

Annual Report 2008



Annual Report 2008



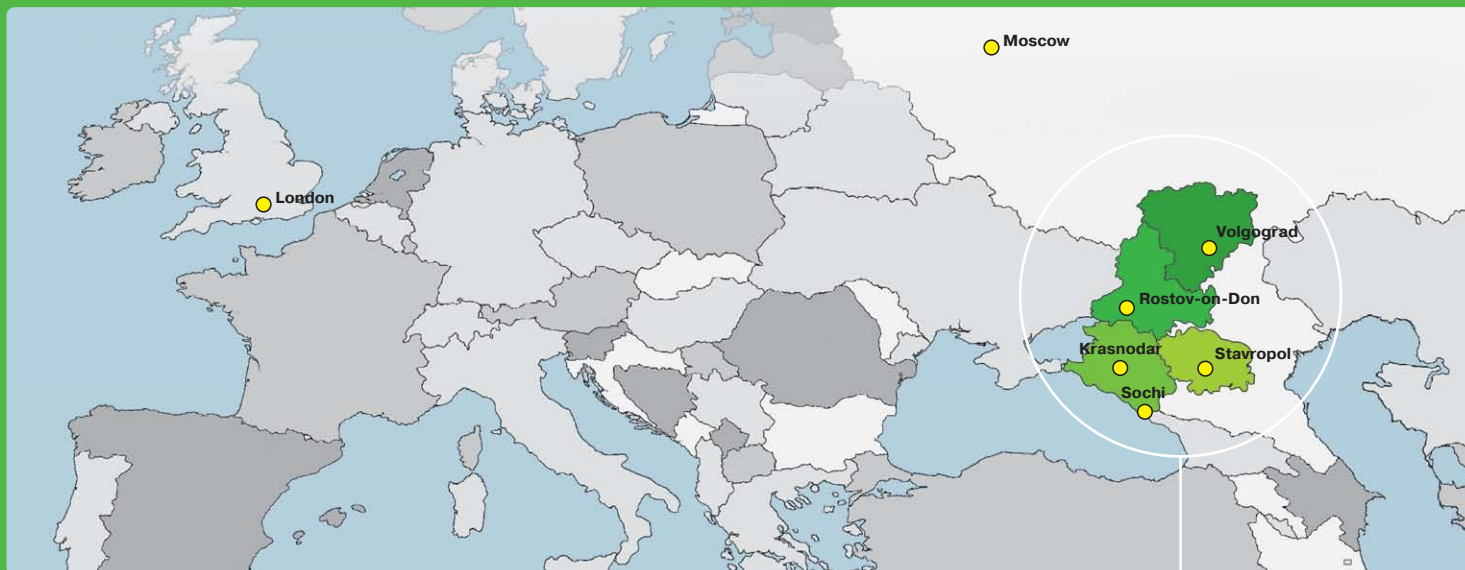
Head Office:

**62 Sokolova Avenue, Rostov-on-Don,
344000, Russia, tel: +7 (863) 200-00-00**

www.centrinvest.ru

welcome@centrinvest.ru

Banking licence No. 2225 issued by the Central Bank
of Russia on 26 January 1998



BANK CENTER-INVEST

At the forefront of sustainable
banking in southern Russia



Annual Report 2008

Statement from the Board of Directors and the Executive Board	7
The Board of Directors and the Executive Board	8
Main Achievements and Financial Results	10
Sustainable Development 2008	14
Corporate Conduct	15
Retail Banking	16
Bank Cards	17
Business Banking	18
Stock Market Trading	22
Transactions on the Currency and Interbank Markets	23
Human Resources	24
Coverage of Center-Invest Bank in the International and National Media	25
Information Technology	26
Internal Control	26
Risk Management	27
Expansion of the Branch Network	28
Summarised IFRS Consolidated Financial Statements	35

The 2008 Annual Report was approved by the Board of Directors of Center-Invest Bank on 14 May 2009 (meeting minutes No. 3).



Center-Invest Bank's mission statement:
to provide our corporate, business and retail customers in southern Russia with a comprehensive range of banking services in compliance with international best practice



The photographs are of Center-Invest Bank customers.

Dear shareholders, customers and partners of Center-Invest Bank,

In 2008 the financial crisis spread across the globe. Nonetheless, for southern Russia and Center-Invest Bank it was a good year overall. We continued to successfully implement our strategy 'South of Russia +'. We increased our capital by 5%, our assets by 28% and our loan portfolio by 7%. We also opened 28 new branches in the Rostov region, Krasnodar Krai, Stavropol Krai and the Volgograd region. These indicators could have been even higher, but in response to the crisis we adopted a particularly conservative approach to risk assessment and built up the required reserves.

The crisis will be over when you have a post-crisis development programme. In October 2008, we introduced a new programme for our customers called 'Southern Russia Versus the Global Crisis'. This programme encourages companies to manage their liquidity, become more socially responsible, monitor markets, reconsider their business processes in the light of the changing economic situation, and establish new mechanisms for financing. From numerous meetings with our customers and partners we have ascertained that they are responding well to these ideas. Center-Invest Bank specialises in working with SMEs in southern Russia. These are companies that know their businesses, their markets, and their advantages in these markets. They also have a clear understanding of their business development opportunities in the post-crisis economy. Moreover, at a time of changing demand, companies in southern Russia have competitive advantages in terms of the price to quality ratio of their goods, the demand for food products, and the potential for infrastructure development and the introduction of energy efficiency technologies.

Center-Invest Bank's new, major achievements in 2008 included:

- We attracted several successful syndicated loans and we met our obligations under these agreements on time and in full.
- We increased our capital, in part by attracting subordinated loans.
- We continued sustainable lending to SMEs, agribusiness, and retail customers. This included lending for energy efficiency projects.
- We further expanded our branch network to provide businesses and the general public in southern Russia with banking products and services based on international standards and advanced banking technologies.

In 2008 we carried on investing in the operational side of our business:

- We completed the full automation of Center-Invest's risk management system.
- Our internal control system proved effective in the new environment.
- We continued working hard to introduce SAP for Banking.

We also continued investing in the sustainable post-crisis development of the economy of southern Russia:

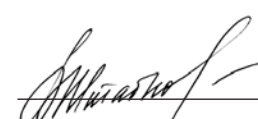
- 260 students were awarded Center-Invest scholarships of 20,000 rubles.
- 15 lecturers participated in the project 'Southern Federal University-2020', giving public lectures on current scientific and academic issues. In recognition of the success of the lectures, Center-Invest awarded each participant 100,000 rubles.

We are proud to report that 76 future bankers were born to Center-Invest employees in 2008. Center-Invest Bank will continue its efforts to help ensure that the new generations in southern Russia have happy childhoods.

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



Chairman of the Executive
Board Anna A. Shtabnova,
PhD in Economics



Board Of Directors



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. Vysokova

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



Andreas Klingen

Head of Strategic Group Development, Erste Group Bank AG



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.

Executive Board



Anna A. Shtabnova

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



Aleksei N. Shipilov

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



Svetlana V. Orlova

Deputy Chairman of the Executive Board, Head of the Information Technology and Settlement Systems Department



Grigory O. Chorayan

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



Grigory I. Zhukov

Head of the Retail Banking Department



Elena A. Kuzheleva

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

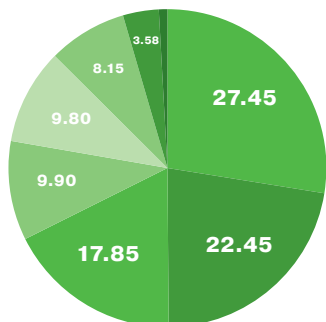


Olga V. Vysokova

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

Main Achievements and Financial Results

Main Center-Invest Bank Shareholders at FYE 2008 (% of voting shares)



27.45% — EBRD

22.45% — DEG

17.85% — Dr V. Vysokov and T. N. Vysokova

9.90% — Firebird Investment Fund

9.80% — Erste Group

8.15% — Renaissance Capital

3.58% — Raiffeisenlandesbank Oo

0.82% — Other shareholders

In 2008 we continued implementing our strategy for 2007-2011 'South of Russia +'. This strategy sets out our objectives of expanding our branch network in southern Russia, and developing our services, products and operations on the basis of the advanced information system SAP for Banking and the 2008 Business Plan, approved by the Board of Directors.

— **Erste Group became a new shareholder in Center-Invest Bank, acquiring a 9.8% stake from minority shareholders.**

— We brought **USD190m** into the economy of southern Russia by successfully negotiating extensions to the syndicated loans arranged by Standard Bank PLC and Commerzbank AG in February 2007 and the EBRD in July 2006.

— We also obtained a **USD60m** international syndicated loan (EUR30.8m and USD16m) from Standard Bank, Erste Group, Commerzbank and RZB Group. This loan has a term of one year.

— We obtained a **USD20m** subordinated loan from the European Bank for Reconstruction and Development (EBRD) and a **USD30m** subordinated loan from the German Investment and Development Company (DEG — Deutsche Investitionen und Entwicklungsgesellschaft mbH). Both loans have a term of ten years.

— At FYE 2008, Center-Invest Bank's capital, calculated in accordance with the 1988 Basel Capital Accord (Basel I), was **RUR7.281bn**.

— **The Center-Invest Bank brand** (exclusive rights to the Bank's intellectual property) has been independently valued at **RUR1.2bn**.

— We opened **28** new branches in the Rostov region, the Volgograd region, Krasnodar Krai and Stavropol Krai, including 2 branches in Moscow.

— **For the 13th year in a row** Center-Invest was successfully **audited in accordance with International Financial Reporting Standards** (PricewaterhouseCoopers).

