*This Analysis provides a discussion of the factors underpinning the credit rating/s and should be read in conjunction with our Credit Opinion. The most recent ratings, opinion, and other research specific to this issuer are provided on Moodys.com. **Click here to link.***

Analysis

RUSSIA
Europe/M.East/Africa

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Center-Invest Bank

Strategy and Market Position

STRONG FOOTHOLD IN ITS HOME MARKET UNDERPINS CIB'S RATINGS

Joint Stock Company Commercial Bank "Center-invest" (CIB - rated B1/NP/E+) was established in 1992 in the city of Rostov-on-Don located in Russia's South Federal District (SFD) - the largest supplier of agricultural goods in the country. In addition to Rostov region, CIB operates in the neighbouring Krasnodar, Volgograd and Stavropol regions.

While a small bank by international standards and ranked 78th in Russia in terms of total assets and 47th in terms of retail deposits as of 1 October 2006 (source: Interfax), CIB is a visible player in its home market. According to Central Bank of Russia (CBR) statistics, it accounts for 11% of banking assets in Rostov region and 4.4% in SFD. It is thus considered to be second only to local player Sberbank in terms of market share.

Table 1: The Bank's Estimated Market Share in Rostov Region (November 2006)

Share in aggregate:	% CIB	% Sberbank's branches
Assets	11.5	46.3
Loan portfolio	12.3	32.1
Retail deposits	12.6	57.3

Source: CBR

Apart from Sberbank, the bank also faces intense competition from other commercial banks, both local players and increasingly from branches of Moscow-based financial institutions and subsidiaries of foreign banks that are primarily pursuing companies that are large federally or regionally. Nonetheless, metropolitan banks lack sufficient regional expertise and thus avoid higher-risk lending to small and medium-sized enterprises (SMEs). CIB has therefore been successful to date in avoiding direct competition in the SME segment and, to some extent, in retail.

We are of the opinion that CIB's well-established positions in its home region, together with its strong regional expertise, constitute a source of strength and thus are among the main factors supporting the bank's ratings. At the same time, we note that CIB's natural concentration of business in its home regions (see Table 4) makes it vulnerable to a downturn in the local economy.

COOPERATION WITH MULTILATERAL FINANCIAL INSTITUTIONS SUPPLEMENTS THE BANK'S FRANCHISE

CIB was founded by Vasiliy V. Vysokov - head of the bank's supervisory board - and his family members. Then, in 2004-2005, the bank's shareholder structure was supplemented by a number of multilateral financial institutions and a foreign bank.

CIB is currently owned by the European Bank for Reconstruction and Development (EBRD) (27.45%[1]), DEG KFW Bankengruppe (DEG) (22.45%), Mr. Vysokov's family members (17.84%), Firebird Capital (9.9%), Renaissance Capital (8.15%) and Raiffeisen Landesbank (3.58%); other shareholders' interests individually do not exceed 5% of the bank's equity. In December 2004, the bank also obtained a US$5 million subordinated loan from IFC. The participation of reputable and experienced international financial institutions has prompted the bank's institutional development and a focus on shareholder value – i.e. strategic planning, internal audit and compliance and compensation committees have been put in place. Moreover, the bank's Board of Directors has been supplemented by experienced bankers – representatives of EBRD and DEG - as well as an independent director (a former President of Deutsche Bundesbank). At the same time, the bank's corporate and organisational structure has undergone some changes, resulting in the bank's private owners giving up control over CIB's day-to-day activities and focusing on strategic decisions.

In Moody's view, a track record of cooperation with multilateral financial institutions (namely EBRD and DEG) underpins the bank's ratings and benefits its franchise strength. We believe that cooperation with CIB's foreign shareholders brings a good mix of Western banking expertise, modern technologies and corporate governance standards. It has also led to the training of a team of local professionals capable of managing the bank's growth going forward.

CIB IMPLEMENTS A CLEAR-CUT STRATEGY FOCUSED ON ACHIEVING LEADERSHIP IN THE SME AND RETAIL SEGMENTS IN THE SOUTH OF RUSSIA

CIB's strategic focus is on growing its positions in the SME and retail business – a market segment which provides considerable growth opportunities as, in Rostov region alone, it comprises 103,000 SMEs that employ more than 780,000 people. The sector is viewed by CIB as its core customer base. The bank already has an established niche in providing credits under EBRD, DEG and KfW-sponsored SME- and microlending programmes and also offers a variety of retail products such as consumer loans, car lending and mortgages.

Table 2: Lending Products to SME and Retail Clients' Shares in Total Loan Portfolio

