



ANNUAL REPORT

of Evrofinance Mosnarbank for 2013

Annual Report of Evrofinance Mosnarbank for 2013

The report was analyzed and submitted for approval to the annual General Meeting of Shareholders by the Supervisory Board of Evrofinance Mosnarbank (Minutes No. 144 of Supervisory Board meeting dated 30.05.2014)

The report was approved at the annual General Meeting of Shareholders by the Supervisory Board of Evrofinance Mosnarbank (Minutes No. 54 of Supervisory Board meeting dated 30.05.2014)

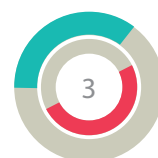






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1 A WORD FROM THE CHAIRMAN AND PRESIDENT OF THE MANAGEMENT BOARD

Dear Sirs,

I would like to bring to your attention the report on Evrofinance Mosnarbank activities for 2013.

The ability to stick to long term plans and secure the desired financial performance regardless of various crisis developments on the financial market and in the economy in general is of major importance for those banks striving for steady development and building long-term relationships with their clients.

Evrofinance Mosnarbank is one of such banks. Today one can say for sure that the Bank managed to secure maximum banking transactions profitability in the current market environment while remaining true to the principles of risks and financial statement structure balance stipulated by the development strategy. At the same time the Bank managed to keep high capitalization and liquidity figures while sticking to the established strategy. The average H1 (capital adequacy ratio) for the accounting year made up 31.01%. Thus, the Bank is able to safeguard the acceptable level of international ratings.

Since the regulator takes some decisive actions as concerns the bank sector control, high capitalization and liquidity figures secure safe future for the Bank.

The Bank traditionally follows the recommendations of the Basel Committee on Banking Supervision. In 2013 Evrofinance Mosnarbank also satisfies Basel II requirements to the capital structure and asset quality. As of 01.01.2014, the share of Tier I capital in the aggregate of risk-weighted assets amounted to 33%, while the Basel II recommended level makes up 4%.

According to Interfax CEA "Russian Banks 2013" the Bank was 49th as far as the size of capital is concerned, 90th as far as the asset size is concerned and 81st as far as the net profit is

concerned (as of 01.01.2014).

Evrofinance Mosnarbank was 45th in the consolidated list of Russian banks as concerns their reliability. This list was drawn up on the basis of the ratings assigned by the major rating agencies Moody's, S&P and Fitch as of 01.01.2014.

In 2013 the customer policy of Evrofinance Mosnarbank was in line with the Bank's strategy. It's aim was to lower risks and to strengthen the Bank's position in the traditional client niche, that is, working with major Russian enterprises representing fuel and energy industry, machine building, defense complex, aviation, space, ship-building, transport and communication industries. Priority was given to the cooperation with industrial companies and publicly owned companies working under state contracts or contracts made with the leading Russian companies.

In 2013 Evrofinance Mosnarbank proceeded to closely cooperate with state and private companies from Venezuela. The Bank's long-term practical experience of operation on both Russian and international markets made it possible for the Bank to successfully take part in the placement of PDVSA bonds as well as the bonds of the Republic of Venezuela. In November 2013 Evrofinance Mosnarbank acted a Structuring Agent in the PDVSA bond issue of USD 4.5 billion. Thus, the total amount of PDVSA bonds and the Republic of Venezuela Bonds issue that the Bank participated in amounted to USD 17 billion. The foreign exchange transactions volume and the total turnover on the accounts of Venezuelan companies also increased.



A WORD FROM THE CHAIRMAN AND PRESIDENT OF THE MANAGEMENT BOARD

In 2013 a number of meaningful projects in the sphere of advanced IT technologies development were implemented in the Bank. This was done to improve the services provided to the Bank's clients and to increase the safety level of payments. Evrofinance Mosnarbank was one of the first to connect to the State Information System "State and Municipal Payments". Retail customers were granted access to remote banking service that could be accessed from a smart phone. The implementation of project with a view to issue bank cards on the basis of new EMV technology (chip cards) began, as well as some other projects.

Evrofinance Mosnarbank continued to be an active sponsor and charity provider. It participated in lots of important social projects. Following many years of tradition, the Bank helped Moscow orphanage No. 25 for orphaned

children and children without parental support. It acted as a sponsor of the gala concert at the Stars of the White Nights annual music festival. The Bank supported many sports competitions for children and young people held by children sports club "Vumpel". It was a Strategic Partner of Zerkalo International Film Festival named after Andrey Tarkovsky.

Well-balanced results of the Bank's development in 2013 established secure ground for its further stable growth and effective solving of complicated new problems the Bank may face on financial markets.

I am hopeful our fruitful cooperation will continue. I would also like to express my sincere gratitude to our shareholders, partners and clients for their active support of our efforts taken to strengthen the Bank and develop it and to go on with our mutually profitable cooperation filled with trust.

Acting President and Chairman of the Management Board

Ilya K. Lomakin



2 Management Report

2.1. The Most Important Events

- 2013** Evrofinance Mosnarbank acted as a Structuring Agent in the issue of Petróleos de Venezuela, Sociedad Anonima (PDVSA) bonds maturing in 2026 to the tune of USD 4.5 billion. Taking into account the said issue, as of the end of 2013 the Bank took part in the placement of PDVSA bonds and Venezuela bonds totaling USD 17 billion. Thus, the Bank has become one of the leading players on the Venezuela bond market.
- 2012** On September 24, a joint project of Evrofinance Mosnarbank, Russian Union Card payment system, Vietnam national settlement company “Banknetvn” and Vietnamese-Russian joint bank (VRB) was launched in Hanoi. Evrofinance Mosnarbank was the project initiator.
- 2011** On December 8, 2011 a treaty was signed between Russia and Venezuela to create an international banking institution on the basis of Evrofinance Mosnarbank.
- 2010** A decision was made under the corresponding Russian-Venezuelan agreement to change the Bank’s shareholding structure. Evrofinance Mosnarbank will unite international shareholders: VTB Bank, OJSC, VTB Bank (France) SA, ITC Consultants (Cyprus) Limited, GPB, OJSC, Gazprombank (Switzerland) Ltd and FONDEN, S.A. (Venezuela).
- 2009** Evrofinance Mosnarbank is the best Russian bank in the sphere of risk management (according to EUROMONEY magazine).
- 2008** Evrofinance Mosnarbank was 27th Russian bank as far as authorized capital is concerned (according to The Banker magazine).
- 2007** EUROMONEY recognized Evrofinance Mosnarbank as the leading bank of Central and Eastern Europe in corporate management.
- 2005** VTB Bank, OJSC purchased BCEN – Eurobank, Paris and Moscow Narodny Bank Limited (MNB Limited), London. Thus, Vneshtorgbank Group became the major shareholder of Evrofinance Mosnarbank.
- 2005** The Banker, a British magazine, included Evrofinance Mosnarbank into the list of the world’s top thousand banks.

- 2003** Evrofinance Mosnarbank was created in Russia as a result of CB Mosnarbank, CSJC take-over to JSCB Evrofinance, OJSC.
- 2001** According to the methodology used by Standard & Poor's international rating agency, Evrofinance turned to be the most profitable out of one hundred major banking institutions of Central and Eastern Europe.
- 1998** JSCB Evrofinance survived the economic crisis and even managed to increase the number of clients as well as the amount of the raised funds. It became one of the few banks that proceeded with granting loans to companies representing real sector of economy.
- 1996** CB Evrofinance became a member of International Chamber of Commerce. The amount of funds invested into federal loan bonds/ public debt obligations through the Bank exceeded USD 3.4 billion .
- 1995** CB Mosnarbank, CJSC was established in Russia. It was a 100% subsidiary bank of Moscow Narodny Bank Limited, London.
- 1993** Evrofinance Commercial Bank (the successor of Evrofinance Northern European Financial Company, JSC) was registered in Russia and received a full banking license. BCEN – Eurobank, Paris, USSR Foreign Economic Activity Bank and International Trade Bank of Russia became the Bank's shareholders.
- 1990** Evrofinance Northern European Financial Company, JSC (Evrofinance) was created in the USSR. It was one of the first foreign-invested financial companies that managed to receive a full banking license from Gosbank of the USSR when the company was created.
- 1921** BCEN – Eurobank (Banque Commerciale pour l'Europe du Nord) was established in France. Later on it became a subsidiary of Gosbank of the USSR and the Bank of Russia.
- 1919** Representative Office of Moscow Narodny Bank (MNB) in London was reorganized into the bank acting under the British laws, namely Moscow Narodny Bank Limited (MNB Limited). The nationalization that followed led to MNB Limited becoming the subsidiary bank of Gosbank of the USSR (which became the Bank of Russia later on).
- 1915** A representative office of Moscow Narodny Bank (MNB) was opened in London.
- 1911** Moscow Narodny Bank (MNB) was established in Russia. It belonged to cooperatives and was the largest private bank of the Russian Empire.

2 Management Report

2.2. Development Strategy

When developing the 2013-2015 Strategy, Evrofinance Mosnarbank focuses on the following key areas:



Priority business development lines:

- The Bank is oriented to work with large corporate customers in the oil and gas, electrical energy, petrochemical and manufacturing industries, transport and communication enterprises, including implementation of joint projects with Venezuelan and Russian companies.
- The Bank develops retail and private banking and offers a wide range of prime banking services to the client including credit financing, placement of temporarily available cash, consulting, provision of modern high-tech solutions for remote operations.
- The Bank is rapidly developing both Russian and global foreign exchange and stock market operations.
- Investment banking business (capital market operations, underwriting, brokerage and trust services, asset management, investment consulting, M&A, etc.).



Maintaining high liquidity and capitalization ratios, which is the basis for the Bank's stability in the unstable economic environment.



Ongoing development and improvement of the risk management system and corporate management standards in accordance with the world standards.



Activities to transform Evrofinance Mosnarbank into an international financial institution.

2.2. Development Strategy

Main Business Areas.

The Bank is to continue universal service of corporate customers, including issue of loans to the real sector of economy, which has always been a priority line of the Bank's activity. In its credit policy the Bank sticks to the rational conservatism principles, by gradually building up the volumes of credit operations. At the same time, the Bank never ceases to aim at preserving high operating reliability and stability; hence, if the Bank decides to extend its credit activities, it will do it only after assessing the advisability of such extension in terms of risk management and in strict compliance with the provisions forming policy.

Since 2011 Evrofinance Mosnarbank has been operating within the framework of an intergovernmental agreement aimed to develop bilateral cooperation between Russia and Venezuela, by preserving at the same time positions of a universal bank. Within the project scope, the Bank offers a full range of banking services - placement of funds, international settlements, consultancy services, lending activities, etc. It is planned to continue servicing the leading state and private companies of Venezuela, Russian companies participating in the Russian-Venezuelan economic cooperation, and joint ventures set up for the implementation of projects with the involvement of Russian companies. The Bank conducts extensive operations with debt instruments of Venezuela and Venezuela's state companies.

Stock market services. The Bank will continue extensive operations on the capital market by investing in securities of Russian issuers, including government, sub-federal and corporate bonds, and also shares. To increase reliability of deposits and ensure more effective risk management the Bank intends to significantly expand the range of bonds purchased. The basic criteria for selecting securities are the issuer's financial stability and the potential of

growth in the investment assets in the given sector.

Investment and banking operations. The bank plans on participating in major projects acting as a co-manager or co-underwriter of bond issues, particularly, by using the potential of the Russian debt market for organizing issues of Venezuelan debt instruments and raising funds from Russian investors. The Bank also projects to participate in investment projects related to funds raising and business restructuring, possessing an extensive experience in the implementation of various projects in Russia and abroad for providing consultancy services to foreign companies seeking to expand their presence in Russia and to Russian businesses wishing to access international capital markets.

Operations on the currency and money market. The Bank is an active participant of the Russian money market and has an extensive resource base and a wide network of counterparties, maintaining an adequate level of its own liquidity and offering refinancing to Russian credit institutions against various forms of security.

The Bank traditionally provides its retail clients with private banking services. The Bank plans to increase its private liquid collateral credit portfolio. We adopt state-of-the-art Internet technologies helping to improve customer experiences.

Regional business. The strategy of the Bank's development within the framework of Russia-Venezuela cooperation finds its way in the Bank's regional policy as well. The Bank's regional policy aims to ensure the Bank's presence in countries of strategic interest. The strategy of the business development in the Russian regions is aimed at optimizing the branch network. Further regional strategy will be selective, prioritizing the most promising and reliable projects.

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2.3. Operating Activities Review

CUSTOMER POLICY

In 2013 the customer policy of Evrofinance Mosnarbank was in line with the Bank's strategy. Its aim was to lower risks and to strengthen the Bank's position in the traditional client niche, that is, working with major Russian enterprises representing fuel and energy industry, machine building, defense complex, aviation, space, ship-building, transport and communication industries.

Priority was given to the cooperation with industrial companies and publicly owned companies working under state contracts or contracts made with the leading Russian companies.

Traditionally, the Bank offered a full range of services for individual clients to structure transactions of any complexity and satisfy client's needs at any stage of business development.

Being a financial and banking service supplier accredited at the biggest electronic trading platforms, The Bank gives its clients access to leading e-trading platforms, such as: All-Russian system of the electronic auctions ZAKAZRF, e-trading platform MICEX, the Unified Electronic Trading Facility, e-trading platform RTS-Tender, Automated Tender System SBERBANK-AST.

As far as retail customer policy is concerned, the Bank offered its clients personalized services, differentiated set of credit products taking into account various client needs and confidentiality. In 2013, the Bank adopted a new technology, 3D Secure, which allows Internet-shopping with VISA cards in protected mode, offered its clients possibilities for remote banking via iPhone apps and iPad/iPhone client.

The Bank gives serious attention to compliance with national and international standards for preventing fraud, corruption, money laundering and terrorism financing.

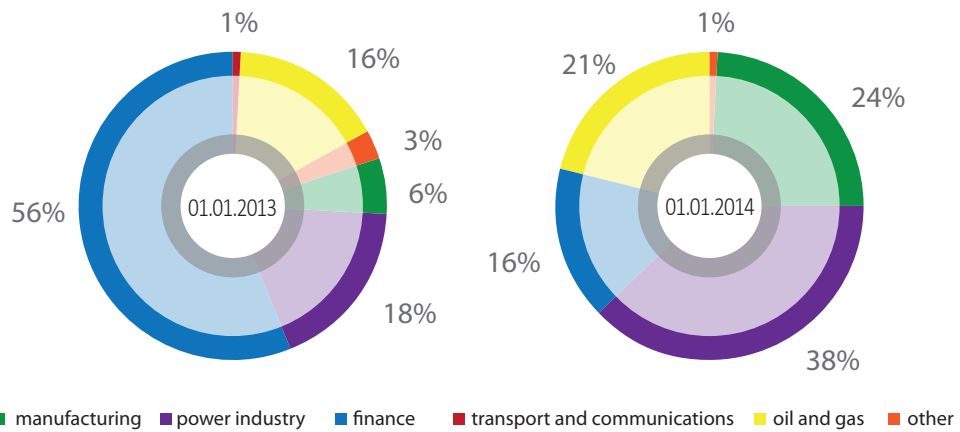
2.3. Operating Activities Review

CREDIT POLICY

During the accounting period, the Bank's credit portfolio decrease from RUB 11,577 million as of the beginning of 2013 to RUB 7,192 million. The Bank increased investments in securities with temporarily available cash. It should be mentioned that average loan debt in the accounting year was comparable to the last year level (RUB 11.4 billion and RUB 11.8 billion in 2013 and 2012, respectively).

As of the beginning of 2014, credit portfolio structure showed qualitative improvement due to decreasing percent of financial sector companies and increasing percent of real sector (power industry, manufacturing, transport and communications) institutions.

CORPORATE CREDIT PORTFOLIO BY CLIENT BUSINESS PROFILES



CONSERVATIVE CREDIT POLICY PURSUED BY THE BANK ENSURES HIGH QUALITY OF THE CORPORATE CREDIT PORTFOLIO WHICH IS PROVED BY ABSENCE OF CORPORATE OVERDUE DEBTS AND RESTRUCTURED LOANS, AS OF JANUARY 1, 2014.