— In October 2008 the independent national ratings agency RusRating upgraded Center-Invest's credit rating to **'BBB-'**.

— Center-Invest Bank was **included in the list of the 52 largest banks** that are permitted to act as guarantors for loans from the Central Bank of the Russian Federation (www.cbr.ru/analytics/standart_system/list_req.htm);

— Chairman of the Board of Directors' Audit and Compliance Committee, **Tatiana Vysokova** (Ph.D in Economics, Reader), **was a winner in the prestigious, international 'Women in Business Awards'** held annually by the EBRD.

— In the ratings '2008 Leader of the Year', ('Gorod N' (No.51(809) of 29.12.08) **Center-Invest was recognised as Rostov region's most successful company in 2008** and chairman of the Board of Directors, **Dr Vasily Vysokov, was voted the Most Successful Businessman of 2008.**

Key financial indicators (IFRS)*, RUR, millions

	01.01.97	01.01.98	01.01.99	01.01.00	01.01.01	01.01.02	01.01.03	01.01.04	01.01.05	01.01.06	01.01.07	01.01.08	01.01.09
Shareholders' equity	14.9	46.1	41.2	82.8	209.5	413.8	678.3	779.1	1,140.8	2,178.6	4,187.8	5,226.7	5,479.1
Assets	97.2	186.1	252.1	524.9	960.3	1,635.3	3,124.0	5,257.3	8,492.6	13,637.2	23,832.6	39,461.1	50,653.4
Loans and Leases	49.3	84.6	133.4	191.3	515.4	891.1	1,928.0	3,127.2	5,323.6	8,202.2	15,819.7	28,723.3	30,710.7
Customer accounts	55.0	104.7	175.5	362.8	690.5	1,072.7	1,750.2	2,904.9	4,858.7	7,727.1	12,361.0	19,245.1	21,251.7
Profit	0.4	5.7	(4.3)	1.6	(6.8)	3.9	14.2	93.5	131.1	305.7	513.3	700.9	307.5

* All the financial indicators on this page and in the rest of the report are based on the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The full IFRS auditors' report and data compiled in accordance with Russian financial reporting standards can be found on our website (www.centrinvest.ru)

Main Achievements and Financial Results

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:*

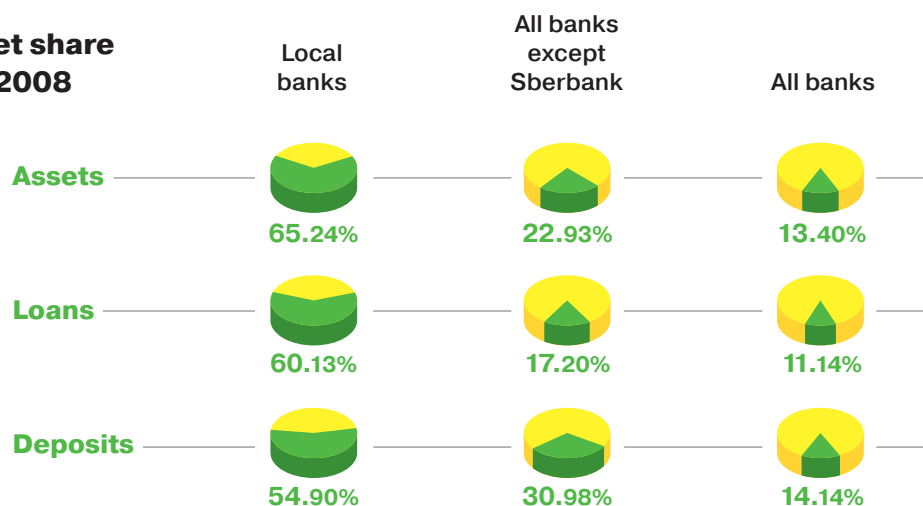
7th in terms of the number of loans to SMEs
9th in terms of the total value of SME lending
25th in terms of car loans
29th in terms of the number of branches
33rd in terms of the liquidity of its assets
35th in terms of mortgage lending
38th in terms of retail deposits
42nd in terms of bank cards issued
49th in terms of the number of bank cards in circulation

49th in terms of consumer loans
56th in terms of total deposits
58th in terms of business loans
66th in terms of net assets
66th in terms of business deposits
69th in terms of capital**

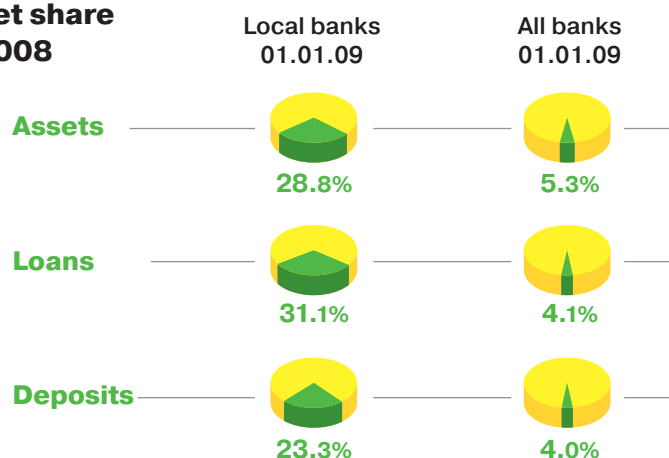
* data from RosBusinessConsulting (www.rbc.ru)

** as reported by the weekly business publication *Expert*

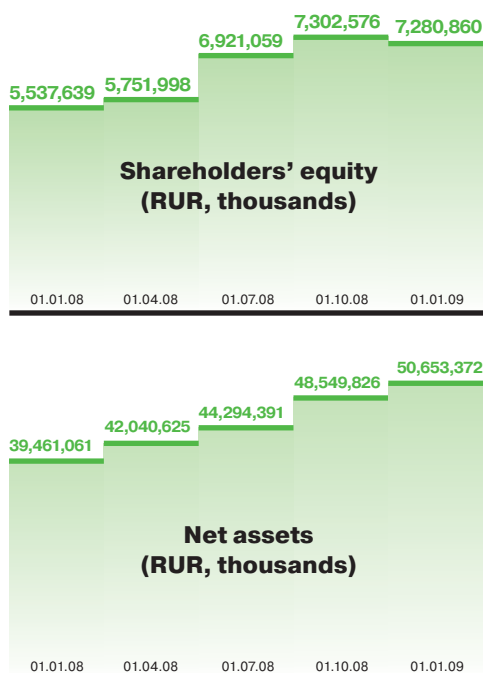
Center-Invest Bank's market share in the Rostov region at FYE 2008



Center-Invest Bank's market share in southern Russia at FYE 2008



Main Achievements and Financial Results



Key Indicators

Center-Invest Bank's capital, calculated in accordance with the 1988 Basel Capital Accord (Basel I), increased by **RUR1.743bn** and at FYE 2008 was **RUR7.281bn** (At FYE 2008, capital on the balance sheet, calculated in accordance with IFRS, was RUR5.479). The increase in capital was achieved by using profits and also by obtaining two subordinated loans for a total of **USD50m**.

Our assets grew by 28.4% in 2008, reaching **RUR50.653bn** by the end of the year.

Return on average assets (ROAA) was 0.7%. Despite increased costs due to the opening of new branches and the general trend in the banking sector of declining returns on assets, the Bank's return on average equity (ROAE) was 5.7%.

The Bank's interest income rose by 47.9% to **RUR5.8bn**. More than 97% of this was income from customer loans and finance leases.

Fees and commissions for retail and business services were up 30% on 2007 and accounted for **RUR0.7bn** of our operating revenues.

Main Achievements and Financial Results

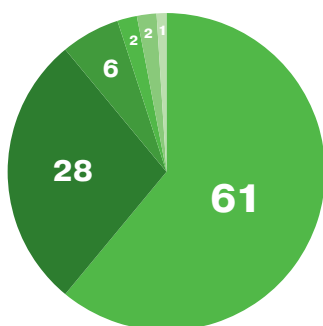
Balance Sheet Structure

Customer loans and finance leases, which were in excess of **RUR30.7bn** at FYE 2008, accounted for 61% of net assets.

Center-Invest Bank's liabilities increased by 30% in 2008, reaching **RUR44.4bn** by the year-end. The reliability and the liquidity of the Bank's obligations were underscored by the inclusion of its bonds in the Central Bank of Russia's Lombard List.

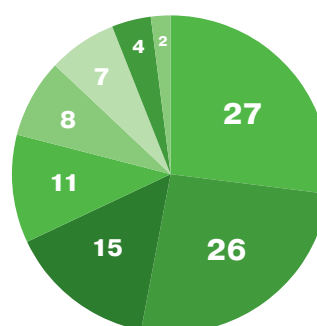
At FYE 2008 Center-Invest had loans from other banks and international financial institutions totalling **RUR18.7bn**.

