



ABSOLUT BANK

ANNUAL REPORT 2002

Dear Shareholders of Absolut Bank, our Partners, Customers and Colleagues,

Absolut Bank is about to celebrate its first anniversary. The bank has existed for 10 years, and we all know how difficult these years were. However, the principles that our shareholders laid down as foundations when the bank was being created, let us overcome the obstacles and achieve some considerable success. Today Absolut Bank as a credit institution keeps a respectable place in the TOP-100 ratings by all financial indices and is getting close to 50 major Russian banks by the size of equity capital.

Our first basic principle is willingness to build open and frank relations with people. Our second basic principle is professionalism and responsibility in conducting business. This is the first reason why Absolut Bank today is a bank with clients that anybody can be proud of. Secondly, it is a team of top class professionals, who have turned the bank into a highly technological, client-friendly, and profitable institution. We hope we have become not just a bank, but an effective financial partner for many of our clients.

At the present time, we have numerous plans and we see good perspectives in the future. We are fully committed not only to turn Absolut Bank into an excellent universal bank, but also to play a more prominent role in the Russian financial market. At the same time we keep all the important principles of our work, which were laid down as foundations of the bank.

We are sure that we follow the right course and we wish you all wealth and prosperity.

Chairman of the Board of Directors



Alexander Svetakov

Chairman of the Board



Oleg Kapitonov

COMMENTS ON THE BANK'S MAIN ECONOMIC INDICATORS

The main economic indicators of Absolut Bank in 2002 illustrate that the bank has chosen the right policy. The progress of the bank has been stable year by year, which ascertains the bank's significant potential.

The bank's main financial indicators in 2001, million rubles

By date	January 01, 2000	January 01, 2001	January 01, 2002	January 01, 2003
Total assets	1,398	2,381	3,665	5,693
Equity capital	275	501	1,000	1,543

Total assets have increased almost 1.6 times compared to 2001, which fully illustrates the acceleration rate.

The financial stability of Absolut Bank and its steady high rates of business development are reflected in the TOP-100 ratings of Russian banks by the size of equity capital, which are compiled by the well-known business publishing agencies: "Den'gi", "Profil", "Kompaniya", "Ekspert". The results of the last years let the bank not only keep its current position, but move forward purposefully, improving its position year after year.

Absolut Bank's TOP-100 media rating by equity capital in 2002

	January 01, 2002	April 01, 2002	July 01, 2002	November 01, 2002	January 01, 2003
"Den'gi"	76	77	82	75	63
"Profil"	67	68	77	64	60
"Kompaniya"	72	96*	93*	93*	67
"Expert"	95*	98*	103*	93*	69

* These publishing agencies did not take into account a subordinate loan for 10 years.

The bank's stable position is further confirmed by the Auditors' Opinion issued by PriceWaterhouseCoopers International Company according to international standards. According to the document, the bank's capital is even larger than it is required by the Russian standards. Annual audits of financial documentation have been conducted according to international standards since 2000, as a part of the Absolut Bank's policy of information openness and business transparency.

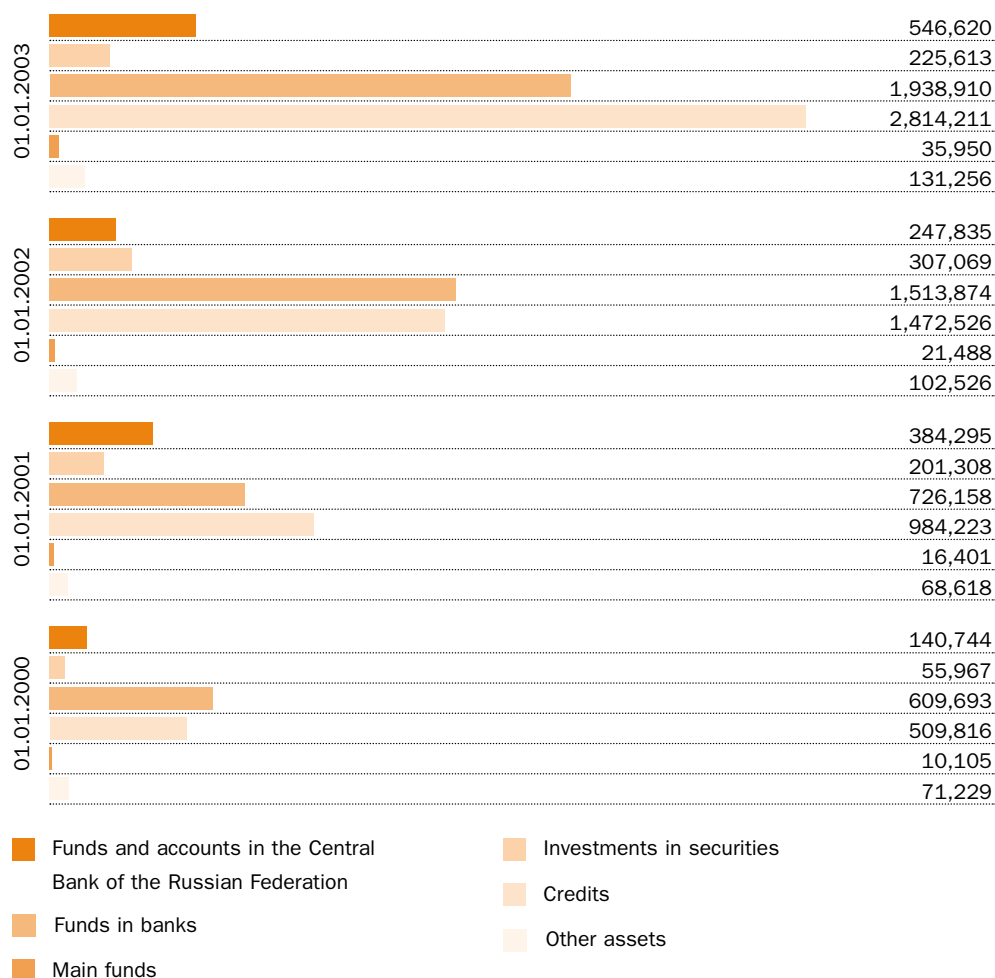
Assets and Liabilities

Absolute Bank is a universal commercial bank that performs the whole range of financial operations. In 2002 the following operations prevailed: crediting and documentary financing of corporate clients, and operations on the interbank market, which is confirmed by the corresponding balance and off-balance assets. The main area of the bank's activity remains crediting and financing of corporate clients. The total volume of loans given by Absolute Bank over the year 2002 almost doubled and amounted to 2.81 billion rubles, or 49% of assets.

Our activities in the interbank market contributed to further development of the bank's cooperation with leading Russian and foreign banks. A share of the funds in the Central Bank of the Russian Federation and funds accumulated in correspondent accounts with Russian and foreign banks amounts to 34% of assets or 1.94 billion rubles.

Carrying out operations in 2002, Absolute Bank pursued the policy of increasing current liquidity (including the liquidity due to a sufficiently high level of liquidity assets), maintained an optimal structure of assets and liabilities, and conformed to all the regulations established by the Central Bank of the Russian Federation.

The dynamics of the asset volume, thousand rubles



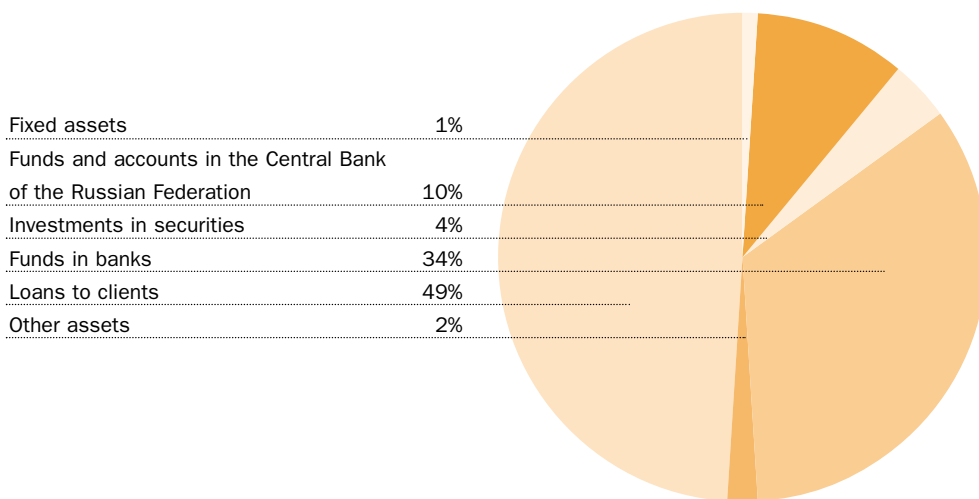
Absolute
stability
and reliability
of the bank
is a result of the
work done by
professionals,
who treat their
serious business
creatively.

Famous Musician

Dmitry Malikov



The structure of assets January 01, 2003



Bank’s active development would not be possible without diversified resource channels, whose expansion allows the bank to increase the volume of main operations. A dynamically developing resource base is a result of the bank’s considerate policy on diversifying the resource channels. The growth of own funds by 54% in 2002 had a positive influence on the bank’s financial situation and on the fulfillment of the regulations of the Central Bank of the Russian Federation. A gradual increase of own funds in 2002 was due to two share emissions and to the increase of profits, so that the capital amounted to 1.54 billion rubles or 27% of the liabilities as of January 1, 2003. The basic principle that Absolut Bank holds on to in creating reserves is the qualitative evaluation of the loans given. The increase of lending portfolio naturally explains the growing reserves in provision for maximal losses. The created reserves increased almost 2 times comparing to 2001 and amounted to 440 million rubles.

