



ANNUAL REPORT 2007





ANNUAL REPORT 2007



Head Office
62 Sokolova Avenue,
Rostov-on-Don, 344000
tel: (863) 299-41-63, 264-06-40
welcome@centrinvest.ru
www.centrinvest.ru

- - Operational branches as of April 1, 2008
- - New branches to be opened till 2009



CONTENTS

WELCOME BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD	5
BOARD OF DIRECTORS AND THE EXECUTIVE BOARD	6
CORPORATE GOVERNANCE	8
CENTER-INVEST BANK'S MAIN ACHIEVEMENTS IN 2007	9
RETAIL BANKING	14
BUSINESS AND CORPORATE BANKING	16
CAPITAL MARKETS TRADING	20
TRANSACTIONS ON THE CURRENCY AND INTERBANK MARKETS	21
BANK CARDS	24
HUMAN RESOURCES	25
INFORMATION TECHNOLOGY	27
INTERNAL CONTROL	28
RISK MANAGEMENT	29
EXPANSION OF THE BRANCH NETWORK	30
SUMMARISED INTERNATIONAL FINANCIAL REPORTING STANDARDS CONSOLIDATED FINANCIAL STATEMENTS	41



CENTER-INVEST BANK:

15 YEARS OF SUSTAINABLE DEVELOPMENT FOR SOUTHERN RUSSIA

On **26 November 1992** the directors of some of the first privatised enterprises in southern Russia and a team of lecturers from Rostov-on-Don's higher education sector signed the articles of association setting up Center-Invest Bank.

On **26 January 1993** the Central Bank of Russia issued Center-Invest Bank with banking license No. 2225.

{**1992**} Facilitates the privatisation of enterprises that will become shareholders of the Bank {**1993**} Creates the Rostov region securities market {**1994**} Issues first promissory notes {**1995**} Develops a market for investment projects {**1996**} Addresses the problem of payment defaults {**1997**} Launches a programme to support SMEs in southern Russia. First audit in accordance with International Financial Reporting Standards (IFRS), PricewaterhouseCoopers {**1998**} Introduces new banking methods at the time of the financial crisis {**1999**} Aggressive marketing to capture new business {**2000**} Partnerships with international financial organisations. Issues its own credit/debit cards serviced by international payment systems {**2001**} Participates in international programmes to switch Russian banks to international standards {**2002**} Signs agreements with the European Bank for Reconstruction and Development (the EBRD) and the International Finance Corporation (IFC) {**2003**} Launches the programme 'One Billion Rubles of Rostov Region Investment'. Introduces a Code of Corporate Conduct {**2004**} The EBRD becomes a shareholder in Center-Invest Bank. {**2005**} Launches the programme 'Double with Center-Invest Bank'. Deutsche Investitions und Entwicklungsgesellschaft mbH (DEG) becomes a shareholder in Center-Invest Bank. The Bank is the first in southern Russia to be given an international credit rating by the agency Moody's. The former Deutsche Bundesbank president Ernst Welteke is elected to the Board of Directors as an independent director. {**2006**} Launches the programme 'South of Russia +'

In **2007** Center-Invest Bank continued to implement its sustainable development strategy 'South of Russia +' and it enjoyed notable successes:

The Bank obtained a USD80m syndicated loan. It completed a USD175m credit-linked note issue (CLN). It received a USD10m subordinated loan from the Black Sea Trade and Development Bank (BSTDB), and a seven-year RUR1bn syndicated loan from the EBRD and the Netherlands Finance Development Company (FMO).

It was a runner-up in the international competition held by the Financial Times and IFC, the '2007 Sustainable Banking Awards'. It was issued with a Gold Confidence Certificate by the Rostov region tax authorities.

Its subsidiary company Teploenergo (based in the city of Taganrog) was named 'best heating company in Central and Eastern Europe', and the EBRD became one of its shareholders.

In partnership with IFC, the EBRD and FMO, the Bank ran energy efficiency programmes for companies in southern Russia. The technologies introduced enabled the companies to cut their energy consumption and CO2 emissions by 30-50%.

It financed the introduction of new technologies in agro-industrial enterprises in southern Russia.

It granted SMEs in southern Russia more than RUR16bn in loans to help them achieve sustainable growth, and it continued to operate a 'hot line' providing SMEs with free legal advice.

1,214 families in southern Russia used a Center-Invest mortgage to improve their living conditions; more than 7,000 people purchased new motor vehicles; and 120,000 customers are using their Center-Invest bank cards worldwide.

Center-Invest Bank is continually expanding its operational network: it now has 110 branches/sub-branches in southern Russia, including outlets in the resort areas of the Black Sea coast and Caucasus Mineral Waters.

The Bank is introducing a new system based on SAP for Banking, which will allow it to increase the number of accounts handled to 1.5 million.

The Bank approved a risk management system based on the principles of Basel II. It improved its internal control system, which applies to all levels of its management and operations and its products.

For many years Center-Invest has been successfully running social and educational projects: Internet skills training and lessons in the history of the region. More than 150 of the top students in southern Russia receive scholarships from Center-Invest Bank. The Bank allocates more than RUR3.5m annually to these educational grants.

In 2007 it set up the Endowment Fund 'Education and Science in the Southern Federal District' to support higher education teaching staff and undergraduate and postgraduate students in southern Russia.

In 2008 Center-Invest Bank will continue to implement its programme for the sustainable development of southern Russia, providing our corporate, business and retail customers in southern Russia with a comprehensive range of banking services in compliance with international best practice. We wish our customers and partners sustained success!

Chairman of the Board of Directors

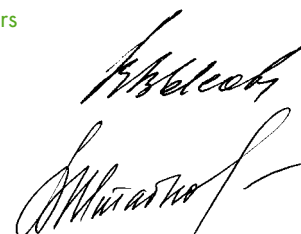
Vasily V. Vysokov

Doctor of Economics

Chairman of the Executive Board

Anna A. Shtabnova

PhD in Economics




DR. VASILY V. VYSOKOV

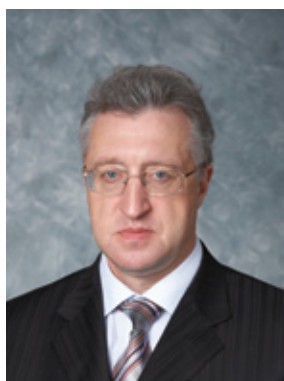
Chairman of the Board of Directors of Center-Invest Bank, Chairman of the Strategic Planning Committee, Doctor of Economics, Professor


TATIANA N. VYSKOVA

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


DR. VLADIMIR S. ZOLOTAREV

Chairman of the Appointments and Remunerations Committee, President of Rostov State University of Economics, Doctor of Economics, Professor, Honoured Academic of the Russian Federation


ALEXANDER V. LOSEV

Executive Director of LLC Kadri


DR. ANDREAS ZEISLER

Head of Financial Institutions, Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG), Doctor of Economics


GEORGY N. ORLOV

Senior Banker, EBRD Financial Institutions Department


ERNST WELTEKE

Independent Director
Former President of Deutsche Bundesbank (Germany)

*
THE INDEPENDENT DIRECTOR ASSURES CENTER-INVEST BANK'S CUSTOMERS, EMPLOYEES AND SHAREHOLDERS OF THE TRANSPARENCY OF THE BANK'S ACTIVITIES AND ENSURES THERE IS AN INDEPENDENT DECISION-MAKING PROCESS.

**ANNA A. SHTABNOVA**

Chairman of the Executive Board,
Ph.D (Economics),
Reader

**ALEKSEI N. SHPILOV**

Deputy Chairman of the Executive Board,
Ph.D (Engineering Science),
Reader

**VLADIMIR V. GLUSHKO**

Deputy Chairman of the Executive Board,
Ph.D (Engineering Science),
Reader

**GRIGORY O. CHORAYAN**

Head of the Treasury and Financial
Markets Department,
Ph.D (Engineering Science),
Masters in Economics and Finance

**SVETLANA V. ORLOVA**

Head of the Information
Technology and Settlement
Systems Department

**GRIGORY I. ZHUKOV**

Head of the Retail Banking
Department

**ELENA A. KUZHELEVA**

Head Accountant,
Member of the International
Association of Book-keepers (FIAB)

**OLGA V. VYSOKOVA**

Deputy Chairman of the Executive Board
for Financial Institutions,
Director of the Representative Office in London,
Masters in Finance

CORPORATE GOVERNANCE

Center-Invest Bank has had transparent corporate governance procedures since 2004

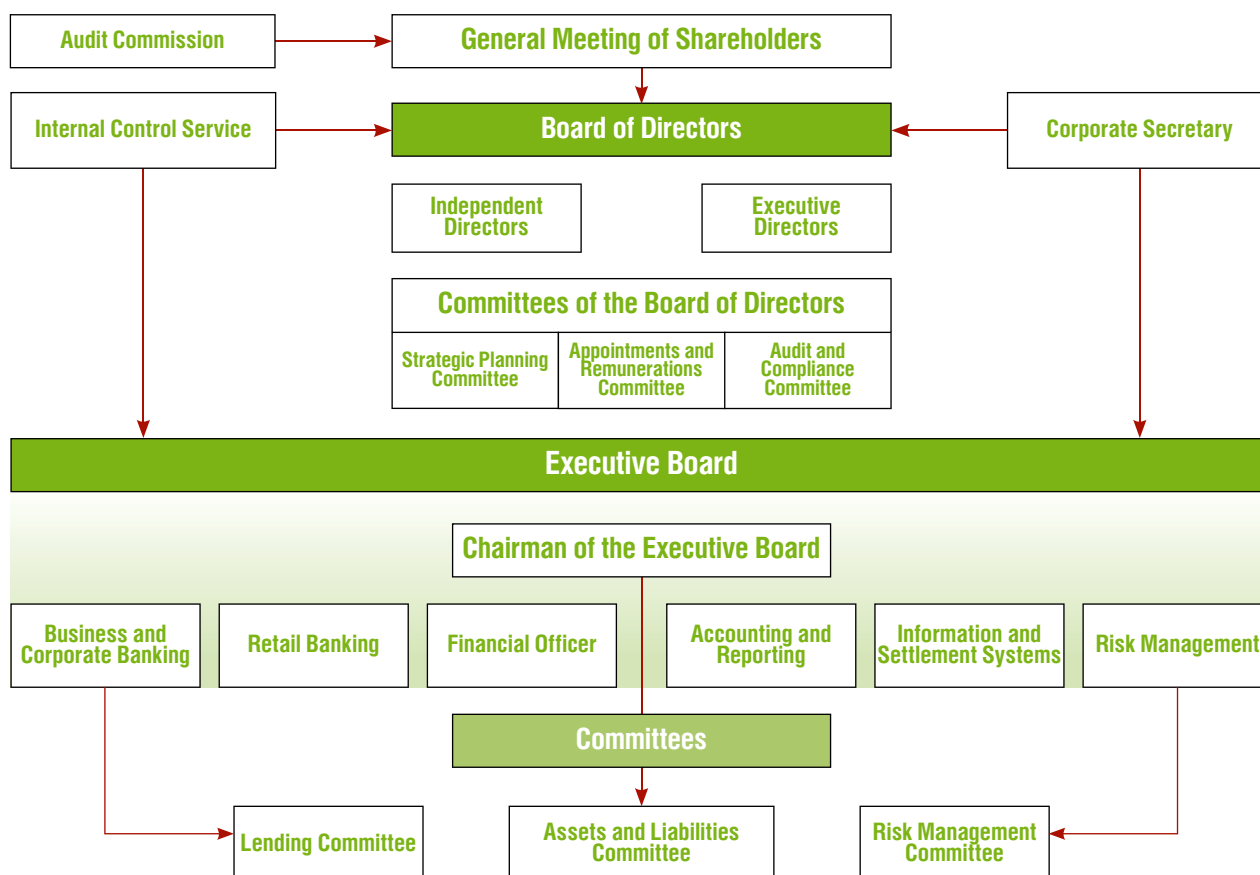
- codes of corporate conduct and ethics
 - policies for specific areas of its business
- (www.centrinvest.ru/corp)