Structure of assets at FYE 2008



- 61%** — Loans and advances to customers and finance leases
- 28%** — Cash and cash equivalents
- 6%** — Fixed assets and intangible assets
- 2%** — Other assets
- 2%** — Securities
- 1%** — Investments in associate companies

Structure of liabilities at FYE 2008



- 27%** — Retail customer accounts
- 26%** — Due to other banks
- 15%** — Business customer accounts
- 11%** — Shareholders' equity
- 8%** — Other borrowed funds (CLN)
- 7%** — Borrowings from international financial institutions
- 4%** — Subordinated debt
- 2%** — Other liabilities

Sustainable Development 2008

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

- **Sustainable development award:** In spring 2008, Chairman of the Board of Directors' Audit and Compliance Committee, **Tatiana Vysokova (Ph.D in Economics, Reader), was presented with a prestigious Women in Business Award by the EBRD.** The Awards are held annually by the EBRD to recognise outstanding achievements in business. The prizewinners are talented, selfless, exceptional women whose achievements in business significantly influence the course of reform and socioeconomic development in their home regions.
- **In 2007 Center-Invest Bank set up the Endowment Fund for Education and Science in the Southern Federal District (SFD).** The Fund is used to provide financial assistance to undergraduate and postgraduate students and to encourage the best teaching staff and young academics in southern Russia. At FYE 2008 the Fund's capital was **RUR35m.**
- In 2008, Center-Invest provided a total of more than RUR5m in scholarships for **260 of the top students** in the Rostov region (20,000 rubles for each student).
- We initiated a joint project together with Southern Federal University (SFedU): a series of public lectures on the latest scientific and academic issues entitled 'SFedU-2020'. 15 lecturers took part in the project and they each received awards of 100,000 rubles from the Bank.
- Together with the Endowment Fund for Education and Science in the SFD, the Bank ran a competition to find the **'Best Young Lecturer in the SFD'**. Young teaching staff from the region's leading educational institutions entered the competition and the three best lecturers were selected by students in receipt of Center-Invest Bank scholarships.
- Continuing our traditional support for the annual 'Don Region Teacher' competition, in 2008 we set up a prize for the best teachers' handbook/course book.
- **Thanks to our financial support, to date 35,000 schoolchildren** from the Rostov region have visited the 'Treasures of the Don Steppes' exhibition at the Rostov Region Local Studies Museum for free.
- As part of a large European education project, TEMPUS PoMBI, **Center-Invest Bank provided work placements for some of the best Russian and European students.**
- In 2008, Center-Invest Bank, SAP and SFedU started training IT specialists under a cooperation agreement signed within the framework of SAP University Alliance. With financial assistance from Center-Invest Bank, a new centre has been set up at SFedU to train specialists in SAP solutions.
- More than **1500 Second World War veterans** bank with Center-Invest.
- **76 children were born to Center-Invest employees in 2008.**

Ratings as at 01.03.09

Agency	Scale	Rating
Moody's Investors Service	Global	B1 Stable Outlook
Moody's Interfax Rating Agency	National	A1.ru
RusRating	National	BBB– Outlook Stable

Center-Invest Bank share dividends in 2008

	% of par	Sum (RUR)
Preferred shares	20	18 098 500

Corporate Conduct

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

These include:

- codes of corporate conduct and ethics
- policies for specific areas of our business.

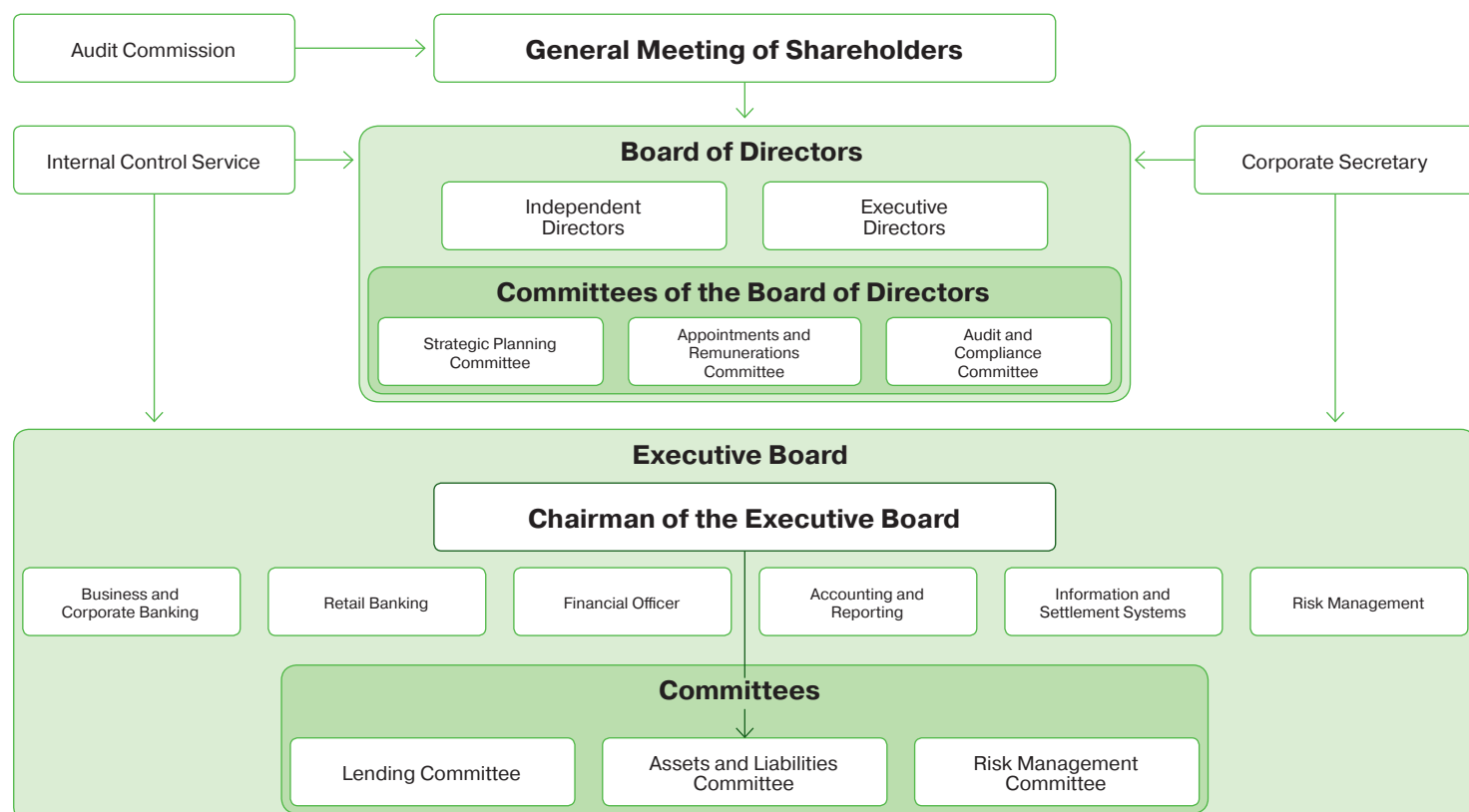
www.centriinvest.ru/corp

We are continually improving our corporate governance system by introducing international best practice. We adopt the recommendations of consultants brought in by the EBRD, and we draw on our foreign partners' experience of corporate governance, as well as our own experience. In 2008 we made improvements to our internal control and risk management procedures. We help our customers introduce their own corporate governance systems and we hold briefings and seminars on corporate governance and sustainable development.

In 2008 the Board of Directors met nine times. It considered the following issues: approving and executing plans and the budget, internal control, holding shareholder meetings, and issuing securities.

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 risk management system, 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.

Our sustainable corporate governance system enabled us to minimise the impact of the global financial crisis on our operations.



Retail Banking

Retail Deposits

In 2008, retail deposits increased by **RUR1.7bn** to **RUR13.7bn**.

The number of retail depositors exceeded 162,000.

The Bank's head office houses the following facilities:

- 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
- A 24-hour office

In 2008, the Bank gave away a car (a Hyundai Accent), seven personal computers, and more than 600 household appliances in prize draws held for depositors.

We hold special lotteries for pensioners who obtain their pensions through our branches.

Payments and other services

The volume of utility bill payments (including telephone bills) accepted by Center-Invest Bank increased by 14% to **RUR4.23bn**.

The Bank has signed agreements on accepting 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 2008 Center-Invest Bank handled **USD26.4m** and **RUR506.6m** in Western Union money transfers.

In 2008 foreign currency exchange operations in cash exceeded **USD98.65m** and **EUR73.1m**. The number of safe deposit boxes increased by 22.5% to 3,682.

Retail Lending

In 2008, Center-Invest Bank issued 26,961 loans to retail customers in southern Russia, with a combined value of

RUR6.9bn:

- 21,235 consumer loans totalling **RUR3.5bn**
- 4,919 car loans totalling **RUR2.2bn**
- 777 mortgage loans totalling **RUR1.2bn**

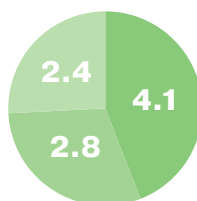
At year-end our retail loan portfolio comprised 51,630 loans. The total value of the portfolio was **RUR10.1bn**, representing growth of 8.3% compared with 2007.

In 2008 we introduced new lending services and loan products for our retail customers in southern Russia:

- Bank cards with grace periods;
- Repayment of loans directly from customer current accounts;
- Online loan applications;
- A loan programme enabling retail customers to acquire commercial property.

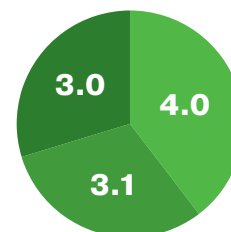
Structure and growth of retail loan portfolio

RUR9.3bn at FYE 2007



4.1 — Consumer loans
2.8 — Car loans
2.4 — Mortgage loans

RUR10.1bn at FYE 2008



4.0 — Consumer loans
3.1 — Car loans
3.0 — Mortgage loans

Bank Cards

In 2008 Center-Invest Bank issued more than **71,525** Visa International and MasterCard Worldwide cards. The number of active cards at FYE 2008 was **116,651**.

In 2008, transactions using cards issued by the Bank amounted to **RUR12bn**.

In partnership with the company Mobikom-Kavkaz, we operate a successful SMS notification service for cardholders. This provides us with another channel through which to notify cardholders of their transactions, card expiry dates and balances.