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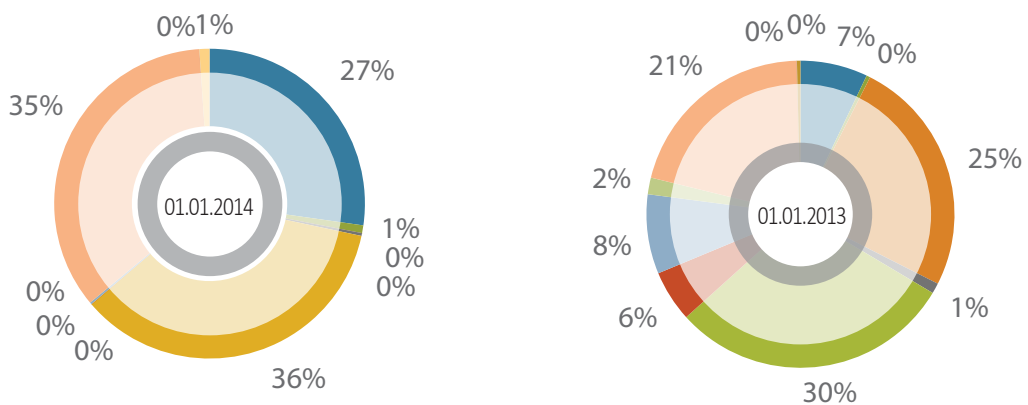
2.3. Operating Activities Review

CREDIT POLICY

Credit portfolio profile, as of January 1, 2014, reflects the Bank's Strategy being oriented to corporate customers. Portion of loans to legal entities makes 93%, as of January 1, 2014.

The credit portfolio is mostly collateralized. Depending on borrower/counterparty default risk, the Bank accepted credit collaterals in form of property (realty, equipment, vehicles, stock, inventories), pledge / assignment of right of demand on earnings and/or third-party suretyships.

CORPORATE CREDIT PORTFOLIO BY COLLATERAL TYPES



- Guarantees and suretyships
- Guarantees by the RF Government and constituent entities
- Pledge of securities (excluding the Bank's own securities), shares
- The Bank's own securities
- Pledging (real property)
- Pledging (fixed assets)
- Pledge of property rights
- Pledge of rights of monetary claims
- Pledge of revenue receivables
- Guarantee deposits
- Other

2.3. Operating Activities Review

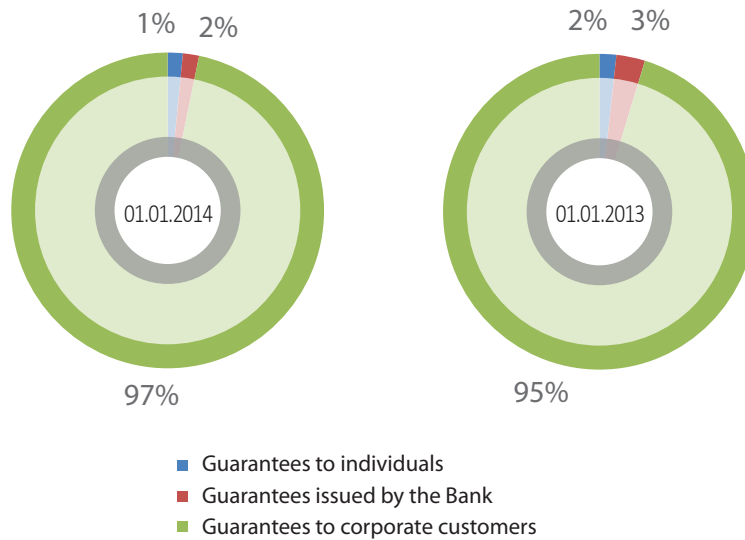
CREDIT POLICY

The Bank provides blank (non-collateral) credits to major elite corporate customers having long positive credit history within the Bank.

As of January 1, 2014, guarantees and suretyships issued by the Bank accounted to RUB 2.1 billion which is comparable with the value as of January 1, 2013 (RUB 2.2 billion).

The portion of corporate customer guarantees among all the guarantees issued by the Bank made 97% as of January 1, 2014 (on January 1, 2013, it made 95%).

GUARANTEES ISSUED BY THE BANK



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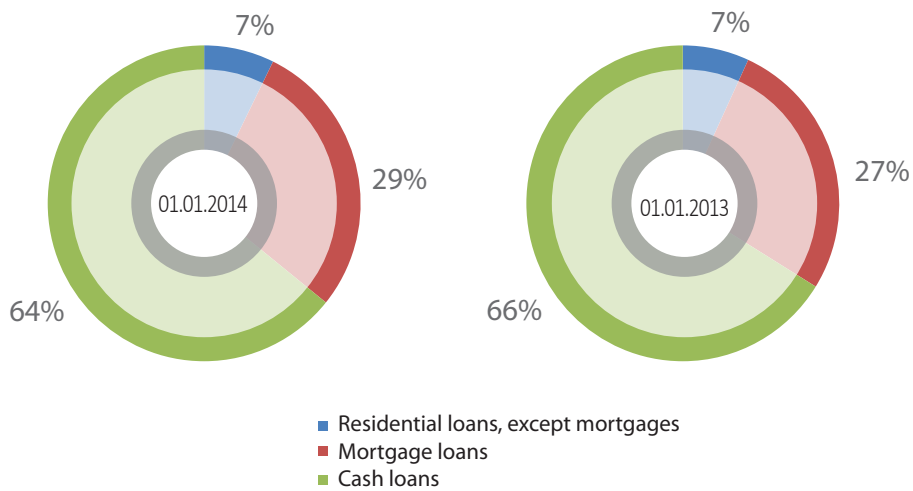
2.3. Operating Activities Review

CREDIT POLICY

Private credit financing made 7% of the total credit portfolio decreasing to RUB 565 million as compared with RUB 864 million in 2013 (by 34%).

The structure of retail credit portfolio underwent mild changes in the reporting period. At the same time, percent of cash loans decreased resulting in increase in the portion of loans collateralized with real property.

STRUCTURE OF THE RETAIL CREDIT PORTFOLIO



In 2013, the volume of overdue loans decreased by half, they made 0.93% of the total credit debt volume (4.15% of the banking sector total), as of January 1, 2014.

2.3. Operating Activities Review

TREASURY OPERATIONS

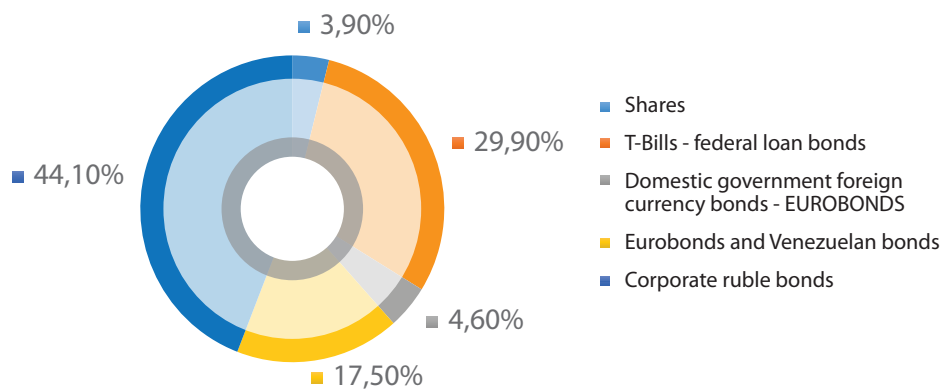
In the accounting year, Evrofinance Mosnarbank was quite active at the stock market investing into securities of Russian issuers, including government, subfederal and corporate bonds as well as shares. To increase investment reliability and effectiveness of risk management, our priorities were bonds rated by international agencies and included in the Lombard list of the Bank of Russia. At the year-end, size of the securities portfolio amounted to RUB 19.1 billion, including trading portfolio of RUB 19 billion and investment portfolio of RUB 0.1 billion to be held to maturity.

In 2013, the Bank increased its marketable debt securities portfolio from 11 up to 18.4 billion rubles. The main securities selection criteria included the issuer's financial stability as well as possibility to secure the bond in the Russian Central Bank (repo transactions). In 2013, the Bank's securities transaction volume amounted to 27 billion rubles.

At the accounting year end, the total trading portfolio was represented mostly by marketable debt securities, including government securities making 22%; corporate securities within the CBR Lombard list making 44%.

In 2013, average annual structure of the securities portfolio was as follows:

AVERAGE ANNUAL STRUCTURE OF THE SECURITIES PORTFOLIO



2 Management Report

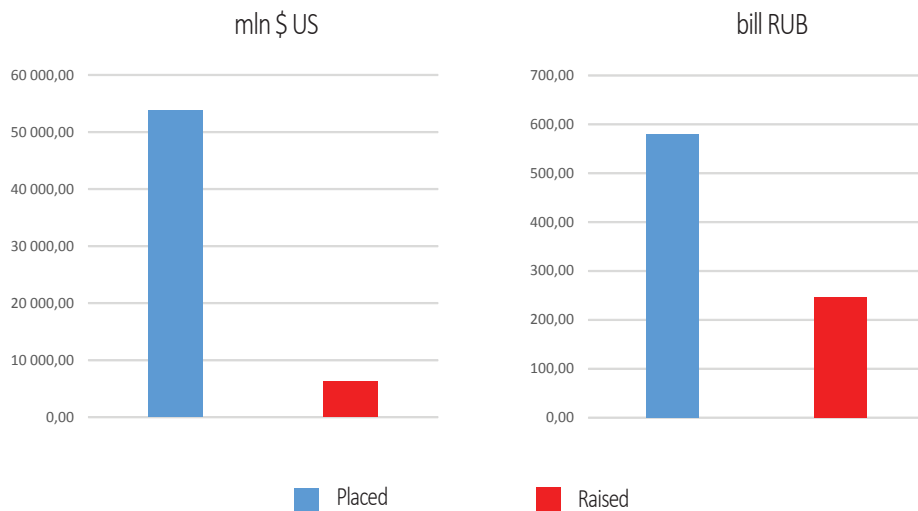
2.3. Operating Activities Review

TREASURY OPERATIONS

In 2013, Evrofinance Mosnarbank pursued serving as an active player of the Russian money market.

The Bank is a net seller of credit resources in the interbank credit market. In the accounting period, volume of interbank credits placed made RUB 2,301 billion. The volume of interbank credits raised for the same period made RUB 264 billion. Decrease in balance sheet interbank market investment transactions was caused by rapid development of trust asset management transaction resulting in transfer of considerable percent of funds to trust management. The Bank's total trust money turnover in 2013 amounted to USD 91.54 billion.

VOLUME OF INTERBANK CREDITS IN 2013



2.3. Operating Activities Review

TREASURY OPERATIONS

To control liquidity position, the Bank regularly used FX market derivative instruments. The volume of foreign exchange and off-exchange transactions (including swap) in 2013 made USD 81 billion. The volume of foreign exchange transactions on behalf of the client made USD 1.25 billion.

In 2013, the Bank, being one of the biggest players at the organized and off-exchange bond market, has been giving its clients access to all stock market segments and providing full service in respect to securities in rubles and foreign currencies.

In November 2013, Evrofinance Mosnarbank acted as Structuring Agent for a \$4.5 billion PdVSA bond issue due 2026. Thus, the total amount of PDVSA bonds and the Bolivarian Republic of Venezuela Bonds issue that Evrofinance Mosnarbank participated in amounted to USD 17 billion.

In 2013, Evrofinance Mosnarbank participated in issuing bonds of various companies at the Russian debt market, including the following issuers:

- VEB (bonds, issue BO 01) – co-underwriter;
- State Transport Leasing Company (STLC) (bonds, issue BO 2) – co-underwriter;
- VTB Bank (bonds, issue BO 43) – co-underwriter;
- Gasprombank (bonds, issue BO 05, BO 07) – co-underwriter;
- Bank Zenit (bonds, issue 11) – co-underwriter;
- Alfa-Bank (bonds, issue BO 04) – co-underwriter;
- Transaero (bonds, issue BO 03) – co-manager;
- MIA Bank (bonds, issue BO 01) – underwriter;
- VEB-Leasing (bonds, issues 12, 13) – co-underwriter;
- Rosselkhozbank (bonds, issues 21, 22, 23) – co-underwriter.

2 Management Report

2.3. Operating Activities Review

TREASURY OPERATIONS

Acting as a Trustee while providing property trust services, Evrofinance Mosnarbank takes as a basis the following principles:

- flexible and individual approach to preparing an Investment Policy Statement;
- strict compliance with principles of such Investment Policy Statement;
- wide-range investment possibilities;
- maximum attention to client's interest;
- risk reduction by maximum asset diversification;
- segregation of the client's property from the property of the other clients and the Bank;
- proper care in respect to the client property;
- detailed reporting containing information on all transactions made, portfolio structure and its value as of the reporting date.

The Bank carries out its activities in conformance with Russian legislation, the Bank of Russia Service regulations on financial markets and the Bank internal regulations

In 2013, Evrofinance Mosnarbank continued providing Trust Management services through the use of funds of Venezuelan companies and financial institutions.

Due to personal approach to the needs of any separate client when preparing Investment Policy Statement, Evrofinance was able to maintain the volume of funds in Trust Management within the range from \$0.25 billion to \$0.65 billion.

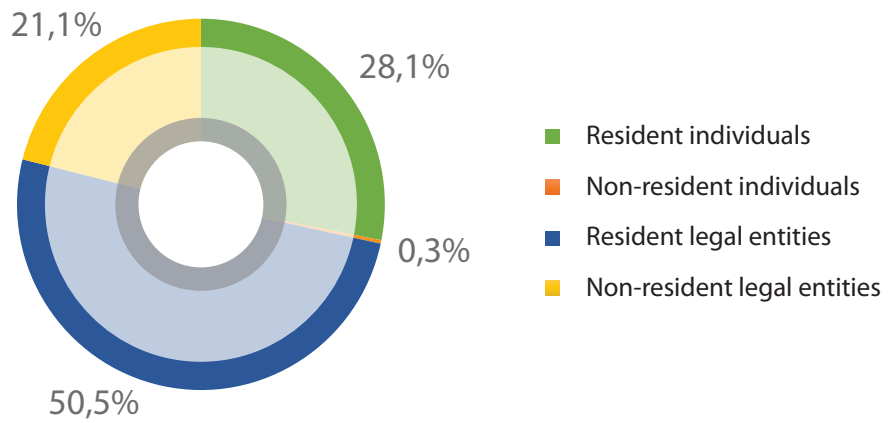
In 2013, Evrofinance Mosnarbank continued regular activities at deposit markets developing its deposit lines and increasing their competitive strength. Due to the considerable client base, the Bank managed to maintain high deposit portfolio volume. As of the accounting year-end, raised funds portfolio made 5.1 billion rubles.