One of the main components of the resource base, which constitutes 31% of the liabilities, consists of the residual funds on the settlement accounts of corporate clients, depositary funds and issued bills of exchange. Their 23% growth up to 1.77 billion rubles in 2002 was achieved by increasing the number of services rendered by the bank and by improving on their quality. The funds drawn from the banks increased 2 times in 2002 and amounted to 1.74 billion rubles or 31% of liabilities.

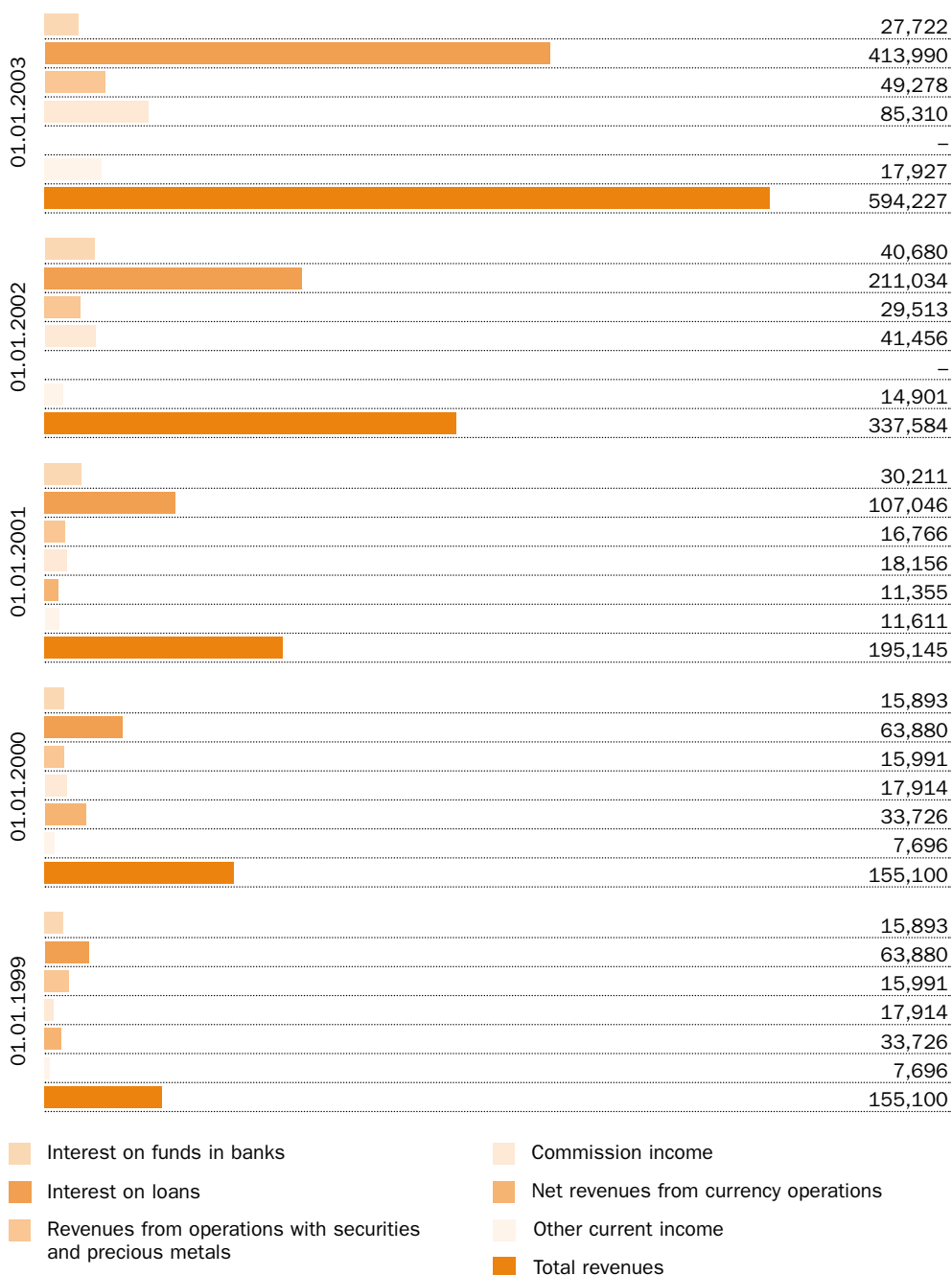
Revenues, Expenses and Profit

The bank's profitability indicators on the main operations correspond to the high rates of business development. The total revenues in 2002 had a 176% increase and amounted to 594.2 million rubles. The leading source of revenues is still income from interest on loans, which increased 2 times over 2002 and amounted to 414 million rubles or 70% of all income.

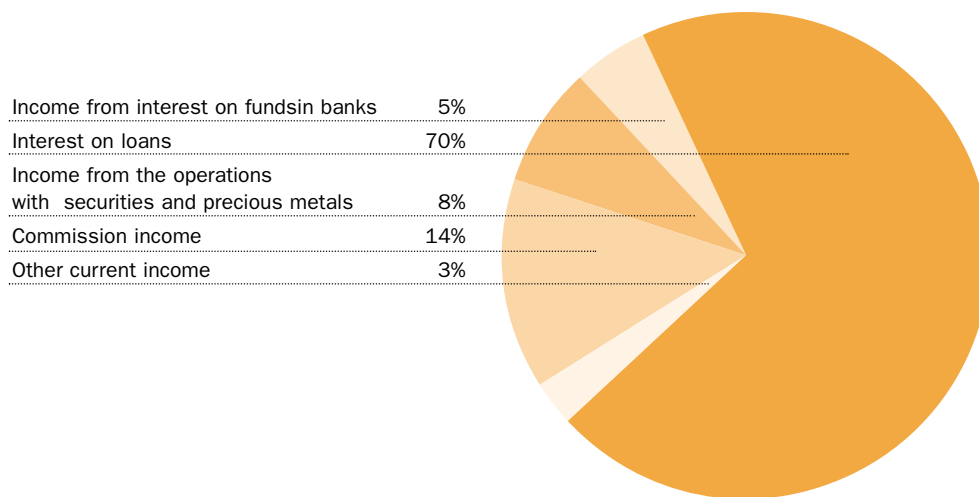
The constant expansion of financial services rendered by the bank, together with the improvement on their quality, naturally leads to the increase of the bank's commission income. In 2002 the commission income amounted to 85.3 million rubles, which is twice as much as in 2001.

The bank's revenues from operations with precious metals and securities also tend to grow steadily. The bank's revenues from these operations in 2002 had a 167% increase compared to 2001.

The dynamics of the bank's revenues, thousand rubles



The structure of revenues as of January 01, 2003



In 2002 bank's expenses also increased. The increase amounted to 171%, the expenses in total equaled 540.9 million rubles. The stability of the bank's financial activity and the maximal reliability of the operations performed by the bank depend on the expenses for the reserves in provision for possible losses of loans. This is the reason why, in 2002, this type of expenses prevailed and amounted to 36% of all the bank's expenses.

Other expenses did not grow so much. The main reason for the increase of other expenses was a technical re-equipment of Absolut Bank and implementation of a number of new technologies. In comparison with the interest yields, the interest expenses total to a relatively small amount – 81.6 million rubles against 441.7 million rubles, which proves the bank's efficiency in attracting and placing resources.

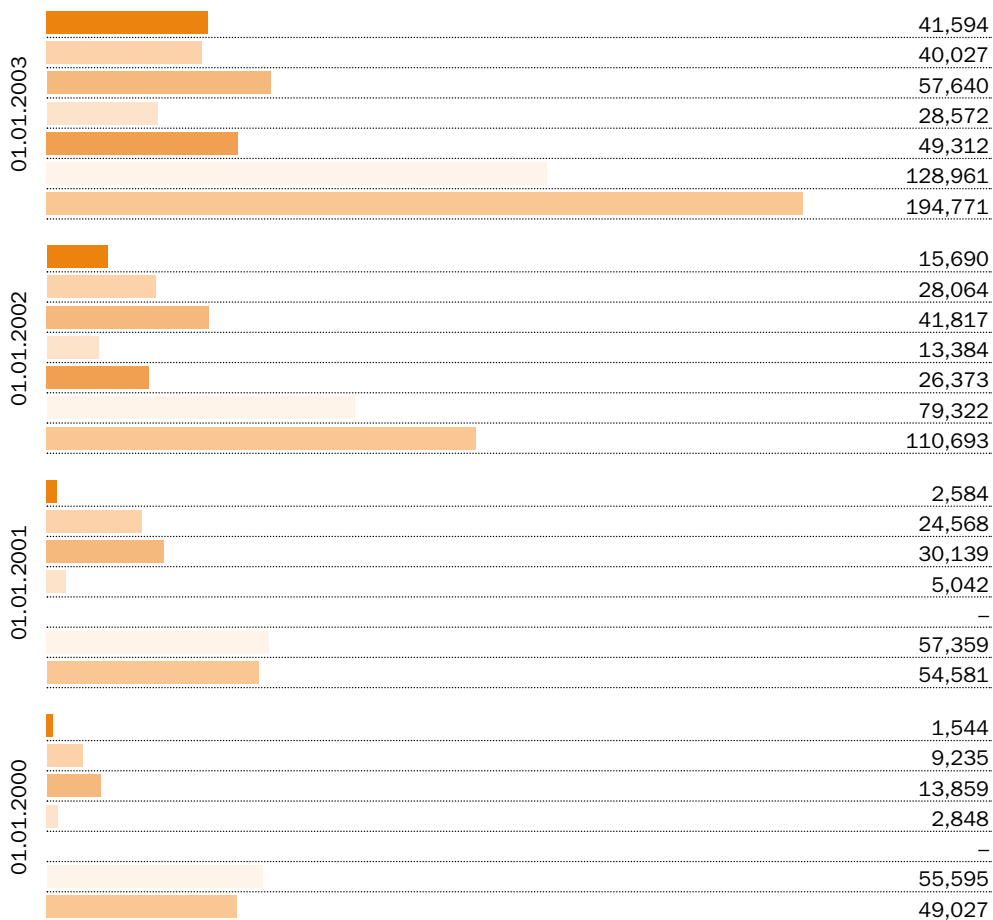
Absolut Bank is
not only a profes-
sional team,
but also simply
nice people!

