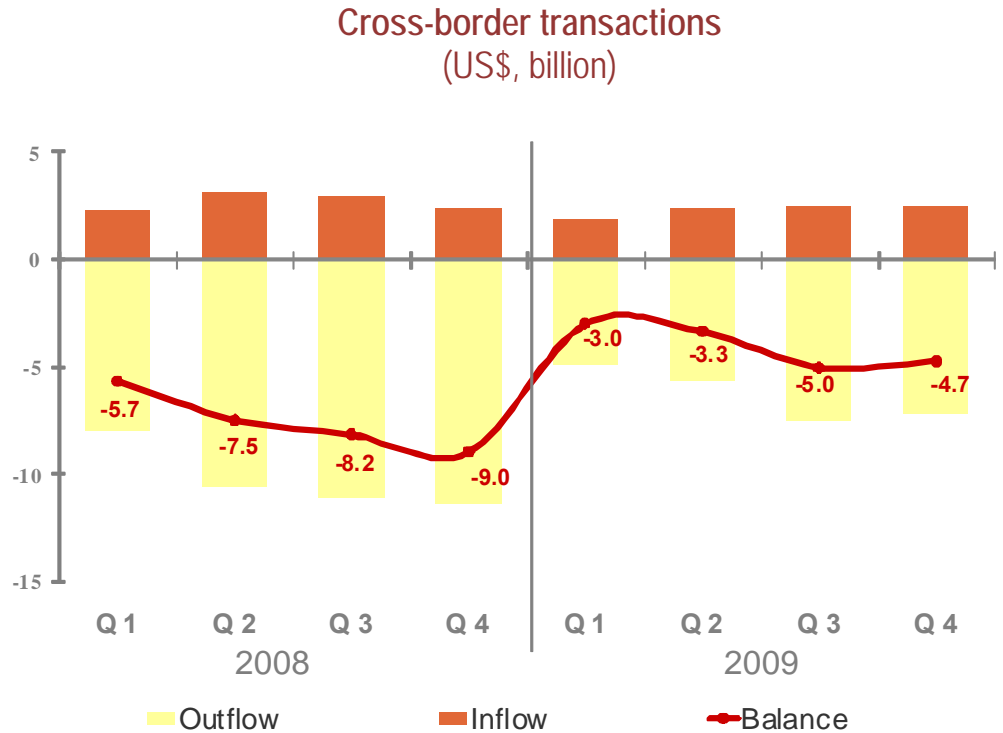




1. Cross-Border Transactions of Individuals in 2009

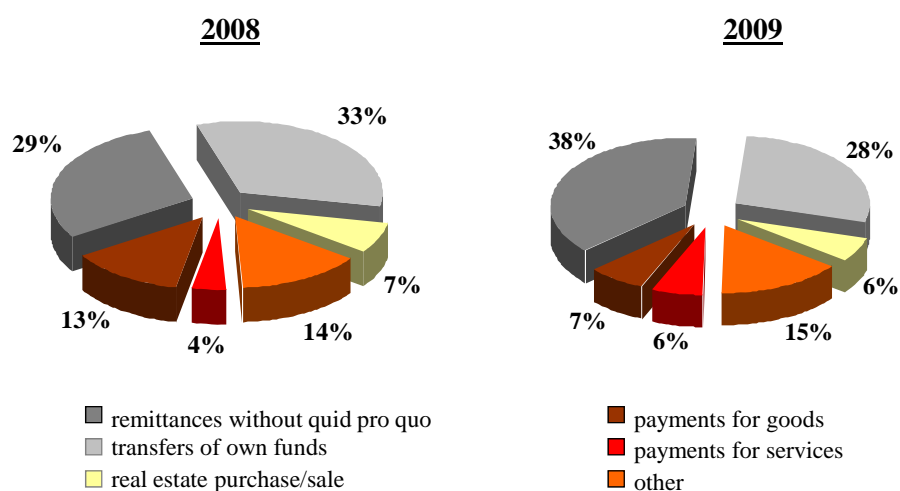
As compared to the previous year, cross-border transactions carried out by individuals (money transfers to Russia and from Russia) decreased by 33% to \$34.6 billion. Money transfers to Russia declined by 15%, while money transfers from Russia fell by 38%. As money transfers abroad contracted faster, the deficit of cross-border transactions decreased by 47% to \$16.1 billion in 2009.



