

# **Centr-invest Bank Group**

## **International Financial Reporting Standards Consolidated Financial Statements Abridged Version Without Audit Opinion**

**30 September 2008**

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**Centr-Invest Bank Group**  
**Consolidated Balance Sheet as at 30 September 2008**  
*(in thousands of Russian Roubles)*

<i>In thousands of Russian Roubles</i>	<b>30 September 2008</b>	<b>30 September 2007</b>	<b>31 December 2007</b>
<b>ASSETS</b>			
Cash and cash equivalents	7 674 167	3 486 095	3 974 009
Mandatory cash balances with the CBRF	302 404	606 666	422 059
Trading securities	932 865	679 317	963 633
Other securities at fair value through profit or loss	22 959	33 666	26 976
Due from other banks	539 465	3 136 674	1 417 650
Loans and advances to customers	32 520 715	22 209 649	27 436 108
Finance lease receivables	1 708 893	1 150 811	1 287 223
investment in associate	301 727	-	300 386
Intangible assets	274 997	187 775	209 439
Premises and equipment	2 606 658	2 362 714	2 413 656
Other financial assets	1 395 233	858 685	798 856
Other assets	269 743	309 931	211 066
<b>TOTAL ASSETS</b>	<b>48 549 826</b>	<b>35 021 983</b>	<b>39 461 061</b>
<b>LIABILITIES</b>			
Due to other banks	7 536 664	4 760 985	4 535 891
Customer accounts	23 037 085	16 359 548	19 245 060
Debt securities in issue	1 568 199	1 565 619	1 523 329
Other borrowed funds	4 078 156	4 406 135	4 358 692
Borrowings from international financial institutions	3 889 199	1 991 279	3 538 762
Subordinated debt	1 674 316	371 824	373 198
Other financial liabilities	605 101	386 321	365 079
Deferred tax liability	274 686	237 057	260 999
Other liabilities	144 282	148 100	33 331
<b>TOTAL LIABILITIES</b>	<b>42 807 688</b>	<b>30 226 868</b>	<b>34 234 341</b>
<b>EQUITY</b>			
Share capital	1 258 709	1 258 709	1 258 709
Share premium	1 646 428	1 646 428	1 646 428
Revaluation reserve for premises and equipment	1 203 871	809 146	1 203 871
Retained earnings	1 633 130	957 501	1 117 712
<b>Net assets attributable to the Bank's equity holders</b>	<b>5 742 138</b>	<b>4 671 784</b>	<b>5 226 720</b>
<b>Minority interest</b>	<b>-</b>	<b>123 331</b>	<b>-</b>
<b>TOTAL EQUITY</b>	<b>5 742 138</b>	<b>4 795 115</b>	<b>5 226 720</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>48 549 826</b>	<b>35 021 983</b>	<b>39 461 061</b>

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

\_\_\_\_\_  
A.A. Shtabnova  
Chairman of the Board

\_\_\_\_\_  
E.A. Koujeleva  
Chief Accountant

**Centr-Invest Bank Group**  
**Consolidated Statement of Income for the Period Ended 30 September 2008**  
*(in thousands of Russian Roubles)*