The Bank is continually improving its corporate governance system by introducing international best practice; it adopts the recommendations of consultants brought in by the EBRD, and it draws on its foreign partners' experience of corporate governance, as well as its own experience. In 2007 the Bank improved its internal control procedures. Center-Invest Bank holds briefings and seminars on corporate governance and sustainable development and it helps its customers introduce their own corporate governance systems.

In 2007 the Board of Directors met nine times. It considered and discussed the following issues: approving and executing plans and the budget, internal control, holding shareholder meetings, and a new share issue.

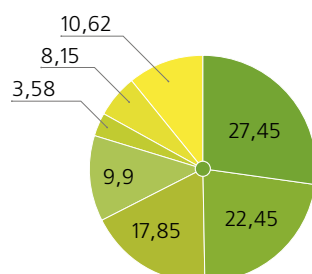
On the instructions of the Board of Directors, the Committee for Strategic Planning (Chairman - V.V. Vysokov), the Committee for Audit and Compliance (Chairman - T.N. Vysokova) and the Committee for Appointments and Remunerations (Chairman - V.S. Zolotarev) gave more detailed consideration to the following: the implementation of the Bank's strategy and its plans for institutional development, its current plans, the Internal Control Service's plans and the findings of internal audits, accounting policy, the appointment of auditors, compliance with the Code of Corporate Ethics, and personnel remuneration.

MANAGEMENT STRUCTURE



CENTER-INVEST BANK'S MAIN ACHIEVEMENTS IN 2007

Main Center-Invest Bank shareholders at f YE 2007 (% of voting shares)



27.45 % - EBRD
22.45 % - DEG
17.85 % - V.V. Vysokov and T.N. Vysokova
9.90 % - Firebird Investment Fund
8.15 % - Renaissance Capital
3.58 % - Raiffeisenlandesbank Oö
10.62 % - other shareholders

In 2007 Center-Invest Bank continued to implement its 2007-2011 Strategy 'South of Russia +'. This strategy sets out the Bank's objectives of expanding its branch network in southern Russia, and of developing and enhancing its services, products and operations on the basis of the advanced information system SAP for Banking and the 2007 Business Plan, which was approved by the Board of Directors.

- Center-Invest Bank's capital, calculated in accordance with the 1988 Basel Capital Accord (Basel I), exceeded **RUR5.5bn**
- Center-Invest made a **USD175m first c LN issue**. It was the first bank in southern Russia to issue this product.
- The Bank attracted a **RUR1bn** syndicated loan from the EBRD and FMO to develop its mortgage and energy efficiency lending products.
- In 2007 Center-Invest **opened 23 new outlets** in the Rostov region, the Volgograd region, Krasnodar Krai and Stavropol Krai.
- The international ratings agency **Moody's Investors Service upgraded the Bank's long-term credit rating** on the national scale to A1.ru and changed its foreign currency outlook on the global scale from 'stable' to '**positive**' (B1 'positive outlook').
- The Bank became the first regional financial organisation to receive a **gold confidence certificate** from the Rostov region tax authorities.
- For the twelfth consecutive year the Bank was successfully **audited in accordance with IFRS (Pricewaterhousecoopers)**.

key financial Indicators (IFRS)*

RUR, millions

	01.01.01	01.01.02	01.01.03	01.01.04	01.01.05	01.01.06	01.01.07	01.01.08
Shareholders' equity	209.5	413.8	678.3	779.1	1,140.8	2,178.6	4,187.8	5,226.7
Assets	960.3	1,635.3	3,124.0	5,257.3	8,492.6	13,637.2	23,832.6	39,461.1
Loans and Leases	515.4	891.1	1,928.0	3,127.2	5,323.6	8,202.1	15,819.7	28,723.3
Customer accounts	690.5	1,072.7	1,750.2	2,904.9	4,858.7	7,727.1	12,361.0	19,245.1
Net Profit	(6.8)	3.9	14.2	93.5	131.1	305.7	513.3	700.9

* On this page and in the rest of the text, tables and diagrams, all the financial indicators are based on the IFRS consolidated financial statements. The full IFRS auditors' report and data compiled in accordance with Russian financial reporting standards can be found on Center-Invest Bank's website (www.centrinvest.ru).

CENTER-INVEST BANK'S MAIN ACHIEVEMENTS IN 2007

Center-Invest Bank is guided in its work by the principles of sustainable development:

- Center-Invest Bank was the first Russian bank to be a finalist and a runner-up in the prestigious global competition, the **2007 FT Sustainable Banking Awards**, run by the Financial Times newspaper and IFC.
- The Bank's subsidiary Teploenergo was a finalist in the global environmental and sustainable development competition, the **'Financial Times Environmental Awards'**.
- Center-Invest Bank set up the Endowment Fund 'Education and Science in the Southern Federal District'. The Fund is used to provide financial assistance to undergraduate and postgraduate students and to encourage the best teaching staff and young scientists in southern Russia. Center-Invest made the first contribution to the Fund, paying in **RUR30m**. Individual benefactors contributed a further RUR4.5m. At FYE 2007 the Fund had achieved a **9.9% annual return**.
- More than **2,000 Second World War veterans** bank with Center-Invest.
- **The top 150 higher education students** receive grants from Center-Invest. In 2007 the Bank increased each award to RUR20,000. In total, it provides **RUR3.5m** in grants.
- **25,000 school children** from the Rostov region received free entry to the exhibition 'Treasures of the Don Steppes' at the Rostov Region Local Studies Museum.

Ratings as of 1 February 2008

AGENCY	SCALE	RATING
Moody's Investors Service	Global	B1 'positive outlook'
Moody's Interfax Rating Agency	National	A1.ru
RusRating	National	BB+

Center-Invest Bank share dividends, calculated and paid out in 2007

	% OF PAR	SUM (RUR)
Ordinary shares	18	139,591,350
Preferred shares	20	18,098,500
Total	-	157,689,850

CENTER-INVEST BANK'S MAIN ACHIEVEMENTS IN 2007

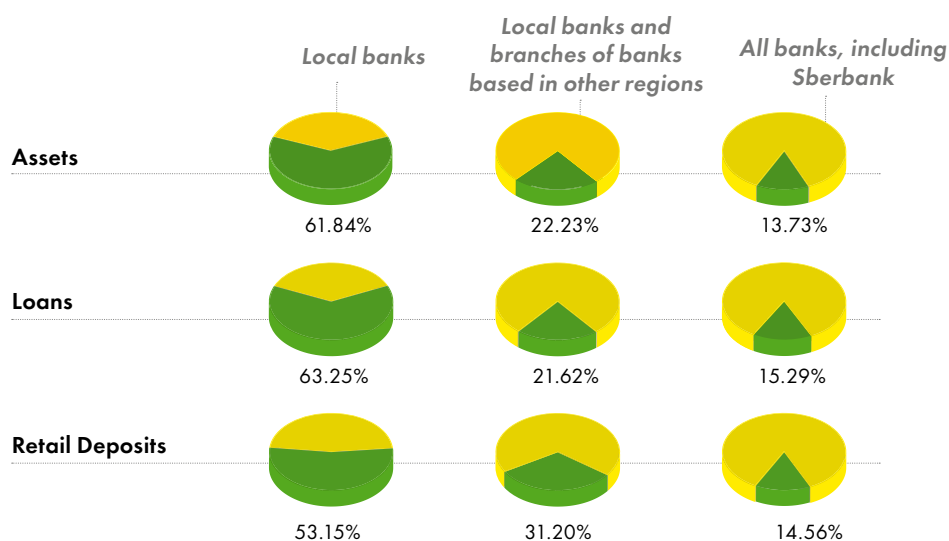
MARKET POSITIONS

Center-Invest Bank is the leading private regional bank in southern Russia. It is achieving sustainable growth and accelerated development in the most promising market segments. Among the top 100 banks in Russia Center-Invest ranks:*

