



EAST-EUROPEAN FINANCE  
CORPORATION



ANNUAL REPORT

2005



#### **Board of Directors:**

Mr. Alexander Gitelson  
Mr. Gennadiy Babaev  
Mr. Valentin Bourkis  
Mr. Yuri Zipman  
Mrs. Tatiana Lebedeva  
Mrs. Elena Runova  
Mr. Igor Sobolevskiy

#### **Board of the bank:**

Mr. Vitaly Ryabov  
Mr. Alexey Morozov  
Mrs. Galina Olesjuk  
Mrs. Larisa Somkina

*Dear shareholders, clients  
and partners of  
MDM-Bank Saint-Petersburg!*



We would like to bring to your attention an annual report of the bank for the year of 2005.

The bank has started a new chapter of its history in 2006. The shareholders of the East-European Finance Corporation have completed an acquisition of the controlling stake of MDM-Bank Saint-Petersburg PLC, adjoining it to the banking group, which now comprises of six financial institutions.

On the 6th of June, 2006 at the annual shareholders meeting the new board of directors was elected having now formed the new management of the bank.

Considering changes in the structure of majority shareholding and exit of MDM-Bank Saint-Petersburg from the MDM Financial Group, the new shareholders have reached an agreement on the new official name of the bank – Bank of East-European Finance Corporation

The change of the name will take effect straight after the official re-registration procedure at the St.Petersburg office of the Central Bank of Russia.

Taking into consideration well-earned reputation of MDM-Bank Saint-Petersburg as reliable financial institution, trusted by clients and well-known amongst the banking society the efforts of the new shareholders are now aimed at not only maintaining of the bank's high standards but also at constant progressive development in all areas of financial markets.

We would like to express our gratitude to our partners and clients for their trust and mutual understanding – key elements of successful partnership. Our colleagues also deserve praise for their professionalism, enthusiasm and commitment.

We are confident that our partnership will lead to great success!

On behalf of shareholders,  
President of East-European Finance Corporation Plc

**A.V. Gitelson**

A handwritten signature in black ink, appearing to be 'A. Gitelson', written in a cursive style.

## BALANCE SHEET, January 1st, 2006 (RUR'000)

Balance sheet account name

### I ASSETS

1	Cash	2 491 758
2	Balance with the Central Bank of the Russian Federation	736 842
2.1	Mandatory reserve held with the Central Bank	265 285
3	Current accounts with other banks	806 257
4	Net investments in securities held for dealing purposes	335 129
5	Net loans and equivalents	7 611 259
6	Net investments in securities held-to-maturity	0
7	Net investments in securities available-for-sale	1 726 609
8	Fixed assets, intangible assets and stock	776 054
9	Interest receivable	6 717
10	Other assets	399 880
11	<b>Total assets</b>	<b>14 890 505</b>

### II LIABILITIES

12	Loans from the Central Bank of the Russian Federation	0
13	Deposits from other banks	420 108
14	Deposits from customers (non banks)	12 279 672
14.1	Deposits from individuals	5 379 351
15	Debt securities issued	325 247
16	Interest payable	65 099
17	Other liabilities	222 331
18	Provisions for possible losses on contingent liabilities of credit nature, other possible losses and operations with offshore residents	1 202
19	<b>Total liabilities</b>	<b>13 313 659</b>

### III CAPITAL AND RESERVES

20	Share capital	4 857
20.1	Including registered common stock	4 337
20.2	Registered preferred stock	520
20.3	Non-registered authorized capital of non-joint stock banks	0
21	Redemption of stocks	0
22	Income from issuance of shares	492 566
23	Fixed assets revaluation	664 807
24	Future expenses affecting the equity	72 434
25	Funds and retained profit of profit of previous years disposable (uncovered losses of previous years)	310 499
26	Profit (loss) of the current year available for distribution	176 551
27	Total shareholders equity	1 576 846
28	<b>Total liabilities</b>	<b>14 890 505</b>

### IV OUT-OF-BALANCE LIABILITIES

29	Irrevocable liabilities	5 906 792
30	Guarantees issued	27 632



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## INCOME STATEMENT January 1st, 2006 (RUR'000)