2.3. Operating Activities Review

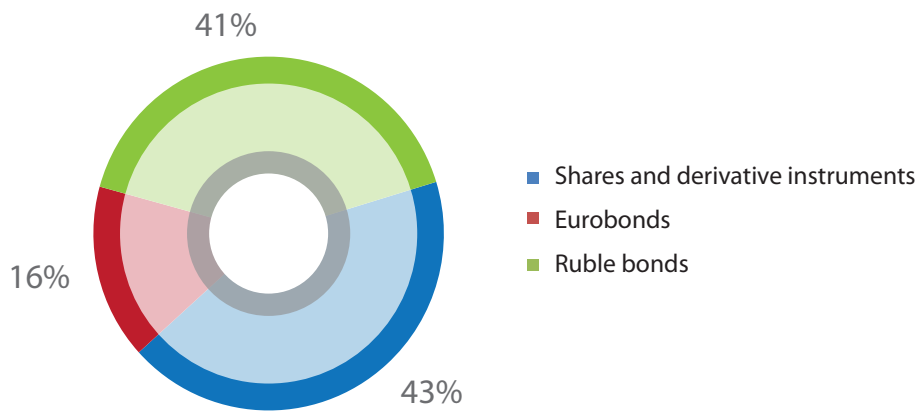
TREASURY OPERATIONS

The structure of the client base depository has not changed significantly compared to the previous year:

OF CUSTOMER BASE DEPOSITORY



STRUCTURE OF ASSETS STORED IN THE DEPOSITORY, AS AT THE END OF 2013:

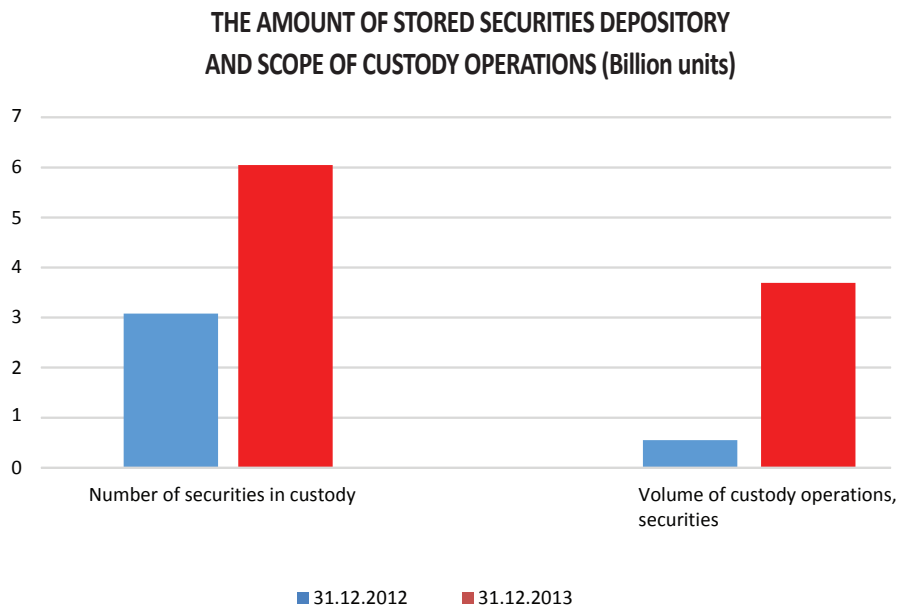


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2.3. Operating Activities Review

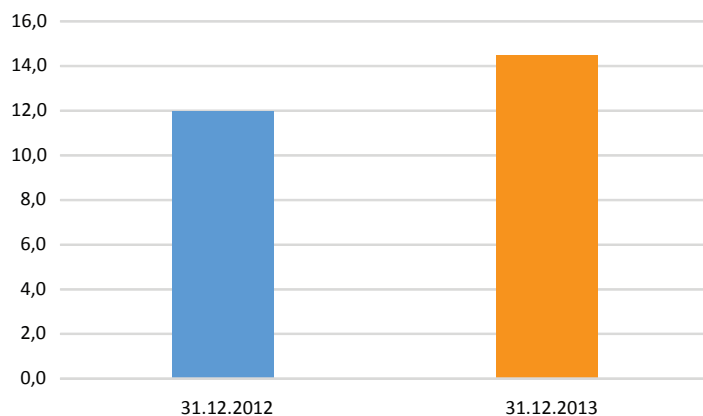
TREASURY OPERATIONS

In 2013, amount of securities stored in the depository increased twofold, amount of custody operations increased by 6.7 times.



El valor de mercado de los títulos valores custodiados en el Depositario aumentó un 20,8% en el año 2013, ascendiendo a 14,5 mil millones de Rublos (sin tomar en consideración los títulos valores transferidos en el marco de las operaciones REPO por un monto de 5,8 mil millones de Rublos).

EL VALOR DE MERCADO DE LOS TÍTULOS VALORES CUSTODIADOS (AL FINAL DE 2013, MIL MILLONES DE RUBLOS)





Management Report



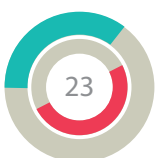
Operating Activities Review

TREASURY OPERATIONS

Changes in Russian legislation providing that non-residents of Russia may become chartered and nominee holders as well as experience of the Depository in servicing foreign clients creates favorable conditions for foreign financial institutions and institutional investors in respect to activities at the Russian stock market.

Correspondent banks of Evrofinance Mosnarbank includes leading world financial institutions, such as JPMorgan Chase Bank NA, Commerzbank AG, Credit Suisse AG, Barclays Bank Plc, Raiffeisen Bank International AG, Industrial and Commercial Bank of China New York Branch, Banco Central de Venezuela, Banco del Tesoro, Vneshekonombank, Sberbank of Russia OJSC, OJSC VTB Bank, GPB (OJSC), etc.

Within the scope of the functions as a settlement bank of Union Card and NCC payment systems, Evrofinance Mosnarbank provides maintenance of LORO correspondent accounts to 34 Russian banks.



2 Management Report

2.3. Operating Activities Review

RETAIL BANKING

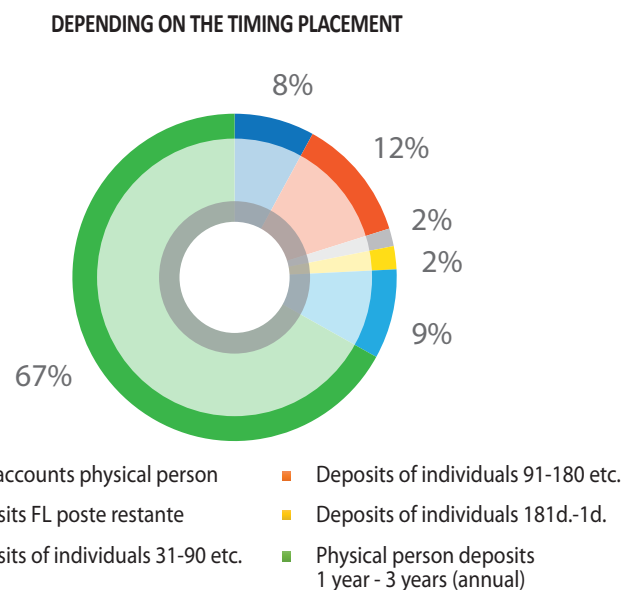
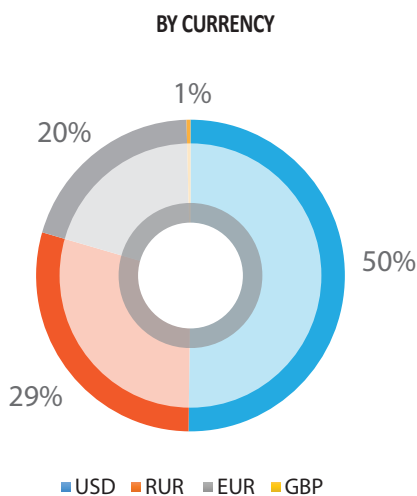
The Bank's retail customer policy top priority was providing comprehensive services to VIP clients based on long-term mutually beneficial cooperation, confidentiality and personal approach.

In addition to classical services, including opening and maintenance of private accounts in rubles and foreign currencies, cash and non-cash account transactions (transfers within Russia and abroad), foreign exchange transactions, time deposit placement etc., the Bank offered trust management service, including capital protection program ensuring minimum risk at investing available funds into the stock market.

In 2013, the Bank provided to individuals financial planning services, legal support of real property purchase transactions and tax consulting.

The world financial market instability continued in 2013 favored increase of retail time deposits which at the year-end reached the total volume of 5,2 billion rubles. The main portion (56%) was constituted by USD deposits, ruble and euro deposits making 22% each.

STRUCTURE TERM DEPOSITS OF INDIVIDUALS





Management Report



Operating Activities Review

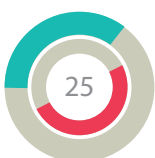
RETAIL BANKING

Measures taken in 2013 in respect to retail bad debts resulted in overdue debt portfolio decreasing almost by half and making as of January 1, 2014 RUB 64.9 million.

Year 2013 showed 17% increase in number of safety deposit box under lease for direct safekeeping and execution of real estate transactions. The Bank offers its clients settlement of real estate transactions by letter of credit.

Seeking to make retail settlement and cash services more convenient, the Bank paid special attention to upgrade of bank information systems.

Modern application “Eurolink” which provides access to remote banking service through popular types of iPhone, iPad devices (available in AppStore) has been developed for individual clients. The security of cards payment transactions via the Internet has been increased: operations are authenticated through the Verified by Visa technologies. The Bank has launched a project to issue Visa payment cards with EMV technology (chip cards) and adopted SMS-information system with an aim to strengthen security measures for the Bank cards transactions.



2 Management Report

2.3. Operating Activities Review

BANK CARDS

Evrofinance Mosnarbank is a principal member of Visa International, Master Card international payment system and Chinese system China Unionpay and the Main Settlement Center of the Union Card payment system, direct member and Settlement Center of NCC payment system, including settlement using ORS (United Settlement System) for NCC member banks.

More than 10 thousand cards were issued by the Bank. Payroll card program with 68 organizations in Moscow and the Bank's operations areas were implemented.

At present, 14 Russian banks participate in Visa International, Master Card international payment system sponsored by the Bank.

The Bank offers its client an unique possibility to obtain cards of three payment systems: Visa International, Master Card and China Unionpay issued for one account, which increases the payment reliability.

In 2013, the Bank has launched a project to issue Visa payment cards with EMV technology (chip cards) and implemented new 3D Secure technology allowing for Internet shopping with VISA card in protected mode to strengthen security measures for the Bank cards transactions.

Measures are taken to establish modern client notification on transactions with Visa International, Master Card, China Unionpay payment systems to improve quality and fastness of card holder services.

Card transactions of the Bank's clients are insured by Ingosstrakh, OJSC.

2.3. Operating Activities Review

REGIONAL POLICY

So, by the beginning of 2014 the Bank's regional network consisted of 2 branches in Stavropol and Yaroslavl; 2 additional offices in Nevinnomyssk, Pyatigorsk, and 3 representative offices in Saint-Petersburg, Beijing and Caracas.



As part of the process of the Bank's transformation into an international financial organization and based on the changes in the Bank's regional strategy, the Bank plans to duly establish a branch in Bolivarian Republic of Venezuela.

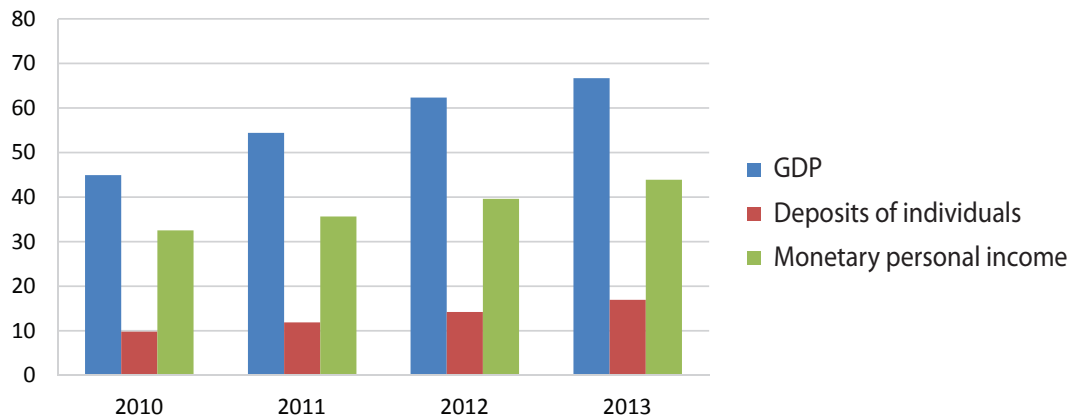
2 Management Report

2.4. Financial Performance Review

FINANCIAL PERFORMANCE REVIEW

Despite a reduction in the country's key economic indicators in 2013, results of 2013 for Russia on the whole may be regarded as satisfactory. Russian economy avoided many negative scenarios. In particular, Russia's GDP, excluding seasonal factors, grew by 1.3% against 3.4% in 2012. Inflation made 6.5% (against 6.6% in 2012), industrial production index increased only by 3% in 2013. Slowdown of economic growth caused by external and internal factors of various nature. However, main factors of the slowdown remain high dependency of Russia on oil and gas export resulting in vulnerability to high volatility of raw material prices.

DYNAMICS IN GDP AND PERSONAL INCOME
trillion rubles

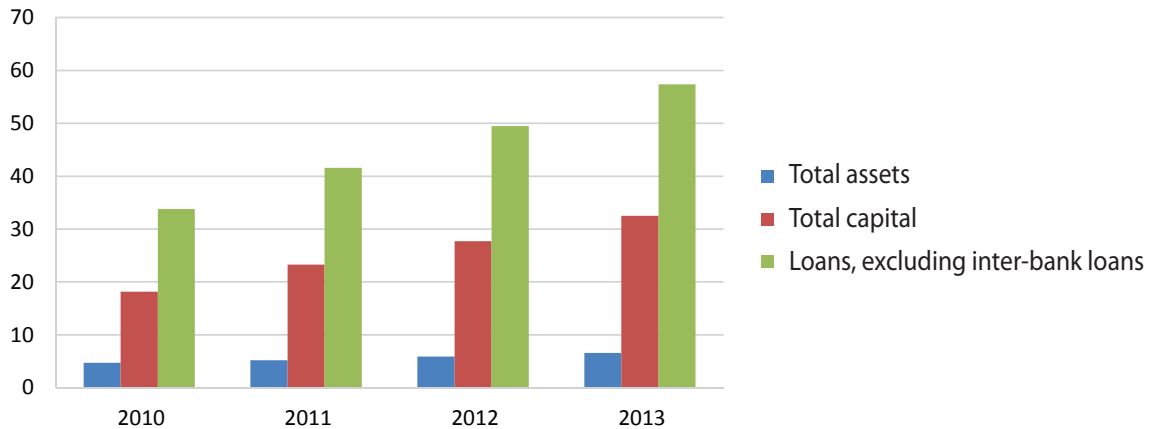


2.4. Financial Performance Review

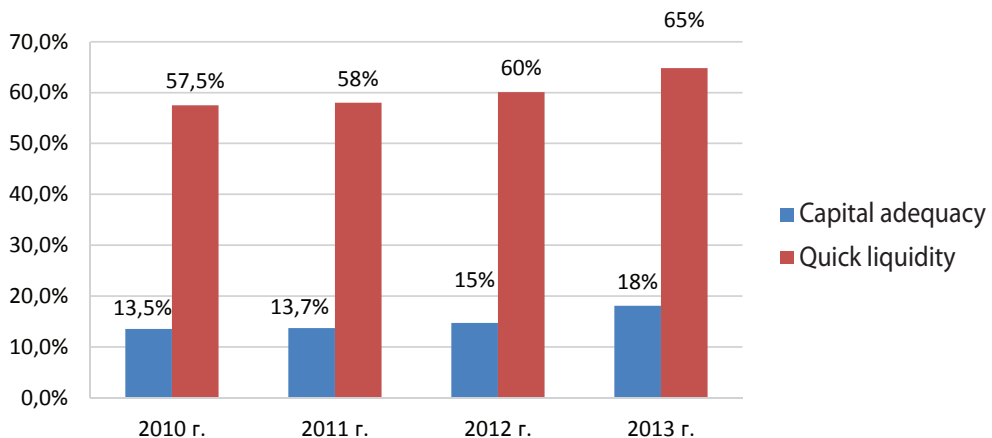
FINANCIAL PERFORMANCE REVIEW

It is difficult to make a clear estimate of the results of 2013 for the banking sector as a whole because despite an increase in assets and returns indicators such as the capitalization and liquidity levels continued falling. For example, the capital adequacy ratio in the banking system as a whole went down in 2013 from 13.7% to 13.5% and the quick liquidity rate shrank from 58% to 57.5%.

DYNAMICS IN GDP AND PERSONAL INCOME
trillion rubles



DYNAMICS IN CAPITAL ADEQUACY AND QUICK LIQUIDITY IN THE RUSSIAN BANKING SECTOR

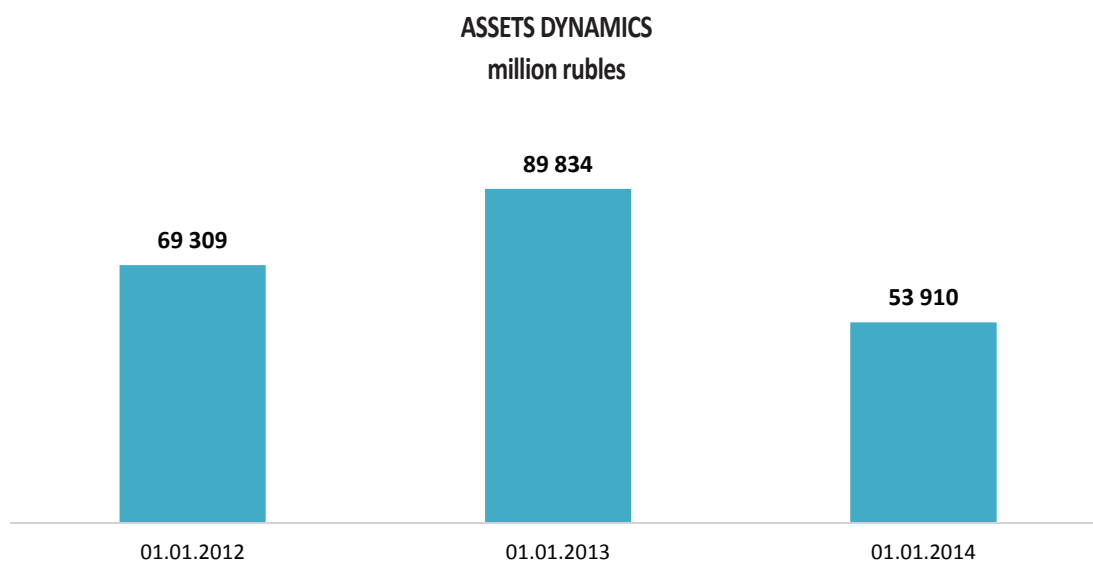


2 Management Report




2.4. Financial Performance Review

FINANCIAL PERFORMANCE REVIEW

In the accounting year, Evrofinance Mosnarbank managed to secure maximum banking transactions profitability in the current market environment while remaining true to the principles of risks and financial statement structure balance stipulated by the development strategy. At the same time the Bank managed to keep high capitalization and liquidity figures while sticking to the established strategy.