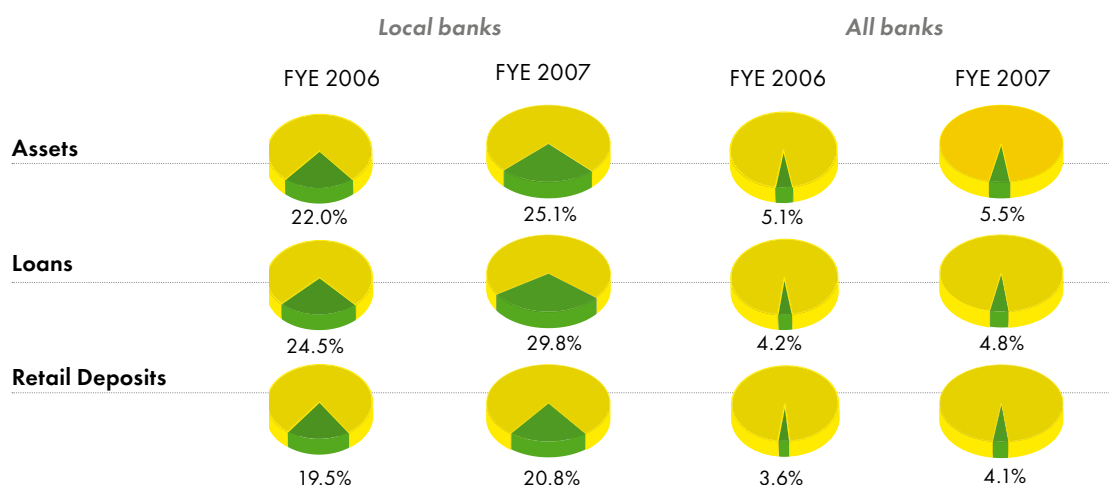
- 5th in terms of number of loans to SMEs
- 6th in terms of total value of SME lending
- 26th in terms of number of branches
- 28th in terms of its car loan portfolio
- 29th in terms of retail lending
- 30th in terms of mortgage lending
- 40th in terms of retail deposits
- 46th among universal banks
- 55th in terms of its loan portfolio
- 59th in terms of profits
- 60th in terms of capital
- 66th in terms of net assets

* - data taken from the rbc.ru website

Center-Invest Bank's market share in the Rostov region at FYE 2007



Center-Invest Bank's market share in southern Russia at FYE 2007



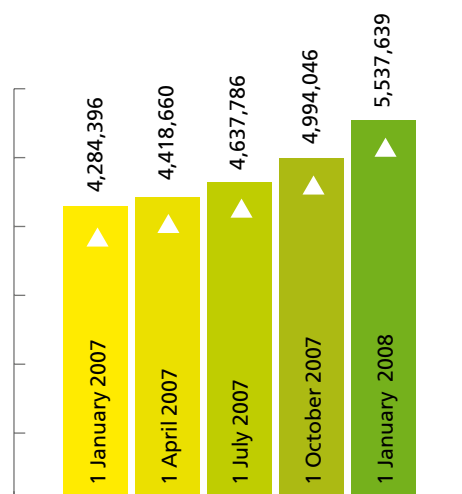
CENTER-INVEST BANK'S MAIN ACHIEVEMENTS IN 2007

KEY FINANCIAL INDICATORS

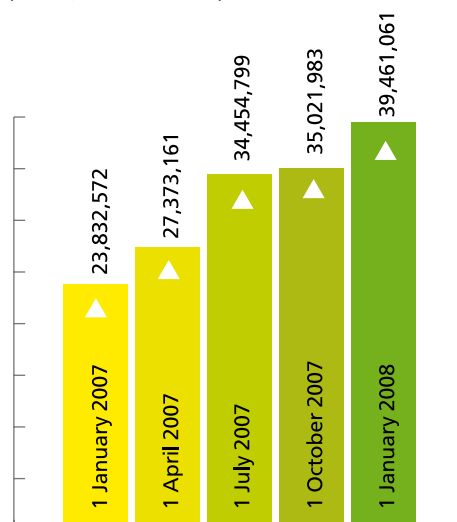
Center-Invest Bank's capital, calculated in accordance with the 1988 Basel Capital Accord (Basel I), increased by **RUR1,253m** and at **FYE 2007** was **RUR5,537m**. This was achieved by using profits, revaluing land and premises owned by the Bank, and securing a USD10m subordinated loan.

- Center-Invest Bank's assets grew by 70% in 2007, reaching **RUR39.4bn** by the end of the year. Asset growth was driven by an 80% increase in the loan portfolio.
- Net profit increased by 37% to **RUR701m**.
- Return on average assets (ROAA) was 2.2%. Despite increased costs, due to the opening of new branches and the general trend in the banking sector of declining returns on assets, return on average equity (ROAE) was 15%. The returns on assets and equity achieved by Center-Invest are in line with the best results of the leading players in the Russian banking market.
- The Bank's interest income rose by 80% to **RUR3.9bn**. More than 90% of this was income from customer loans and finance leases.
- Fees and commissions for retail, business and corporate services were up 50% on 2006 and accounted for **RUR0.5bn** of the Bank's operating revenues.

Shareholders' equity
(RUR, thousands)



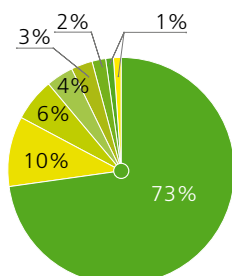
Net assets
(RUR, thousands)



CENTER-INVEST BANK'S MAIN ACHIEVEMENTS IN 2007

BALANCE SHEET STRUCTURE

Structure of assets at FYE 2007



- 73%** - Loans and advances to customers and finance leases
- 10%** - Cash and cash equivalents
- 6%** - Fixed assets and intangible assets
- 4%** - Due from other banks
- 3%** - Other assets
- 2%** - Securities
- 1%** - Mandatory reserves
- 1%** - Investments in associate companies

Customer loans and finance leases, which were in excess of **RUR28.7bn** at FYE 2007, accounted for 73% of net assets.

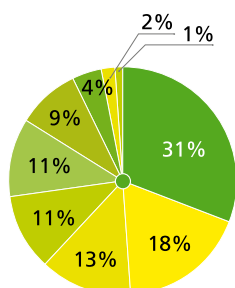
In 2007 the Bank's net investments in securities **rose to RUR990m**. Investments in securities accounted for 2.5% of its net assets.

The Bank's liabilities increased by 80% in 2007, reaching **RUR33.6bn** by FYE 2007.

The reliability and the liquidity of Center-Invest's obligations were underscored by the inclusion of its bonds in the Central Bank of Russia's Lombard List.

At FYE 2007 Center-Invest had loans from other banks and international financial institutions totalling **RUR8.4bn**. Interbank borrowing was up 65%.

Structure of liabilities at FYE 2007



- 31%** - Retail customer accounts
- 18%** - Business and corporate customer accounts
- 13%** - Shareholders' equity
- 11%** - Due to other banks
- 11%** - Other borrowed funds (CLN)
- 9%** - Borrowings from international financial institutions
- 4%** - Debt securities in issue
- 2%** - Other liabilities
- 1%** - Subordinated debt

RETAIL BANKING

RETAIL DEPOSITS

In 2007 retail deposits increased by **RUR4.1bn to RUR12bn**. The number of retail depositors exceeded **156,000**.

The Bank provided an additional 20 utility bill payment points, taking the total number to 117.

The Bank opened new service centres at its Head Office:

- A 1,500 square metre Personal Banking Centre (deposits, loans, payments);
- A Private Banking Centre which offers retail customers a range of exclusive services in very comfortable surroundings.

In 2007, the Bank gave away a car (a VAZ 21121), seven personal computers, and more than 1,300 household appliances in prize draws held for its depositors.

Center-Invest holds special lotteries for pensioners who obtain their pensions through its branches.

PAYMENTS AND OTHER SERVICES

The volume of utility bill payments accepted by Center-Invest Bank increased by 48% to **RUR3.7bn**.

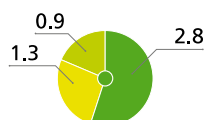
- The Bank signed agreements on accepting utility bill payments with all the main residential utility providers.
- The Bank's customers pay their utility bills either in cash or by direct transfers from their bank accounts.

In 2007 Center-Invest Bank handled **USD60.5m** and **RUR345.8m** in Western Union money transfers.

In 2007 foreign currency exchange operations in cash exceeded **USD68m** and **€30.7m**. The number of safe deposit boxes increased by 83% to 1,130.

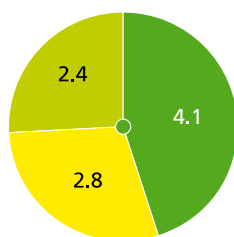
Structure and growth of retail loan portfolio

RUR5bn at FYE 2006



2.8 - consumer loans
1.3 - car loans
0.9 - mortgage loans

RUR9.3bn at FYE 2007



4.1 - consumer loans
2.8 - car loans
2.4 - mortgage loans

RETAIL BANKING

RETAIL LENDING

In 2007, Center-Invest Bank's retail loan portfolio grew by 90%. The Bank granted 40,176 loans to retail customers in southern Russia, with a combined value of **RUR9bn**:

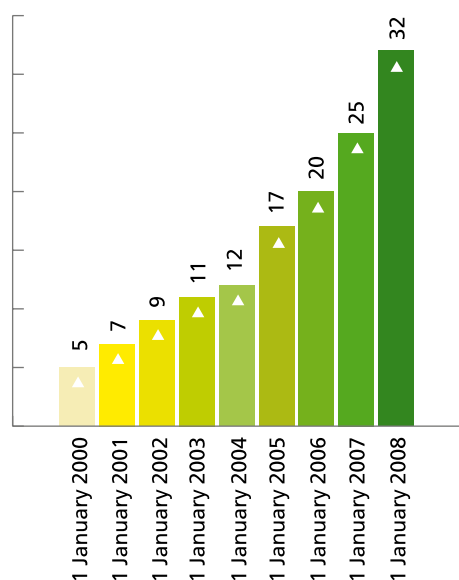
- 31,956 consumer loans totalling RUR4.1bn
- 7,006 car loans totalling RUR 2.4bn
- 1,214 mortgage loans totalling RUR 2.5bn

At FYE 2007 the retail loan portfolio consisted of 51,936 retail loans with a total value of **RUR9.3bn**.

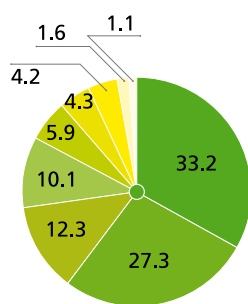
In 2007 the following programmes were introduced:

- Consumer loans secured against residential property
- 'Cheaper loans for retail depositors', which allowed depositors to save up to 3% per annum on loans.

Number of business/corporate clients (1000s)



Breakdown of the loan portfolio at FYE 2007



- 33.2% - retail loans
- 27.3% - trade
- 12.3% - agriculture
- 10.1% - manufacturing
- 5.9% - other sectors
- 4.3% - transport and communications
- 4.2% - construction
- 1.6% - energy production and distribution
- 1.1% - hotel industry

BUSINESS AND CORPORATE BANKING

By the end of 2007 **32,497 companies and self-employed individuals** were banking with Center-Invest, which was a 27% increase on 2006.

Business and corporate deposits totalled **RUR1.5bn** at FYE 2007.

At FYE 2007, **5,803** companies were using Center-Invest's internet banking system, 'Bank Client'.

Total payments under the Trade Finance Programme exceeded **USD50m**.