We have our own 24-hour support line for cardholders, which provides Center-Invest Bank customers with advice. The service has a national multi-line number (8-800-2009-109).

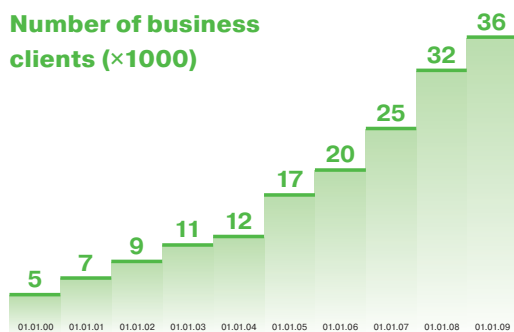
Center-Invest is one of the few banks in southern Russia that runs 'salary projects': employers open dedicated accounts for the payment of salaries on behalf of their employees, and their employees access the funds using a bank card issued specifically for that purpose. At FYE 2008, **916 companies and organisations** in southern Russia were participating in Center-Invest's salary projects.

In 2008, **69 new ATMs** became operational. At FYE 2008 our acquiring network comprised **177 ATMs, 97 cash issue desks, and 379 goods and service providers** that accept cards from all the major international payment systems as well as the Russian STB Card and Union Card.

We have expanded the list of services that can be paid for at Center-Invest ATMs. In 2008, the following large telecom companies and Internet providers joined the list of vendors: Beeline, Mobile TeleSystems OJSC, MegaFon OJSC, TELE2, SMARTS OJSC, COMSTAR – United TeleSystems, NTV-Plus, Southern Telecommunications Company OJSC, Multiregional TransitTelecom OJSC, and Rostelecom OJSC.

Business Banking

Number of business clients (×1000)



By the end of 2008, **36,787 companies and individual entrepreneurs** were banking with Center-Invest, a 13.2% increase on 2007.

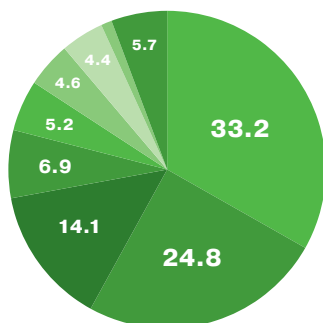
Deposits from business customers totalled **RUR1.7bn.**

At FYE 2008, **5,960** companies were using our 'Bank Client' Internet banking system.

International Trade Services

Payments and settlements	USD millions	EUR millions	RUR millions
Import	105.7	38.4	2,397.1
Export	99.8	15.5	899.0

Breakdown of the loan portfolio at FYE 2008



- 33.2%** — Retail lending
- 24.8%** — Trade
- 14.1%** — Agriculture
- 6.9%** — Manufacturing
- 5.2%** — Construction
- 4.6%** — Transport
- 4.4%** — Energy sector
- 1.1%** — Real estate
- 5.7%** — Other

Business Lending

In 2008, Center-Invest Bank's business loan portfolio, including leasing and factoring, increased by 9.37% to **RUR21.9bn.** During the year we released a total of **RUR77.3bn** (equivalent) in ruble and foreign currency loans.

We provided our customers with bank guarantees totalling **RUR3.9bn**, 8.6 times more than in 2007.

Investment loans (with a term of more than one year) totalled **RUR4.9bn.**

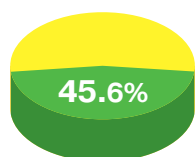
Factoring deals exceeded **RUR149m.**

In 2008 we created a new subdivision of the Lending Division: The Monitoring and Records Division. This department is tasked with providing methodological support, monitoring loans, and keeping records of the loan transactions of companies and individuals.

Business Banking

Center-Invest Bank's share of the SME lending market in the Rostov region at FYE 2008

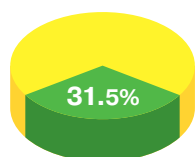
In terms of the number of loans issued



Total — **16,750**

Center-Invest Bank — **7,646**

In terms of the value of loans issued



Total — **RUR55.6bn**

Center-Invest Bank — **RUR17.5bn**

SME Lending

Center-Invest Bank's customers include **36,500 SMEs and individual entrepreneurs** in southern Russia.

In 2008 we issued 7,646 loans to SMEs and individual entrepreneurs. The combined value of these loans was **RUR17.5bn**.

The Russian Bank for Development extended Center-Invest Bank credit lines totalling **RUR350m** for financing SMEs in southern Russia.

We also signed an agreement with the Regional Guarantee Fund of Volgograd Region whereby the Fund will guarantee loans to SMEs that are lacking sufficient collateral.

Center-Invest Bank was the main sponsor of the VIII International Economic Forum 'Enterprise in Southern Russia: Innovations and Development'.

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

Center-Invest finances a 'hot line', which to date has provided businesses in the Rostov region with over **8,000 free consultations on legal issues** (www.hotline.centrinvest.ru).



Center-Invest Bank opened an office in Taganrog following the modernisation of a boiler house and installation of energy efficiency equipment.

Introducing Energy Efficiency Technologies

By FYE 2008, Center-Invest Bank's portfolio of loans for energy efficiency projects in southern Russia had grown to RUR1bn.

In 2008 we provided companies in southern Russia with a total of **RUR420m** in energy efficiency loans.

Our customers' energy efficiency projects have achieved **an annual reduction in CO2 emissions of 8,700 tonnes**.

Center-Invest Bank has obtained a **seven-year EUR12m** credit line from KfW-bank (Germany) for financing the introduction of energy efficiency technologies in southern Russia.

We also have a **EUR392,300 grant from the EBRD** which we are using to provide our customers with free-of-charge advice and support on energy saving issues (training, energy audits and recommendations). The technical assistance is provided by the renowned European company MVV decon GmbH.

Center-Invest was the first bank in Russia to participate in the Russia Sustainable Energy Finance Program of the International Finance Corporation (IFC).

We succeeded in attracting investment for our associate company Teploenergo, a district heating company in the town of Taganrog (Center-Invest has a 47.31% equity stake in the company): the EBRD has provided Teploenergo with a **RUR221m** ten-year loan.

Teploenergo **won the 2008 Don Business Awards**.

Teploenergo's energy efficiency projects in 2007–2012.

	Number	Amount, RUR millions
Installation of a combined heat and power (CHP) unit	1	18.0
Construction of boiler houses	6	116.1
Rehabilitation of boiler houses	2	77.5
Modernisation and automation of cogeneration units	3	5.0
Repairing and replacing pipelines, km	35	29.2

Agribusiness Lending

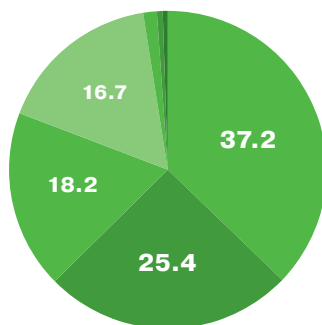
In 2008 Center-Invest Bank increased its lending to agribusiness by 40%. At FYE 2008 our agribusiness loan portfolio was **RUR5.7bn**, which included RUR1.9bn in investment loans.

We have obtained a **RUR600m five-year credit line** from the EBRD for financing the agricultural sector in southern Russia. This is unprecedented for a Russian bank.



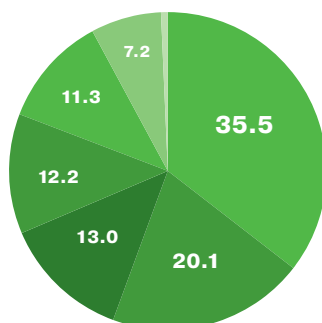
Business Banking

Breakdown of lease portfolio by equipment type. FYE 2008



- 37.2%** — Agricultural machinery
- 25.4%** — Transport
- 18.2%** — Industrial equipment
- 16.7%** — Construction equipment
- 1.4%** — Office equipment
- 0.6%** — Real estate
- 0.5%** — Trade equipment

Breakdown of equipment lessees by economic sector. FYE 2008



- 35.5%** — Agriculture
- 20.1%** — Construction
- 13.0%** — Trade
- 11.3%** — Manufacturing
- 7.2%** — Transport
- 0.7%** — Energy sector
- 12.2%** — Other

Leasing

At FYE 2008 Center-Invest Bank's finance lease portfolio was **RUR3.7bn**.

In 2008 we expanded the list of foreign suppliers from which we purchase equipment and technology directly for our business customers in southern Russia.

Contracts with a total value of **USD1.3m** and **EUR1.2m** were signed with foreign suppliers in 2008, including: Formtak Rollform Machinery Corp. (Taiwan), NT Grup Transmikser Is Makinalari Ltd. Sti (Turkey), Hess Maschinenfabrik&Co KG (Germany), Acros Import Export Ltd. Sti (Turkey), Kung Hsing Plastic Machinery Co. Ltd. (Taiwan), and Homag Gus (Germany).

Stock Market Trading

Proprietary Trading

Proprietary trading totalled **RUR4.8bn.**

In 2008 Center-Invest Bank's net investments in securities were **RUR925.8m.** Investments in securities accounted for 1.8% of the Bank's net assets.

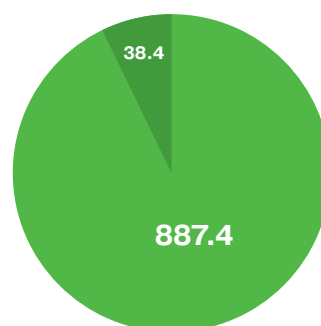
Brokerage Services

Transactions on behalf of our customers totalled **RUR1.03bn.**

Trust Management

At FYE 2008 the value of net assets under management was **RUR103.66m.**

Structure of securities portfolio at FYE 2008 (RUR, millions)



887.4 — Bonds

38.4 — Shares, equity stakes

Transactions on the Currency and Interbank Markets

International Payments

Transactions through correspondent accounts totaled **USD24m** and **EUR725m**.

