



**BANK
CENTER-INVEST**

ANNUAL REPORT

2005

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2005



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BANK CENTER-INVEST OFFERS THE WIDEST RANGE OF SERVICES TO INDIVIDUALS AND CORPORATE CUSTOMERS IN ACCORDANCE WITH INTERNATIONAL STANDARDS REQUIREMENTS ON THE BASIS OF MODERN BANKING TECHNOLOGIES



DEAR SHAREHOLDERS AND CUSTOMERS,

Program "Doubling with Bank Center-invest", which was offered to the customers and partners of the Bank in 2005, has been realized successfully!

Doubling of scales allowed increasing shareholders' equity, including due to new shareholders of the Bank: EBRD (21.52% of the shareholders' equity) and DEG (17.6% of the shareholders' equity). The Bank has stable positions in the TOP-100 of Russian banks and in the TOP-50 regarding certain items. Branch network of the Bank in the South of Russia has increased up to 42 branches and additional offices.

Doubling of business of bank customers on the basis of modern banking technologies ensured the growth of credit portfolio up to RUR 10 billion, including in such important sectors as small business and agribusiness.

Doubling of knowledge. This process was realized in the frames of staff trainings and organization of over 50 seminars and consultations for bank customers as well as realization of social and educational projects for students and schoolchildren.

Doubling of living standards was ensured by the Bank via increasing over two times the volumes of lending to individuals including mortgage loans, car loans and loans for urgent needs, and realizing the products via its plastic cards.

Doubling of benefit. Not only the customers of Bank Center-invest but also its partners benefited due to the growth of attracted funds from international market, attraction of syndicated loan from the leading Russian banks and increase of the scales of foreign trade operations.

Doubling of image. Results, which were achieved in 2005, allowed ranking Bank Center-invest as a regional bank of the South of Russia among the European partners. This fact is confirmed by the prize of the European Market Research Center (Brussels), and also by participation of the bank in international forums and conferences.

As the business scales were growing, the Bank was developing its management system via implementation of the separation of functions by products, sales, customers groups, risk management and internal control on regular basis.

The decisions, which were made, allow increasing efficiency of each of the directions, ensure their interconnection and coordination for stable, dynamic and profitable development of the Bank in the nearest and far future.

In 2006 the Bank will continue working to standardize the products and procedures on the basis of modern information technologies.

In 2006 Bank Center-invest will concentrate on realization of its strategic task – **offering to the enterprises, organizations and individuals of the South of Russia the maximum possible range of services in accordance with international standards requirements on the basis of modern banking technologies.** These will include the following directions:

- retail lending – consumer loans, mortgages and car loans;
- reception of personal deposits including deposits to Asset Management Fund "Center-invest First";
- development of services to individuals on the basis of plastic cards;
- realization of investment projects of enterprises and organizations in the sphere of energy-saving technologies, and to increase product and services quality;
- development of SMEs in global economy;
- leasing for implementation of new technologies in agribusiness, in food sale and processing;
- new technologies of payment and investments aimed at development of municipal economy.

We are sure to succeed; we are ready to multiply our success together with you!

Chairman of the Board of Directors
Doctor in Economics
Vasily V. Vysokov

Chairman of the Board
Ph. D. (Economics)
Anna A. Shtabnova

THE BOARD OF DIRECTORS OF BANK CENTER-INVEST



VASILY V. VYSOKOV

Chairman of the Board of Directors of Bank Center-invest,
Chairman of the Strategic Planning Committee,
Professor, Doctor in Economics,
Academician of the International Academy
of Ecology and Environment

TATIANA N. VYSOKOVA

Chairman of the Auditing
and Compliance Committee,
Ph. D. (Economics)



VLADIMIR S. ZOLOTAREV

Chairman of the Appointment
and Remuneration committee,
President of Rostov State University
of Economics, Professor,
Doctor in Economics,
Honored Scientist of the Russian
Federation, Academician of the Social
Sciences Academy and Commercial
Sciences Academy

ALEXANDER V. LOSEV

Executive Director
of "Kadry" Ltd



**FERDINAND Z.
KHACHATURYAN**

Deputy of Legislative Assembly
of Rostov region, Managing Director
of CJSC "Rostovgazoapparat",
Corresponding Member of the
Russian Academy on Quality Matters,
Ph. D. (Engineering sciences)

GEORGIY N. ORLOV

Senior banker of the
financial institutions
department of European
Bank for Reconstruction and
Development



ERNST WELTEKE

Independent director,
ex-chairman of Deutsche
Bundesbank (Germany).

*Independent Director guarantees the
transparency of Bank's activities to the
customers, staff and shareholders
of Bank Center-invest and ensures
making independent decisions*

EXECUTIVE BOARD OF BANK CENTER-INVEST



Anna A. Shtabnova

CHAIRMAN OF THE BOARD

Ph. D. (Economics)

Aleksey N. Shipilov
**DEPUTY CHAIRMAN
OF THE BOARD**

Ph. D. (Engineering
sciences)



Vladimir V. Glushko

**DEPUTY CHAIRMAN
OF THE BOARD**

Ph. D. (Engineering
sciences)

Grigory O. Chorayan
**HEAD OF TREASURY
AND FINANCE MARKETS
DEPARTMENT**

Ph. D. (Engineering sciences),
MSc in Economics and Finance



Svetlana V. Orlova

**HEAD OF INFORMATION
TECHNOLOGIES AND
CLEARING SYSTEMS
DEPARTMENT**

Grigory I. Zhukov
**HEAD OF RETAIL
BUSINESS DEPARTMENT**



Elena A. Kuzheleva

CHIEF ACCOUNTANT
FIAB

CORPORATE GOVERNANCE

Since 2004 Bank has been operating in compliance with transparent procedures of Corporate Governance (www.centriinvest.ru/corp):

- Codes: Corporate Governance Code and Code of Corporate Ethics;
- Regulations: on the Shareholders' general meeting, on the Board of Directors, on Executive Board and Chairman of the Board, on Accounting and Auditing committees, on Internal Control Service;
- Strategy of Bank development;
- Policies: informational, dividend, credit policies, risk management policy, accounting policy, liquidity management and control policy.

These documents ensure:

- protection of interests of the shareholders, managers, personnel and customers;
- attraction of investments;
- growth of management efficiency;
- forming of new corporate culture.

In accordance with the changes of legislation, best world practice and experience of Bank Center-invest these documents are revised and inserted to provide continuity and succession of Corporate Governance development in Bank Center-invest.

In 2005 the Board of Directors of the Bank held 14 meetings where the following matters were considered: approval and fulfillment of plans and budget, internal control matters, matters on Shareholders' meetings and new issue of shares.