International Trade Services

PAYMENTS AND SETTLEMENTS	USD millions	€ millions	RUR millions
Import	72.2	23.5	4,068.5
Export	88.7	16.3	729.3

BUSINESS AND CORPORATE LENDING

At FYE 2007, Center-Invest Bank's business and corporate loan portfolio, including leasing and factoring, had grown by 78% and was **RUR20.1bn**. During the year a total of **RUR73.7bn** was released in ruble and hard currency loans.

In 2007 Center-Invest issued its customers with bank guarantees totalling **RUR453.6m**.

In 2007 the volume of investment loans (with a term of over a year) granted to companies and self-employed individuals more than doubled, exceeding **RUR6.6bn**.

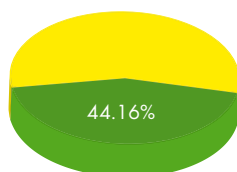
In 2007 loans totalling **RUR2.2bn** were granted for the construction of major facilities for various sectors (including trade, port facilities, and the food industry) in the Rostov region, the Volgograd region, Krasnodar Krai and Stavropol Krai.

The volume of factoring deals exceeded **RUR194m**. In 2007 the Bank's factoring business grew by 51%.

In 2007 a new subdivision, the **Investment and Construction Finance Department**, was created within the Lending Division. The new department is tasked with expanding investment lending, construction finance and energy efficiency finance. A **Lending, Leasing and Factoring Desk** was also set up, and this has significantly accelerated the process of drawing up and managing customer agreements.

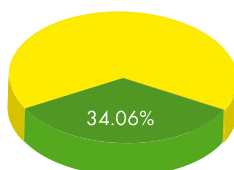
Center-Invest Bank's share of the SME lending market in the Rostov region at FYE 2007

In terms of number of loans issued



All banks - **16,355**
Center-Invest Bank - **7,222**

In terms of value of loans issued (RUR, billions)



All banks - **47.4**
Center-Invest Bank - **16.2**

BUSINESS AND CORPORATE BANKING

SME LENDING

Center-Invest Bank's customers include 16,500 SMEs and 11,000 self-employed individuals in southern Russia.

In 2007 the Bank granted SMEs and self-employed individuals 7,222 loans totalling more than **RUR16.2bn**.

In 2007 the EBRD extended Center-Invest Bank credit lines totalling **RUR510m** for financing SMEs in southern Russia.

Center-Invest Bank introduced new loan products for SMEs:

- 'Investment up to 3 years'
- 'Loans secured against residential property'
- 'Loans to acquire commercial property secured against the real estate acquired'

The Bank attended the 7th Economic Forum 'SMEs in the Rostov Region's Economy: Innovation and Development'.

Specialists from Center-Invest Bank held seminars on developing SME lending in Krasnodar, Sochi, Gelendzhik, Rostov-on-Don, Novocherkassk and Volgograd.

Center-Invest's 'Partner' programme provides the foreign partners of the Bank's SME customers with access to a database of 25,000 SMEs in the Rostov region. (www.amb-don.ru)

Center-Invest operates a 'hot line', which in 2007 provided businesses in the Rostov region with over 2,000 free legal consultations. (www.hotline.centrinvest.ru)

BUSINESS AND CORPORATE BANKING

INTRODUCING ENERGY EFFICIENCY TECHNOLOGIES

In 2007 IFC presented Center-Invest Bank with special certificates for its work under the Russia Sustainable Energy Finance Program. Center-Invest was the first bank in Russia to participate in this IFC programme.

In 2007, in partnership with the EBRD, Center-Invest launched a new energy efficiency finance programme for companies in southern Russia. The EBRD has committed approximately **RUR250m** to this project.

The energy efficiency loan portfolio in southern Russia exceeded **RUR500m**.

In 2007 Center-Invest Bank granted companies in southern Russia energy efficiency loans totalling **RUR150m**.

Center-Invest succeeded in attracting investment for its subsidiary Teploenergo (based in the city of Taganrog), generating a **RUR318m** increase in capital. The EBRD became the company's new shareholder (25%).

AGRIBUSINESS LENDING

In 2007 Center-Invest Bank increased its lending to agribusiness by 30%. At FYE 2007 its agribusiness loan and leasing portfolio was **RUR3.9bn**, which included **RUR1.4bn** in investment loans.

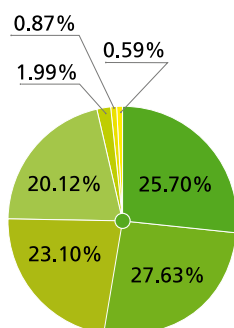
With the support of the EBRD, in 2007 the Bank targeted development of its programme of pre-export financing for grain and oil crops producers.

A programme was launched to finance energy efficiency technologies in the agricultural sector.

BUSINESS AND CORPORATE BANKING

LEASING

Types of equipment/facilities purchased in 2007 for leasing:



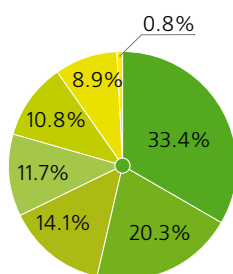
- 27.63%** - Agricultural machinery
- 25.70%** - Transport
- 23.10%** - Construction equipment
- 20.12%** - Industrial equipment
- 1.99%** - Office equipment
- 0.87%** - Real estate
- 0.59%** - Trade equipment

At FYE 2007 Center-Invest Bank's finance lease portfolio (leasing) was **RUR2.9bn**.

In 2007 Center-Invest added to the group of foreign suppliers from which it purchases equipment directly for companies in southern Russia.

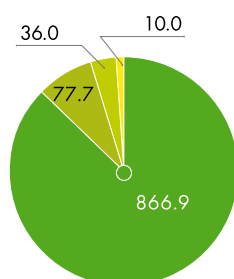
In 2007 contracts with a total value of **€3.8m** were signed with foreign suppliers. The Bank began working with the following suppliers: "Nuova Dizma s.r.l." (Italy), "Claas Global Sales GmbH" (Germany), "INDEXT S.a.r.l." (France), "Meka Engineering Industry Co.LTD" (Turkey), UAB "ALSENA" (Lithuania), "HOMAG GUS GmbH" (Germany), "Herbenstreit-Rapido GmbH" (Germany), "Akros Import Export LTD. STI" (Turkey).

Breakdown of equipment lessees in 2007 by economic sector:



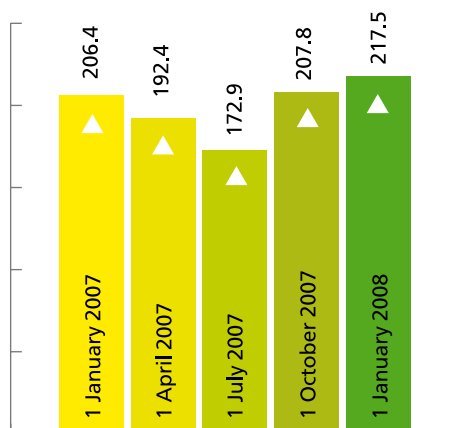
- 33.4%** - Agriculture
- 20.3%** - Construction
- 14.1%** - Manufacturing
- 11.7%** - Trade
- 10.8%** - Other industries
- 8.9%** - Transport and communications
- 0.8%** - Energy production and distribution

**Structure of securities portfolio at
FYE 2007 (RUR, millions)**



- 866.9** - corporate bonds
- 77.7** - shares and equity stakes
- 36.0** - municipal bonds
- 10.0** - state treasury bills – federal bonds

**Value of assets under management
in 2007 (RUR, millions)**



CAPITAL MARKETS TRADING

PROPRIETARY TRADING

Total proprietary trading was **RUR8bn**.

The Bank's securities portfolio increased to **RUR 990.6m**. The annual return on the portfolio was **10.15%**.

BROKERAGE SERVICES

Transactions on behalf of customers totalled **RUR840m**.

TRUST MANAGEMENT

At FYE 2007 the total value of net assets under management was **RUR217.5m**.

In 2007 the Endowment Fund 'Education and Science in the Southern Federal District' was placed under Center-Invest Bank management. The Fund achieved an annual return of **9.9%**.

The annual return on investments in the bank-managed mutual fund (BMMF) 'Center-Invest First' was **3.8%** (**14th** in Russia among BMMF consisting of Russian shares). The BMMF 'Center-Invest Second' achieved a **12.24%** annual return (**first** in Russia among BMMF with a conservative strategy).

TRANSACTIONS ON THE CURRENCY AND INTERBANK MARKETS

COOPERATION WITH INTERNATIONAL FINANCIAL ORGANISATIONS



Photo: EBRD delegation headed by President Jean Lemierre (second on the left), with V.V. Vysokov (first on the left) at Center-Invest Bank's Head Office.

Successful positioning of southern Russia as attractive for foreign investment and Center-Invest Bank as a partner for joint projects:

- Financing mortgages, SMEs and energy efficiency technologies (the EBRD and FMO)
- Energy efficiency finance projects (the EBRD, IFC)
- Trade finance for companies in southern Russia (**USD80m** syndicated loan from foreign banks)

In April 2007 Center-Invest increased its Tier 2 capital with a **USD10m** subordinated loan from BSTDB.

In summer 2007 the Bank held a seminar 'Sustainable Development in Southern Russia', which was attended by top managers and leading specialists from 30 Russian and foreign banks. The investors were given a detailed overview of Center-Invest's business and of the social and economic potential of the region in which the Bank has social, educational and investment projects.

- Center-Invest Bank successfully continued its operations under its Trade Finance Guarantee Facility Agreement with the EBRD. In 2007, the total value of the deals under this trade finance programme was **USD26m**.
- Center-Invest uses structured trade finance arrangements, which allow it to minimise the risks and the losses that could result from its clients' international trade transactions.

TRANSACTIONS ON THE CURRENCY AND INTERBANK MARKETS

INTERNATIONAL PAYMENTS

Center-Invest Bank offers its customers engaged in international trade a full range of banking services that meet international standards.

Center-Invest processes payments relating to its customers' foreign trade contracts with European suppliers. It has long-term agreements with the following export credit agencies: EULER HERMES Kreditversicherung AG (Germany), COFACE (France) and SACE (Italy).

In 2007 the volume of transactions through correspondent accounts increased more than seven-fold, exceeding **USD23.8bn**. Total Euro transactions were in excess of **200m**.