<i>In thousands of Russian Roubles</i>	<b>9 months 2008</b>	<b>9 months 2007</b>	<b>200</b>
Interest income	3 926 673	2 578 664	2 578 664
Finance income arising from leasing	268 099	146 936	146 936
Interest expense	(1 900 179)	(1 331 442)	(1 331 442)
<b>Net interest income</b>	<b>2 294 593</b>	<b>1 394 158</b>	<b>1 394 158</b>
Provision for loan impairment and impairment of finance lease receivables	(344 700)	(200 2)	(268 87)
<b>Net interest income after impairment provisions</b>	<b>1 949 893</b>	<b>1 193 935</b>	<b>1 793 11</b>
Heat energy revenues	-	164 231	
Heat energy direct costs excluding administrative and other operating expenses	-	(83 398)	
<b>Margin on sale of heat energy</b>	<b>-</b>	<b>80 833</b>	
Gains less losses from trading securities	(57 420)	(17 098)	(13 69)
Gains less losses from other securities at fair value through profit or loss	(152)	(976)	10
Gains less losses from trading in foreign currencies	52 263	20 017	27 68
Foreign exchange translation gains less losses	(298 247)	122 289	215 59
Gains less losses from conversion operations on the interbank market	162 350	(17 143)	(215 59)
Fee and commission income	535 671	359 195	548 00
Fee and commission expense	(97 922)	(81 433)	(91 88)
Gain on disposal of property	-	-	29 29
Share of profit of associates (after tax)	1 341		
Other operating income	84 958	64 503	94 44
<b>Operating income</b>	<b>2 332 735</b>	<b>1 724 122</b>	<b>2 387 07</b>
Administrative and other operating expenses	(1 420 009)	(1 090 050)	(1 435 61)
<b>Profit before tax</b>	<b>912 726</b>	<b>634 072</b>	<b>951 45</b>
Income tax expense	(239 618)	(143 774)	(244 89)
<b>Profit for the year from current operations</b>	<b>673 108</b>	<b>490 298</b>	<b>706 56</b>
<b>Discontinued operations</b>			
Net result of disposed subsidiary (after tax)	-		17 10
Gain on the disposal of subsidiary	-		(16 43)
<b>Net profit from discontinued operations</b>	<b>-</b>		<b>66</b>
<b>Profit for the year</b>	<b>673 108</b>	<b>490 298</b>	<b>707 23</b>
<b>Profit attributable to:</b>			
Equity holders of the Group	673 108	496 592	700 91
Minority interest	-	(6 294)	6 31
<b>Profit for the year</b>	<b>673 108</b>	<b>490 298</b>	<b>707 23</b>

**Centr-Invest Bank Group**  
**Consolidated Statement of Cash Flow for the Period Ended 30 September 2008**  
*(in thousands of Russian Roubles)*

<i>In thousands of Russian Roubles</i>	<b>9 months 2008</b>	<b>9 months 2007</b>
<b>Cash flows from operating activities</b>		
Interest received	4 024 216	2 550 406
Interest paid	(1 647 714)	(1 174 826)
(Expense)/ income received from trading in securities	14 953	(14 081)
Income received from trading in foreign currencies	52 263	20 017
Gains less losses from conversion operations on the interbank market	(135 630)	(17 143)
Fees and commissions received	532 032	359 195
Fees and commissions paid	(94 779)	(81 433)
Other operating income received	84 960	64 482
Staff costs	(764 390)	(553 455)
Operating expenses paid	(504 409)	(419 539)
Finance income arising from leasing	268 099	147 817
Heat energy revenues	-	194 475
Heat energy direct costs, excluding administrative and other operating expenses	-	(83 398)
Income tax paid	(201 009)	(76 415)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>1 628 592</b>	<b>916 102</b>
<b>Changes in operating assets and liabilities</b>		
Net decrease/(increase) in mandatory cash balances with the CBRF	119 655	(353 081)
Net decrease/(increase) in trading securities	(28 866)	34 745
Net decrease/(increase) in other securities at fair value through profit or loss	4 496	14 490
Net decrease/(increase) in due from other banks	884 493	(1 386 362)
Net decrease/(increase) in loans and advances to customers	(5 533 990)	(7 365 947)
Net decrease/(increase) in finance lease receivables	(424 478)	(456 808)
Net decrease/(increase) in other assets	(350 024)	(242 725)
Net increase/(decrease) in due to other banks	2 874 767	2 292 649
Net increase/(decrease) in customer accounts	3 719 388	3 992 381
Net increase/(decrease) in promissory notes issued	(1 717)	(89 416)
Net increase/(decrease) in other liabilities	344 778	123 485
<b>Net cash used in operating activities</b>	<b>3 237 094</b>	<b>(2 520 488)</b>
<b>Cash flows from investing activities</b>		
Acquisition of premises and equipment	(314 960)	(314 806)
Acquisition of intangible assets	(81 863)	(42 556)
Dividend income received	-	21
<b>Net cash used in investing activities</b>	<b>(396 823)</b>	<b>(357 341)</b>
<b>Cash flows from financing activities</b>		
Proceeds from other borrowed funds		4 454 058
Repayment of other borrowed funds	(520 049)	-
Proceeds from borrowings from international financial institutions	1 147 629	-
Repayment of borrowings from international financial institutions	(824 316)	(393 908)
Proceeds from Subordinated debt	1 186 362	253 388
Disposal of treasury shares	-	1 563
Dividends paid	(157 690)	(157 618)
<b>Net cash from financing activities</b>	<b>831 936</b>	<b>4 157 483</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>27 951</b>	<b>(52 039)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3 700 158</b>	<b>1 227 615</b>
Cash and cash equivalents as at the beginning of the year	3 974 009	2 258 480
<b>Cash and cash equivalents as at the end of the Period</b>	<b>7 674 167</b>	<b>3 486 095</b>

