

NOMOS-BANK has turned 10. Over these years, the Bank has not merely proved its viability and soundness. It has become a leader of Russia's financial community.

On its tenth anniversary, the Bank is full of dignity and confidence. Strong, solid, and stable, it continues its relentless onward march. As always, the Bank remains true to its word, sound in its decisions, and realistic in its actions. That's the way others know it; that's why they trust it.

This is the key to the Bank's further development and future success.

FOREWORD BY THE SUPERVISORY BOARD

Ten years is a long span of time, particularly in a sector as complicated and serious as the finance industry, more so given the rapid pace of developments in Russia. Hence, it is no wonder that a tenth anniversary of a domestic business represents a hallmark of quality, a testimony of reliability and high professional skills.

In its tenth year of operation, NOMOS-BANK has reaffirmed its reputation of a strong and professional entity, well established in the market and capable of adequately responding to ongoing market shifts. Today, the Bank claims leading positions in the banking sector's league tables, with a solid place among Russia's largest banks. In the past year, NOMOS-BANK continued the implementation of numerous projects and programs in various sectors of the economy, providing tangible support to a sizable number of companies. Thanks to its business qualities and broad scope of operations, the Bank has acquired a substantial weight in the business community.

Quite a few of the Bank's results can be expressed in its key financials, such as profit, equity, assets, and customer deposits. At the same time, there are some non-quantifiable criteria, which nevertheless, carry crucial significance for the Bank. First and foremost, those include transparency, openness, responsibility, and drive. Thanks to those qualities, NOMOS-BANK has long enjoyed a stellar reputation among an extensive range of business partners and customers, while continuously expanding its customer base.

Any entity, be that a bank or another business, is established and managed by people. The cornerstone principles chosen at the very outset of a bank's history largely drive its ideology and destiny going forward. From the very beginning, NOMOS-BANK focused primarily on building a team of dedicated professionals, creative thinkers and people with diverse backgrounds who are able to analyze situations, draw appropriate conclusions, and make the right decisions. At present, the Bank employs some of the best specialists in the market. It has built a strong and efficient management team that can promptly make sound and accurate steps.

Clearly, the Bank's chief priority has always been its customers and their requirements. Throughout the years of its operation, NOMOS-BANK has sought to diversify its customer base; at present, its clientele includes a diverse array of businesses, plus tens of thousands individuals. Over these years, numerous customers and business partners of NOMOS-BANK have seen that we pursue long-term goals with sound intentions.

Our plans call for continued technological improvements and implementation of new operational methods to make the alliance of the Bank and our customers ever more efficient and mutually beneficial. Currently, NOMOS-BANK remains a dynamic business that maintains an optimum balance between novelty and tradition, between profit and reliability.

Finally, I like to congratulate all shareholders, employees, customers, and business partners of our Bank on our common jubilee. I wish the Bank may continue its onward progress. I'm sure all the makings of such progress are in place.

**N.I. Dobrinov,
Chairman of the Supervisory Board
NOMOS-BANK**

FACTS AND ESTIMATES.

Convincing Figures

Financial results offer the best evidence of the Bank's operational efficiency. Throughout 2002, NOMOS-BANK firmly ranked among Russia's largest banks. As of January 1, 2003, its equity stood at 4.36 billion roubles. By the year-end, the Bank's assets reached 23.4 billion roubles, and its retained profit stood at 189.6 million roubles.*

In 2002, NOMOS-BANK first appeared in the world's TOP 1000 banking league table published annually by The Banker, an UK banking magazine. In this rating list, NOMOS-BANK came 914th among the world's largest banks, taking the 18th place among the banks of Central and Eastern Europe. Altogether, a mere 12 Russian banks made it to TOP 1000. Meanwhile, in terms of return on assets, NOMOS-BANK took the 9th place, in terms of capital adequacy – the 10th place, and in terms of equity-to-assets ratio – the 14th place among the world's largest banks. In addition, according to The Banker's data as of December 2002, NOMOS-BANK came 6th among Russia's 50 largest credit institutions on the crucial indicator of equity-to-asset ratio, taking the 3rd place for return on equity, and the 10th place for first-tier equity calculated under International Accounting Standards (IAS).

NOMOS-BANK attaches a special importance to the high esteem accorded to its business by reputable rating agencies. In November 2002, considering "an improvement of operational environment, effective cost control, adequate liquidity and good capitalization", the international rating agency Fitch raised the Bank's long-term credit rating from "B-" to "B" with a stable bias. At the time our Bank was so rated, only four Russian banks with government equity participation had a higher rating; whereas three commercial banks were rated at par with us.

During the year, the Bank held high positions in various league tables of Russia's credit institutions. Thus, according to Ratebank agency in the rating list of banks based on their business development dynamics in the first half of 2002, NOMOS-BANK held the sixth place. In accordance with Interfax-100 rating table, which assesses Russia's largest commercial banks in terms of key performance figures, NOMOS-BANK came 23rd. According to Profile magazine, as of January 1, 2003, the Bank stood 14th in terms of equity, and held the 20th place in terms of net assets.

According to experts on domestic market of precious metals, NOMOS-BANK took the first place in 2002 with regard to the volume of its gold business, including purchases of gold from producers, and sales of gold, including exports. In the silver market, the Bank has made it to the leading three players on the same counts.

Last year, NOMOS-BANK retained its leading positions among Russian stock market professionals. In the NAUFOR league table for the third quarter of 2002, NOMOS-BANK came 2nd in terms of combined stock market turnover. According to the Federal Commission for Securities Market, in the fourth quarter of 2002, the Bank held the 19th spot in terms of market transaction size among banks and financial companies operating in the stock market.

The Bank's underlying growth strategy is paying out. Quantitative growth supports the Bank's business expansion and development of new promising projects. Qualitative growth makes for high competitive strength of NOMOS-BANK, boosting its authority and reputation in Russia and abroad.

* Hereinafter the text and the charts show figures calculated in accordance with the requirements of instruction No. 1 issued by the Bank of Russia

LENDING OPERATIONS.

Diverse Forms, Flexible Conditions

Loans make up the lion share of the Bank's assets: during 2002, their share in total assets rose from 40.3% to 62.1%. In addition, lending represents the key source of interest income for the Bank. In 2002, lending revenue exceeded 1.87 billion roubles, or 78.4% of the Bank's total interest revenue.

Throughout its ten years in business, the key mission of NOMOS-BANK has involved provision of financial support to its customers, the bedrock of any true banking operation over the centuries.

Over 2002, NOMOS-BANK has significantly expanded its lending operations: in terms of its lending portfolio, it took the 18th place among all Russian banks (Expert magazine, data as of January 1, 2003). Compared to the previous year, the Bank's outstanding loans increased 2.2 times, reaching 14.1 billion roubles at the year-end (net of interbank loans and note purchases). This expansion of lending portfolio came hand in hand with an improved mix of credit exposure intended to improve the soundness and effectiveness of lending.

The Bank provided loans to corporations and individuals alike, paying a special attention to best meeting customer requirements. In particular, the Bank has sought to offer a wide variety of credit products. The products enjoying the best uptake included classical commercial loans with lump sum disbursement, overdraft facilities, credit line facilities, and revolving credits.

Lending to domestic industrial enterprises, mostly in support of export contracts, remained a key area of corporate finance business in 2002. During 2002, major borrowers of NOMOS-BANK included such enterprises as Region State Scientific & Research Enterprise, Hydromashservice CJSC, Dolgoprudnenskoye Scientific & Production Enterprise JSC, Irkutsk Aircraft Manufacturing Association JSC, Ulan-Udensky Aircraft Factory JSC, Typhoon Kaluzhsky Instrument Manufacturing Plant JSC, RAO Gasprom, and AK Tulamashzavod JSC. Loans were also issued to a number of large industrial enterprises and organizations, including Ratep JSC, Impulse JSC, Ramenskoye Instrument Manufacturing Plant JSC, Rostvertol RVPK OJSC, Ramenskoye Instrumentation Design Bureau JSC, Sovbunker OJSC, Uglemet-Trading LLC, V. F. Tanker LLC, Rails of Kuznetsk Metal Works LLC, New Textile Company LLC, and Lenin Mine OJSC.