Center-Invest Bank uses an effective network of foreign correspondent banks and partner banks: Citibank NA (New York, USA), HSBC BANK USA (New York, USA), Wachovia Bank (New York, USA), Commerzbank AG (Frankfurt, Germany), Dresdner Bank AG (Frankfurt, Germany), Societe Generale SA (Paris, France), Intesa Sanpaolo SpA (Milan, Italy), Unicredito Italiano SpA (Milan, Italy), The Royal Bank of Scotland (London, Great Britain), Credit Suisse (Zurich, Switzerland).

Center-Invest is a member of the international association SWIFT, which ensures rapid clearing of payments and the safe and reliable communication of financial messages to correspondent banks.

Center-Invest's customers use letters of credit and guarantees issued by the Bank and confirmed by reputable foreign lending institutions as payment mechanisms for their foreign suppliers. The Bank's trade finance partners have included the largest banks in Germany, the USA, Austria, the Netherlands, China, Italy, South Korea, Turkey and other countries.

By using payment and contractual guarantees the Bank has been able to tailor individual schemes for its customers, providing them with optimum arrangements.

TRANSACTIONS ON THE CURRENCY AND INTERBANK MARKETS

FOREIGN EXCHANGE AND MONEY MARKET TRANSACTIONS

In 2007 Center-Invest Bank attracted a large USD international syndicated loan (**USD80m**). The syndicate was formed by 37 of the world's largest banks from 17 countries (in Europe, Asia, America and Africa).

Center-Invest Bank became the first bank from southern Russia to make a CLN issue on the global financial market (**USD175m**).

In 2007 the Bank substantially strengthened its position as the main operator on the Rostov region currency market and as an active participant in interregional banking transactions in foreign currency and Russian rubles. More than 250 Russian banks from Kaliningrad to Yuzhno-Sakhalinsk act as Center-Invest's counterparts for foreign exchange transactions on the interbank lending market. Center-Invest Bank has been using the REUTERS DEALING system since 2006.

Center-Invest approaches its relationships with its partner banks on the basis of mutually advantageous cooperation between peers. The partners strive to improve their current methods and to find new approaches to interbank foreign exchange and money market transactions.

Optimal rates for currency exchange, and prompt crediting, transfer and conversion of money, have allowed the Bank to increase the volume of its currency exchange operations by more than 80%, to in excess of the equivalent of **USD2.8bn**.

Center-Invest Bank:

- is a member of Moscow Interbank Currency Exchange (MICEX), and
- cooperates with St. Petersburg Interbank Financial House and the Regional Dealing Centre (St. Petersburg).

Using state-of-the-art information technology Center-Invest can participate in real-time in the MICEX daily trading sessions (the Unified Trading Session and the SELT Session) from a remote work terminal located within the Bank.

BANK CARDS

In 2007 Center-Invest Bank issued more than **99,000** Visa International and MasterCard International cards. The number of active cards exceeded 120,000.

In 2007, transactions using cards issued by the Bank amounted to more than **RUR7bn**.

In October 2007 Center-Invest Bank opened a **processing centre** to service Visa and MasterCard transactions. This was the first comprehensive card processing facility in southern Russia. The new centre provides the Bank with opportunities to offer new services and banking products to its retail and business customers, and also allows it to substantially reduce losses.

At the same time, the Bank opened a Card Personalisation Centre. Center-Invest now issues international cards itself in Rostov-on-Don, which means that customers can receive a personalised credit card within one working day.

Working in partnership with the company Mobikom-Kavkaz, Center-Invest Bank successfully introduced an SMS notification service for cardholders. This provides the Bank with another channel through which to notify cardholders of their transactions, card expiry dates and balances.

Center-Invest has set up its own 24-hour support line for cardholders, which provides its customers with advice in real time. The service has a national multi-line number (8-800-2009-109). A total of 657 businesses and organisations in southern Russia participate in 'salary projects' using Center-Invest bank cards.

In 2007, 44 new ATMs became operational. The Bank's acquiring network expanded to **108 ATMs, 75 cash issue desks, and 260 companies providing goods and services** that process cards from all the major international payment systems as well as the Russian STB Card and Union Card.

The Bank ran a permanent discount programme for its MasterCard Gold holders. Eight companies in Rostov-on-Don providing premium services participated in this scheme.

HUMAN RESOURCES

At FYE 2007 Center-Invest Bank had **1,815 employees**, of which 19 have higher doctorates and PhDs and 25 were studying for postgraduate qualifications. Over 87% of the Bank's employees have a higher education.

Center-Invest's main human resource objectives are:

- Attracting and retaining staff with the necessary experience and qualifications;
- Identifying and training staff suitable for promotion to managerial positions;
- Helping each member of staff increase their personal contribution to the success of the Bank.

In 2007 58 training courses were held for staff, including induction training and courses on communication skills and sales. In addition, 90 students from leading higher education institutions in southern Russia had work placements at the Bank.

In 2007, 96 employees attended 124 seminars and conferences, both in Russia and abroad, on the following subjects:

- Information security
- Banking analysis
- SME lending
- Syndicated lending
- Lending to the agricultural sector
- Introducing energy efficiency technologies
- Bonds and securities
- Private banking
- Risk management

By attending major international economic forums Center-Invest enhanced its reputation as a reliable partner in the global financial market:

- EBRD Annual Meeting and Business Forum 'New Frontiers in Financing' (Kazan, Russia)
- Renaissance Capital Group's 11th Annual Investors' Conference (Moscow, Russia)
- SAP 2007 Industry Forum (Moscow, Russia)
- 10th International Conference on Security: Protecting Yourself and Your Business (Dubai, United Arab Emirates)
- 2007 Sibos Conference (Boston, USA)
- Raiffeisen Zentralbank AG: Debt Financial Markets (Vienna, Austria)
- SME Credit Scoring and Basel II Compliance (Prague, Czech Republic)
- 'Private Banking 2007: Steps to Success' (Geneva, Switzerland)

HUMAN RESOURCES

- Machinery Show (Louisville, USA)
- Eastern European Banking Leaders Conference (Limassol, Cyprus)
- 'Risk Management for Financial Institutions in Russia and the CIS' (Frankfurt, Germany, Chamber of Commerce)
- VI International Investment Forum 'Sochi-2007' (Sochi, Russia)
- V International Banking Forum 'Banks of Russia - 21st Century' (Sochi, Russia)
- Adam Smith Institute International Summit 'Investment in Russian Regions' (Moscow, Russia)
- 10th European Financial Week / Russian Economy Day (Germany, Frankfurt am Main)

The highly qualified people behind Center-Invest Bank have successfully presented southern Russia as an attractive region for investors and Center-Invest as a regional bank that is effectively managing regional risks.

Articles about Center-Invest Bank have featured in international and Russian publications:

- **Financing Environmental and Social Opportunities in Emerging Markets**
IFC Report. Case study. Banking on Sustainability.
http://www.ifc.org/ifcext/enviro.nsf/Content/Publications_EnvFinance#BOS
- **Banking on the New Frontier**
By Craig Mellow. Institutional Investor. November 2007 issue.
<http://www.iimagine.com/article.aspx?articleID=1696120>
- **Social responsibility of business versus sustainable development**
By Dr. V. Vysokov. Russian Finance
<http://www.centriinvest.ru/ru/pub.html>
- **Center-Invest: southern champion with a social conscience**
Euromoney September 2007 issue
<http://www.centriinvest.ru/pdf/euromoney200709.pdf>
- **Credit Notes Snapped Up in London**
A. Timoshenko. Banking Review, No. 6, June 2007
<http://bo.bdc.ru/2007/6/cln.htm>
- **The Usual Prerequisites for the Consolidation of Regional Banks**
V.V. Vysokov. Banking Review, September, 2007
<http://www.centriinvest.ru/pdf/CentrInvest8.pdf>
- **Center-Invest Bank: Sustainable Development of Southern Russia**
Lecture by Chairman of the Board of Directors of Center-Invest Bank, Professor V. V. Vysokov (Doctor of Economics), to undergraduate and postgraduate students and teaching staff at the University of Oxford, England

INFORMATION TECHNOLOGY

A new remote banking system was introduced, which allows Center-Invest Bank's business clients to make payments over the Internet or by telephone from anywhere in the world. At all stages of a transaction, the payment information transferred between the customer and the Bank is encrypted in accordance with Russian legislation, and it is accompanied by the unique digital signature of an authorised representative of the Bank's customer.

A new high-technology, fail-safe data management centre was built, and Center-Invest identified and purchased a new industrial grade software and hardware platform to ensure the reliable and efficient performance of its information systems.

The Bank introduced a remote monitoring system, based on SAP for Banking software, to monitor the performance of the information systems of its branches.

A central number was activated for the information service:
8 (863) 2-000-000.

INTERNAL CONTROL

In 2007 Center-Invest Bank continued to improve its internal control system, ensuring its compliance with Russian legislation and international standards.

The Board of Directors approved the Bank's Internal Control Policy. This document sets out the objectives and principles of the internal control system, its key components and structure, and its procedures. It also contains provisions on monitoring the system.

The Internal Control Service conducted 24 comprehensive audits of branches, 34 checks of cash and valuables held by Center-Invest's divisions, and 43 audits of various aspects of the Bank's divisional operations. It also carried out quarterly audits of securities trading.

Center-Invest Bank continued to develop its interdepartmental procedures for banking operations, as well as its procedures for assessing, managing and monitoring the risks involved in these operations.

Center-Invest Bank complies with all the regulations on the prevention of money laundering and the financing of terrorism.

A revised version of the internal control regulations on the prevention of money laundering and the financing of terrorism was approved, and guidelines were produced for the application of these regulations to the various activities of the Bank.

RISK MANAGEMENT

Center-Invest Bank has an effective risk management system, which is independent of its business divisions. This system combines modern international practices and information technologies with the databases that the Bank has built up over the years and its considerable experience in managing regional risks.

Risk management at Center-Invest Bank is based on the Risk Management Policy that was approved by the Board of Directors. This document complies with the main requirements of Basel II and reflects the accord's recommended approaches.

The Bank has a conservative approach to accepting risks. Risk management is seen as a comprehensive set of measures designed to protect assets and to optimise the return/risk ratio.

The Bank continually monitors risks, and the Risk Management Committee, the Board of Directors and the Executive Board regularly examine risk management performance to ensure that agreed limits are observed, assets are diversified, and risks are covered by reserves and capital. These bodies also review the effectiveness of the Bank's risk management procedures and methods.

Center-Invest Bank recognises the potential risks posed by changes to Russian legislation and demonstrates that best international practice can be applied to reduce these risks.

Center-Invest studies global, national and regional economic trends in depth and analyses their impact on the regional and sectoral risks in the spheres in which it operates.