President of “NEKS” corporation
(Store Net “Staric Hottabych”)

Grigory G. Kozhemyakin

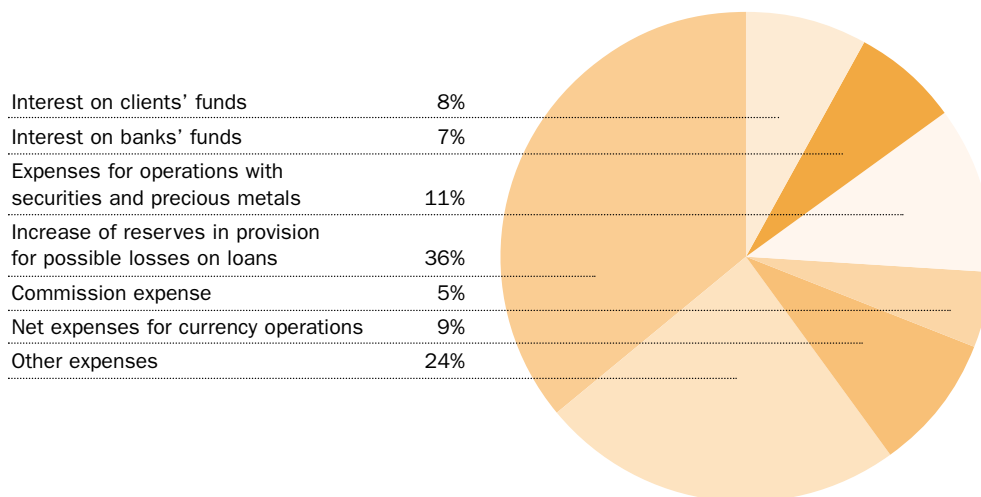


The dynamics of the bank's expenses, thousand rubles



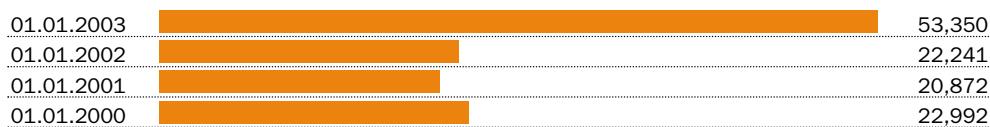
- Interest on clients' funds
- Interest on banks' funds
- Expenses for operations with securities and precious metals
- Commission expense
- Net expenses for currency operations
- Other expenses
- Increase of reserves in provision for possible losses on loans

The structure of expenses as of January 01, 2003



Under the pressure of growing competition in the banking market and given the increase of expenses for implementing new technologies and products, the ability to keep up a credit institution profitable is one of the most important indicators of the bank's efficiency and reliability. Absolut Bank's profit increased more than 2 times compared to 2001 and amounted to 53.35 million rubles.

The dynamics of the bank's profits, thousand rubles

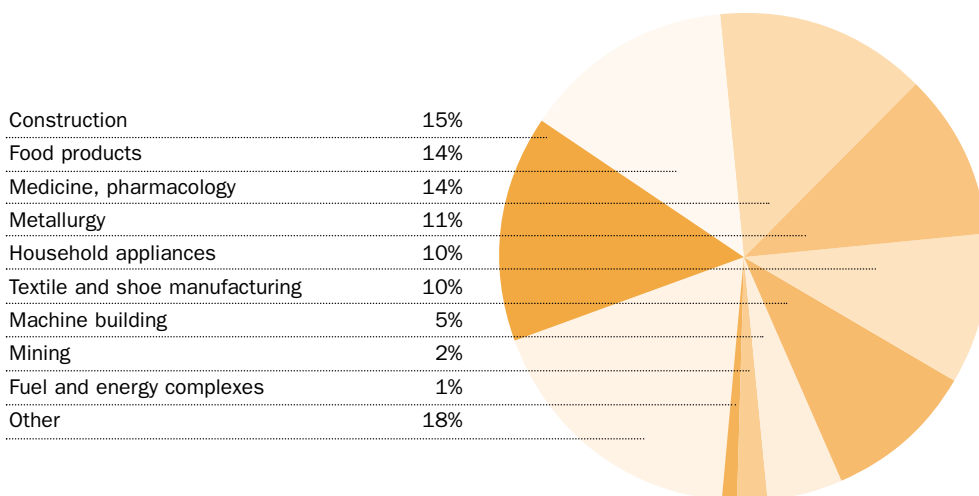


DEVELOPMENT OF CORPORATE BUSINESS

The clients are the most important part of Absolut Bank’s activity. The client base expanse and the improvement of the quality of service constitute the key principles of the bank’s strategy. The long-term relations with clients based on the principles of mutual understanding, trust and partnership, a personal approach to each client, informational openness and clarity of the bank’s activities give the bank significant competitive advantages.

During 10 years of successful activity Absolut Bank has gained substantial experience in dealing with corporate clients and has demonstrated that it can be a reliable partner for clients from different economic spheres.

Organizations specializing in a variety of fields are among the bank’s clients. As the analysis of the structure of the client base illustrates, the bank is a partner for organizations and enterprises working in the field of industry, trade, construction, medicine, and many others.



Paying considerable attention to the specifics of every client’s business, Absolut Bank also ensures that both corporate clients and the representatives of small and medium business are offered the best service.

The combination of the high quality, comprehensive bank service with the deep knowledge of clients’ needs not only strengthens the relations between the bank and its clients, but also helps to increase the client base considerably. In 2002 Absolut Bank acquired more than 700 corporate clients, the turnover on clients’ accounts became a quarter greater and the overall amount of clients’ funds in the bank increased 1.5 times.

The number of clients’ settlement accounts

1999	3,105
2000	3,988
2001	4,853
2002	5,823

New service technologies

Absolut Bank pays considerable attention to implementing modern bank technologies and new methods of cooperation with clients, which allows them to carry out payments in a quick, secure, and convenient way. It is also rather important, that this type of approach helps to cut down the prices for rendered services.

In 2002, in accordance with the general tendency of raising the automation level, the bank set up the Internet banking system, which makes it possible to access a corporate bank account via the Internet from anywhere in the world. Modern computer equipment and reliable software helped to raise the technological level of the bank's services.

Clients' accounts turnover, thousand rubles

1999		70,752,891
2000		85,889,287
2001		118,483,179
2002		139,897,889

Placement of clients' funds

In compliance with the principle of providing maximum convenience for clients, Absolut Bank offered its clients a whole range of financial means to place temporarily redundant funds in 2002.

Interest-bearing and discount bills of exchange, as well as deposits of legal entities and individuals were offered as financial means.

Traditionally, own bills of exchange were given special attention. This priority is not accidental: own bills of exchange are a secure means for the placement of clients' funds and a convenient means of payment. Bank's bills of exchange are regarded by the leading operators in the bill market and have good liquidity in over-the-counter market.

Legal entities' funds used for bills of exchange, thousand rubles

1999	3,817,042	
2000	4,474,551	
2001	3,727,948	
2002	4,769,742	

Absolut Bank
does not render
the cheapest
service – but we have
worked and will con-
tinue working with it.
And this is all there
is to say.

President of the Group
of companies “Carlo Pazolini”

Ilya A. Reznik



Collecting service, opening currency exchange offices and operations offices

Since 1993 Absolut Bank has had its own collecting service. Now the collecting service is rendered in Moscow and Moscow region. The service meets the highest security requirements for transporting valuables.

Absolut Bank carries out activities on opening operations offices and currency exchange offices. This, in turn, allows the bank's clients to improve on their own services by offering their clients the best rates of currency exchange. At present, the bank's currency exchange offices and operations offices operate in Starik Hottabych and Carlo Pazolini store chains, Druzhba construction company, and Jumbo supermarket.

Acquiring

By working efficiently with trade and service companies, the bank has acquired solid experience in organizing the receipt of payments for goods and services with plastic cards (VISA, Eurocard/Mastercard, JCB, Diners Club, and American Express).

During the period of the year 2002 the number of companies that set the equipment for the receipt of plastic cards increased by more than 100, and the turnover more than doubled. These results were achieved due to the flexible cooperation conditions, accurate organization of work and competitive prices.

DEVELOPMENT OF BUSINESS WITH PRIVATE INDIVIDUALS

The bank's new strategy of business development is based on the huge potential that the bank has gained while working with corporate clients. In 2002 Absolut Bank started to actively work with individuals. This is one of the main avenues of the bank's activity today. The range of services offered to individual clients expands constantly, while the operating services are being improved and further developed. Absolut Bank pays special attention to implementation of complex highly technological products. In 2002 the program "Deposit + Card" was set up, which implies a free credit card to the bank's clients. Carrying out the policy of providing maximum convenience for clients, the bank now provides assistance for individual clients from 9 AM till 9 PM.

In 2002 Absolut Bank opened a new branch "Baumanskoye" and is planning to further increase the number of offices in Moscow, in particular, to open new offices on Leningradsky Prospekt and on Tsvetnoi Bulvar.

