



**BANK  
CENTER-INVEST**

# Annual Report 2009





# Annual Report 2009



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



# BANK CENTER-INVEST

**At the forefront of sustainable banking in southern Russia**

**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



# Annual Report 2009

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The 2009 Annual Report was approved by the Board of Directors of Center-Invest Bank on 2 April 2010 (meeting minutes No. 2).

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

The main outcome of 2009 was that Center-Invest's sustainable banking model successfully passed the latest stress test posed by the global economic crisis.

A sustainable banking business focuses not on instantaneous profits, but rather on long-term gain for the benefit of its shareholders, customers and partners. Observing sustainable business principles in all aspects of our operations helped us to overcome the crisis: reliable shareholders and rules of corporate conduct, assets and liabilities that are well-balanced in terms of maturities and risks, effective loan portfolio management, a modern risk management system, effective internal control, and qualified and experienced staff.

Center-Invest Bank is the regional bank for southern Russia. This means that at a time of global crisis we helped our customers effectively manage regional risks. We developed the programme "Southern Russia Versus the Global Crisis", and we constantly monitored the region's economic development. The crisis showed once again that in a challenging economic situation southern Russia enjoys distinct advantages: favourable natural and climatic conditions, sufficiently well-developed infrastructure, a diversified economy, relatively low levels of personal income, and a strong tradition of enterprise and self-employment. All these factors softened the blows dealt by the crisis and helped us find new grounds for sustainable post-crisis development. Our customers who upgraded their production equipment in good time, thanks to loans from Center-Invest Bank, became more competitive in the crisis conditions.

At a time of reduced velocity of money, all our shareholders affirmed their willingness to support the bank's liquidity. We managed our liquidity appropriately, without resorting to any extreme measures. To enable us to continue financing SME, energy efficiency and agribusiness projects in southern Russia, we attracted long-term loans from the European Bank for Reconstruction and Development (EBRD, USD35m), the German Investment and Development Company (DEG, USD10m), and the Development Bank of Austria (OeEB, USD10m). We also signed several agreements with the International Finance Corporation (IFC) for a total of USD40m, and obtained a medium-term loan from Erste Group AG (EUR17m).

Center-Invest Bank met all its obligations to its partners on time and in full, and our partners were very satisfied with our sustainable policy for managing liquidity. We repaid the investors in our first bond issue on time, and we successfully launched a second bond issue. The Moscow Interbank Currency Exchange (MICEX) included these bonds in its quote-driven market and they can be used as security for loans from the Central Bank of the Russian Federation (the Bank of Russia).

An increase in non-performing loans (NPLs) became a serious test. By talking to our customers and also taking legal action when necessary, we managed to halt this increase by the middle of the year, and NPLs began to fall. Complying with all the requirements set by the Bank of Russia and international financial reporting standards (IFRS), Center-Invest Bank set aside the necessary reserves to cover its NPLs in full.

The economic downturn reduced demand for credit, the value of collateral fell sharply, and the uncertainty in the markets halted investment projects. In these unprecedented circumstances, Center-Invest Bank continued to work together with its customers, promoting the sustainable development of SMEs and agribusiness and the implementation of energy efficiency projects. Even at the peak of the crisis, we did not increase the cost of borrowing for our customers, nor did we transfer currency risks to them. Instead, we helped our customers find new solutions to managing their finances, personnel, and marketing, and we conducted an extensive public information and education programme. All of this work was very well received by our customers. At a time when banks around the world were being

severely criticised, the annual expert poll held by a regional weekly economics publication named Center-Invest Bank “Rostov Region’s Most Successful Company of 2009”. Despite the increase in financial assistance to banks that are fully or partly state-owned, Center-Invest maintained its market share in southern Russia.

In the interests of building the post-crisis economy, Center-Invest Bank not only developed its contacts with its partner banks abroad, but it also engaged with their customers. We organised meetings ourselves and we participated in events held by Chambers of Commerce and Industry and the Association of European Business. We continued to actively maintain our relationships with foreign investors, participating in international conferences and meeting with our partner banks. These contacts showed yet again that by introducing new methods and technologies the efficiency of production in southern Russia could be increased three- to fivefold. They also confirmed the vector of southern Russia’s investment potential.

We made improvements to the way in which we manage our branch network, and we opened new branches in Stavropol Krai, Krasnodar Krai, Rostov-on-Don and the Rostov region.

The crisis forced us to accelerate the implementation of measures to improve the efficiency of our own operations. We introduced zero-based budgeting for our branches and divisions, we encouraged our staff to submit proposals on how the bank could reduce its costs, and we liaised closely with our transport and communication service providers and property lessors. These measures enabled Center-Invest Bank to reduce its expenditure and maintain the quality of its services.

The Board of Directors, our customers, partners, and numerous regulatory bodies all note the high level of competency of Center-Invest Bank’s staff: their in-depth theoretical knowledge which enables them to resolve difficult questions and confidently take realistic strategic decisions, their knowledge of Russian legislation and best international practice, and their knowledge of the regional economy and their customers’ potential. We continued to promote staff development through in-house training and international seminars and training courses. We were shortlisted for the major international competition “The 2009 FT Sustainable Banking Awards”, organised by the Financial Times newspaper and IFC, the investment division of the World Bank. A striking indicator of our sustainable development is that in 2009, 87 future bankers were born to employees of Center-Invest Bank, a birth rate that is almost four times higher than the national average.

Developments in 2009 confirmed Center-Invest Bank’s economic analysis and forecasts. After the economic downturn we will see new growth in those sectors and regions that can make the transition to more efficient technologies and ways of working. In addition to its traditional advantages, southern Russia is benefiting from a surge in investment connected with the 2014 Winter Olympics, which are to be held in Sochi. Center-Invest Bank has set itself the task of enabling its customers to make the transition to efficiency. They will then be able to use their competitive advantages to promote the implementation in southern Russia of the national programmes launched by the Russian government.

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



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



# 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



**Michael Neumayr**

Financial and business consultant, former member of the EBRD Board of Directors



**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



**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)



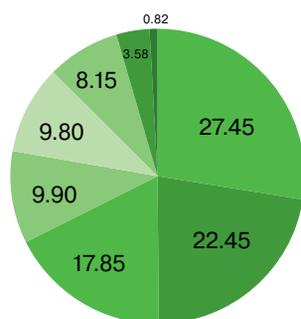
**Olga V. Vysokova**

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 Shareholders

at FYE 2009 (% of voting shares)



**27.45%** — EBRD

**22.45%** — DEG

**17.85%** — Dr Vasily Vysokov  
and Mrs Tatiana Vysokova

**9.90%** — Firebird Investment Fund

**9.80%** — Erste Group

**8.15%** — Renaissance Capital

**3.58%** — Raiffeisenlandesbank Oö

**0.82%** — Other shareholders



A ceremony to mark the signing of an agreement with IFC was held during Euro Finance Week in Frankfurt.

In 2009, we updated our strategy for 2007-2011 “South of Russia +” to incorporate the anti-crisis programme “Southern Russia Versus the Global Crisis”. We developed this programme both for our own business and for our customers. It takes into account the reduced demand during the first phase of the crisis, and envisages that companies will increase the efficiency of their business processes across the board, allowing them to return to pre-crisis performance levels in the next two years and to help build the post-crisis economy.

In 2009,

- Center-Invest Bank brought **USD55m** into the economy of southern Russia in the form of **long-term (five-year) loans** from: the EBRD (USD35m), DEG (USD10m), and OeEB (USD10m). We also obtained a EUR17m medium-term loan from Erste Group.
- We listed a second bond issue with the Moscow Interbank Currency Exchange (MICEX), raising three billion rubles in five-year bonds. In November 2009, the Bank of Russia included this bond issue in its Lombard List, and in December 2009 it was included in the MICEX's B quotation list.
- We obtained five-year credit lines from IFC: **RUB600m** for lending to SMEs in the agricultural sector, and **RUB300m** to finance energy efficiency technologies in the housing and communal services sector. IFC has also provided Center-Invest with a **USD10m** guarantee line to increase our ability to provide our customers with trade financing.
- Center-Invest Bank maintained its net asset value: at FYE 2009, it was **RUB4.6bn** according to Russian Accounting Standards (RAS) and **RUB5.4bn** according to IFRS. Capital was **RUB5.9bn** according to RAS, while calculated under IFRS and in accordance with the Basel Capital Accord, it was **RUB7.2bn**.

- For the **14th year in a row** Center-Invest was successfully **audited in accordance with IFRS** (PricewaterhouseCoopers).
- Center-Invest Bank was included in the **list of the 52 banks** that are permitted to act as guarantors for loans from the Bank of Russia ([http://cbr.ru/analytics/standart\\_system/list\\_req.htm](http://cbr.ru/analytics/standart_system/list_req.htm)).
- The Institute of the National Economy (Rostov State Economics University) published the latest book by Chairman of Center-Invest Bank Board of Directors, Dr. Vasily Vysokov, entitled “Southern Russia Versus the Global Crisis”. On the anniversary of the global financial crisis, Dr. Vysokov presents an analysis of how the crisis has affected the economy of Russia’s Southern Federal District. The book was also published in English, and the English-language version was launched in Frankfurt and London.
- Readers of Rostov region’s weekly business publication Gorod N voted Center-Invest Bank **“Rostov Region’s Most Successful Company of 2009”** and **Chairman of the Board of Directors, Dr Vasily Vysokov, “The Most Successful Business Person of 2009”**. This was the second year in a row that the bank and its chairman had taken first place in these categories. Dr. Vysokov was also voted **“Most Influential Business Person of 2009”** (Gorod N, No.50 (859), dated 28.12.09).

