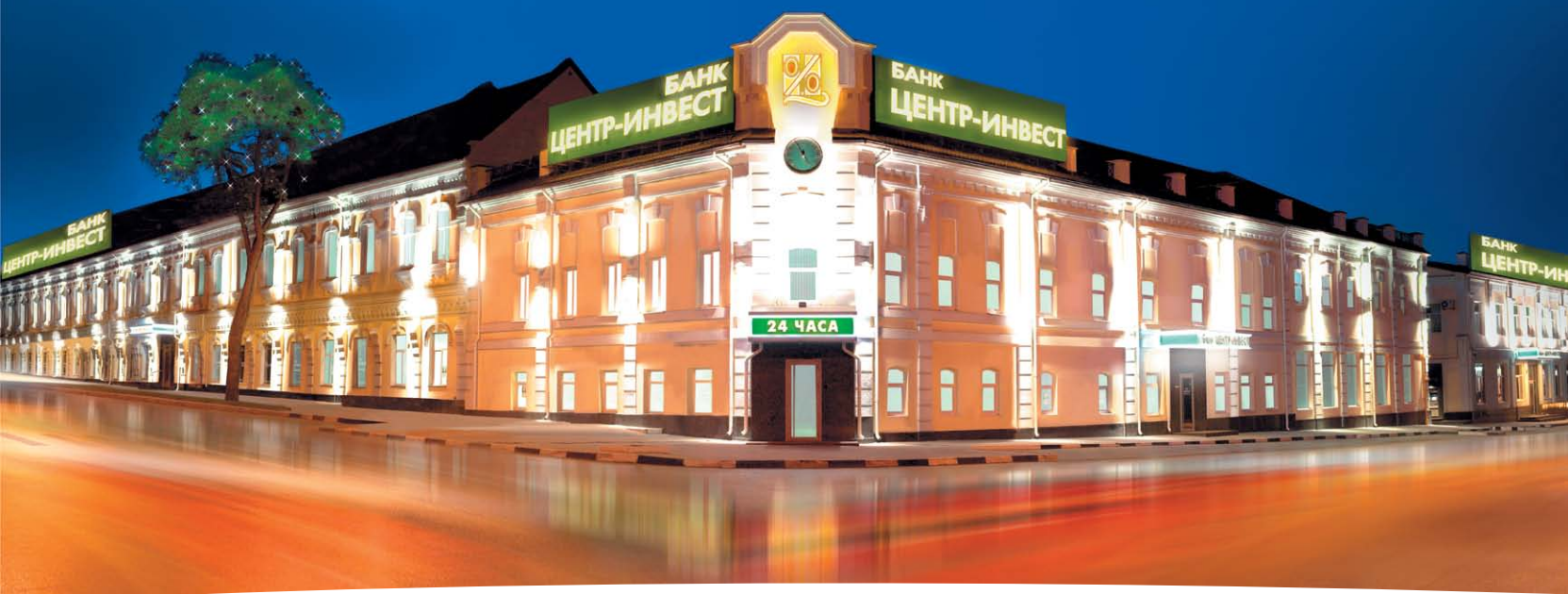


Annual Report 2010



Annual Report 2010



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**62 Sokolova Avenue, Rostov-on-Don,
344000, Russia, tel: +7 (863) 2-000-000**

www.centrinvest.ru

welcome@centrinvest.ru

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 the local population and businesses in southern Russia with banking services on the basis of international standards and modern banking technologies.



Annual Report 2010

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The 2010 Annual Report was approved by the Board of Directors of Center-Invest Bank on 25 March 2011 (meeting minutes No. 2).

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

A crisis is a very useful thing in that it forces us to reassess the past and to see new horizons for the future. A crisis stimulates creative thinking. It forces us to search for new markets, create new products, look for alternative solutions, and explore new growth opportunities.

In 2010, all of our employees helped our customers to overcome the consequences of the crisis. Our staff also submitted their own proposals for our future development priorities.

Center-Invest Bank's Executive Committee drew up our strategy for 2011-2015 "The Post-Crisis Development of Southern Russia", and the strategy was approved by the Board of Directors in early December. There is every reason for us to believe that we can implement this strategy successfully.

Firstly, we were successful in implementing our previous strategy "South of Russia+" and the programme "Southern Russia Versus the Global Crisis". Center-Invest Bank controlled risks very professionally and demonstrated a balanced approach to assets and liabilities management. We also diversified our loan portfolio sensibly in terms of sectors, loan terms and borrowers, with the majority of our loans being to retail customers and SMEs in southern Russia. The high level of competency demonstrated by our staff, reinforced and developed by regular training and seminars, and our theoretical knowledge and practical experience of tailoring international best practice to the Russian environment, are important components of success and inspire confidence in our ability to achieve our plans. Thanks to measures designed to make our own operations more efficient, our profits in 2010 were sufficient for the payment of dividends not only on preference shares, but also on ordinary shares. Center-Invest Bank strengthened its position in the market, further improved its standing among its partners and customers, and met all of its obligations on time and in full. As a result, in 2010 we saw deposits increase by RUB5.5bn, creating a good basis for sustainable lending to facilitate our customers' post-crisis growth.

Secondly, the sustainable banking model used by Center-Invest Bank, with its focus on the long-term development of our own business and that of our customers, was proven by the crisis to be both viable and effective. Following the downturn, the economy of southern Russia is growing faster than before. We are helping our customers to modernize their production, using the competitive advantages obtained through banking with Center-Invest: access to finance and international best practice to introduce new technologies in all sectors of the economy, making it possible to produce goods and services that can compete on global markets. Furthermore, Center-Invest Bank is now the leading bank for energy efficiency lending in Russia.

Thirdly, southern Russia possesses a number of advantages (its climate, its geographical position, an economy that is diversified not only in terms of sectors, but also in terms of company sizes, and the local population's temperament and tradition of enterprise), which will enable it to develop sustainably regardless of developments on the global markets. In addition to southern Russia's traditional advantages, new opportunities have arisen: the 2014 Winter Olympics are being held in Sochi, four cities in southern Russia will be among those to host the FIFA 2018 World Cup, and programmes are in place to develop resorts and recreational facilities in the North Caucasus.

Finally, at Center-Invest Bank we are constantly innovative, regularly developing new products and services for our retail customers, SMEs, agribusiness, and energy efficiency, and enhancing our systems and processes (IT, bank cards, internal control, lending procedures, risk management). This is to ensure that we are able to build on all the aforementioned advantages and fulfil our mission: **to provide the local population and businesses in southern Russia with banking services on the basis of international standards and modern banking technologies.**

We will continue to expand our cooperation with foreign partner banks and their customers, promoting partnerships for the modernization of SMEs in southern Russia.

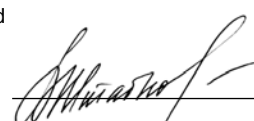
In 2010 the bank continued to run its social programmes: 8,000 schoolchildren visited the "Treasures of the Don Steppes" exhibition at the Rostov Region Local Studies Museum free of charge, and for the seventh year in a row, the 255 top higher education students were awarded Center-Invest scholarships. Schools in southern Russia received gifts in the form of copies of Dr. Vasily Vysokov's new book about enterprise, written especially for children, and the bank held a competition among teachers who teach business basics to senior pupils.

We are pleased to note that 81 children were born to Center-Invest employees in 2010, indicating that our staff feel secure about their futures. We can be confident that all the members of the Center-Invest team are committed to helping the bank reach new horizons.

Chairman of the Board of Directors
and President of Center-Invest Bank
Vasily V. Vysokov
Professor, Doctor of Economics



Chairman of the Executive Board
of Center-Invest Bank
Anna A. Shtabnova
Ph.D in Economics, Reader



Center-Invest Bank's 2011-2015 Strategy

"The Post-Crisis Development of Southern Russia"

(plan)

RUB. bn

	01.01.2011	01.01.2012	01.01.2013	01.01.2014	01.01.2015
Capital	5.8	6.2	7.1	8.2	9.6
Assets	48.3	49.0	55.3	62.1	70.2
Net loans and leasing	30.6	35.7	41.8	48.2	55.9
Deposits	33.8	35.4	39.0	42.7	46.4
Profit	0.2	0.7	0.9	1.2	1.6



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

Deputy CEO, CFO Erste Bank, Ukraine



Dr. Andreas Zeisler

First Vice-President and Head of Financial Institutions, 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



**Grigory I.
Zhukov**

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



**Yuri Y.
Bogdanov**

Head of the Department for IT and Settlement Systems



**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

Our strategy for 2007-2011 “South of Russia +” had been updated to incorporate the anti-crisis programme “Southern Russia Versus the Global Crisis”, which we had developed for our customers in October 2008. This programme took into account the reduced demand during the first phase of the crisis, and envisaged that companies would increase the efficiency of their business processes across the board. This would allow them to return to pre-crisis performance levels within two years and to start building the post-crisis economy. Real-life developments in 2010 showed that we had chosen the correct path, that our forecasts had been well founded, and that our approved plans and programmes had been achievable.