The methods and procedures that the Bank uses to analyse and manage risks put it in a particularly strong position, allowing it to make informed, timely decisions. Offering its clients new services and products, in line with European standards, and reliably protecting its shareholders' and depositors' investments, Center-Invest Bank can compete not only with local banks but also with branches of the largest Russian banks.

EXPANSION OF THE BRANCH NETWORK

At FYE 2007 Center-Invest Bank's branch network consisted of **110 branches** and sub-branches in Rostov-on-Don, the Rostov region, Krasnodar, Krasnodar Krai, Volgograd, the Volgograd region, and Stavropol Krai.

23 new branches and sub-branches were opened in 2007:

In Rostov-on-Don:

- Sub-branch on Dovatora Street
- 'Aleksandrovka' Branch
- Sub-branch in Gigant
- Sub-branch in Semikarakorsk
- 'Merkury' Branch
- 'Na Budennovskom' Branch
- 'Na Lenina' Branch
- Sub-branch on Selivanova Street.

In the Rostov region:

- 'Shakhtinsky' Sub-branch
- Sub-branch of Branch No. 6
- 'Matveyevo-Kurgansky' Branch
- 'Tselinsky' Branch
- 'Donskoi' Branch
- 'Stroimarket' Sub-branch

In Krasnodar Krai:

- 'Na Stavropolskoi' Branch
- 'Naberezhny' Branch
- 'Rostovskoye Shosse' Branch
- Branch in the town of Anapa
- Branch in the town of Tuapse
- 'Sochinsky' Branch

In Stavropol Krai:

- 'Krasnogvardeisky' Branch

In the Volgograd region:

- 'Spartanovsky' Branch
- 'Tsentralny Raion' Branch

Preparations are underway to open 25 new outlets in Krasnodar Krai, Stavropol Krai, the Volgograd region and the Rostov region.

Center-Invest Bank's branches offer a full range of banking services for companies and individuals.