A credit line opened for Baltiysky Zavod JSC at the end of 2002 for the purpose of completing the nuclear-powered icebreaker 50 Years of Victory stands out as a major lending project.

A substantial amount of lending resources: US\$ 67.5 million and 636.8 million roubles, was provided to gold mining companies. NOMOS-BANK borrowers included the following companies: Zoloto Severnogo Urala CJSC, Neyva Gold-Mining Artel Production Cooperative, Okhotskaya Mining & Prospecting Company JSC, Zun Khada CJSC, Svetly CJSC, Gold-Mining Artel Vitim CJSC, Lenskaya Mining Company CJSC, Buryat-Zoloto JSC, Chukotka Gold-Mining Artel Production Cooperative, Northern Ore Technologies CJSC, Khergu CJSC, Silver Territories CJSC, Gazimur LLC, Silver Magadan CJSC, Poisk Gold-Mining Artel Production Cooperative, Agat LLC, Nirungan LLC. The Bank also extended loans to jewellery makers, to producers of associated gold, and to gold recyclers: at the year-end, their borrowings amounted to US\$ 10.42 million and 4.8 million roubles. Such loans were extended to Watch Manufacture Henry Moser, LLC Sredneuralsky Copper Smelter JSC, and Mosexpo-Metall LLC.

The Bank continues to pursue the cooperation with companies of Russia's Ministry for Atomic Industry: the total amount of loans provided to them during 2002 reached US\$ 32 million and 614 million roubles. The borrowers included Techsnabexport JSC, Siberian Chemical Combine Federal State Unitary Enterprise, Novosibirsk Plant of Chemical Concentrates JSC, Sever State Enterprise Production Association, VNII for Automation Federal State Unitary Enterprise, and Priargunskoye Production Mining & Chemical Association JSC.

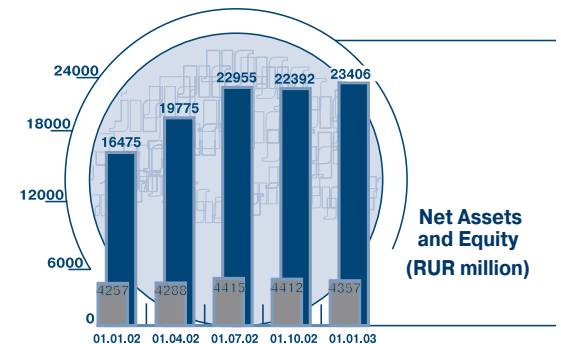
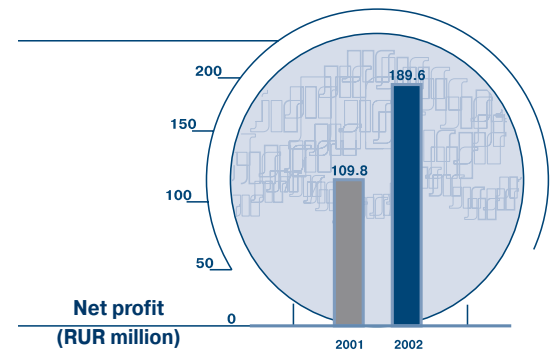
As it expands the range of its credit products, NOMOS-BANK focuses on boosting the volume of its overdraft facilities.

During 2002, NOMOS-BANK paid special attention to the development of its leasing business, extending more than US\$ 13 million for such purposes. In addition, the Bank used its funds to provide loans to trading and intermediary business, to invest into construction projects, and to lend to municipal entities (in particular, the Finance and Tax Policy Department of Novosibirsk Mayor's Office). In 2002, the Bank's borrowers also included food processing companies (Technomol Foods CJSC), publishers (S-Info LLC), etc.

Gradually, the amount of loans extended to individuals has grown. In 2002, the Bank's headquarters entered into 114 loan agreements with individuals for a total of US\$ 220.6 thousand and 1.18 million roubles.

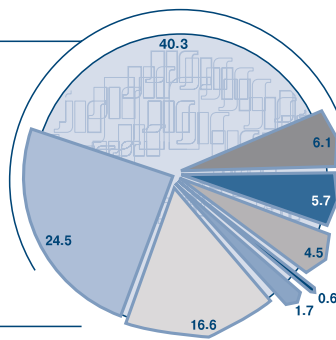
In its lending policy, NOMOS-BANK follows the prudential ratios imposed by the Bank of Russia (such as exposure to a single borrower, etc.); it also assesses the quality of its lending portfolio using international standards. Each and every loan on the Bank's books is subject to terms and conditions that minimize its credit risks, giving a lot of attention to the quality of collateral. Individual lending caps are established for each customer based on the customer's actual solvency.

The past year witnessed a continued high demand for NOMOS-BANK guarantee services, which helped our customers to obtain better terms and conditions of dealings with third parties (in particular, suppliers). All in all, 77 bank guarantees were issued in 2002 (of which 55 were issued by the headquarters and 22 by branch offices), for a total of US\$ 43.4 million, EUR 29.9 million and 31 million roubles. A substantial amount of bank guarantees was given to gold mining enterprises (US\$ 18.1 million), defence enterprises (US\$ 16.4 million), and enterprises of the Russian Ministry for Atomic Energy (EUR 500 thousand).



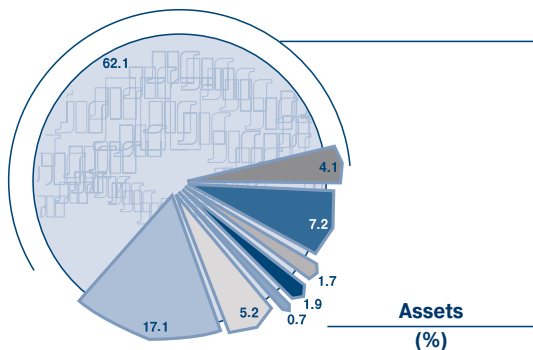
■ Equity
■ Assets

1.01.2002



Assets
(%)

1.01.2003



Assets
(%)

- Loans outstanding
- Notes
- Due from banks
- Other debtors
- Property & investments
- Required reserves
- Cash, correspondent accounts, and exchanges
- Securities portfolio

As an entity authorized by the State Customs Committee of the Russian Federation to stand surety vis-a-vis customs authorities, NOMOS-BANK issued bank guarantees in favour of such enterprises. Guarantees were also issued in favour of Aeroflot Russian Airlines OJSC.

At the request of ALROSA JSC, NOMOS-BANK furnished a guarantee of US\$ 2.6 million in favour of Caterpillar within the framework of a July 2002 agreement between the Bank, the diamond mining company ALROSA, and Caterpillar. In keeping with that agreement, funding was arranged for ALROSA JSC of Russia to purchase spares for heavy mining machinery of Caterpillar make on deferred payment terms provided by a subsidiary of that US corporation under NOMOS-BANK guarantee. Caterpillar Financial Services opened a three-year, US\$ 25 million credit line for ALROSA JSC for the purpose of financing its deferred instalment payments under its contracts with Caterpillar. NOMOS-BANK furnished a guarantee for ALROSA obligations to Caterpillar within the above limits.

In August 2002, NOMOS-BANK also stood surety under a mining equipment lease contract between Mnogovershinnoye CJSC and a Caterpillar dealer. The Russian company acquired US-made equipment worth US\$ 600 thousand, with the payment deferred over 29 month against NOMOS-BANK guarantees.