In April, The Banker magazine published an interview with Chairman of Center-Invest Bank Board of Directors, Dr. Vasily Vysokov. ([www.thebanker.com/news/fullstory.php/aid/6536/Keeping\\_funds\\_to\\_regions\\_flow.html](http://www.thebanker.com/news/fullstory.php/aid/6536/Keeping_funds_to_regions_flow.html))



# Main Achievements and Financial Results

## Key financial indicators (IFRS)\*

RUB, millions	01.01.06	01.01.07	01.01.08	01.01.09	01.01.10
Shareholders' equity	2,178.6	4,187.8	5,226.7	5,479.1	<b>5,442.3</b>
Assets	13,637.2	23,832.6	39,461.1	50,653.4	<b>42,912.0</b>
Loans and Leases	8,202.2	15,819.7	28,723.3	30,710.7	<b>26,286.6</b>
Customer accounts	7,727.1	12,361.0	19,245.1	21,251.7	<b>27,791.1</b>
Profit	305.7	513.3	700.9	307.5	<b>66.6</b>

\*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.centriinvest.ru](http://www.centriinvest.ru)).

## Market positions

During the crisis, Center-Invest Bank maintained its leading position in southern Russia, and we achieved accelerated development in the most promising market segments. Among Russia's Top 100 banks Center-Invest ranks:\*\*

<b>5<sup>th</sup></b> : value of SME loans	<b>37<sup>th</sup></b> : value and portfolio of unsecured personal loans
<b>7<sup>th</sup></b> : number of SME loans	<b>41<sup>st</sup></b> : number of bank cards in circulation
<b>9<sup>th</sup></b> : SME loan portfolio	<b>41<sup>st</sup></b> : retail deposits
<b>17<sup>th</sup></b> : value of mortgage loans	<b>49<sup>th</sup></b> : retail loan portfolio
<b>20<sup>th</sup></b> : car loan portfolio	<b>50<sup>th</sup></b> : business loan portfolio
<b>21<sup>st</sup></b> : mortgage loan portfolio	<b>52<sup>nd</sup></b> : among universal banks
<b>25<sup>th</sup></b> : value of car loans	<b>57<sup>th</sup></b> : loan portfolio
<b>27<sup>th</sup></b> : number of car loans	<b>63<sup>rd</sup></b> : total deposits
<b>27<sup>th</sup></b> : number of bank cards issued	<b>73<sup>rd</sup></b> : net assets
<b>29<sup>th</sup></b> : number of mortgage loans	
<b>33<sup>rd</sup></b> : number of ATMs	

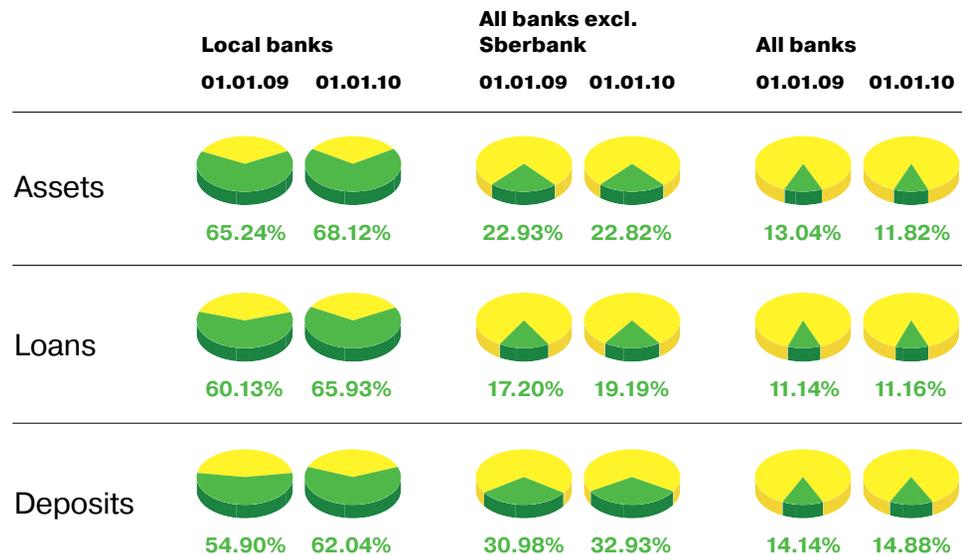
\*\* Data from RosBusinessConsulting ([www.rbc.ru](http://www.rbc.ru))

## Dividends on Center-Invest Bank Shares

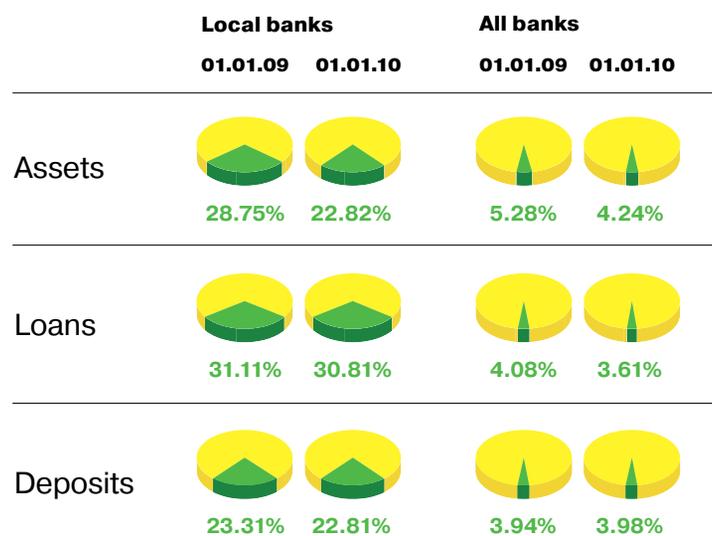
2009	% of par	Sum (RUB)
<b>Preferred shares</b>	20	<b>18,098,500</b>

We increased our share of the banking services market in the Rostov region and we retained the confidence of our customers in southern Russia.

## Center-Invest Bank's market share in the Rostov region



## Center-Invest Bank's market share in southern Russia



# Main Achievements and Financial Results

## Key indicators

Taking into account the impact of the crisis and restrictive regulatory requirements, Center-Invest Bank continued to deliver long-term sustainable financial performance.

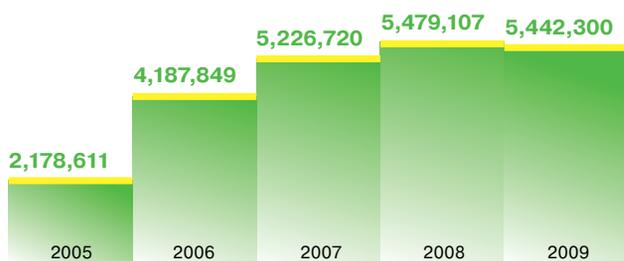
That Center-Invest Bank's financial results were lower than in previous years was mainly a consequence of our adopting a conservative approach, based on the priority objective of protecting the interests of our depositors and creditors.

The bank's net operating revenues in 2009 were higher than in the pre-crisis year 2007, and they were just slightly down on 2008, by **RUB 112m**. This confirms our ability to generate sufficiently high returns.

Assessing our borrowers' ability to service their debts during the economic crisis, we switched to a policy of accelerated loan loss provisions for our loan portfolio.

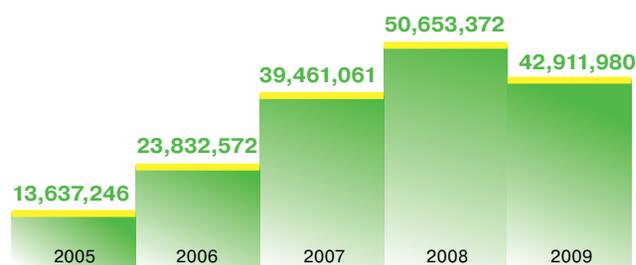
In the new economic climate, we introduced cost efficiency measures, achieving a **21%** reduction in our operating costs.

We maintained a high capital adequacy ratio: **20.8%**.



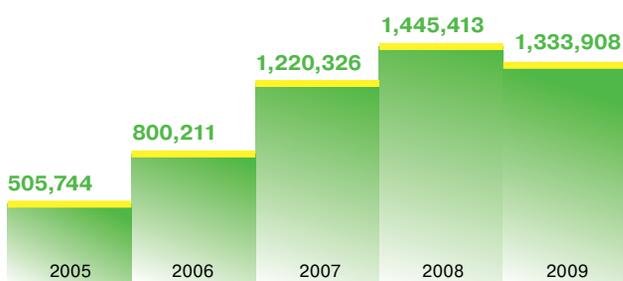
### Shareholders' equity

RUB thousands



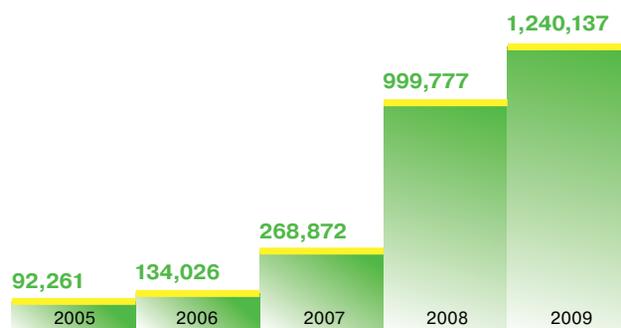
### Net assets

RUB thousands



### Net operating revenue before creation of provisions

RUB thousands



### Loan-loss provisions

RUB thousands

## Balance Sheet Structure

During the crisis, we maintained a sustainable asset-liability structure.