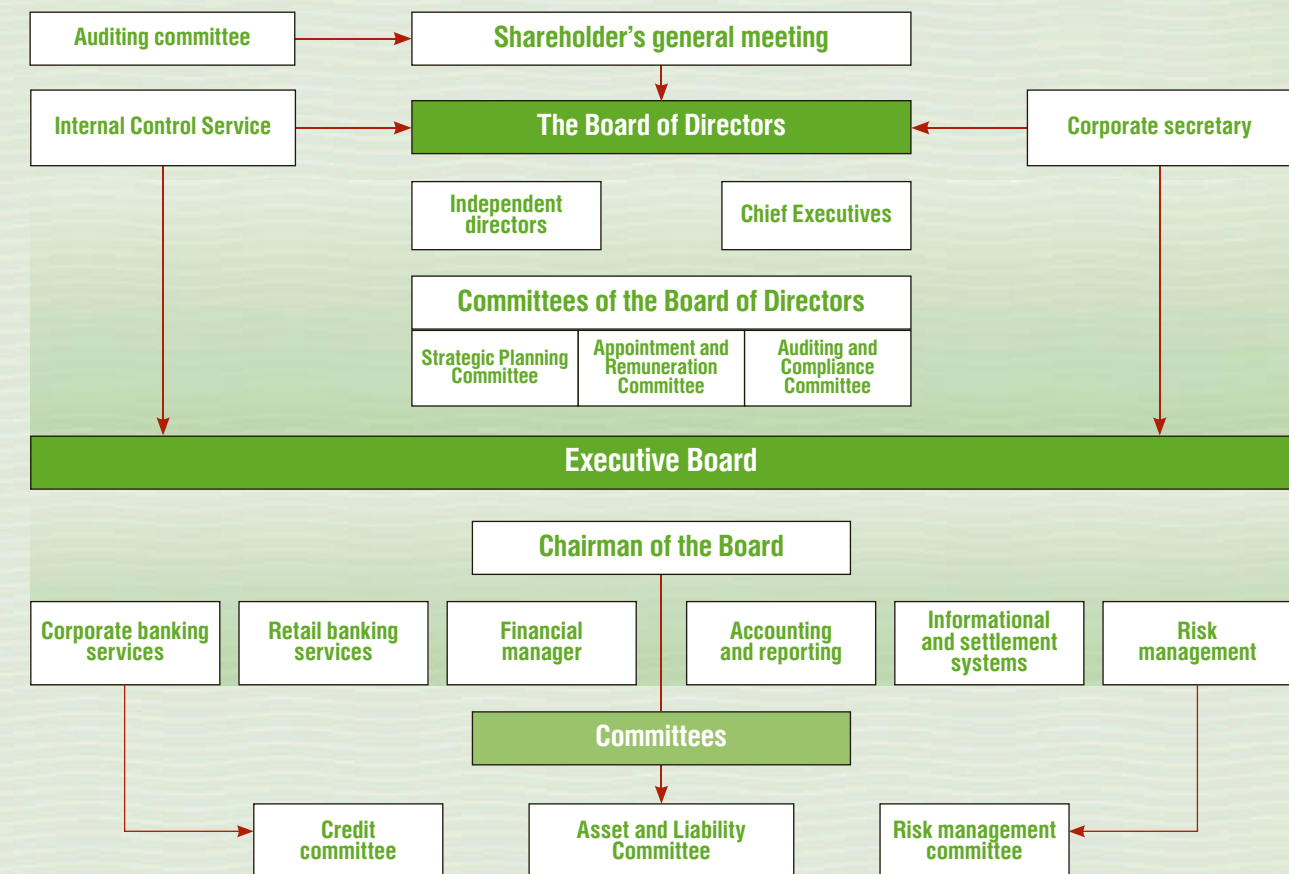
Committees of the Board of Directors (the Strategic Planning Committee (Chairman Vasily V. Vysokov), the Auditing and Compliance Committee (Chairman Tatiana N. Vysokova) and the Appointment and Remuneration Committee (Chairman Vladimir S. Zolotarev)) ensured a more detailed consideration of the following issues on request of the Board of Directors: issues on realization of the Bank's Strategy and plans of institutional development, current plans, plans and results of revisions by Internal Control service, issues on Accounting policy, selection of auditor, compliance with Code of Corporate Ethics and remuneration of labour.

In 2005 independent director Mr. Ernst Welteke, ex-president of Deutsche Bundesbank, was elected a member of the Board of Directors. The presence of Independent Director increases the transparency of activities of the Board of Directors and ensures independence of decision making. This event was highly appreciated by the government of Russia; it strengthened the authority and increased responsibility of all the governing bodies of Bank Center-invest.

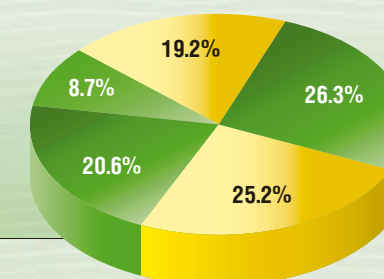
"One should be a very advanced bank to invite to a Russian region a man of such a high level as ex-president of Bundesbank Ernst Welteke. While his agreement to become an independent director of Bank Center-invest is a good indicator for investors to choose the South of Russia as strategic aim".

Minister for Economic Development and Trade of Russian Federation
German O. Gref

THE STRUCTURE OF GOVERNING BODIES



The major shareholders of the Bank as of 01.01.06 (% of voting shares)



26.3% – Vasily V. Vysokov and Tatiana N. Vysokova
 25.2% – EBRD
 20.6% – DEG
 8.7% – LLC "Service"
 19.2% – Other shareholders

Further development of corporate governance system is related to realization of consultants' recommendations in 2006 (the consultants were engaged by EBRD to develop new regulations for internal control, risk management and information technologies).

In 2005 Bank Center-invest realized additional issue of ordinary shares, which were bought by EBRD and DEG. Bank's authorized capital made up RUR 616 million.

Bank Center-invest shares dividends, added and paid in 2005

	% to face value	Amount (RUR)
Ordinary shares	14	53 271 050
Preferred shares	20	18 098 500
Total		71 369 550

MAJOR ACHIEVEMENTS
AND FINANCIAL RESULTS
OF THE BANK IN 2005

In 2005 Bank Center-invest was operating within the framework of the Strategy and Business Plan, approved by the Board of Directors.

Major results of Bank Center-invest activities in 2005:

- The equity of bank Center-invest exceeded **RUR 2 billion**;
- **DEG** and Bank Center-invest signed an agreement on purchasing over 20.6% of ordinary shares of Bank Center-invest.
- Bank Center-invest became the first one in the South of Russia to be granted a syndicated loan to the amount of **RUR 1 billion** (organizer – ZAO Raiffeisenbank Austria);
- **National Independent Rating Agency RusRating** raised Bank Center-invest’s **credit rating up to “BB”** (stable);
- Accelerated development of retail products, loans to SMEs and investment projects allowed doubling key indicators of Bank activities once again.
- Bank Center-invest became a prize-winner of the forum “Euromarket 2005” (Brussels, Belgium) “For the development of financial services market in the South of Russia”

Key Financial Indicators

	RUR, million					
	01.01.01	01.01.02	01.01.03	01.01.04	01.01.05	01.01.06
Authorized capital	160.0	264.0	375.0	375.0	471.0	616.0
Shareholders' equity	205.1	420.9	628.2	685.6	1086.9	2010.1
Assets	990.6	1604.5	3025.6	5131.5	8359.0	13058.1
Loans	539.0	983.4	2259.0	3770.5	6608.5	10452.2
Deposits	154.9	349.1	703.5	1632.6	3229.0	5004.4
Profit	17.2	27.2	63.5	130.1	211.6	501.1



MAJOR ACHIEVEMENTS
AND FINANCIAL RESULTS
OF THE BANK IN 2005

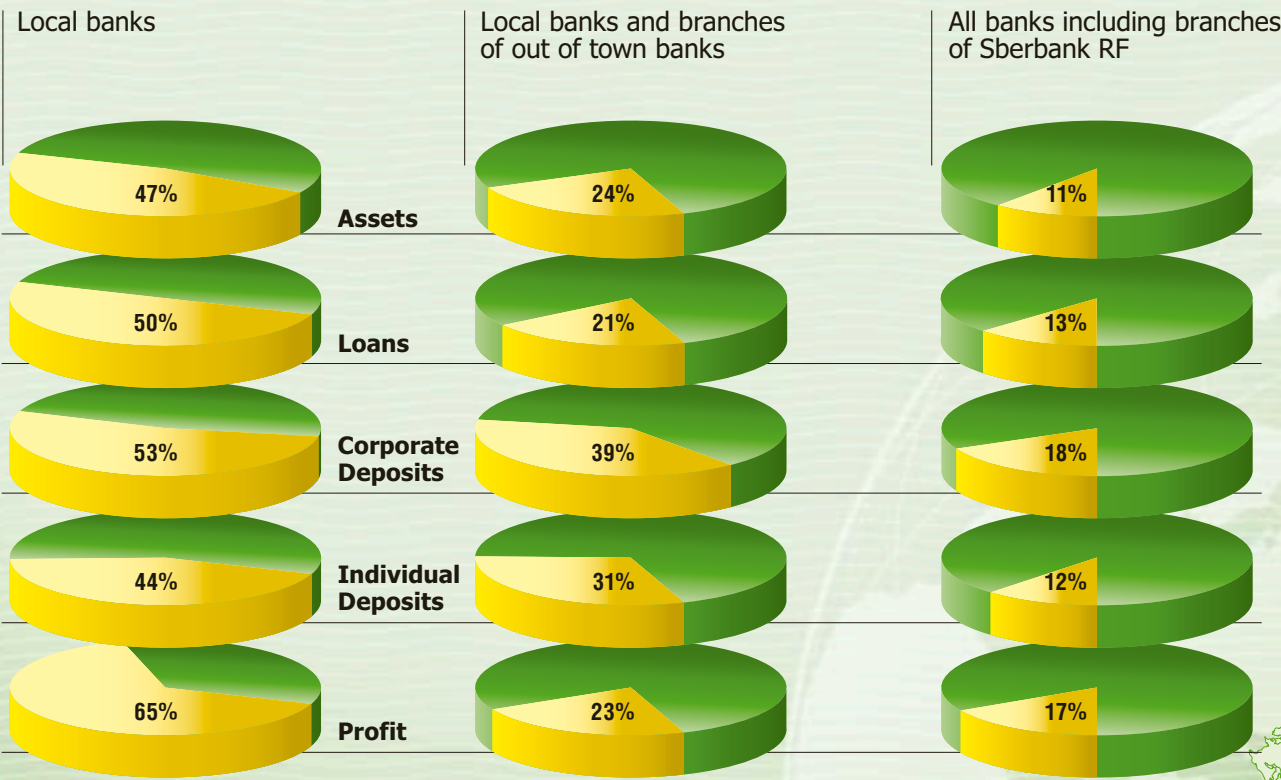
MARKET POSITIONS

In 2005 Bank Center-invest proved again its leadership among local banks by the main financial indicators and strengthened its market positions among all other banks operating in the Rostov Region.