A similar arrangement was used to arrange US\$ 595 thousand worth of equipment deliveries to Zoloto Severnogo Urala CJSC. NOMOS-BANK also initiated the financing of a lease contract worth over US\$ 1 million for deliveries of Caterpillar-made mining equipment to Silver Territories CJSC under US Eximbank guarantees.

Besides, in the summer of 2002, NOMOS-BANK financed the delivery of equipment built by Famak, a Polish company, to Baltiysky Zavod under a lease. The Russian shipbuilding company received portal cranes worth EUR 1.2 million, with 85% of the transaction amount deferred over three years. Here, NOMOS-BANK raised funds from BRE-Bank of Poland using insurance coverage of KUKI, the government export agency of Poland, using the funds to finance the equipment deliveries.

Last year, the Bank was involved in equipment deliveries to defence enterprises by way lease arrangements. In particular, several transactions have been made with Uralsky Transportation Machinery Design Bureau Federal State Unitary Enterprise and Ramenskoye Instrument Manufacturing Plant JSC for a total of roughly US\$ 1.5 million. The Bank also financed several lease transactions involving deliveries of printing equipment.

In 2002, a new unit of the Bank started operations, its Factoring Division, which has launched a highly sought after service of international factoring (foreign trade financing).

OPERATIONS WITH PRECIOUS METALS.

Traditional Business, Traditional Leadership

Over a number of years, NOMOS-BANK has specialized in operations with precious metals and enjoyed a firm position of leadership in this market. In 2002, the Bank remained a major operator in the domestic market of precious metals: the amount of precious metals acquired (among other sources, from mining companies) and subsequently sold within Russia and abroad adds up to 31.4 tons in case of gold, and 112 tons in case of silver, respectively 20% and 18% of Russia's total production. The volume of our gold business rose by more than 25% year-on-year. According to expert estimates, NOMOS-BANK is the largest Russia-based exporter of precious metals.

Currently, the Bank performs all basic transactions involving precious metals, such as purchase and sales of gold involving individuals and corporations, including interbank market operations; opening of metal-denominated accounts (for Russian residents and non-residents); lending against precious metals; export transactions involving precious metals; price hedging arrangements for gold producers and consumers; and physical storage of precious metals in a certified vault.

NOMOS-BANK has established a full cycle of industry financing, from exploration, production, and processing to marketing of precious metals in Russia and abroad. NOMOS-BANK provides lending support to a number of gold producers.

NOMOS-BANK has been continuously expanding the geography of its cooperation with gold and silver producers, refiners, and developers of precious metal deposits. Presently, the Bank's geographical presence covers most Eastern regions of Russia, in particular Amur Oblast, Buryatia, Irkutsk Oblast, Magadan Oblast, Sverdlovsk Oblast, Chita Oblast, Khabarovsk Krai, Khakasia, Chukotka, and Yakutia.

At present, customers and business partners of NOMOS-BANK in the precious metal market include over 20 gold mining companies, 7 refining factories, roughly 30 jewellery makers, plus a number of Russian and foreign banks. During the year of account, NOMOS-BANK mostly dealt in the precious metal market with Standard Bank London, Commerzbank Luxemburg, and Societe Generale.

In 2002, NOMOS-BANK pursued the development of mutually beneficial relationships with jewellery makers, including Taganka Jewellery Factory, Moscow Experimental Jewellery Factory, Adamas Group of Companies, Moscow Plant for Special Alloys Treatment, Jewellery Factory Alfa, Russian Gems, Gringor, Sadko, Henry Moser, Master-Russia, Diamond World, plus Moscow and St. Petersburg Mints of Russia's Goznak. Altogether, over 5 metric tons of gold and more than 22 tons of silver were sold to jewellery makers during the year. Last year, the Bank paid a lot of attention to developing its business in the precious metal markets of post-Soviet countries, in particular, to promoting cooperation with jewellery makers of CIS countries.

NOMOS-BANK stands among Russia's leading traders of precious metal coins; it accounts for some 30% of the Russian coin business. In 2002, the Bank sold roughly 90 thousand silver, gold, platinum, and palladium coins to individuals and corporations; their total weight exceeded three tons.

NOMOS-BANK is a leading operator in the domestic market of precious metals: in terms of gold and silver sales and purchases, the Bank stands among the top three operators.

NOMOS-BANK IN FINANCIAL MARKETS.

Key Priorities: Reliability and Professional Skills

NOMOS-BANK is doing a brisk business in various segments of Russia's financial market. This helps the Bank to effectively manage its own uncommitted funds and customer resources, borrow funds, and provide its customers with access to capital markets.

On the one hand, NOMOS-BANK's operations in the financial markets are intended to efficiently invest its own funds and manage the Bank's liquidity; on the other hand, they involve provision of corporate financing arrangements, brokerage, and custodial services to its customers.

Since a broad range of investors express a high degree of trust in NOMOS-BANK, the Bank is able to raise funds on rather beneficial conditions using various financial instruments.

In February 2002, NOMOS-BANK promptly repaid its fifth bond issue of 500 million roubles and placed a new, sixth issue of its securities. Placed at MICEX, the bond was a success: whereas interest bearing bonds totalling 800 million roubles were offered, the issue was nearly 20% oversubscribed, as demand added up to 971.6 million roubles. Several large financial institutions, including Vnesheconombank, Khanty-Mansiysky Bank, MDM-Bank, and Bank Menatep St. Petersburg were involved in arranging and placing the issue of NOMOS-BANK bonds. This placement could be viewed as a true milestone for NOMOS-BANK: based on a legal opinion prepared by an international law firm of Denton Wilde Sapte, the Fitch rating agency assigned the bonds a long-term rating of "B-" in domestic currency on the eve of placement, and then raised the rating to "B" in November. That was the first ever Fitch rating assigned to rouble securities issued by a Russian bank.

In 2002, the Bank continued to pursue its own note issuance program: it issued notes denominated in roubles, dollars, and euros. The par value of notes sold by the Bank to primary noteholders adds up to 77 billion roubles, US\$ 242.1 million and EUR 681 thousand. Certificates of deposits brought 1.2 billion roubles. Proceeds from sales of the Bank's notes, certificates of deposit and bonds made up the bulk of its liabilities. Year-on-year, their share rose by 6.3%, reaching 33.9% of total liabilities and equity.

In addition to issuing its own securities, the Bank provided corporate financing to its customers by arranging or participating in the arrangement and placement of bonds issued by various sub-federal and corporate issuers. In particular, it acted as the arranger of debt issues by Zoloto Severnogo Urala CJSC (issue size 150 million roubles), Irkutsk Aircraft Manufacturing Association JSC (1.5 billion roubles), Volgaflot OJSC (500 million roubles), and Khanty-Mansiysky Autonomous District (1 billion roubles). Besides, NOMOS-BANK was involved in placing two issues of Moscow municipal bonds (the Bank acted as the authorized underwriter and market maker for 6 billion roubles of bond issues), a note facility of AvtoVAZ OJSC (800 million roubles), plus bond issues by Alfa Finance LLC (1 billion rouble), Irkutsk Aircraft Manufacturing Association JSC (600 million roubles), and SMARTS CJSC (275 million roubles).

The ability of NOMOS-BANK to establish a liquid secondary market in bonds offers a key advantage to its customers. With regard to all the above issues, the Bank has acted and continues to act as a market maker until the securities mature, supporting fixed two-way quotations in one or several trading systems with minimum spreads. In a consolidated rating list of underwriters compiled by Cbonds news agency on the basis of 2002 figures, NOMOS-BANK ranked among top 10 underwriters in the Russian market of sub-federal and corporate bonds.