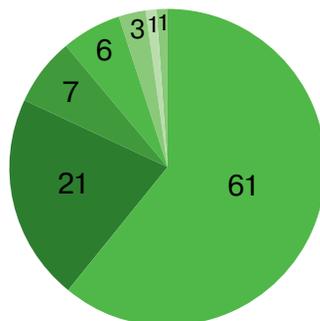
Customer loans and finance leases, which were **RUB26.3bn** at FYE 2009, accounted for 61.3% of net assets.

At the end of the reporting period our liabilities were **RUB37.0bn**. The reliability and the liquidity of our obligations were underscored by the inclusion of Center-Invest Bank's bonds in the Bank of Russia's Lombard List.

At FYE 2009 Center-Invest had loans from other banks and international financial institutions totalling **RUB6.9bn**.

### Structure of assets

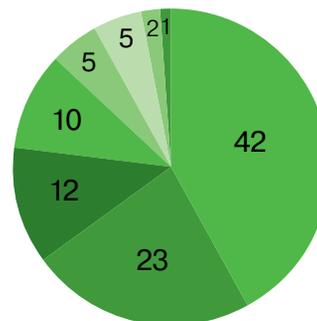
at FYE 2009



- 61%** — Loans and advances to customers and finance leases
- 21%** — Cash and cash equivalents
- 7%** — Fixed assets and intangible assets
- 6%** — Securities
- 3%** — Other assets
- 1%** — Due from other banks
- 1%** — Investments in associate companies

### Structure of liabilities

at FYE 2009



- 42%** — Retail customer accounts
- 23%** — Business customer accounts
- 12%** — Shareholders' equity
- 10%** — Borrowings from international financial institutions
- 5%** — Debt securities issued
- 5%** — Subordinated debt
- 2%** — Due to other banks
- 1%** — Other liabilities

# Sustainable Development

**Center-Invest Bank integrates principles of sustainable development into its operations, striving to maximize long-term profits for the benefit of our shareholders, customers, and employees, rather than focusing on instantaneous gains.**

We were shortlisted for the major international competition “The 2009 FT Sustainable Banking Awards”, organised by the Financial Times newspaper and IFC, the investment division of the World Bank.



**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 2009 the Fund’s capital was **RUB38.5m**.

Together with the Endowment Fund for Education and Science in the Southern Federal District, we ran a competition to find the **“Best Young Lecturer in the Southern Federal District, 2009”**. Young teaching staff from the region’s leading educational institutions entered the competition and the fifteen best lecturers were selected by students in receipt of Center-Invest Bank scholarships. Each of the competition winners received a prize of 50,000 rubles.



In 2009, Center-Invest provided more than **RUB5m** in scholarships for **273 of the top students** in Rostov and the Rostov region (20,000 rubles per student).

On 26 May, Russian Entrepreneurs’ Day, Center-Invest Bank launched a new project, “Enterprise for All”. This project will help SMEs in southern Russia and the local population to overcome economic challenges by applying sustainable development principles and drawing on the intellectual support of Center-Invest specialists.



The bank launched Dr. Vasily Vysokov’s book “Enterprise for All” ([http://centrinvest.ru/pdf/pr\\_vs.pdf](http://centrinvest.ru/pdf/pr_vs.pdf)) at the Don SME Forum. The book was written with the aim of equipping broad sectors of the population of southern Russia with key enterprise skills and knowledge for today’s world.

On 15 December, Center-Invest Bank launched a new social project: all our branches began giving out Philips energy-saving light bulbs as free gifts to pensioners. These light bulbs last eight times longer than ordinary light bulbs and use five times less electricity.



We opened a business school within the bank for the children and grandchildren of our private banking clients. The school provides a free-of-charge educational programme entitled “The Secrets of the Art of Banking”. It is designed to broaden the children’s economic horizons and teach them the financial skills they will need to confidently navigate the banking business and the global economy and to manage their personal finances. In 2009, over 50 young business people were awarded certificates for successfully completing the programme.

As part of the major European educational project TEMPUS POMBI, Center-Invest Bank provided students from the Higher School of Economics, the Southern Federal University, and Münster University (Germany) with six-month work placements.

**Thanks to our financial support**, to date **40,000 schoolchildren** from the Rostov region have visited the “Treasures of the Don Steppes” exhibition at the Rostov Region Local Studies Museum for free.

Our depositors include more than **1,500 Second World War veterans**.

**87 children were born to Center-Invest employees in 2009.**

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

## **Keeping Funds to Regions Flowing.**

By Philip Alexander. The Banker. April 2009

[http://www.thebanker.com/news/fullstory.php/aid/6536/Keeping\\_funds\\_to\\_regions\\_flowing.html](http://www.thebanker.com/news/fullstory.php/aid/6536/Keeping_funds_to_regions_flowing.html)



## **Banking's Moral Compass**

CNBC. November 2009

<http://www.cnbc.com/id/15840232?video=1341691880&play=1>

## **No Quick Rewards in the Agricultural Sector**

(interview with Dr. Vasily Vysokov)

Vladimir Fomin. The Peasant. No. 28 (893), July 2009

<http://centrinvest.ru/pdf/krestianin2009-07-15.pdf>

## **Interview of the Week** (Interview with Ernste Welteke)

Alexei Timoshenko. Gorod N. No. 24 (833), June 2009

<http://centrinvest.ru/pdf/welteke2009-07-08.pdf>

## **We Are All Chasing Short-Term Return**

(interview with Dr. Vasily Vysokov)

Vladimir Kolodkin. Business Quarterly. No. 18 (132), September 2009

<http://centrinvest.ru/ru/smi/173>

## **Moving Forward**

(interview with Dr. Vasily Vysokov)

Vladimir Kozlov. Ekspert-Yug. No.48-50 (87-89), December 2009

[http://expert.ru/printissues/south/2009/50/interview\\_na\\_operezhenie/](http://expert.ru/printissues/south/2009/50/interview_na_operezhenie/)

## **The ProveIT Project: Russia and Germany Share Experience**

Marina Borisova. Deutsche Welle, March 2009

<http://www.dw-world.de/dw/article/0,,4111373,00.html>

## **The Post-Crisis Economy**

Dr. Vasily Vysokov. Banking Review. No. 2, February 2009.

<http://bo.bdc.ru/2009/2/vysokov.htm>

# Investor Relations

## January

- Center-Invest Bank presented its new programme “Southern Russia Versus the Global Crisis” to its Western partners at The Central and Eastern Europe Forum organised by Euromoney magazine (Vienna, Austria). During the conference, Chairman of Center-Invest Bank Board of Directors, Dr. Vasily Vysokov, and Deputy Chairman of the Executive Board, Olga Vysokova, met with Western partners.
- As part of an IFC programme, a group of experts from the bank, headed by Deputy Chairman of the Executive Board, Vladimir Glushko, visited the municipality of Odense in Denmark to study its experience of energy efficiency and sustainable development.

## February

- Chairman of Center-Invest Bank Board of Directors, Dr. Vasily Vysokov, participated in the forum “Russia 2009” in Moscow and held a number of meetings with partner banks.

## March

- Center-Invest Bank obtained a guarantee line from the Export-Import Bank of Taiwan to develop foreign trade.

## April

- The Banker magazine published an interview with Chairman of Center-Invest Bank Board of Directors, Dr. Vasily Vysokov, entitled “Keeping Funds to Regions Flowing”.

## May

- Chairman of Center-Invest Bank Board of Directors, Dr. Vasily Vysokov, presented the programme “Southern Russia Versus the Global Crisis” at the annual EBRD meeting in London. During the event, he also spoke about the results of introducing energy-efficiency technologies in southern Russia and gave a talk on sustainable banking.
- Together with its partner bank Ubi Banca (Italy) and the Italian-Russian Chamber of Commerce, Center-Invest Bank organized a business forum for business people from the Don region and Italy.

## June

- Assisted by the Royal Consulate General of Denmark, Center-Invest Bank held Danish-Russian Energy Efficiency Technology Days in Rostov-on-Don, providing a forum for negotiations between leading Danish manufacturers and engineering companies from the housing and utilities sectors and Center-Invest Bank customers.
- A delegation from the United States Agency for International Development (USAID), an organisation with which Center-Invest has been working since 2002, visited the bank and some of our business customers in Rostov and Krasnodar.
- At the plenary session of the Adam Smith conference “Retail Banking Services in Russia”, Chairman of Center-Invest Bank Board of Directors, Dr. Vasily Vysokov, presented a report “Sustainable banking: the basis for the post-crisis banking system”, and he gave an analysis of the current market situation from the perspective of the future financial system that will emerge in the post-crisis economy.
- Deputy Chairman of the Executive Board, Olga Vysokova, attended an international forum held by Ubi Banca in Brescia (Italy), “The Banking System as a Driving Force for the Development of Countries and their Economies”, where she gave a presentation on agribusiness in southern Russia.