In 2010,

- Center-Invest Bank brought **RUB600m** into the economy of southern Russia in the form of **long-term (five-year) loans from the International Finance Corporation (IFC) for lending to SMEs in the agricultural sector**.
- We increased our capital: at FYE 2010, it was **RUB5.8bn** according to IFRS. Capital was **RUB6.1bn** calculated in accordance with Bank of Russia requirements, and **RUB7.5bn** calculated in accordance with the Basel Capital Accord.
- Center-Invest Bank was included in the list of the **59 banks** that are permitted to act as guarantors for loans from the Bank of Russia (http://www.cbr.ru/analytics/standart_system/print.asp?file=spr_8.htm).
- For the **15th year in a row** Center-Invest was successfully **audited in accordance with IFRS** (PricewaterhouseCoopers).
- Center-Invest Bank's bonds were included in the list of securities accepted as collateral for Bank of Russia loans and for direct repo agreements with the Bank of Russia.

In June 2010 the international rating agency Moody's Investors Service upheld the bank's B1 long-term credit rating, and upgraded the bank's outlook from 'negative' to 'stable'.

Key financial indicators (IFRS)*

	RUB, millions				
	31.12.2006	31.12.2007	31.12.2008	31.12.2009	31.12.2010
Shareholders' equity	4,187.8	5,226.7	5,479.1	5,442.3	5,774.1
Assets	23,832.6	39,461.1	50,653.4	42,912.0	48,279.3
Loans and Leases	15,819.7	28,723.3	30,710.7	26,286.6	30,624.7
Customer accounts	12,361.0	19,245.1	21,251.7	27,791.1	33,813.7
Profit	513.3	700.9	307.5	66.6	219.8

Dividends on Center-Invest Bank shares

for 2010

	% of par	Sum in rubles
Preference shares	20 %	18 098 500
Ordinary shares	10 %	77 550 750

*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

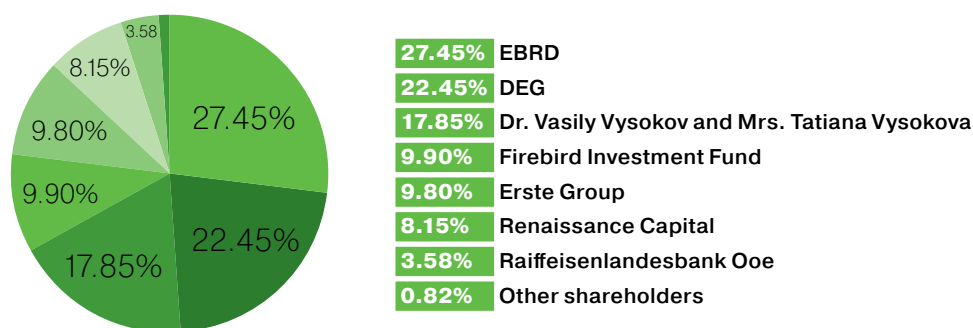
During the crisis, Center-Invest Bank maintained its leading position in southern Russia, and we achieved accelerated development in the most promising market segments. Among Russia's **Top 100 banks** Center-Invest ranks:*

6th	value of SME loans	48th	liquid assets
28th	value of mortgage loans	52nd	number of cards in circulation
30th	number of car loans	61st	business loan portfolio
38th	number of branches	64th	loan portfolio
39th	retail deposits	73rd	net assets
43rd	number of ATMs		
48th	retail loan portfolio		

* Data from RosBusinessConsulting (www.rbc.ru)

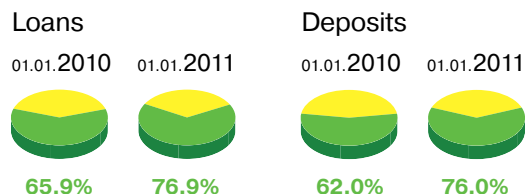
We increased our share of the banking services market in the Rostov region, and we retained the confidence of our customers in southern Russia.

Shareholders at FYE 2010 (% of voting shares)

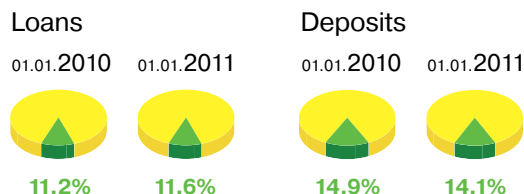


Center-Invest Bank's market share in the Rostov region

Local banks

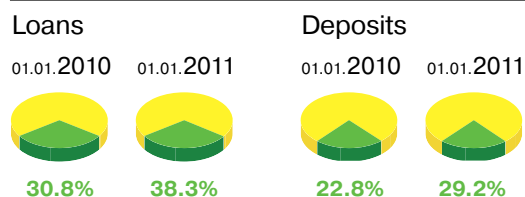


All banks

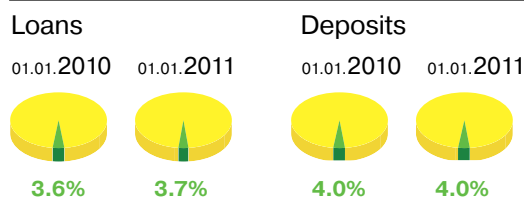


Center-Invest Bank's market share in southern Russia

Local banks



All banks



Main Achievements and Financial Results

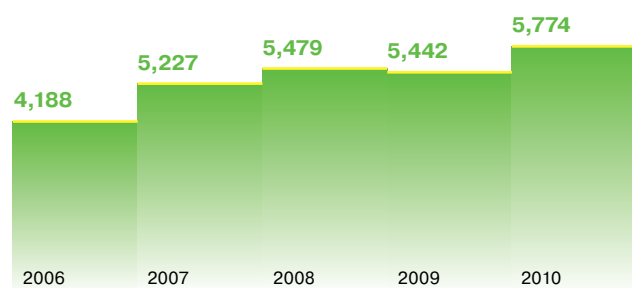
Key indicators

2010 was a year of growth for Center-Invest Bank, with improved results for key financial performance indicators. Net profits were up threefold on 2009, to **RUB219.8m**. Net operating revenues in the reporting period were **4.5%** higher than last year.

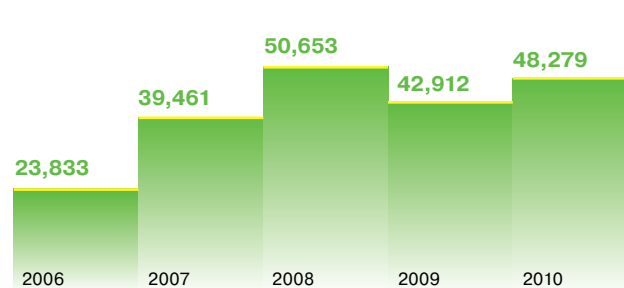
In the reporting period the sum of **RUB1,077m** was set aside in loan loss provisions. In 2010, we managed to significantly lower our interest expense, achieving a **14.8%** reduction compared to 2009. We remained committed to controlling our business costs. Our operating ratio was **51.8%**.

We maintained a high capital adequacy ratio at **19.8%**.