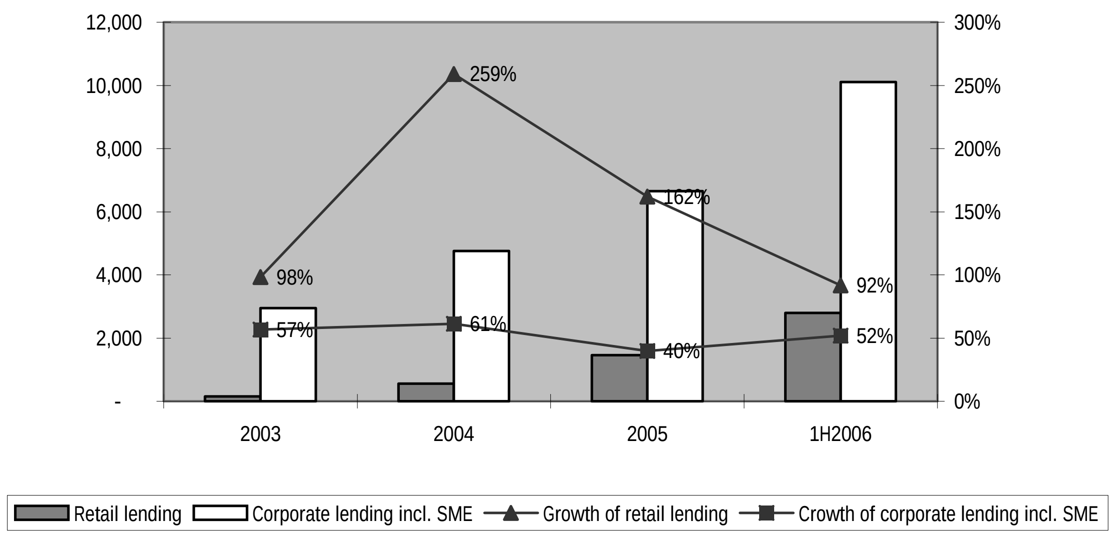
	Shares in loan portfolio	
	1-Jan-06	1-Dec-06
Consumer loans	7.3%	17.0%
Car loans	6.4%	8.0%
Mortgages	3.4%	4.9%
SME	42.9%	42.0%

Source: CIB

In the period 2002-1H2006, the retail portfolio demonstrated significant growth, expanding faster than the corporate loan portfolio. Although the SME business is likely to remain the core of CIB's franchise, the bank expects retail lending to continue being one of its main growth drivers going forward.

1. *Here and after as voting power percentage*

Retail vs. Corporate Lending Growth in RUB Millions and Date-To-Date Growth % (2006 Figures Not Annualised)



Source: CIB IFRS financial statement for 6 months ended 30 June 2006 and year ended 31 December 2005

Moody's welcomes the bank's steps in developing its SME and retail franchise as we consider such business to be less risky than corporate lending in benign economic conditions; retail and SME loan portfolios are considerably more granular, more profitable and (in the case of car loans and especially mortgages) better collateralised. In Moody's view, successful expansion in the retail segment would benefit the bank's established SME franchise and bring better diversification to its business - as well as higher returns on its loan portfolio. On the other hand, Moody's cautions that rapid growth in the segment, where the bank is a relative newcomer, together with a lack of sufficient expertise (albeit growing with the help of consultancy programmes from ING and KfW) represent a challenge for CIB's risk management systems and controls. Furthermore, rapid loan growth would require timely and sufficient capital contributions. Nevertheless, it is our opinion that a stronger retail franchise would complement CIB's current strengths and – should this new business line start to deliver strong and recurring results – could result in a ratings upgrade.

GOOD AND INCREASING CUSTOMER REACH IS SUPPORTIVE TO ACHIEVING THE BANK'S STRATEGIC GOALS

CIB manages a network of 91 branches and outlets in SFD, with most of them in Rostov region. This results in an uneven distribution of the bank's positions in SFD. The bank plans to maintain its regional focus and further increase its penetration in the Rostov, Krasnodar, Volgograd and Stavropol regions – the most buoyant parts of SFD. It has no intention of becoming a nationwide player.

Table 3: SFD Regions (with population) and CIB's Presence in Them		
Regions in SFD	**Population (thousand of people)**	**Branches and outlets opened by CIB**
Astrakhan region	1,005	-
Volgograd region	2,699	50
Krasnodar region	5,125	130
Republic of Adygeya	447	-
Republic of Dagestan	2,577	-
Republic of Kabardino-Balkariya	467	-
Republic of Ingushetiya	901	-
Republic of Kalmykiya	292	-
Republic of Karachaevo-Cherkessia	439	-
Republic of Severnaya Osetiya (Alaniya)	710	-
Republic of Chechnya	1,104	-
Rostov region	4,404	640
Stavropol region	2,735	-