## July

- Center-Invest Bank began working with the Bank of Tokyo-Mitsubishi (Japan).
- Center-Invest held a round table at which members of staff discussed the economic potential of southern Russia with the management of Erste Group Bank AG, one of Center-Invest Bank’s shareholders. The delegation from Erste Group was headed by the group’s president, Andreas Treichl, who is also an authorized representative of a number of East European countries in the European Union and other international organizations.
- In Vienna and Linz (Austria), experts from Center-Invest Bank met with partner banks to discuss correspondent banking relationships, trade finance, and organizing a visit to southern Russia by a delegation of Austrian companies.

## September

- During a visit to the Rostov region by a business delegation from the federal state of North Rhine-Westphalia (Germany), Center-Invest hosted a networking event for its customers and the German business people.
- At a symposium held in Cologne by DEG entitled “Partners in development: the role of development finance institutions during the current economic crisis and the views of our clients”, Chairman of Center-Invest Bank Board of Directors, Dr. Vasily Vysokov, presented a strategy whereby finance institutions could help build the post-crisis economy.
- At the official launch in Moscow of the Russian Sustainable Energy Financing Facility (RUSEFF), which is a new EBRD programme, Chairman of Center-Invest Bank Board of Directors, Dr. Vasily Vysokov, presented the bank’s experience of financing energy-efficiency projects.
- Center-Invest Bank was one of the partners for the fifth international conference of the Network for Reporting on Eastern Europe (n-ost). During the conference, Dr. Vasily Vysokov gave a talk on the banking sector in the Russian Federation and presented his new book “Southern Russia Versus the Global Crisis” (the English translation).

## November



- Chairman of Center-Invest Bank Board of Directors, Dr. Vasily Vysokov, and Chairman of the Audit and Compliance Committee, Tatiana Vysokova, participated in the economic forum Euro Finance Week.
- Dr. Vasily Vysokov’s new book “Southern Russia Versus the Global Crisis” was launched in Frankfurt and London. The events were attended by more than 50 of Center-Invest’s banking partners.

## December

- Center-Invest Bank became a member of the International Desk operated by Erste Group Bank AG. This is an information and support centre for companies operating internationally.

Center-Invest employees also attended a number of major international economic forums:

- XIV Northwest Banking Conference (St. Petersburg)
- The North-American National Agricultural Exhibition “Farm Progress Show” (Decatur)
- VIII International Investment Forum “Sochi-2009” (Sochi)
- Forum “Cash-recycling in Russia 2009” (Moscow)

### Ratings as at 01.04.10

Agency	Scale	Rating
<b>Moody’s Investors Service</b>	Global	<b>B1</b>
<b>Moody’s Interfax Rating Agency</b>	National	<b>A2.ru</b>
<b>RusRating</b>	National	<b>BBB-</b>

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](http://www.centriinvest.ru/corp)

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

In 2004, Center-Invest Bank introduced corporate governance rules and procedures, incorporating international best practice. During the financial crisis, these rules allowed us to maintain stable relationships between our shareholders, managers, employees and customers. At the Annual General Meeting of Shareholders, it was unanimously agreed that dividends would not be paid out for 2009 on ordinary shares. Acting on their own initiative, Center-Invest Bank executives delined part of their bonuses.

Responding to the crisis, the Board of Directors and the Executive Board devoted more time to jointly discussing the situation on the global and regional markets. The Board of Directors was provided with more detailed reports about the bank's loan portfolio and NPLs (using both Russian and international reporting standards).

Together with the Board of Directors Strategic Planning Committee (chaired by Dr. Vasily Vysokov), the Executive Board produced models for the development of the crisis and the construction of the post-crisis economy. These models are now used as a basis for the strategic plans of the bank and its customers in the new economic environment.

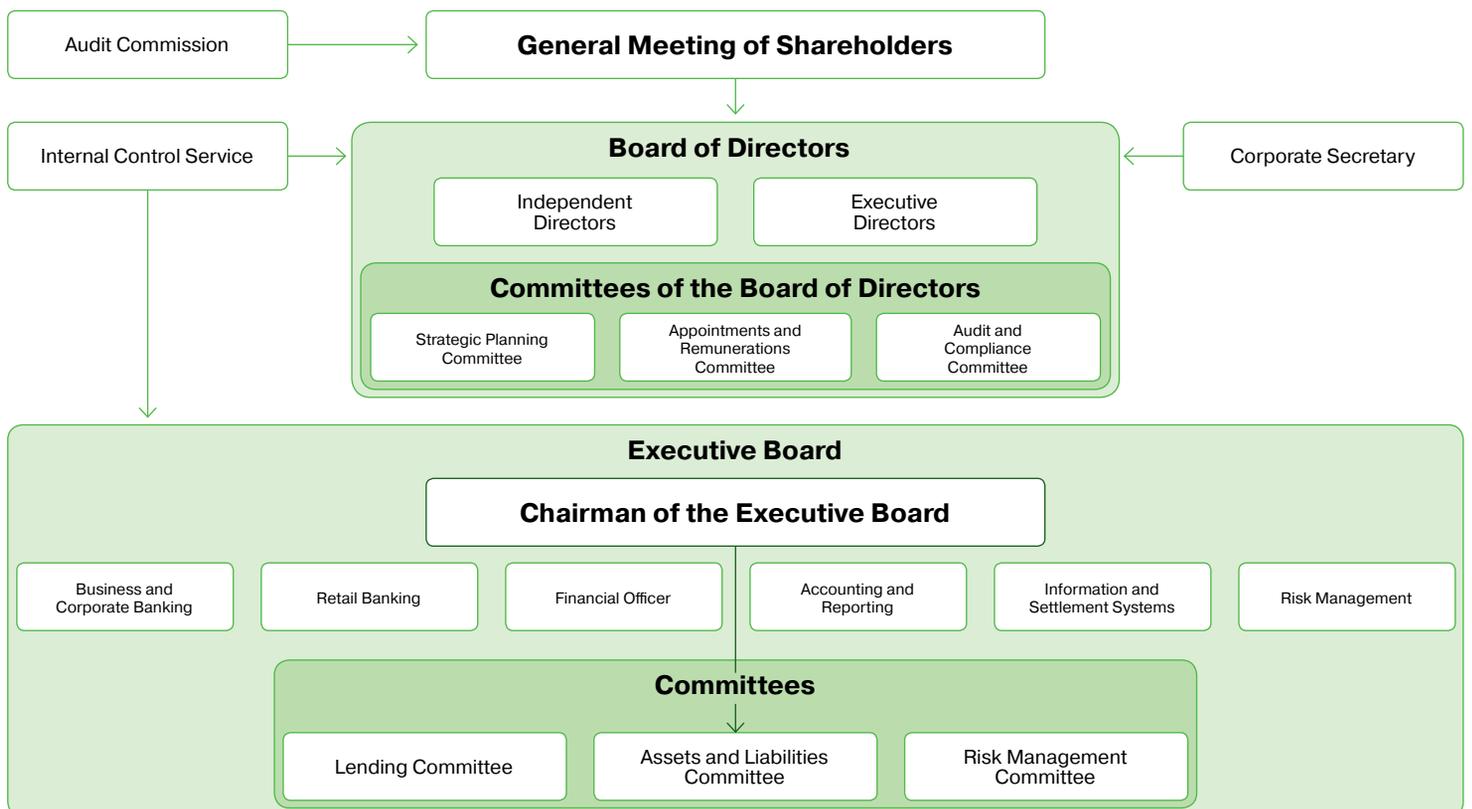
The Appointments and Remunerations Committee (chaired by Dr. Vladimir Zolotarev) examined how best to promote the sustainable development of the bank while implementing measures to raise efficiency and automate personnel management.

The Audit and Compliance Committee (chaired by Tatiana Vysokova) examined the findings of the Internal Control Service and the progress of inspections by the Bank of Russia and other state bodies. The committee took the necessary decisions in a timely manner.

The Executive Board took the important decision that Center-Invest Bank would support its customers by maintaining interest rates for existing loan agreements at their pre-crisis levels and then reducing them as the economy stabilized and contracted. Significant decisions were also taken on managing currency risks and cost efficiency measures.

In 2009 the Board of Directors met ten times. It considered the following issues: approving and executing plans and the budget, internal control, holding shareholder meetings, and issuing securities.

**Our corporate governance system proved resilient in the face of the global financial crisis.**



# Retail Banking

## Deposits

In 2009 retail deposits increased by **RUB4.2bn**, reaching **RUB17.9bn** at year-end. This growth confirms that Center-Invest Bank enjoys the continuing trust of the local population.

**The number of retail depositors exceeded 172,000.**

In 2009, we continued to run a loyalty programme for our depositors, as part of which we gave away the following as prizes: a Daewoo car, a number of PCs, and more than 600 household appliances.

We introduced new types of accounts and services, with special terms for our regular customers: the "Loyal Friends" deposit account and the "Start" savings account.

We also held 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 6% to **RUB4.5bn**.

In 2009 we handled **USD17m** and **RUB563.5m** in money transfers for our retail customers.

Foreign currency exchange operations in cash exceeded **USD79.5m** and **EUR28.6m**.

As part of a joint programme with the administration of the city of Taganrog, Center-Invest Bank set up a network of utility bill payment terminals. At FYE 2009, the network comprised **65 terminals** and had processed over **RUB300m** in payments.



In 2009, Center-Invest Bank introduced a customer service line with an easy-to-remember telephone number:

**(863) 2-000-000**

## Retail Lending

In 2009, Center-Invest Bank continued lending to the population of southern Russia. With the aim of helping mitigate the social consequences of the crisis, we developed a special lending programme to help individuals start up their own businesses.