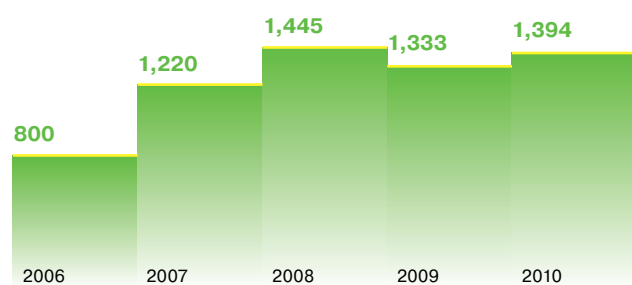
Shareholders' equity, RUB millions



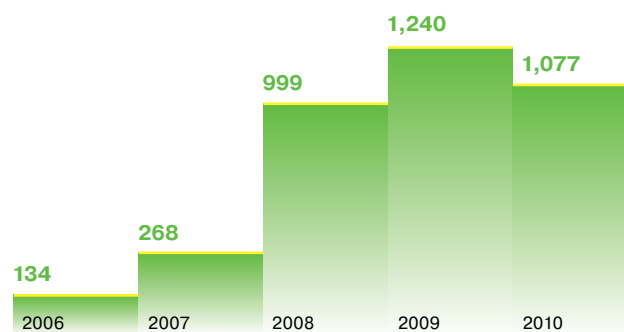
Net assets, RUB millions



Net operating revenues before provisions, RUB millions



Loan loss provisions, RUB millions



All of the figures and ratios are calculated in accordance with IFRS.

Balance sheet structure

Net assets at FYE 2010 were **RUB48.3bn**, up **12.5%** on 2009.

The increase in assets was largely attributable to growth of **16.5%** in the loan and leasing portfolio; at FYE 2010 the portfolio stood at **RUB30.6bn**.

By year end, the bank's total liabilities were **RUB42.1bn**, **13.7%** higher than in the previous year.

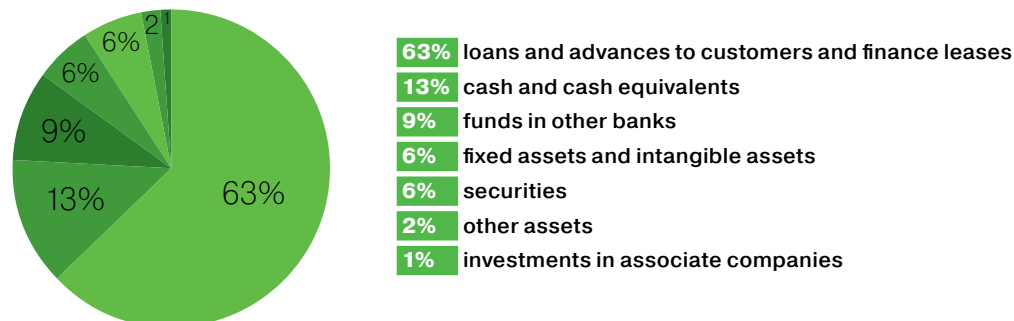
Retail deposits grew by **30.7%** in 2010, reaching **RUB23.4bn** by year end.

By the end of the financial year, the total value of loans attracted from banks, international financial institutions and the financial markets had decreased from RUB9.2bn to **RUB8.3bn**.

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. In October 2010, the international rating agency Moody's assigned a **B1** long-term credit rating to Center-Invest Bank's bonds.

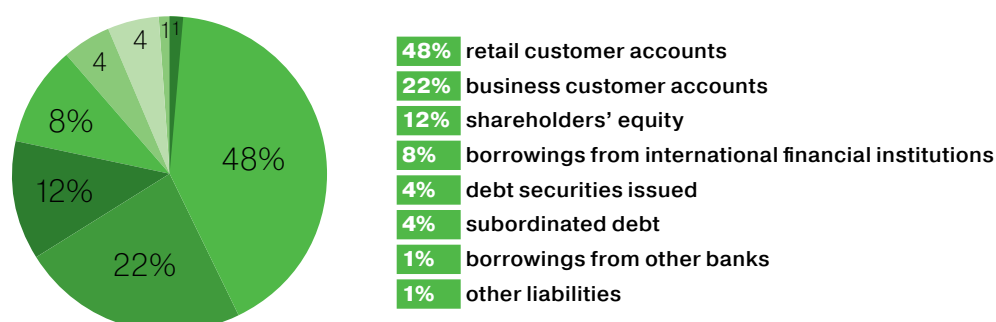
Structure of assets at FYE 2010

01.01.2011



Structure of liabilities at FYE 2010

01.01.2011



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

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 2010 the Fund's capital was **RUB38.5m**.

On 26 May, Russian Entrepreneurs' Day, Center-Invest Bank launched the new textbook written by Center-Invest Bank President, Dr. Vasily Vysokov, "Small Business: Enterprise for All for Schoolchildren" (http://www.centrinvest.ru/pdf/Centr-invest-shk-vseobuch_prev.pdf). Published as part of our **educational programme "Enterprise for All"**, this book was distributed free of charge in schools in Rostov and the Rostov region.

Together with the Administration of Rostov Region and the Rostov Regional Institute for Teacher Advanced Training and Retraining, **Center-Invest Bank held a competition among Don region teachers** to produce the best educational materials for a course in "The Principles of Enterprise". We awarded the competition winner a prize of RUB50,000, and twelve teachers from Rostov-on-Don and the Rostov region received runners-up prizes of RUB20,000 and RUB10,000.



At the Tenth International Business Forum for the Don Region, Center-Invest Bank President, Dr. Vasily Vysokov, informed the Russian Minister for Education and Science, Andrei Fursenko, and Governor of the Rostov region, Vasily Golubev, of the outcomes of the bank's educational projects. He also presented them with a copy of the textbook "Enterprise for All for Schoolchildren".

The **255 top students** from southern Russia's leading educational institutions each received a Center-Invest Bank scholarship of RUB20,000. In 2010, our total scholarship fund was more than **RUB5.1m**. Center-Invest Bank has been **providing scholarships to support the best students since 2003**, increasing their motivation and their desire to study, and instilling in them a sense of civic responsibility.

We continued to run our **educational project "The Secrets of the Art of Banking"**. This is a business school, opened within the bank for our customers' children and grandchildren. The free-of-charge educational programme 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 2010, over 30 young business people were awarded certificates for successfully completing the programme.

Every year, thanks to Center-Invest Bank's financial support, **8,000 schoolchildren** from the Rostov region visit the "Treasures of the Don Steppes" exhibition at the Rostov Region Local Studies Museum free of charge. More than 48,000 children have benefited from this social and educational programme since its launch in 2006.

More than **1,300 Second World War veterans** bank with Center-Invest, and every year, they receive gifts to commemorate Victory Day. We also hold an exciting **prize draw** for those pensioners who draw their pensions from a Center-Invest branch.

Traditionally, ahead of the start of the new academic year, Center-Invest Bank organises a **children's festival and prize draw for our young customers with a "Grow Big!" account**.

*see pages 21-22

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



Future of Russian Sustainable Banking

(Interview with Center-Invest Bank President, Dr. Vasily Vysokov)

CNBC TV channel, September 2010

<http://www.centrinvest.ru/ru/smi/186>



A Sustainable Bank for a Sustainable Region

Russia Finance. Autumn 2010

http://www.centrinvest.ru/pdf/Center_invest_Bank_Russia_Finance.pdf



Modernisierungspotenzial in Südrussland

Ernst Welteke. Moskauer Deutschen Zeitung, November 2010

http://www.centrinvest.ru/pdf/MDZ_Welteke.pdf



Our Customers Don't Grovel or Lick Anyone's Boots

(Interview with Dr. Vasily Vysokov)

Irina Zhavoronkova. Banking Review, No. 8, August 2010

<http://www.centrinvest.ru/ru/smi/187>



"Khutorskaya" Modernization

Dr. Vasily Vysokov. Ekspert-Yug, No. 43-44, November 2010

<http://www.centrinvest.ru/ru/pub/101111.html>

"In Support of The Innovative Development of Southern Russia"

Dr. Vasily Vysokov, Ekspert-Yug, No. 19-20, May 2010

<http://www.centrinvest.ru/pdf/expert-ug-doctrina.pdf>



Interview with Center-Invest Bank President, Dr. Vasily Vysokov, about Entrepreneurs' Day

RBK Southern Region TV channel. June 2010.

<http://www.centrinvest.ru/ru/smi/184>



Open lesson "Enterprise for All" for schoolchildren in Volgograd

Vesti-Volgograd TV channel. June 2010

<http://www.centrinvest.ru/ru/smi/181>



Open lesson "Enterprise for All" for schoolchildren in the Rostov region

Don-TR TV channel. June 2010

<http://www.centrinvest.ru/ru/smi/183>



Novocherkassk Polytechnic Given Free Energy Audit

Gorod N, No. 21 (880), June 2010

<http://www.centrinvest.ru/ru/smi/182>



There Are No Hopeless Situations. Well, Perhaps Just One Percent Are...