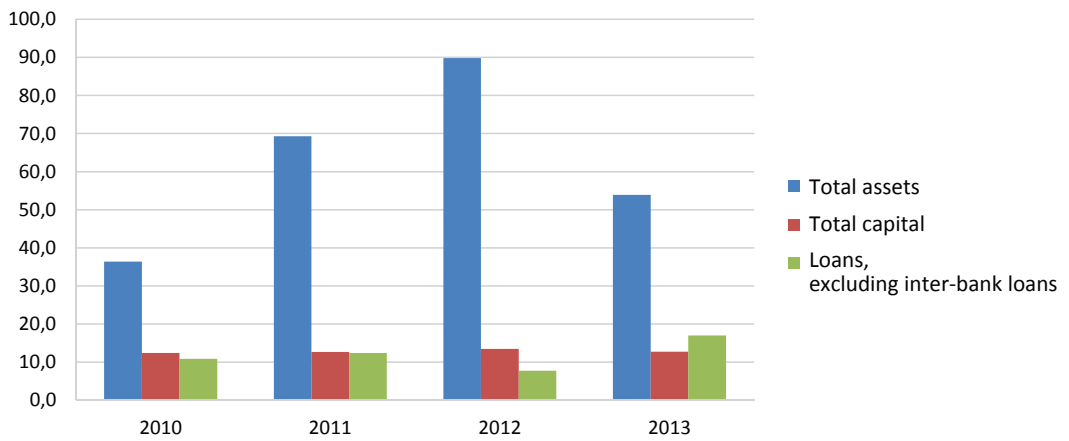
According to Interfax CEA "Russian Banks 2013" the Bank was

-  **49th** as far as the size of capital is concerned;
-  **90th** as far as the asset size is concerned;
-  **81st** pas far as the net profit is concerned.

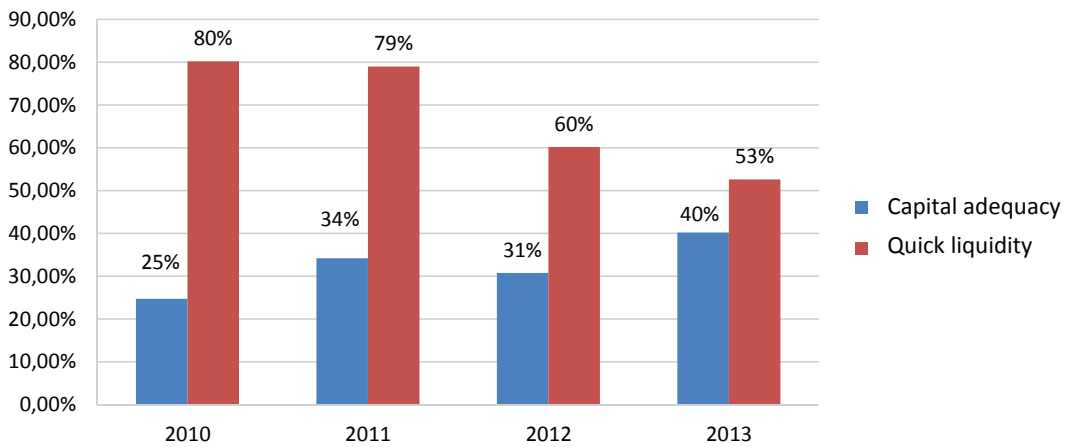
2.4. Financial Performance Review

FINANCIAL PERFORMANCE REVIEW

DYNAMICS IN THE BANK'S KEY INDICATORS
billion rubles



DYNAMICS IN CAPITAL ADEQUACY AND QUICK LIQUIDITY
IN THE RUSSIAN BANKING SECTOR



2 Management Report

2.4. Financial Performance Review

BALANCE SHEET STRUCTURE

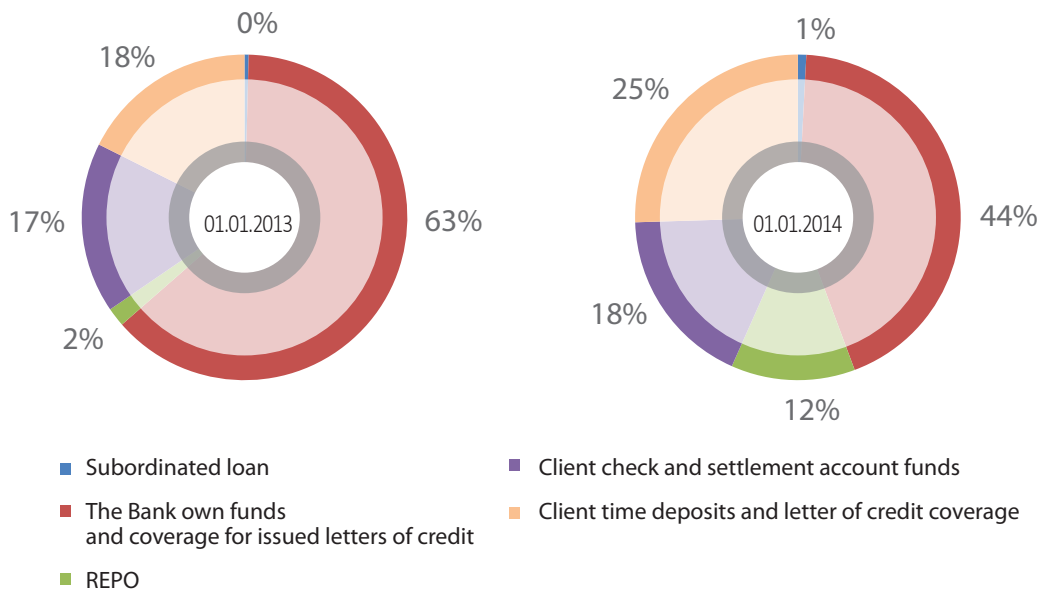
LIABILITIES

Raised funds and liabilities

Dynamics and structure of raised funds as compared to the previous accounting period changed as follows:

million rubles	As of January 1, 2014	As of January 1, 2013
Subordinated loan	327	304
The Bank own funds and coverage for issued letters of credit	17,118	46,690
REPO	4,849	1,390
Check and settlement account funds	7,032	12,524

RAISED FUNDS, BY SOURCE TYPE



2.4. Financial Performance Review

BALANCE SHEET STRUCTURE

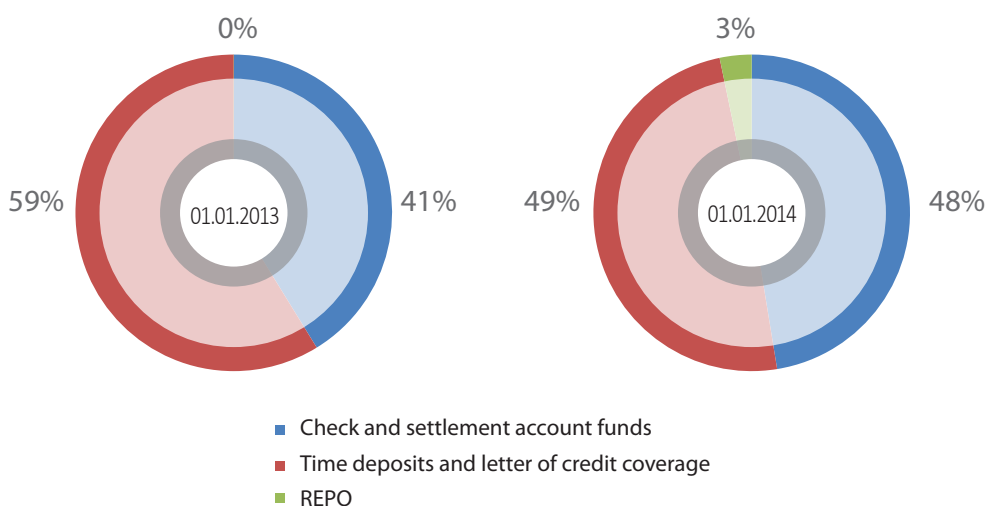
LIABILITIES

Raised funds and liabilities

Client deposits, by fund source type are as follows:

million rubles	As of January 1, 2014	As of January 1, 2013
Check and settlement account funds	7,032	12,524
Time deposits and letter of credit coverage	10,030	13,023
REPO	0	859

CUSTOMER DEPOSITS, BY FUND SOURCE TYPE



During the accounting year the Bank traditionally acted as a net lender and widely operated on the currency and money market. In the accounting period the proportion of funds raised on the interbank market did not go on average above 15% in the Bank's total resource base.

As of January 1, 2014, guarantees and suretyships issued by the Bank accounted to RUB 2.1 billion which is comparable with the value as of January 1, 2013 (RUB 2.2 billion).

2 Management Report

2.4. Financial Performance Review

BALANCE SHEET STRUCTURE

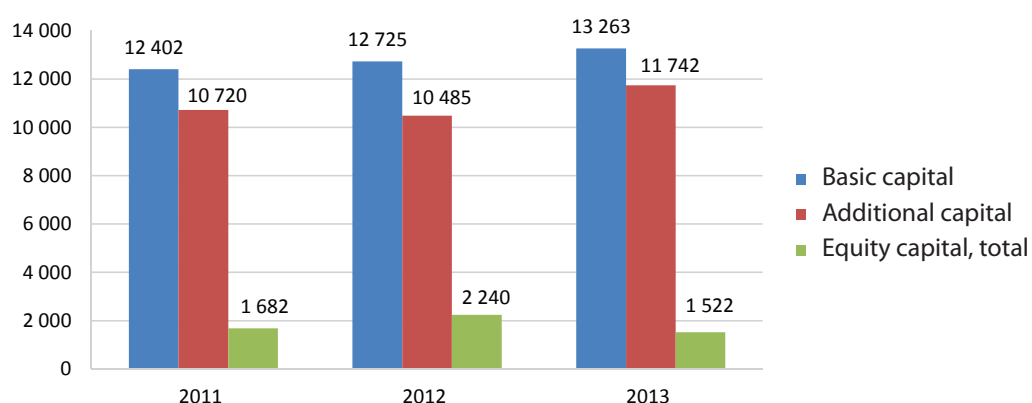
LIABILITIES

Equity capital

In accordance with the development strategy the Bank maintains rather a high capitalization level. In the accounting year the capital adequacy ratio (H1) averaged 31.01%. As a comparison: generally, in Russian banking system respective H1 ratio was in 13.4%-13.7 range (in the accounting quarter period of 2013) and, by January 1 2014, made 13.5%.

As of 1 January 2014 the size of the capital calculated in accordance with the Bank of Russia's Regulation No. 215-П dated 10 February 2003 was 13,482.22 million rubles, which is by 793 million rubles (or 6.2%) higher than the level as of 1 January 2013. The main source of the capital growth was income for the accounting year.

DYNAMICS AND STRUCTURE OF CAPITAL
million rubles



As of January 1, 2014, own funds (equity capital) adequacy ratio (H1) made 24.7% as compared to 34.1% in January 1, 2013.

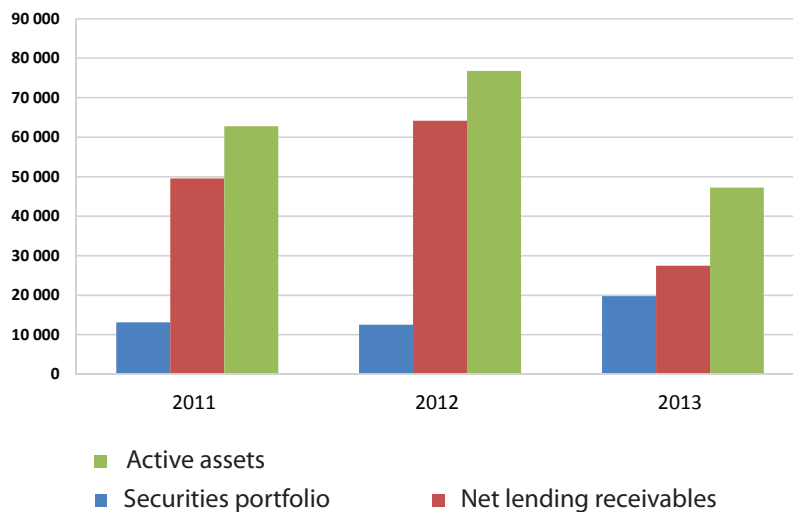
2.4. Financial Performance Review

BALANCE SHEET STRUCTURE

ASSETS

Evrofinance Mosnarbank activities as joint Russia-Venezuela bank are of much influence to dynamics of its balance sheet indicators. In particular, the Bank is exposed to major fluctuations of client deposits and balances related to maintaining letter of credit settlements between residents of member-states and net balance currency at the whole. Such dynamics has been registered for the whole period since execution of the Russia-Venezuela intergovernmental agreement.

ACTIVE ASSETS DYNAMICS
million rubles



million rubles	2013	2012	2011
Active assets	47,260	76,750	62,753
Net lending receivables	27,485	64,198	49,578
Securities portfolio	19,775	12,552	13,175

2 Management Report

2.4. Financial Performance Review

BALANCE SHEET STRUCTURE

ASSETS

Given the specifics, the Bank adheres to conservative policy of capital and liquidity management which ensures stable operation in conditions of high-volatile resource base.

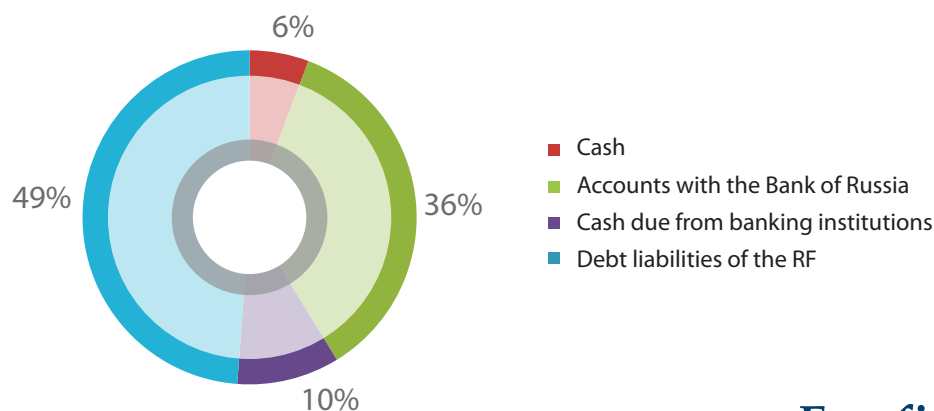
The Assets Structure reflects the Bank's strategy aimed at reducing risks and maintaining a high level of the Bank's liquid position; in fact, this structure is the most appropriate with the existing structure of the Bank's liabilities to clients.

As of January 1, 2014 Active assets accounted for 87.7%, which is comparable to the average figure in the banking sector for 2013 (83.0%).