In 2009, we issued 8,889 loans to retail customers, with a combined value of **RUB2.39bn**:

- 8 454 consumer loans totalling **RUB1.7bn**
- 253 car loans totalling **RUB132m**
- 182 mortgage loans totalling **RUB560m**

At 2009 year-end our retail loan portfolio comprised 36,706 loans totalling **RUB7.8bn**.

The Russian Ministry of Industry and Trade has included Center-Invest Bank in its list of partners for its subsidized car loan programme. Under this programme, the government covers part of our customers' loan interest payments (2/3 of the refinancing rate).

We also participate in a government-subsidized lending programme designed to help civil servants purchase houses. Under the terms of this programme, borrowers receive a government contribution towards the cost of purchasing a property and their loan interest payments.

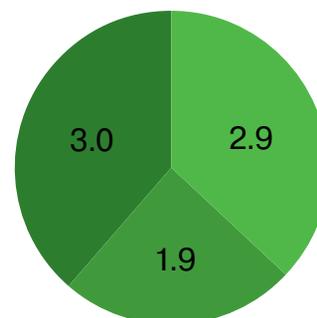
### Structure of retail loan portfolio

at FYE 2009, RUB, billions

**2.9** — Consumer loans

**1.9** — Car loans

**3.0** — Mortgage loans



24-hour customer support  
line for cardholders.  
National multi-line number:  
8-800-2009-109

In 2009, Center-Invest and the Southern Russia State Technical University launched a joint payroll card programme, as a result of which 2700 university staff now receive their salaries on bank cards. Undergraduate and postgraduate students at the university also receive their grants on international banking cards issued by Center-Invest.

60,397 students and teachers from southern Russia's largest higher education institutions receive their grants and salaries on Center-Invest bank cards.

Rostov-on-Don's business district is home to two 24-hour Center-Invest Bank branches, both offering a full range of banking services.

## Bank cards

In 2009 we issued more than **57,427** Visa International and MasterCard Worldwide cards. The number of active cards at FYE 2009 was 146,433.

The employees of **1,152 companies** and organisations in southern Russia receive their salaries on Center-Invest bank cards.

In 2009, transactions using cards issued by Center-Invest Bank amounted to **RUB14.6bn**.

With the introduction of **49 new ATMs**, at FYE 2009 our acquiring network comprised: **226 ATMs, 97 cash issue desks, and 496 goods and service providers** that accept cards from Visa International, MasterCard Worldwide and Diners Club.

Center-Invest Bank is the only bank in southern Russia with a modern processing centre. In 2009, this centre handled **6.25 million transactions** totalling over **RUB11.7bn**.

We expanded the list of services that can be accessed using our ATMs. Now, in addition to paying for the services of various telecommunications providers, our customers can use our ATMs to pay off loans from Center-Invest Bank (using their bank card or their personal settlement account), and to pay cash into a deposit account or a current account (both their own and those of third persons).

We launched **a new Internet service for retail customers who hold a Center-Invest bank card**. The "Internet Bank" service is a modern and convenient way for customers to manage their bank accounts via the Internet from their PC, PDA or mobile telephone. The software used by the Internet Bank service allows customers to create "virtual cards" to pay for goods and services online, making their payments via the Internet much safer.

# Business Banking

## Number of business customers

thousands of accounts

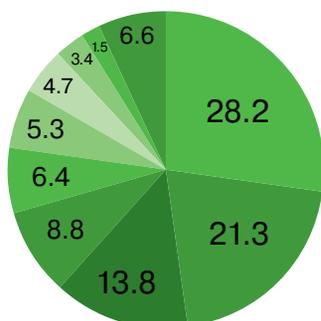


Thanks to our pro-active approach to customer acquisition and our reputation as a reliable and strong partner, despite the crisis, we saw a 19% increase in the number of new business customers. **39,000** companies and self-employed individuals choose to bank with Center-Invest.

Uptake of our new distance banking system "Center-Invest Client" is increasing. In 2009, the number of users increased by 40%: **7,156 companies** are now taking advantage of this service.

## Breakdown of the loan portfolio

at FYE 2009



- 28.2% — Retail lending
- 21.3% — Trade
- 13.8% — Agriculture
- 8.8% — Manufacturing
- 6.4% — Energy sector
- 5.3% — Construction
- 4.7% — Transport
- 3.4% — Financial companies
- 1.5% — Real estate
- 6.6% — Other

## International Trade Services

In 2009, Center-Invest Bank processed **USD128.1m, EUR30.9m, and RUB2,441.9m** in payments and settlements under our customers' import-export contracts.

At FYE 2009, to carry out these transactions on behalf of our customers, we held **4 972 "transaction certificates"** (as required by Russian legislation).

IFC opened a **USD10m** guarantee line to enable Center-Invest Bank to increase trade finance for SMEs in southern Russia.

## Business Lending

In 2009, Center-Invest Bank developed a programme to help companies overcome the crisis in a sustainable manner and build the post-crisis economy: “Southern Russia Versus the Global Crisis” ([http://www.centriinvest.ru/pdf/vysokov2009\\_allbook.pdf](http://www.centriinvest.ru/pdf/vysokov2009_allbook.pdf)).

As a result of this programme, we were able to ensure the quality of our loan portfolio: at 2009 year-end we had a balanced business loan portfolio (both corporate and SME clients) of **RUB20.6bn**, with loans totalling **RUB57.6bn** issued during the reporting period.

We were particularly careful to ensure the diversification of our loan portfolio by economic sector, reducing the risks of lending to the construction and transport sectors.

We provided our customers with bank guarantees totalling **RUB1.6bn**, including **RUB309m** in tender guarantees, and **RUB304.8m** in guarantees issued to customs agencies.

Investment loans (with a term of more than one year) amounted to **RUB6.9bn**.

We lent a total of **RUB2.3bn** to the energy sector.

During the year, we developed and launched new lending programmes for companies and self-employed individuals to help with the payment of taxes, duties, insurance contributions and customs payments.



Center-Invest Bank was the General Sponsor of the IX International Economic Forum “Enterprise in Southern Russia: Innovations and Development”.

## Meetings with Entrepreneurs

Chairman of Center-Invest Bank Board of Directors, Dr. Vasily Vysokov, held a round table on “How to Start Your Own Business” for members of the Association for Graduates of the Presidential Programme for the Retraining of Personnel in Rostov-on-Don.

As part of a new programme “Building the Post-Crisis Economy”, together with the administration of the Rostov region, Center-Invest Bank held a seminar for local business people entitled “Preferences for SMEs in Public Procurement Tenders”.

## SME Lending and Support for the SME Sector

Center-Invest Bank’s customers include **38,500 SMEs** and self-employed individuals in southern Russia.

In 2009 we issued 4,169 loans to SMEs and self-employed individuals with a combined value of **RUB 15.7bn**. Two thirds of this sum was accounted for by loans made in the second half of the year, indicating that SMEs in southern Russia are adapting more quickly to the new post-crisis conditions than larger companies.

In 2009 we started to work with lending programmes under which regional Guarantee Funds provide loan security for SMEs.

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](http://www.amb-don.ru)).

Center-Invest finances a “hot line”, which to date has provided businesses in the Rostov region with over **10,000 free consultations on legal issues** ([www.hotline.centrinvest.ru](http://www.hotline.centrinvest.ru)).

## Center-Invest Bank’s share of the SME lending market in the Rostov region

at FYE 2009

### Number of loans issued



Total — **10,759**  
Center-Invest Bank — **4,169**

### Value of loans issued



Total — **RUB56.8bn**  
Center-Invest Bank — **RUB15.7bn**

Center-Invest was the first bank in Russia to participate in IFC's Russia Sustainable Energy Finance Program.

IFC estimates that investment of USD320bn is required to realise Russia's energy efficiency potential, and that this would generate USD120-150bn a year for the Russian economy. Center-Invest Bank calculates that southern Russia could account for one in ten of these projects.



Lars Thunell, IFC Executive Vice President and CEO, said: "Addressing climate change and supporting agribusinesses are global priorities for IFC. We are pleased to work with Center-Invest Bank to expand financing for energy efficiency in Russia's housing sector and to promote lending to underserved small and medium enterprises in the agriculture sector."

## Introducing Energy-Efficiency Technologies

Center-Invest Bank works in partnership with the EBRD, IFC, KfW Banking Group, and FMO to finance energy efficiency projects.

By FYE 2009, Center-Invest Bank's portfolio of loans for energy efficiency projects in southern Russia had grown to **RUB1.4bn**. To date, 130 such projects have been implemented, achieving an annual reduction in CO2 emissions of **45,600 tonnes** (equivalent to the annual emissions from 27,000 cars).

In 2009 we provided companies in southern Russia with a total of **RUB450m** in loans to implement and introduce energy efficiency projects and technologies.

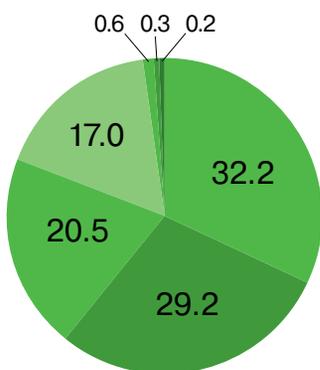
We obtained a five-year **RUB300m** credit line from IFC to finance energy efficiency technologies in the housing and communal services sector.