Issuance and servicing of plastic cards

During the year of 2002 the bank kept on developing the project on issuing and servicing international plastic cards VISA International. Apart from debit cards, the bank also offers real plastic credit cards. By the end of 2002, the emission of plastic cards by Absolut Bank increased more than 8.7 times, and the turnover on card accounts was 5 times greater.

Absolut Bank pays special attention to the implementation of modern information technologies when servicing plastic cards. In the last year, the bank set up a system of ordering plastic cards via Internet. The exploitation of this product supported the preceding findings of the marketing research into the demand for this service from the Internet users. Last summer, as a part of the quality management program, which aims at improving the rendered services, the bank also launched a special internet resource VISA-Absolut (www.absolutbank.com), which provides the clients with comprehensive information about the bank's plastic card program.

In 2002 the development of "salary" projects was one of the priority areas. The clients' interest for this service is not accidental. It is based on the fact that the implementation of the "salary" project in a company enables the company to reduce collection costs, as well as the costs for work time required to count cash, to reduce expenses for salary of cashiers and accountants, and to eliminate risks of cash transportation and issuance. In 2002 Absolut Bank organized a number of "salary" projects for some major companies in Moscow and Moscow region, for instance, for such industrial companies as "Klinsky Mjasokombinat", "Kuskovsky Khimichesky Zavod" and a number of big construction companies.

In 2002 Absolut Bank started developing its own chain of cash dispensers. For bank's clients this is an additional service that makes cash withdrawal even easier and more beneficial. On the other hand, this provides an additional source of commission of income for the bank.

Individual deposits

In 2002 Absolut Bank introduced a new deposit scale. Individual clients can now place their funds in EURO, US dollars or Russian rubles on even better conditions. The new program of deposits presupposes capitalization of interest and replenishment of the account during the whole contract period, which makes the placed funds maximally profitable. For those clients who wish to receive their interest monthly there is a possibility of transferring the interest to a plastic card VISA-Absolut Bank, which is issued for free and it enables a client to be flexible in making use of the income, either by paying for goods or by withdrawing cash from cash dispensers anywhere in the world. For clients' convenience, the account is automatically re-registered if the money has not been claimed.

Money orders

In 2002 Absolut Bank enrolled to the payment system ANELIK, having chosen this system on the basis of an optimal combination of the services rendered and the prices charged. Now the bank can offer its clients remittance services performed in US dollars by using this system, which makes it possible to send and receive money orders in more than 20 countries within 3-24 bank hours after sending. Implementation of this service increases the level of service in general, providing extra convenience for the bank's clients.

Individual safe deposit boxes

Individual safe deposit boxes lease is one of the traditional services rendered by the bank. The best service, individual approach to clients and the security system that meets the strongest requirements are, without a doubt, among the competitive advantages of the bank. In 2002 Absolut Bank opened another depository in the "Baumanskoe" department.

The bank renders a full range of services on safe deposit box lease, offering clients not only the standard lease, but also an opportunity to use safe deposit boxes to perform real estate transactions and to enter into financial contracts of other types conveniently and reliably.

CREDITING AND FINANCING

The tendency of business development, typical for the year 2002, has also emerged in clients' crediting and international trade financing in the form of documentary transactions. Keeping the existent diversification of lending portfolio the bank concentrated on the maximal satisfaction of clients' needs.

Increasing the lending portfolio by raising the volume of loans given to corporate clients and individuals, expanding the range of crediting services and improving on the quality of services constitute the basis of the bank's crediting policy. The impressive increase of lending portfolio in 2002 results from pursuing the principles of this policy consistently. The total amount of loans given by the bank in 2002 came up to 8.237 billion rubles, which is more than 2.5 times greater than in 2001. By January 1, 2003 the volume of the lending portfolio amounted to 2.811 billion rubles, which is 91% greater than at the beginning of 2002.

Loans in rubles and foreign currency, credit lines, and guarantees given in 2002

	Loans	Open credit lines	Guarantees	
Thousand rubles	4,379,929	2,785,178	97,103	
Thousand US dollars	121,169	199,054	36,255	
Thousand EURO	182	–	14,521	

The dynamics of loans given

	1999	2000	2001	2002	
Thousand rubles	477,620	853,273	1,658,903	4,379,929	
Thousand US dollars	25,968	38,181	52,242	121,169	

Taking into account the companies' demand for long-term investment sources, Absolut Bank continued granting loans for one and more years with a possible prolongation of the contract, as well as loans for equipment supply for over two years. At the same time, the quality of given collateral was thoroughly evaluated. On January 1, 2003, the volume of collateral received by the Bank amounted to 14 billion rubles, including collateral in the form of guarantees from individuals and legal entities, which amounted to over 7.4 billion rubles, and this exceeds 3.7 times the volume of the lending portfolio on this date.

Structure of collateral for loans and guarantees given, %

Goods in circulation and in processing	45.4	
Industrial equipment	25.0	
Securities	7.8	
Real estate (residential and non-residential)	2.8	
Vehicles	1.2	
Other types of collateral	17.8	

Security and efficiency of the financial operations in Absolut Bank are, indeed, raised to the power of absolute.

Chairman of the Board of company
“MIEL-Nedvizhimost”

Dmitri V. Lebedev



One of the most important factors in crediting and documentary transactions is the policy of maximizing the reserves in provision of possible losses on loan risks. At the end of 2002, the overall amount of this reserve equaled 451.98 million rubles, or 16.06% of the lending portfolio. It should be mentioned that, in 2002, the bank succeeded in lowering the amount of bad debts down to minimum – 0.07% of the volume of the lending portfolio, which is a very good value for the Russian banking system.

Auditor's opinion on bank's activities in 2002, prepared by International company "Price WaterhouseCoopers" confirms the quality of the bank's lending portfolio. According to the audit, the reserve in provision for devaluation of the bank's lending portfolio constituted 9% of the loans granted by the bank at the end of 2002.

Individual approach to each client, which allows the bank to choose the optimal form and period of a loan, also ensures the increasing number of borrowers.. Many big and middle-scale companies became bank's clients in financing in 2002.

Documentary forms of financing

In 2002 the type of financing by means of guarantees and letters of credit, including those with post-financing by the leading western banks, dynamically developed.

A list of documentary financing services offered by Absolut Bank is rather extensive: opening of import letters of credit and guarantees of payments which can be used instead of advanced payment; long-term financing of equipment acquisition, in particular, under the guarantees of export insurance agencies; pre-export financing and discounting of letters of credit with delayed payment, guarantees of fulfillment of engagements by those engaged in foreign-economic activities for custom authorities, tender guarantees and other types of guarantees, commonly used in both Russian and foreign financing markets.

Letters of credit and guarantees issued by Absolut Bank can be confirmed, according to the clients request, by leading banks, such as COMMERZBANK AG (Germany), HYPO-VEREINSBANK AG (Germany), DRESDNER BANK AG (Germany), DEUTSCHE BANK AG (Germany), BANK GESELLSCHAFT BERLIN (Germany), OST-WEST HUNDELSBANK (Germany), RAIFFEISEB ZENTRALBANK OESTERRICH AG (Austria), DONAU-BANK (Austria), ING BANK (Holland), ABN AMRO BANK (Holland), AMERICAN EXPRESS BANK (USA), CITIBANK (USA), UBS AG (Switzerland), HSBC (China), MOSNARBANK (England), BCEN-EUROBANK (France).

It is also worth mentioning, that documentary forms of financing are significantly cheaper for clients than direct crediting, and, furthermore, the period for this type of financing is usually longer.

In 2002 Absolut Bank significantly increased the volume of documentary transactions. On January 1, 2003 the volume of acting guarantees and letters of credit equaled 1,080 million rubles. In 2002 Absolut Bank issued (openly) 210 guarantees and letters of credit, which exceeds almost 3 times the number of guarantees and letters of credit issued (openly) in 2001. The total volume of documentary transactions performed by the bank in 2002 amounted to 1,730 million rubles, which is 3.6 times greater than in 2001.

The bank pays special attention to cooperation with foreign export credit agencies, which allows the bank's clients to reduce the costs for acquiring new equipment by receiving cheaper investment credits for the period up to 6 years at minimum 10% annual interest. At the present time, HERMES (Germany), KUKE (Poland), COFACE (France) and US EXIMBANK (USA) are willing to consider the investment projects of Absolut Bank's clients. The bank also has contacts with a wide range of export agencies from other countries.

Investment in construction

In the last few years Absolut Bank pays special attention to investment in construction. In 2002 two remarkable projects in cottage building in Moscow region were realized: “Gorki-XXI” and “Barviha-2” (the bank was a co-investor with the construction companies); some large scale projects in housing estate construction in Moscow, such as “Krylatskie ogni” (in cooperation with “Pervaja ipotechnaya kompaniya” and “Zhilstroyindustriya”), are being carried out, and so on.

Besides, the bank also works with developers and real estate companies, rendering the whole range of modern banking services for them: from different crediting possibilities to receipt of payments from individual clients for purchasing realty. Among the Bank’s clients there are well-known companies, such as Miel-Realty, Capital Group, Pervaya Ipotechnaya Kompaniya, Zhilstroyindustriya, Moskovskaya Gorodskaya Sluzhba Nedvizhimosti, INCOM-Realty, BEST-finance, Druzhba, Regional’naya Zalogovaya Kompaniya, Zemel’naya Zalogovaya Kompaniya, and other large and medium companies.

New projects in crediting

In 2002 Absolut Bank entered a new, more perspective market of individual crediting. The directions that were established as strategically important for the bank are the program of mortgage loans and offering credit cards (plastic VISA cards with a real credit limit). In spite of the fact that the programs mentioned above have been developing only for a short time, there are some obvious achievements. It can be stated, that by the end of 2002, Absolut Bank occupied one of the leading positions in the credit card market and was one of the most important institutions offering mortgage loans for buying real estate (cottages and country houses) in Moscow region. One of the activities planned by the bank’s shareholders for 2003 is increasing the volume of mortgage loans to individual clients for acquiring property in newly erected buildings in Moscow.