Delovoi Krestyanin, No.2, February 2010

<http://www.centrinvest.ru/pdf/dk2.pdf>

January. At the annual Central and Eastern Europe Forum organised by Euromoney magazine (Vienna, Austria), Chairman of the Executive Board, Anna Shtabnova, and Head of the Treasury and Financial Markets Department, Grigory Choryanan, held a number of meetings with European partner banks.

February. Center-Invest Bank President, Dr. Vasily Vysokov, participated in the forum “Russia 2010” in Moscow and held a number of meetings with partner banks.

Phil Case, Director of PwC's Sustainable Development and Climate Change Team, visited Center-Invest Bank. During his visit, the bank's management team discussed ways in which to make companies in southern Russia more energy efficient.

Center-Invest Bank was visited by a delegation comprising the Consul-Generals of Ukraine, Armenia and Romania, the Honorary Consuls of South Korea and Slovakia, and managers from the Hungarian Chamber of Commerce and Industry. The delegation was headed by the director of the Rostov-on-Don office of the Russian Ministry for Internal Affairs. The visitors were familiarized with the work of the front offices for business and retail customers, which operate on the basis of international standards and modern banking technologies. During the visit, Dr. Vasily Vysokov spoke about his book “Southern Russia Versus the Global Crisis”.

March. Together with Raiffeisenlandesbank Oberösterreich AG, and supported by the Austrian Chamber of Commerce and Industry in Russia, Center-Invest Bank organised an Austrian agricultural trade mission to southern Russia. As part of this event, networking meetings were held for the Austrian agriculturalists to meet their counterparts from the Don region.

Center-Invest Bank President, Dr. Vasily Vysokov, attended a Business Breakfast (Kiev, Ukraine), the theme of which was “Improving Energy Efficiency”. Representatives of the Ukrainian authorities participated in the discussions.

April. Head of the Investment Lending Department, Sergei Smirnov, took part in the EU-Tacis project “Investment in Energy Efficiency Projects in the Russian Regions” (Moscow). He shared our experience in energy efficiency with partner banks.

May. During the “Euromoney Forex” forum, held in London, Deputy Chairman of the Executive Board, Olga Vysokova, held negotiations with foreign banks.

At the annual meeting of the EBRD in Zagreb (Croatia), Center-Invest Bank President, Dr. Vasily Vysokov, presented the bank's performance results and his vision for the sustainable development of the banking business.



During the EU-Russia Summit, Center-Invest Bank and the international consulting company M&V decon GmbH (Germany) signed an agreement undertaking to conduct an energy audit of the South Russian State Technical University (SRSTU).

As part of “Finnish Days in Russia”, Center-Invest Bank received a delegation of Finnish parliamentary deputies, headed by Chair of the Parliamentary Commission for the Economy, Jouko Skinnari, as well as representatives of the Finnish Ministry for Employment and Economic Development and the Finnish Central Bank.

Dr. Vasily Vysokov presented a paper at the Third International Conference “The Post-Crisis World: Globalisation, Multipolarity, Modernization, Institutions”. The conference was attended by academics from Russia, Ukraine, Armenia, Belarus, Italy and Britain.

June. The international rating agency Moody's Investors Service upgraded Center-Invest Bank's **B1** global rating outlook for its long-term foreign currency deposits to “**stable**”. Moody's also upheld the **E+** outlook “**stable**” bank financial strengths rating for Center-Invest and our **A2.ru** national scale long-term rating.

Head of the Investment Lending Department, Sergei Smirnov, presented Center-Invest Bank's experience of implementing energy efficiency projects at a conference entitled “The Energy Efficient City in Russia”. The conference, held in Kazan, was organised by the World Bank and the Russian Ministry for Regional Development.

Investor Relations Activity

July. Center-Invest Bank President, Dr. Vasily Vysokov, together with members of the bank's management team, gave a presentation about Center-Invest Bank to senior managers from banks that belong to Erste Group Bank AG.

Head of the Agribusiness Lending Department, Alexander Bets, attended the exhibition Farm Progress Show in Boone, Iowa (USA).

September. Representatives of the bank attended the annual Fitch conference, which was devoted to the development of the banking sector and the macroeconomic situation as a whole.



Center-Invest Bank President, Dr. Vasily Vysokov, gave an interview to the CNBC TV channel (London), during which he spoke about opportunities to develop a sustainable banking business.

October. Center-Invest Bank experts presented the bank's experience in energy efficiency projects at a seminar entitled "Renewable Energy and Energy Efficiency in Brazil", held by IFC in the Brazilian city San Paulo.

Center-Invest Bank held a networking event in Rostov-on-Don for Don region business people and representatives of the Special Agency of the Novara Chamber of Commerce (EVEAT).

In partnership with IFC, Center-Invest Bank launched a new lending programme "Energy Efficient Housing and Communal Services".

Together with the EBRD, Center-Invest Bank held a seminar entitled "The Energy Efficiency Potential of the Rostov Region's Businesses and Municipal Districts". During this event, the international consulting company MVV decon GmbH (Germany) presented the results of energy audits that it had carried out for a number of our business customers.

November. Center-Invest Bank President, Dr. Vasily Vysokov, attended a conference on "The Future of the Banking Business", held in The Hague (The Netherlands). He also attended the third international symposium from the series Atrium Dialogues. The theme of the symposium, held in Germany, was SME development.

December. Deputy Chairman of the Executive Board, Olga Vysokova, attended the Adam Smith conference in London "The Russian Banking Forum". During this event she held talks with Russian and foreign partners.

Olga Vysokova also represented the bank at the annual meeting of members of the Association of Foreign Banks in London.

Ratings

Agency	Scale	Rating
Moody's Investors service	Global	B1
Moody's Interfax Rating Agency	National	A2.ru
RusRating	National	BBB-

Our sustainable corporate governance system has 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.

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. Both the bank and its customers have since based their strategic plans for the new economic environment on these models. <http://www.centrinvest.ru/ru/pub/101111.html>

The Executive Board took a decision that was unprecedented in the banking sector: Center-Invest Bank would support the sustainability of its customers' businesses by maintaining lending interest rates for existing agreements at their pre-crisis levels and then reducing them as the economy stabilized. The Executive Board continued its work on controlling costs.

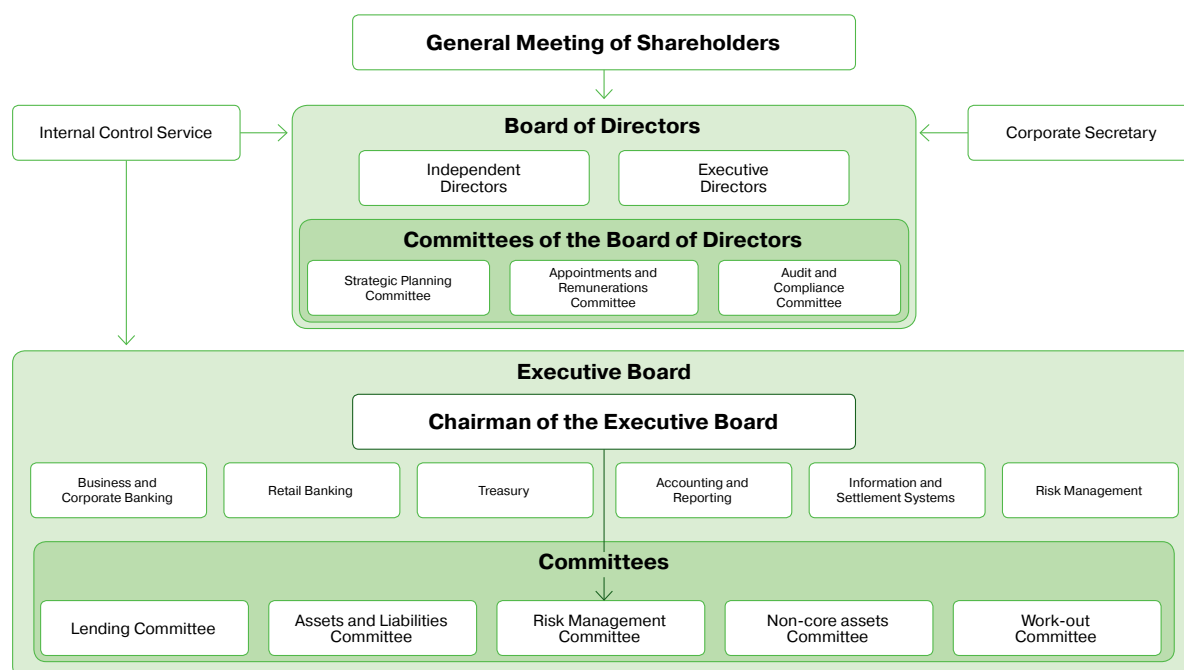
In 2010 the Board of Directors met nine times. As well as current issues, the board considered the bank's strategy in the light of the post-crisis development of southern Russia.