The Bank’s competitive position in the Russian banking market became stronger. Bank Center-invest became the first Rostov bank to enter the TOP-100 of the largest Russian banks (rating.rbc.ru). According to the results of 2005, Bank Center-invest took the following positions among the largest banks of the Russian Federation:

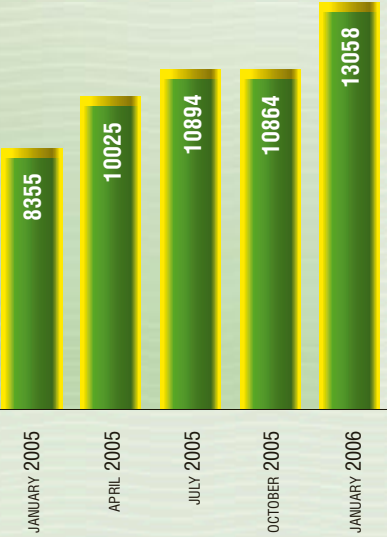
- **the 87th** position by net assets aggregate;
- **the 80th** position by equity;
- **the 78th** position by corporate deposits;
- **the 70th** position by credit portfolio;
- **the 60th** position by loans to individuals;
- **the 60th** position by profit;
- **the 44th** position by individual deposits;
- **the 44th** position by equity efficiency;
- **the 32nd** position by assets efficiency;
- **the 26th** position by the number of branches;
- **the 25th** position by mortgage loans;
- **the 23rd** position among regional banks.

Market share of Bank Center-invest in Rostov region as of 01.01.06



MAJOR ACHIEVEMENTS
AND FINANCIAL RESULTS
OF THE BANK IN 2005

The dynamic of bank's assets
growth (RUR, million)



The dynamic of bank's
equity growth (RUR, million)



DYNAMICS OF THE KEY FINANCIAL
INDICATORS

The capital of Bank Center-invest increased by **RUR 923 million** and made up **RUR 2 010 million** as of **01.01.06**. A border of two billion was overcome due to allocation of additional shares issue. According to the results of issue buy-out 39.12% of authorized capital was distributed between foreign shareholders of the Bank, including EBRD – 21.52%, DEG – 17.6%. Other important factor of capital growth was Bank's profit.

- In 2005 Bank's assets grew 1.6 times and in the end of the year the Bank's assets made up **RUR 13 058 million**. The volume of loans and advances to customers increased 1.6 times and it was the main direction of assets growth.
- The balance sheet profit grew 2.4 times as compared to the volume of profit in 2004 and made up **RUR 501 million**. The profit growth was due to the actual doubling of non-interest income of the Bank as a result of expansion of range and volumes of services granted and new banking products offered to retail and corporate clients;
- Growth of efficiency and profitability of the business process for the year allowed to increase return on assets (ROAA) of Bank Center-invest from 3.5% to 3.7%. Return on shareholders' equity (ROAE) made up 29.6%. The achieved figures of ROAA and ROAE correspond with the best market indicators that are defined for the leading Russian banks.

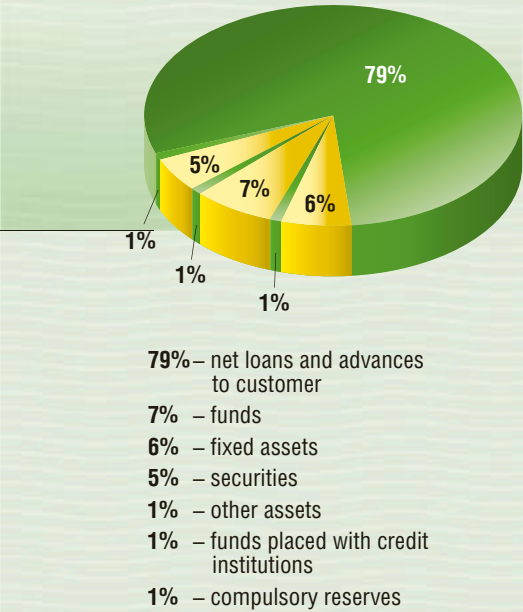
	01.01.05	01.01.06
Return on assets ROAA(%)	3.5	3.7
Return on shareholders' equity ROAE(%)	27.6	29.6

- The Bank's interest income increased by RUR 461.5 million and amounted to **RUR 1 161.6 million**. The growth of interest income was due to the high quality of the loan portfolio as well as expansion of the whole range and volumes of sales of credit products;
- In the Bank's income structure the commissions from cash and settlement operations, documentary transactions, plastic card operations, express money transfers, "Client-Bank" system transactions, cash collection and other business on a consignment basis for corporates and individuals made up **RUR 433.7 million** in 2005. This figure exceeds the previous year results by almost 100%.

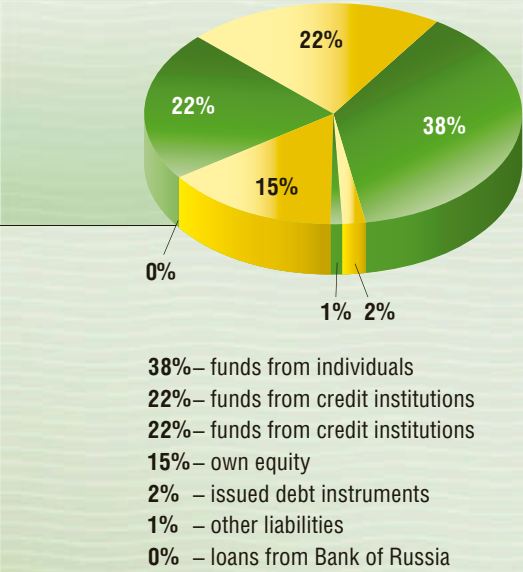
MAJOR ACHIEVEMENTS
AND FINANCIAL RESULTS
OF THE BANK IN 2005

THE BALANCE SHEET STRUCTURE

The Structure of assets
of Bank Center-invest as of 01.01.06



The Structure of Liabilities
of Bank Center-invest as of 01.01.06



Within the assets structure outstanding loan made up 79%, while its volume exceeded RUR 10 452 million at the end of 2005. In 2005 the volume of the loan portfolio of Bank Center-invest increased by 59% along with its high quality (bad debt share is less than 1%).

The Bank realized securities market operations taking into consideration the prospects and risks of given direction. In 2005 the net volume of Bank's investments in securities doubled and made up **RUR 606 million**. The share of investments in securities within the Bank's assets reached 5%.

The Bank was stable to maintain the high liquidity and it allowed the Bank to fulfill its liabilities to customers duly and timely.

The increase of the asset-side operations was based on strengthening of the Bank's resource base diversified by amounts, maturities and which ensured meeting the clients' borrowing requirements.

The total sum of the Bank's liabilities grew 1.6 times in 2005 and totaled RUR 11 164 million at the end of the reporting period.

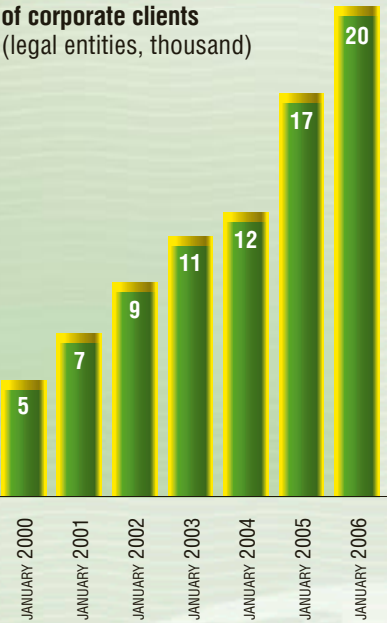
The total sum of obtained interbank loans equaled to RUR 2 945 million as of 01.01.06.

In 2005 the Bank increased the volume of deposits from individuals by **RUR 1 775 million**, so that in the end of the year they equaled to **RUR 5 billion**.

CORPORATE BANKING

In 2005 the number of corporate clients increased by **25%** and totaled **20660 enterprises and individual entrepreneurs**. During the year both quantitative and qualitative growth of the clientele was taking place due to the Bank's high standards of work.