Absolut Bank
is one of the few
banks that succeeded
in implementing the
best standards of the
world banking system
in the Russian market.

General Director
of OOO “Capital Group”

Sergey D. Shmakov



THE BANK ACTIVITY IN MONEY MARKETS

Steady raising of the volume of financial transactions and growing number of contractors allow Absolut Bank to keep a prominent position in currency and exchange markets. To strengthen this position further is one of the bank's strategic tasks.

Transactions in the interbank market

For many years Absolut Bank keeps one of the leading positions among the Russian financial institutions according to the volume of transactions in some sectors of money market. Absolut Bank, a member of Moscow Interbank Monetary Exchange (MMVB) and an active participant of the interbank monetary market, increases the volume of its own clients' transactions in currency and stock markets annually. Thus, in 2002 an aggregate turnover of the bank's dealings in exchange and interbank markets ruble/US dollar raised up to 9.5 billion US dollars, the volume of conversion operations in interbank market ruble/US dollar equaled approximately 8.8 billion US dollars, average daily turnover – over 35 million US dollars.

The dynamics of the volume of conversion operations, ruble/US dollar

	Amount, thousand USD
1999	1,127,188
2000	4,871,858
2001	8,743,569
2002	9,500,061

In 2002 the volume of transactions in the hard currency market (US dollar/EURO, US dollar/British pound) raised considerably and amounted to over 3 billion US dollars, which is more than 1.5 greater than in 2001.

Absolut Bank's activity in 2002 as a member of the Moscow money credit market ensured that the volume of transactions in interbank crediting increased considerably. An aggregate volume of transactions came up to more than 65 billion rubles and 2.8 billion US dollars, which is 2.2 and 1.4 times greater than in 2001, respectively, the daily average turnover exceeds 250 million rubles or 11 million US dollars.

Aiming at maximal compliance with the clients' interests, Absolut Bank established correspondence relations with a number of large foreign banks, many of which opened clear lines for conversion transactions and depositary operations in the interbank market. In 2002 the volume of these lines increased almost 1.5 times and exceeded 100 million US dollars.

Besides, Absolut Bank keeps cooperating with financial institutions in neighbouring countries. In particular, the bank offers its clients and contracting banks to perform conversion operations with Byelorussian rubles and Ukrainian grivnas.

Bank's reputation of a reliable and responsible partner allowed the bank to conclude more than 50 General agreements on general conditions on interbank loans and conversion transactions with new contracting banks during the year of 2002 only.

OPERATIONS WITH SECURITIES

As a result of the active policy of business development the bank could increase the number of operations with securities in 2002. For optimal realization of bank's activity in this field the Securities Division was created, whose main objective was to develop the client base, to improve the quality of complex services for bank's clients and to make efficient investments of the bank's funds into financing instruments with maximal security.

In 2002 the bank continued to raise the volume of transactions with Eurobonds, which came up to 85 million US dollars and this is 1.2 times greater than in 2001. The effectiveness of such transactions also increased substantially: the transaction gains in 2002 were 1.5 greater and amounted to more than 0.7 million US dollars.

Pursuing the policy of diversification of investments Absolut Bank included in its portfolio the Eurobonds of such issuers as RAO "Gasprom", OAO "Rosneft", OAO "Tumenskaya Neftyanaya Kompaniya", the deals being made not only with the bonds with face-value in US dollars, but also with face-valued in EURO ones.

The situation in the Russian stock exchange market in 2002 confirmed the predictions of the bank's specialists about the prospects and dynamics of the corporate bonds market development. In 2002 the bank was constantly raising the volume of transactions with corporate bonds in Moscow Interbank Monetary Exchange and over-the-counter exchange market, so that the amount of investments in the bank's securities portfolio came up to 30 million rubles by the end of 2002, which was 17% in the bank's securities portfolio. At the same time, the bank was engaged in the activities in the market of bills of exchange. The volume of transactions during the year equaled 6.7 billion rubles.

In 2002, Absolut Bank remained one of the most active participants in the Russian stock of exchange market and Internet-trading of securities, invariably being one of the top 50 operators in the Moscow Interbank Monetary Exchange stock section and one of the 20 largest bank-operators in the same section. The turnover of Moscow Interbank Monetary Exchange transactions exceeded 420 million US dollars.

In March 2002 a project on REPO (base interest rates on the repurchase of securities) transactions with corporate securities was realized in Moscow Interbank Monetary Exchange, and Absolut Bank became one of the active participants in this project. This enabled the bank to receive additional possibilities for crediting by means of securities and clients' funds, while efficiently managing its trading positions in Moscow Interbank Monetary Exchange.

The dynamics of the volume of MMVB transactions for the years 1999 through 2002

	Amount, thousand rubles
1999	408,000
2000	740,280
2001	6,223,640
2002	13,061,202

In Absolut
Bank we have
always found
willingness to
meet the
challenges.

General Director
of OAO “Aptechnaya Set’ 36.6”

Artem A. Bektemirov



In 2002 having obtained the exchange broker license from the Commission for Commodity Exchanges to the Ministry of Anti-Monopoly Policy, the bank started offering its clients operations with terminal contracts (futures and options) in FORTS system of NP “Fondovaya Birzha RTS” (non-profit partnership “RTS Stock Exchange”).

In 2002 the bank became a member of NP “Fondovaya birzha Sankt-Peterburg” (non-profit partnership “Sankt-Petersburg stock exchange”) and began transactions with the shares of RAO “Gazprom” via the system of RTS guaranteed quotations in the stock sections of exchange. Thus, the bank extended the possibilities of transactions with all types of securities for its clients.

Analytics

In 2002 Absolut Bank kept on improving the quality of analytical support for the clients who also use the services of the market of securities to provide them with reliable and impartial information about the situation on the world and Russian markets.

The bank’s clients receive daily analytical reviews of a financial situation, which also include some information on the situation in the Russian market of shares, changes in the exchange-value of the dollar in the FOREX market and in SELT at Moscow Interbank Monetary Exchange, changes in prices for oil in the world markets, and the situation in the American stock market for the preceding day. Besides, the clients receive weekly analytical surveys of the Russian market of the first and second level shares for the preceding week and a trade situation forecast in the RST and Moscow Interbank Monetary Exchange auctions with a prospect for the next few days.

The analytical materials provided by the bank’s specialists are highly rated in media and were published more than once by the leading financial publishers and information sites.

Depository

As a natural result of a constant development of service and new technologies for depository transactions, the volume of securities held in custody of the bank’s Depository also raised. Thus, in 2002, the aggregate market value of securities registered in the Depository amounted to over 25 million US dollars, the number of securities accounts increased almost 1.5 times. The number of direct accounts of nominal holding opened in registers of shareholders of the largest Russian issuers came up to 36.

In 2002 the bank’s Depository introduced a new depository discount system Diasoft CUSTODY SNT, so that the depository service raised to a higher quality level.

Besides, in 2002 the bank opened a control account in the Vneshekonombank’s Depository for direct payments in the largest European clearing system Clearsterem, which together with the introduction of the SWIFT system opened up a possibility to promote the efficiency of payments on the bank’s and its clients’ Eurobonds transactions.

CORRESPONDENT RELATIONS, INTERNATIONAL SETTLEMENTS AND FINANCING OF THE IMPORT-EXPORT OPERATIONS

Absolut Bank pays special attention to servicing its clients' international settlements and to financing import-export operations. This is the reason why the bank opened direct correspondent accounts in a number of international clearing banks, such as DEUTSCHE BANK TRUST COMPANY AMERICAS (USA), ABN AMRO BANK (USA), COMMERZBANK AG (Germany). Therefore, it became possible to provide on-line payment services in the main clearing currencies and receive on-line information about incoming funds. Moreover, the use of the SWIFT system (Society for Worldwide Interbank Financial Telecommunication), which allows for information exchange between the banks involved in a settlement within a few seconds, maximally satisfies the requirements of clients for the rate and completeness of information accompanying international settlements and provides additional mechanisms for optimization of transactions.

A steady improvement on the quality of servicing foreign trade agreements of Absolut Bank's clients and the bank's competitive rates lead to the increase of export-import operations serviced by the bank. In 2002 the volume of transactions with documentary letters of credit and guarantees increased almost 3 times compared to the previous year and amounted to 43 million US dollars, whereas the number of operations in 2002 exceeded 200.

The bank's steady financial condition and stainless reputation, together with its positive experience in long-term cooperation confirms the confidence of foreign partners in Absolut Bank. By the end of 2002, the volume of credit lines opened by foreign banks to Absolut Bank for trade financing came up to 35 million US dollars. Absolut Bank's letters of credit and guarantees can be confirmed by most of the first-rate banks and can be accepted for settlements with contractors anywhere in the world.

For servicing the trade turnover of the clients working in CIS (Commonwealth of Independent States) and in the Baltic countries, Absolut Bank has established correspondent relations with the largest banks in Kazakhstan, the Ukraine, Latvia and the Republic of Byelarus' and has now substantial lines for trade financing at these banks.

Besides, Absolut Bank keeps in touch with a wide range of foreign export credit agencies, which opens up a possibility to obtain long-term financing for investment projects of the bank's clients.