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.centrinvest.ru/corp



Deposits

In 2010 retail deposits increased by **RUB5.5bn**, reaching **RUB23.4bn** by year end. This growth confirms that Center-Invest Bank continues to enjoy the trust of the local population. **During 2010, the number of retail depositors banking with Center-Invest increased by 7,000.**

Payments and other services



The volume of utility bill payments (including telephone bills) accepted by Center-Invest Bank increased by **9%** to **RUB4.9bn**.

In 2010 we handled **USD16.4m** and **RUB526m** in money transfers for our retail customers.

Foreign currency exchange operations in cash exceeded **USD57.8m** and **EUR31.1m**.

Center-Invest Bank introduced a retail payment system throughout its branch network, which allows customers to pay utility and other bills online. The system processes the barcodes on bills, which speeds up payments, and it eliminates the need for customers to complete payment requests when paying for communication services. As such, it has delivered a considerable improvement in the quality of service provided by our branches.

In 2010, we continued to expand the list of organisations for which we accept payments. As well as accepting online payments under agreements with Southern Telecommunications Company and the energy supplier Donenergobyty, the bank entered into a similar agreement with the Rostov Region Tax Department. Electronic document exchange has significantly sped up payment acceptance and processing for these organisations.

Center-Invest Bank's customer service line (tel: 2-000-000) was rated one of Russia's TOP-50 financial sector call centres. Our call centre staff advise more than 350,000 customers annually.

Retail lending

In 2010, Center-Invest Bank granted 23,257 retail loans, totalling **RUB6.91bn**.

- 20,695 consumer loans totalling **RUB4.5bn**
- 1,435 car loans totalling **RUB0.65bn**
- 1,127 mortgage loans totalling **RUB1.76bn**

We also granted **523 subsidised car loans** under the government subsidised car loan programme run by the Russian Ministry of Industry and Trade.

We introduced consumer loans with a term of up to five years, as well as long-term mortgage loans with an annual interest rate calculated on the basis of the Mosprime 6M indicative rate.

We introduced a new **business start-up loan programme**.

Retail lending increased **2.9 times** in comparison with 2009. The retail loan portfolio grew by **RUB1.7bn**.

At FYE 2010, our retail loan portfolio comprised **41,698 loans** with a total value of **RUB9.5bn**.

Bank cards

In 2010 we issued **53,694** Visa International and MasterCard Worldwide cards. The number of active cards at FYE 2010 was **165,446**. Transactions using cards issued by Center-Invest Bank amounted to **RUB18.4bn**.

Center-Invest Bank is the **only bank in southern Russia with a modern processing centre**. In 2010, this centre handled **23 million transactions**.

The employees of **1,345 companies and organisations** in southern Russia receive their salaries on Center-Invest bank cards.

With the introduction of **31 new ATMs**, at FYE 2010 our acquiring network comprised: **257 ATMs, 99 cash issue desks, and 603 goods and service providers** that accept cards from Visa International, MasterCard Worldwide and Diners Club. Center-Invest ATMs now accept cards from the Chinese national payment system China UnionPay.

We have expanded the list of providers and services that can be accessed using our ATMs: **15 new providers and services** were added in 2010, including QIMI electronic purse and U-cash.



We began offering a new premium product for our more affluent customers: the VISA Platinum card. This is a prestigious product; cardholders are entitled to a range of exclusive benefits, gifts and discounts from our partners.

We introduced a new discount programme for a number of our cards: “World of Discounts”. Under this programme, cardholders can save up to 25% on their purchases when paying with their Center-Invest card.

The Supervisory Board of the Southern Federal University chose Center-Invest Bank to be the university's main settlement bank.

65,570 students and teachers from southern Russia's largest higher education institutions, including the Southern Federal University, receive their grants and salaries on Center-Invest bank cards.

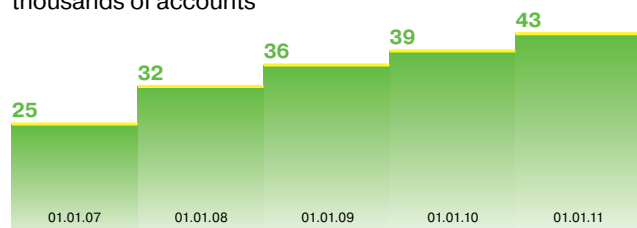
Football fans were given the unique opportunity to receive a Center-Invest Bank VISA International card bearing the World Cup logo and the official emblem of the 2010 FIFA **World Cup**.

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

Thanks to our pro-active approach to customer acquisition and our reputation as a reliable and strong partner, 2010 saw a **20%** increase in the number of new business customers. At FYE 2010, the number of business accounts held with Center-Invest Bank was **43,092**.

Number of business customers

thousands of accounts



We are expanding the functionality of our new remote banking service “Center-Invest-Client”. In 2010, **3,070** business customers signed up to use the new system.

Lending policy

Lending to companies and organisations from the real sector of the economy continues to be our priority.

At the heart of Center-Invest Bank’s customer policy is a commitment to building relationships based on strategic partnerships with our customers. The bank applies the principle that each customer must be treated as an individual: the specifics of their business should be taken into account, and the appropriate personal approach should be identified.



At FYE 2010 our business loan portfolio was **RUB23.3bn**. During the reporting period we made 5,292 loans totalling **RUB31bn**.

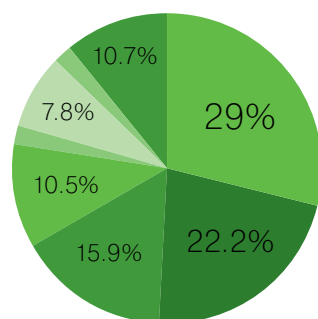
Investment loans (with a term of more than one year) to enable companies to modernize their production totalled **RUB9.8bn**.

Loans to customers from the energy sector amounted to **RUB0.6bn**.

We guaranteed a total of **RUB1.2bn** on behalf of our customers (**335 separate guarantees**): **RUB834m** in contract performance guarantees and **RUB175m** in guarantees issued to customs agencies.

Structure of loan portfolio

01.01.2011



	RUB, millions	%
Retail loans (total), incl.	9,517	29.0
– mortgage loans	3,791	11.5
– consumer loans	4,255	13.0
– car loans	1,471	4.5
Trade	7,293	22.2
Agriculture	5,219	15.9
Manufacturing	3,465	10.5
Energy	630	1.9
Construction	2,570	7.8
Transport	668	2.0
Other	3,496	10.7
Total	32,858	

SME lending and support for the SME sector

Center-Invest Bank has been running programmes to support SMEs in southern Russia for fourteen years.

To promote enterprise, Center-Invest Bank has published a textbook entitled “Enterprise for All”. We have also been running an educational programme with the same name. Under this programme, experts from the bank provide training in basic business skills and they also hold seminars for the heads of job centres, organisations supporting SMEs, and lecturers from Don region higher education institutions.

Center-Invest Bank’s customers include 41,700 SMEs and self-employed individuals.

At FYE 2010, our SME loan portfolio exceeded **RUB15.3bn**.

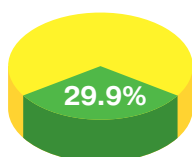
In 2010 we continued to work successfully with regional Guarantee Funds that provide loan security for SMEs. During the year, under SME lending programmes guaranteed by these funds, we made 94 loans with a total value of **RUB416.6m**.