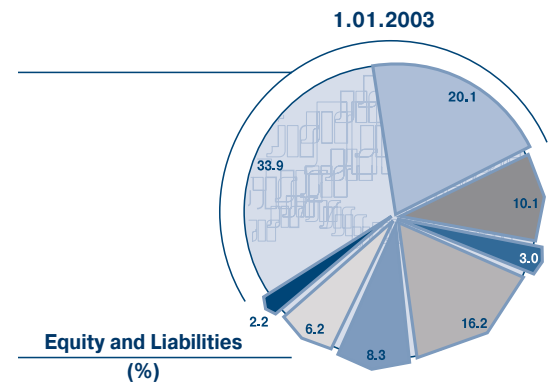
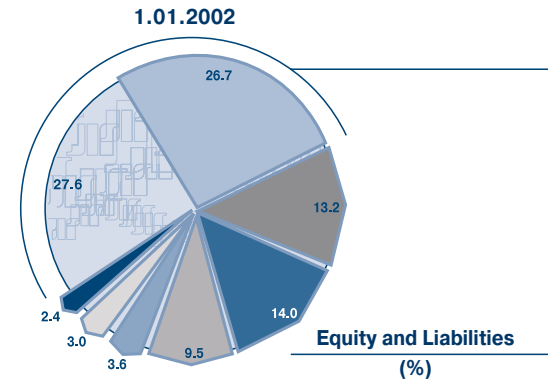
Corporate bonds make up a substantial portion of NOMOS-BANK's securities portfolio. This fact does not merely reflect the explosive growth of Russia's corporate bond market. On the one hand, the Bank seeks to follow a sure approach regardless of market shifts; on the other hand, it needs a diversified portfolio of sound financial instruments that assure high current yields and good liquidity of the entire portfolio.

In 2002, the Bank has consolidated its position in the interbank lending market. More than 280 banks have entered into General Agreements on Interbank Transactions with NOMOS-BANK. Many of those banks were involved in transactions using securities kept in NOMOS-BANK Depository as collateral (in 2002, 38% of rouble loans extended by the Bank were placed on such terms and conditions). In total, the Bank entered into more than 18.5 thousand interbank lending transactions during the year. Its interbank borrowings added up to 205.9 billion roubles, US\$ 4.4 billion, and EUR 44.9 million; its interbank lending totalled 206.4 billion roubles, US\$ 5.3 billion, and EUR 67.8 million. As of the beginning of 2003, outstanding interbank loans reached 1.6 billion roubles, or 7.2% of total assets; year-on-year, interbank lending exposure increased by 714 million roubles in absolute terms, or 1.8 times.

NOMOS-BANK continued its brisk business in the international FOREX market. Its FOREX market transactions of 2002 totalled US\$ 7.6 billion and involved 134 contracting parties.

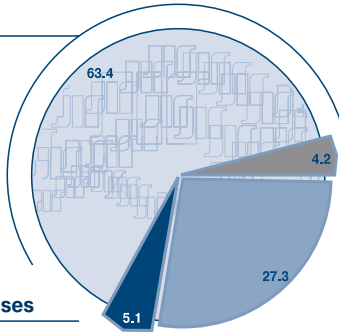
Operations in various segments of the securities markets remained a key area of the Bank's business. Based on 2002 figures, NOMOS-BANK stood among the most active participants of MICEX Stock Section (performing more than 75 thousand trades totalling 37.1 billion roubles, including 2.96 billion roubles of trading in corporate bonds); in addition, it ranked among top 30 MICEX dealers in government securities (1,642 transactions totalling 7.2 billion roubles). Throughout the year, NOMOS-BANK has ranked among the 10 largest operators of the stock exchange markets with regard to REPO transactions involving equities and corporate bonds.

NOMOS-BANK ranked among top 20 operators of the organized equity market at the RTS Stock Exchange, having performed 3.7 thousand trades totalling 1.89 billion roubles. At the Moscow Stock Exchange (MSE), the Bank has traded 48.5 million roubles worth of shares. At present, the Bank is getting ever more involved in term contracts and financial derivatives. According to the RTS rating, the Bank stands at the 16th place among top operators of FORTS market, with more than 5 thousand trades worth 1.9 billion roubles during the year.



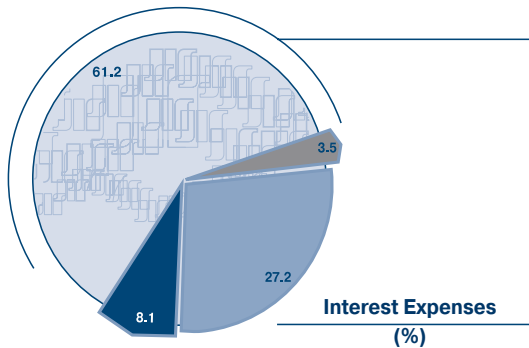
- Debt instruments
- Equity
- Current accounts of customers
- LORO accounts
- Due to banks
- Customer deposits
- Household deposits
- Other creditors

2001



Interest Expenses
(%)

2002



Interest Expenses
(%)

- Interest on discharged debt liabilities
- Interest on current and correspondent accounts
- Interest on interbank loans
- Interest on deposits

Investments in securities held the second place in the Bank's asset mix during 2002. The share of securities portfolio in total assets dropped from 24.5% to 17.5%, given the growing volume of the Bank's lending business and the need to maintain the required liquidity levels. As of January 1, 2003, the Bank's securities portfolio stood at 3.9 billion roubles, of which government securities denominated in roubles and foreign exchange added up to 3.4 billion roubles. Compared to the beginning of that year, investments in securities fell by 1.2%, or 45 million roubles in absolute terms.

A substantial amount of NOMOS-BANK operations involved sale and purchase of bank and corporate notes. Over the year, its trades in rouble-denominated notes totalled 111.5 billion roubles, while its dealings in foreign-exchange denominated notes amounted to US\$ 136 million. At the year-end, the Bank's portfolio of promissory notes and bills of exchange stood at 859 million roubles; therefore, the share of notes in total assets saw a 2% drop.

In 2002, NOMOS-BANK retained its position as a major Russian operator of Eurobond markets and Minfins: its transactions in such instruments exceeded US\$ 9.37 billion and EUR 22 million.

Seeking to best meet the requirements of its clients with regard to financial market operations, NOMOS-BANK has continued to improve the arrangements it uses for provision of sub-brokerage services. In particular, its customers are now able to operate in term markets. Besides, the Bank has gradually reduced its fees for such services, halving them over the period in question.

Custodial services retain a crucial place in dealing with the bank's clientele in the context of securities operations. New offers in this area include the establishment of lending arrangements collateralized by securities kept in the Bank's Depository. The annual volume of loans issued against securities in custodial accounts of the Depository exceeded US\$ 3.5 billion. During the year, the Depository performed in excess of 7,800 transactions involving a charge on securities. In addition, various arrangements have been designed and successfully applied whereby the Depository directly presents promissory notes and certificates of deposit for payment. Continuous expansion of the service range offered by NOMOS-BANK's Depository has been instrumental in a substantial strengthening of its position among major Russian custodians: over 2002, the market value of securities in its custody has almost doubled, exceeding 21 billion roubles. Compared to the past year, the Depository's customer base has grown by 75%.

In the reliability rating of credit institutions' depositaries, compiled by the securities magazine Rynok Tsennykh Bumag for the first half of 2002, the Bank's Depository took the second place; in keeping with PARTAD criteria, it fell in AAA reliability bracket (highest reliability category).

INTERNATIONAL COOPERATION.

Trust Opens Up New Prospects

As NOMOS-BANK consolidated its domestic positions, foreign entities came to evince a greater interest in its operations. Improved standing of NOMOS-BANK in the eyes of its foreign partners has helped the Bank to make its dealings with financial institutions more effective, particularly as regards raising funds for its customers.