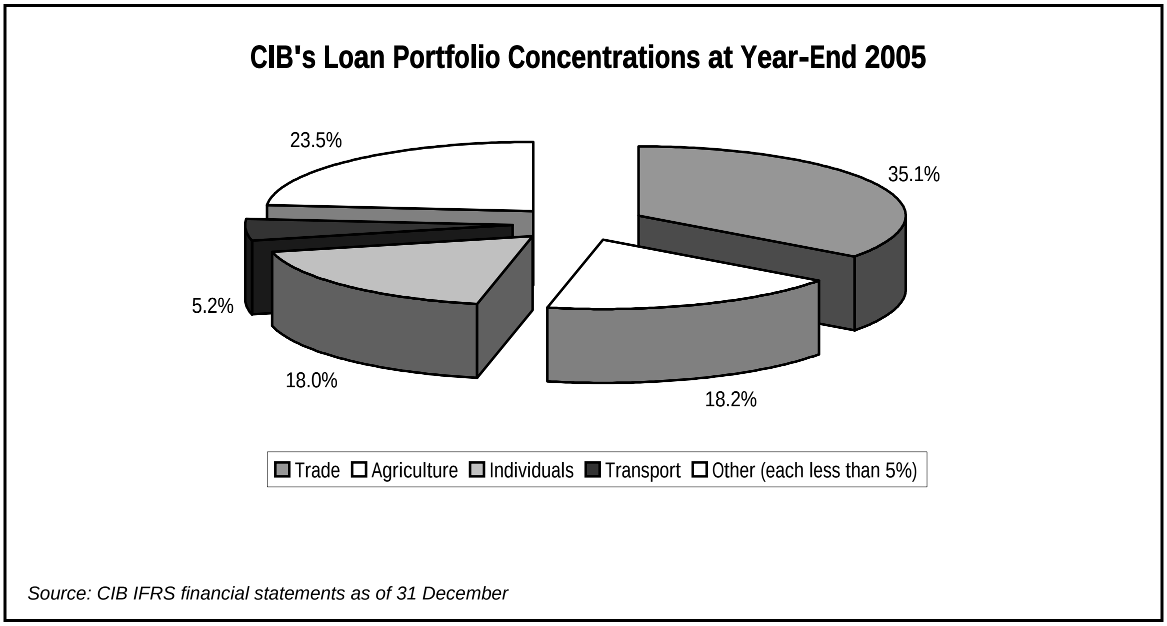
Source: CIB information

We view positively the bank's good customer reach, which is supportive to further development of SME and retail business lines and thus underpins the ratings. We also welcome CIB's coherent approach to penetrating the most promising areas of the district. Nevertheless, we caution that the newly opened branches have yet to prove their viability from a medium-to-long-term prospective, while in the short run they are very likely to represent a cost burden.

Financial Fundamentals

THE BANK'S LOAN PORTFOLIO DISPLAYS A NATURAL CONCENTRATION IN ITS HOME REGION AND THUS IS BIASED TOWARDS THE AGRICULTURAL SECTOR GIVEN THE REGIONAL SPECIFICS

Given CIB's regional focus, its loan portfolio is quite heavily concentrated in Russia's Rostov region (86% of the gross loan portfolio as at year-end 2005), which leaves the bank's performance susceptible to the health of the local economy. Agriculture forms the core of the region's economy, and therefore lending to this sector naturally comprises a significant part of the bank's activities: total exposure to agriculture was reported at 18.2% of CIB's gross loan portfolio (or 89.1% of the bank's Tier 1 capital) as at year-end 2005 (down from 116.1% a year before), being second only to the trade sector.



We caution that a substantial part of the trade sector of CIB's loan portfolio is represented by borrowers trading mainly in agricultural goods; their credit quality is therefore somewhat dependent on the performance of the region's agricultural sector. In our view, such sectoral distribution adds potential for volatility of the bank's performance given that a downturn in the regional agricultural sector (which could be driven by uncontrollable factors such as weather or crop disease) may lead to substantial losses being incurred by CIB. We would welcome a gradual reduction of the bank's exposure to agricultural and quasi-agricultural sectors, which would be instrumental to any further upward ratings potential. We, however, understand that given the bank's regional focus this trend would not be easy to achieve, and also view the bank's strong regional expertise as a mitigating factor.

THE GRANULARITY OF THE LOAN PORTFOLIO IS IN LINE WITH THAT OF PEERS; HOWEVER, SOME SIGNIFICANT SINGLE-PARTY EXPOSURES ARE EMERGING IN THE CORPORATE PORTFOLIO

As at 1 January 2006 CIB's portfolio of loan to individuals stood at 18% of its gross loans, and the portfolio was well diversified by customer – consisting of a fairly large number of balances. The corporate loan portfolio, however, has been increasingly concentrated at the top, with loans to 20 largest borrowers standing at 203.8% of Tier 1 capital as of year-end 2005, up from 141.9% in 2004 and 80.4% in 2003. Nonetheless, the present level of concentrations in CIB's loan book compares well with that of the bank's closest peers and is not inconsistent with the bank's E+/B1 ratings. At the same time we note that the bank's increasing risk appetite, resulting in further growth of the concentration levels in the loan book, could weigh negatively on its ratings. We also note that a further expansion of considerably more granular retail lending could benefit the bank's loan portfolio diversification going forward and, if properly managed, would be key to a future ratings upgrade.

THE BANK'S ASSET QUALITY IS GOOD IN A BENIGN ECONOMIC ENVIRONMENT

The asset quality of the bank has been strong to date with overdue loans standing at 0.9% of the gross loan book as of 31 December 2005 (down from 1.7% a year before), and was sufficiently covered by provisions. These stood at 3.7% and 3.9% of the gross loan portfolio, respectively, over the same period. We, however, note that the recent rapid growth of CIB's loan portfolio may potentially understate the actual level of problem loans, while the bank's relatively short track record in the fast-growing retail lending business does not enable us to judge the downside potential of its asset quality. In addition, the resilience of the portfolio has yet to be tested during a time of economic slowdown, when consumers may become more reluctant to honour their obligations. We are of the opinion that the major determinants of any future upward ratings change include CIB's ability to maintain robust asset quality with the more seasoned loan portfolio - particularly in a less favourable economic environment. We note that a continuing transfer of knowledge and skills from the bank's existing institutional shareholders would be instrumental for supporting its good asset quality going forward.

THE BANK EXHIBITS A TRACK RECORD OF SOUND PROFITABILITY…

CIB reported net IFRS profit of RUB312 million (US$10.8 million) for the year 2005, which translates into a healthy RoAA of 2.82% and RoE of 14.3% (2004: 1.98% and 12%, respectively). The bank's recurring earning power (defined as Pre-Provision Income as a percentage of Average Assets) has been historically strong at around 4.5% and, despite a dip to 3.96% as at year-end 2004, bounced back to 4.57% as of 31 December 2005. We note that CIB's relatively stable and profitable performance is one of the major factors that underpin the bank's B1/E+ ratings.