BRANCH NETWORK

Center-Invest Bank Head Office

62 Sokolova Avenue, Rostov-on-Don, 344000

tel: (863) 264-69-82, 267-68-65, 2-000-000

ROSTOV REGION

Main Branch No. 1

138 Budennogo St., Aksai

tel: 8(86350) 5-94-00, 8(863) 269-26-25, 291-11-76

Tatiana Ilinichna Klavdieva

Main Branch No. 2

84 Gorkogo St., Bataisk

tel: 8(86354) 5-06-59, 5-01-20, 5-03-66

Svetlana Nikolayevna Kozina

Main Branch No. 3

44 Spusk Yermaka Avenue, Novocherkassk

tel: 8(86352) 2-20-86, 2-44-04

Vladimir Dmitrievich Karpenko

Main Branch No. 5

95 Grecheskaya St., Taganrog

tel: 8(8634) 39-20-00, 36-63-30, 61-24-99

Vladimir Vladimirovich Stepin

Main Branch No.6

66 Leningradskaya St./57 Tolstogo St., Azov

tel: 8(86342) 4-52-75, 4-00-74, 4-52-76

Ivan Grigorevich Korneichuk

Main Branch No. 7

115 Lenina St., Semikarakorsk

tel: 8(86356) 4-16-07, 4-11-44; 8(863) 244-04-65

Aleksandr Ivanovich Kalinich

'Aleksandrovka' Branch

27 Kommunistichesky Avenue, Rostov-on-Don

tel: 8(863) 223-02-34, 223-02-35

'Tsentralny' Branch

97 Budennovsky Avenue, Rostov-on-Don

tel: 8(863) 232-15-66, 232-33-46, 232-84-52

Yury Vladimirovich Popov

‘Severny’ Branch

7/19 Koroleva Avenue, Rostov-on-Don

tel: 8(863) 233-21-65, 235-95-00, 235-95-55

Yelena Nikolayevna Tsindeliani

‘Zapadny’ Branch

31, 339th Strelkovo Divizii St., Rostov-on-Don

tel: 8(863) 255-87-13, 255-87-11

Vadim Gennadevich Yashkov

‘Selmash’ Branch

6 Serzhantova St., Rostov-on-Don

tel: 8(863) 250-19-57, 250-19-58

Vladimir Borisovich Ilichev

Branch in Rostov-on-Don

14 Malinovskogo St., Rostov-on-Don

tel: 8(863) 242-89-51

Viktoria Yevgenevna Ivashchenko

‘Promzona’ Branch

150 Dovatora St., Rostov-on-Don

tel: 8(863) 237-72-87

Olga Vasilevna Yefimchuk

‘Voyenved’ Branch

112a Taganrogsкая St., Rostov-on-Don

tel: 8(863) 295-86-06, 295-86-07, 295-86-08

Denis Vladimirovich Proshkin

‘Na Lenina’ Branch

62a Lenina St., Rostov-on-Don

tel: 8(863) 243-18-34

Tamara Ivanovna Taran

‘Na Budennovskom’ Branch

21/50 Budennovsky Avenue, Rostov-on-Don

tel: 8(863) 282-64-99

Yana Sergeyevna Kramareva

‘Na Druzhinnikov’ Branch

4 Internatsionalnaya St., Rostov-on-Don

tel: 8(863) 295-86-08

Anna Vladimirovna Limanskaya

‘Orbita’ Branch

67 Vavilova St., Rostov-on-Don

tel: 8(863) 223-21-78, 223-21-79, 277-70-67

Yulia Valerevna Kostyayeva

‘Merkury’ Branch

31 Orskaya St., Rostov-on-Don
tel: (863) 223-38-30

Yevgeniya Ivanovna Kudryavets

‘Aksaisky’ Branch

31 Sadovaya St., Aksai
tel: 8(86350) 5-32-48, 5-11-18, 5-99-85

Viktoria Aleksandrovna Tatarchuk

‘Cheremushki’ Branch

95 Budennovskaya St., Novocherkassk
tel: 8(86352) 2-00-63, 2-00-85

Svetlana Gennadevna Pyshkina

‘Donskoi’ Branch

5 Nikolayevoi-Tereshkovoi St., Novocherkassk
tel: 8 (86352) 7-31-18

‘Sotsgorod’ Branch

36 Gvardeiskaya St., Novocherkassk
tel: 8 (86352) 3-16-18, 3-17-39

German Aleksandrovich Medvedev

Branch in Shakhty

99 Lenina St., Shakhty
tel: 8(86362) 2-71-62, 5-81-15, 5-56-79

Yevgeny Vladimirovich Pishchikov

‘Russkoye Pole’ Branch

336a Chekhova St, Taganrog
tel: 8(8634) 38-00-58

Irina Viktorovna Sherstobitova

‘Roznichny’ Branch

99 Grecheskaya St., Taganrog
tel: 8 (8634) 31-40-18, 61-28-91

Svetlana Petrovna Kuznetsova

Branch in Pokrovskoye

185 Lenina St., Pokrovskoye
tel: 8(86373) 2-11-25, 2-10-72, 2-11-63

Galina Anatolevna Golovchenko

‘Matveyevo-Kurgansky’ Branch

28 Yuzhnaya St., Matveyev Kurgan
tel: 8(86341) 2-06-32

Tatiana Mikhailovna Konstantinova

‘Veshensky’ Branch

2A Lenina St., Veshenskaya

tel: 8(86353) 2-43-00, 2-41-73, 2-42-24

Igor Vasilevich Shtepa

Branch in Volgodonsk

143 Gorkogo St., Volgodonsk

tel: 8(86392) 6-28-44, 7-88-70, 7-87-78

Kirill Viktorovich Borovlev

‘Novy Gorod’ Branch

9 Gagarina St., Volgodonsk

tel: 8(86392) 5-64-70, 5-64-43, 5-64-06

Yury Mikhailovich Tsygulev

Branch in Tsimlyansk

82B Moskovskaya St., Tsimlyansk

tel: 8(86391) 5-13-70, 5-13-54, 5-13-77

Denis Valerevich Titorenko

Branch in Kagalnitskaya

78 Kalinina St., Kagalnitskaya

tel: 8(86345) 9-69-02, 9-77-34, 9-74-34

Lyubov Gerasimovna Chernobayeva

Branch in Yegorlykskaya

130 Gritsika Lane, Yegorlykskaya

tel: 8(86370) 7-31-77, 7-31-79, 3-30-20

Irina Aleksandrovna Uzhakina

Branch in Zernograd

14 Krasnopolskogo St., Zernograd

tel: 8(86359) 3-39-65, 3-53-09

Aleksei Sergeyevich Shingary

Branch in Kamensk-Shakhtinsky

tel: 8(86365) 7-96-31, 7-01-41, 7-61-42

44a Gagarina St., Kamensk-Shakhtinsky

Valery Ivanovich Jidkov

Branch in Krasny Sulin

9 Lenina St./13 Pobedy St., Krasny Sulin

tel: 8(86367) 5-23-36, 5-23-72

Roman Tagirovich Faizov

Branch in Konstantinovsk

46 Lenina St., Konstantinovsk

tel: 8(86393) 2-35-05, 2-21-14

Artur Alekseyevich Dronov

Branch in Bolshaya Martynovka

60 Lenina St., Bolshaya Martynovka
tel: 8(86395) 2-12-64, 2-17-53

Larisa Ivanovna Brovkova

Branch in Vesoly

128 Oktyabrskaya St., Vesoly
tel: 8(86358) 6-56-40, 6-56-20

Irina Aleksandrovna Oparenko

Branch in Millerovo

5 Karla Marksa St., Millerovo
tel: 8(86315) 3-04-50, 2-38-04, 2-18-00

Nina Ivanovna Kovelina

Branch in Morozovsk

198 Plamya Revolyutsii St., Morozovsk
tel: 8(86314) 5-08-80, 5-08-85, 5-08-15

Larisa Nikolayevna Anufrienko

Branch in Oblivskaya

59 Lenina St., Oblivskaya
tel: 8(86396) 2-18-44, 2-13-02, 2-14-32

Oleg Vladimirovich Kuroyedov

'Novy' Branch

302e Svobody St., Salsk
tel: 8(86372) 5-81-21, 5-87-17, 5-87-28

Irina Aleksandrovna Nedobuga

Branch in Salsk

13 Svoboda St., Salsk
tel: 8(86372) 3-14-06, 3-32-79, 3-14-35

Alla Anatolevna Rannyaya

Branch in Orlovsky

34 Proletarskaya St., Orlovsky
tel: 8(86375) 3-24-83

Nataliya Andreyevna Krestyanova

Branch in Peschanokopskoye

1 Pionersky St., Peschanokopskoye
tel: 8(86373) 2-04-95, 2-04-96

Svetlana Ivanovna Stovolosova

Branch in Proletarsk

120a Lenina St., Proletarsk
tel: 8(86373) 9-63-03

Yuliya Aleksandrovna Samoilenko

‘Rodionovsky’ Branch

52 Moskovskaya St., Rodionovo-Nesvetaiskaya
tel: 8(86340) 3-04-56, 3-15-48, 3-14-90

Nataliya Arkadevna Portnova

‘Tselinsky’ Branch

99 Tretaya-Liniya St., Tselina
tel: 8 (86371) 9-59-80

Valery Gennadevich Denisov

Branch in Chaltyr

18a Sedmaya-Liniya, Chaltyr
tel: 8(86349) 2-17-90, 2-17-96, 2-14-56

Srabion Ambartsumovich Vartkinayan

‘Temernik’ Sub-branch

1/6 Dumenko St., Rostov-on-Don
tel: 8(863) 233-21-65

Yelena Nikolayevna Goryacheva

‘Lyuks’ Sub-branch

27 Kommunistichesky Avenue, Rostov-on-Don
tel: 8(863) 223-02-24, 223-02-35

‘Metro’ Sub-branch

255 Dovatora St., Rostov-on-Don
tel: 8(863) 237-70-19

‘RDVS’ Sub-branch

353 Engelsa St., Bataisk
tel: 8(86354) 7-43-87, 7-43-88

‘Allyuminivaya Ploshchadka’ Sub-branch

Allyuminivaya Ploshchadka, Novocherkassk
tel: 8 (86352) 3-30-68, 3-69-65

‘Novomirsky’ Sub-branch

17 Moskovskaya St., Novomirsky
tel: 8(86342) 9-42-62

‘Stroimarket’ Sub-branch

11-2 Polyakovskoye Highway, Taganrog
tel: 8(8634) 64-51-79, 64-60-97

Irina Vladimirovna Chistilina

‘Starominsky’ Sub-branch

Koltsovskaya/Krasnaya St., Starominskaya
tel: 8(86342) 4-26-00, 4-27-00

Nadezhda Nikolayevna Kravtsova

Sub-branch in Semikarakorsk

134 Atamansky Lane, Semikarakorsk
tel: 8(86356) 4-16-07

'Gigant' Sub-branch

6 Zavodskaya St., Gigant
tel: 8(86372) 7-80-18

KRASNODAR KRAI**Directorate for Krasnodar Krai**

113/1, Sadovaya St.

tel: 8(861) 274-00-06

Aleftina Andreyevna Manzharova

Main Branch No. 8

113/1 Sadovaya St., Krasnodar
tel: 8(861) 274-00-70, 274-56-04, 274-50-02

Aleksei Vladimirovich Rashevsky

'Yubileiny' Branch

38 Chekistov Avenue., Krasnodar
tel: 8(861) 273-65-85, 273-49-14

Oleg Anatolevich Senkov

'Na Stavropolsky' Branch

234 Stavropolskaya St., Krasnodar
tel: (861) 227-19-93, 227-19-94

Lyudmila Georgievna Martynenko

'Naberezhny' Branch

13 Ordzhonikidze St., Krasnodar
tel: 8(861) 211-09-64, 211-12-61

Igor Nikolayevich Ivantsov

'Rostovskoye Shosse' Branch

12/14 Rostovskoye Highway
tel: 8(861) 257-04-01, 257-03-31

Nataliya Olegovna Martynenko

Branch in Anapa

158 Samburova St., Anapa
tel: 8(86133) 2-11-26, 2-11-36

Vakhob Dzhaborovich Davlyatov

Branch in Armavir

105 Komsomolskaya St., Armavir

Nataliya Vladimirovna Trishkina

Branch in Kropotkin

3 Kommunalny Lane, Kropotkin

tel: 8(86138) 6-82-78, 6-82-77, 6-82-75

Valentina Petrovna Dubinkina

Branch in Novorossiisk

1 Karla Marksa St., Novorossiisk

tel: 8(8617) 67-62-83, 67-62-84

Irina Segeyevna Fedorova

Branch in Sochi

9 Gagarina St., Sochi

tel: 8(8622) 54-66-57, 54-66-58

Sergei Valerevich Vechersky

Branch in Sochi

37 Roz St., Sochi

tel: 8 (8622) 64-89-06, 64-64-93

Lyudmila Gennadevna Ignatovskaya

Branch in Timashevsk

155 Proletarskaya St., Timashevsk

tel: 8(86130) 4-23-48, 4-24-87

Nataliya Viktorovna Poleshko

Branch in Tuapse

4/1 Novorossiiskoe Highway, Tuapse

tel: 8(86167) 5-21-97, 5-21-58

Nina Nikolayevna Statsyuk

Branch in Gelendzhik

74 Shevchenko St., Gelendzhik

tel: (86141) 3-46-52, 3-50-47

Nataliya Vyacheslavovna Maksimova

'Beloglinsky' Branch

209 Pervomaiskaya St, Belaya Glina

tel: 8(86154) 7-14-84, 7-39-04

Galina Alekseevna Sergeeva

'Novopokrovsky' Branch

30B Komsomolsky St, Novopokrovskaya

tel: 8(86149) 7-21-86, 7-06-52

Elena Viktorovna Nemaltsina

'Kushchevsky' Sub-branch

23 Lenina St., Kushchevskaya

tel: 8(86168) 5-69-60, 5-69-61

'Leningradsky' Sub-branch

466 Sovetov St, Leningradskaya

tel: 8(86145) 7-07-64, 7-32-02, 7-34-98

Tatyana Ivanovna Dremina**STAVROPOL KRAI****Main Branch No. 4****12 Sobornaya St., Pyatigorsk****tel: 8(8793) 33-09-90, 33-10-51, 33-21-00****Aleksei Yurevich Labuzov****'Krasnogvardeisky' Branch**

186 Krasnaya St., Krasnogvardeiskoe

tel: 8(86541) 4-54-01, 4-53-95

Yelena Nikolayevna Drozdova**VOLGOGRAD REGION****Main Branch No. 9****22 Raboche-Krestyanskaya St., Volgograd****tel: 8(8442) 90-10-90, 90-08-18, 290-08-19****Aleksei Vitalevich Sarychev****'Spartanovsky' Branch**

10A Nikolaya Otrady St., Volgograd

tel: 8(8442) 70-01-21, 70-06-12

Anna Vyacheslavovna Kekshina**'Tsentralny Raion' Branch**

54 Rokossovskogo St., Volgograd

tel: 8 (8442) 37-67-87

Dmitry Sergeyevich Ivanov**'Krasnoarmeisky' Branch**

27 Fadeyeva St., Volgograd

tel: 8 (8442) 49-71-17, 49-71-18

Lydmila Vasilevna Zenina**Branch in Volzhsky**

73 Lenina St., Volzhsky

tel: 8(8443) 41-36-50, 41-44-37, 41-17-00

Olga Viktorovna Illarionova**'Metro' Sub-branch**

164 Istoricheskaya St., Volgograd

tel: 8(8442) 96-68-73

REPRESENTATIVE OFFICES

Representative Office in Moscow

Office 9, Building 2, 28 Tverskaya St., Moscow
tel: 8-926-591-04-40

Aleksandr Viktorovich Dolganov

Moskovsky Sub-branch

6 Komsomolskaya Square, Moscow

Representative Office in London

64 Knightsbridge, London
tel: +44 (207) 590-31-44, fax: +44 (207) 590-96-01

Olga Vasilevna Vysokova

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of "Center-invest" Bank:

The accompanying summarised consolidated financial statements have been derived from the consolidated financial statements of "Center-invest" Bank and its subsidiaries (hereinafter - "the Group") for the year ended 31 December 2007, prepared in accordance with International Financial Reporting Standards.

Management's Responsibility for the Summarised Consolidated Financial Statements

These summarised consolidated financial statements are the responsibility of the Group's management.

Auditor's Responsibility

Our responsibility is to express an opinion on whether these summarised consolidated financial statements are consistent, in all material respects, with the consolidated financial statements from which they were derived.

We have audited the consolidated financial statements of the Group for the year ended 31 December 2007, from which these summarised consolidated financial statements were derived, in accordance with International Standards on Auditing. In our report dated 31 March 2008 we expressed an unqualified opinion on the consolidated financial statements, from which the summarised consolidated financial statements were derived.

Opinion

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

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

ZAO PricewaterhouseCoopers A

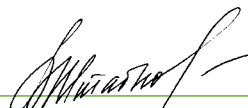
31 March 2008
Moscow, Russian Federation

Center-invest Bank Group
Summarised International Financial Reporting Standards Consolidated Financial Statements Derived from the Audited
International Financial Reporting Standards Consolidated Financial Statements. Consolidated Balance Sheet

<i>In thousands of Russian Roubles</i>	31 December 2007	31 December 2006
ASSETS		
Cash and cash equivalents	3 974 009	2 258 101
Mandatory cash balances with the CBRF	422 059	253 585
Trading securities	963 633	708 568
Other securities at fair value through profit or loss	26 976	49 493
Due from other banks	1 417 650	1 808 089
Loans and advances to customers	27 436 108	15 130 306
Finance lease receivables	1 287 223	689 414
Investment in associate	300 386	-
Intangible assets	209 439	118 917
Premises and equipment	2 413 656	1 867 104
Other financial assets	798 856	697 067
Other assets	211 066	251 928
TOTAL ASSETS	39 461 061	23 832 572
LIABILITIES		
Due to other banks	4 535 891	2 528 684
Customer accounts	19 245 060	12 360 966
Debt securities in issue	1 523 329	1 617 410
Other borrowed funds	4 358 692	-
Borrowings from international financial institutions	3 538 762	2 455 799
Subordinated debt	373 198	131 656
Other financial liabilities	365 079	259 104
Deferred tax liability	260 999	163 592
Other liabilities	33 331	81 371
TOTAL LIABILITIES	34 234 341	19 598 582
EQUITY		
Share capital	1 258 709	1 257 145
Share premium	1 646 428	1 646 428
Revaluation reserve for premises and equipment	1 203 871	777 005
Retained earnings	1 117 712	507 271
Net assets attributable to the Bank's equity holders	5 226 720	4 187 849
Minority interest	-	46 141
TOTAL EQUITY	5 226 720	4 233 990
TOTAL LIABILITIES AND EQUITY	39 461 061	23 832 572

Approved for issue and signed on behalf of the Board of Directors on 31 March 2008.

