:

bldg 2AB, 44/1 Myasnitskaya St, 101990 Moscow, Russia

State Registration:

Registered by the Moscow Registration Chamber on 15 November 1993. Registration Certificate: series IO3 3 No. 484.583 PII. Registered in the Unified State Register of Legal Entities on 24 July 2002 under Primary State Registration Number 1027700058286.

Audited Entity:

Name:

EVROFINANCE MOSNARBANK

Address:

29 Novyy Arbat St, 121099 Moscow, Russia

Membership in self-regulatory organization of auditors:

Nonprofit Partnership Auditor Chamber of Russia.

Number in register of auditor organizations of self-regulatory organization of auditors:

Nonprofit Partnership Auditor Chamber of Russia Membership Certificate No. 5353, Primary Record Registration Number – 10201039470.

State Registration:

Registered by the Bank of Russia on 29 June 1993 under Registration Number 2402.

We have audited the attached financial (accounting) statements of EVROFINANCE MOSNARBANK for the period from 1 January to 31 December 2009.

Auditor's Report on Financial (Accounting) State-ments



The financial (accounting) statements of EVROFINANCE MOSNARBANK include:

- Balance Sheet as of 1 January 2010 (published form 0409806);
- Income Statement for the year 2009 (published form 0409807);
- Cash Flow Statement for the year 2009 (published form 0409814);
- Report on Capital Adequacy Ratio, amount of provisions to cover doubtful loans, and other as-sets as of 1 January 2010 (published form 0409808);
- Data of mandatory ratios as of 1 January 2010 (published form 0409813);
- Explanatory notes for the year 2009.

The Executive Board of EVROFINANCE MOSNARBANK is responsible for the preparation and presentation of these financial (accounting) statements. Our responsibility is to express an audit-based opinion on whether the statements submitted are true and fair in all material aspects.

Auditor's Report on Financial (Accounting) State-ments



We have conducted the audit in accordance with:

1. Federal Law "On Auditing Activities";
2. Federal Law "On Banks and Banking Activities";
3. Federal Rules (Standards) of Auditing Activities;

The audit has been planned and conducted so as to become reasonably assured that the financial (ac-counting) statements are devoid of any material misstatement. The audit has been conducted on a sam-ple basis and has included a test-based study of evidence supporting values reported in the financial (accounting) statements and the business and financial performance information disclosed in these statements, the assessment of compliance with accounting rules applied in the preparation of the financial (accounting) statements, review of basic estimated figures achieved by the audited entity's management, along with the assessment of the financial

(accounting) statements presentation. We believe the audit provides sufficient grounds to express our opinion on the fair presentation of the financial (accounting) statements.

In our opinion, the financial (accounting) statements of EVROFINANCE MOSNARBANK present fairly, in all material aspects, its financial position as of 1 January 2010, and its business and financial perfor-mance for the period from 1 January 2009 to 31 December 2009 inclusively in accordance with the re-quirements of the legislation of the Russian Federation regarding preparation of financial (accounting) statements and adopted accounting policies.

In addition, we have prepared the report attached to the present auditor's opinion containing information that is to be disclosed in an auditor's report in accordance with Article 42 of Federal Law "On Banks and Banking Activities".

23 April 2010

President of LLC FBK

S.M. Shapiguzov
(on the basis of the Articles of Association)

Manager of audit

M.V. Korneev
Qualification certificate No. K 025808. Qualification certificate issued on 1 January 2006 in accordance with Order No. 7 of the Ministry of Finance of the Russian Federation dated January 20, 2006.

10. Contact Information

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