The number of corporate clients (legal entities, thousand)



Working by international standards:

- For the last nine years Bank Center-invest has been successfully audited by the company **PriceWaterhouseCoopers** in accordance with the international financial reporting standards (www.centrinvest.ru/ru/reports.html);
- In 2005 a number of **credit and guarantee lines** to the total amount of over **€100 million** were opened for Bank Center-invest by such financial institutions as: EBRD, USAID, IFC, German state insurance company HERMES, German credit institution for the economy reconstruction KfW, Italian state corporation SIMEST and largest banks from Germany, Austria, Switzerland and Italy;

Optimisation of services to the clients:

- In 2005 the Bank's customers kept on using a special program of placing temporary free funds of their companies on the deposit accounts on advantageous terms. The balance on such deposit accounts made up **RUR 629 million** as of 01.01.06;
- The number of enterprises of "Client-Bank" system increased by **60%** and **exceeded 2000 companies**.

Integrated servicing of participants of the international economic activity

Payments and settlements	\$ mio.	€ mio.	RUR mio.
Import	24.48	8.41	478.15
Export	116.22	2.05	143.63

The total amount of payments within the framework of Trade Facilitation Program exceeded **\$30 million**.

RETAIL BANKING

In 2005 all the **65 Bank's servicing offices** in the Rostov region, Volgograd region and Krasnodarsky Krai provided a full range of banking services to the individuals:

- utility bills payment;
- currency exchange;
- deposits in RUR and foreign currency;
- departments for cash payment from plastic cards of international payment systems;
- Western Union money transfers.

In 2005 the volume of deposits from individuals increased 1.5 times and made up **RUR 5 billion**.

The total amount of depositors exceeded **100 000 persons**.

The increase of deposits is caused by the consumers' high confidence (**Bank Center-invest had joined state deposit insurance system**) as well as a wide range of deposit account types (including those with drawing of prizes), social programmes of Bank Center-invest, high quality service and the Bank's branch network expansion.

- In 2005 the following prizes were drawn among the Bank's depositors: a car VAZ 2110, seven personal computers, over 300 units of domestic equipment, mobile phones. Prizes were drawn regularly in the Bank's branches and additional offices;
- At the threshold of May 9, **1000 veterans of the Great Patriotic War** (the Bank's depositors) were traditionally congratulated on the Victory Day;
- A number of retired persons receiving their pension via Bank Center-invest increased. A special drawing of prizes of household appliances was carried out among them;
- In the head office a number of working places for servicing the individuals was increased twice, individuals are serviced in two operational halls;
- There are four VIP rooms with individual managers in the Bank;
- 50 best students of 5 Rostov higher educational establishments are holders of Bank Center-invest's grant **to the amount of RUR 10 000** each. **More than 40 000** students and teachers of Rostov higher educational establishments in Rostov receive their scholarship and salary via Cirrus/Maestro plastic cards of Bank Center-invest.

RETAIL BANKING

The turnover of utility bills payments increased 1.4 times and made up **RUR 2036.9 million**.

- A number of offices for utility bills payments increased up to 65 units;
- The Bank entered into contracts on utility bills payments with all major communal service providers;
- The Bank's customers make utility bill payments both in cash and by transfers from their personal accounts.

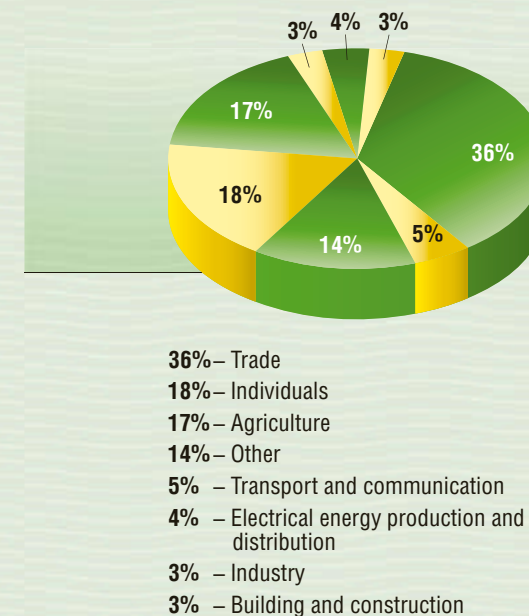
The volume of Western Union money transfers by individuals through the Bank's offices made up **\$9.6 million** and **RUR 124.8 million** in 2005.

In 2005 the aggregate amount of currency exchange transactions exceeded **\$58 million** and **€10.6 million**.

The Bank increased by 40% the number of individual bank safes in order to meet the demand and now it makes up 460 units.

During the year 2005 Bank Center-invest was successfully implementing a new mortgage program. In 2005 **616 loans** were granted to the amount of over **RUR 293 million**.

The loan portfolio structure by sectors of the economy as of 01.01.06



The Bank's loan portfolio together with leasing operations grew 1.6 times in 2005 and made up **RUR 8.5 billion**. The total amount of granted loans in RUR and foreign currency equaled to **RUR 30.2 billion**.

In 2005 Bank Center-invest provided banking guarantees to the amount of **RUR 281 million**.

On the interbank credit market an annual turnover of the transactions equaled to **RUR 45.9 billion**, **€145 million** and **\$317 million**.

CORPORATE CUSTOMERS CREDITING

In 2005 the Bank offered to its corporate customers short-term loans and overdrafts to finance working capital as well as long-term loans for investment programs (for the purchase of fixed assets, modernization of the production process, and to increase productivity).

In 2005 the investment loans (for the term of over 1 year) granted to the enterprises and entrepreneurs amounted to over **RUR 2.3 billion**.

By the end of the year 2005 the increase of the Bank's own funds (shareholders equity) made it possible to increase maximum loan exposure to a single borrower up to **RUR 400 million**.

In 2005 the range of products within credit services was extended. The customers were offered tranche credit lines. Bank Center-invest was one of the first banks in the South of Russia to offer factoring services to its customers. The transactions on these services amounted to **RUR 45.2 million**.

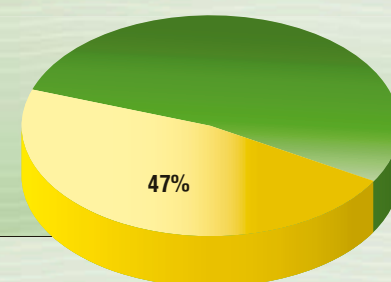
LENDING TO SMEs

10 000 SMEs and **6 000** individual entrepreneurs of the South of Russia are clients of Bank Center-invest. In 2005 small enterprises and individual entrepreneurs were granted over **4 878 loans** for the total amount of **RUR 9.6 billion**.

- In the frames of the second guarantee line of United States Agency for International Development (USAID) **108 loans** were granted to the amount of **\$3.2 million**. Under the terms of this agreement the USAID covers 50% of risks on credits which Bank Center-invest granted to the SMEs of the South of Russia;

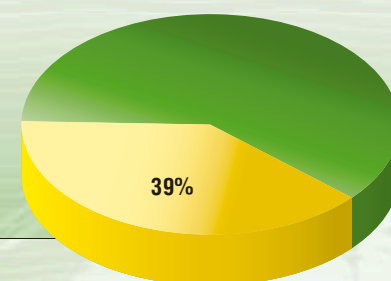
The share of Bank Center-invest in lending to the SMEs in Rostov region as of 01.01.06

By the number of loans granted



Total – 10466
Bank Center-invest – 4878

By the amount of loans granted



Total – RUR 24.7 billion
Bank Center-invest – RUR 9.6 billion

LENDING TO SMEs

- **DEG** opened to Bank Center-invest a credit line **for small business and mortgage lending** to the amount of **\$7.5 million** for the term of **5 years**;
- **Russian Bank for Development** increased the credit line for lending to SMEs of industrial and construction industries up to **\$5 million**;
- Within the frames of the car lending program for the SMEs and individual entrepreneurs 65 loans to the amount of over **RUR 56 million** were granted in 2005;
- **“Russian and Germany Day for SMEs financing in Rostov-on-Don”** organized by Bank Center-invest, TRANSFORM (Ministry of finance of Germany) and Administration of Rostov region, gathered together over **200 participants** from Russia and Germany and among them: DEG, AKA, Commerzbank, Dresdner Bank, RLB, West LB, Bank Gesellschaft Berlin, Lufthansa, Siemens, CLAAS, KNAUF, and the largest enterprises of the South of Russia (www.expo.centrinvest.ru).
- Bank Center-invest and **IFC** signed an agreement on realization of the program named “Stimulation of investments into energy-saving technologies” in the South of Russia;
- Starting from September 2005 the novice entrepreneurs can be granted a **“Start-Up”** loan in Bank Center-invest to start their own business;
- Bank Center-invest took part in the 5th economic forum named “Small business in the economy of Don region”. A new service was presented at the forum: **on-line credit application on Bank’s web-site** (www.centrinvest.ru/onlinecredit);
- For the SMEs, which are the Bank’s clients, Bank Center-invest offers the “Partner” program that provides access to a database containing 25 000 SMEs of Rostov region. (www.amb-don.ru);
- With the Bank’s support a “hot line” provides free legal consultations to the entrepreneurs (hotline.centrinvest.ru);
- Bank’s specialists take part in the work of the following committees: the Small Entrepreneurship Council under the Administration of Rostov region, the Foreign Investment Council under the Governor of Krasnodar Region.