NOMOS-BANK continues its successful cooperation with foreign banks in the field of lending. In November 2002 NOMOS-BANK contracted a new one-year syndicated loan of US\$ 47 million in order to finance its gold mining customers. Standard Bank London (Standard Bank Group) acted as the arranger, authorized agent, and syndicate member, while Commerzbank of Germany and UFJ Bank of Japan acted as the co-arrangers. The Syndicate also included Bankgesellschaft Berlin AG (Germany), Banque Internationale de Commerce – BRED (France), PAREX Bank (Latvia), Altalanos Ertekeforgalmi Bank Ltd. (Hungary), HypoVereinsbank (Germany), BCEN-EUROBANK (France), Russian Commercial Bank Ltd. (Switzerland), and Moscow Narodny Bank Limited (UK). Given investors' great interest in the proposed deal, its initial size of US\$ 30 million was increased to US\$ 47 million.

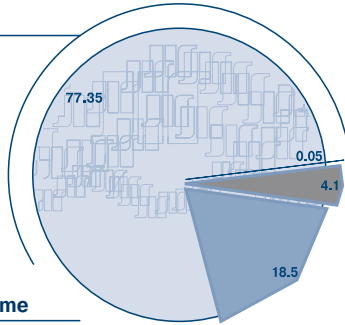
In the same month, the Bank prepaid a syndicated loan of US\$ 17 million it had obtained in late 2001 from a group of Western banks (Standard Bank London acted as the arranger).

In the course of 2002, confirmation of the Bank's letters of credit and guarantees was provided by the following banks: Commerzbank AG (Germany), Dresdner Bank AG (Germany), Bankgesellschaft Berlin (Germany), Raiffeisen Zentralbank (Austria), HypoVereinsbank (Germany), BCEN-EUROBANK (France), Donau Bank (Austria), Moscow Narodny Bank (UK), OWHB (Germany). In addition, NOMOS-BANK may have its letters of credit confirmed without coverage by JP Morgan Chase Bank (USA). This fact bears witness to the growing reputation of NOMOS-BANK in the international business community, in particular to greater credit it gets among influential Western banks.

In a first, the Bank implemented two syndicated arrangements for L/C confirmation last year. The confirmation arrangers included HypoVereinsbank (for L/C total of EUR 6.98 million) and Dresdner Bank AG (for L/C total of EUR 3.5 million). Documentary credit raised by the Bank in 2002 adds up to some EUR 16.5 million. Letters of credit and guarantees of the Bank that Western banks confirmed during the year without remittance of coverage add up to US\$ 28 million.

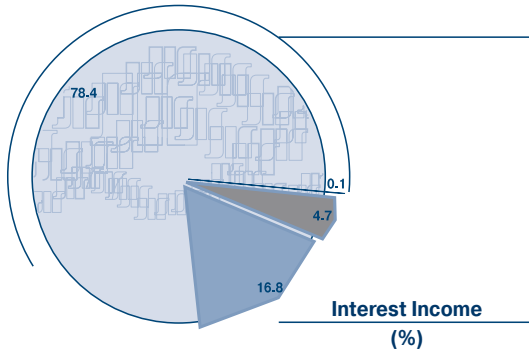
NOMOS-BANK spares no effort to promote cooperation with foreign financial institutions. Thanks to an extensive network of banking relationships outside Russia, NOMOS-BANK is able to raise funds for its customers in the Western markets, offering lucrative terms for its clients' international settlement transactions.

2001



Interest Income
(%)

2002



Interest Income
(%)

- Interest on household and corporate loans
- Interest on Nostro accounts
- Interest on interbank loans
- Interest on securities

NOMOS-BANK continues to pay a special attention to building a network of correspondent banks abroad. In 2002, seeking to enhance its capabilities in the area of documentary and guarantee services, settlements and payments in various currencies, the Bank established correspondent relations with UBS AG (Switzerland), BRE Bank (Poland), Woori Bank (South Korea). With its existing network of correspondent banks, the Bank is able to perform prompt settlements in virtually all major currencies, including currencies of some CIS countries and clearing currencies; it is also able to arrange L/C and guarantee confirmation.

Historically, extensive capabilities in the area of international settlements are a strong point of NOMOS-BANK. Thanks to substantial experience of establishing settlement arrangements, an extensive network of correspondent banks, and its ability of prompt and high-quality settlements in a wide range of currencies, the Bank offers its customers beneficial terms and conditions for export and import-related remittances.

The close working relationships NOMOS-BANK enjoys with Western financial companies and banks help it to successfully establish lease arrangements whereby industrial equipment of leading international makes is provided to Russian industrial enterprises. Last year, the Bank took part in several major projects involving deliveries of foreign-made equipment on deferred terms to gold and diamond producers, as well as shipbuilders.

For the most part, such contract were funded by Western banks via export agencies of the exporter countries, such as Eximbank (USA), HERMES (Germany), KUKE (Poland), and EGAP (Czech Republic), which accept unsecured guarantees from NOMOS-BANK.

NOMOS-BANK views its cooperation with foreign partner in such projects as a beneficial way to fund export and import operations of its customers whereby they are able to raise long-term funds at moderate rates and thus achieve a greater degree of success in upgrading their production facilities.

Besides cooperation with foreign businesses, the Bank intends to take part in various programs and projects involving foreign governments. In particular, in December 2002, NOMOS-BANK qualified for participation in GSM-102 and GSM-103 programs established by the US Department of Agriculture for the purpose of promoting America's agricultural exports.

CUSTOMER SERVICE STRATEGY

Versatility and High Class Service

The Bank's policy of customer base diversification, coupled with a full complement of services, were instrumental in NOMOS-BANK winning numerous new customers from across several Russian regions and industries during 2002. Those include RAO UES of Russia, ALROSA JSC, Volga Flot OJSC, Air Defence Concern Almaz-Antey OJSC, Institute of High Energy Physics Federal State Unitary Enterprise, Uglemet-Trading LLC, Metrovagonmash CJSC, Sreneuralsky Copper Smelter OJSC, V/O Licensintorg, Spetsatommontazh OJSC, and Lemex-Snab CJSC. By the end of 2002, the Bank had 4.2 corporate clients and over 43 thousand individual customers.

This sound policy of attracting funds translates into a continuous rise in customer deposits. During 2002, Russian and foreign corporations placed 95.26 million roubles and US\$ 5.48 million in their deposit accounts. As a result, the share of client deposits in total liabilities increased from 3.6% to 8.3%, a 3.2-fold rise in absolute terms. Similarly notable is a substantial increase in household deposits, from 0.4 billion roubles to 1.2 billion roubles, i.e. more than 3-fold; the share of such deposits in total liabilities rose from 3% to 6.2%.

Currency transaction services play a key role in the Bank's business. Besides traditional banking services such as cash payments and remittances in foreign exchange, currency deposits, and currency conversion on customer instructions, NOMOS-BANK performs settlements under foreign trade contracts. Last year, the Bank opened 253 export transaction passports totalling in excess of US\$ 810 million and 254 import transaction passports adding up to US\$ 126.5 million. As of end-2002, the Bank had some 340 export transaction passports and 432 import transaction passports outstanding. The Bank also provided banking support to contracts for foreign trade in services (travel, insurance, agency, information, exhibition, training, and construction services).

NOMOS-BANK continuously develops new banking products to attract customer deposits. The Bank seeks to establish competitive deposit rates. Traditional services in this area are complemented, on a regular basis, with new terms and conditions whereby corporates and individuals may place temporarily free resources with the Bank in a way that best reflects their interests and preferences. In particular, new types of household deposits were introduced in 2002 for maturities the customers wanted most; the Bank also offered its depositors supplementary services, such as free issue of plastic cards. With regard to deposits made by corporate accounts, the Bank's employees devised ad hoc interest accrual arrangements and showed flexibility on interest rates.

NOMOS-BANK seeks to establish a long-term relationship of trust with its customers, so that each customer would prefer banking with NOMOS-BANK.