1.1. Money Transfers from Russia

Money transfers from individuals in the Russian Federation decreased from \$41.1 billion in 2008 to \$25.4 billion in 2009 largely due to the contraction in transactions made by resident individuals. The share of the latter in the volume of funds transferred abroad decreased from 62% to 58%. Nonresident individuals transferred \$10.7 billion from Russia or 42% of the total volume of funds remitted abroad.

Money Transfers from Individuals in the Russian Federation in Breakdown by Purposes in 2008-2009



Remittances without quid pro quo¹ made up the larger part of transfers made by resident individuals (38%). The value of these operations decreased from \$7.3 billion in 2008 to \$5.5 billion in 2009. Remittances via MTOs² accounted for over 85% of these operations.

In 2009, Russian citizens transferred \$4.1 billion to their accounts with foreign banks, or 28% of all transfers. The largest sums were transferred to accounts with commercial banks in Switzerland, the United Kingdom and Austria. The transfers by resident individuals to the above-mentioned countries to top up their accounts averaged \$0.3 million.

Payments for goods and services accounted for about 14% of money transfers by resident individuals abroad. A total of \$1.1 billion was transferred as payment for goods, or 67% less than a year earlier. The volume of these payments declined significantly as individuals largely made payments for cars whose imports fell considerably in 2009. Individuals spent \$46 million in 2009 (\$62 million in 2008) on the purchase of goods through catalogues.

¹ Remittances without quid pro quo include grants, donations, inheritance payments and other similar remittances made via credit institutions and money transfer operators (MTOs).

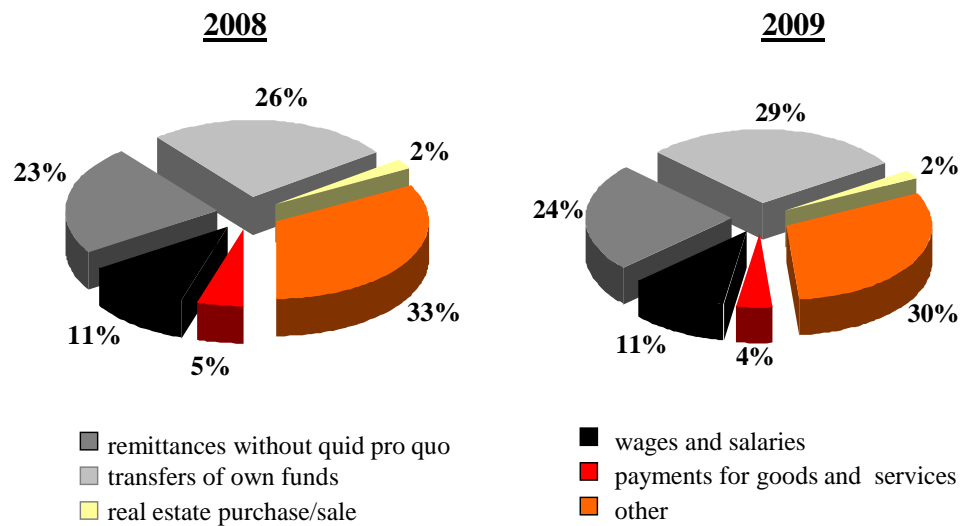
² Here and below money transfer operators include Allur, Anelik, AsiaExpress, Bistraya Pochta, Blitz, BLIZKO, Coinstar Money Transfer, Contact, InterExpress, LIDER, Migom, MoneyGram, PrivatMoney, Pochta Rossii, UNISStream, Western Union, Zolotaya Korona.



1.2. Money Transfers to Russia

Money transfers to Russia in favour of individuals amounted to \$9.2 billion in 2009 or \$1.6 billion less than in 2008. Most of these funds (\$7.2 billion) were transferred in favour of resident individuals whose share in the total volume of transactions to Russia in favour of individuals (residents and nonresidents) increased from 75% in 2008 to 78% in 2009. Money transfers to Russia in favour of nonresident individuals equalled \$2.0 billion and accounted for 22% of the total amount.

Money Transfers in favor of Individuals to the Russian Federation in Breakdown by Purposes in 2008-2009



In 2009, resident individuals transferred \$2.1 billion of their own funds (money transfers from individuals' accounts abroad to the accounts of the same individuals with Russian banks), including the repatriation of their own funds brought out of Russia earlier. The share of these transfers in the structure of remittances in favour of resident individuals to Russia increased from 26% in 2008 to 29% in 2009. Transfers from accounts with Swiss banks accounted for about a half of these receipts.