LENDING TO AGRIBUSINESS

In 2005 Bank Center-invest increased the volumes of lending to agribusiness 1.7 times. Totally, the loans amounted to over **RUR 5.2 billion** including investment loans to the amount of over **RUR 279 million**.

Under the support of EBRD the program of pre-export financing of grain and oil-bearing crops was intensively realized in 2005.

The directors of agricultural companies of Rostov region – clients of bank Center-invest – took part in the largest exhibition “Farm Progress Show 2005” (USA).

RETAIL LENDING

The loan portfolio comprising loans to individuals has increased more than 2.5 times in 2005. The balance of outstanding loans equaled to **RUR 1.45 billion**. The share of consumer loans in the loan portfolio increased from 9% to 18% in 2005.

In 2005 the amount of loans granted to individuals made up **RUR 1.69 billion**.

The main lending products for individuals in 2005 were:

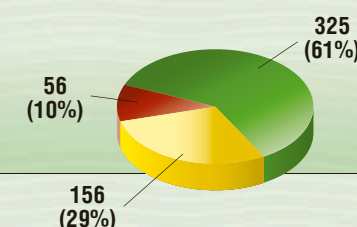
- consumer loans;
- car loans;
- mortgages for purchasing flats on the secondary market as well as loans for share freeholding in the houses;
- overdrafts on the Bank’s plastic cards.

There have been actively developing the programs of lending to individuals for the purchase of durable goods, construction materials, purchase of places in tourist groups, treatment payments.

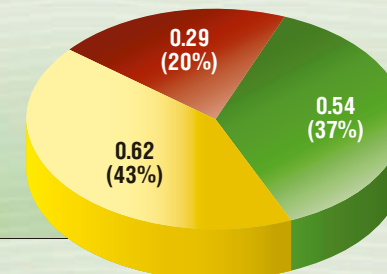
In 2005 together with other units of Bank Center-invest there have been developed and offered the programs of integrated services to the clients – “My ideal vacation” and “Loan for the purchase of presents”.

Portfolio of retail lending

537 Million RUR as of 01.01.05

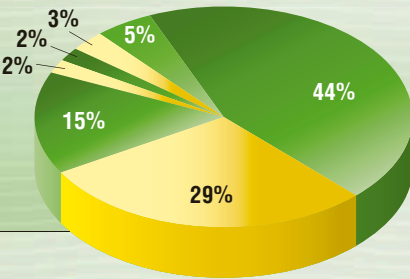


1.45 Billion RUR as of 01.01.06



- – Car loans
- – Consumer loans
- – Mortgage lending

Types of equipment purchased in 2005 in leasing, %



44% – Agricultural machinery
29% – Industrial equipment
15% – Transport
5% – Construction equipment
3% – Real estate
2% – Office appliances
2% – Trade equipment

Within the framework of the agreement with the Bank Gesellschaft Berlin, which has opened a credit line to the amount of **€15 million** for five years for Bank Center-invest, the Bank's clients have purchased agricultural machinery by CLAAS to the amount of **€1.7 million**.

The export and credit agency HERMES acted as a guarantor for Bank Center-invest on these transactions. The similar agreements are made with the Italian and French Banks under guarantee of SACE (Italy) and COFACE (France).

The total portfolio of the leasing agreements made up **RUR 1 billion** as of 01.01.06.

Active development of cooperation with the Russian suppliers as well as with the foreign ones, such as Laverda SpA (Italy), Agrex SpA (Italy), Formtak Rollform Machinery Corp. (Taiwan), Graphic Web Systems B.V. (Holland), in purchasing the equipment and delivering it to the Russian enterprises was taking place.

	2004	2005	Growth rate, %
Number of agreements, items	248	305	22.98
Total value of the leasing deals by closing, RUR million	726.7	949.96	30.72

PROPRIETARY TRADING

In 2005 turnover of the Bank's own transactions with Securities of Russian Issuers including government bonds, amounted to **RUR 4 billion**. The volume of securities portfolio increased more than **2 times** and made up **RUR 579.8 million**.

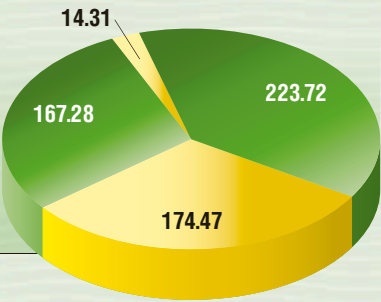
BROKERAGE SERVICES

Customers' transactions equaled to **RUR 510 million**.

ASSET MANAGEMENT

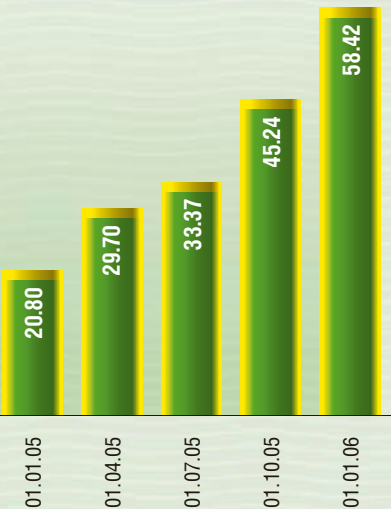
Net assets value of asset management (Asset Management Fund and personal agreements for asset management) made up **RUR 58.4 million** as of 01.01.06. Asset Management Fund "Center-invest First" took the 4th position among the largest Russian banks by profitability (www.rating.rbc.ru). In 2005 profitability made up **59.17%**.

Securities portfolio structure of the Bank, RUR million



223.72 – Corporate bonds
174.47 – Sub-federal bonds
167.28 – Government short-term bonds – government loan bonds
14.31 – Stock

Dynamics of assets value of asset management in 2005, RUR million



COOPERATION WITH THE INTERNATIONAL
FINANCIAL ORGANIZATIONS

In 2005 the international cooperation of Bank Center-invest was aimed at implementation of joint projects with foreign partners, attraction of foreign investment to the economy of the South of Russia and strengthening of Bank Center-invest’s business reputation on the international financial market.

- Bank Center-invest successfully continued its work in the framework agreement on trade finance guarantees under the TFP program of EBRD within the aggregate limit set up at **\$20 million**;
- **Commerzbank AG** (Frankfurt, Germany), a major correspondent bank in Europe, increased for Bank Center-invest a line on guarantees and letters of credit acceptance on uncovered basis to **€5 million**;
- Trade financing lines are opened to Bank Center-invest by the leading world banks;

Donau Bank (Vienna, Austria)	€2 million
Raiffeisen Zentralbank Österreich AG (Vienna, Austria)	€1 million
Bank Gesellschaft Berlin (Berlin, Germany)	€1 million
BNP Paribas (Geneva, Switzerland)	€700 thousand
Banque de Commerce et de Placements (Geneva, Switzerland)	CHF 2 million

- **Structuring of trade financing** of the international trade operations allows the Bank to draw from the international capital markets significant financial resources at low rates for short-term financing of the Bank’s clients foreign economic activity.

INTERNATIONAL PAYMENTS

Bank Center-invest offers a full range of banking services to the participants of international economic activity.

- Bank Center-invest offers payments with the European suppliers within the framework of letter of credit agreement with export-credit agencies **HERMES** (Germany), **COFACE** (France) and **SACE** (Italy). Given agreements allow receiving deliveries without attraction of circulating assets to the project. The Bank **is negotiating with export-credit agencies from Holland, Austria and Finland** to finance equipment deliveries from these countries to the enterprises of the South of Russia;
- Bank Center-invest relies on its efficiently working network of foreign correspondent banks and banks-partners: HSBC BANK USA (New-York, the USA), Commerzbank AG (Frankfurt, Germany), Dresdner Bank AG (Frankfurt, Germany), Societe Generale SA (Paris, France), IntesaBCI (Milan, Italy), Banca di Roma (Rome, Italy), The Royal Bank of Scotland (London, Great Britain);

In the reported year 2005 the turnover on correspondent accounts grew more than 1.5 times and exceeded **\$2.6 billion**, the volume of EURO transactions increased by 22% and exceeded **€160 million**.