**Centr-Invest Bank Group**
**Notes to the Consolidated Financial Statement as at 30 September 2008**
*(in thousands of Russian Roubles)*

	Attributable to equity holders of the Bank				Total	Minority Interest	Total equity
	Share capital	Share premium	Revaluation reserve for premises and equipment	Retained earnings			
<b>Balance at 1 January 2007</b>	<b>1 257 145</b>	<b>1 646 428</b>	<b>777 005</b>	<b>507 271</b>	<b>4 187 849</b>	<b>46 141</b>	<b>4 233 990</b>
<i>Premises and equipment:</i>							
- Revaluation	-	-	650 012	-	650 012	174 626	824 638
- Deferred tax	-	-	(156 003)	-	(156 003)	(41 910)	(197 913)
- Realised revaluation reserve	-	-	(10 403)	10 403	-	-	-
<b>Net income recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>483 606</b>	<b>10 403</b>	<b>494 009</b>	<b>132 716</b>	<b>626 725</b>
Profit for the year	-	-	-	700 916	700 916	6 315	707 231
<b>Total recognised income for 2007</b>	<b>-</b>	<b>-</b>	<b>483 606</b>	<b>711 319</b>	<b>1 194 925</b>	<b>139 031</b>	<b>1 333 956</b>
Share issue	-	-	-	-	-	-	-
<i>Treasury shares:</i>							
- Acquisitions	-	-	-	-	-	-	-
- Disposals	1 564	-	-	-	1 564	-	1 564
<i>Dividends declared and paid:</i>							
- ordinary shares	-	-	-	(139 591)	(139 591)	-	(139 591)
- preference shares	-	-	-	(18 027)	(18 027)	-	(18 027)
<b>Total movement of capital for 2007</b>	<b>1 564</b>	<b>-</b>	<b>-</b>	<b>(157 618)</b>	<b>(156 054)</b>	<b>-</b>	<b>(156 054)</b>
Disposal of subsidiary	-	-	(56 740)	56 740	-	(185 172)	(185 172)
<b>Balance at 31 December 2007</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>	<b>-</b>	<b>5 226 720</b>
Profit for the year	-	-	-	673 108	673 108	-	673 108
<b>Total recognised income for 2008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>673 108</b>	<b>673 108</b>	<b>-</b>	<b>673 108</b>
Share issue	-	-	-	-	-	-	-
<i>Treasury shares:</i>							
- Acquisitions	-	-	-	-	-	-	-
<i>Dividends declared and paid:</i>							
- ordinary shares	-	-	-	(139 591)	(139 591)	-	(139 591)
- preference shares	-	-	-	(18 099)	(18 099)	-	(18 099)
<b>Total movement of capital for 2008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(157 690)</b>	<b>(157 690)</b>	<b>-</b>	<b>(157 690)</b>
<b>Balance at 30 September 2008</b>	<b>1 258 709</b>	<b>1 646 428</b>	<b>1 203 871</b>	<b>1 633 130</b>	<b>5 742 138</b>	<b>-</b>	<b>5 742 138</b>

**Loans and Advances to Customers**

<i>In thousands of Russian Roubles</i>	<b>30 September 2008</b>	<b>31 December 2007</b>
Loans to small and medium size enterprises (SME loans)	14 214 394	11 364 066
Corporate loans	8 043 165	7 352 809
Loans to individuals – consumer and car loans	8 018 434	6 941 446
Mortgage loans	3 039 593	2 378 720
Factoring	38 993	41 561
<b>Total loans and advances to customers (before impairment)</b>	<b>33 354 579</b>	<b>28 078 602</b>
Less: Provision for loan impairment	(833 864)	(642 494)
<b>Total loans and advances to customers</b>	<b>32 520 715</b>	<b>27 436 108</b>

Movements in the provision for loan impairment are as follows:

<i>In thousands of Russian Roubles</i>	<b>30 September 2008</b>	<b>31 December 2007</b>
<b>Provision for loan impairment as at 1 January</b>	<b>642 494</b>	<b>409 350</b>
Provision for loan impairment during the year	335 916	264 629
Loans and advances to customers written off during the year as uncollectible	(144 546)	(31 485)
<b>Provision for loan impairment as at End of period</b>	<b>833 864</b>	<b>642 494</b>