Remittances without quid pro quo ranked 2nd (24%) in the structure of money transfers from abroad. In terms of value, they decreased by \$0.2 billion as compared with 2008 to \$1.7 billion. Transfers via MTOs accounted for 87% of this amount.



Wages and salaries to Russia from abroad to resident personal accounts with Russian banks equalled \$0.8 billion. According to estimates, operations by foreign shipping companies, which paid wages to sailors, accounted for about 20% of this amount.

Payments for goods and services accounted for an insignificant share in the structure of money receipts (5%). These receipts largely involved proceeds from the sale of individuals' personal property (antiques, cars and other goods) and payments for financial, legal, consulting and other services rendered by individuals, and also the payment of royalties.

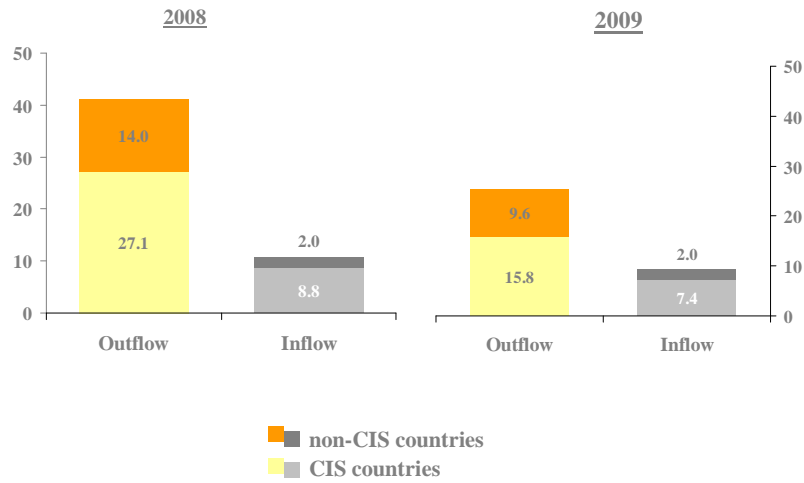
1.3. Geographical Allocation of Cross- Border Transactions

Transactions with non-CIS countries prevailed in the structure of cross-border transactions: their value totalled \$23.3 billion in 2009, whereas the value of operations with CIS countries stood at \$11.3 billion. However, the regional breakdown of transfers from Russia registered structural shifts in favour of operations with CIS countries: their share increased from 34% to 38%, whereas the share of transactions with non-CIS countries decreased from 66% to 62%. The structure of remittances from abroad was virtually unchanged: non-CIS countries accounted for 81% and CIS countries for 19% of all receipts.

As in the previous years, transactions with both groups of countries registered a deficit. Net outflow of money from Russia to non-CIS countries decreased by 2.2 times to \$8.4 billion, while net outflow of money to CIS countries declined by 35% to \$7.8 billion.