…WITH AN IMPROVING REVENUE MIX

In 2005, net interest income accounted for 7.33% of the bank's average assets or a relatively modest 66.5% of operating revenues compared to 7.03% and 64.4%, respectively, in 2004. The bank maintained a strong (given its asset mix) net interest margin (NIM) of 9.57% as of year-end 2005, which has slightly increased from 9.5% in 2004, supported by a greater contribution from the higher yielding consumer loan portfolio and a moderate (for a regional bank) interest expenses. These stood at 5.9% of average interest liabilities as at year-end 2005, mostly as a result of the established access to international funding. Fees and commissions income has been on the upward trend recently, representing 16.3% of operating profit and 1.8% of average assets in 2005, up from 14.6% and 1.6%, respectively, a year before.

We welcome an improved contribution of fees and commissions to the bank's bottom line result because we consider this source of income to be more stable and recurring (as opposed to interest revenues), potentially rendering the bank less susceptible to competitive margins squeeze going forward. We also note that the bank's relatively stable NIM is also a rating supportive factor and partly results from the fact that CIB has chosen to operate in market segments where the lending rates are more resilient to competitive pressures — loans to consumers and SMEs – and where banks enjoy greater bargaining power. In general, we are of the opinion that CIB's ability to maintain strong margins and further diversify its earning streams to more recurring components should strengthen its profitability and thus its franchise value, thereby exerting upward pressure on the ratings.

MARKET RISK APPETITE IS MODERATE

CIB holds a relatively modest securities position with the total securities portfolio standing at 4.4% of total assets or 27% of shareholders' equity as of year-end 2005 (3.49% and 26%, respectively, a year before). The portfolio was mainly represented by fixed income instruments (more than half of which is represented by sovereign and subsovereign bonds, with the remainder made up of corporate bonds and some equity instruments). FX structural positions were well balanced as of 31 December 2005, whilst the interest rate risk was mitigated by the short-term nature of CIB's assets and liabilities. As a result, the bank's bottom-line performance has historically been less susceptible to trading revenues and revaluation gains, which in total stood at 0.46% of average assets and 4.13% of operating revenues as at year-end 2005 (0.38% and 3.5%, respectively, a year before). Moody's views positively CIB's assets/earnings structure; trading and FX losses have limited potential to substantially erode the bank's earnings base and also deplete its capital, as the associated risks are low.

COST EFFICIENCY LEVELS ARE MEDIOCRE

CIB holds 68% ownership interest in heat energy company OJSC "Teploenergo" and 100% in leasing subsidiary LLC "Center-Leasing", and therefore incorporates their financial results into consolidated financial statements under IFRS, which has a clear positive impact on overall performance of the group of companies and on CIB's efficiency indicators.

Table 4: Consolidated vs Unconsolidated Cost-To-Income Ratio for the Years 2004 and 2005

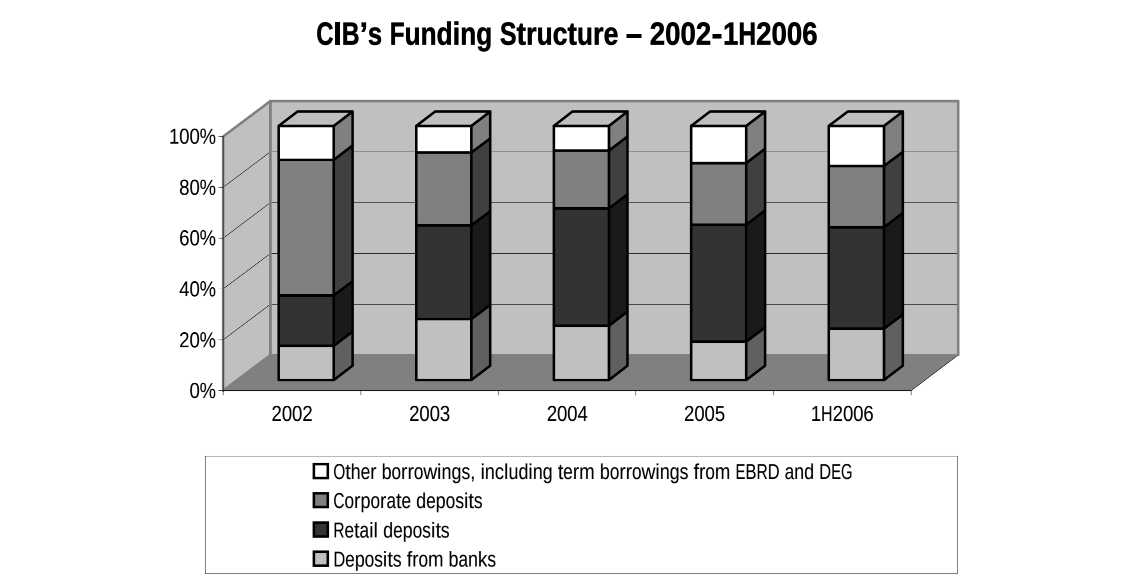
in RUB millions	2005		2004	
	Consolidated	Unconsolidated	Consolidated	Unconsolidated
Operating income	1,219	995	753	555
Costs	713	605	479	392
Cost-to-income ratio	58.5%	60.8%	63.7%	70.7%
Non interest expenses % average asets	6.4%	5.5%	6.9%	5.8%

Source: CIB IFRS consolidated and standalone financial statements

All the same, we will focus our efficiency analysis on the bank's standalone financial performance. Although the cost-to-income ratio declined in 2005, it remained quite high as a result of the bank's increasing focus on developing SME and retail business lines, which are considered to be expensive because of increased demand for additional branches, significant human resources and adequate technology. Thus, in 2005, personnel, depreciation and maintenance expenses increased by 34%, 47% and 86%, respectively (2004: 103%, 100% and 27%, respectively), and remained a heavy burden on the bank's profitability. Nonetheless, we expect that CIB's efficiency indicators will recover, and, together with the progress of its strategy, should bring about greater economies of scale and scope. These expectations are reflected in the bank's financial strength rating.