Transactions with plastic cards of major international payment systems, i.e. VISA International and MasterCard International, play a significant role in the area of payment and settlement services the Bank provides to its clients. Last year, NOMOS-BANK obtained the status of a principal member of VISA International. Over 2002, the number of Bank-issued cards more than doubled from 22.46 thousand to 47.8 thousand cards. Annual turnover in card accounts totalled 915 million roubles. A sizeable portion of card issuance (18 thousand cards) was related to plastic card projects, including "wage and salary projects" undertaken in cooperation with such customers as Priargunskoye Production Mining & Chemical Association JSC, Putilovsky Market, RPZ Energonasos, and All-Russian Research Institute for Automatics.

In 2002, NOMOS-BANK launched an in-house processing centre for the purpose of issuing and servicing plastic cards of MasterCard Int'l payment system. Besides attracting and servicing new customers, NOMOS-BANK reissued over 12 thousand cards of Eurocard/MasterCard and Cirrus/Maestro types issued earlier under a program of MasterCard associate membership with sponsorship of PromStroyBank (St. Petersburg). Besides, in August and September last year, the Bank performed Russia's first certification exercise to use 3-DES encryption algorithms installed by MasterCard Int'l. Under the payment system's requirements, the use of such algorithms became mandatory starting April 2003.

While increasing the plastic card issuance, the Bank worked hard to build up appropriate infrastructure. During 2002, it installed over 50 POS terminals, including 17 in Moscow, 8 in St. Petersburg, and 14 in Nizhny Novgorod. As of year-end, the total number of such terminals reached 112. In addition, NOMOS-BANK roughly doubled its ATM network last year, from 27 to 58 ATMs.

Last year, NOMOS-BANK continued the development of its regional network. In opening new branches and outlets, the Bank mostly considered their economic merits, such as availability of potential customers in the region; the region's significance and economic prospects; and a team of bankers capable of efficiently implementing the Bank's policy in such region. Due regard was likewise given to the parameters and nature of economic and business policies pursued by regional authorities and local governments.

In 2002, the Bank established new branches in Nizhny Novgorod and Krasnokamensk (Chita Oblast), plus an outlet in Protvino (Moscow Oblast), which helped in improving quality of services provided to numerous existing customers while winning new individual and corporate clients. As of the year-end, NOMOS-BANK operated 5 branches and 3 outlets.

The branch in Nizhny Novgorod was set up since that city represents the centre of a major industrial region whose government pursues a proactive economic policy and seeks to establish a favourable business environment; in addition, numerous clients already serviced by NOMOS-BANK head office are located in and around Nizhny Novgorod. The Nizhny Novgorod branch not

just improved the Bank's interaction with its older clients but helped win new customers, such as PKO Zavod Teploobmennik OJSC, Volga Shipping Company OJSC, Nizhegorodskaya Metallurgical Company CJSC, Rosaviaspetskomplekt CJSC, and Khimkomplekt LLC. Around the time this branch opened for business, NOMOS-BANK and the government of Nizhny Novgorod Oblast entered into certain agreements. In keeping with those agreements, the Bank would arrange loan facilities for the region's enterprises, assist in attracting foreign investment (among other things, by way of lease arrangements) for the purpose of their technological overhaul, and provide underwriting services for bonds that may be issued by the Oblast government of local companies.

The branch in Krasnokamensk was opened in order to provide comprehensive banking services to Priargunskoye Production Mining & Chemical Association JSC, the city's principal employer, which reports to the Ministry for Atomic Industry. In its turn, the Protvino outlet is intended to broaden the potential for winning new customers in Moscow Oblast.

The Bank's branches in Novosibirsk and St. Petersburg have operated successfully. The Novosibirsk branch retained strong positions in the local market of financial services and continued to play a pivotal role in the region. At present, the Novosibirsk branch clientele includes a number of major companies based in and around Novosibirsk, small and medium businesses, as well as individuals.

The St. Petersburg branch ranks among the leading bank branches in the local market. During 2002, its assets rose from 232 million roubles to 4.6 million roubles, i.e. almost 20 times (in terms of total assets, this branch stands on par with domestic banks that, as of end-2002, ranked 115th-120th in the nationwide bank ratings). Over the year, its loan portfolio increased 19-fold, from 148 million roubles to 2.8 billion roubles (as of end-2002, such size of loan portfolio was typical of Russian banks ranking 60th to 70th in the nationwide league tables on this count). In its turn, the branch increased its profit 34-fold on the year. Given the growing scope of its objectives in the Northwest Russia, the Bank had to initiate some structural and administrative transformations in the region. Hence, a decision has been made to establish a representative office in the Northwest Federal District, which would be charged with elaborating strategic issues pertaining to NOMOS-BANK operations in the region.

Throughout 2002, the Bank's Sokol branch in Moscow also performed in a sure and steady manner.

As the Bank set up new units, its customer base exploded. At the year-end, the clientele of NOMOS-BANK branches totalled 1.5 thousand corporations and 34 thousand individuals. The amount of funds collected by its branches rose 2.5-fold over the year, while their combined loan portfolio increased 7-fold. The Bank's branches remain heavily involved in the organization of settlements by way of plastic cards.

NOMOS-BANK plans call for further expansion of its customer base and for implementation of programs intended to assure efficient interaction with enterprises of various sectors. Among other things, in 2002 NOMOS-BANK entered into a cooperation agreement with Russia's Chamber of Commerce and Industry, which resulted from close and protracted interaction between the Bank and the Chamber in a number of areas. Under that document, the Bank would assist the Chamber of Commerce and Industry and any enterprises established with its participation in the implementation of regional programs to the extent such programs call for attracting investment, including assistance on syndicated loan matters as well as issue and placement of corporate bonds.

AUDITOR'S REPORT

These audited and published financial statements of Joint Stock Investment and Commercial Bank NOVAYA MOSKVA (Closed Joint Stock Company), alias NOMOS-BANK (CJSC) (hereinafter referred to as the "Bank") present fairly, in all material respects, the financial position of the Bank as at December 31, 2002 and the results of its operations and its cash flows from January 1, 2002 through December 31, 2002, its capital adequacy ratio, loan loss provisions, and other assets as at December 31, 2002 in accordance with Federal Law of the Russian Federation "On Accounting", vide No. 129-FZ dated November 21, 1996.

Detailed information as to accuracy of the Bank's statements so published, including information regarding the above data, is set out in the auditor's report on accuracy of the Bank's statements so published as at December 31, 2002.

Auditors: Deloitte & Touche CIS Closed Joint Stock Company
holder of License No. E 002417 of November 6, 2002, issued by the Finance Ministry of the Russian Federation, valid till November 6, 2007.
Chief Executive Officer – Dan Collinson Koch

Certifying signatory to the financial statements so published:
Vadim Nikolaevich Sorokin, Audit Team Leader, holder of banking audit certificate No. 012446 dated June 18, 1998.