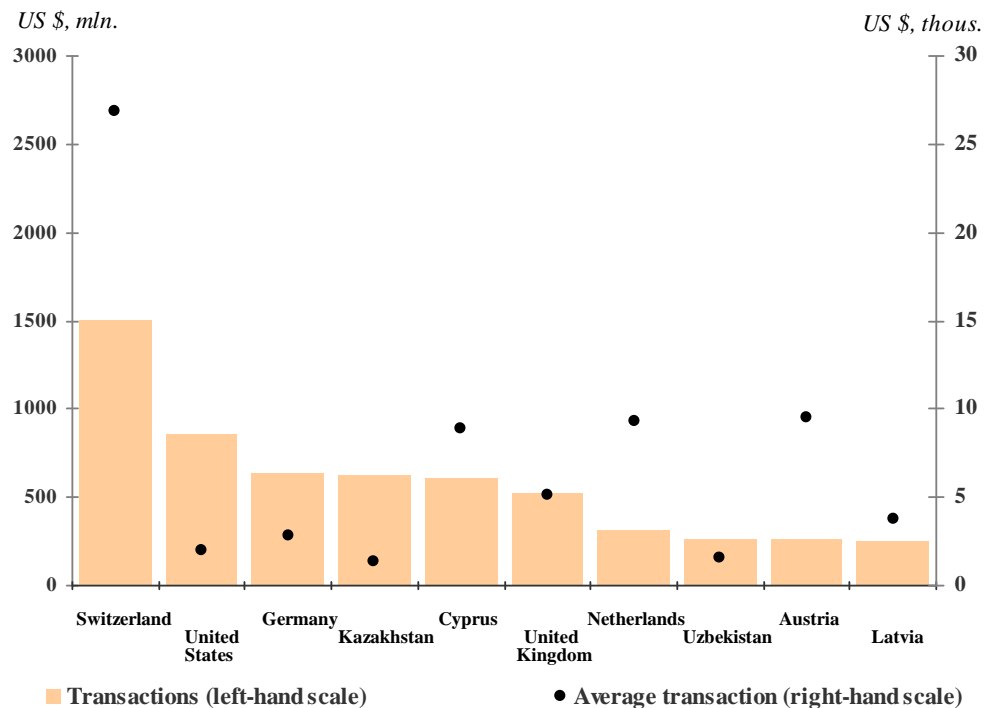


Regional Breakdown of Cross-Border Transactions in 2008-2009 (US\$, billion)



Switzerland, the United States, Germany, Kazakhstan, Cyprus and the United Kingdom accounted for more than half of all money transfers to Russia.

Top 10 Donor-Countries in 2009





Remittances from Switzerland amounted to \$1.5 billion. Transfers from the accounts of resident individuals opened with Swiss banks to their accounts in Russia made up more than half of these receipts, with an average sum per transaction being close to \$30,000.

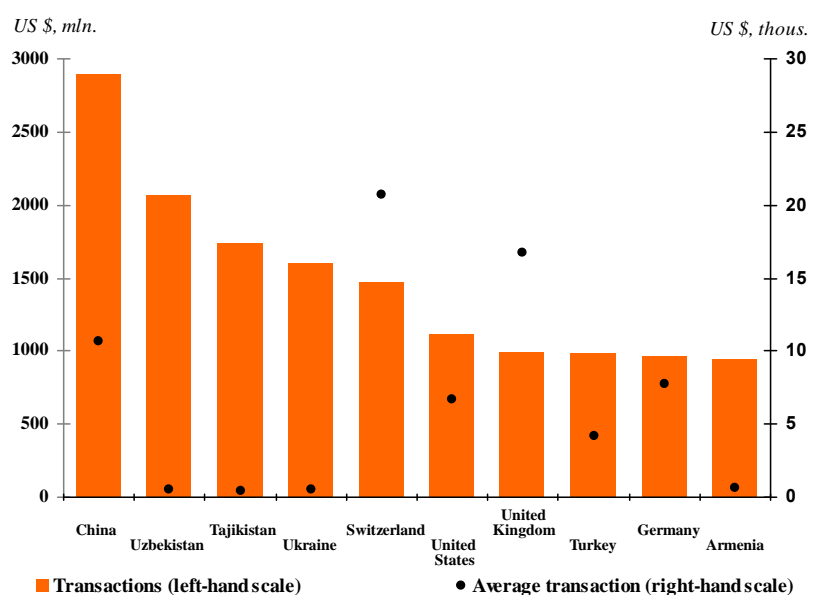
The United States ranked 2nd in terms of the value of money transfers to Russia (\$0.9 billion). These operations largely involved remittances without quid pro quo. About 19% of these remittances were made via MTOs.

Kazakhstan was the only CIS country, which remitted more money to Russia than it received (\$415 million).

Transactions with an average sum of over \$5,000 were carried out with Switzerland, Cyprus, the United Kingdom, the Netherlands, Austria, Hong Kong and the Czech Republic. Most frequently, these operations involved the repatriation of resident individuals' money.

The main recipients of money from individuals from Russia were China, Uzbekistan, Tajikistan, Ukraine, Switzerland and the United States. The share of remittances in the structure of payments to each of the above six countries accounted for more than 4% of the total value. Overall, they contributed over 43% of all remittances abroad.