LIQUIDITY PROFILE IS ADEQUATE

CIB has historically maintained an adequate liquidity cushion, with liquid assets standing at above 26% of the total assets during the five years ended December 2005. The bank's core liquidity (defined as Cash + Due from Banks + Government Securities + Trading Securities - Due to Banks) is also strong and is on an upward trend, standing at 15.6% of total assets or 26.7% of customer deposits at year-end 2005, up from 8.3% and 14.1%, respectively, as at year-end 2004. The bank's net loans-to-customer deposits ratio was relatively tight, reported at a borderline 96% as of year-end 2005 (2004: 98%), but, in 2006 growth in deposits substantially lagged behind that of loans and as a result (according to unaudited figures) the ratio increased to 120% as at the end of 3Q2006. The bank displays a fairly diversified funding structure with a well-balanced short-term liquidity gap, and is mainly funded by retail deposits that constitute 65.4% of total customer accounts at year-end 2005 (2004: 67%) as well as by corporate deposits and long-term borrowings from foreign financial institutions (mainly international financial institutions or IFIs).



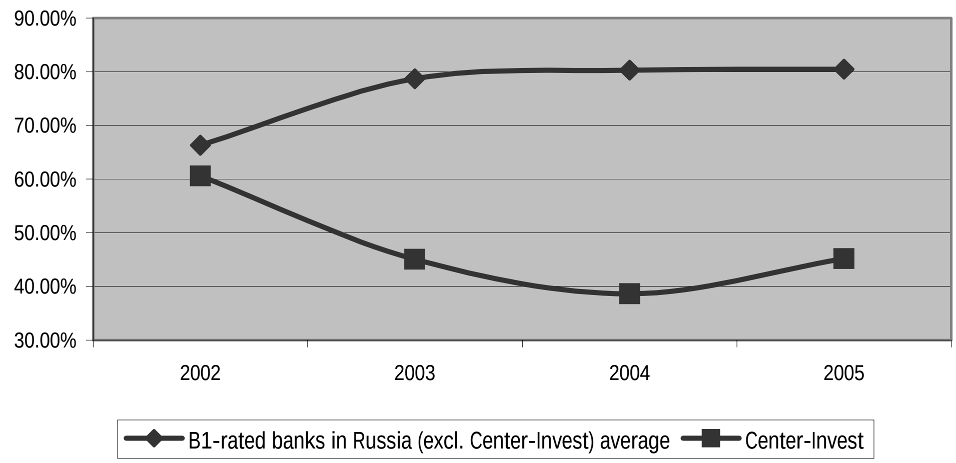
Source: CIB IFRS financial statements

We view the bank's diversified funding base as a ratings supportive factor, while we note that the bank's heightening international profile (supported by its foreign shareholders) could be key to attaining longer-term and cheaper funding, which would help to keep its gaps under control going forward.

REPORTED CAPITALISATION IS STRONG, BUT THE LEVEL OF "FREE" CAPITAL LEAVES MUCH ROOM FOR IMPROVEMENT

CIB's internal capital generation is not keeping pace with the rapid expansion in assets and the bank has to report on periodic capital injections from its shareholders. These shareholders have been supportive of the bank's growth to date and have made timely injections into CIB's capital in order to support the bank at a higher-than-average level. As of 31 December 2005, CIB's Tier-1 capital adequacy ratio was reported at a strong 14.86%, representing an increase from 12.49% as at year-end 2004 and 14.09% a year before, as a result of capital injections of RUB555 million and RUB213 million made in 2005 and 2004, respectively. The level of the bank's "free" capital (Total equity - Fixed assets - Intangible assets - Investment to non-quoted associates) is constrained by substantial investments into fixed assets. Given the regional specifics (the lack of sufficient bank premises available for long-term rent) as well as some capital gains expectations, the bank resorts to acquiring premises for its new branches as opposed to rentals. As a result, the ratio of "free" capital as a percentage of total capital is significantly lower than that of CIB's peers (i.e. B1-rated banks in Russia).

"Free" Capital Ratio as Percentage of Total Capital for Center-Invest and B1-Rated Banks in Russia in 2002-2005



Source: Moody's database and CIB IFRS financial statements

Moody's views negatively the high level of CIB's capital tied up in substantial real estate investments, as this considerably weakens the bank's economic capitalisation. Going forward, we will monitor the bank's ability to maintain "free" capital at a level commensurate with the risks taken and any material weakening not remedied in a timely manner may eventually result in a negative rating action.

Related Research

Analysis:

Russia, October 2006 (100389)

Banking System Outlook:

Russia, October 2005 (94735)

Banking System Outlook:

Russia, October 2005 (94946) Russian Translation

Banking Statistical Supplement:

Russia, January 2006 (96329)

Country Statistics:

Russia, November 2006

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Center - Invest Bank

Summary Balance Sheet (RUB million)