We continued to provide our customers with free-of-charge advice and support on energy saving issues (training, energy audits and recommendations). Technical assistance is provided by the renowned European company MVV decon GmbH. The programme is financed by a grant from the EBRD.

Center-Invest Bank also signed an agreement with IFC on technical assistance: IFC experts will participate in the development of new banking products for housing management companies and private homeowners.

## Breakdown of lease portfolio by type of equipment/property

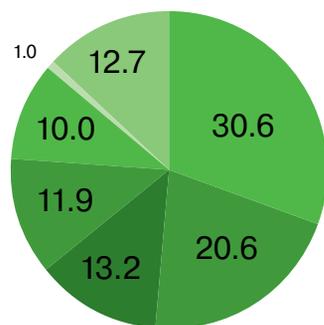
at FYE 2009



- 32.2% — Transport
- 29.2% — Agricultural machinery
- 20.5% — Industrial equipment
- 17.0% — Construction equipment
- 0.6% — Real estate
- 0.3% — Office equipment
- 0.2% — Trade equipment

## Breakdown of lessees by economic sector

at FYE 2009



- 30.6% — Agriculture
- 20.6% — Construction
- 13.2% — Trade
- 11.9% — Manufacturing
- 10.0% — Transport
- 1.0% — Energy
- 12.7% — Other

## Leasing

At FYE 2009 Center-Invest Bank's total finance lease portfolio was **RUB0.8bn**.

In 2009 we provided companies in southern Russia with more than EUR1.7m in lease finance for the implementation and introduction of energy efficiency projects and technologies.

## Agribusiness Lending

At FYE 2009 Center-Invest Bank's agribusiness loan portfolio was **RUB4.1bn**, which included RUB1.8bn in investment loans.

In 2009 we issued 830 loans to agricultural producers with a combined value of **RUB3.1bn**. This included RUB449.6m in long-term loans for the introduction of new technologies.

Center-Invest Bank has obtained a five-year, **RUB600m** credit line from IFC for lending to SMEs in the agricultural sector. The credit facility will be used to finance the introduction of modern technologies for growing and processing crops in accordance with international quality standards.

More than 500 agricultural companies have loans from our bank.

# Management of Assets and Liabilities

In previous years, Center-Invest Bank's approach to liquidity management focused on maintaining growth in the loan portfolio, which required us to attract additional funding: we actively attracted funds from the Russian and international financial markets, responding to our customer requests.

As a result of the instability on the markets since the end of 2008, for sources of funding we have switched the emphasis from the external market to the domestic market.

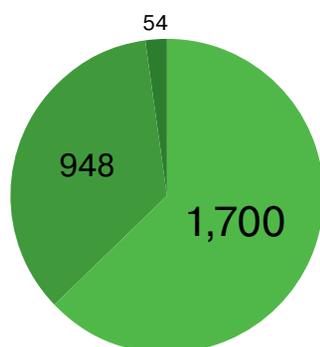
In 2009, we increased funds accepted from customers by 30%, from RUB21.3bn to RUB27.8bn, while at the same time we reduced the amount obtained from the financial markets by 60%, from RUB23.1bn to RUB9.2bn.

In February 2009, Center-Invest Bank repaid the USD145m syndicated loan obtained a year previously from foreign banks. In October 2009, we repaid the dual currency EUR30.8m and USD 16m syndicated loan obtained from a group of European partner banks in October 2008.

On 3 April 2009, in accordance with the terms of the issue, we repaid a two-year, USD175m CLN placement in full. Private investors from Europe and Asia were very satisfied with the reliability of our regional bank: the price quotation for the CLN never fell below the yield at maturity.

## Structure of securities portfolio

at FYE 2009, RUB, millions



**1,700** — Ruble bonds  
**948** — Euro bonds  
**54** — Equity securities

## Proprietary Trading

To maintain a high level of balance sheet liquidity, in 2009 we added to Center-Invest Bank's own portfolio of securities. At FYE 2009 our portfolio had a value of **RUB2.7bn** (RUB0.9bn at FYE 2008). Fixed-income investments accounted for 98% of the portfolio.

The rate of return on ruble bond transactions was 24.52%, and on foreign currency bonds it was 6.5%.

In 2009 we invested **RUB948m** of our own funds in eurobonds.

Total proprietary trading was **RUB10.8bn**.

Investments in securities accounted for 6.3% of Center-Invest's net assets.

## Brokerage Services

Transactions on behalf of our customers totalled **RUB6.15bn**.

## Trust Management

At FYE 2009 the value of net assets under management was **RUB125.5m**.

# Transactions on the Currency and Interbank Markets

## International Payments

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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.

In 2009, transactions through correspondent accounts totalled **USD14bn** and **EUR1bn**.

## Cooperation with International Financial Organisations

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Center-Invest Bank is a participant in the EBRD and IFC trade finance programmes. By using structured trade finance mechanisms, we are able to minimize the risks and the potential losses for our customers who are engaged in foreign trade.

## Network of foreign correspondent banks and partner banks

Erste Group Bank AG (Vienna), Citibank NA (New York, USA), HSBC BANK USA (New York, USA), Wachovia Bank (New York, USA), Commerzbank 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), and PNC Bank NA (Cleveland, USA).

# Human Resources

Of Center-Invest Bank's 1651 employees (at FYE 2009), 26 have higher doctorates and PhDs and 12 are studying for postgraduate qualifications. Over 82% of our employees have a higher education.

In 2009, we provided 63 students from leading higher education institutions in southern Russia with work placements at the bank.

87 children were born to Center-Invest employees in 2009.

During the year, 27 employees attended 34 seminars and conferences, both in Russia and abroad, on the following subjects:

- Information security;
- Banking analysis;
- SME lending;
- Syndicated lending;
- Agribusiness lending;
- Introducing energy efficiency technologies;
- Bonds and securities;
- Private banking;
- Risk management;
- Marketing communications.

# Information Technology

Center-Invest is the first Russian bank to be introducing a localised version of a SAP for Banking operating system.

In 2009, we brought in a personnel management system based on SAP Human Capital Management. Thanks to this new software, information about staff is now more readily accessible and HR management processes are less labour intensive.

We began trial operation of mandatory reporting forms based on SAP Business Warehouse.

We introduced the "Settlements Centre" software developed by the Centre for Financial Technologies, which has enabled us to optimize the processes of interbank and interbranch settlements.

We also introduced a retail payment system, which:

- allows customers to pay utility and other bills online;
- speeds up payments by processing the barcodes on payment receipts;
- eliminates the need for customers to complete payment requests when paying for telecommunications services.

We added functionality to our automated banking system "Center-Invest", increasing the efficiency with which loan applications are processed and new products are offered, and also increasing the scalability of the system.

# Internal Control

In 2009 we continued to improve our internal control system, ensuring its compliance with Russian legislation and international best practice.

During the crisis, the Internal Control Service helped the bank's management bodies ensure the efficient running of the business and implement anti-crisis measures. Steps were taken to identify and reduce inefficiencies, and the Internal Control Service constantly monitored staff compliance with agreed procedures, functions, remits, and decisions.

The Internal Control Service conducted 14 comprehensive audits of branches, 27 checks of cash and valuables held by Center-Invest's branches and divisions, and 35 audits of various aspects of the work of the bank's branches and divisions. 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 requirements for the prevention of money laundering and the financing of terrorism.

# Risk Management

Center-Invest Bank's risk management system was shown to be reliable in crisis conditions and ensured that we were able to withstand market and operational risks.

- With our knowledge of regional risks we were able to respond promptly to make the necessary changes to our system for managing NPLs;
- With due regard for global risk trends, we revised our lending procedures and the prices for our loan products;
- We regularly performed stress-testing;
- Our modern IT systems allowed us to take timely, effective decisions at a time of rapid change in the external environment.

As our risk management system exists independently of our business divisions, we were able to take objectively sound decisions concerning the changes required in the various areas of our business. This is thanks to the risk management strategy approved by the Board of Directors and formalised in the Center-Invest Bank Risk Management Policy. Drawing on Center-Invest's own experience, this policy regulates our risk management procedures with due regard for the requirements set by the Bank of Russia.

Operating on the basis of sustainable banking principles, Center-Invest 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 regional and sectoral risks. This allows us to minimize the systemic and strategic risks of our operations at a time of global financial crisis and to meet the needs of our customers as the post-crisis economy is established.

Center-Invest Bank's risk management system ensures that both we and our customers develop sustainably and reliably protects the investments of our shareholders and depositors.

# Expansion of the Branch Network

The Center-Invest branch network is an important factor in the acquisition of both retail and business customers, and it is a key component of our development strategy. Our branches provide modern banking services and products to a wide range of customers throughout southern Russia: corporate clients, SMEs, self-employed individuals, and retail customers. The system for managing the branch network is based on close cooperation between functional and regional managers.

At FYE 2009, Center-Invest Bank's branch network comprised 127 branches and sub-branches in Moscow, Rostov-on-Don, the Rostov region, Krasnodar, Krasnodar Krai, Volgograd, the Volgograd region, Stavropol, and Stavropol Krai.