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

We are 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.

Foreign Exchange and Money Market Transactions

In 2008 Center-Invest 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.

By offering optimal rates for currency exchange, and ensuring the prompt crediting, transfer and conversion of money, we have achieved a more than 6-fold increase in the volume of our currency exchange operations, to in excess of **USD20bn** (equivalent).

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 the MICEX daily trading sessions in real-time (the Unified Trading Session and the SELT Session) from a remote work terminal located within the Bank.

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), Erste Group Bank AG (Vienna), and National City Bank (Cleveland, USA).

Cooperation with International Financial Organisations

We continued to make use of our Trade Finance Guarantee Facility Agreement with the EBRD. In 2008, the total value of the deals under this trade finance programme was **USD32m**.

By using structured trade finance mechanisms, we are able to minimise the risks in our clients' international trade transactions and the potential losses.

When arranging payment for their foreign suppliers, our customers use letters of credit and guarantees issued by Center-Invest Bank and confirmed by reputable foreign financial institutions.

Human Resources

Employees of the Year, 2008. Photo session for the New Year edition of the staff newspaper.



Anna Pavlova,
Lending Department



Dina Kuleshova,
Accountant



Yelena Ilina,
Business Lending
Department



Lyudmila Labunko,
Leasing Department



Yekaterina Lykova,
Plastic Cards
Department



Andrei Spitsin,
Lending Department



Anna Limanskaya,
Office Director



Vladimir Kuznetsov,
Factoring Department



Aleksandr Kovalenko,
Interbank Transactions
Department



Nadezhda Borova,
Private Banking
Department

Of Center-Invest Bank's 2007 employees (FYE 2008), 23 have higher doctorates and PhDs and 17 are studying for postgraduate qualifications. Over 91% of our employees have a higher education.

In 2008, 48 training courses were held for staff, including courses on communication and adaptation skills and the psychology of selling banking products. In addition, 93 students from leading higher education institutions in southern Russia had work placements at the Bank.

During the year, 94 employees attended 92 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
- marketing communications

76 children were born to Center-Invest employees in 2008.

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

- EBRD annual meeting
- XI International Exhibition of Energy Saving
- Technologies 'Interplastika 2008'
- Annual conference 'Syndicated loans on the financial market of the East'
- Academic Conference and Workshop 'Developing the energy sector'
- SAP HIRE conference
- II Annual Euromoney Conference 'Syndicated loans in Russia and the CIS'
- XIII North-West Banking Conference
- Forum '21st Century Russian Banks'
- International investment forum 'Sochi-2008'
- SIBOS 2008 conference
- Forum 'The future of distance banking in Russia. Taking banking and customer choice to a new level'
- Russian Investment Roadshow
- EBRD Conference 'Impact of the Global Financial Crisis on the Banking Sector of Emerging Europe and the CIS'

Coverage of Center-Invest Bank in the International and National Media

Südrussische Bank sucht die Kooperation mit KMU

By Verena Diethelm. Wirtschaftsblatt. Dienstag, 15. Jänner 2008

www.wirtschaftsblatt.at/archiv/274434/index.do

Sotschi bringt Schwung nach Sudrussland

Die Presse. Dienstag, 15. Jänner 2008

www.diepresse.com/home/wirtschaft/easteconomist/355443/index.do

Sustainability in the South of Russia

By Dr. Vasily Vysokov. Russian Finance Magazine.

www.centriinvest.ru/en/pub.html

Offen für deutsche Mittelständler – russische Regionalbanken

Sparkasse. April 20008

www.centriinvest.ru/en/pub.html

Center-invest puts academics of banking into practice.

By Ben Aris. Business New Europe. August 2008

www.businessneweurope.eu

Southern Russia: New Area of Growth for the Russian Economy

By Dr. Vasily Vysokov. World Finance Review. August 2008

www.centriinvest.ru/en/pub.html

Interview with Deputy Chairman of the Executive Board of Center-Invest Bank, Olga Vysokova

Rbc.ru. <http://ug.rbc.ru/interview/16/07/2008/202676.shtml>

Interview with Chairman of the Board of Directors of Center-Invest Bank, Dr. Vasily Vysokov

CNBC. www.cnn.com/id/15840232?video=948856929

Bloomberg. www.bloomberg.com/apps/news?pid=newsarchive&sid=aNZlr64jYllk

Southern Russia Versus the Global Crisis

Dr. Vasily Vysokov. Banking Review, November 2008

www.bo.bdc.ru/2008/11.5/yug.htm

Information Technology

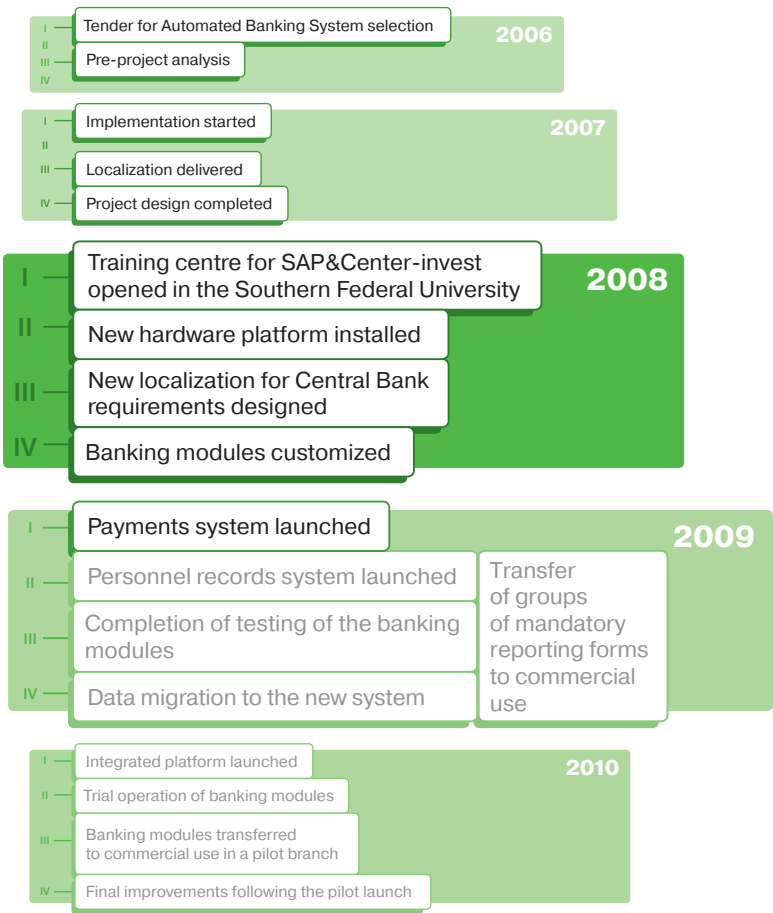
Our project to introduce a localised version of a SAP for Banking operating system is continuing apace. Center-Invest is the first Russian bank to have such a project.

A new back-up data processing centre has been introduced, equipped with the latest infrastructure systems. The system has a high level of fault tolerance.

We have opened a call centre (+7 (863) 200-00-00) to provide our customers with advice by telephone. Thanks to new software, our main telephone lines now have interactive voice response menus. This allows the Bank to quickly connect its customers to the appropriate department or individual.

The software programme Center-Invest Automated Banking System has been transferred to a new, more powerful, hardware platform with double the reserve processing power.

Implementation of Center-Invest's SAP for Banking Project



Internal Control

In 2008 we continued to improve our internal control system, ensuring its compliance with Russian legislation and international standards.

The Internal Control Service conducted 24 comprehensive audits of branches, 30 checks of cash and valuables held by Center-Invest's divisions, and 34 audits of various aspects of the Bank's divisional operations. It also carried out quarterly audits of securities trading.

We continued to develop our interdepartmental procedures for banking operations, as well as our 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.

Risk Management

Center-Invest Bank has an effective risk management system which is independent of its business divisions. The system combines best international practice, modern information technology, and the Bank's extensive experience of managing regional risks.

Risk management at Center-Invest Bank is based on the Risk Management Policy, approved by the Board of Directors. This policy complies with the main requirements of Basel II and reflects the accord's recommended approaches. The Bank has a conservative approach to accepting risks. We view risk management as a comprehensive set of measures designed to protect assets and achieve the best possible return/risk ratio.

We study global, national and regional economic trends in depth and analyse their impact on the regional and sectoral risks in the areas in which we operate. This allows us to minimise the systemic and strategic risks of our operations at a time of global financial crisis.

Our risk management system ensures that both the Bank and our customers develop sustainably. The system protects the investments of our shareholders and depositors.

Expansion of the Branch Network

At FYE 2008 Center-Invest Bank's branch network comprised **132** branches and sub-branches in Moscow, Rostov-on-Don, the Rostov region, Krasnodar, Krasnodar Krai, Volgograd, the Volgograd region, Stavropol, and Stavropol Krai.