- Bank Center-invest is a member of the international association SWIFT that speeded up foreign currency payments and improved safety and reliability of passing the financial messages to correspondent banks;
- The clients of Bank Center-invest actively use letters of credit and guarantees issued by the Bank and approved by the reputable foreign credit institutions for settlements with their foreign partners. The largest banks from Germany, China, Italy, Holland, South Korea, Taiwan, Turkey, Kazakhstan and other countries were partners of Bank Center-invest on documentary operations;
- The use of warranties and payment guarantees (as security for goods payment, implementation of contracts, an advance repayment and others) allowed the Bank to structure the deals for corporate clients, which ensure the most favorable conditions for the Russian side.

MONEY MARKET OPERATIONS

In 2005 Bank Center-invest became the first bank in the South of Russia to be granted a syndicated credit in RUR. The syndicated credit amounted to **RUR 1 billion**. The participants of the syndication were 15 largest banks of Russia and Kazakhstan, Russian daughter banks of large foreign banks: ZAO Reiffeisenbank Austria (the organizer), Joint-Stock Commercial Bank "Moscow Business World", Gazprombank, Vneshtorgbank, International Moscow Bank, Promstroibank, Bank of Khanti-Mansiysk, Bank Zenit, ATF Bank, Joint-Stock Commercial Bank Econombank, Bank Intesa, Denizbank Moscow, CB "Guaranti Bank-Moscow", Joint-Stock Commercial Bank "Moscow Bank for Reconstruction and Development", JSC "Nurbank".

In 2005 the Bank considerably developed its positions as the major FOREX market operator in the Rostov region and an active participant in RUR and foreign currency transactions. In 2005 over 200 Russian banks (from Kaliningrad to South Sakhalinsk) were the Bank's counter agents on FOREX and money market operations, this fact proves Bank Center-invest to be a reliable partner. Relations with banks-partners are built on the basis of mutually beneficial and equitable cooperation, as well as being aimed at the improvement of existing schemes of work on the interbank operations (FOREX and money market) and search for new techniques.

The optimal rates for FOREX operations, efficient value dates and fast money transfers allowed the Bank to increase the volume of FOREX operations by more than 20% and to reach the level of **\$1 billion**.

In 2005 Bank Center-invest actively conducted operations on conversion of English pounds sterling, Swiss francs, Swedish, Danish and Norwegian crowns, Singaporean dollars and other foreign currencies.

Bank Center-invest:

- Is a member of the Moscow Interbank Currency Exchange (MICEX) and Rostov Currency Stock Exchange;
- Cooperates with the Saint-Petersburg Interbank Financial House and the Regional Dealing Center (Saint-Petersburg).

The use of modern informational technologies allowed the Bank to participate in the real-time daily transactions of the Unified trading session and the session on an electronic FOREX bargaining system of the Moscow Interbank Monetary Exchange from a distant workplace situated in the Bank.

Bank Center-invest issued over 80 000 MasterCard and Cirrus/Maestro plastic cards.

In 2005 holders of the cards that were issued by the Bank have realized **882 thousand transactions** to the amount of over **RUR 2.73 billion**.

Bank Center-invest is the only one in the Rostov region to participate in two of the most popular in the world payment systems – MasterCard Int. and Visa Int.

In 2005 Bank Center-invest improved its status in the Visa International Payment System up to full member. The Bank provides for its clients a full range of plastic cards products of leading world payment systems MasterCard Int. and Visa Int.

The balance on plastic cards accounts totaled **RUR 375.25 million** as of 01.01.06.

Bank Center-invest introduced new banking products and programs on plastic cards. These include "My ideal vacation" and "Carte blanche" programs, which allowed the clients of the Bank to choose the most favourable conditions of account operating.

In 2005 over 35 enterprises of the city participated in "salary projects" using Bank Center-invest's plastic cards. Over **230 enterprises and organizations** of the South of Russia take part in "salary projects"

10 new ATMs were set in operation in 2005. Wide acquiring network of the bank includes **35 ATMs, 38 cash departments, 84 trade and service sectors enterprises**, which accept the cards of all the major international payment systems and of two Russian payment systems – STB Card and Union Card.

The number of mobile operators and Internet providers, whose services can be paid for via Bank's ATMs, has been increased.

A large-scale discount program has been realized. 37 trade and service sectors enterprises of the city (restaurants, cafes, hotels, airlines, shops, salons and boutiques) took part in it.

The Bank's staff policy is aimed at the productivity increase of the personnel due to the upgrading their qualification and constant rotation of staff. The number of personnel increased by 30% in 2005 due to the opening of new branches and additional offices.

As of 01.01.06 there were 991 employees working in Bank Center-invest. There are 3 academicians and 15 Ph.D., 21 post-graduates of higher educational establishments, over 83% of the personnel have higher education.

In 2005 about 122 of the Bank's officials participated in more than 68 seminars and conferences (both in Russia and abroad) highlighting the following problems:

- New technologies of lending to agribusiness;
- Internal control;
- International Financial Reporting Standards;
- Financial risk management;
- Mortgage lending;
- Retail business of the bank;
- Banking business psychology;
- Promotion of banking products.

The participation of the Bank's managers in the most significant international economic events of 2005 and organization of its own presentations allowed the Bank to strengthen its reputation as reliable partner on the international financial market as well as to determine new directions of cooperation.

Chairman of the Board, Professor Vasily V. Vysokov presented in the following international forums and conferences the Bank's experience:

- 10th Forum of Central and Eastern Europe countries (Vienna, Austria);
- Forum of European Economic Commission under United Nations Organization (UNO) "European Entrepreneurship: The Key Building Blocks, Challenges and Opportunities" (Geneva, Switzerland);
- 2nd Annual conference "Investments in Russian banking sector" (New-York, USA);
- 8th Russian economic forum (London, Great Britain);
- 7th General meeting of EU-Russia Industrialists' Round Table (London, Great Britain);
- 13th Annual Meeting of the Members and Directors of US-Russia Business Council "Russia and USA: access to the markets, cooperation and growth" (Moscow, Russia);
- "European Financial Week" (Frankfurt, Germany);
- The Days of Russian Economy in Germany (Frankfurt, Germany);
- Russian and Germany Day for SMEs financing (Rostov-on-Don, Russia);
- 4th International Economic Forum "Kuban 2005".

Its intellectual potential allowed the Bank to position the South of Russia as an attractive region for investments and Bank Center-invest – as a regional bank effectively managing regional risks.

The major directions of the Banks activity in 2005 in terms of IT were: to increase the reliability of hardware and software complex, to expand the range of services offered to the clients, to support Bank's geographical development.

There was set in operation a program system providing end-to-end servicing of clients in Rostov-on-Don and which allows operating personal deposits in any of the Bank's units in the city.

In 2005 the Strategy of Information Technologies development in Bank Center-invest was worked out. It complies with business targets. Realization of the Strategy of IT development will ensure:

- realization of business development tasks;
- timely and high-quality finances and risk management;
- organization of end-to-end and continuous servicing of clients;
- rapid expansion of new servicing points;
- automated replication of new products and services;
- increasing the reliability of data processing and filing.

In 2005 Bank Center-invest opened 11 new branches:

- **in Rostov-on-Don:**

1. additional office "Selmash";
2. additional office in 150th Dovatora St.;
3. additional office in 31st 339th Strelkovaya Diviziya St.;
4. additional office in 27th Communistichesky Ave.;
5. additional office "18th Line".

- **in Rostov region:**

6. additional office in Taganrog city;
7. additional office in Oblivskaya;
8. additional office in Vesely;

- **in Krasnodar region:**

9. additional office in Kropotkin city;
10. additional office in Timashevsk city;

- **in Volgograd region:**

11. additional office in Volzhsky city.

The opening of 10 new additional offices in Rostov-on-Don and branches in Stavropol, Pyatigorsk and Sochi cities was being prepared.

Branches and additional offices of Bank Center-invest offer the same full range of banking services, which are available in the Head Office, to the enterprises and individuals.

Branch network of Bank Center-invest includes **42** branches and additional offices in Rostov-on-Don, Rostov region, Krasnodar city, Krasnodar region, Volgograd city and Volgograd region.