	12/31/05	12/31/04	12/31/03	12/31/02	12/31/01
Cash & Central Bank	1,256	870	1,021	571	469
Due from Banks	1,931	1,060	542	187	43
Government Securities	346	222	26	2	1
Trading Securities	252	74	50	97	119
Investment Securities	--	--	--	--	--
Other Liquid Assets	--	--	--	--	--
Gross Loans	7,921	5,142	3,097	1,962	1,102
Loan Loss Reserves (LLR)	-290	-202	-131	-92	-76
Net Loans	7,632	4,940	2,966	1,870	1,026
Equity in Affiliates	--	--	--	--	--
Fixed Assets	1,195	700	417	267	210
Other Assets	1,026	626	284	130	14
Total Assets	13,637	8,493	5,307	3,124	1,883
Total Assets (US$ million)	474	306	180	98	62
Customer Deposits	7,945	5,032	3,089	1,886	1,348
Due to Banks	1,660	1,517	1,062	324	24
Borrowings	1,382	524	282	183	--
Other Liabilities	286	104	84	53	26
Total Liabilities	11,272	7,176	4,516	2,446	1,398
Subordinated Loan Capital	144	139	--	--	--
Minority Interest	42	37	32	--	8
Supplementary Capital	186	176	32	-	8
Shareholders' Equity	2,179	1,141	759	678	476
Total Capital Funds	2,365	1,317	791	678	484
Total Liabilities & Capital Funds	13,637	8,493	5,307	3,124	1,882

	12/31/05	12/31/04	12/31/03	12/31/02	12/31/01
Derivatives - Notional Amount	--	--	--	--	--
Derivatives - Replacement Value	--	--	--	--	--
Risk Weighted Assets (RWA)	--	--	--	--	--
Contingent Liabilities	239	115	85	49	59

Summary Income Statement (RUB million)

	12/31/05	12/31/04	12/31/03	12/31/02	12/31/01
Interest Income	1,353	835	603	331	257
Interest Expense	-542	-350	-227	-100	-60
Net Interest Income	811	485	376	231	196
FX Income	23	16	15	15	12
Trading Income	27	10	7	70	6
Fees & Commissions	199	110	74	61	38
Other Operating Income	159	132	36	2	4
Total Non Interest Income	408	268	132	148	60
Operating Income	1,219	753	508	379	256
Personnel Expenses	-323	-241	-119	-105	-60
Other Operating Expenses	-326	-195	-170	-153	-93
Operating Funds Flow	570	317	220	121	104
Amortisation / Depreciation	-65	-44	-22	-15	-11
Total Non Interest Expense	-713	-479	-310	-273	-163
Preprovision Income (PPI)	506	273	198	106	93
Loan Loss Provisions Expenses (LLPE)	-100	-77	-39	-26	-34
Non Operating Income	8	-15	--	-51	-32
Pretax Income	413	182	159	28	26
Taxes	-102	-45	-18	-14	-20
Net Income	312	137	141	14	7
Minority Interests	--	--	--	--	-2
Net Income (Group share)	312	137	141	14	5
	-270	-96	-100	29	
Dividends	--	--	--	--	--
Transfers to Capital Reserves	-312	-137	-141	-14	-5
Other Adjustments	--	--	--	--	--

Center - Invest Bank

Summary Balance Sheet - Growth (%)

	12/31/05	12/31/04	12/31/03	12/31/02	12/31/01
Cash & Central Bank	44.48	-14.84	78.93	21.67	--
Due from Banks	82.13	95.50	189.87	330.56	--
Government Securities	55.80	745.13	1,472.74	27.60	--
Trading Securities	238.54	48.85	-48.67	-18.13	--
Investment Securities	--	--	--	--	--
Other Liquid Assets	--	--	--	--	--
Gross Loans	54.04	66.03	57.83	78.06	--
Loan Loss Reserves (LLR)	43.20	54.45	41.94	21.17	--
Net Loans	54.49	66.54	58.62	82.28	--
Equity in Affiliates	--	--	--	--	--
Fixed Assets	70.63	67.97	56.06	27.22	--
Other Assets	63.80	120.71	118.23	834.28	--
Total Assets	60.58	60.04	69.86	65.94	--
Total Assets (US$)	55.02	69.88	83.30	57.36	--
Customer Deposits	57.90	62.91	63.74	39.92	--
Due to Banks	9.40	42.88	227.43	1,264.82	--
Borrowings	163.91	85.84	54.36	--	--
Other Liabilities	174.76	24.45	58.75	98.64	--
Total Liabilities	57.07	58.92	84.63	74.90	--
Subordinated Loan Capital	3.73	--	--	--	--
Minority Interest	15.83	15.50	--	--	--
Supplementary Capital	5.68	450.00	-	-	--
Shareholders' Equity	90.97	50.33	11.95	42.44	--
Total Capital Funds	79.57	66.50	16.67	40.08	--
Total Liabilities & Capital Funds	60.56	60.05	69.88	65.95	--
Derivatives - Notional Amount	--	--	--	--	--
Derivatives - Replacement Value	--	--	--	--	--
Risk Weighted Assets (RWA)	--	--	--	--	--
Contingent Liabilities	106.77	35.01	75.79	-18.05	--

Summary Income Statement - Growth (%)

	12/31/05	12/31/04	12/31/03	12/31/02	12/31/01
Interest Income	61.97	38.46	82.34	28.90	--
Interest Expense	54.74	54.14	127.35	65.24	--
Net Interest Income	67.20	28.99	62.86	17.70	--
FX Income	42.50	7.96	-0.59	22.05	--
Trading Income	167.38	44.74	-89.85	989.63	--
Fees & Commissions	81.49	48.21	20.57	62.00	--
Other Operating Income	20.76	267.55	1,789.73	-48.90	--
Total Non Interest Income	52.52	103.15	-10.88	145.38	--
Operating Income	61.98	48.24	34.06	47.71	--
Personnel Expenses	34.43	102.96	12.77	74.61	--
Other Operating Expenses	66.92	14.99	10.90	65.16	--
Operating Funds Flow	79.84	44.38	81.95	16.50	--
Amortisation / Depreciation	47.68	100.69	45.69	39.62	--
Total Non Interest Expense	48.86	54.66	13.53	66.97	--
Preprovision Income (PPI)	84.98	38.18	87.07	13.83	--
Loan Loss Provisions Expenses (LLPE)	30.66	97.96	48.15	-23.75	--
Non Operating Income	--	--	--	59.10	--
Pretax Income	127.48	14.22	459.81	7.46	--
Taxes	127.44	147.37	27.28	-27.64	--
Net Income	127.49	-2.90	894.02	109.48	--
Minority Interests	--	--	--	--	--
Net Income (Group share)	127.49	-2.90	894.02	214.06	--