THE BANK'S HIGH-LIQUID ASSETS ARE PRESENTED AS FOLLOWS:

Million rubles	January 1, 2014	January 1, 2013
Cash	464	562
Accounts with the Bank of Russia	1,486	329
Cash due from banking institutions	804	6,070
Debt liabilities of the RF	3,949	3,580
TOTAL	6,703	10,541

HIGH-LIQUID ASSETS STRUCTURE, 2013



2.4. Financial Performance Review

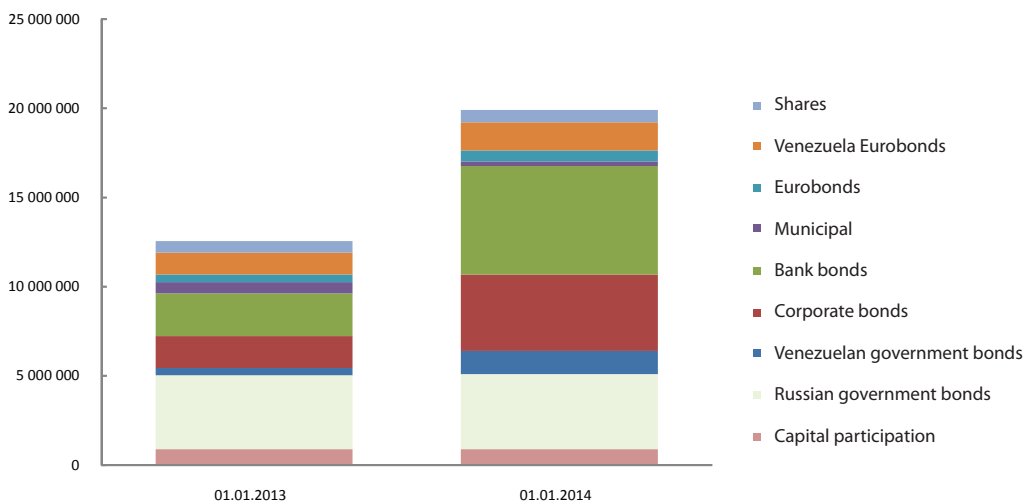
BALANCE SHEET STRUCTURE

ASSETS

Securities portfolio

The generated securities portfolio is represented by high-liquid debt liabilities and stock of large corporations. In the accounting period, the portfolio volume including capital participation (investment in subsidiary and dependent companies) increased from 12.6 billion rubles to 19.9 billion rubles.

THE BANK'S INVESTMENTS INTO SECURITIES
million rubles



As of January 1, 2014, the overall securities portfolio (excluding capital participation) was represented by securities with an acceptable risk level and profitability, including debt liabilities of Russian issuers (55.9%), government debt liabilities (22%), debt liabilities of Venezuela and Venezuela's state companies (14.9%), stock of large Russian companies (3.7%) and Eurobonds (3.5%).

The main securities selection criteria included the issuer's financial stability as well as possibility to secure the bond in the Russian Central Bank (repo transactions). As of January 1, 2014, about 75% of the Bank's securities portfolio is represented by government securities and debt securities included in the Lombard list of the Bank of Russia.

2 Management Report

2.4. Financial Performance Review

BALANCE SHEET STRUCTURE

ASSETS

Lending and similar receivables

The Bank's total credit portfolio makes up a significant part of assets. At the end of 2013 the Bank's net lending receivables made 27,486 million rubles.

The amount of loans issued to legal entities (including security deposits to non-residents) made 7,192* million rubles. Loans to legal entities accounted for 26% in the gross amount of the credit portfolio.

The amount of loans to private individuals went down by 32% to come to 566 million rubles against 864 million rubles as of the beginning of the accounting period. Loans to individuals accounted for 2% in the gross amount of the lending and similar receivables.

The amount of funds issued to banks (including letter of credit coverages and Bank of Russia deposits) made 20,092 million rubles. Loans to banks accounted for 73% in the gross amount of the credit portfolio. A significant part (66%) in the total funds placed at banking institutions is made up by coverage for import letters of credit.

million rubles	As of January 1, 2014	As of January 1, 2013
Inter-bank loans and other funds placed with banking institutions	6,282	11,642
The Bank of Russia deposits	450	0
Loans to legal entities	6,978*	11,374
Security deposits to non-residential legal entities	214	204
Total loans to private individuals	565	864
Bills	68	0
Due for letters of credit	13,360	41,184
Settlements with foreign exchange and stock markets	301	0
Excluding potential loss provision	733	1,069
Total net lending receivables	27,485	64,198

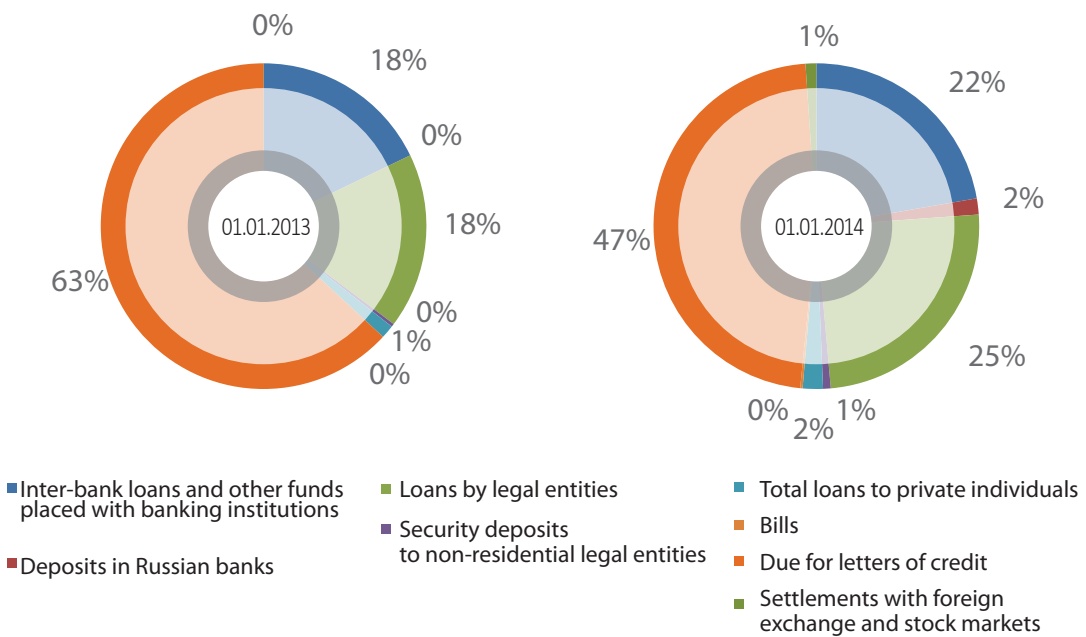
2.4. Financial Performance Review

BALANCE SHEET STRUCTURE

ASSETS

Lending and similar receivables

STRUCTURE OF LENDING RECEIVABLES BY LOAN TYPES



During the reporting period the Bank formed the necessary provisions. The proportion of the provisions in the credit portfolio decreased from 1.6% on January 1, 2013 to 0.5% as on January 1, 2014.

2 Management Report

2.4. Financial Performance Review

BALANCE SHEET STRUCTURE

ASSETS

Income and Expenses

At the end of the accounting year before-tax profit of Evrofinance Mosnarbank amounted to 999,914 thousand rubles. The return on capital was 7.5% (the calculation was made on the basis of the before-tax profit figure).

Main income sources are net interest and F&C income as well as net revenue from operations with securities:

- main portion of the income in 2013, 75% of the Bank total operating income, came from interest yields making 2,532,314 thousand rubles which is comparable to the previous year result.

Main portion of interest yields (48%) is constituted by loans to clients other than banking institutions and fixed income from the Bank debt portfolio (42%).

- considerable part, 12.4% of the total income, is fee and commission income making 417,732 which is also comparable to the previous year level.

- trading gains on foreign exchange and securities operations make 11.6% of the total income, or 393,293 thousand rubles which is lower than the previous year level, due to negative market situation in the second half of 2013.

- other gains make 1% of the Bank's total operating income.

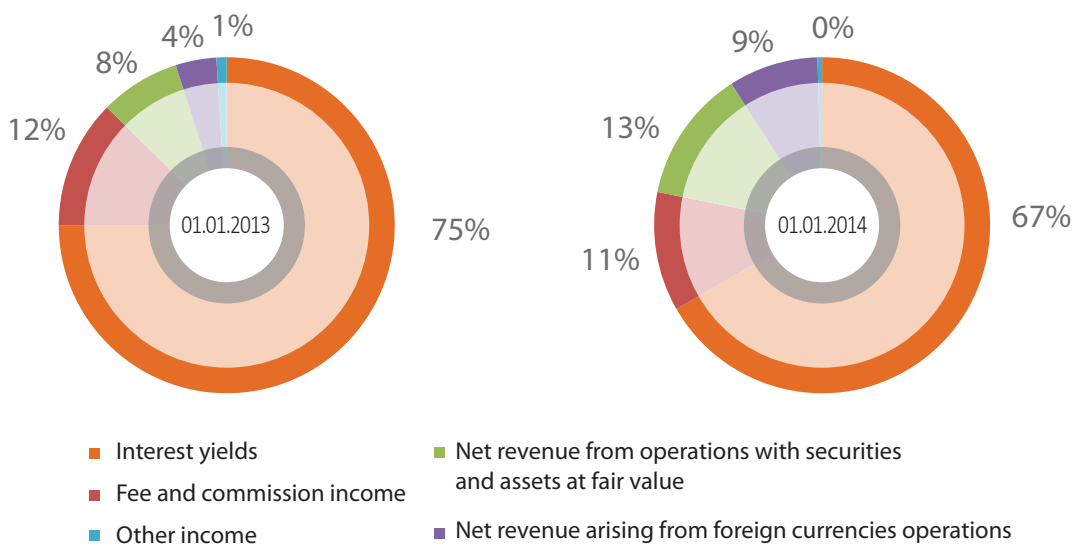
2.4. Financial Performance Review

BALANCE SHEET STRUCTURE

ASSETS

Income and Expenses

THE BANK'S INCOME STRUCTURE



At the end of 2013 the interest expenses grew by 21% to come to 971 million rubles against 801 million rubles in 2012. Growth in interest expenses was due to Expenses on other raised funds which was caused by growth of direct repo transactions volume and a little growth of time deposit rates reflecting the market trend.

The ratio of operating expenses to the result of the core activity made 59.4%, which is comparable with the level of the previous accounting period (57.8%).

2 Management Report

2.5. Risk Management

MANEJO DE RIESGOS

The duties to manage and control financial risks are assigned to corresponding special-purpose subdivisions.

Resolutions regarding assumption by the Bank of financial risks are adopted by the Board as advised by the Credit Committee or the Assets and Liabilities Management Committee as well as by the Committees themselves within the scope of authority granted to them by the Board.

Main risks for the Bank:

- credit risk,
- market risk,
- liquidity risk,
- operating risk,
- legal risk,
- strategical risk,
- country risk,
- risk of loss of the Bank's goodwill.

The Bank applies risk management policies developed on the basis of recommendations of the Basel Committee on Banking Supervision, international and Russian experience, which stipulate:

- delineation of responsibility and authority between subdivisions initiating operations and subdivisions assessing and monitoring risks of such operations;
- the basic principles for the assessment and monitoring of such risks and their management development methods;
- approaches to maintaining an appropriate ratio of the assumed risk to the operation return rate;
- methods of estimating the forecast rate of risks and capital adequacy for covering the given risks in case of development of negative scenarios (stress testing).

The Bank's risk management policy envisages formalized risk decision making procedures based on the implementation of the following main processes:

1. The effective system of the Bank's risk management aims at maintaining high liquidity and capitalization ratios as envisaged by the Development Strategy.
2. The Bank monitors compliance with the requirements of the Basel Committee to the bank asset structure and capital quality (Basel-II). As of 01.01.2014, the share of Tier I capital in the aggregate of risk-weighted assets amounted to 33%, while the Basel II recommended level makes up 4%.

2.6. IT Infrastructure

IT INFRASTRUCTURE

Evrofinance Mosnarbank pays special attention to modernization of banking information systems in order to ensure a high level of informational support for banking operations under the progressive development of the financial services.

Within the scope of this activities, the Bank completed a number of key projects in 2013 related to the implementation of legislative execution, improvement of services provided to customers and security upgrade required for effecting payments.

Evrofinance Mosnarbank was among the first institutions which joined the Public Information System for Regional and Local Payments (PIS RLP).

Corporate clients have access to modern channel for remote banking services-Internet-Client-Bank, and modern application "Eurolink", which provides access to remote banking service through popular types of mobile devices has been developed for individual clients.

The security of cards payment transactions via the Internet has been significantly increased-operations are authenticated through the Verified by Visa technologies. In addition, the Bank has launched a project to issue Visa payment cards with EMV technology (microprocessor-based cards) with an aim to strengthen security measures for the Bank cards transactions and reduce financial risks faced by the Bank.

In order to minimize the risk of fraudulent transactions carried out by intruders through the remote banking system, the Bank has implemented a special "FRAUD-Analysis" system, suggested by the BSS Company, which is currently undergoing pilot testing.

The technology of information resources virtualization is actively used in IT infrastructure as a reliable and effective tool, ensuring the continuity and recoverability of operations.

2 Management Report

2.7. Ratings

RATINGS

Evrofinance Mosnarbank has the following ratings confirmed as of the date of the preparation of the annual report:

“FitchRatings” Rating Agency

FitchRatings

National long-term rating

(assigned on March 7, 2011, last confirmed on December 6, 2013);

A- (rus)

International long-term issuer default rating

(assigned on March 7, 2011, last confirmed on December 10, 2012);

B+

International short-term rating

(assigned on March 7, 2011, last confirmed on December 6, 2013);

B

Forecast – Rating Watch

(assigned on March 7, 2011, last confirmed on December 6, 2013);

Positive

2 Management Report

2.7. Ratings

RATINGS

Russian “Interfax Rating Agency”, strategic partner of Moody's Investors Service in Russia



Moody's Interfax Rating Agency

Long-term rating
(assigned on March 18, 2014);

A1 (rus)

Short-term rating
(assigned on October 5, 2004, last confirmed on March 18, 2014);

RuS-1

Moody's Investors Service



Moody's Investors Service

International long-term rating
(assigned on March 18, 2014);

B1 Forecast
Stable

Not-Prime short-term foreign currency deposit rating
(assigned on September 9, 2005, last confirmed on March 18, 2014);

Not-Prime

Financial stability rating
(assigned on September 9, 2005, last confirmed on March 18, 2014).

E+

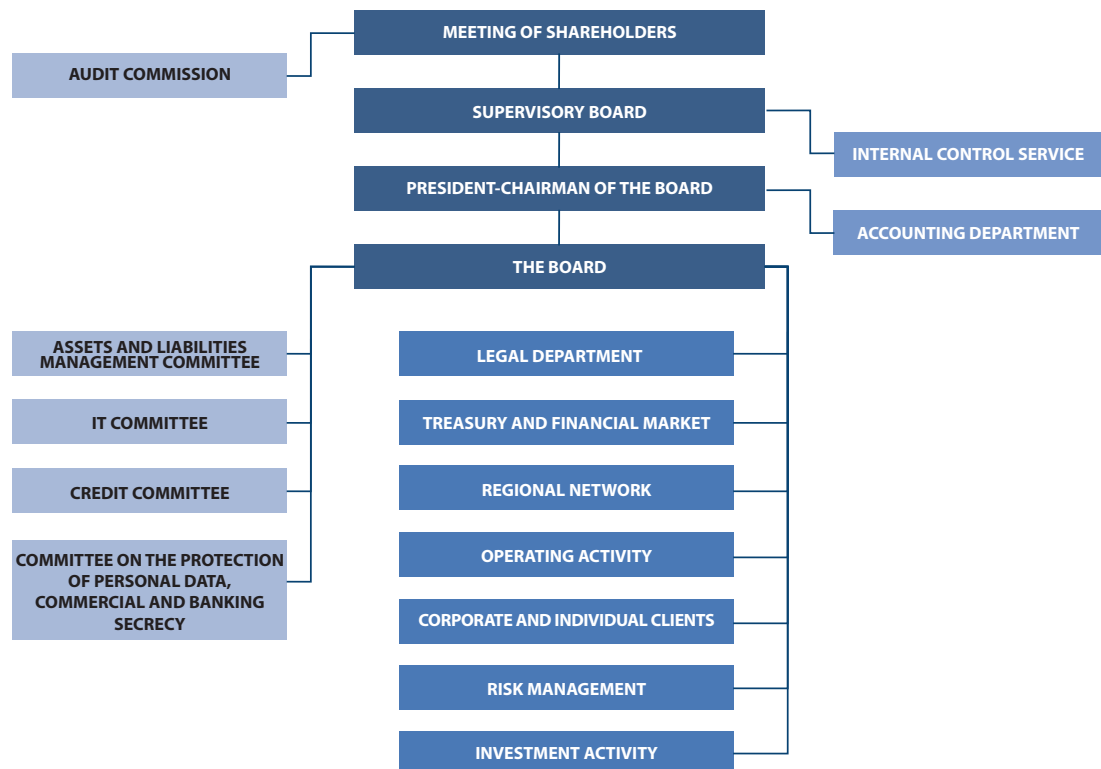
3 CORPORATE MANAGEMENT

3.1. Corporate Management System Review

Corporate Management System Review

The corporate governance system of Evrofinance Mosnarbank is based on the principle of the unconditional observance of requirements of the Russian legislation and the Bank of Russia, taking into account the best world practices to a maximum extent possible.