We opened **five new branches** in 2009:

**In Rostov-on-Don:**

'Na Komarova' Branch

**In the Rostov Region:**

'Aksai-Universalny' Branch

**In Krasnodar Krai:**

'Krylovskoi' Sub-branch

**In Stavropol Krai:**

'Yugo-Zapadny' Branch  
Branch in Zheleznovodsk

# Branch Network

## Center-Invest Bank Head Office

62 Sokolova Avenue, Rostov-on-Don, 344000  
tel.: (863) 2-000-000, 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, 232-54-49, 244-31-48  
*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) 255-87-10, 255-87-13, 255-87-11  
*Diana Vladimirovna Lipinskaya*

### 'Selmash' Branch

6 Serzhantova St., Rostov-on-Don  
tel: +7 (863) 223-76-24, 227-96-55  
*Vladimir Borisovich Illichev*

### Branch in Rostov-on-Don

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

### 'Promzona' Branch

150 Dovatora St., Rostov-on-Don  
tel: +7 (863) 237-73-28, 237-72-87  
*Olga Vasilevna Yefimchuk*

### 'Voyenved' Branch

112 a Taganrogskaya St., Rostov-on-Don  
tel: +7 (863) 295-86-06, 295-86-08, 295-86-09  
*Denis Vladimirovich Proshkin*

### 'Na Lenina' Branch

23 Nagibina Avenue, Rostov-on-Don  
tel: +7 (863) 230-21-60  
*Tamara Ivanovna Taran*

### 'Na Budennovskom' Branch

21/50 Budennovsky Avenue, Rostov-on-Don  
tel: +7 (863) 282-64-95, 282-64-92  
*Yana Sergeevna Kramareva*

### 'Na Druzhinnikov' Branch

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

### 'Merkury' Branch

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

# Branch Network

## **'Na Pushkinskoi' Branch**

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

## **'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*

## **'Temernik' Sub-branch**

1/6 Dumenko St., Rostov-on-Don  
tel: +7 (863) 273-21-65

## **'Lyuks' Sub-branch**

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

## **'Vosemnadtsataya Liniya' Branch**

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Rostov-on-Don  
tel: +7 (863) 263-63-36

## **'Aksaisky' Branch**

31 Sadovaya St., Aksai  
tel: +7 (86350) 4-27-01, 5-99-86, 5-99-85  
*Viktoria Aleksandrovna Tatarchuk*

## **'Aksai-Universalny' Branch**

12 Lenina St., Aksai  
tel: +7 (86350) 5-22-27, 5-87-63, 5-58-03  
*Irina Vladimirovna Ryasnyanskaya*

## **Sub-branch in Bataisk**

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

## **'Cheremushki' Branch**

95 Budenkovskaya St., Novochoerkassk  
tel: +7 (86352) 2-00-63, 2-06-57  
*Svetlana Gennadevna Pyshkina*

## **'Sotsgorod' Branch**

36 Gvardeiskaya St., Novochoerkassk  
tel: +7 (8635) 23-16-18, 23-17-39  
*Olga Sergeevna Nedomolkina*

## **Sub-branch in Novochoerkassk**

132 Prosveshcheniya St., Novochoerkassk  
tel: +7 (86352) 5-56-77  
*Igor Yurevich Izmalkov*

## **Branch in Shakhty**

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

## **'Russkoye Pole' Branch**

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

## **'Roznichny' Sub-branch**

99 Grecheskaya St. / 2 A Glushko St., Taganrog  
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*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) 2-02-09, 2-10-72, 2-11-63  
*Galina Anatolevna Golovchenko*

## **'Matveyevo-Kurgansky' Branch**

28 Yuzhnaya St., Matveyev Kurgan  
tel: +7 (86341) 2-06-32  
*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) 7-82-50, 7-87-78  
*Anna Vladimirovna Limanskaya*

## **'Novy Gorod' Branch**

9 Gagarina St., Volgodonsk  
tel: +7 (86392) 5-64-46, 5-64-43, 5-64-70  
*Yury Mikhailovich Tsygulev*

## **Branch in Tsimlyansk**

82 b Moskovskaya St., Tsimlyansk  
tel: +7 (86391) 5-13-70, 5-13-54, 5-13-77  
*Denis Valerevich Titorenko*

**Branch in Kagalnitskaya**

78 Kalinina St., Kagalnitskaya  
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*Lyubov Gerasimovna Chernobayeva*

**Branch in Yegorlykская**

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*Irina Aleksandrovna Uzhakina*

**Branch in Zernograd**

14 Krasnopolskogo St., Zernograd  
tel: +7 (86359) 4-39-65, 3-53-09  
*Aleksei Sergeevich Shingary*

**Branch in Kamensk-Shakhtinsky**

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*Valery Ivanovich Jidkov*

**Branch in Krasny Sulin**

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*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) 6-56-40, 6-56-20  
*Irina Aleksandrovna Oparenko*

**Branch in Millerovo**

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

**Branch in Morozovsk**

198 Plamya Revolyutsii St., Morozovsk  
tel: +7 (86384) 5-08-80, 5-08-85, 5-08-55  
*Larisa Nikolayevna Anufrienko*

**'Belokalitvensky' Branch**

42 Rechnaya St., Belaya Kalitva  
tel: +7 (86383) 2-03-71  
*Olga Aleksandrovna Lysenko*

**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) 5-87-17, 5-81-21  
*Irina Aleksandrovna Nedobuga*

**Branch in Salsk**

13 Svobody 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-b 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*

**'Novomirsky' Sub-branch**

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

# Branch Network

## **Sub-branch in Semikarakorsk**

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

## **'Gigant' Sub-branch**

6 Zavodskaya St., Gigant  
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## Krasnodar Krai

### **Main Branch No. 8**

113/1 Sadovaya St., Krasnodar  
tel: +7 (861) 274-00-70, 274-56-04  
*Aleksandr Ivanovich Kalinich*

### **'Yubileiny' Branch**

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

### **'Na Stavropolskoy' Branch**

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

### **Branch in Anapa**

158 Samburova St., Anapa  
tel: +7 (86133) 2-12-18, 2-11-66  
*Abdulvakhob Dzhaborovich Davlyatov*

### **Branch in Armavir**

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### **Branch in Kropotkin**

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tel: +7 (86138) 6-82-78, 6-82-77, 6-82-75  
*Mihail Anatolevich Mihailichenko*

### **Branch in Novorossiisk**

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

### **Branch in Sochi**

9 Gagarina St., Sochi  
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*Tatiana Vladimirovna Dobromyslova*

### **'Sochinsky' Branch**

37 Roz St., Sochi  
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### **Branch in Timashevsk**

155 Proletarskaya St., Timashevsk  
tel: +7 (86130) 4-23-48, 4-24-87  
*Nataliya Viktorovna Poleshko*

### **Branch in Tuapse**

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

### **Branch in Gelendzhik**

74 Shevchenko St., Gelendzhik  
tel: +7 (86141) 3-46-52, 3-34-08  
*Nataliya Vyacheslavovna Maksimova*

### **'Beloglinsky' Branch'**

209 Pervomaiskaya St, Belaya Glina  
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*Galina Alekseyevna Sergeyeva*

### **'Novopokrovsky' Branch**

30 b Komsomolsky Lane, Novopokrovskaya  
tel: +7 (86149) 7-21-86, 7-06-52

### **'Kushchevsky' Sub-branch**

22 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  
*Nataliya Aleksandrovna Mokrousova*

## Stavropol Krai

### Main Branch No. 4

1 b Yunosti Avenue, Stavropol  
tel: +7 (8652) 38-09-17  
*Alexey Yurevich Labuzov*

### '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*

### Branch in Zheleznovodsk

63 Lenina St., Zheleznovodsk  
tel: +7 (87932) 3-30-23, 3-30-32  
*Anna Yurevna Makukha*

## Volgograd Region

### Main Branch No. 9

22 Raboche-Krestyanskaya St., Volgograd  
tel: +7 (8442) 90-10-90, 90-08-18  
*Anatoly Anatolevich Odnolko*

### 'Tsentralny Raion' Branch

54 Rokossovskogo St., Volgograd  
tel: +7 (8442) 37-67-87  
*Aleksandr Nikolayevich Donskov*

### '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*

### 'Mikhailovsky' Branch

4/1 Lermontova St., Mikhailovka  
tel: +7 (84463) 2-81-01, 2-91-22  
*Irina Nikolayevna Petrova*

## Representative Offices

### Representative Office in Moscow

Office 236, 5/1 Bol. Palashevsky Lane, Moscow  
tel: +7-926-591-04-40, +7 (495) 660-45-04  
*Aleksandr Viktorovich Dolganov*

### Moskovsky Sub-branch

Ground Floor, Moskovsky Department Store  
6 Komsomolskaya Sq., Moscow  
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

Center-invest Bank Group

Summarised Consolidated Financial Statements

Derived from the Audited International Financial Reporting

Standards Consolidated Financial Statements

31 December 2009

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**Independent Auditor's Report**

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

The accompanying summarised consolidated financial statements, which comprise the consolidated statement of financial position as of 31 December 2009 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, have been derived from the consolidated financial statements of "Center-invest" Bank and its subsidiary (hereinafter – "the Group") for the year ended 31 December 2009, prepared in accordance with International Financial Reporting Standards. In our report dated 7 April 2010 we expressed an unqualified opinion on the consolidated financial statements from which the summarised consolidated financial statements were derived.

The summarized consolidated financial statements do not contain the disclosures required by International Financial Reporting Standards. Reading the summarised financial statements, therefore, is not a substitute for reading the audited financial statements of the Group.