28 new branches and sub-branches were opened in 2008:

In Rostov-on Don:

'Na Tekucheva' Branch
'Na Pushkinskoi' Branch
'Na Druzhinnikov' Branch
RINKh branch
'Na Dolomanovskom' Branch
'Na Komarova' Branch

In the Rostov region:

'Sotsgorod' Sub-Branch of Branch No. 3
'Belokalitvinsky' Branch
'Aksai-Universalny' Branch

In Krasnodar Krai:

Sub-branch of Branch No. 8 in Gelendzhik
Sub-branch of Branch No. 8 in Armavir
Sub-branch of Branch No. 8 in Labinsk
Sub-branch of Branch No. 8 in Timashevsky
Sub-branch of Branch No. 8 in Eisk
'Kushchevsky' Sub-branch
'Beloglinsky' Sub-branch
'Novopokrovsky' Sub-branch
'Mikhailovsky' Sub-branch
'Leningradsky' Sub-branch
'Starominsky' Sub-branch
'Krylovsky' Sub-branch

In Stavropol:

Branch No. 4 in Stavropol Krai
Sub-branch of Branch No.4 in Mineralnye Vody
Pyatigorsky Sub-branch of Branch No.4
Sub-branch of Branch No.4 in Yessentuki
Yugo-Zapadny Sub-branch of Branch No.4

In the Volgograd region:

Krasnoarmeisky Sub-branch of Branch No.9

In Moscow:

Moskovsky Sub-branch

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) 200-00-00, 267-68-65

Rostov Region

Main Branch No. 1

138 Budennogo St., Aksai
tel: +7 (86350) 5-94-00, +7 (863) 269-26-25
Tatiana Ilinichna Klavdieva

Main Branch No. 2

84 Gorkogo St., Bataisk
tel: +7 (86354) 5-06-59, 5-01-20, 5-03-66
Svetlana Nikolayevna Kozina

Main Branch No. 3

44 Spusk Yermaka Avenue, Novocherkassk
tel: +7 (8635) 22-34-87, 22-44-04, 22-77-01
Vladimir Dmitrievich Karpenko

Main Branch No. 5

95 Grecheskaya St., Taganrog
tel: +7 (8634) 39-20-00, 38-36-64
Valery Viktorovich Sorokin

Main Branch No. 6

66 Leningradskaya St./57 Tolstogo St., Azov
tel: +7 (86342) 4-52-75, 4-00-74, 4-52-76
Ivan Grigorevich Korneichuk

Main Branch No. 7

115 Lenina St., Semikarakorsk
tel: +7 (86356) 4-16-07, 4-11-44; +7 (863) 244-04-65
Svetlana Stanislavovna Zhuzhneva

‘Aleksandrovka’ Branch

89 Sorok Let Pobedi Avenue, Rostov-on-Don
tel: +7 (863) 269-38-27, 269-38-28

‘Tsentralny’ Branch

97 Budennovsky Avenue, Rostov-on-Don
tel: +7 (863) 232-08-43, 232-33-46, 232-84-52
Yury Vladimirovich Popov

‘Severny’ Branch

7/19 Koroleva Avenue, Rostov-on-Don
tel: +7 (863) 235-95-00, 235-95-55
Yelena Nikolayevna Polyakova

‘Zapadny’ Branch

31, 339th Strelkovoi Divizii St., Rostov-on-Don
tel: +7 (863) 255-87-12, 255-87-13, 255-87-11
Vadim Gennadevich Yashkov

‘Selmarsh’ Branch

6 Serzhantova St., Rostov-on-Don
tel: +7 (863) 250-19-57, 250-19-58
Vladimir Borisovich Illichev

Branch in Rostov-on-Don

14 Malinovskogo St., Rostov-on-Don
tel: +7 (863) 242-89-51, 297-16-04, 242-89-51
Viktoria Yevgenevna Ivashchenko

‘Promzona’ Branch

150 Dovatora St., Rostov-on-Don
tel: +7 (863) 237-70-19, 237-72-87
Olga Vasilevna Yefimchuk

‘Voyenved’ Branch

112 a Taganrogsкая St., Rostov-on-Don
tel: +7 (863) 295-86-06, 295-86-07, 295-86-08
Denis Vladimirovich Proshkin

‘Na Lenina’ Branch

62 a Lenina St., Rostov-on-Don
tel: +7 (863) 243-18-34
Tamara Ivanovna Taran

‘Na Budennovskom’ Branch

21/50 Budennovsky Avenue, Rostov-on-Don
tel: +7 (863) 282-64-99
Yana Sergeevna Kramareva

‘Na Druzhinnikov’ Branch

4 Internatsionalnaya St., Rostov-on-Don
tel: +7 (863) 211-17-31
Nataliya Viktorovna Bibikova

‘Orbita’ Branch

67 Vavilova St., Rostov-on-Don
tel: +7 (863) 277-70-67
Yulia Valerevna Kostyayeva

Branch Network

‘Merkury’ Branch

1 Pyatidesyatiletitya Rostselmasha St., Rostov-on-Don
tel: +7 (863) 203-74-00
Yevgeniya Ivanovna Kudryavets

‘Na Tekucheva’ Branch

159 a Tekucheva St., Rostov-on-Don
tel: +7 (863) 227-60-60

‘Na Pushkinskoi’ Branch

176/91 Pushkinskaya St., Rostov-on-Don
tel: +7 (863) 261-31-23

‘Na Dolomanovskom’ Branch

1/36 Pushkinskaya St., Rostov-on-Don
tel: +7 (863) 236-68-51
Nataliya Valentinovna Rudenko

‘RINKh’ Branch

69/47 Bolshaya Sadovaya/Voroshilovsky St./Av.,
Rostov-on-Don
tel: +7 (863) 240-56-79, 240-58-36
Tatiana Vladimirovna Dzirtkbilashvili

‘Na Komarova’ Branch

28 b Komarova Blvd., Rostov-on-Don
tel: +7 (863) 242-20-36
Yelena Nikolayevna Goryacheva

‘Aksaisky’ Branch

31 Sadovaya St., Aksai
tel: +7 (86350) 5-32-48, 5-11-18, 5-99-85
Viktoria Aleksandrovna Tatarchuk

‘Aksai-Universalny’ Branch

12 Lenina St., Aksai
tel: +7 (86350) 5-06-59, 5-01-20
Irina Vladimirovna Rysnyanskaya

‘Cheremushki’ Branch

95 Budennovskaya St., Novocherkassk
tel: +7 (8635) 22-00-63, 22-00-85
Svetlana Gennadevna Pyshkina

‘Donskoi’ Branch

5 Nikolayevoi-Tereshkovoi St., Novocherkassk
tel: +7 (8635) 27-20-38

‘Sotsgorod’ Branch

36 Gvardeiskaya St., Novocherkassk
tel: +7 (8635) 23-16-18, 23-17-39
German Aleksandrovich Medvedev

Branch in Shakhty

99 Lenina St., Shakhty
tel: +7 (86362) 2-71-62, 5-81-15, 5-56-79
Yevgeny Vladimirovich Pishchikov

‘Shakhtinski’ Sub-branch

187/189 Sovetskaya St., Shakhty

‘Russkoye Pole’ Branch

336 a Chekhova St., Taganrog
tel: +7 (8634) 38-00-58
Irina Viktorovna Sherstobitova

‘Roznichny’ Sub-branch

99 Grecheskaya St. / 2A Glushko St., Taganrog
tel: +7 (8634) 31-40-18, 61-28-91
Svetlana Petrovna Kuznetsova

‘Stroimarket’ Sub-branch

11-2 Polyakovskoye Highway, Taganrog
tel: +7 (8634) 64-51-79, 64-60-97

Branch in Pokrovskoye

185 Lenina St., Pokrovskoye
tel: +7 (86347) 2-11-25, 2-10-72, 2-11-63
Galina Anatolevna Golovchenko

‘Matveyevo-Kurgansky’ Branch

28 Yuzhnaya St., Matveyev Kurgan
tel: +7 (86341) 3-82-36
Tatiana Mikhailovna Konstantinova

‘Veshensky’ Branch

2 a Lenina St., Veshenskaya
tel: +7 (86353) 2-43-00, 2-41-73, 2-42-24
Igor Vasilevich Shtyopa

Branch in Volgodonsk

143 Gorkogo St., Volgodonsk
tel: +7 (86392) 7-88-70, 7-87-78
Anna Vladimirovna Limanskaya

‘Novy Gorod’ Branch

9 Gagarina St., Volgodonsk
tel: +7 (86392) 5-64-70, 5-64-43, 5-64-06
Yury Mikhailovich Tsygulev

Branch in Tsimlyansk

82 b Moskovskaya St., Tsimlyansk
tel: +7 (86391) 5-09-91, 5-13-77
Denis Valerevich Titorenko

Branch in Kagalnitskaya

78 Kalinina St., Kagalnitskaya
tel: +7 (86345) 9-69-03, 9-77-34, 9-74-34
Lyubov Gerasimovna Chernobayeva

Branch in Yegorlykskaya

130 Gritsika Lane, Yegorlykskaya
tel: +7 (86370) 7-31-77, 7-31-79
Irina Aleksandrovna Uzhakina

Branch in Zernograd

14 Krasnopolskogo St., Zernograd
tel: +7 (86359) 4-12-31
Aleksei Sergeyevich Shingary

Branch in Kamensk-Shakhtinsky

44 a Gagarina St., Kamensk-Shakhtinsky
tel: +7 (86365) 7-53-22, 7-01-41, 7-61-42
Valery Ivanovich Jidkov

Branch in Krasny Sulin

9 Lenina St./13 Pobedy St., Krasny Sulin
tel: +7 (86367) 5-37-20, 5-23-72
Roman Tagirovich Faizov

Branch in Konstantinovsk

47 b Krasnoarmeiskaya St., Konstantinovsk
tel: +7 (86393) 2-35-05, 2-21-14
Artur Alekseyevich Dronov