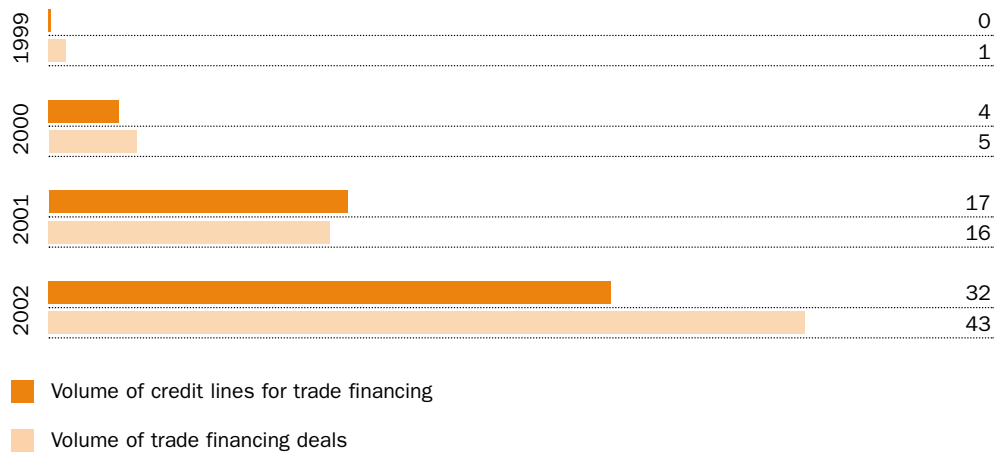
We can always
rely on Absolut
Bank and we
are ready to
return the
favor.

President of “M.Video”
Holding

Alexandr A. Tynkovan



The volume of interbank clear lines (million US dollars)



Servicing correspondent banks

Absolut Bank emphasizes servicing the accounts of correspondent banks. A prompt access to the information about the current state of an account, a personal manager, a possibility to carry out payments until 8 PM and a grant of overdraft are the basic conditions on settlements in Russian rubles for the banks of CIS and the Baltic countries. For those Russian banks that do not have direct correspondent accounts in foreign banks, Absolut Bank clears payments in US dollars until 11 PM. Besides, the bank gives an opportunity to finance import operations of the clients of correspondent banks by means of confirmed letters of credit or guarantees put forward by the first-rate banks. This is a type of financing that Absolut Bank performs by means of the credit line opened to the bank under pledging of securities or in the mixed form.

BANK RISK MANAGEMENT

The success of bank's activity is determined by the effective bank risk management. This is why the Absolut Bank's complex system of risk management is developing constantly, in accordance with the volume and structure of transactions.

The decisions within the system of risk management are made collectively, in compliance with the developed regulations. The existent system consists of three interrelated committees: the Credit committee, the Limitation committee and the Assets and Liabilities management Committee. Their objectives are to form a strategy of risk management, to make efficient decisions in connection with the risk management, as well as to develop and approve of supervision procedures for the risks in bank's activity.

The Assets and Liabilities management Committee is in charge of working out solutions to support the optimal structure of the bank's assets and liabilities, liquidity risk management and control over the level of interest risk.

In accordance with the bank's crediting policy, all bank's activities giving rise to credit risks are being monitored all the time. The bank's Credit and Limitation committees are entitled to make decisions on credit risks management by setting up the limits for individual borrowers or a group of interrelated borrowers, for specific financial products as well as for some geographical or particular business areas.

Aiming at minimizing market and monetary risks in the bank's activity, the Limitation committee establishes the form and structure of portfolios of securities, limits for investment in debt securities, limits for overt monetary position, limits for transactions performed by the members of administration of money markets and securities.

A multi-stage system of control over transaction and deals at all stages ensures a considerable decrease of risk. Within the system of risk management, special attention is paid to technical risks and risks of implementation of new technologies. Towards this end, the following aspects are examined and evaluated: planning decisions and the quality of their implementation, organization of technological procedures, information and management, technological risk steadiness. The following approaches to risk prevention are used: reserved facilities in telecommunications and computation network, procedures in case of force-majeure or mistakes, prevention from losses in case of mistakes made by staff, protection from unauthorized data substitution and maintenance equipment destruction, as well as destruction of computer and telecommunication equipment, implementation and operative use of security and control procedures (cryptography, use of encoding systems which prevent unauthorized access during information transfer and storage, computer software differentiating access to information)

On the whole, the bank's system of risk management is an important part of the decision making process. The system is often updated in accordance with changing economic circumstances, the requirements of the Central Bank of the Russian Federation, of the Federal Committee of the securities market and other regulating authorities, as well as the recommendations of the World Bank Basle Committee on bank supervision.

Cooperation with
Absolut Bank is
a guarantee of high
quality service.
It is absolute mutual
understanding
and confidence
in future.

General Director of State
Unitary Enterprise
MO “Mosoblgaz”

Dmitry A. Bolshakov



GENERAL INFORMATION ABOUT THE BANK

FULL NAME

Aktsionernyj kommercheskij bank “Absolut Bank” (zakrytoe aktsionernoje obschestvo)
Joint-Stock Commercial Bank “Absolut Bank” (Closed Joint-Stock Company)

SHORT NAME

AKB “Absolut Bank” (ZAO)

LEGAL ADDRESS

Address: Leninsky Prospekt, 108, str.1, 119415 Moscow, Russia
Tel.: +7 (095) 935-5001, Fax: +7 (095) 935-0052
E-mail: mail@absolutbank.ru
S.W.I.F.T: ABSL RU MM
www.absolutbank.com

THE BOARD OF DIRECTORS

- Alexander Svetakov, Chairman of the Board of Directors
- Mikhail Botov, Member of the Board of Directors
- Gleb Galin, Member of the Board of Directors
- Oleg Kapitonov, Member of the Board of Directors
- Dmitriy Orlov, Member of the Board of Directors
- Evgeniy Tkachenko, Member of the Board of Directors
- Andrey Truskov, Member of the Board of Directors

THE BOARD

- Oleg Kapitonov, Chairman of the Board
- Andrey Kosolapov, Senior Deputy Chairman of the Board
- Mikhail Serdtsev, Senior Deputy Chairman of the Board
- Nikolay Sidorov, Senior Deputy Chairman of the Board
- Sergei Radchenkov, Deputy Chairman of the Board
- Dmitriy Ivlyushin, Deputy Chairman of the Board
- Dmitriy Larin, Deputy Chairman of the Board, Compliance Controller
- Elena Serdtseva, Chief Accountant

AUDITORS

- OOO “Delovye Konsultatsii, Moskva”
- ZAO “PriceWaterhouseCoopers Audit”

LICENCES AND PERMITS

- General License of the Central Bank of the Russian Federation No. 2306
- General License of the Ministry of Economic Development and Trade of the Russian Federation for export of refined gold No. 027205506385 dated June 25, 2002
- License for operations with precious metals No. 2306 dated May 18, 2002
- License for dealer operations No. 177-02819-010000 dated November 16, 2000
- License for brokerage services No. 177-02777-100000 dated November 16, 2000
- License for securities management No. 177-02853-00100 dated November 16, 2000
- License for depository operations No. 177-03198-000100 dated December 04, 2000
- Permit to stand as a guarantor to customs authorities No. 206 dated August 01, 2001, issued by the State Customs Committee of the Russian Federation
- Exchange broker license No. 476 dated March 20, 2002.

MEMBERSHIP IN PROFESSIONAL ASSOCIATIONS

- The Russian banks association
- National Currency Association
- National Association of Stock Market Participants (NAUFOR)
- Moscow Interbank Monetary Exchange (Stock Market Section, Currency Section)
- Stock Exchange “Sankt-Peterburg”
- VISA International
- Society for Worldwide Interbank Financial Telecommunication

I am sure
that by com-
mon efforts
we will defi-
nitely achieve
more success.

President of the “Russkij Tekstil”
Association

Konstantin N. Volkov



ORGANIZATIONAL STRUCTURE OF THE BANK

Customer Services Division	Corporate Customer Services Department Tel.: +7 (095) 935-6101, fax: +7 (095) 935-6101 Operating Department Tel.: +7 (095) 777-7131, fax: +7 (095) 935-0053 Private Individuals Services Department Tel.: +7 (095) 935-1001, fax: +7 (095) 935-0053 Currency Control Department Tel.: +7 (095) 935-3101, fax: +7 (095) 935-0052 Currency Exchange Department Tel.: +7 (095) 777-7148, fax: +7 (095) 777-7149
Customer Business Development Division	Tel.: +7 (095) 777-7150, 777-71-51, fax: +7 (095) 777-7160
Credit Division	Corporate Finance Department Tel.: +7 (095) 935-5001, fax: +7 (095) 935-0052 Mortgage Lending Department Tel.: +7 (095) 935-5001, fax: +7 (095) 935-0052
Construction Investments Division	Tel.: +7 (095) 777-7155, fax: +7 (095) 777-7160
Correspondent Banking Division	Correspondent Accounts Department Tel.: +7 (095) 935-2101, fax: +7 (095) 935-2101 Documentary Operations Department Tel.: +7 (095) 935-2101, fax: +7 (095) 935-2101
Money Markets Transactions Division	Dealing Department Tel.: +7 (095) 935-3110, fax: +7 (095) 935-3110 Precious Metals Department Tel.: +7 (095) 935-5101, fax: +7 (095) 935-5101 State Securities Department Tel.: +7 (095) 777-7156, fax: +7 (095) 935-3110
Securities Division	Promissory Notes Department Tel.: +7 (095) 935-5101, fax: +7 (095) 935-5101 Corporate Securities Department Tel.: +7(095) 935-5101, fax: +7 (095) 935-5101 Analytical Department Tel.: +7 (095) 935-5101, fax: +7 (095) 777-7149
Financial Markets Transactions Division	Depository Tel.: +7 (095) 777-7154, fax: +7 (095) 777-7149
Baumanskoe Branch	Promotion Group Tel.: +7 (095) 777-7157, fax: +7 (095) 265-7809 Customer Support Group Tel.: +7 (095) 265-7627, 265-7628, 265-7629, fax: +7 (095) 265-7809

AUDITORS' REPORT ON THE SUMMARISED FINANCIAL STATEMENTS



ZAO PricewaterhouseCoopers Audit
Kosmodamianskaya nab. 52/5
115054 Moscow
Russia
Telephone +7 (095) 967 6000
Facsimile +7 (095) 967 6001

To the Board of Directors of Absolut Bank:

We have audited the financial statements of Absolut Bank ("the Bank") as at December 31, 2002, from which these summarised financial statements were derived, in accordance with International Standards on Auditing.