Center-Invest Bank finances a “hot line”, which in 2010 provided **3,761 free consultations on legal issues** to businesses in the Rostov region (www.hotline.centrinvest.ru)

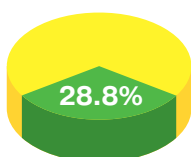
In 2010, Center-Invest Bank provided **4,896 loans** to SMEs and self-employed individuals. Total lending was **RUB21.2bn**, up **35%** on 2009.

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

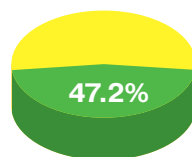
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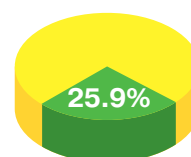
Number of loans issued
Center-Invest —
4,896 loans



Value of loans issued
Center-Invest —
RUB21.2bn



Number of loans for investment projects
Center-Invest —
542 loans



Value of loans for investment projects
Center-Invest —
RUB2.5bn

Introducing Energy Efficient Technologies

For the following international institutions, the EBRD, IFC, FMO and KfW, Center-Invest Bank is the leading Russian partner for the implementation of energy saving projects. **Since 2005** we have financed projects to introduce energy efficiency technologies in industry, agriculture, housing, the services sector, and the public sector.

By FYE 2010, Center-Invest Bank's portfolio of loans for energy efficiency projects in southern Russia was **RUB2.2bn**. To date, we have provided finance for 220 such projects, helping to achieve an annual reduction in CO₂ emissions of **66,900 tonnes** (equivalent to the annual emissions from 39,000 cars).

In 2010 we made 90 energy efficiency loans to companies and residents in southern Russia. The combined value of the loans was **RUB840m**, representing an **86%** increase on energy efficiency lending in 2009.

Center-Invest Bank's success in financing energy efficiency projects is attributable to the fundamentally new approach that we have developed for our customers in southern Russia: sustainable lending. This new strategy combines technical, financial and social engineering.

Center-Invest Bank and IFC are running a joint technical assistance project: IFC experts are assisting the bank develop new banking products for the housing management sector and private homeowners. Under our **Energy Efficient Housing and Communal Services Programme**, we provide loans to homeowner associations and companies that manage residential multifamily buildings so that they can carry out energy efficiency renovations. The residents of 32 such buildings are already seeing the savings generated by the introduction of energy efficiency technologies in their homes.

To discuss the implementation of energy saving programmes, experts from the bank regularly hold meetings with business people, the heads of municipal districts, people from the housing and communal services sector, representatives of homeowner associations and housing management companies, and colleagues from other banks. In 2010, Center-Invest Bank delivered more than **30 presentations and seminars**: we gave presentations to bankers from Brazil and Ukraine (together with IFC); at seminars, we presented our experience to banks from Moscow and the Moscow region; and we explained our programme to banks from the North-Caucasus Federal District. During the Energy Forum in Kazan, organised by the World Bank and the Russian government, Center-Invest experts spoke about our achievements in facilitating the introduction of energy efficiency technologies in industry and the social sphere in southern Russia.



In 2010, the district heating company Teploenergo and the EBRD completed the investment stage of a project that saw **RUR354m** invested in the infrastructure and environment of the city of Taganrog. The funds were used to construct ten boiler rooms, install a gas-powered combined heat and power (CHP) unit, upgrade three central heat stations, and build seven kilometres of new heating pipes.

A new RUB350m project, approved in February 2010, will further modernize the boiler facilities in Taganrog and neighbouring districts.

The South Russian State Technical University (SRSTU, Novocherkassk) was the first in the country to undergo an **energy audit**. In September 2010 the international consulting company MVV decon GmbH (Germany) presented the results of its energy audit of the SRSTU. The audit was conducted free of charge as part of grant made to Center-Invest Bank by the EBRD in 2008. Since MVV specialists began working with Center-Invest, energy audits have been carried out for a total of 16 companies and organisations (from the following sectors: manufacturing, agriculture, the printing business, meat processing, heating, food production, and education).

Agribusiness lending

In 2010 Center-Invest Bank issued **1,127 loans** to agricultural companies. The loans totalled **RUB5.7bn**, and this included **RUB2.03bn** in loans for investment purposes, such as acquiring agricultural equipment, building and modernizing production facilities and livestock farms, and purchasing livestock.



With the support of IFC, we are financing the introduction of modern technologies to grow and process crops in accordance with international quality standards.

More than **550 agricultural companies** have loans from Center-Invest Bank.

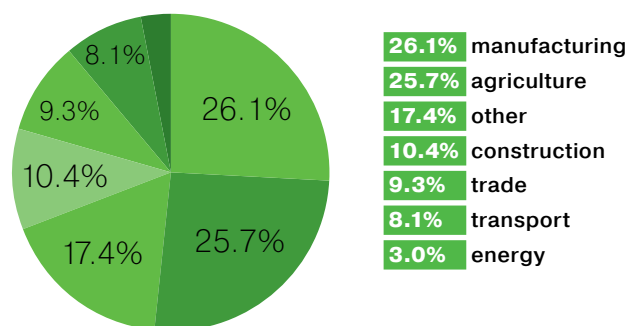
Leasing

At FYE 2010 Center-Invest Bank's total finance lease portfolio was **RUB535m**.

In 2010, we provided more than **USD3.5m** to finance the import of equipment for companies in southern Russia. Center-Invest Bank is helping to expand the list of foreign suppliers who now include southern Russian companies among their customers. Almost all the equipment imported was equipment which had no analogues in the Russian Federation.

Breakdown of lessees by economic sector

01.01.2011



International trade services

In 2010, Center-Invest Bank processed **USD191.2m, EUR102.9m, and RUB2,946.9m** in payments and settlements under our customers' import-export contracts.

At FYE 2010, to carry out these transactions on behalf of our customers, we held **5,990 "transaction certificates"** (as required by Russian legislation).

The bank is working to boost exports by companies in southern Russia, as well as imports of up-to-date equipment because SMEs in southern Russia need to modernize their fixed assets. To this end, we organise special seminars and events where our customers can meet the customers of our foreign partner banks.

For many years now, our liquidity management policy has focused on sustainability. We actively work with our partners to attract funds from the Russian and international financial markets, responding to our customer requests.

At a time of extremely limited long-term resources in the Russian market, we are actively working together with international financial institutions: the EBRD, the German Development Bank (KfW group and DEG), IFC, the Development Bank of Austria (OeEB), and the Black Sea Trade and Development Bank. The long-term resources that we attract from these international organisations enable us to finance investment projects to modernize our customers' businesses.

The bank strives to maintain a sustainable and diversified funding base, which includes a combination of retail and business deposits, debt securities and interbank loans from banks and international financial institutions. We also maintain sufficient liquid assets to be able to respond promptly to any extraordinary liquidity requirements.

Our liquidity position was stable throughout 2010. Customer deposits continually grew; moreover, this growth outpaced the growth in loans. In 2010, after several years of consumption outstripping saving, financed partly by loans, the population began to prioritise saving again.

As we had sufficient liquid assets, for the whole of 2010 we were able to avoid competing for customer accounts at any price. This kept our costs down, even although our market share of retail and business customer deposits was growing. We meet the liquidity requirements set by the Bank of Russia with a considerable reserve. At FYE 2010, our current liquidity ratio (N2) was 55.4% (Bank of Russia liquidity covenant: $\geq 15\%$).

Responding to this new situation, Center-Invest Bank focused on increasing customer deposits, while at the same time reducing our foreign borrowings: customer deposits increased by **21.7%**, from RUB27.8bn to **RUB33.8bn**, and we reduced our foreign borrowings from the financial markets by **10.2%**. At FYE 2010, net borrowing from the financial markets was RUB8.3bn.

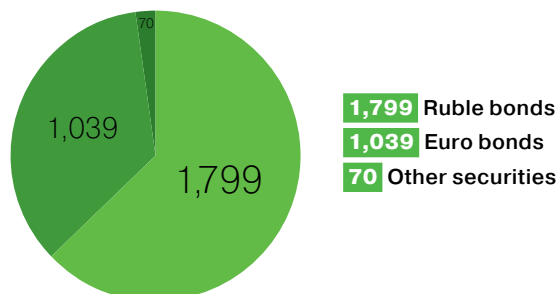
At FYE 2010 the loan to deposit ratio (L/D ratio) was 99%.