In addition, when conducting its activities Evrofinance Mosnarbank is guided by the basic provisions of the Corporate Code of Conduct of the Bank (Set of rules) approved at the meeting of the RF Government as of November 28, 2001 (Minutes No. 49).



3.1. Corporate Management System Review

General meeting of shareholders- the supreme management body of Evrofinance Mosnarbank. By adopting resolutions at shareholder meetings the Bank's owners exercise their rights to participate in its management.

Supervisory Board is a key element of the corporate governance system of Evrofinance Mosnarbank. The Supervisory Board exercises the general management of activities, determines the Bank's long-term strategy, acting on the basis of the Russian legislation, the Articles of Association and the Regulation on the Supervisory Board.

Members of the Supervisory Board are elected by the general meeting of shareholders for a term until the next annual meeting. Members of the Supervisory Board are elected by cumulative voting at the general meeting of shareholders.

Meetings of the Bank's Supervisory Board are convened at the initiative of its Chairman or upon demand of a member of the Supervisory Board, the Audit Commission, the external auditor, the Board, President-Chairman of the Board. The quorum for conducting a meeting of the Bank's Supervisory Board is at least half the elected members of the Supervisory Board. Resolutions are adopted at meetings of the Supervisory Board by a majority of votes of participating members except in cases stipulated by the Articles of Association and the Regulation on the Supervisory Board. When resolving issues at meetings of the Supervisory Board, each member of the Supervisory Board is vested with one vote.

President- Chairman of the Board exercises management over the Bank's day-to-day activities for purposes of accomplishing goals and implementing the Bank's strategy. President- Chairman of the Board is accountable to the general meeting of shareholders and the Supervisory Board of the Bank.

The Board is a collective executive body of Evrofinance Mosnarbank. In cooperation with President-Chairman of the Board, the Board exercises management over the Bank's day-to- day activities. The Board is accountable to the general meeting of shareholders and the Supervisory Board.

The Board acts on the basis of the Russian legislation, the Articles of Association of Evrofinance Mosnarbank, the Regulation on the Board of Evrofinance Mosnarbank, approved by resolution of the general meeting of shareholders, and contracts concluded with each member of the Board. Contracts are signed on behalf of the Bank by the Chairman of the Supervisory Board.

The quantitative and personal composition of the Board is determined and members of the Board are elected by resolution of the Supervisory Board. Members of the Board are appointed by the Supervisory Board at the suggestion of the President-Chairman of the Board.

3 CORPORATE MANAGEMENT

3.1. Corporate Management System Review

The Board exercises the current management of activities of Evrofinance Mosnarbank, except for issues referred to the competence of the general meeting of shareholders and the Supervisory Board, and provides for the execution of their resolutions.

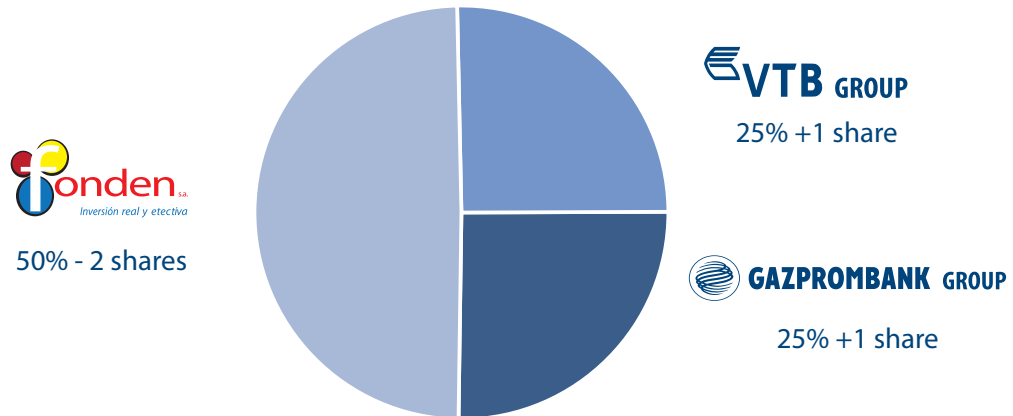
In accordance with the effective legislation the Bank's financial and economic activity is audited by the Audit Commission. The procedure for audits by the Audit Commission is stipulated in the Regulation on the Audit Commission approved by the general meeting of the Bank's shareholders.

Persons ever found guilty of committing economic crimes or crimes against the state, or who have been subject to administrative penalties for offenses in the field of entrepreneurship, finance, taxes and dues, or the securities market, hold no offices in the Supervisory Board, the Board of Evrofinance Mosnarbank or in subdivisions exercising control over the Bank's financial and economic activities.

The main information about the Bank and material corporate events is published on the Bank's Web site and information disclosure server on the Internet.

3 CORPORATE MANAGEMENT

3.2. Shareholding Structure



The VTB Group, including:

OJSC VTB Bank, VTB Bank (France) SA, ITC Consultants (Cyprus) Limited

The Gazprombank Group, including:

GPB (OJSC), LLC New Financial Technologies

National Development Fund (FONDEN, S.A.)

VTB Bank (Open Joint-Stock Company) - Russia's state bank No. 2, a strategic Russian bank that has built an international financial group. The VTB Group has an international network, unique for Russian banks, which comprises more than 20 banks and financial companies in 19 countries worldwide.

Gazprombank (Open Joint-Stock Company) - one of the largest universal financial institutions of Russia that offers a wide range of banking, financial, investment products and services to corporate and individual clients, financial institutions, institutional and private investors. The bank is among the three largest banks of Russia and ranks 5th among banks of the Central and Eastern Europe.

National Development Fund (FONDEN, S.A.) - a government institution established in accordance with the Law "On the Partial Reform of the Law on the Central Bank of Venezuela". Establishment of this institution is in line with the New Economic and Financial Strategy of the national executive power. The Fund is also used to manage the internal debt, which enables the state to advance a political strategy focused on eliminating the debt and its impact on the state budget in a short-term outlook.

3.3. THE SUPERVISORY BOARD OF THE BANK

THE SUPERVISORY BOARD OF THE BANK

Chairman of the Supervisory Board

Vladimir Mikhailovich Stolyarenko

Chairman of the Supervisory Board of Evrofinance Mosnarbank

Members of the Supervisory Board

Alexander Valeryevich Bondarenko

First Vice-President- Deputy Chairman of the Board of Evrofinance Mosnarbank

Guzman Caripa, Milton Eduardo

Part-time Advisor to the Deputy Finance Minister, Ministry of People's Power for Planning and Finance, Bolivarian Republic of Venezuela

Nikolai Grigorievich Korenev

Deputy Chairman of GPB (OJSC) Board

Puente del Valier Guzman, Marisette

President of the National Society of Mutual Guarantees for Small and Medium Businesses (SOGAMPI), Bolivarian Republic of Venezuela

Aleksei Anatolievich Matveev

Deputy Chairman of GPB (OJSC) Board

Vasiliy Nikolaevich Titov

First Deputy President- Chairman of OJSC VTB Bank Board

Ernandez Himenes, Gustavo Jose

Deputy Finance Minister, Ministry of People's Power for Planning and Finance, Bolivarian Republic of Venezuela

Mikhail Leonidovich Yakunin

Head of Subsidiary Companies Department- Senior Vice President of OJSC VTB Bank

In the reporting period none of the members of the Supervisory Board held shares of Evrofinance Mosnarbank.

3.3. THE SUPERVISORY BOARD OF THE BANK

CURRICULUM VITAE OF MEMBERS OF THE SUPERVISORY BOARD

Vladimir Mikhailovich Stolyarenko, born 1961, in Leningrad (now St. Petersburg).

Graduated from the Leningrad Finance and Economics Institute (LFEI); graduated from a postgraduate course of the Moscow Financial Institute, graduated from the Moscow State Law Academy, finished the Postgraduate Program in the School of Law at Harvard University; was qualified as a Certified International Investment Analyst - CIA; finished Executive MBA - Global program in London Business School and Business Schools at Columbia University (New York), PhD in Economics, Doctor of Law.

More than 20 years of experience in the banking sphere.

Professional activities held over the last 10 years:

from 1998 to 2003 - President-Chairman of the Board of OJSC JSCB Evrofinance; from December 2003 to June 2012 - President-Chairman of the Board of Evrofinance Mosnarbank; from 2006 to the present - Professor at the National research University – Higher School of Economics (Theory and practice of business and authorities cooperation).

Alexander Valeryevich Bondarenko, born in 1972, in Sevastopol, Crimea Region

Graduated from the Saint-Petersburg University of Economics and Finance with a degree in "Economics", Ph.D. in law.

More than 20 years of experience in financial sphere.

Professional activities held over the last 10 years:

from 2000-2003- Deputy Chairman of the Board-Member of the Board of OJSC JSCB Evrofinance; from 2002-2006- Member of the Board of Directors of TV companies: NTV, TNT and NTV Plus; Member of the Board of Directors of Prime-TASS news agency. from 2007 to 2008- Chairman of the Board of Directors of LLC «Taas Yuriakh Oil and Gas». from December 2003 to April 2014- First Vice President-Deputy Chairman of the Board of Evrofinance Mosnarbank.

3 CORPORATE MANAGEMENT

3.3. THE SUPERVISORY BOARD OF THE BANK

CURRICULUM VITAE OF MEMBERS OF THE SUPERVISORY BOARD

Guzman Caripa, Milton Eduardo, born in 1970, in Caracas, Venezuela.

Graduated from the Central University of Venezuela with a degree in “Economics”; in 1999 graduated from the Pompeu Fabra University in Barcelona, Spain, Master’s degree in Economics; in 2000 graduated from the Pompeu Fabra University in Barcelona, Spain, Master’s degree in Management.

Professional activities:

from 2001 to 2003-Senior Economist at the Department of Financial Programming of the Central Bank of Venezuela; from 2003 to 2010-Chief Economist, Deputy Director for Major Accounts Management, Banco de Venezuela, Santander Group; from May 2010 to November 2010- Chief Economist for Brazil and Venezuela, Andean Development Corporation (CAF); from November 2010 to the present-Advisor to the Deputy Minister of Finance, the Ministry of People’s Power for Planning and Finance.

Nikolai Grigorievich Korenev, born in 1952, in Zasulye, Sumskaya Region, the Ukrainian SSR.

Graduated from M.V. Lomonosov Moscow State University with a degree in “History”; graduated from the All-Russian Distance-Learning Institute of Finance and Economics with a degree in “Finance and Credit”.

More than 10 years of experience in the banking sphere.

Professional activities held over the last 10 years:

from 2004 to 2006-First Vice President at JSC Gazprombank (CJSC); from July 2006 to the present-Deputy Chairman of the Board of JSC Gazprombank (OJSC);

3.3. THE SUPERVISORY BOARD OF THE BANK

CURRICULUM VITAE OF MEMBERS OF THE SUPERVISORY BOARD

Puente del Valier Guzman, Marisette, born in 1976, in Caracas, Venezuela.

In 1995 graduated from the University Center of New Professions with a degree in “Foreign Trade”; in 2000 graduated from the Santa Maria University with a degree of “Lawyer/ Senior international trade specialist”; in 2005 graduated from the Central University of Venezuela with a degree in “Law and international relations”. Professional activities: 2008 - General Director of the Human Resources Department at the Ministry of People’s Power for Food Affairs; from 2008 to 2010 -Responsible coordinator of multilateral institutions of the Ministry of People’s Power for Planning and Finance; from 2010 to the present - President of the National Society of Mutual Guarantees for Small and Medium Businesses (SOGAMPI).

Aleksei Anatolievich Matveev, born in 1963, in Leningrad (now St. Petersburg).

Graduated from the Moscow Finance Institute with a degree in “International Economic Relations”.

More than 25 years of experience in the banking sphere.

Professional activities held over the last 10 years:

from February 2003 to the present – Adviser to the Chairman of the Board, Deputy Chairman of the Board of JSC Gazprombank (OJSC).

3 CORPORATE MANAGEMENT

3.3. THE SUPERVISORY BOARD OF THE BANK

CURRICULUM VITAE OF MEMBERS OF THE SUPERVISORY BOARD

Vasiliy Nikolaevich Titov, born in 1960, in Krasny Bor, Tosnensky District, Leningrad Region.

Graduated from A.A. Zhdanov Leningrad State University with a degree in “History”; graduated from the Financial Academy at the Government of the Russian Federation with a degree in “Finance and Credit”.

More than 15 years of experience in the banking sphere.

Professional activities held over the last 10 years:

from 2003 to the present- Senior Vice President; Member of the Board, Senior Vice President; Vice-President-Deputy Chairman of the Board; First Vice-President-Deputy Chairman of the Board of OJSC VTB Bank.

Ernandez Himenes, Gustavo Jose, born in 1972, in Caracas, Venezuela.

In 1993 graduated from the Santa Maria University, Venezuela, with a degree in “ Economics”; in 2000 graduated from the University in Barcelona, Spain, with a degree in “World Economics”, Doctor of Economics.

Professional activities: from 1994 to 1999 - Economist and Researcher at the Central Bank of Venezuela; from 2006 to 2008- Deputy Minister for Investment Development of the Ministry of Basic Industries and Mining; from 2008 to 2011 - Deputy Minister for Internal Development Financing of the Ministry of Finance; from March 2010 to the present- Deputy Minister of Finance of the Ministry of People’s Power for Planning and Finance; Manager on the part of Venezuela in the OPEK Fund for International Development (OFID); Director on the part of Venezuela in the Andean Development Corporation (CAF); Deputy Director of ALBA Bank.

3 CORPORATE MANAGEMENT

3.3. THE SUPERVISORY BOARD OF THE BANK

CURRICULUM VITAE OF MEMBERS OF THE SUPERVISORY BOARD

Mikhail Leonidovich Yakunin, born in 1974, in Leningrad (now St. Petersburg).

Graduated from the Saint-Petersburg State Academy of Aerospace Instrumentation with a degree in “Radio and Electronic Systems”, Engineer and Researcher; graduated from the Saint-Petersburg State University with a degree in “Marketing Management”; graduated from Warwick Business School with a degree in MBA.

More than 5 years of experience in the banking sphere.

Professional activities held over the last 10 years:

from 2002 to 2005 – Consultant, Deputy Director General for Development in LLC DBC; from 2005 to 2008-Junior Consultant, Consultant in the Moscow Office of McKinsey and Company Inc. FSU; 2008 – Head of Management of Captive Finance Companies of the Department of Strategy and Corporate Development of OJSC VTB Bank; from 2008 to 2012- Vice-President – Head of Management of Captive Finance Companies of the Department of Strategy and Corporate Development of OJSC VTB Bank; from 2011 to 2012 – General Director of LLC VTB Factoring; from August 2012 to the present – Head of the Department of Captive Companies – Senior Vice President of OJSC VTB Bank.

3 CORPORATE MANAGEMENT

3.4. Audit Commission

AUDIT COMMISSION

THE CHAIRMAN OF THE AUDIT COMMISSION

Konstantin S. Kosovan

CEO of LeeLanes Capital Partners, London, Great Britain

MEMBERS OF THE AUDIT COMMISSION

Dmitry M. Apatin

Deputy CEO for economy of "Taas-Yuryah Oil and Gas Extraction", LTD

Anton S. Chekalin

Executive Vice-President of GPB, OJSC

3.4. Audit Commission

CVs of Audit Commission members

Konstantin S. Kosovan - Russian citizen, born on October 03, 1969 in Ufa. Higher education. In 1992 Mr. Kosovan graduated from Moscow Physics and Technology Institute with a degree in Applied Mathematics and Physics. In 1999 he graduated from Moscow State University named after M. V. Lomonosov (faculty of economics) with a degree in Economics. In 2006 Mr. Kosovan graduated from Columbia University (New York, USA) and London School of Business (London, Great Britain) with a degree in Business Administration.