Branch in Bolshaya Martynovka

60 Lenina St., Bolshaya Martynovka
tel: +7 (86395) 2-12-64, 2-17-53
Larisa Ivanovna Brovkova

Branch in Vesoly

128 Oktyabirskaya St., Vesoly
tel: +7 (86358) 6-50-40
Irina Aleksandrovna Oparenko

‘Mikhailovsky’ Branch

4/1 Lermontova St., Mikhailovka
tel: +7 (8443) 2-90-30
Irina Nikolayevna Petrova

Branch in Millerovo

5 Karla Marksa St., Millerovo
tel: +7 (86385) 3-04-50, 3-08-94, 2-18-00
Nina Ivanovna Kovelina

Branch in Morozovsk

198 Plamya Revolyutsii St., Morozovsk
tel: +7 (86384) 5-08-80, 5-08-85, 5-08-15
Larisa Nikolayevna Anufrienko

‘Belokalitvensky’ Branch

42 Rechnaya St., Belaya Kalitva
tel: +7 (86383) 2-03-71
Aleksandr Anatolevich Makarov

Branch in Oblivskaya

59 Lenina St., Oblivskaya
tel: +7 (86396) 2-18-44, 2-13-02, 2-14-32
Oleg Vladimirovich Kuroyedov

‘Novy’ Branch

302 e Svobody St., Salsk
tel: +7 (86372) 5-85-00, 5-87-17, 5-87-28
Irina Aleksandrovna Nedobuga

Branch in Salsk

13 Svoboda St., Salsk
tel: +7 (86372) 7-45-02
Alla Anatolevna Rannyaya

Branch in Orlovsky

34 Proletarskaya St., Orlovsky
tel: +7 (86375) 3-24-83
Nataliya Andreyevna Krestyanova

Branch in Peschanokopskoye

1 Pionersky St., Peschanokopskoye
tel: +7 (86373) 2-04-95, 2-04-96
Svetlana Ivanovna Stovolosova

Branch in Proletarsk

53 Budennovsky Lane., Proletarsk
tel: +7 (86374) 9-63-03
Roman Georgiyevich Krivorot

‘Rodionovsky’ Branch

52 Moskovskaya St.,
Rodionovo-Nesvetaiskaya
tel: +7 (86340) 3-04-56, 3-15-48, 3-14-90
Nataliya Arkadevna Portnova

‘Tselinsky’ Branch

99 Tretaya-Liniya St., Tselina
tel: +7 (86371) 9-59-80
Valery Gennadevich Denisov

Branch in Chaltyr

18 a Sedmaya-Liniya Street, Chaltyr
tel: +7 (86349) 2-17-90, 2-17-96, 2-14-56
Srabion Ambartsumovich Vartkinayan

‘Temernik’ Sub-branch

1/6 Dumenko St., Rostov-on-Don
tel: +7 (863) 233-21-65

Branch Network

‘Lyuks’ Sub-branch

27 Kommunistichesky Avenue, Rostov-on-Don
tel: +7 (863) 223-02-34, 223-02-35

‘RDVS’ Sub-branch

353 Engelsa St., Bataisk
tel: +7 (86354) 7-43-89, 7-43-88

‘Vosemnadtsataya Liniya’ Branch

2/9 Vosemnadtsataya Liniya St., Rostov-on-Don
Tel: +7 (863) 263-63-36

‘Allyuminivaya Ploshchadka’ Sub-branch

Allyuminivaya Ploshchadka, Novocherkassk
tel: +7 (8635) 23-30-68, 23-69-65
Igor Yurevich Izmailkov

‘Novomirsky’ Sub-branch

17 Moskovskaya St., Novomirsky
tel: +7 (86342) 9-42-62

‘Staromirsky’ Sub-branch

Koltsovskaya/Krasnaya St., Staromirskaya
tel: +7 (86153) 4-26-00, 4-27-00
Nadezhda Nikolayevna Kravtsova

Sub-branch in Semikarakorsk

134 Atamansky Lane, Semikarakorsk
tel: +7 (86356) 4-16-07

‘Gigant’ Sub-branch

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

‘Naberezhny’ Branch

13 Ordzhonikidze St., Krasnodar
tel: +7 (861) 267-21-70
Igor Nikolayevich Ivantsov

‘Rostovskoye Highway’ Branch

12/14 Rostovskoye Highway, Krasnodar
tel: +7 (861) 257-04-01, 257-03-31
Nataliya Olegovna Martynenko

Branch in Anapa

158 Samburova St., Anapa
tel: +7 (86233) 2-11-16, 2-11-36
Abdulvakhob Dzhaborovich Davlyatov

Branch in Armavir

105 Komsomolskaya St., Armavir
tel: +7 (86137) 3-00-41
Nataliya Vladimirovna Trishkina

Branch in Kropotkin

3 Kommunalny Lane, Kropotkin
tel: +7 (86138) 6-82-78, 6-82-77, 6-82-75
Valentina Petrovna Dubinkina

Branch in Novorossiisk

1 Karla Marksa St. / 6 Svobody St., Novorossiisk
tel: +7 (8617) 67-62-83, 67-62-84
Irina Sergeevna Fedorova

Branch in Sochi

9 Gagarina St., Sochi
tel: +7 (8622) 54-66-57, 54-66-58
Tatiana Vladimirovna Dobromyslova

‘Sochinsky’ Branch

37 Roz St., Sochi
tel: +7 (8622) 64-89-06, 64-64-93
Lidia Alekseyevna Rusova

Branch in Timashevsk

155 Proletarskaya St., Timashevsk
tel: +7 (86130) 4-23-47, 4-24-87
Nataliya Viktorovna Poleshko

Branch in Tuapse

4/1 Novorossiiskoe Highway, Tuapse
tel: +7 (86167) 5-21-97
Nina Nikolayevna Statsyuk

Krasnodar Krai

Main Branch No. 8

113/1 Sadovaya St., Krasnodar
tel: +7 (861) 274-00-70, 274-56-05
Aleksandr Ivanovich Kalinich

‘Yubileiny’ Branch

38 Chekistov Avenue, Krasnodar
tel: +7 (861) 273-65-85, 273-49-14
Oleg Anatolevich Senkov

‘Na Stavropolskoy’ Branch

234 Stavropolskaya St., Krasnodar
tel: +7 (861) 227-19-93, 227-19-94

Branch in Gelendzhik

74 Shevchenko St., Gelendzhik
tel: +7 (86141) 3-50-47
Nataliya Vyacheslavovna Maksimova

‘Beloglinsky’ Branch

209 Pervomaiskaya St, Belaya Glina
tel: +7 (86154) 7-14-84, 7-39-04
Galina Alekseyevna Sergeyeva

‘Novopokrovsky’ Branch

30 b Komsomolsky St, Novopokrovskaya
tel: +7 (86149) 7-21-86, 7-06-52
Elena Viktorovna Nemaltsina

‘Kushchevsky’ Sub-branch

23 Lenina St., Kushchevskaya
tel: +7 (86168) 5-69-60, 5-69-61
Oksana Olegovna Markaryan

‘Leningradsky’ Sub-branch

46 b Sovetov St, Leningradskaya
tel: +7 (86145) 7-07-64, 7-32-02
Tatyana Ivanovna Dremina

Branch in Labinsk

73 a Pushkina St., Labinsk
tel: +7 (86169) 3-31-31
Natalia Petrovna Khitko

Branch in Yeisk

118 Mira St./53 Engelsa St., Yeisk
tel: +7 (86132) 2-88-08
Galina Nikolayevna Dyachenko

‘Krylovskoi’ Sub-branch

40 Pushkina St., Krylovskaya
tel. +7 (86161) 3-12-53, 3-26-96
Natalia Aleksandrovna Mokrousova

Stavropol Krai

Main Branch No. 4

1 b Yunosti Avenue, Stavropol
tel: +7 (8652) 38-09-17
Lyudmila Ivanovna Brekhina

‘Yugo-Zapadny’ Branch

29, 31, 33 Pyatdesyat Let VLKSM, Stavropol
tel: +7 (8652) 55-05-68

‘Pyatigorsky’ Branch

12 Sobornaya St., Pyatigorsk
tel: +7 (8793) 33-22-08
Sergei Vladimirovich Kulikov

Branch in Mineralnye Vody

99 a 22 Partsyezda Avenue, Mineralnye Vody
tel: +7 (87922) 5-46-68, 5-45-18
Tatiana Nikolayevna Kalmykova

Branch in Yessentuki

24 Lunacharsky St., Yessentuki
tel: +7 (87934) 6-37-54, 6-39-06
Sergei Pavlovich Makukha

‘Krasnogvardeisky’ Branch

186 Krasnaya St., Krasnogvardeiskoe
tel: +7 (86541) 4-54-01, 4-53-95
Yelena Nikolayevna Drozdova

Volgograd Region

Main Branch No. 9

22 Raboche-Krestyanskaya St., Volgograd
tel: +7 (8442) 90-10-90, 90-08-18
Aleksei Vitalevich Sarychev

‘Spartanovsky’ Branch

10 a Nikolaya Otrady St., Volgograd
tel: +7 (8442) 70-01-21, 70-06-12
Anna Vyacheslavovna Kekshina

‘Tsentrallyy Raion’ Branch

54 Rokossovskogo St., Volgograd
tel: +7 (8442) 37-67-87
Dmitry Sergeyevich Ivanov

‘Krasnoarmeisky’ Branch

27 Fadeyeva St., Volgograd
tel: +7 (8442) 49-71-17, 49-71-18
Lydmila Vasilevna Zenina

Branch in Volzhsky

2 Engelsa St., Volzhsky
tel: +7 (8443) 39-99-39
Stanislav Gennadevich Pozdnyakov

Branch Network

Representative Offices

Representative Office in Moscow

Office 9, Building 2, 28 Tverskaya St.,

tel: +7-926-591-04-40

Aleksandr Viktorovich Dolganov

Moskovsky Sub-branch

Ground Floor, Moskovsky Department Store

tel.: +7 (495) 604-59-25

Representative Office in London

64 Knightsbridge, London SW1X 7JF

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

Olga Vasilevna Vysokova

Independent Auditor's Report



ZAO PricewaterhouseCoopers Audit
Kosmodamianskaya nab. 52/5
115054 Moscow
Russian Federation
Telephone +7 (495) 967 6000
Facsimile +7 (495) 967 6001