Chairman of the Management Board



Chief Accountant



For a better understanding of the Group's financial position and the results of its operations for the year, and of the scope of our audit, these summarised consolidated financial statements should be read in conjunction with the consolidated financial statements, from which these summarised consolidated financial statements have been derived, and audit report thereon. Copies of audited consolidated financial statements can be obtained from "Center-invest" Bank.

Center-invest Bank Group

Summarised International Financial Reporting Standards Consolidated Financial Statements Derived from the Audited International Financial Reporting Standards Consolidated Financial Statements. Consolidated Income Statement

<i>In thousands of Russian Roubles</i>	2007	2006
Interest income	3 676 333	2 049 898
Finance income arising from leasing	240 594	124 367
Interest expense	(1 854 936)	(893 045)
Net interest income	2 061 991	1 281 220
Provision for loan impairment and impairment of finance lease receivables	(268 872)	(134 026)
Net interest income after impairment provisions	1 793 119	1 147 194
Heat energy revenues	-	251 452
Heat energy direct costs excluding administrative and other operating expenses	-	(122 822)
Margin on sale of heat energy	-	128 630
Gains less losses from trading securities	(13 691)	17 777
Gains less losses from other securities at fair value through profit or loss	104	(236)
Gains less losses from trading in foreign currencies	27 680	41 073
Foreign exchange translation gains less losses	215 591	634
Gains less losses from conversion operations on the interbank market	(215 596)	(4 809)
Fee and commission income	548 004	361 126
Fee and commission expense	(91 889)	(67 111)
Gain on disposal of property	29 299	-
Other operating income	94 449	49 558
Operating income	2 387 070	1 673 836
Administrative and other operating expenses	(1 435 616)	(1 007 651)
Profit before tax	951 454	666 185
Income tax expense	(244 892)	(149 201)
Profit for the year from current operations	706 562	516 984
Discontinued operations		
Net result of disposed subsidiary (after tax)	17 108	-
Gain on the disposal of subsidiary	(16 439)	-
Net profit from discontinued operations	669	-
Profit for the year	707 231	516 984
Profit attributable to:		
Equity holders of the Group	700 916	513 251
Minority interest	6 315	3 733
Profit for the year	707 231	516 984

For a better understanding of the Group's financial position and the results of its operations for the year, and of the scope of our audit, these summarised consolidated financial statements should be read in conjunction with the consolidated financial statements, from which these summarised consolidated financial statements have been derived, and audit report thereon. Copies of audited consolidated financial statements can be obtained from "Center-invest" Bank.

Center-invest Bank Group

Summarised International Financial Reporting Standards Consolidated Financial Statements Derived from the Audited International Financial Reporting Standards Consolidated Financial Statements. Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Bank					Minority Interest	Total equity
	Share capital	Share premium	Revaluation reserve for premises and equipment	Retained earnings	Total		
Balance at 1 January 2006	1 007 146	546 428	524 495	100 542	2 178 611	42 408	2 221 019
Premises and equipment:							
• Revaluation	-	-	340 262	-	340 262	-	340 262
• Deferred tax	-	-	(81 663)	-	(81 663)	-	(81 663)
• Realised revaluation reserve	-	-	(6 089)	6 089	-	-	-
Net income recognised directly in equity	-	-	252 510	6 089	258 599	-	258 599
Profit for the year	-	-	-	513 251	513 251	3 733	516 984
Total recognised income for 2006	-	-	252 510	519 340	771 850	3 733	775 583
Share issue	250 000	1 100 000	-	-	1 350 000	-	1 350 000
Treasury shares:							
• Acquisitions	(1)	-	-	-	(1)	-	(1)
Dividends declared and paid:							
• ordinary shares	-	-	-	(94 591)	(94 591)	-	(94 591)
• preference shares	-	-	-	(18 020)	(18 020)	-	(18 020)
Total movement of capital for 2006	249 999	1 100 000	-	(112 611)	1 237 388	-	1 237 388
Balance at 31 December 2006	1 257 145	1 646 428	777 005	507 271	4 187 849	46 141	4 233 990
Premises and equipment:							
• Revaluation	-	-	650 012	-	650 012	174 626	824 638
• Deferred tax	-	-	(156 003)	-	(156 003)	(41 910)	(197 913)
• Realised revaluation reserve	-	-	(10 403)	10 403	-	-	-
Net income recognised directly in equity	-	-	483 606	10 403	494 009	132 716	626 725
Profit for the year	-	-	-	700 916	700 916	6 315	707 231
Total recognised income for 2007	-	-	483 606	711 319	1 194 925	139 031	1 333 956

For a better understanding of the Group's financial position and the results of its operations for the year, and of the scope of our audit, these summarised consolidated financial statements should be read in conjunction with the consolidated financial statements, from which these summarised consolidated financial statements have been derived, and audit report thereon. Copies of audited consolidated financial statements can be obtained from "Center-invest" Bank.

Center-invest Bank Group

Summarised International Financial Reporting Standards Consolidated Financial Statements Derived from the Audited International Financial Reporting Standards Consolidated Financial Statements. Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Bank					Minority Interest	Total equity
	Share capital	Share premium	Revaluation reserve for premises and equipment	Retained earnings	Total		
Share issue	-	-	-	-	-	-	-
Treasury shares:							
• Acquisitions	-	-	-	-	-	-	-
• Disposals	1 564	-	-	-	1 564	-	1 564
Dividends declared and paid:							
• ordinary shares	-	-	-	(139 591)	(139 591)	-	(139 591)
• preference shares	-	-	-	(18 027)	(18 027)	-	(18 027)
Total movement of capital for 2007	1 564	-	-	(157 618)	(156 054)	-	(156 054)
Disposal of subsidiary	-	-	(56 740)	56 740	-	(185 172)	(185 172)
Balance at 31 December 2007	1 258 709	1 646 428	1 203 871	1 117 712	5 226 720	-	5 226 720

For a better understanding of the Group's financial position and the results of its operations for the year, and of the scope of our audit, these summarised consolidated financial statements should be read in conjunction with the consolidated financial statements, from which these summarised consolidated financial statements have been derived, and audit report thereon. Copies of audited consolidated financial statements can be obtained from "Center-invest" Bank.

Center-invest Bank Group

Summarised International Financial Reporting Standards Consolidated Financial Statements Derived from the Audited International Financial Reporting Standards Consolidated Financial Statements. Consolidated Statement of Cash Flows

In thousands of Russian Roubles	2007	2006
Cash flows from operating activities		
Interest received	3 733 600	2 061 430
Interest paid	(1 709 165)	(801 361)
(Expense)/ income received from trading in securities	(9 915)	18 091
Income received from other securities at fair value through profit or loss	311	-
Income received from trading in foreign currencies	27 680	36 264
Gains less losses from conversion operations on the interbank market	(176 581)	-
Fees and commissions received	552 177	361 126
Fees and commissions paid	(91 889)	(67 111)
Gain on disposal of property	29 299	-
Other operating income received	97 477	49 558
Staff costs	(732 360)	(500 048)
Operating expenses paid	(555 771)	(398 895)
Finance income arising from leasing	219 690	118 666
Heat energy revenues	-	256 840
Heat energy direct costs, excluding administrative and other operating expenses	-	(122 822)
Income tax paid	(220 747)	(166 997)
Cash flows from operating activities before changes in operating assets and liabilities	1 163 806	844 741
Changes in operating assets and liabilities		
Net increase in mandatory cash balances with the CBRF	(168 474)	(77 581)
Net increase in trading securities	(256 148)	(245 025)
Net decrease in securities at fair value through profit or loss	22 082	85 650
Net decrease in due from other banks	376 310	135 079
Net increase in loans and advances to customers	(12 647 008)	(7 520 438)
Net increase in finance lease receivables	(614 289)	(239 855)
Net increase in other assets	(275 941)	(435 552)
Net increase in due to other banks	2 087 189	837 068
Net increase in customer accounts	6 838 381	4 537 396
Net decrease in promissory notes issued	(90 608)	(113 544)
Net increase in other liabilities	168 021	147 363
Net increase in cash from the operating activities of the disposed subsidiary	30 873	-
Net cash used in operating activities	(3 365 806)	(2 044 698)
Cash flows used in investing activities		
Acquisition of premises and equipment	(433 658)	(437 360)
Proceeds from disposal of premises and equipment	-	11 006
Acquisition of intangible assets	(96 435)	(108 027)
Net cash used in investing activities of the disposed subsidiary	(33 786)	-
Net cash used in investing activities	(563 879)	(534 381)

For a better understanding of the Group's financial position and the results of its operations for the year, and of the scope of our audit, these summarised consolidated financial statements should be read in conjunction with the consolidated financial statements, from which these summarised consolidated financial statements have been derived, and audit report thereon. Copies of audited consolidated financial statements can be obtained from "Center-invest" Bank.

Center-invest Bank Group

Summarised International Financial Reporting Standards Consolidated Financial Statements Derived from the Audited International Financial Reporting Standards Consolidated Financial Statements. Consolidated Statement of Cash Flows

In thousands of Russian Roubles	2007	2006
Cash flows from financing activities		
Bonds issued	-	1 500 000
Proceeds from other borrowed funds	4 454 058	-
Proceeds from borrowings received from international financial institutions	1 576 596	1 080 555-
Repayment of borrowings from international financial institutions	(119 827)	(70 080)
Issue of ordinary shares	-	1 350 000
Sale/(acquisition) of treasury shares	1 564	(1)
Dividends paid	(157 618)	(112 611)
Net increase in cash from financing activities of the disposed subsidiary	104 435	-
Net cash from financing activities	5 859 208	3 747 863
Effect of exchange rate changes on cash and cash equivalents	(110 455)	8 913
Net cash outflow from disposed subsidiary	(103 160)	-
Net increase in cash and cash equivalents	1 715 908	1 177 697
Cash and cash equivalents at the beginning of the year	2 258 101	1 080 404
Cash and cash equivalents at the end of the year	3 974 009	2 258 101

For a better understanding of the Group's financial position and the results of its operations for the year, and of the scope of our audit, these summarised consolidated financial statements should be read in conjunction with the consolidated financial statements, from which these summarised consolidated financial statements have been derived, and audit report thereon. Copies of audited consolidated financial statements can be obtained from "Center-invest" Bank.

Head Office
62 Sokolova Avenue,
Rostov-on-Don, 344000
tel: (863) 299-41-63, 264-06-40
www.centrinvest.ru, welcome@centrinvest.ru