MAIN FINANCIAL INDICATORS OF BRANCHES
AND ADDITIONAL OFFICES OF BANK
CENTER-INVEST AS OF 01.01.06

	Clients (legal entities)	Assets (RUR, million)	Borrowed funds (RUR, million)	Allocated funds (RUR, million)
Branches				
Aksai	1187	868	400	801
Bataisk	580	218	195	187
Novocherkassk	1394	491	334	397
Shakhty				
Rostov-on-Don	2615	550	518	456
Taganrog	1440	770	363	693
Pokrovskoe				
"Roznichny"				
Azov	575	297	169	257
Semikarakorsk	638	270	227	227
B. Martynovka				
Konstantinovsk				
Vesely				
Krasnodar	223	714	190	618
Kropotkin				
Timashevsk				
Volgograd	265	447	68	391
Volzhsky				
Additional offices				
Salsk	995	512	215	466
Orlovsky				
Proletarsk				
Kagalnitskaya	367	260	171	251
Volgodonsk	890	424	164	388
Tsimlyansk				
"the New City"				
Chaltyr	263	103	78	94
Krasny Sulin	215	59	50	54
Millerovo	279	132	109	124
In Rostov-on-Don	455	267	249	136
Promzona				
"Zapadny"				
Kamensk-Shakhtinsky	274	95	63	92
Severny	438	135	135	89
Morozovsk	230	201	52	195
Oblivskaya				
Selmash	150	63	63	23
"18th Line"				
Orbit	9	125	7	125
Total	13545	7001	3820	6064
Growth rate (in % to 2004)	35	80	63	84

BRANCHES

Branch №1, Aksai city
Tatyana I. Klavdieva
t.: 007 (863) 269-26-25, 295-22-42, 291-11-76
138, Budyonny St., Aksai, Rostov region, 346720

Branch №2, Bataisk city
Svetlana N. Kozina
t.: 007 (86354) 5-03-66, 5-01-20, 5-71-41
84, M. Gorky St., Bataisk, Rostov region, 346880

Branch №3, Novocherkassk city
Vladimir D. Karpenko
t.: 007 (86352) 2-34-87, 2-20-86, 2-77-01,
2-32-59, 2-76-25, 2-21-03, 4-61-35
44, Spusk Yermaka, Novocherkassk, Rostov region, 346400

Branch №4, Rostov-on-Don
Marya V. Nikitina
t.: 007 (863) 232-08-43, 232-33-46, 232-15-66
97 "C", Budyonnovsky Ave., Rostov-on-Don, 344011

Branch №5, Taganrog city
Vladimir V. Stepin
t.: 007 (8634) 38-33-19, 39-20-00, 38-36-64
95,Grecheskaya St., Taganrog, Rostov region, 347900

Branch №6, Azov city
Ludmila G. Bugleeva
t.: 007 (86342) 4-12-27, 4-00-74, 4-04-49
57/66 Tolstoy St./Leningradskaya St., Azov. Rostov region, 346780

Branch №7, Semikarakorsk city
Alexandr I. Kalinich
t.: 007 (863) 244-04-65, (86356) 4-11-44
115, Lenin St., Semikarakorsk, Rostov region, 346630

Branch №8, Krasnodar city
Alexey I. Rashevsky
t.: 007 (861) 267-13-60, 211-12-60, 211-12-61
13, Ordzhonikidze St., Krasnodar, Krasnodar Region, 350063

Branch №9, Volgograd city
Alexey V. Sarichev
t.: 007 (8442) 90-10-90, 90-08-19
22, Raboche-Krestyanskaya St., Volgograd, 400074

ADDITIONAL OFFICES**Additional office in Rostov-on-Don**
Vadim G. Yashkov

t.: 007 (863) 297-16-04, 266-76-42
14, Malinovsky St., Rostov-on-Don, 344091

Additional office "Zapadny"

t. 007 (863) 255-87-12
31, 339th Strelkovaya Diviziya St., Rostov-on-Don, 344015

Additional office "Luxury"

t. 007 (863) 223-02-34
27, Kommunistichesky Ave, Rostov-on-Don, 344091

Additional office "Promzona"

Olga V. Yefimchuk
t. 007 (863) 237-72-87
150, Dovatora St., Rostov-on-Don, 344091

Additional office "Severny"

Irina V. Kovalenko
t.: 007 (863) 235-95-55, 233-21-65, 235-95-00
7/19, Korolev Ave., Rostov-on-Don, 344092

Additional office "Orbit"

Elena N. Tsindelian
t. 007 (863) 244-26-57
3, Tselinogradskaya St., Rostov-on-Don, 344012

Additional office "Selmash"

Vladimir B. Ilyichev
t.: 007 (863) 250-19-58, 250-19-57, 227-96-55
6, Serzhantov St., Rostov-on-Don, 344029

Additional office "18th Line"

t. 007 (863) 263-63-36
2/9, 18th Line str., Rostov-on-Don, 344019

Additional office in Bolshaya Martinovka

Larisa I. Brovkova
t. 007 (86395) 2-12-64
60, Lenin St., Bolshaya Martynovka, Rostov region, 344091

Additional office in Vesely

Irina A. Oparenko
t. 007 (86358) 6-50-40
47, Komsomolsky St., Vesely, Rostov region, 347781

Additional office in Volgodonsk city

Kirill V. Borovlev
t.: 007 (86392) 7-81-91, 6-28-44, 7-88-70, 7-85-65, 7-87-78
143, Gorky St., Volgodonsk, Rostov region, 347360

Additional office "the New City" in Volgodonsk city

Denis V. Proshkin
t.: 007 (86392) 5-64-70, 5-64-06
9, Gagarin St., Volgodonsk, Rostov region, 347360

Additional office in Yegorlikskaya

Irina A. Uzhakina
t. 007 (86370) 7-31-77
130, Gritsik St., Yegorlikskaya, Rostov region, 347660

Additional office in Zernograd city

Viktor A. Filimonov
t.: 007 (86359) 3-53-09, 3-39-65
14, Krasnopol'sky St., Zernograd, Rostov region, 347740

Additional office in Kagalnitskaya

Lyubov G. Chernobayeva
t.: 007 (86345) 9-69-02, 9-77-34
78, Kalinin st., Kagalnitskaya, Rostov region, 347700

Additional office in Kamensk-Shakhtinsky

Natalya N. Litvinova
t.: 007 (86365) 7-53-22, 7-61-42, 7-96-31
44a, Gagarin St., Kamensk-Shakhtinsky, Rostov region, 347800

Additional office in Konstantinovsk city

Elena A. Boldireva
t.: 007 (86393) 2-21-14, 2-35-05
46, Lenin St., Konstantinovsk, Rostov region, 347250

Additional office in Krasny Sulin city

Vadim G. Gulida
t.: 007 (86367) 5-23-72, 5-23-36
13/9 Pobeda St./Lenin St., Krasny Sulin, Rostov region, 346350

Additional office in Millerovo city

Nina I. Kovelina
t.: 007 (86315) 3-04-50, 2-95-03, 2-18-00
5, Karl Marx St., Millerovo, Rostov region, 346130

Additional office in Morozovsk city

Larisa N. Anufrienko
t.: 007 (86314) 4-11-10, 4-11-20
198, Plamya Revolutsii St., Morozovsk, Rostov region, 347210

Additional office in Oblivskaya**Oleg V. Kuroyedov**

t.: 007 (86396) 2-13-02, 2-16-15, 2-18-44
59, Lenin St., Oblivskaya, Rostov region, 347140

Additional office in Orlovsky**Natalya A. Krestyanova**

t. 007 (86375) 3-24-83
34, Proletarskaya St., Orlovsky, Rostov region, 347214

Additional office in Pokrovskoye**Galena A. Golovchenko**

t. 007 (86347) 2-11-63
185, Lenin St., Pokrovskoye, Rostov region, 346830

Additional office in Proletarsk city**Natalya D. Minikh**

t. 007 (86374) 9-63-03
120 a, Lenin St., Proletarsk, Rostov region, 347540

Additional office in Salsk city**Tatyana V. Gorobets**

t.: 007 (86372) 3-14-35, 3-32-79
13, Svoboda St., Salsk, Rostov region, 347630

Additional office in Tsimlyansk city**Denis V. Titorenko**

t.: 007 (86392) 6-04-95, 5-09-91, 2-10-44
22, Grishin St., Tsimlyansk, Rostov region, 347320

Additional office in Chaltyr**Srabion A. Vartkinayan**

t.: 007 (86349) 2-14-56, 2-17-90, 2-17-96
18a, 7th Line, Chaltyr, Rostov region, 346800

Additional office in Shakhty city**Evgeny V. Pischikov**

t.: 007 (86362) 2-71-62, 5-81-15
99, Lenin St., Shakhty, Rostov region, 346500

Additional office in Kropotkin city (Krasnodar Region)**Valentina P. Dubinkina**

t.: 007 (86138) 6-82-78, 6-82-75
3, Kommunalny St., Kropotkin, Krasnodar Region, 352380

Additional office in Timashevsk city (Krasnodar Region)**Natalya V. Poleshko**

t. 007 (86130) 4-44-47
155, Proletarskaya St., Timashevsk, Krasnodar Region, 352700

Additional office in Volzhsky (Volgograd Region)**Olga V. Illarionova**

t. 007 (8443) 41-36-50
73, Lenin St., Volzhsky, Volgograd region, 404110

Representative office in Moscow

t. 007 (495) 788-58-49
15/8 M. Bronnaya St., Moscow, 123104

Representative office in London**Olga V. Vysokova**

t. +44 (207) 590-31-44
fax +44 (207) 590-96-01
64 Knightsbridge, London SW1X 7JF

INTERNAL CONTROL

Internal Control Service has reached a new high-quality level in 2005.