To the Board of Directors of Center-Invest Bank:

The accompanying summarised consolidated financial statements have been derived from the financial statements of Center-Invest Bank and its subsidiaries (hereinafter – “the Group”) for the year ended 31 December 2008, 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 2008, from which these summarised consolidated financial statements were derived, in accordance with International Standards on Auditing. In our report dated 7 April 2009 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 Audit

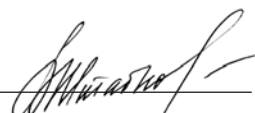
7 April 2009
Moscow, Russian Federation

Consolidated Balance Sheet

<i>In thousands of Russian Roubles</i>	<i>31 December 2008</i>	<i>31 December 2007</i>
Assets		
Cash and cash equivalents	14 278 215	3 974 009
Mandatory cash balances with the CBRF	55 994	422 059
Trading securities	919 753	963 633
Other securities at fair value through profit or loss	6 009	26 976
Due from other banks	50 437	1 417 650
Loans and advances to customers	29 132 715	27 436 108
Finance lease receivables	1 577 972	1 287 223
Investment in associate	307 507	300 386
Intangible assets	301 729	209 139
Premises and equipment	2 773 671	2 413 656
Other financial assets	852 098	798 856
Other assets	397 272	211 066
Total assets	50 653 372	39 461 061
Liabilities		
Due to other banks	13 023 412	4 535 891
Customer accounts	21 251 723	19 245 060
Debt securities in issue	216 241	1 523 329
Other borrowed funds	4 183 316	4 358 762
Borrowings from international financial institutions	3 789 659	3 538 762
Subordinated debt	1 933 030	373 198
Other financial liabilities	489 307	365 079
Deferred tax liability	244 831	260 999
Other liabilities	42 746	33 331
Total liabilities	45 174 265	34 234 341
Equity		
Share capital	1 258 709	1 258 709
Share premium	1 646 428	1 646 428
Revaluation reserve for premises and equipment	1 279 919	1 203 871
Retained earnings	1 294 051	1 117 712
Total equity	5 479 107	5 226 720
Total liabilities and equity	50 653 372	39 461 061

Approved for issue and signed on behalf of the Board of Directors on 7 April 2009.

A.A.Shtabnova
Chairman of the Management Board



E.A.Koujeleva
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.

Consolidated Income Statement

<i>In thousands of Russian Roubles</i>	<i>2008</i>	<i>2007</i>
Interest income	5 429 575	3 676 333
Finance income arising from leasing	365 307	240 594
Interest expense	(2 574 817)	(1 854 936)
Net interest income	3 220 065	2 061 991
Provision for loan impairment and impairment of finance lease receivables	(999 777)	(268 872)
Net interest income after impairment provisions	2 220 288	1 793 119
Gains less losses from trading securities	(211 788)	(13 691)
Gains less losses from other securities at fair value through profit or loss	596	104
Gains less losses from trading in foreign currencies	137 438	27 680
Foreign exchange translation gains less losses	(1 649 818)	215 591
Gains less losses from conversion operations on the interbank market	1 153 067	(215 596)
Fee and commission income	726 530	548 004
Fee and commission expense	(145 031)	(96 936)
Gain on disposal of property	—	29 299
Share of profit of associate	7 121	—
Other operating income	117 070	94 449
Operating income	2 355 473	2 382 023
Administrative and other operating expenses	(1 909 837)	(1 430 569)
Profit before tax	445 636	951 454
Income tax expense	(138 131)	(244 892)
Profit for the year from current operations	307 505	706 562
Discontinued operations		
<i>Net result of disposed subsidiary (after tax)</i>		17 108
<i>Gain on the disposal of subsidiary</i>		(16 439)
Net profit from discontinued operations	—	669
Profit for the year	307 505	707 231
<i>Profit attributable to:</i>		
<i>Equity holders of the Group</i>	307 505	700 916
<i>Minority interest</i>	—	6 315
Profit for the year	307 505	707 231

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.

Consolidated Statement of Changes in Equity

	Attributable to the equity holders of the Bank					Minority interest	Total equity
	Share capital	Share premium	Revalu-ation reserve for premises and equipment	Retained earnings	Total		
Balance at 1 January 2007	1 257 145	1 646 428	777 005	507 271	4 187 849	46 141	4 233 990
Premises and equipment:							
— Revaluation	—	—	650 012	0	650 012	174 626	824 638
— Deferred tax	—	—	(156 003)	—	(156 003)	(41 910)	(197 913)
— Realised revaluation reserve	—	—	(10 403)	10403	—	—	—
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
Share issue	—	—	—	—	—	—	—
Treasury shares:							
— Acquisitions	—	—	—	—	—	—	—
— Disposals	1 564	—	—	—	1 564	—	1 564
Dividends declared and paid:							
— Ordinary shares	—	—	—	(139 591)	(139 591)	—	(139 591)
— Ppreference 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.

Consolidated Statement of Changes in Equity (continued)

	Attributable to the equity holders of the Bank				Total equity
	Share capital	Share premium	Revaluation reserve for premises and equipment	Retained earnings	
Balance at 1 January 2008	1 258 709	1 646 428	1 203 871	1 117 712	5 226 720
Premises and equipment:					
— Revaluation	—	—	59 797	—	59 797
— Deferred tax	—	—	42 775	—	42 775
— Realised revaluation reserve	—	—	(26 524)	26 524	—
Net income recognised directly in equity	—	—	76 048	26 524	102 572
Profit for the year	—	—	—	307 505	307 505
Total recognised income for 2008	—	—	76 048	334 029	410 077
Dividends declared and paid:					
— Ordinary shares	—	—	—	(139 591)	(139 591)
— Ppreference shares	—	—	—	(18 099)	(18 099)
Total movement of capital for 2008	—	—	—	(157 690)	(157 690)
Balance at 31 December 2008	1 258 709	1 646 428	1 279 919	1 294 051	5 479 107

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.

Consolidated Statement of Cash Flows

<i>In thousands of Russian Roubles</i>	<i>2008</i>	<i>2007</i>
Cash flows from operating activities		
Interest received	5 451 295	3 733 600
Interest paid	(2 360 051)	(1 709 165)
(Expense)/ income received from trading in securities	(15 948)	(9 915)
Income received from other securities at fair value through profit or loss	—	311
Income received from trading in foreign currencies	137 438	27 680
Gains less losses from conversion operations on the interbank market	1 151 136	(176 581)
Fees and commissions received	725 230	552 177
Fees and commissions paid	(142 659)	(96 936)
Gain on disposal of property	—	29 299
Other operating income received	117 092	97 477
Staff costs	(943 402)	(732 360)
Operating expenses paid	(796 924)	(550 724)
Finance income arising from leasing	365 307	219 690
Income tax paid	(289 705)	(220 747)
Cash flows from operating activities before changes in operating assets and liabilities	3 398 809	1 163 806
Changes in operating assets and liabilities		
Net decrease / (increase) in mandatory cash balances with the CBRF	366 065	(168 474)
Net increase in trading securities	(146 241)	(256 148)
Net decrease in securities at fair value through profit or loss	21 447	22 082
Net decrease in due from other banks	1 393 576	376 310
Net increase in loans and advances to customers	(2 476 093)	(12 647 008)
Net increase in finance lease receivables	(243 410)	(614 289)
Net increase in other assets	(10 696)	(275 941)
Net increase in due to other banks	7 643 102	2 087 189
Net increase in customer accounts	1 680 240	6 838 381
Net decrease in promissory notes issued	(3 432)	(90 608)
Net increase in other liabilities	130 375	168 021
Net increase in cash from the operating activities of the disposed subsidiary	—	30 873
Net cash from / (used in) operating activities	11 753 742	(3 365 806)
Cash flows used in investing activities		
Acquisition of premises and equipment	(467 318)	(433 658)
Acquisition of intangible assets	(114 718)	(96 435)
Net cash used in investing activities of the disposed subsidiary	-	(33 786)
Net cash used in investing activities	(582 036)	(563 879)

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.

Consolidated Statement of Cash Flows (continued)

<i>In thousands of Russian Roubles</i>	<i>2008</i>	<i>2007</i>
Cash flows from financing activities		
Redemption of bonds issued	(1 306 080)	—
Proceeds from other borrowed funds	—	4 454 058
Repayment of other borrowed funds	(755 206)	—
Proceeds from borrowings from international financial institutions	1 147 629	1 576 596
Repayment of borrowings from international financial institutions	(1 147 475)	(119 827)
Proceeds from subordinated debt	1 186 362	—
Sale of own shares	—	1 564
Dividends paid	(157 690)	(157 618)
Net increase in cash from financing activities of the disposed subsidiary	—	104 435
Net cash from / (used in) financing activities	(1 032 460)	5 859 208
Effect of exchange rate changes on cash and cash equivalents	164 960	(110 455)
Net cash outflow from disposed subsidiary	—	(103 160)
Net increase in cash and cash equivalents	10 304 206	1 715 908
Cash and cash equivalents at the beginning of the year	3 974 009	2 258 101
Cash and cash equivalents at the end of the year	14 278 215	3 974 009

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.