BALANCE SHEET as at 01.01.2003

(in thousand roubles)

ASSETS

1.	Cash and balances with the Central Bank of the Russian Federation	569003
2.	Mandatory reserves with the Central Bank of the Russian Federation	428177
3.	Due from credit institutions less provisions (items 3.1 – 3.2)	368251
3.1	Due from credit institutions	368251
3.2	Provisions for possible losses	0
4.	Net investments into trading securities (items 4.1 – 4.2)	473747
4.1	Investments into trading securities	473747
4.2	Provisions for possible securities depreciation and for possible losses	0
5.	Accounts receivables and equivalent past-due	16685479
6.	Provisions for possible loan losses	3500061
7.	Net accounts receivables (items 5 – 6)	13185418
8.	Accrued interest (including past-due)	71357
9.	Net investments into securities, held till repayment (items 9.1 – 9.2)	0
9.1	Investments into securities, held till repayment	0
9.2	Provisions for possible losses	0
10.	Fixed and intangible assets, materials, undervalued and wasting assets	166609
11.	Net investments into securities for sale (items 11.1 – 11.2)	3416736
11.1	Securities for sale	3416850
11.2	Provisions for possible securities depreciation and for possible losses	114
12.	Deferred expenses, adjusted to accrued interest income	8236
13.	Other assets less provisions (items 13.1 – 13.2)	637364
13.1	Other assets	639944
13.2	Provisions for possible losses	2580
14.	Total assets (items 1 + 2 + 3 + 4 + 7 + 8 + 9 + 10 + 11 + 12 + 13)	19324898

LIABILITIES

15.	Credits from the Central Bank of the Russian Federation	0
16.	Due to credit institutions	3697111
17.	Due to clients	4735187
17.1	including individual deposits	1188317
18.	Deferred income	0
19.	Issued debt instruments	6520426
20.	Other liabilities	429032
21.	Provisions for possible losses on term deals and off-balance liabilities and on settlement with the debtors on operations with offshore residents	94842
22.	Total liabilities (items 15 + 16 + 17 + 18 + 19 + 20 + 21)	15476598

EQUITY

23.	Share capital (items 23.1 + 23.2 + 23.3):	1885000
23.1	Registered common shares	1875000
23.2	Registered privileged shares	10000
23.3	Non-registered share capital of non-stock credit institutions	0
24.	Own shares, repurchased from shareholders	0
25.	Profit from share issues	2025681
26.	Funds and profits, remained at the disposal of the credit institution	220036
27.	Revaluation of fixed assets	218
28.	Profit (loss) for the reporting period	214940
29.	Dividends, accrued from the reporting year's profit	0
30.	Distributed profit (excluding dividends)	27781
31.	Retained profit (items 28 – 29 – 30)*	187159
32.	Expenses and risks, affecting equity	469794
33.	Total equity (items 23 – 23.3 – 24 + 25 + 26 + 27 + 31 – 32 – in case of profitable banks), (items 23 – 23.3 – 24 + 25 + 26 + 27 + 28 – 32 – in case of loss-making banks)	3848300
34.	Total liabilities: (items 22 + 23.3 + 33)	19324898

OFF-BALANCE SHEET ITEMS

35.	Irrevocable liabilities of credit institution	25223331
36.	Guarantees issued by credit institution	3206341

* Items 29, 30, 31 should be filled only by profitable organizations

Although fiduciary transactions did take place during the year, the year-end balances in fiduciary accounts are zero.

PROFIT AND LOSS STATEMENT FOR THE YEAR 2002

(in thousand roubles)

Interest received and similar income from:

1.	Funds placed with banks as credits, deposits, loans and on accounts with other banks	127708
2.	Loans to other clients	1946853
3.	Leased-out funds	0
4.	Fixed-income securities	142718
5.	Other sources	916
6.	Total interest received and similar income (sum of 1 + 2 + 3 + 4 + 5)	2218195

Interest paid and similar expenses for:

7.	Funds from banks, incl. loans and deposits	225960
8.	Funds from other clients, incl. loans and deposits	76722
9.	Issued debentures	496330
10.	Rent	19694
11.	Total interest paid and similar expenses (sum of 7 + 8 + 9 + 10)	818706
12.	Net interest and similar income (difference of 6 – 11)	1399489
13.	Fee and commission income	204409
14.	Fee and commission expenses	37203
15.	Net commission income (difference of 13 – 14)	167206

Other operating income:

16.	Income from forex operations and other operations with valuables denominated in foreign currencies, incl. translation differences	1780532
17.	Income from operations with precious metals, securities and other valuable items, positive revaluation of precious metals and securities	1400460
18.	Dividend income	290
19.	Other current income	30711
20.	Total other operating income (sum of 16 + 17 + 18 + 19)	3211993
21.	Current income (sum of 12 + 15 + 20)	4778688

Other operational expenses:

22.	Staff costs	14463
23.	Maintenance expenses	142197
24.	Expenses for forex operations and other operations with valuables denominated in foreign currencies incl. differences in exchange rates	1656509
25.	Expenses for operations with precious metals, securities and other valuable items, negative revaluation of precious metals, securities and other valuable items	1054353
26.	Other current expenses	76589
27.	Total other operating expenses (sum of 22 + 23 + 24 + 25 + 26)	2944111
28.	Net current income before provisions and without extraordinary income/expenses (difference of 21 – 27)	1834577
29.	Changes in provisions for possible losses on loans	1531393
30.	Changes in provisions for securities depreciation	- 908
31.	Changes in other provisions	89152
32.	Net current income without extraordinary income/expenses (difference of 28 – 29 – 30 – 31)	214940
33.	Extraordinary income less extraordinary expenses	0
34.	Net current income after extraordinary income/expenses (sum of 32 + 33)	214940
35.	Profit tax*	27495
36.	Deferred profit tax	0
36a.	Extraordinary expenses after taxes	0
37.	Profit (loss) for the accounting period (difference of 34 – 36 – 36a)	214940

* Sum of taxes paid out of profit (item 35) is specified in the profit and loss statement for reference purposes only and is not excluded from profit (loss) assessment for accounting period posted in item 37.

CASH FLOW STATEMENT FOR THE YEAR 2002

(in thousand roubles)

I. Cash flow from operating activities

1.	Interest income	2218195
2.	Interest expenses	818706
3.	Fee and commission income	204409
4.	Fee and commission expenses	37203
5.	Gain on forex operations and other operations with valuables denominated in foreign currencies	424409
6.	Gain on operations with precious metals, securities and other valuable items	1285580
7.	Expenses for forex operations and operations with other valuables denominated in foreign currencies	345531
8.	Expenses for operations with precious metals, securities and other valuable items	951519
9.	Dividend income	290
10.	Other operating income	30711
11.	Other operating expenses	233249
12.	Extraordinary expenses after taxation	0
13.	Total income/expenses (item 13.1 + item 13.2), incl.	1641141
13.1	Income/expenses (balance of 1 – 2 + 3 – 4 + 5 + 6 – 7 – 8 + 9 + 10 – 11 – 12)	1777386
13.2	Changes in income/expenses	-136245
14.	Profit allocations to budget, charity and for other purposes	-1377
15.	Cash flow from operations before changes in current assets/liabilities (item 13 + item 14)	1639764

Changes in current assets

16.	Government debt securities	-158902
17.	Funds with financial institutions	1305422
18.	Securities for resale (book value)	3438439
19.	Loans repayable and similar indebtedness	- 8341847
20.	Other assets	276249

Changes in current liabilities

21.	Credits received by banks from the Bank of Russia	0
22.	Deposits from financial institutions	368048
23.	Customer accounts	1954755
24.	Other liabilities	94117
25.	Net cash inflow/outflow from current operations (item 16 + 17 + 18 + 19 + 20 + 21 + 22 + 23 + 24)	- 1063719
26.	Net cash inflow/outflow from operating activities (tem 15 + item 25)	576045

II. Cash flow from investing activities

27.	Fixed and intangible assets, maintenance, expendables and consumables	- 64602
28.	Long-term investments in securities	23661
29.	Investments in securities held for resale	- 3415784
30.	Net cash inflow/outflow from investment (item 27 + item 28 + item 29)	- 3456725

III. Cash flow from financing activities

31.	Legal capital (shareholders'/members' funds)	0
32.	Proper shares redeemed from shareholders/members	0
33.	Profit from share issue	0
34.	Funds and profit retained by financial institution	99622
35.	Dividend paid from accounting year profit	0
36.	Debt securities issued	2603745
37.	Net cash inflow/outflow from financing activities (items 31 + 32 + 33 + 34 + 35 + 36)	2703367
38.	Positive/negative results of revaluation of foreign currencies, valuables denominated in foreign currencies, precious metals and securities; fixed assets revaluation; accrued and other funds not included in financials	- 54488
39.	Net inflow/outflow of cash and cash equivalents (items 26 + 30 + 37 + 38)	- 231801
40.	Cash and cash equivalents at beginning of accounting period	934360
41.	Cash and cash equivalents at end of accounting period (item 39 + item 40)	702559