In our report dated March 20, 2003 we expressed an opinion that the financial statements, from which the summarised financial statements were derived, present fairly, in all material respects, the financial position of the Bank as at December 31, 2002 and the results of its operations for the year then ended in accordance with International Financial Reporting Standards.

In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the financial statements from which the summarised financial statements were derived.

For a better understanding of the Bank's financial position and the results of its operations for the year, and of the scope of our audit, these summarised financial statements should be read in conjunction with the financial statements, from which the summarised financial statements were derived, and our audit report thereon.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

Moscow, Russia
March 20, 2003

SUMMARISED FINANCIAL INFORMATION – BALANCE SHEET as at December 31, 2002

(in thousands of Russian Rubles expressed in terms of the purchasing power of the Russian Ruble at December 31, 2002 unless otherwise stated)

of the credit institution Aktsionernyj kommercheskij bank "Absolut Bank" (zakrytoe aktsionernoe obschestvo)

Joint-Stock Commercial Bank "Absolut Bank" (Closed Joint-Stock Company)

Registration number: 2306, BIK Code: 044525976

Mailing address: Leninsky Prospekt, 108, str.1, 119415 Moscow, Russia

	2002	2001
Assets		
Cash and cash equivalents	994,475	1,188,577
Mandatory cash balances with the Central Bank of the Russian Federation	113,109	113,023
Trading securities	178,288	241,132
Due from other banks	1,420,922	820,519
Loans and advances to customers	2,560,872	1,585,557
Investment securities available for sale	41,272	6,725
Accrued interest income and other assets	67,400	65,210
Fixed assets	39,383	26,915
Total assets	5,415,721	4,047,658
Liabilities		
Due to other banks	1,735,867	995,263
Customer accounts	1,590,875	1,307,074
Promissory notes	278,941	370,743
Other borrowed funds	222,491	242,879
Accrued interest expense and other liabilities	45,536	52,718
Deferred tax liability	48,445	38,866
Total liabilities	3,922,155	3,007,543
Shareholders' equity		
Share capital	1,284,869	1,132,112
Share premium	573,149	241,801
Accumulated deficit	(364,452)	(333,798)
Total shareholders' equity	1,493,566	1,040,115
Total liabilities and shareholders' equity	5,415,721	4,047,658

Approved for issue by the Board of Directors and signed on its behalf on March 20, 2003.

Chairman of the Board



Oleg S. Kapitonov

Chief Accountant



Elena L. Serdtseva



SUMMARISED FINANCIAL INFORMATION – STATEMENT OF INCOME

for the Year Ended December 31, 2002

(in thousands of Russian Rubles expressed in terms of the purchasing power of the Russian Ruble at December 31, 2002 unless otherwise stated)

of the credit institution Aktsionernyj kommercheskij bank "Absolut Bank" (zakrytoe aktsionerное obschestvo)
 Joint-Stock Commercial Bank "Absolut Bank" (Closed Joint-Stock Company)
 Registration number: 2306, BIK Code: 044525976
 Mailing address: Leninsky Prospekt, 108, str.1, 119415 Moscow, Russia

	2002	2001
Interest income	488,187	343,168
Interest expense	(132,561)	(80,224)
Net interest income	355,626	262,944
Provision for loan impairment	(115,399)	(48,409)
Net interest income after provision for loan impairment	240,227	214,535
Gains less losses arising from trading securities	33,505	70,476
Gains less losses arising from investment securities available for sale	3,947	–
Gains less losses arising from trading in foreign currencies	65,147	68,702
Foreign exchange translation gains less losses	43,163	24,827
Fee and commission income	190,345	51,189
Fee and commission expense	(30,375)	(16,527)
Other operating income	22,391	21,500
Operating income	568,350	434,702
Operating expenses	(199,701)	(158,112)
Monetary loss	(160,055)	(137,638)
Profit before taxation	208,594	138,952
Income tax expense	(18,378)	(35,695)
Net profit	190,216	103,257

Approved for issue by the Board of Directors and signed on its behalf on March 20, 2003.

Chairman of the Board



Oleg S. Kapitonov

Chief Accountant

Elena L. Serdtseva

ABSOLUT BANK
is a reliable partner
whose high
professional qualities
are successfully
combined with the
willingness to under-
stand the specifics of
client's business.

General Director
of ZAO "Klinskiy Myasokombinat"

Konstantin B. Sedov





AUDITORS' OPINION
OOO "Delovye Konsultatsii, Moskva"
on the financial statements of AKB "Absolut Bank" for the year 2002

"Delovye Konsultatsii, Moskva"
Akademika Pilyugina, d.14
Tel.: +7(095) 128-9754
Fax: +7(095) 128-5942

We, Limited Liability Company "Delovye Konsultatsii, Moskva", have audited Joint-Stock Commercial Bank "Absolut Bank" (ZAO) for the period from January 01, 2002 to December 31, 2002.

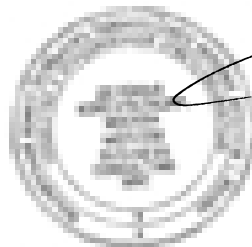
The audit was performed on the basis of information presented by the Bank's management.

We conducted our audits in accordance with the Law on Audit, dated August 07, 2001 No. 119-FZ, Regulations of the Bank of Russia "On the rules of preparation and submission to the Bank of Russia of auditors' opinion based on the audit of a lending institution for a year" dated December 23, 1997 No. 10P, Rules (Standards) of auditing, and the Standards of auditing in the area of bank audit approved by the Expert Committee to the Central Bank of the Russian Federation for bank audit.

We planned and performed the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The audit included examining, on a test basis, the amounts and disclosures in the financial statements. In addition, the audit included evaluating the overall financial statement presentation to assess whether it complied with laws and regulations of the Russian Federation.

We believe that our audits provide a reasonable basis for our opinion on the credibility of these financial statements. The audited annual statements is prepared in accordance, in all material respects, with laws and regulations on accounting and preparation of financial statements in the Russian Federation and the accepted accounting principles. The credibility of the balance sheet, income statement, cash flow data, and information on the fulfillment of the main requirements established by the regulations of the Bank of Russia is confirmed.

General Director
OOO "Delovye
Konsultatsii, Moskva"



A handwritten signature in black ink, appearing to read 'Yu. G. Davlyatov', is written over the seal and extends to the right.

Yu. G. Davlyatov

March 25, 2003

OOO "Delovye Konsultatsii, Moskva"

License No. 0124 issued on December 4, 2000

Information on the above data is presented in the auditors' opinion on credibility of financial statements of the lending institution as of January 1, 2001

BALANCE SHEET as of January 1, 2003

of the credit institution Aktsionernyj kommercheskij bank "Absolut Bank" (zakrytoe aktsionernoje obschestvo)

Joint-Stock Commercial Bank "Absolut Bank" (Closed Joint-Stock Company)

Registration number: 2306, BIK Code: 044525976

Mailing address: Leninsky Prospekt, 108, str.1, 119415 Moscow, Russia

No.	Item	Amount, thousand rubles
1	2	3
ASSETS		
1	Funds and accounts in the Central Bank of the Russian Federation	433,511
2	Obligatory reserves in the Central Bank of the Russian Federation	113,109
3	Funds in lending institutions less reserves. (item 3.1 – item 3.2)	553,548
3.1	Funds in lending institutions	554,102
3.2	Reserve in provision for possible losses	554
4	Net investments in trade securities (item 4.1 – item 4.2)	50,093
4.1	Investments in trade securities	50,093
4.2	Reserve in provision for depreciation of securities and possible losses	0
5	Loans given and equivalents	4,329,435
6	Reserve in provision for possible losses on loans	437,315
7	Net loans given (item 5 – item 6)	3,892,120
8	Accrued interest (including arrears of interest)	15,528
9	Net investments in investment securities held until payment (item 9.1 – item 9.2)	45,711
9.1	Investments in investment securities, held until payment	45,757
9.2	Reserve in provision for possible losses	46
10	Fixed funds, intangible assets, maintenance materials, not valuable and wearing objects	43,903
11	Net investments in securities available for sale (item 11.1 – item 11.2)	7,650
11.1	Securities available for sale	7,650
11.2	Reserve in provision for depreciation of securities and possible losses	0
12	Deferred expense for other operations adjusted for accrued interest yeilds	2,327
13	Other assets less reserve (item 13.1 – item 13.2)	44,270
13.1	Other assets	44,277
13.2	Reserve in provision for possible losses	7
14	Total assets (item 1+2+3+4+7+8+9+10+11+12+13)	5,201,770
LIABILITIES		
15	Loans given to credit institutions by the Central Bank of the Russian Federation	0
16	Funds of credit institutions	1,739,004
17	Clients' funds	1,680,681
17.1	including deposits of individuals	405,688
18	Deferred income for other operations	0
19	Issued debt instruments	311,902
20	Other liabilities	165,870
21	Reserve in provision for possible losses on urgent deals, off-balance liabilities and on settlements with debtors for operations with the residents of off-shore areas	1,867
22	Total liabilities (item 15+16+17+18+19+20+21)	3,899,324
EQUITY CAPITAL		
23	Registered equity – shareholders' (participants') funds (items 23.1+23.2+23.3), including:	675,100
23.1	Registered common stock and shares	675,100
23.2	Registered preferred stock	0
23.3	Non-registered charter capital of non-stock credit institutions	0
24	Own stock reacquired from shareholders	0
25	Issue proceeds	530,124
26	Funds and profit left at the disposal of the credit institution	57,890
27	Revaluation of fixed assets	679
28	Profit (loss) over the reported period	53,350
29	Dividends payable from profit of the reported year	0
30	Distributed profit (excluding dividends)	9,805
31	Non-distributed profit (item 28 – item 29 – item 30)*	43,545
32	Expenses and risks affecting equity funds	4,892
33	Total equity funds (items (items 23–23.3–24+25+26+27+31-32, for profitable credit institutions), (items 23–23.3–24+25+26+27+28-32, for unprofitable credit institutions)	1,302,446
34	Total liabilities: (item 22+23.3+33)	5,201,770
OFF-BALANCE LIABILITIES		
35	Irrevocable liabilities of the credit institution	2,327,739
36	Guarantees given by the credit institution	1,080,243

* Items 29, 30, 31 are filled out by profitable lending institutions only.