The approved changes of Bank's articles in Regulations on Internal Control Service allow the control to be:

- universal for all Bank's units;
- integrated (the results of revisions for different units are coordinated between each other);
- systematic (the control is based on yearly, quarterly and monthly plans);
- scheduled (on the basis of man-hour standards for each type of control);
- efficient (revision results of a business unit are used by others to improve their performance);
- accountable (Committee for internal audit reviews the results of all the revisions and appropriate measures taken. The Board of Directors considers these reviews results on quarterly basis);

In 2005 Internal Control Service conducted revisions of all the Bank's operations and of compliance with current legislation, internal procedures and regulations of the Bank.

The number of staff of the Service has increased up to 12 persons in accordance with the Strategy of the Bank.

In 2005 The Internal Control department conducted 134 revisions, assisted the Bank of Russia to realize integrated revisions. In 2005 there was introduced the further regulation of intermediation between Bank's units and personnel in the process of realization of banking operations. There also took place the further development of assessment procedures, procedures for management and supervision of risks resulting from banking activities.

Bank Center-invest complies with all the requirements to prevent money laundering and terrorism financing.

RISK MANAGEMENT

Risk Management policy is approved by the Bank's Board of Directors. According to this policy the Bank's Executive Board fixes risk limits by risk groups, subdivisions and products.

Bank Center-invest possesses efficient risk management system, which is independent of business directions and is a fusion of advance world practice, modern information technologies and also a large experience in regional risks management and accumulated databases.

Bank Center-invest monitors risks on continuing basis, and the results of the monitoring are regularly reviewed by the Executive Board and the Board of Directors to control the compliance with limits set.

The Bank contributes to the Russian reforms and takes into consideration their risks.

Bank Center-invest thoroughly studies trends of the global, national and regional economy and their influence on regional and branch risks in the spheres of its activity.

The technique and technologies, which are used for risk management and analysis, grant advantages to Bank Center-invest and make it possible to carry out high-quality and operative decision making. This allows the Bank to operate efficiently in a highly competitive environment by offering new products and services of European level to its customers as well as ensure robust protection of investments of shareholders and Bank depositors.

JOINT-STOCK COMPANY COMMERCIAL BANK CENTER-INVEST
BALANCE SHEET AS OF JANUARY 1st, 2006

Registry № 2225, BIC: 046015762
Legal Address: 62, Sokolova Ave., Rostov-on-Don, 344010, Russia

Description of items	in RUR thousands	
	as of accounting date	as of previous accounting date
I. ASSETS		
1. Cash	455 893.	351 724
2. Funds of credit institutions with the Bank of Russia	573 674.	448 585
2.1 Mandatory reserves	176 004.	114 799
3. Due from banks	177 910.	69 259
4. Net investment in trading securities	459 777.	278 240
5. Net loans	10 291 699.	6 461 902
6. Net investments in securities available for sale	146 238.	18 157
7. Fixed and intangible assets and inventory	787 761.	582 190
8. Interest accrued	1 866.	1 173
9. Other assets	163 279.	143 586
10. Total assets	13 058 097.	8 354 816
II. LIABILITIES		
11. Due to credit institutions	2 945 118.	2 168 926
12. Due to customers	7 850 029.	4 809 551
12.1 incl. Personal deposits	5 004 435.	3 229 288
13. Debt instruments issued	217 586.	165 927
14. Accrued Interest expenses	118 126.	72 858
15. Other liabilities	31 351.	47 251
16. Provisions for possible losses on credit related commitments, other liabilities and on transactions with off-shore residents	1 975.	1 102
17. Total liabilities	11 164 185.	7 265 615
III. SHAREHOLDERS' EQUITY		
18. Shareholders' funds	616 000.	471 000
18.1 Registered ordinary stock and shares	525 508.	380 508
18.2 Registered preferred stock	90 492.	90 492
19. Issue related gains	545 586.	135 168
20. Revaluation of fixed assets	299 267.	299 267
21. Deferred expenses and forthcoming payments affecting the equity capital	137 123.	77 215
22. Funds and retained profit at disposal	180 961.	85 343
23. Profit for the accounting period	389 221.	175 638
24. Total equity*	1 893 912.	1 089 201
25. Total liabilities	13 058 097.	8 354 816
IV. OFF-BALANCE LIABILITIES		
26. Irrevocable commitments	1 153 877.	870 958
27. Guarantees issued	156 042.	81 396
V. TRUST ACCOUNTS		
FAVORABLE ACCOUNTS		
1. Securities in trust	43 031.	9 756
2. Settlements under trust	15 398.	10 747
3. Paid-off accrued interest profit on interest debt instruments	32.	80
4. Current accounts	1 045.	261
UNFAVORABLE ACCOUNTS		
5. Capital in trust	58 425.	20 817
6. Trust settlements	1 081.	27
* Total equity incl. subordinated loan	2 010 119.	1 086 912

JOINT-STOCK COMPANY COMMERCIAL BANK CENTER-INVEST
INCOME STATEMENT FOR 2005

Registry № 2225, BIC: 046015762
Legal Address: 62, Sokolova Ave., Rostov-on-Don, 344010, Russia

Description of items	in RUR thousands	
	for accounting period	for previous accounting period
Interest income arising from:		
1. Funds with credit institutions	43 810.	22 161
2. Loans to other customers	1 011 615.	636 286
3. Leased funds	81 820.	30 387
4. Fixed income securities	21 392.	9 728
5. Others sources	2 978.	1 600
6. Total interest income	1 161 615.	700 162
Interest expenses arising from:		
7. Funds from credit institutions	(134 553).	(67 224)
8. Funds from other customers	(339 155).	(222 713)
9. Debt securities issued	(19 100).	(14 366)
10. Total interest expenses	(492 808).	(304 303)
11. Net interest income	668 807.	395 859
12. Net income from transactions with securities	28 224.	11 301
13. Net income from transactions with foreign currencies	29 920.	34 953
14. Net income from transactions with precious metals and other assets	1 206.	0
15. Net income from revaluation of foreign currency	1 809.	5 959
16. Commission income	433 762.	226 341
17. Commission expenses	(35 073).	(12 716)
18. Net income (expenses) from single operations	3 414.	(407)
19. Other net operating income (expenses)	(51 886).	(15 951)
20. Administrative and managerial expenses	(518 819).	(355 092)
21. Eventual losses reserves	(27 009).	(58 994)
22. Profit before taxation	534 355.	231 253
23. Taxes charged (incl. profit tax)	(145 134).	(55 615)
24. Profit for accounting period	389 221.	175 638

Registry № 2225, BIC: 046015762
Legal Address: 62, Sokolova Ave., Rostov-on-Don, 344010, Russia

Chairman of the Board	Anna A. Shtabnova
Chief Accountant	Elena A. Kuzheleva

- In the opinion of LLC "Audit and Consulting", the accompanying consolidated financial statements by Joint-Stock Commercial Bank "Center-invest" present fairly, in all material respects, the financial position of the Bank as of 31 December 2005 and the results of its operations and its cash flows for the period started on January 01, 2005 and ended December 31, 2005 in accordance with the requirements of Russian Federation legislation regarding financial (accounting) reporting and with the Regulation of the Bank of Russia of January 16, 2004 № 1376-U "On the list, forms and procedures of creation and presentation of reporting forms for credit organizations to the Central Bank of Russian Federation".
- Detailed information on compliance of credit institution's report including aforementioned information contains in auditor conclusion on credit institution compliance as of January 1, 2006.

Auditing company:	Limited Liability Company «AUDIT and CONSULTING»
license №:	E 004873
license issue date:	01.08.2003
license valid from:	01.08.2003
license expiry date:	31.07.2008
license issued by:	Ministry of Finance of the Russian Federation
Auditing company manager's name:	Mrs. Galina P. Chubarova