Top 10 Recipient-Countries in 2009



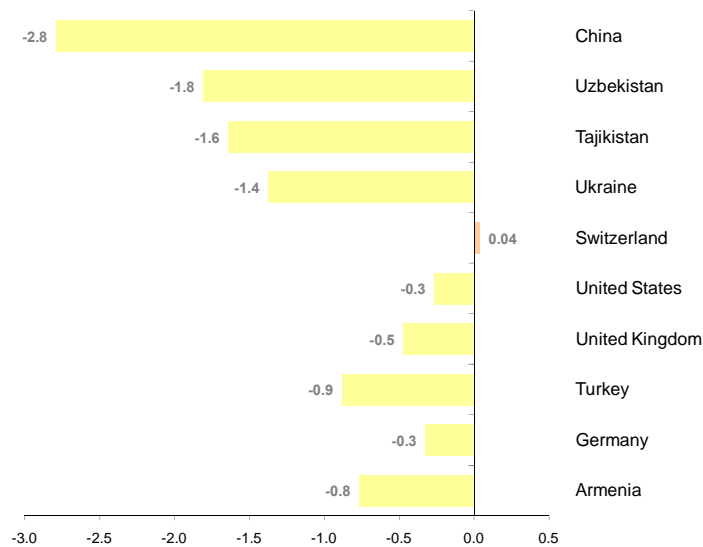


The largest amount of money transfers from Russia went to China (\$2.9 billion) as compared with other countries. The average amount of a non-resident's transaction totalled \$19,000 and exceeded by 39 times the average amount of a non-resident's remittance to CIS countries. Over a half of money transfers to China came from three Russian constituent entities: the Amur, Novosibirsk and Sverdlovsk Regions.

More than two thirds of transactions from Russia to Switzerland were linked with the placement of financial resources by resident individuals with Swiss banks.

Small amounts in favour of households were largely transferred to Uzbekistan (with an average remittance of \$571), Tajikistan (\$410) and Ukraine (\$500).

**Cross-border Transactions by Individuals
(Residents and Non-residents) by Country* in 2009
(US\$, billion)**



* The data are given for ten major countries in terms of the turnover of cross-border transactions. The deficit means larger remittances from Russia than remittances to Russia.



Russia registered a deficit with nine out of ten leading countries in terms of cross-border transactions. The deficit with Uzbekistan, Tajikistan, Ukraine and Armenia (a total of \$5.6 billion) arose partially due to remittances in favour of relatives by individuals temporarily or permanently working in Russia, the deficit with China and Turkey (\$5.8 billion) resulted from transactions related to the imports of goods. A small surplus was registered only in transactions with Switzerland as residents transferred a part of their funds earlier placed on their accounts with Swiss banks to their accounts with Russian banks.

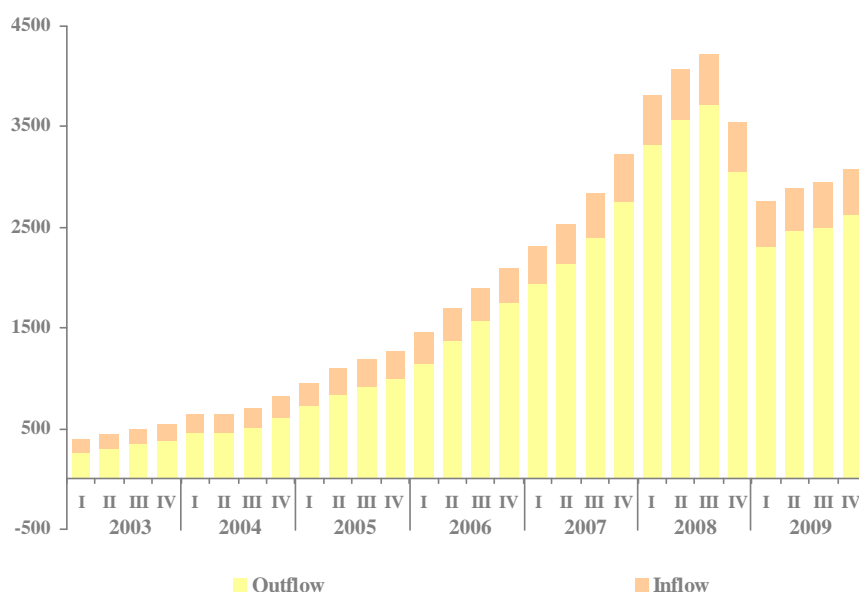
2. Cross-Border Remittances via MTOs in 2009

Cross-border remittances via MTOs are an integral part of cross-border transactions made by individuals. They accounted for 39% of money transfers by individuals from Russia in 2009 (33% in 2008) and for 19% of money transfers to Russia in favour of individuals (18% in 2008).

From 2003 to 2009, the volume of remittances via MTOs increased six times to \$15.7 billion. This growth was mainly attributable to the rapid increase in transfers from Russia largely to CIS countries.

Since 2008 Q4, the financial crisis considerably lowered money remittances from Russia³, which was caused by both a decrease in the average remittance amount in dollar terms and a reduction in the number of transactions.