With successful experience of raising funds, including on the Russian financial market (2006 bond issue – RUB1.5bn, 2009 bond issue – RUB3.0bn), at the end of 2010, Center-Invest Bank registered six new bond issues for admission to MICEX (Moscow Interbank Currency Exchange). This will be our main instrument for borrowing from the Russian capital markets in 2011-2012.

In 2010, to maintain a high level of balance sheet liquidity, and a time of increased market risks, Center-Invest Bank managed its own **RUB2.9bn** portfolio of securities effectively. Fixed-income investments accounted for **97.6%** of the portfolio. The annual return on RUB bond transactions was **10.12%**, and on foreign currency bonds it was **6.49%**. Transactions on behalf of our customers totalled **RUB3bn**.

Structure of the securities portfolio

FYE 2010, RUBm



Trust management

At FYE 2010 the value of net assets under management was **RUB117.7m**. The annual rate of return for our bank-managed mutual fund (BMMF) Center-Invest 1 was **18.81%**, while for BMMF Center-Invest 2 it was **34.47%**.

The Association for the Protection of Investors' Information Rights (AZIPI) rated "Center-Invest 2" the best performing bank-managed bond fund of 2010.

Center-Invest Bank manages the Endowment Fund for Education and Science in the Southern Federal District (SFD) (capital under management: RUB38.5m) and the Endowment Fund of the Southern Federal University. In 2010, the annual rate of return for the university's fund was 14.87%.

International Settlements

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. The main currencies for payments are US dollars, euros, pounds sterling, and Swiss francs.

Our network of correspondent banks includes:

Erste Group Bank AG (Vienna, Austria), Citibank NA (New York, USA), HSBC BANK USA (New York, USA), Wells Fargo Bank NA (New York, USA), Commerzbank AG (Frankfurt, Germany), Raiffeisenlandesbank Oberoesterreich AG (Linz, Austria), Societe Generale SA (Paris, France), Intesa Sanpaolo SpA (Milan, Italy), UniCredit SpA (Milan, Italy), The Royal Bank of Scotland PLC (London, Great Britain), and Credit Suisse (Zurich, Switzerland).

In 2010, transactions through correspondent accounts totalled **USD26bn** and **EUR1bn**.

Center-Invest Bank is a participant in the EBRD and IFC trade facilitation programmes (TFP). 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. In 2010, our trade finance partners included banks from Germany, Austria, the Czech Republic, South Korea, China, Brazil, Uzbekistan, Ukraine and Belarus.

Internal Control

In 2010 we continued to improve our internal control system on the basis of international best practice. By continually monitoring staff compliance with agreed procedures, functions, remits, and decisions, the Internal Control Service helped the bank's Board of Directors and Executive Board ensure the sustainable and efficient running of the business.

The Internal Control Service conducted 31 comprehensive audits of branches, 17 checks of cash and valuables held by Center-Invest's branches and divisions, 16 investigations into customer complaints, and 17 audits of various aspects of the work of the bank's branches and divisions. It also carried out quarterly audits of securities trading. The errors and irregularities identified by the Internal Control Service were not such that they affected the accuracy of our financial accounts, nor did they constitute a serious violation of any law or regulation.

In 2010, the Internal Control Service assisted with inspections of the bank conducted by the Federal Financial Markets Service, the Bank of Russia, the Deposit Insurance Agency, and the Federal Tax Service.

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.

Information Technology

In 2010 Center-Invest Bank continued to improve the efficiency and increase the level of automation of its internal processes and also its customer service processes.

The number of Center-Invest customers using remote banking services is growing: 57% of payment instructions from the bank's customers are received in electronic form. To improve information security, we introduced the additional security measure of one-time codes to confirm remote banking transactions. By switching our software for bank cards to a new platform, Oracle 11, we improved data security for transactions by individuals.

In 2010, using faster and more reliable data lines, we were able to transfer all of the bank's branches to real-time mode.

In 2010 the bank introduced:

- the platform SAP exchange Infrastructure, which allows the existing information architecture to integrate effectively with a large quantity of new data, programmes and processes. It also means that we can introduce new information technologies more quickly and more successfully;
- software to control the quality of data about the bank's customers, which enables us to process customer information more effectively and to update our CRM technologies;
- a new centralised technology for preparing and printing daily and other regular reports, which has substantially reduced the number of routine operations.

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.

Center-Invest Bank's Risk Management Policy was approved by the Board of Directors. The policy regulates our risk management strategy and our main risk management procedures with due regard for Bank of Russia requirements, best international practice, and our own experience.

As our risk management system exists independently of our business divisions, we are able to take objectively sound decisions to ensure that they operate efficiently.

Center-Invest Bank's risk management system covers the whole spectrum of risks arising from the different areas of our operations. The system enables us to:

- conduct thorough assessments of borrower and collateral risks as part of the lending decision-making process;
- take timely decisions in order to achieve the quantitative and qualitative targets set out in our business plan at a time of rapid change in the external environment;
- prevent and monitor NPLs, monitor collateral;
- deal effectively with NPLs
- assess and manage market risks, including currency, stock exchange and interest rate risks;
- monitor and manage liquidity risks with the aim of ensuring that the bank has a balanced asset and liability structure and diversified sources of funding;
- monitor and manage operational risks and ensure information security;
- ensure that risks are covered by adequate capital and provisions.

By studying global, national and regional economic trends in depth and analysing their impact on regional and sectoral risks, we have been able to minimize the systemic and strategic risks of our operations at a time of global financial crisis and meet our customers' needs as the post-crisis economy emerges.

In anticipation of the phased introduction of new Basel rules (Basel III), Center-Invest Bank carried out a capital adequacy assessment. The assessment revealed that not only do we meet the new requirements, but, factoring in buffer capital, we also have a substantial stability margin (including Tier 1 capital). This is even true when applying the 'strictest' of the new rules (due to take effect in early 2019).

Of Center-Invest Bank's **1512 employees** (at FYE 2010), 26 have higher doctorates and PhDs and 11 are studying for post-graduate qualifications. Over **85%** of our employees have a higher education.

81 children were born to Center-Invest employees in 2010.

Center-Invest works together with leading higher education institutions in southern Russia, offering work experience placements to the most promising students. In 2010, we provided **80 students** with internships and work experience at the bank.

Center-Invest Bank remains fully committed to staff training and development.

During the year, **18** employees attended 24 seminars, forums and conferences, both in Russia and abroad, on the following subjects:

- Introducing technologies to save energy and other resources;
- Information security;
- Bonds and securities;
- Innovative banking technologies;
- SME lending;
- Agribusiness lending;
- Subsidised lending;
- Macroeconomic (international) policy;
- Investment policy.

Last year, we carried out performance appraisals for all of our branch staff, including the senior accountants, cashiers and branch managers. We also carried out thorough assessments of all the staff working in our lending departments.



To help us uncover employee potential and encourage increased efficiency, we began running an Employee of the Month competition.

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 promote sustainable development principles, and they provide retail and business customers in southern Russia with products and services on the basis of international standards and modern banking technologies. The system for managing the branch network is based on close cooperation between functional and regional managers.

At FYE 2010, Center-Invest Bank's branch network comprised **118** branches and sub-branches in Moscow, Rostov-on-Don, the Rostov region, Krasnodar and Krasnodar Krai, Volgograd and the Volgograd region, Stavropol, and Stavropol Krai. We also have representative offices in Moscow and London.