Center - Invest Bank

	12/31/05	12/31/04	12/31/03	12/31/02	12/31/01
Balance Sheet - % of Total Assets					
Cash & Central Bank	9.21	10.24	19.24	18.27	24.92
Due from Banks	14.16	12.48	10.22	5.99	2.31
Government Securities	2.53	2.61	0.49	0.05	0.07
Trading Securities	1.85	0.88	0.94	3.12	6.32
Investment Securities	--	--	--	--	--
Other Liquid Assets	--	--	--	--	--
Gross Loans	58.09	60.55	58.37	62.81	58.54
Loan Loss Reserves (LLR)	-2.13	-2.38	-2.47	-2.96	-4.05
Net Loans	55.96	58.17	55.90	59.86	54.49
Equity in Affiliates	--	--	--	--	--
Fixed Assets	8.76	8.25	7.86	8.55	11.15
Other Assets	7.52	7.38	5.35	4.16	0.74
Customer Deposits	58.26	59.25	58.21	60.38	71.61
Due to Banks	12.17	17.86	20.01	10.38	1.26
Borrowings	10.13	6.17	5.31	5.84	--
Other Liabilities	2.09	1.22	1.57	1.68	1.41
Total Liabilities	82.66	84.50	85.10	78.29	74.28
Subordinated Loan Capital	1.06	1.63	--	--	--
Minority Interest	0.31	0.43	0.60	--	0.42
Supplementary Capital	1.36	2.07	0.60	-	0.42
Shareholders' Equity	15.98	13.44	14.30	21.70	25.28
Total Capital Funds	17.34	15.51	14.91	21.70	25.71
Income Statement - % of Average Assets					
Interest Income	12.22	12.10	14.31	13.21	13.63
Interest Expense	-4.90	-5.07	-5.39	-3.99	-3.21
Net Interest Income	7.33	7.03	8.92	9.22	10.42
FX Income	0.21	0.23	0.35	0.60	0.65
Trading Income	0.25	0.15	0.17	2.78	0.34
Fees & Commissions	1.80	1.59	1.75	2.45	2.01
Other Operating Income	1.44	1.91	0.85	0.08	0.20
Total Non Interest Income	3.69	3.88	3.13	5.91	3.20
Operating Income	11.02	10.91	12.05	15.13	13.62
Personnel Expenses	-2.92	-3.49	-2.81	-4.20	-3.20
Other Operating Expenses	-2.94	-2.83	-4.02	-6.11	-4.92
Operating Funds Flow	5.15	4.60	5.21	4.82	5.50
Amortisation / Depreciation	-0.58	-0.63	-0.52	-0.60	-0.57
Total Non Interest Expense	-6.45	-6.95	-7.35	-10.90	-8.68
Preprovision Income (PPI)	4.57	3.96	4.69	4.23	4.94
Loan Loss Provisions Expenses (LLPE)	-0.91	-1.11	-0.92	-1.04	-1.82
Non Operating Income	0.07	-0.22	--	-2.05	-1.71
Pretax Income	3.74	2.63	3.78	1.14	1.41
Taxes	-0.92	-0.65	-0.43	-0.57	-1.05
Net Income	2.82	1.98	3.35	0.57	0.36
Minority Interests	--	--	--	--	-0.12
Net Income (Group share)	2.82	1.98	3.35	0.57	0.24
Income Statement - % of Operating Income					
Interest Income	110.94	110.94	118.78	87.33	100.07
Interest Expense	-44.44	-46.52	-44.74	-26.38	-23.58
Net Interest Income	66.50	64.43	74.04	60.95	76.49
FX Income	1.89	2.14	2.94	3.97	4.80
Trading Income	2.24	1.36	1.39	18.39	2.49
Fees & Commissions	16.31	14.56	14.56	16.19	14.76
Other Operating Income	13.06	17.51	7.06	0.50	1.45
Total Non Interest Income	33.50	35.57	25.96	39.05	23.51
Operating Income	100.00	100.00	100.00	100.00	100.00
Personnel Expenses	-26.52	-31.96	-23.34	-27.75	-23.48
Other Operating Expenses	-26.70	-25.91	-33.40	-40.38	-36.11
Operating Funds Flow	46.78	42.13	43.26	31.87	40.41
Amortisation / Depreciation	-5.29	-5.81	-4.29	-3.95	-4.18
Total Non Interest Expense	-58.52	-63.68	-61.03	-72.07	-63.76
Preprovision Income (PPI)	41.48	36.32	38.97	27.93	36.24
Loan Loss Provisions Expenses (LLPE)	-8.22	-10.18	-7.63	-6.90	-13.37
Non Operating Income	0.65	-1.99	--	-13.52	-12.55
Pretax Income	33.91	24.15	31.34	7.51	10.32
Taxes	-8.36	-5.96	-3.57	-3.76	-7.68
Net Income	25.55	18.19	27.77	3.75	2.64
Minority Interests	--	--	--	--	-0.88
Net Income (Group share)	25.55	18.19	27.77	3.75	1.76