Economic sector risk concentrations within the customer loan portfolio are as follows:

<i>In thousands of Russian Roubles</i>	<b>30 September 2008</b>		<b>31 December 2007</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Individuals (total), including	11 058 027	33.1	9 320 166	33.2
- consumer loans	4 617 224	13.8	4 149 283	14.8
- car loans	3 401 210	10.2	2 792 163	9.9
- mortgages	3 039 593	9.1	2 378 720	8.8
Trade	8 439 992	25.3	7 652 896	27.3
Agriculture	5 155 753	15.5	3 453 293	12.3
Manufacturing	2 353 324	7.1	2 824 268	10.1
Construction	1 510 083	4.5	1 195 564	4.2
Transport	1 409 244	4.2	1 231 960	4.3
Energy	817 417	2.5	439 003	1.6
Hotel business	388 586	1.2	309 597	1.1
Real estate	357 822	1.1	379 923	1.4
Utilities	6 391	0.0	64 784	0.2
Other	1 857 940	5.6	1 207 148	4.3
<b>Total loans and advances to customers (before impairment)</b>	<b>33 354 579</b>	<b>100</b>	<b>28 078 602</b>	<b>100</b>

**Centr-Invest Bank Group**  
**Notes to the Consolidated Financial Statement as at 30 September 2008**  
*(in thousands of Russian Roubles)*

The liquidity position of the Group as at 30 September 2008 is set out below.

	<b>Demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 6 months</b>	<b>From 6 to 12 months</b>	<b>From 1 to 5 years</b>	<b>More than 5 year</b>	<b>No stated maturity</b>	<b>Total</b>
<b>Assets</b>								
Cash and cash equivalents	7 674 167	-	-	-	-	-	-	7 674 167
Mandatory cash balances with the CBRF	302 404	-	-	-	-	-	-	302 404
Trading securities	932 865	-	-	-	-	-	-	932 865
Other securities at fair value through profit or loss	16 950	-	-	-	-	-	6 009	22 959
Due from other banks	4 233	514 399	12 500	8 333	-	-	-	539 465
Loans and advances to customers	3 144 420	4 439 345	6 555 832	5 707 248	10 523 114	2 150 756	-	32 520 715
Finance lease receivables	99 981	179 795	218 697	380 947	829 473	-	-	1 708 893
Investment in associates	-	-	-	-	-	-	301 727	301 727
Intangible assets	-	-	-	-	-	-	274 997	274 997
Premises and equipment	-	-	-	-	-	-	2 606 658	2 606 658
Other financial assets	567 428	706 964	15 041	39 967	35 833	30 000	-	1 395 233
Other assets	17 297	52 039	48 659	28 561	123 187	-	-	269 743
<b>Total assets</b>	<b>12 759 745</b>	<b>5 892 542</b>	<b>6 850 729</b>	<b>6 165 056</b>	<b>11 511 607</b>	<b>2 180 756</b>	<b>3 189 391</b>	<b>48 549 826</b>
<b>Liabilities</b>								
Due to other banks	6 467	1 936 991	4 429 797	611 801	551 608	-	-	7 536 664
Customer accounts	9 389 855	1 614 382	1 818 967	2 557 767	7 656 113	1	-	23 037 085
Debt securities in issue	6 884	1 546 612	-	14 703	-	-	-	1 568 199
Other borrowed funds	195 502	-	-	3 882 654	-	-	-	4 078 156
Borrowings from international financial institutions	385 961	43 458	428 966	709 636	2 060 541	260 637	-	3 889 199
Subordinated loan	46 799	-	-	-	189 348	1 438 169	-	1 674 316
Other financial liabilities	358 324	234 388	6 157	2 084	4 148	-	-	605 101
Deferred income tax liability	-	-	-	-	-	-	274 686	274 686
Other liabilities	107 276	1 091	14 914	21 001	-	-	-	144 282
<b>Total liabilities</b>	<b>10 497 068</b>	<b>5 376 922</b>	<b>6 698 801</b>	<b>7 799 646</b>	<b>10 461 758</b>	<b>1 698 807</b>	<b>274 686</b>	<b>42 807 688</b>
<b>Net liquidity gap</b>	<b>2 262 677</b>	<b>515 620</b>	<b>151 928</b>	<b>(1 634 590)</b>	<b>1 049 849</b>	<b>481 949</b>	<b>2 914 705</b>	<b>5 742 138</b>
<b>Cumulative liquidity gap at 30 September 2008</b>	<b>2 262 677</b>	<b>2 778 297</b>	<b>2 930 225</b>	<b>1 295 635</b>	<b>2 345 484</b>	<b>2 827 433</b>	<b>5 742 138</b>	