We opened **three new branches** in 2010:

Rostov region:

Sub-branch in Novocherkassk

Sub-branch in Azov

Moscow:

"Tverskaya" sub-branch

Head Office:

**62 Sokolova Avenue, Rostov-on-Don,
344000, Russia, tel: +7 (863) 2-000-000**

www.centrinvest.ru

welcome@centrinvest.ru

Representative Office in Moscow

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

Representative Office in London

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

Rostov Region

Aksai	Orlovsky
Azov	Peschanokopskoye
Bataisk	Pokrovskoye
Belaya Kalitva	Proletarsk
Bolshaya Martynovka	Rodionovo-Nesvetaiskaya
Chaltyr	Rostov-on-Don
Gigant	Salsk
Kagalnitskaya	Semikarakorsk
Kamensk-Shakhtinsky	Shakhty
Konstantinovsk	Taganrog
Krasny Sulin	Tselina
Matveyev Kurgan	Tsimlyansk
Millerovo	Veshenskaya
Morozovsk	Vesyoly
Novocherkassk	Volgodonsk
Oblivskaya	Yegorlykская
	Zernograd

Krasnodar Krai

Anapa
Armavir
Belaya Glina
Gelendzhik
Krasnodar
Kropotkin
Krylovskaya
Kushchevskaya
Labinsk
Leningradskaya
Novorossiisk
Sochi
Timashevsk
Tuapse
Yeisk

Stavropol Krai

Pyatigorsk
Stavropol
Yessentuki
Zheleznovodsk

Volgograd Region

Mikhailovka
Volgograd
Volzhsky

Center-invest Bank Group

Summarised Consolidated Financial Statements Derived from the Audited International Financial Reporting Standards Consolidated Financial Statements

31 December 2010

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International Financial Reporting Standards Consolidated Financial Statements:

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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 2010 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 2010, prepared in accordance with International Financial Reporting Standards. In our report dated 25 March 2011 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 consolidated 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

25 March 2011
Moscow, Russian Federation


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Moscow, Russia, 125047
Telephone +7 (495) 967 6000, Fax +7 (495) 967 6001, www.pwc.ru

Consolidated Statement of Financial Position

<i>In thousands of Russian roubles</i>	<i>31 December 2010</i>	<i>31 December 2009</i>
Assets		
Cash and cash equivalents	5 945 891	8 968 537
Mandatory cash balances with the Central Bank of the Russian Federation	244 706	200 322
Trading securities	2 907 567	2 695 936
Other securities at fair value through profit or loss	6 005	6 005
Due from other banks	4 511 454	402 888
Loans and advances to customers	30 142 571	25 512 558
Finance lease receivables	482 097	774 045
Investment in associate	320 657	307 922
Intangible assets	354 747	362 744
Premises and equipment	2 623 759	2 636 042
Other financial assets	202 457	192 433
Other assets	537 426	852 548
Total assets	48 279 337	42 911 980
Liabilities		
Due to other banks	362 857	681 723
Customer accounts	33 813 688	27 791 089
Debt securities in issue	2 040 432	2 337 904
Borrowings from international financial institutions	4 007 518	4 231 345
Subordinated debt	1 876 061	1 975 847
Other financial liabilities	116 525	135 129
Deferred income tax liability	166 323	173 695
Other liabilities	121 845	142 948
Total liabilities	42 505 249	37 469 680
Equity		
Share capital	1 258 709	1 258 709
Share premium	1 646 428	1 646 428
Revaluation reserve for premises and equipment	1 270 280	1 166 911
Retained earnings	1 598 671	1 370 252
Total equity attributable to the equity holders	5 774 088	5 442 300
Total liabilities and equity	48 279 337	42 911 980

Approved for issue and signed on behalf of the Management Board on 25 March 2011.

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>2010</i>	<i>2009</i>
Interest income	4 801 408	4 952 758
Finance income arising from leasing	133 321	268 520
Interest expense	(2 671 373)	(3 134 911)
Net interest income	2 263 356	2 086 367
Provision for loan portfolio impairment and impairment of finance lease receivables	(1 077 259)	(1 240 137)
Net interest income after impairment provisions	1 186 097	846 230
Fee and commission income	806 815	707 462
Fee and commission expense	(166 336)	(130 924)
(Losses less gains)/Gains less losses from trading securities	(9 399)	159 381
Gains less losses from trading in foreign currencies	46 665	128 579
Foreign exchange translation losses less gains	(34 862)	(610 340)
Gains less losses from conversion operations on the interbank market	59 487	275 252
Gains less losses from assignment of the rights of claim	14 355	135 631
Provision for other assets	(80 412)	(72 629)
Other operating income	64 896	163 586
Deposit insurance	(79 398)	(59 664)
Administrative and other operating expenses	(1 498 870)	(1 449 208)
Share of profit of associate	7 856	415
Profit before tax	316 894	93 771
Income tax expense	(97 080)	(27 157)
Profit for the year attributable to the equity holders	219 814	66 614

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Consolidated Statement of Comprehensive Income

<i>In thousands of Russian Roubles</i>	<i>2010</i>	<i>2009</i>
Profit for the year attributable to the equity holders	219 814	66 614
Other comprehensive income		
Revaluation of premises and equipment	156 492	(106 653)
Share of other comprehensive income of associate	4 879	—
Income tax recorded directly in other comprehensive income	(31 298)	21 331
Other comprehensive income for the year attributable to the equity holders	130 073	(85 322)
Total comprehensive income for the year attributable to the equity holders	349 887	(18 708)

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Consolidated Statement of Cash Flows

<i>In thousands of Russian roubles</i>	<i>2010</i>	<i>2009</i>
Cash flows from operating activities		
Interest received	4 874 668	4 729 398
Finance income arising from leasing	132 334	252 644
Interest paid	(2 709 089)	(3 165 659)
Fees and commissions received	809 457	700 210
Fees and commissions paid	(160 675)	(126 252)
Income received from trading in trading securities	16 157	22 961
Income received from trading in foreign currencies	46 665	128 579
Gains less losses from conversion operations on the interbank market	35 189	296 478
Income received from assignment of the rights of claim	18 855	33 399
Other operating income received	75 723	162 581
Deposit insurance contributions paid	(95 885)	(56 676)
Staff costs	(712 524)	(640 866)
Operating expenses paid	(494 124)	(553 129)
Income tax paid	(29 084)	(907)
Cash flows from operating activities before changes in operating assets and liabilities	1 807 667	1 782 761
Changes in operating assets and liabilities		
Net increase in mandatory cash balances with the CBRF	(44 384)	(144 328)
Net increase in trading securities	(249 413)	(1 573 898)
Net decrease in securities at fair value through profit or loss	—	2 055
Net increase in due from other banks	(4 101 450)	(336 909)
Net (increase)/decrease in loans and advances to customers	(5 736 604)	2 282 701
Net decrease in finance lease receivables	200 199	709 433
Net decrease in other assets	142 430	521 621
Net decrease in due to other banks	(318 149)	(12 434 465)
Net increase in customer accounts	6 123 090	6 299 562
Net increase in promissory notes issued	46 760	12 900
Net decrease in other liabilities	(92 162)	(267 694)
Net cash used in operating activities	(2 222 016)	(3 146 261)
Cash flows from investing activities		
Acquisition of premises and equipment	(21 491)	(174 398)
Proceeds from disposal of premises and equipment	2 383	—
Acquisition of intangible assets	(15 961)	(84 242)
Net cash used in investing activities	(35 069)	(258 640)

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Consolidated Statement of Cash Flows

<i>In thousands of Russian roubles</i>	<i>2010</i>	<i>2009</i>
Cash flows from financing activities		
Proceeds from bonds issued on domestic market	1 691 787	2 803 802
Redemption of bonds issued on domestic market	(2 035 685)	(694 331)
Repayment of other borrowed funds	—	(4 863 517)
Proceeds from borrowings from international financial institutions	650 000	1 995 892
Repayment of borrowings from international financial institutions	(863 549)	(1 590 266)
Repayment of subordinated debt	(111 894)	—
Dividends paid	(18 099)	(18 099)
Net cash used in financing activities	(687 440)	(2 366 519)
Effect of exchange rate changes on cash and cash equivalents	(78 121)	461 742
Net decrease in cash and cash equivalents	(3 022 646)	(5 309 678)
Cash and cash equivalents at the beginning of the year	8 968 537	14 278 215
Cash and cash equivalents at the end of the year	5 945 891	8 968 537

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Consolidated Statement of Changes in Equity

<i>In thousands of Russian roubles</i>	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	
Balance at 1 January 2009	1 258 709	1 646 428	1 279 919	1 294 051	5 479 107
Profit for the year	—	—	—	66 614	66 614
Other comprehensive income	—	—	(85 322)	—	(85 322)
Total comprehensive 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)	—
Balance at 31 December 2009	1 258 709	1 646 428	1 166 911	1 370 252	5 442 300
Profit for the year	—	—	—	219 814	219 814
Other comprehensive income	—	—	130 073	—	130 073
Total comprehensive income for 2010	—	—	130 073	219 814	349 887
Dividends declared and paid:					
— ordinary shares	—	—	—	—	—
— preference shares	—	—	—	(18 099)	(18 099)
Depreciation of revalued premises, net of tax	—	—	(26 704)	26 704	—
Balance at 31 December 2010	1 258 709	1 646 428	1 270 280	1 598 671	5 774 088

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