Dmitry M. Apatin - Russian citizen, born on August 23, 1963 in Moscow. Higher education. In 1984 Mr. Apatin graduated from Plekhanov Moscow Institute of the National Economy (currently known as Plekhanov Russian Academy of Economics). Qualification: Economist. Specialty: Industrial planning

Anton S. Chekalin - Russian citizen, born on May 18, 1975 in Gulistan, Syr-Daryinsk Region. Higher education. In 1996 he graduated from Moscow University of Cooperation with a degree in Finance and Credit. In 2004 Mr. Chekalin graduated from Kutafin Moscow State Law University with a degree in jurisprudence.

3 CORPORATE MANAGEMENT

3.5. Management Board

MANAGEMENT BOARD

Ilya Konstantinovich Lomakin - Acting President and Chairman of the Management Board, born in 1943. He graduated from Moscow Finance Institute (currently - Financial University under the Government of the Russian Federation), Institute of Asian and African States of Lomonosov Moscow State University. Ilya K. Lomakin has worked in the financial sector since 1965.

Alexander Valeryevich Bondarenko - First Vice President- Vice Chairman of the Management Board, born in 1972. He graduated from Saint-Petersburgh State University of Economics. Mr. Bondarenko is a candidate of legal sciences. Alexander V. Bondarenko has worked in the financial sector since 1991.

Sergey Nikolayevich Yarosh - First Vice President- Vice Chairman of the Management Board, born in 1972. He graduated from Saint-Petersburgh State University of Economics. Sergey N. Yarosh has worked in the financial sector since 1994.

Boris Antonovich Boyarskov - Senior Vice President - Member of the Board, born in 1953. He graduated from Kalinin Polytechnical Institute (currently known as Saint Petersburg State Polytechnical University) and from Higher School of Economics- National Research University with MBA in Finance. Boris A. Boyarskov has worked in the financial sector since 1994.

3.5. Management Board

MANAGEMENT BOARD

Vladimir Mikhailovich Favorin - Senior Vice President – Member of the Board, born in 1955. He graduated from Lomonosov Moscow State University and from Moscow Institute of Economics, Management and Jurisprudence (currently known as S. U. Vitte Moscow University). Candidate of Sciences (Ph.D.) in Physics and Mathematics Vladimir M. Favorin has worked in the financial sector since 1995.

Yuriy Vladimirovich Yukin – Senior Vice President- Member of the Board, born in 1952. He graduated from Moscow State Institute of International Relations at USSR Ministry of Foreign Affairs, currently a university belonging to the Ministry of Foreign Affairs of Russia (School of International Economic Relations). Yuriy V. Yukin has worked in the financial sector since 1990.

Vadim Vladimirovich Zotov - Vice-President - Member of the Board, born in 1958 . He graduated from the Diplomatic Academy and postgraduate school of Tōkai University (Japan). Vadim V. Zotov has worked in the financial sector since 1998.

Gennadiy Georgiyevich Mayatskiy - Vice-President - Member of the Board, born in 1966 . He graduated from Moscow State University (School of Economics). Mr. Mayatskiy is a holder of ACI Dealing Certificate and International Capital Markets Certificate (Euromoney training). Gennadiy G. Mayatskiy has worked in the financial sector since 1992.

3 CORPORATE MANAGEMENT

3.6. Internal Control and Audit

INTERNAL CONTROL AND AUDIT

Evrofinance Mosnarbank internal control system is an important indispensable part of corporate management system, which secures the improvement of the Bank's financial and operating activities and contributes to achieving the goals set for the Bank as well as to increasing the effectiveness of bank risk management.

Under the Bank's Charter and the Regulation on the internal control system the Bank's internal control system comprises its management bodies, Audit Commission, Chief Accountant and Deputy Chief Accountants, managers and deputy managers of the Bank's branch offices, Chief Accountants and Deputy Chief Accountants of the Bank's branch offices, Internal Control Service, inspector of the stock market trader and Financial Monitoring Service.

Internal Control Service plays an important role in the effective operation of the Bank's internal control system. The operation of the latter is based on the principles of independence, neutrality and professional competence of internal inspectors.

Internal Control Service manager and employees do not belong to the Bank's executive bodies. Neither are they directors, CEOs (managers), members of supervisory authorities or employees of a legal entity that is in competition with the Bank. Under the Regulation on the internal control system approved by the Bank's Supervisory Board, Internal Control Service shall report to the Supervisory Board.

The Bank's Internal Control Service shall check whether the Bank's subdivisions (branch offices) and employees comply with the requirements of the laws currently in force, Bank of Russia regulations as well as internal regulatory documents.

The Internal Control Service shall submit its reports based on the inspection results to the Supervisory Board, Members of the Board as well as managers of the inspected structural units. The Bank's Internal Control Service shall inform the Board on a regular quarterly basis of the implementation of its recommendations related to the elimination of discovered faults.

The inspector of the stock market trader that is responsible for control over the Banks stock market operations is also included into the Internal Control Service operational structure.

3 CORPORATE MANAGEMENT

3.6. Internal Control and Audit

INTERNAL CONTROL AND AUDIT

Internal control system strongly concentrates on measures taken to enforce Federal Law No. 115-FZ "On Counteracting Legalization (Laundering) of Proceeds from Crime and Terrorism Financing". Internal control regulations are applied in the Bank in order to prevent money laundering and terrorism financing. These regulations contain programs that aim to enforce the requirements of the said law. The implementation of the said programs made it possible to effectively manage risks in this sector during the accounting period.

The Bank outsources independent audit companies approved by General Shareholder Meeting to audit the Bank's annual statements under Russian Accounting Standards and International Accounting Standards and to confirm their credibility.

The following audit companies were approved as the Bank's external auditors in 2013:

- FBK audit company (Russian Accounting Standards);
- Deloitte & Touche CIS audit company (International Accounting Standards).

The outsourced audit companies are not affiliated and have no proprietary interests in Evrofinance Mosnarbank whatsoever.

4 CHARITY

4 Charity

Charity remains one of the social policy priorities as concerns different sectors of economy in the modern world. Charity projects remain not only the business development indicator but also signifier of financial stability for financial and credit organizations.

In 2013 Evrofinance Mosnarbank was active in charity and sponsorship of various project dealing with different aspects of life such as culture, sports and social services.

Evrofinance Mosnarbank remained true to the good tradition and made a charitable donation to Moscow orphanage No. 25 for orphaned children and children without parental support, where around 60% of all children are disabled since childhood.

Children sports club "Vumpel" that became our good friend held many sports competitions for children and young people in 2013, namely: Russian national kick-boxing tournament, Moscow full contact kick-boxing championship and competition, Russian national boxing and kick-boxing tournament for children and young people "Russian State University of Physical Education, Sport, Youth and Tourism (SCOLIPE)-OMSBON-VUMPEL" devoted to the 68th anniversary of the Victory in the Great Patriotic War (the tournament final was held at the Red Square), etc. The Bank traditionally acted as the sponsor of all the competitions.

4 CHARITY

4 Charity

In June 2013 the Bank sponsored the gala concert of the Stars of the White Nights annual music festival. Mariinsky Theatre held it in Saint-Petersburg for the 20th time.

For two consecutive years now the Bank acted as the Strategic Partner of Zerkalo International Film Festival named after Andrey Tarkovsky. The latter was an outstanding director, winner of the Cannes International Film Festival, the Venice Film Festival and the British Academy Film Festival. In 2013 this festival was held for the seventh time. This is an indication that well-know directors, actors and producers are greatly interest in the event. We were once again honored to become a part of this significant cinematographic event.

Charity funds were provided for the modernization and equipment of study rooms, utility rooms and administrative offices of the Diplomatic Academy at the Ministry of Foreign Affairs of Russia as a part of cooperation between the Bank and the Diplomatic Academy.

5 FINANCIAL STATEMENTS

5.1. BALANCE SHEET AS OF 01.01.2014 (IN THOUSAND RUB)

Item No.	BALANCE SHEET ITEM	AS OF THE REPORTING DATE	AS OF THE CORRESPONDING REPORTING DATE OF THE PREVIOUS YEAR
1	2	3	4
I. ASSETS			
1.	Cash	463,988	561,687
2.	Funds of banking institutions in CBR	2,041,766	3,099,227
2.1	Statutory reserves	555,599	2,637,339
3.	Cash due from banking institutions	1,043,833	5,962,365
4.	Financial assets at fair value through profit or loss	0	0
5.	Net lending receivables	27,485,301	64,197,760
6.	Net investments in securities and other financial assets available for sale	19,775,006	12,402,379
6.1	Investments in subsidiary and dependent companies	892,590	892,590
7.	Net investments in securities held to maturity	129,764	149,999
8.	Fixed and intangible assets and inventories	2,728,715	2,505,198
9.	Other assets	241,794	1,029,779
10.	Total assets	53,910,167	89,908,394
II. LIABILITIES			
11.	Loans, deposits and other funds due to the Central Bank of the Russian Federation	4,848,998	530,199
12.	Funds of banking institutions	17,445,704	46,993,469
13.	Deposits of clients different from banking institutions	17,061,508	26,405,720
13.1	Retail deposits	5,347,694	5,209,624
14.	Financial liabilities at	5,181	0
15.	fair value through profit or loss	731,167	1,919,023
16.	Debt instruments issued	294,811	359,995
17.	Other liabilities	42,075	75,435
18.	Potential loss provisions for contingent loan liabilities, other potential losses and transactions made with offshore zone residents	40,429,444	76,283,841
18.	Total liabilities	40,429,444	76,283,841

5.1. BALANCE SHEET AS OF 01.01.2014
(IN THOUSAND RUB)

1	2	3	4
III. SOURCES OF EQUITY CAPITAL			
19.	Capital of shareholders (participants)	1,638,252	1,638,252
20.	Own shares repurchased from shareholders (participants)	0	0
21.	Share premium	2,982,117	2,982,117
22.	Reserve capital	81,913	81,913
23.	Mark to market valuation of securities available for sale	87,900	-271,237
24.	Revaluation of Fixed Assets	1,461,847	1,524,534
25.	Undistributed profit (uncovered losses) of previous years	6,675,048	6,547,759
26.	Undisbursed profit (loss) for the accounting period	697,476	323,561
27.	Total equity capital sources	13,624,553	12,826,899
IV. OFF-BALANCE SHEET LIABILITIES			
28.	Irrevocable liabilities of the banking institution	4,503,308	4,425,272
29.	Guarantees and suretyships granted by the banking institution	2,237,458	5,605,617
30.	Credit unrelated contingent liabilities	0	88

Acting President -Chairman
of the Management Board

Ilya K. Lomakin

Chief Accountant

Vladimir V. Sergeev

5.2. PROFIT AND LOSS STATEMENT FOR 2013
(IN THOUSAND RUB)

Item No.	BALANCE SHEET ITEM	REPORTING PERIOD DATA	DATA FOR THE CORRESPONDING PERIOD OF THE PREVIOUS YEAR
1	2	3	4
1.	Total interest yields, including:	2,532,314	2,534,286
1.1	From the placement of funds with banking institutions	240,746	285,357
1.2	From loans granted to clients, which are not banking institutions	1,218,618	1,136,874
1.3	From provision of financial leasing services	0	0
1.4	From investment in securities	1,072,950	1,112,055
2.	Total interest expenses, including:	970,275	801,734
2.1	For raised funds of banking institutions	351,120	243,135
2.2	For raised funds of clients, which are not banking institutions	536,845	467,178
2.3	For issued debt obligations	82,310	91,421
3.	Net interest yields (negative interest margin)	1,562,039	1,732,552
4.	Changes in potential loss provision for loans, loan indebtedness and equivalent indebtedness, funds on correspondent accounts and accrued interest yields, total, including:	339,437	-446,987
4.1	Changes in potential loss provision for accrued interest yields	4,038	-3,746
5.	Net interest yields (negative interest margin) after the possible loss provisioning	1,901,476	1,285,565
6.	Net revenue from financial asset transactions at fair value through profit or loss	64,710	-60,998
7.	Net revenue from transactions with securities available for sale	176,404	528,636
8.	Net revenue from transactions with securities held to maturity	0	0
9.	Net revenue from foreign exchange transactions	90,944	155,533
10.	Net revenue from foreign currency revaluation	41,515	172,474
11.	Equity income from capital participation	19,720	16,782
12.	Fee and commission income	417,732	436,448

5.2. PROFIT AND LOSS STATEMENT FOR 2013
(IN THOUSAND RUB)

1	2	3	4
13.	Fee and commission expenses	54,802	53,264
14.	Changes in potential loss provision for securities available for sale	1,300	10,587
15.	Changes in potential loss provision for securities held to maturity	4,307	-626
16.	Changes in provisions for other losses	32,153	52,524
17.	Other operating income	33,377	16,766
18.	Net revenue (expenses)	2,728,836	2,560,427
19.	Operating expenses	1,620,224	1,481,204
20.	Profit (loss) before taxation	1,108,612	1,079,223
21.	Accrued (paid) taxes	271,910	381,747
22.	Profit (loss) after tax	836,702	697,476
23.	Payments out of profit after tax, total, including:	0	0
23.1	Distribution of profit between shareholders (members) by means of dividends	0	0
23.2	Allowances for provisioning	0	0
24.	and provisions replenishment	836,702	697,476

Acting President -Chairman
of the Management Board

Ilya K. Lomakin

Chief Accountant

Vladimir V. Sergeev

5.3. REPORT ON CAPITAL ADEQUACY,
PROVISIONS FOR DOUBTFUL LOANS AND OTHER ASSETS
as of 01.01.2014

(IN THOUSAND RUB)

Item No.	INDICATOR	DATA AS OF THE BEGINNING OF THE REPORTING YEAR	Growth (+)/ reduction () in the reporting period	AS OF THE REPORTING DATE
1	2	3	4	5
1.	Own resources (equity capital) (thousand rubles), total, including:	12,689,393.0	792,830	13,482,223.0
1.1	Authorized capital of the banking institution, including:	1,638,252.0	0	1,638,252.0
1.1.1	Par value of registered ordinary shares (stakes)	1,638,252.0	0	1,638,252.0
1.1.2	Par value of registered preferred shares	0.0	0	0.0
1.2	Own shares repurchased from shareholders (participants)	0.0	0	0.0
1.3	Share premium	2,982,117.0	0	2,982,117.0
1.4	Reserve capital of the banking institution	81,913.0	0	81,913.0
1.5	Financial result taken into account when calculating equity capital:	7,348,244.0	482,686	7,830,930.0
1.5.1	previous years	6,688,680.0	350,731	7,039,411.0
1.5.2	reporting year	659,564.0	131,955	791,519.0
1.6	Intangible assets	13,710.0	-1,912	11,798.0
1.7	Subordinated loan (credit, deposit, bonded loan)	303,727.0	23,565	327,292.0
1.8	Sources (part of sources) of additional capital to form which investors used improper assets	0.0	0	0.0
2.	Normal own funds (capital), (interest) adequacy	10.0	x	10.0
3.	Actual own funds (capital), (interest) adequacy	34.1	x	24.7
4.	Actually built potential loss provisions (thousand rubles), total, including:	1,180,440.0	-378,065	802,375.0
4.1	for loans, loan indebtedness and equivalent indebtedness	1,074,955.0	-340,027	734,928.0

5.3. REPORT ON CAPITAL ADEQUACY,
PROVISIONS FOR DOUBTFUL LOANS AND OTHER ASSETS
as of 01.01.2014

(IN THOUSAND RUB)

1	2	3	4	5
4.2	for other assets bearing risk of loss and other losses	30,050.0	-4,678	25,372.0
4.3	for contingent loan liabilities recorded on off balance sheet accounts and for time transactions	75,435.0	-33,360	42,075.0
4.4	for transactions made with offshore zone residents	0.0	0	0.0

For Reference Only Section

1. Building (supplementing) of potential loss provisions, loan indebtedness and equivalent indebtedness in the accounting period (thousand rubles), total 36,774,466 including those arising from:

1.1.crediting	36,247,878;
1.2.change in loan quality	510,772;
1.3.change in official foreign currency rate to ruble fixed by the Bank of Russia	15,816;
1.4.other reasons	0.

2. Restoration (reductions) of potential loss provisions, loan indebtedness and equivalent indebtedness in the accounting period (thousand rubles), total 37,114,493 including those arising from:

2.1.bad loan write-off	780;
2.2.loan repayment	35,390,527;
2.3.change in loan quality	1,716,665;
2.4.change in official foreign currency rate to ruble fixed by the Bank of Russia	6,521;
2.5.other reasons	0.