**INFORMATION on meeting major requirements,
established by regulations of the Central Bank of RF at 01.01.2003**

	Name of mandatory norms or provisions	Amount or percent as at accounting date
1.	Actual indicator of sufficiency of own funds (capital) (norm H1, in %)	20.0
2.	Amount of estimated provision for possible losses on loans, calculated according to requirements of the Central Bank of Russia (thousand roubles)	3500061
3.	Amount of actual provision for possible losses on loans (thousand roubles)	3500061
4.	Estimated amount of provision for devaluation of securities and for possible losses, calculated according to requirements of the Central Bank of Russia (thousand roubles)	94519
5.	Amount of actual provision for devaluation of securities and for possible losses (thousand roubles)	94519

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Supervisory Board of Joint-Stock Investment and Commercial Bank "NOVAYA MOSKVA" (Closed Joint-Stock Company) "NOMOS-BANK" (ZAO)

We have audited the accompanying balance sheet of Joint-Stock Investment and Commercial Bank "NOVAYA MOSKVA" (Closed Joint-Stock Company) "NOMOS-BANK" (ZAO) (the "Bank") as at 31 December 2002 and the related profit and loss account, statement of cash flows and statement of shareholders' equity for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2002, and the results of its operations and its cash flows for the year then ended, in accordance with International Accounting Standards.

Deloitte & Touche
7 March 2003

PROFIT AND LOSS ACCOUNT FOR THE YEAR

ENDED 31 DECEMBER 2002

(in Russian Roubles and in thousands)

	Notes	2002	2001
Interest income	3	2,382,299	2,128,764
Interest expense	3, 23	(951,980)	(804,966)
NET INTEREST INCOME BEFORE PROVISION FOR POSSIBLE LOAN LOSSES		1,430,319	1,323,798
Provision for possible loan losses	4	(271,622)	(598,308)
NET INTEREST INCOME		1,158,697	725,490
Net gain on trading securities		35,635	72,775
Net gain on foreign exchange operations	23	127,510	68,415
Fees and commission income	23	151,067	75,974
Fees and commissions expense		(39,919)	(38,540)
Net gain on investment securities	5	276,661	524,235
Net gain on operations with precious metals		235,034	336,958
Other income		32,592	18,243
NET NON-INTEREST INCOME		818,580	1,058,060
OPERATING INCOME		1,977,277	1,783,550
OPERATING EXPENSES	6,23	(480,752)	(362,676)
PROFIT BEFORE OTHER PROVISIONS, INCOME TAX AND LOSS ON NET MONETARY POSITION		1,496,525	1,420,874
Recovery of provision for possible impairment of securities	12	9	849
Provision for possible losses on other transactions	4	(50,160)	(148,572)
PROFIT BEFORE INCOME TAX AND LOSS ON NET MONETARY POSITION		1,446,374	1,273,151
Income tax expense	7	(313,882)	(107,850)
PROFIT BEFORE LOSS ON NET MONETARY POSITION		1,132,492	1,165,301
Loss on net monetary position due to inflation effect	2	(853,042)	(689,286)
NET PROFIT		279,450	476,015

BALANCE SHEET**AT 31 DECEMBER 2002****(in Russian Roubles and in thousands)**

	Notes	2002	2001
ASSETS:			
Cash and balances with the Central Bank of the Russian Federation	8	997,180	635,311
Loans and advances to banks, less allowance for possible loan losses	9	2,255,765	3,762,888
Trading securities	10	765,745	912,863
Loans and advances to customers, less allowance for possible loan losses	11	13,506,251	7,138,850
Investment securities, less allowance for impairment losses	12	3,984,561	4,737,597
Fixed and intangible assets, less accumulated depreciation	13	148,170	135,133
Precious metals	14	256,059	262,265
Other assets, less allowance for possible losses	15	81,555	34,321
TOTAL ASSETS		21,995,286	17,619,228
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES:			
Deposits from banks	16	3,698,537	3,520,146
Customer accounts	17, 23	4,841,240	3,189,289
Debt securities issued	18	6,319,673	4,287,741
Other liabilities	19	728,341	456,163
		15,587,791	11,453,339
Subordinated loan	23	269,061	306,696
Total liabilities		15,856,852	11,760,035
SHAREHOLDERS' EQUITY:			
Share capital	20	3,163,131	3,163,131
Revenue reserves		2,975,303	2,696,062
Total shareholders' equity		6,138,434	5,859,193
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		21,995,286	17,619,228

STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED 31 DECEMBER 2002
(in Russian Roubles and in thousands)

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before income tax and loss on net monetary position	1,446,374	1,273,151
Adjustments for:		
Provision for possible loan losses	271,622	598,308
Recovery of provision for possible impairment of securities	(9)	(849)
Provision for possible losses on other operations	50,160	148,572
Adjustment of the fair value of securities	(162,290)	(452,298)
Depreciation charges and impairment loss	56,303	8,879
Loss on disposal of property, plant and equipment	–	26,172
Net change in interest accruals	172,144	194,549
Operating profit before changes in operating assets and liabilities	1,834,304	1,796,484
Changes in operating assets and liabilities		
(Increase)/decrease in operating assets:		
Minimum reserve deposit with the Central Bank of the Russian Federation	(118,241)	304,286
Loans and advances to banks	1,185,056	(1,077,994)
Loans and advances to customers	(6,585,486)	(638,174)
Trading securities	183,278	219,616
Other assets	56	70,839
Increase/(decrease) in operating liabilities:		
Deposits from banks	193,009	1,118,226
Customer accounts	1,640,244	454,669
Other liabilities	10,516	(234,360)
Cash (outflows)/inflows from operating activities before income taxes	(1,657,264)	2,013,592
Income tax paid	(72,000)	(4,528)
Net cash (outflow)/inflow from operating activities	(1,729,264)	2,009,064

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investment securities	(68,534,714)	(2,950,866)
Proceeds from sale and redemption of investment securities	69,449,915	409,947
Purchase of fixed and intangible assets	(116,813)	(90,642)
Proceeds from disposal of property, plant and equipment	47,264	-
Net cash inflows/(outflows) from investing activities	845,652	(2,631,561)

CASH FLOWS FROM FINANCING ACTIVITIES:

Share capital increase	-	2,314,578
Proceeds from debt securities issues, net	1,956,995	-
Repayment of debt securities issued, net	-	(263,764)
Net cash inflows from financing activities	1,956,995	2,050,814
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,073,383	1,428,317
Inflation effect on cash (including change in valuation allowances)	(1,154,906)	(965,400)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	8	1,744,722
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	8	1,744,722

Interest received and paid by the Bank in cash during the year ended 31 December 2002 amounted to RUR 2,480,792 thousand and RUR 878,329 thousand, respectively.

Interest received and paid by the Bank in cash during the year ended 31 December 2001 amounted to RUR 2,266,840 thousand and RUR 748,493 thousand, respectively.

STATEMENT OF SHAREHOLDERS' EQUITY FOR THE YEAR

ENDED 31 DECEMBER 2002

(in Russian Roubles and in thousands)

	Share capital	Share premium	(Accumulated deficit) / Revenue reserve	Revaluation fund	Total shareholders' equity
Balance					
31 December 2000	2,310,493	1,189,870	(432,190)	952	3,069,125
Share capital increase	852,638	1,461,940	-	-	2,314,578
Net profit	-	-	476,015	-	476,015
Write-off of revaluation fund	-	-	-	(525)	(525)
Balance					
31 December 2001	3,163,131	2,651,810	43,825	427	5,859,193
Net profit	-	-	279,450	-	279,450
Write-off of revaluation fund	-	-	-	(209)	(209)
Balance					
31 December 2002	3,163,131	2,651,810	323,275	218	6,138,434