Balance sheet account name

### Interest and similar income:

1	Placements with other banks	491 502
2	Loans to other customers (non banks)	312 064
3	Leasing	0
4	Fixed-income securities	50 593
5	Other sources	1 998
6	<b>Total interest received and similar income (1, ..., 5)</b>	<b>856 157</b>

### Interest and similar expenses:

7	Deposits from other banks	70 346
8	Amounts owed to other depositors (non banks)	276 836
9	Debt securities issued	16 660
10	<b>Total interest and similar expenses</b>	<b>363 842</b>
11	<b>Net interest and similar income</b>	<b>492 315</b>
12	Net income from operations with securities	16 029
13	Net income from operations with foreign currency	-13 370
14	Net income from operations with precious metals and other financial instruments	0
15	Net income from foreign currency revaluation	42 615
16	Commission income	278 285
17	Commission expenses	116 744
18	Net income from non-recurring operations	2 188
19	<b>Total other operating income</b>	<b>-116 168</b>
20	Administration expenses	468 614
21	Provisions for possible losses	180 232
22	<b>Income before tax</b>	<b>296 768</b>
23	Provision for taxation (including income tax)	120 217
24	<b>Net profit of current period</b>	<b>176 551</b>

**Petersburg bank audit  
J. V. Limited**

199155, Санкт-Петербург,  
Морская наб., д. 33, офис № 1

**Аудиторская фирма  
ООО “Петербургбанкаудит”**

тел.: (812) 352-35-53, 352-68-59  
факс: (812) 352-66-84

## AUDITORS' REPORT

### FINANCIAL STATEMENTS OF COMMERCIAL BANC “MDM-BANK SAINT-PETERSBURG” PLC FOR THE YEAR ENDED 31 DECEMBER 2005

We have audited the accompanying financial (accounting) report and based on it public financial statements of “MDM-Bank Saint-Petersburg” PLC as at 31 December 2005 for the year then ended.

- Financial (accounting) reports of the credit organization “MDM-Bank Saint-Petersburg” PLC consist of:
- annual accounting balance in form of turnover balance list of accounts of the bank for the year of 2005;
  - profit and loss report as at 1 January 2006 (including post balance sheet events)
  - summary list of post balance sheet events for 2005
  - notes to the accounting reports

Annual public financial statements is prepared by the management of “MDM-Bank Saint-Petersburg” PLC basing on annual accounting report, drawn up in accordance with the legislation of Russian Federation and regulations of Central Bank of Russian Federation:

These public financial statements include:

- Balance Sheet as at 01 January 2006
- Income Statement for the year ended 31 December 2005
- Information about level of Capital Adequacy and level of provisions for problem loans and other assets at 01 January 2006

These financial (accounting) report and public financial statements are the responsibility of the Management of “MDM-Bank Saint-Petersburg” PLC. Our responsibility is to express an opinion on these financial statements and compliance of rules of accounting with legislation of Russian Federation based on our audit.

We conducted our audit in accordance with:

- Federal Law “On Audit” of 07.08.2001, 119-FZ
- Federal Regulations (standards) of audit
- Regulations (Standards) of audit of Russian Chamber of Audit
- Regulations (Standards) of audit of Independent Federation of Consultants and Auditors
- Regulations (Standards) of audit of Limited Liability Company “Petersburg Bank Audit”
- Regulations of Central Bank of Russian Federation

We planned and performed 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 of “MDM-Bank Saint-Petersburg” PLC, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion on truthfulness in all significant matters of financial (accounting) report and public financial statements based on it as well as compliance of the rules of accounting with the legislation of Russian Federation.

In our (Limited Liability Company “Petersburg bank audit”) opinion the accompanying financial (accounting) report and public financial statements (balance sheet, income statement and information about level of Capital Adequacy and level of provisions for problem loans and other) of the “MDM-Bank Saint-Petersburg” PLC present fairly, in all material respects, the financial position as at 31 December 2005 and the results of its operations for the period from 01 January to 31 December 2005 then ended in accordance with Russian Legislation and Central Bank of Russian Federation Standards requirements.