TRUST ACCOUNTS as of January 1, 2003

TRUST ACCOUNTS as of January 1, 2003

No.	Balance sheet accounts	Amount, thousand rubles
1	2	3
Assets accounts		
1	Cash	0
2	Securities in trust	4,480
3	Precious metals	0
4	Loans given*	0
5	Funds used for other purposes	0
6	Trust settlements	0
7	Paid accrued interest (coupon) income on interest (coupon) debt instruments (coupon) debt instruments	0
8	Current accounts	0
9	Trust management expense	0
10	Trust management loss	0
Liabilities accounts		
11	Capital in trust	4,480
12	Trust settlements	0
13	Received accrued interest (coupon) income on interest (coupon) debt instruments	0
14	Trust management income	0
15	Trust management profit	0

* To be filled out by credit institutions that had given loans by July 8, 1997 (the effective date of Instruction of the Bank of Russia No. 63 dated July 02, 1997)

INCOME STATEMENT for the Year 2002

of the credit institution Aktsionernyj kommercheskij bank "Absolut Bank" (zakrytoe aktsionerное obschestvo)

Joint-Stock Commercial Bank "Absolut Bank" (Closed Joint-Stock Company)

Registration number: 2306, BIK Code: 044525976

Mailing address: Leninsky Prospekt, 108, str.1, 119415 Moscow, Russia

No.	Item	Amount, thousand rubles
1	2	3
Interest received and similar income on:		
1	Placement of funds in other banks as credits, deposits, loans and on other banks' accounts	27,722
2	Loans given to other clients	413,990
3	Funds put on lease	0
4	Fixed yield securities	8,493
5	Other sources	2,162
6	Total interest received and similar income: (items 1 + 2 + 3 + 4 + 5)	452,367
Interest paid and similar expense on:		
7	Other banks' funds, including loans and deposits	40,027
8	Other clients' funds, including loans and deposits	41,594
9	Issued debt instruments	21,782
10	Rent	4,437
11	Total interest paid and similar expense: (items 7 + 8 + 9 + 10)	107,840
12	Net interest and similar income (item 6 – item 11)	344,527
13	Commission income	85,310
14	Commission expense	28,572
15	Net commission income (item 13 – item 14)	56,738
Other operating income:		
16	Income from operations with foreign currency and other currency values, including exchange rate differences	478,992
17	Income from operations of purchase and sale of precious metals, securities and other property, positive results of reappraisal of precious metals, securities and other property	40,361
18	Income in the form of dividends	424
19	Other current income	17,927
20	Total other operating income: (items 16 + 17 + 18 + 19)	537,704
21	Current income: (items 12 + 15 + 20)	938,969
Other operating expense:		
22	Staff expenses	45,088
23	Maintenance expense	58,381
24	Expenses on operations with foreign currency and other currency values, including exchange rate differences	528,304
25	Expenses on operations of purchase and sale of precious metals, securities and other property, negative results of reappraisal of precious metals, securities and other property	35,858
26	Other current expense	23,217
27	Total other operating expense: (items 22 + 23 + 24 + 25 + 26)	690,848
28	Net current income before reserves and without consideration of extraordinary income/expense (item 21 – item 27)	248,121
29	Change in reserve in provision of possible losses on loans	193,885
30	Change in reserve in provision for depreciation of securities and possible losses	-2
31	Change in other reserves	888
32	Net current income without consideration of extraordinary income/expense: (items 28 – 29 – 30 – 31)	53,350
33	Extraordinary income less extraordinary expense	0
34	Net current income with consideration of extraordinary income/expense: (item 32 + item 33)	53,350
35	Profit tax*	9,724
36	Deferred profit tax	0
36a	Extraordinary expense after taxation	0
37	Profit (loss) over the reported period: (item 34 – item 36 – item 36a)	53,350

* The amount of taxes paid from profit (item 35) is shown in the income statement for information only and is not excluded from the calculation of profit (loss) over the reported period shown in item 37.

CASH FLOW DATA for the Year 2002

CASH FLOW DATA for the Year 2002

of the credit institution Aktsionernyj kommercheskij bank "Absolut Bank" (zakrytoe aktsionernoe obschestvo)

Joint-Stock Commercial Bank "Absolut Bank" (Closed Joint-Stock Company)

Registration number: 2306, BIK Code: 044525976

Mailing address: Leninsky Prospekt, 108, str.1, 119415 Moscow, Russia

No.	Item	Cash flow over the reported period, thousand rubles
1	2	3
I Cash flow from operations		
1	Interest income	452,367
2	Interest expense	107,840
3	Commission income	85,310
4	Commission expense	28,572
5	Income from operations with foreign currency and other currency values	256,111
6	Income from operations of purchase and sale of precious metals, securities, and other property	31,017
7	Expenses for operations with foreign currency and other currency values	346,024
8	Expenses for operations of purchase and sale of precious metals, securities, and other property	27,547
9	Income in the form of dividends	424
10	Other operating income	17,927
11	Other operating expense	126,686
12	Extraordinary expense after taxation	0
13	Total revenues/expenses (item 13.1 + item 13.2), including:	184,737
13.1	Revenues/expenses (item 1 – item 2 + item 3 – item 4 + item 5 + item 6 – item 7 – item 8 + item 9 + item 10 – item 11 – item 12)	206,487
13.2	Change in income/expense	-21,750
14	Assignments to budget from profit, assignments to charity and for other purposes	6,546
15	Cash flow from operations before consideration of changes in current assets/liabilities (items 13 + 14)	191,283
Changes in current assets		
16	Obligatory reserves in the Central Bank of the Russian Federation	-14,930
17	Funds in credit institutions	144,349
18	Investments in trade securities	42,952
19	Loans given and equivalents	-1,419,350
20	Other assets	-10,138
Changes in current liabilities		
21	Loans given to banks by the Central Bank of the Russian Federation	0
22	Funds of credit institutions	873,535
23	Clients' funds	366,645
24	Other liabilities	90,697
25	Net cash inflow/outflow from current operations (item 16 + item 17 + item 18 + item 19 + item 20 + item 21 + item 22 + item 23 + item 24)	73,760
26	Net cash inflow/outflow from operations (item 15 + item 25)	265,043
II Cash flow from investments		
27	Fixed funds and intangible assets, maintenance materials and not valuable and wearing objects	-17,645
28	Investments in investment securities	-44,955
29	Investment in securities available for sale	-5,000
30	Net cash inflow/outflow from investments (item 27 + item 28 + item 29)	-67,600
III Cash flow from financial activity		
31	Registered equity – shareholders' (participants') funds	150,000
32	Own stock (shares) reacquired from shareholders (participants)	0
33	Issue proceeds	325,420
34	Funds and profit left at the disposal of the credit institution	5,099
35	Dividends payable from profit of the reported year	0
36	Issued debt instruments	-25,339
37	Net cash inflow/outflow from financial activity (item 31 + item 32 + item 33 + item 34 + item 35 + item 36)	455,180
38	Positive/negative difference of revaluation of foreign currency and other currency values, precious metals and securities; revaluation of fixed assets; accrued and other funds not reflected in the financial results and other components	40,637
39	Net cash inflow/outflow and their equivalents (item 26 + item 30 + item 37 + item 38)	693,260
40	Amount of cash and equivalents as of the beginning of the reported period	977,493
41	Amount of cash and equivalents as of the end of the reported period (item 39 + item 40)	1,670,753

INFORMATION
about fulfillment of basic requirement, established in the regulations of the Bank
of Russia as of January 1, 2003

No.	Obligatory regulation or reserve	Amount or interest
1	2	3
1	Actual indicator of adequacy of own funds (equity capital) (regulation H1, %)	25.9
2	The value of estimated reserves in provision for possible losses on loans, calculated in accordance with the requirements of the Bank of Russia's regulations (thousand rubles)	437,315
3	The actual value of reserve in provision of possible losses on loans (thousand rubles)	437,315
4	The estimated value of reserves in provision for deprecation of securities and for possible losses, calculated in accordance with the requirements of the Bank of Russia's regulations (thousand rubles)	2,474
5	The actual value of reserve in provision for depreciation of securities and possible losses (thousand rubles)	2,474

Chairman of the Board



Oleg S. Kapitonov

Chief Accountant




Elena L. Serdtseva

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