**Cross-Border Remittances by Individuals via MTOs
(Seasonally adjusted)
US\$, million**



As compared to the previous year, the value of remittances from Russia decreased by 27% to \$10.0 billion in 2009. Remittances to Russia declined by 10% to \$1.8 billion.

³ Excluding the seasonal factor.



The major part of remittances from Russia (89%) went to CIS countries and amounted to \$8.9 billion in terms of value. Remittances to Russia came from both the CIS (\$1.1 billion) and non-CIS countries (\$0.7 billion).

An average remittance from Russia fell by 27% in 2009 as compared with 2008 to \$513. An average remittance to non-CIS countries was 2.3 times larger than an average remittance to CIS countries (\$1,099 and \$483, respectively).

Average Amount of a Cross-border Transaction via MTOs (US\$)

	2009	<i>Memorandum</i> : 2008
Remittances from Russia	<u>513</u>	<u>698</u>
to non-CIS countries	1 099	1 495
to CIS countries	483	667
Remittances to Russia	<u>588</u>	<u>671</u>
from non-CIS countries	607	647
from CIS countries	576	689

In 2009, the main recipients of money remittances from Russia via MTOs were Uzbekistan (21.7%), Tajikistan (18.4%), Ukraine (12.3%), Armenia (9.1%) and Kyrgyzstan (8.4%).

The main donor countries were Uzbekistan (14.5%), Kazakhstan (11.9%), Ukraine (10.4%), the United States (8.7%) and Armenia (4.8%).

The geography of remittances to Russia and from Russia differed significantly by concentration.

The three largest donor countries contributed one-third of money received by individuals in Russia, while the top three recipient countries accounted for more than a half of money remitted from Russia.



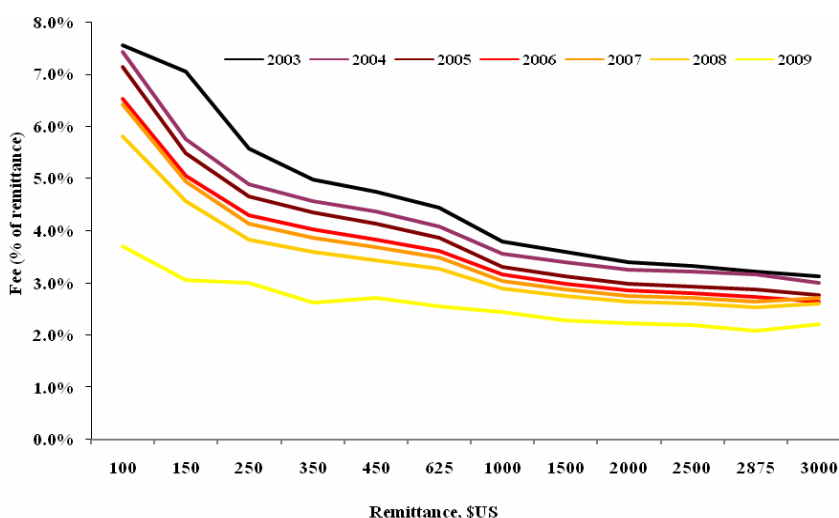
Remittances via MTOs by Country in 2009

Remittances from Russia	US\$, million	Share, %	Remittances to Russia	US\$, million	Share, %
Total	9 967	100	Total	1 780	100%
UZBEKISTAN	2 052	21	KAZAKHSTAN	251	14%
TAJIKISTAN	1 724	17	UZBEKISTAN	229	13%
UKRAINE	1 339	13	UKRAINE	166	9%
KYRGYZSTAN	894	9	UNITED STATES	162	9%
ARMENIA	848	9	KYRGYZSTAN	83	5%
MOLDOVA	746	7	ARMENIA	83	5%
AZERBAIJAN	661	7	TAJIKISTAN	81	5%
CHINA	399	4	AZERBAIJAN	60	3%
GEORGIA	366	4	CHINA	53	3%
KAZAKHSTAN	160	2	ITALY	49	3%
Other countries	778	8	Other countries	564	32%

According to estimates, the average fee charged from a client for a remittance via MTOs abroad was 2.6% of the remittance sum in 2009. With the average remittance of \$500, the average fee equalled \$13.

The size of remittance fee dropped considerably in 2009. The fee for remittances from Russia fell by 13% on average last year. As competition between MTOs intensified, the average remittance fee has decreased almost twofold since 2003.

Average fee (for remittances from Russia via MTOs⁴)



⁴Weighted for the share of a particular MTO in the annual volume of remittances from Russia