**Management's Responsibility for the Summarised Consolidated Financial Statements**

Management is responsible for the preparation of these summarised consolidated financial statements based on the audited consolidated financial statements of the Group.

**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.

**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 consolidated 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 2010  
Moscow, Russian Federation

## Consolidated Statement of Financial Position

<i>In thousands of Russian Roubles</i>	<i>31 December 2009</i>	<i>31 December 2008</i>
<b>Assets</b>		
Cash and cash equivalents	8 968 537	14 278 215
Mandatory cash balances with the CBRF	200 322	55 994
Trading securities	2 695 936	919 753
Other securities at fair value through profit or loss	6 005	6 009
Due from other banks	402 888	50 437
Loans and advances to customers	25 512 558	29 132 715
Finance lease receivables	774 045	1 577 972
Investment in associate	307 922	307 507
Intangible assets	362 744	301 729
Premises and equipment	2 636 042	2 773 671
Other financial assets	192 433	208 722
Other assets	852 548	1 040 648
<b>Total assets</b>	<b>42 911 980</b>	<b>50 653 372</b>
<b>Liabilities</b>		
Due to other banks	681 723	13 023 412
Customer accounts	27 791 089	21 251 723
Debt securities in issue	2 337 904	216 241
Other borrowed funds	—	4 183 316
Borrowings from international financial institutions	4 231 345	3 789 659
Subordinated debt	1 975 847	1 933 030
Other financial liabilities	135 129	489 307
Deferred tax liability	173 695	244 831
Other liabilities	142 948	42 746
<b>Total liabilities</b>	<b>37 469 680</b>	<b>45 174 265</b>
<b>Equity</b>		
Share capital	1 258 709	1 258 709
Share premium	1 646 428	1 646 428
Revaluation reserve for premises and equipment	1 166 911	1 279 919
Retained earnings	1 370 252	1 294 051
<b>Total equity attributable to the equity holders</b>	<b>5 442 300</b>	<b>5 479 107</b>
<b>Total liabilities and equity</b>	<b>42 911 980</b>	<b>50 653 372</b>

Approved for issue and signed on behalf of the Management Board on 7 April 2010.

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 upon request from "Center-invest" Bank located 62 Sokolova street, Rostov-on-the Don, Russian Federation, 344000.

## Consolidated Income Statement

<i>In thousands of Russian Roubles</i>	<i>2009</i>	<i>2008</i>
Interest income	4 952 758	5 429 575
Finance income arising from leasing	268 520	365 307
Interest expense	(3 134 911)	(2 574 817)
<b>Net interest income</b>	<b>2 086 367</b>	<b>3 220 065</b>
Provision for loan portfolio impairment and impairment of finance lease receivables	(1 240 137)	(999 777)
<b>Net interest income after impairment provisions</b>	<b>846 230</b>	<b>2 220 288</b>
Fee and commission income	707 462	726 530
Fee and commission expense	(130 924)	(145 031)
Gains less losses from trading securities	159 381	(211 788)
Gains less losses from other securities at fair value through profit or loss	—	596
Gains less losses from trading in foreign currencies	128 579	137 438
Foreign exchange translation losses less gains	(610 340)	(1 649 818)
Gains less losses from conversion operations on the interbank market	275 252	1 153 067
Gains from assignment of the rights of claim	135 631	—
Provision for prepayments to suppliers of equipment for finance leasing purposes	(72 629)	—
Other operating income	163 586	117 070
Administrative and other operating expenses	(1 508 872)	(1 909 837)
Share of profit of associate	415	7 121
<b>Profit before tax</b>	<b>93 771</b>	<b>445 636</b>
Income tax expense	(27 157)	(138 131)
<b>Profit for the year attributable to the equity holders</b>	<b>66 614</b>	<b>307 505</b>

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 upon request from "Center-invest" Bank located 62 Sokolova street, Rostov-on-the-Don, Russian Federation, 344000.

## Consolidated Statement of Comprehensive Income

<i>In thousands of Russian Roubles</i>	<i>2009</i>	<i>2008</i>
<b>Profit for the year attributable to the equity holders</b>	<b>66 614</b>	<b>307 505</b>
<b>Other comprehensive income</b>		
Revaluation of premises and equipment	(106 653)	59 797
Income tax recorded directly in other comprehensive income	21 331	42 775
<b>Other comprehensive income for the year attributable to the equity holders</b>	<b>(85 322)</b>	<b>102 572</b>
<b>Total comprehensive income for the year attributable to the equity holders</b>	<b>(18 708)</b>	<b>410 077</b>

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 upon request from "Center-invest" Bank located 62 Sokolova street, Rostov-on-the Don, Russian Federation, 344000.

## Consolidated Statement of Cash Flow

<i>In thousands of Russian Roubles</i>	<i>2009</i>	<i>2008</i>
<b>Cash flows from operating activities</b>		
Interest received	4 729 398	5 451 295
Finance income arising from leasing	252 644	365 307
Interest paid	(3 165 659)	(2 360 051)
Fees and commissions received	700 210	725 230
Fees and commissions paid	(126 252)	(142 659)
Income received (expenses incurred) from trading in trading securities	22 961	(15 948)
Income received from trading in foreign currencies	128 579	137 438
Gains less losses from conversion operations on the interbank market	296 478	1 151 136
Income received from assignment of the rights of claim	33 399	—
Other operating income received	162 581	117 092
Staff costs	(640 866)	(943 402)
Operating expenses paid	(609 805)	(796 924)
Income tax paid	(907)	(289 705)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>1 782 761</b>	<b>3 398 809</b>
<b>Changes in operating assets and liabilities</b>		
Net (increase)/decrease in mandatory cash balances with the CBRF	(144 328)	366 065
Net increase in trading securities	(1 573 898)	(146 241)
Net decrease in securities at fair value through profit or loss	2 055	21 447
Net (increase)/decrease in due from other banks	(336 909)	1 393 576
Net decrease/(increase) in loans and advances to customers	2 282 701	(2 476 093)
Net decrease/(increase) in finance lease receivables	709 433	(243 410)
Net decrease/(increase) in other assets	521 621	(10 696)
Net (decrease)/increase in due to other banks	(12 434 465)	7 643 102
Net increase in customer accounts	6 299 562	1 680 240
Net increase/(decrease) in promissory notes issued	12 900	(3 432)
Net (increase)/decrease in other liabilities	(267 694)	130 375
<b>Net cash (used in)/from operating activities</b>	<b>(3 146 261)</b>	<b>11 753 742</b>
<b>Cash flows from investing activities</b>		
Acquisition of premises and equipment	(174 398)	(467 318)
Acquisition of intangible assets	(84 242)	(114 718)
<b>Net cash used in investing activities</b>	<b>(258 640)</b>	<b>(582 036)</b>

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 upon request from "Center-invest" Bank located 62 Sokolova street, Rostov-on-the-Don, Russian Federation, 344000.

## Consolidated Statement of Cash Flow (continued)

<i>In thousands of Russian Roubles</i>	<i>2009</i>	<i>2008</i>
<b>Cash flows from financing activities</b>		
Proceeds from bonds issued on domestic market	2 803 802	136 848
Redemption of bonds issued on domestic market	(694 331)	(1 442 928)
Repayment of other borrowed funds	(4 863 517)	(755 206)
Proceeds from borrowings from international financial institutions	1 995 892	1 147 629
Repayment of borrowings from international financial institutions	(1 590 266)	(1 147 475)
Proceeds from subordinated debt	—	1 186 362
Dividends paid	(18 099)	(157 690)
<b>Net cash used in financing activities</b>	<b>(2 366 519)</b>	<b>(1 032 460)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>461 742</b>	<b>164 960</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(5 309 678)</b>	<b>10 304 206</b>
Cash and cash equivalents at the beginning of the year	14 278 215	3 974 009
<b>Cash and cash equivalents at the end of the year</b>	<b>8 968 537</b>	<b>14 278 215</b>

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 upon request from "Center-invest" Bank located 62 Sokolova street, Rostov-on-the-Don, Russian Federation, 344000.

## Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Bank				Total equity attributable to the equity holders
	Share capital	Share premium	Revaluation reserve for premises and equipment	Retained earnings	
<b>Balance at 1 January 2008</b>	<b>1 258 709</b>	<b>1 646 428</b>	<b>1 203 871</b>	<b>1 117 712</b>	<b>5 226 720</b>
Total comprehensive income for 2008	—	—	102 572	307 505	410 077
Dividends declared and paid:					
— ordinary shares	—	—	—	(139 591)	(139 591)
— preference shares	—	—	—	(18 099)	(18 099)
Depreciation of revalued premises, net of tax	—	—	(26 524)	(26 524)	—
<b>Balance at 31 December 2008</b>	<b>1 258 709</b>	<b>1 646 428</b>	<b>1 279 919</b>	<b>1 294 051</b>	<b>5 479 107</b>
Total comprehensive (expense)/income for 2009	—	—	(85 322)	66 614	(18 708)
Dividends declared and paid:					
— ordinary shares	—	—	—	—	—
— preference shares	—	—	—	(18 099)	(18 099)
Depreciation of revalued premises, net of tax	—	—	(27 686)	(27 686)	—
<b>Balance at 31 December 2009</b>	<b>1 258 709</b>	<b>1 646 428</b>	<b>1 166 911</b>	<b>1 370 252</b>	<b>5 442 300</b>

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 upon request from "Center-invest" Bank located 62 Sokolova street, Rostov-on-the-Don, Russian Federation, 344000.





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