Center - Invest Bank

	12/31/05	12/31/04	12/31/03	12/31/02	12/31/01
Profitability Indicators					
Return on Average Assets (%)	2.82	1.98	3.35	0.57	0.36
Return on Shareholder's Equity - period end (%)	14.30	12.00	18.58	2.09	0.95
Recurring Earning Power [1]	4.57	3.96	4.69	4.23	4.94
PPI (%) Avg Total Capital Funds	27.47	25.94	26.94	18.20	19.20
Interest Expense (%) Interest Income	40.06	41.93	37.66	30.21	23.56
Interest Income (%) Avg Interest Earning Assets [2]	15.96	16.35	20.22	18.82	20.27
Interest Expense (%) Avg Interest Bearing Liabilities [3]	5.91	6.01	6.66	5.31	4.41
Net Spread (%) [4]	10.05	10.34	13.57	13.52	15.86
Net Interest Margin (%) [5]	9.57	9.50	12.61	13.14	15.49
Non-Interest Income (%) Operating income	33.50	35.57	25.96	39.05	23.51
Income Tax (%) Pre-tax Income	24.66	24.67	11.39	50.10	74.40
Efficiency Indicators					
Non Interest Expense (%) Avg Assets	6.45	6.95	7.35	10.90	8.68
Cost to Income Ratio (%) [6]	58.52	63.68	61.03	72.07	63.76
Personnel Expenses (%) Avg Assets	2.92	3.49	2.81	4.20	3.20
Personnel Expenses (%) Operating Income	26.52	31.96	23.34	27.75	23.48
Personnel Expenses (%) Non Interest Expense	45.32	50.19	38.25	38.50	36.82
Liquidity Indicators					
Net Loans (%) Customer Deposits	96.05	98.17	96.03	99.13	76.10
Net Loans (%) Total Deposits [7]	79.46	75.43	71.47	84.59	74.78
Average Net Loans (%) Average Customer Deposits	96.88	97.36	97.21	89.53	76.10
Average Net Loans (%) Average Assets	56.81	57.29	57.36	57.84	54.49
Liquid Assets (%) Total Assets [8]	27.75	26.21	30.90	27.43	33.61
Customer Deposits (%) Total Deposits	82.72	76.84	74.42	85.33	98.27
Customer Deposits / Shareholders' Equity (Times)	3.65	4.41	4.07	2.78	2.83
Due from Banks (%) Due to Banks	116.34	69.88	51.07	57.69	182.87
Loan Portfolio Quality Indicators					
Problem Loans (%) Gross Loans	0.92	1.74	0.76	0.51	0.82
Problem Loans (%) (Shareholders' Equity + LLR)	2.94	6.65	2.64	1.30	1.63
(Problem Loans - LLR) (%) Shareholders' Equity	-9.97	-9.91	-14.17	-12.14	-14.11
Loan Loss Reserve (%) Gross Loans	3.66	3.94	4.23	4.70	6.91
Loan Loss Provision Expenses (%) Preprovision Income	19.80	28.04	19.57	24.71	36.89
LLP (%) (Loan Loss Reserve - LLP)	52.80	60.96	41.94	39.49	81.78
Loan Loss Provision Expenses (%) Gross Loans	1.26	1.49	1.25	1.33	3.11
Preprovision Income (%) Net Loans	6.63	5.53	6.67	5.66	9.06
Shareholders' Equity (%) Net Loans	28.55	23.10	25.59	36.26	46.40
Loans to Related Cos. (%) Gross Loans	0.11	2.06	1.08	5.54	15.36
Capitalization Indicators					
Tier 1 ratio (%)	--	--	--	--	--
Shareholders' Equity (%) Total Assets	15.98	13.43	14.30	21.70	25.28
Shareholders' Equity (%) T. Assets + Contingent Liabilities	15.70	13.26	14.08	21.37	24.51
Total Capital funds (%) Total Assets	17.34	15.51	14.91	21.70	25.71
Total Capital (%) T. Assets + Contingent Liabilities	17.04	15.30	14.67	21.37	24.92
Shareholders' Equity (%) Total Capital funds	92.14	86.64	95.95	100.00	98.35
Contingent Liabilities (%) Total Assets	1.75	1.36	1.61	1.56	3.15
"Free" Capital (%) Sharehoders' Equity [9]	45.16	38.65	45.07	60.60	55.88
Dividend Payout (%) [10]	--	--	--	--	--
Internal Capital Growth (%) [11]	27.30	18.04	20.80	2.98	--

Notes:
[1] Recurring Earning Power = Preprovision Income (%) Average Total Assets
[2] Interest Earning Assets = Central Bank + Due from Banks + Government Securities + Trading Securities + Investment Securities + Gross Loans
[3] Interest Bearing Liabilities = Customer Deposits + Due to Banks + Borrowings + Subordinated Debt Capital
[4] Net spread = Interest Income (%) Avg Interest Earning Assets - Interest Expense (%) Avg Interest Bearing Liabilities
[5] Net interest margin = Net Interest Income (%) Average Interest Earning Assets
[6] Cost to Income Ratio = Total non interest expense (%) Operating income
[7] Total deposits = Customer deposits + Due to banks
[8] Liquid Assets = Cash & Central Bank + Due from Banks + Government Securities + Trading Securities + Other Liquid Assets
[9] Free Capital = Shareholders' Equity - Fixed Assets - Equity in Affiliates
[10] Dividend Payout = Dividends (%) Net Income
[11] Internal Capital Growth = Current period's Net income - Current period's Dividends (%) Last period's Shareholders' Equity

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