31 March 2006

Director General  
of “Petersburg bank audit”

Head of Audit  
(qualification certificate #K 000724  
for banking audit with unlimited validity)



A.I. Mikhailov

N.N. Sheglova

## BANK NETWORK

### Head Office

26, Nevsky prospect, 191186, St.Petersburg  
phone: +7 812 326 61 31, fax: +7 812 326 61 39  
e-mail: info@mdmspb.com www.vefk.ru

### Additional Bank Branch “Nevsky”

10 Knipovich street, Saint-Petersburg, Russia, 192019  
Tel.(812) 326-90-61, fax (812) 326-90-61

### Additional Bank Branch “Preobrazhensky”

25 Zakharyevskaya street, Saint-Petersburg, Russia, 191123  
Tel.(812) 331-68-90, fax (812) 331-68-90

### Additional Bank Branch “Finlyandsky”

9 Finsky per., Saint-Petersburg, Russia 195009  
Tel.(812) 327-12-91, fax (812) 321-60-97

### Additional Bank Branch “Birzhevoi”

19 Mihailova street, Saint-Petersburg, Russia 195009  
Tel.(812) 327-11-13, fax (812) 327-11-13

### Additional Bank Branch “Znamensky”

9, 3-rd Sovetskaya street, Saint-Petersburg, Russia 191036  
Tel.(812) 271-39-20, fax (812) 271-37-77

### Additional Bank Branch “Meditsinsky”

4 Kuznechny per., Saint-Petersburg, Russia 191025  
Tel.(812) 312-46-25, fax (812) 312-46-25

### Additional Bank Branch “Petrodvortsov”

13/7 Saint-Peterburgsky prospect, Petrodvorets,  
Saint-Petersburg, Russia 198510  
Tel.(812) 450-77-47, fax (812) 450-61-28

### Additional Bank Branch “Grazhdansky”

111 Grazhdansky prospect, Saint-Petersburg, Russia 195265  
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### Additional Bank Branch “Shuvalovsky”

36/141 Prosveschenia prospect, Saint-Petersburg, Russia 194358  
Tel. (812) 517-03-40, fax (812) 517-03-40

### Additional Bank Branch “Vasileostrovsky”

1 Nahimova street, Saint-Petersburg, Russia 199397  
Tel.(812) 355-47-37, fax (812) 355-47-37

### Additional Bank Branch “Moskovsky”

20 Gastello street, Saint-Petersburg, Russia 196135  
Tel.(812) 371-50-43, fax (812) 371-50-43

### Additional Bank Branch “Kolpinsky”

16 Lenina prospect, Kolpino,  
Saint-Petersburg, Russia 196653  
Tel.(812) 460-85-66, fax (812) 460-85-66

### Additional Bank Branch “Lomonosovsky”

27 Aleksandrovskaya street, Lomonosov,  
Saint-Petersburg, Russia  
Tel.(812) 422-91-70, fax (812) 422-91-70

### Additional Bank Branch “Karavai”

22 Hersonskaya street, Saint-Petersburg, Russia 191167  
Tel. (812) 274-75-06, fax (812) 274-75-06

### Additional Bank Branch “Palyanitsa”

2 Engelsa prospect, Saint-Petersburg, Russia 194156  
Tel. (812) 550-18-98, fax (812) 274-75-06

### Additional Bank Branch “Zheleznovodsky”

10-2 Uralskaya street, Saint-Petersburg, Russia 199155  
Tel. (812) 350-05-83, fax (812) 350-05-83

### Additional Bank Branch “Korablestroitelny”

44 Marshala Zhukova street, Saint-Petersburg, Russia 198262  
Tel.(812) 757-24-55, fax (812) 757-24-33

## BANK BRANCHES

### Branch №6 (Kingisepp)

4 Karla Marksa prospect, Kingisepp,  
Leningrad region, Russia 188480  
Tel. (81375) 416-63, 419-23

### Arkhangelsk Branch

1 Uritskogo street, Arkhangelsk, Russia 163051  
Tel.(8182) 61-93-96, fax (8182) 62-03-10



БАНКОМАТ

ОБМЕН ВАЛЮТ

WESTERN UNION