**Centr-Invest Bank Group**  
**Notes to the Consolidated Financial Statement as at 30 September 2008**  
*(in thousands of Russian Roubles)*

The open currency position of the Group as at 30 September 2008 is set out below.

	RR	USD	Euro	Others	Total
<b>Assets</b>					
Cash and cash equivalents	4 083 403	3 401 935	181 496	7 333	7 674 167
Mandatory cash balances with the CBRF	302 404	-	-	-	302 404
Trading securities	932 865	-	-	-	932 865
Other securities at fair value through profit or loss	22 959	-	-	-	22 959
Due from other banks	33 399	506 066	-	-	539 465
Loans and advances to customers	31 225 352	1 283 529	11 834	-	32 520 715
Finance lease receivables	1 564 703	20 850	123 340	-	1 708 893
Other financial assets excluding foreign exchange forward contracts	695 382	89 461	351 295	130	1 136 268
<b>Total financial assets</b>	<b>38 860 467</b>	<b>5 301 841</b>	<b>667 965</b>	<b>7 463</b>	<b>44 837 736</b>
Other nonfinancial assets	3 453 125	-	-	-	3 453 125
<b>Total assets</b>	<b>42 313 592</b>	<b>5 301 841</b>	<b>667 965</b>	<b>7 463</b>	<b>48 290 861</b>
<b>Liabilities</b>					
Due to other banks	2 687 405	4 685 204	164 055	-	7 536 664
Customer accounts	21 705 010	614 218	716 894	963	23 037 085
Debt securities in issue	1 568 199	-	-	-	1 568 199
Other borrowed funds	-	4 078 156	-	-	4 078 156
Borrowings from international financial institutions	1 769 076	1 835 110	285 013	-	3 889 199
Subordinated loan	-	1 674 316	-	-	1 674 316
Other financial liabilities	328 163	14 789	262 149	-	605 101
<b>Total financial liabilities</b>	<b>28 057 853</b>	<b>12 901 793</b>	<b>1 428 111</b>	<b>963</b>	<b>42 388 720</b>
Other nonfinancial liabilities	418 968	-	-	-	418 968
<b>Total liabilities</b>	<b>28 476 821</b>	<b>12 901 793</b>	<b>1 428 111</b>	<b>963</b>	<b>42 807 688</b>
<b>Off-balance sheet net notional position (Foreign exchange forward contracts)</b>	<b>(7 997 225)</b>	<b>7 598 291</b>	<b>657 899</b>	<b>-</b>	<b>258 965</b>
<b>Net open currency position</b>	<b>5 839 546</b>	<b>(1 661)</b>	<b>(102 247)</b>	<b>6 500</b>	<b>5 742 138</b>
<b>Credit related commitments</b>	<b>1 647 529</b>	<b>292 905</b>	<b>62 558</b>	<b>-</b>	<b>2 002 992</b>

The composition of the Group's capital calculated in accordance with Basel Accord is as follows:

<i>In thousands of Russian Roubles</i>	<b>30 September 2008</b>	<b>31 December 2007</b>
<i>Tier 1 capital</i>		
Share capital	1 258 709	1 258 709
Share premium	1 646 428	1 646 428
Retained earnings	1 633 130	1 117 712
<b>Total tier 1 capital</b>	<b>4 538 267</b>	<b>4 022 849</b>
<i>Tier 2 capital</i>		
Revaluation reserve for premises and equipment	1 203 871	1 203 871
Subordinated debt	1 560 438	310 919
<b>Total tier 2 capital</b>	<b>2 764 309</b>	<b>1 514 790</b>
<b>Total capital</b>	<b>7 302 576</b>	<b>5 537 639</b>
<b>Risk-Weighted Assets</b>	<b>40 782 472</b>	<b>34 057 647</b>
<b>Capital Adequacy Ratio</b>	<b>17.91%</b>	<b>16.26%</b>

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