Acting President -Chairman
of the Management Board

Ilya K. Lomakin

Chief Accountant

Vladimir V. Sergeev

5 FINANCIAL STATEMENTS

5.4. RESERVE REQUIREMENTS as of 01.01.2014

(in thousand RUB)

Item No.	INDICATOR	NORMAL VALUE	ACTUAL VALUE	
			AS OF THE REPORTING DATE	AS OF THE PREVIOUS REPORTING DATE
1	2	3	4	5
1.	The Bank's own funds (capital) adequacy ratio (H1)	10.0	24.7	34.1
2.	Own funds (capital) adequacy ratio of a non-banking institution authorized to make fund transfers without bank account opening as well as other related banking transactions (H1.1)			
3.	The Bank's quick liquidity ratio (H2)	15.0	80.2	79.0
4.	The Bank's current liquidity ratio (H3)	50.0	107.3	104.0
5.	The Bank's long-term liquidity ratio (H4)	120.0	20.6	63.8
6.	Maximum risk per borrower or group of related borrowers (H6)	25.0	Maximum 17.2	Maximum 14.3
			Minimum 1.7	Minimum 1.7
7.	Maximum high credit risks ratio (H7)	800.0	126.8	127.1
8.	Maximum loans, bank guarantees and suretyships granted by the Bank to its members (shareholders) (H9.1) ratio	50.0	6.5	10.5
9.	Aggregate bank insider risk ratio (H10.1)	3.0	0.6	0.6
10.	Application of the Bank's own funds (capital) for the purchase of shares (stakes) of other entities (H12) ratio	25.0	0.0	0.0
11.	Ratio of liquid assets amount maturing within the next 30 calendar days to the value of NSCA liabilities (H15)			
12.	Liquidity ratio of a non-banking institution authorized to make fund transfers without bank account opening as well as other related banking transactions (H15.1)			
13.	Normativa del volumen total máximo de los créditos a los clientes – participantes de liquidación a la hora de completar liquidación (H16)			

5 FINANCIAL STATEMENTS

5.4. RESERVE REQUIREMENTS as of 01.01.2014 (in thousand RUB)

1	2	3	4	5
13.	Maximum aggregate loan amount issued to clients that make settlements to finalize them (H16) ratio			
14.	NSCA granting loans to borrowers on its own behalf and on its own account safe for those clients that make settlements (H16.1)			
15.	Minimum ratio of granted mortgage-backed loans amount to own funds (capital) (H17)			

Acting President -Chairman
of the Management Board

Ilya K. Lomakin

Chief Accountant

Vladimir V. Sergeev

5 FINANCIAL STATEMENTS

5.5. CASH FLOW STATEMENT FOR 2013 (in thousand RUB)

Item No.	ITEM NAME	CASH FLOWS FOR THE REPORTING PERIOD	CASH FLOWS FOR THE PREVIOUS REPORTING PERIOD
1	2	3	4
1.	Net cash from operating activities (used in operating activities)		
1.1	Cash from operating activities (used in operating activities) before changes in operating assets and liabilities, total, including:	-58798	617,871
1.1.1	Interest received	2,568,312	2,422,589
1.1.2	Interest paid	-1,356,378	--593,781
1.1.3	Commissions received	415,939	436,560
1.1.4	Commissions paid	-54,527	--53,867
1.1.5	Gains less losses from operations with financial assets measured at the fair value through profit or loss available for sale	64,710	--60,998
1.1.6	Gains less losses from operations with securities held to maturity	0	0
1.1.7	Gains less losses from foreign exchange transactions	90,944	155,533
1.1.8	Other operating income	31,755	10,137
1.1.9	Operating expenses	-1,560,767	-1,413,697
1.1.10	Tax expenses (tax refund)	-258,786	-284,605
1.2	Increase (decrease) in net cash from operating assets and liabilities, total, including:	3,526,795	-3,969,060
1.2.1	Net growth (decrease) in obligatory reserves on accounts in the Bank of Russia	2,081,740	-681,573
1.2.2	Net growth (decrease) in investments in securities at fair value through profit or loss	0	0
1.2.3	Net growth (decrease) in loan debt	39,574,357	-27,605,745
1.2.4	Net growth (decrease) in other assets	557,428	-214,350
1.2.5	Net growth (decrease) in loans, deposits and other funds of the Bank of Russia	4,318,799	-530,199
1.2.6	Net growth (decrease) in funds of other banking institutions	-30,882,162	41,008,222

5.5. CASH FLOW STATEMENT FOR 2013

(in thousand RUB)

1	2	3	4
1.2.7	Net growth (decrease) in funds of clients, which are not banking institutions	-11,330,620	-17,398,532
1.2.8	Net growth (decrease) in financial liabilities at fair value through profit or loss	5,181	0
1.2.9	Net growth (decrease) in issued debentures	-853,289	440,261
1.2.10	Net growth (decrease) in other liabilities	55,361	-47,542
1.3	Total Section 1 (item 1.1 + item 1.2)	3,467,997	-3,351,189
2.	Net cash from investment activities (used in investment activities)		
2.1	Acquisition of securities and other financial assets belonging to "available for sale" category	-17,305,467	-16,696,916
2.2	Income from sale and redemption of securities and other financial assets belonging to "available for sale" category	9,716,061	17,723,409
2.3	Purchase of securities belonging to "held to maturity" category	0	0
2.4	Income from redemption of securities belonging to "held to maturity" category	35,257	278,858
2.5	Purchase of fixed assets, intangible assets and inventories	-221,187	-35,343
2.6	Revenues from sale of fixed assets, intangible assets and inventories	1,593	171,991
2.7	Dividends received	20,278	16,224
2.8	Total Section 2 (sum of lines 2.1 - 2.7)	-7,753,465	1,458,223
3.	Net cash from financial activities (used in financial activities)		
3.1	Contributions made by shareholders (members) to authorized capital	0	0
3.2	Purchase of own shares (stakes) repurchased from shareholders (members)	0	0
3.3	Sale of own shares (stakes) repurchased from shareholders (members)	0	0
3.4	Dividends paid	-348,738	-323,561
3.5	Total Section 3 (sum of lines 3.1 - 3.4)	-348,738	-323,561

5 FINANCIAL STATEMENTS

5.5. Отчёт О ДВИЖЕНИИ ДЕНЕЖНЫХ СРЕДСТВ ЗА 2013 Г. (В ТЫСЯЧАХ РОССИЙСКИХ РУБЛЕЙ)

1	2	3	4
4.	Influence of changes in official foreign currency rates to ruble fixed by the Bank of Russian on cash and cash equivalents	649,576	178,966
5.	Increase in (application of) cash and cash equivalents	-3,984,630	-2,037,561
5.1	Cash and cash equivalents as of the beginning of the reporting year	6,970,438	9,007,999
5.2	Cash and cash equivalents as of the end of the reporting year	2,985,808	6,970,438

Acting President -Chairman
of the Management Board

Ilya K. Lomakin

Chief Accountant

Vladimir V. Sergeev

5.6. Audit report

**To Shareholders of Evrofinance Mosnarbank****AUDITED COMPANY****Name:**

Evrofinance Mosnarbank (hereinafter referred to as Evrofinance Mosnarbank)

Principal Place of Business:

29 Novy Arbat Street, Moscow 121099

State registration:

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

AUDITOR**Name:**

Limited Liability Company Finansovye I Buhgalterskie Konsultanty (LLC FBK)

Membership in self-regulatory auditor organizations:

Nonprofit Partnership Audit Chamber of Russia.

Principal Place of Business:

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

Number in the register of auditors and audit firms of a self-regulated association of auditors:

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

State registration:

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

We conducted an audit of enclosed financial statements of Evrofinance Mosnarbank consisting of the Balance Sheet as of December 01, 2014, the Profit and Loss Statement for the period since January 01 till December 31, 2013, the Cash Flow Statement for 2013, capital adequacy level, doubtful loans provision and other assets statement as of January 01, 2014, regulatory limits as of January 01, 2014 as well as explanatory note.

5 FINANCIAL STATEMENTS

5.6. Audit report



Responsibility of the audited company for financial statements

The audited company's management team bears responsibility for the preparation and reliability of the specified accounting statements in accordance with the Russian rules of preparation of financial statements and for the internal control system necessary for preparing financial statements containing no material misstatements due to negligence or errors.

Responsibility of the auditor

Our responsibility consists in expressing an opinion on reliability of the financial statements on the basis of the audit performed by us. The audit was conducted in compliance with the Federal standards of audit activities. These standards demand compliance with applicable ethical norms, as well as planning and conducting the audit in such a way as to obtain reasonable assurance that the company's financial statements are free of material misstatements.

The audit comprised audit procedures aimed at obtaining audit evidence to support the amounts and disclosures reflected in the financial statements. The selection of audit procedures was subject to our judgment, which is based on the assessment of the risk of material misstatements that may result from unfair acts or errors. When assessing this risk we examined the internal control system providing for the preparation and reliability of financial statements, the only aim of such examination being to select appropriate audit procedures, not to express an opinion on the efficiency of the internal control system. In addition, the audit implied assessment of the adequacy of the company's accounting policy and the relevancy of the estimates obtained by the audited company's management team as well as evaluation of disclosure in the financial statements upon the whole.

WE BELIEVE THAT THE AUDIT EVIDENCE OBTAINED IN THE COURSE OF THE AUDIT PROVIDE SUFFICIENT GROUNDS TO EXPRESS AN OPINION ON THE RELIABILITY OF THE FINANCIAL STATEMENTS.

5.6. Audit report

**Opinion**

In our opinion, the accounting statements present fairly and in all material aspects the financial standing of Evrofinance Mosnarbank as of January 01, 2014, the results of the Bank's financial and operating activities and cash flow for 2013, capital adequacy level, the level of loan loss provisions for provisioning for doubtful loans and other assets, and information on regulatory requirements as of January 01, 2014 in compliance with the established accounting rules of the Russian Federation.

The opinion is made under the requirements of Article 42 of Federal Law dated December 2, 1990 No. 395-1 "On Banks and Banking Activities" (as amended).

Following the audit, we note that as of January 01, 2014 we discovered no significant facts indicative of the following:

- incorrect settlements or Evrofinance Mosnarbank not complying with the regulatory standards set by the Bank of Russia;
- inadequate management structure of Evrofinance Mosnarbank as concerns the nature and the volume of transactions made at the current stage of banking services development in the Russian Federation;
- non-compliance of Evrofinance Mosnarbank internal control system to the nature and the volume of the transactions made

LLC FBK President

Shapiguzov S. M.

(under the Articles of Association)

Audit Supervisor

M.V. Korneev

Audit report date

April 11, 2014

6.1. Licenses and Statuses

Licenses

Evrofinance Mosnarbank has all the licenses necessary to make any banking transactions provided for by the Russian legislation:

- Bank of Russia General Banking License No. 2402 dated 17.05.2012 to carry out banking transactions;
- Banking License No. 2402 dated 18.12.2003 to carry out banking transactions with the purpose of deposit attraction and precious stone placement;
- license No. 177-03607-010000 dated 07.12.2000 of a professional participant of the securities market to carry out the activity of a dealer;
- license No. 177-03504-100000 dated 07.12.2000 of a professional participant of the securities market to carry out the activity of a broker;
- license No. 177-04142-000100 dated 20.12.2000 of a professional participant of the securities market to carry out the activity of a depository;
- license No. 177-03695-001000 dated 07.12.2000 of a professional participant of the securities market for securities management;
- license No. 1438 dated 17.09.2009 of an exchange intermediary making commodity, futures and option transactions in exchange trade;
- Permission of the Federal Customs Service of the Russian Federation No. 137 dated 01.12.2008 to act as a guarantor for customs authorities.

6.1. Licenses and Statuses

Evrofinance Mosnarbank has a status of:

- Mandatory deposit insurance system member (status assigned by the Bank of Russia);
- authorized dealer of the Bank of Russia on T-Bills- federal loan bonds market;
- interbank market operator setting the indicative rate for the placement of ruble loans (deposits) on Moscow interbank market- MosIBOR (Moscow InterBank Offered Rate);
- interbank market operator whose rates are used to calculate the averaged rates on interbank credit market:
 - MIBID (Moscow InterBank Bid Rate),
 - MIBOR (Moscow InterBank Offered Rate),
 - MIACR (Moscow InterBank Actual Credit Rate);
- Market maker of the international money market;
- Market maker of the currency market - participant of RIBER project (formation of indicative interbank mazzet dollar exchange rate to ruble), which secures daily USD/RUB quotations

Evrofinance Mosnarbank is a member of (and actively cooperates with) such professional bodies as:

- Association of Russian Banks (ARB);
- National Fund Association (NFA);
- National Foreign Exchange Association (NFEA);
- 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 (settlement bank);
- SWIFT association;
- OJSC Moscow Exchange
- MICEX Stock Exchange;
- International Chamber of Commerce;
- Euroclear Clearing House (Belgium);
- Association of Russian Banks (ARB)- Visa members;
- Association of Russian Europay members;
- National Credit Cards payment system;
- American Express Card Servicing Agreement

6 ADDITIONAL INFORMATION

6.2. Contact Information and Bank Details

Full name	Evrofinance Mosnarbank (Open Joint-Stock Company)
Abbreviated name	Evrofinance Mosnarbank
Location and correspondence address:	29 Novy Arbat Street, Moscow 121099
Telephone	(+ 7 495) 967-81-82
Fax	(+ 7 495) 967-81-33
E-mail	info@evrofinance.ru
Web-site	www.evrofinance.ru, www.mosnarbank.ru
S.W.I.F.T.	EVRFRUMM
TELEX	414242 EFIN R
TELEX	414242 EFIN RU
Correspondent account with Moscow Operations Department	30101810900000000204
RCBIC	044525204
INN (Taxpayer Identification Number)	7703115760
KPP (Tax Registration Reason Code)	775001001
KPP (Tax Registration Reason Code) of the major taxpayer	997950001

6.3. Regional Network

Branch of Evrofinance Mosnarbank in Stavropol

Address: 341 Mira Street, Stavropol 355017, Russian Federation

Phone: (8652) 35-56-60

Fax: (8652) 35-34-30

E-mail: stavropol@evrofinance.ru

Manager: Valentin I. Kolesnikov

Supplementary office No. 1 in Nevinnomyssk

of Evrofinance Mosnarbank branch in Stavropol

Address: 12 Mira Avenue, Nevinnomyssk 357108, Russian Federation

Phone/fax: (86554) 7-42-82

Fax: (86554) 7-20-20

E-mail: stavropol@evrofinance.ru

Supplementary office No. 2 in Pyatigorsk

of Evrofinance Mosnarbank branch in Stavropol

Address: 74a, Kalinina Prospekt, Pyatigorsk 357502, Russian Federation

Phone:(87933) 3-87-28

Fax: (87933) 3-87-28

E-mail: stavropol@evrofinance.ru

Branch of Evrofinance Mosnarbank in Yaroslavl

Address: 24 Chaikovskogo Street, Yaroslavl, 150000, Russian Federation

Phone: (4852) 73-99-90

Fax: (4852) 72-99-90

E-mail: yaroslavl@evrofinance.com

Manager: Oleg N. Royenko

6.3. Regional Network

Representative Office of Evrofinance Mosnarbank in Saint-Petersburg

Address: House 20, Litera A, Zvenigorodskaya Str., Saint-Petersburg, 191119, Russian Federation

Phone: (812) 718-6112

Fax: (812) 325-1262

E-mail: efspb@evrofinance.ru

Head of the Representative Office: Senior Vice President - Member of the Board - Head of the Representative Office in Saint-Petersburg Boris Antonovich Boyarskov

Representative Office of Evrofinance Mosnarbank in Beijing (PRC)

(Evrofinance Mosnarbank Beijing Representative Office)

Address: C802, 35 Dongzhimenwai Main Street, Dongcheng District, Beijing, China, 100027

Phone: (8610) 6467 4091

E-mail: info@evrofinance.ru

Head of the Representative Office: Leonid Ya. Kolos

Representative Office of Evrofinance Mosnarbank in Caracas (Bolivarian Republic of Venezuela)

(La Sede Representativa del Banco Comercial EVROFINANCE MOSNARBANK (Sociedad Anónima) en la Ciudad de Caracas)

Address: Torre La Castellana, Oficina 9-A, Piso 9, Av. Eugenio Mendoza, Urbanización La Castellana, Municipio Chacao, Caracas 1060, Venezuela.

Phone: +58 212 2633149

Fax: (8610) 6467 7932

E-mail: EFariasJR@evrofinance.ru

Head of the Representative Office: Emilio Junior Farias Lopes

EVROFINANCE MOSNARBANK
JOINT STOCK BANK, OPEN JOINT STOCK COMPANY