

CENTER-INVEST BANK Consolidated Financial Statements and Auditors' Report 31 December 2002

AUDITORS' REPORT

To the Board of Directors of Center-invest Bank:

1. We have audited the accompanying consolidated balance sheet of Center-Invest Bank (the "Bank" as defined in Note 1 to the consolidated financial statements) as at 31 December 2002, and the related consolidated statements of income, of cash flows and of changes in shareholders' equity for the year then ended. These consolidated financial statements are the responsibility of Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as at 31 December 2002 and the consolidated results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Moscow, Russia
12 May 2003

PriceWaterhouseCoopers

Center-invest Bank

Consolidated Balance Sheet as at 31 December 2002

(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2002)

	2002	2001
Assets		
Cash and cash equivalents	435 790	376 026
Mandatory cash balances with the Central Bank of the Russian Federation	134 911	93 043
Trading securities	11 796	6 069
Due from other banks	187 065	43 447
Loans and advances to customers	1 870 018	1 025 891
Investment securities available for sale	87 260	114 196
Net investments in leases	57 953	-
Accrued interest income and other assets	72 099	13 920
Premises and equipment	267 153	209 997
Total assets	3 124 045	1 882 589
Liabilities		
Due to other banks	324 254	23 758
Customer accounts	1 750 244	1 234 874
Promissory notes	136 100	113 248
Other borrowed funds	182 550	-
Accrued interest expense and other liabilities	52 623	26 491
Total liabilities	2 445 771	1 398 371
Minority interest	-	7 859
Shareholders' equity		
Share capital	764 417	623 668
Share premium	18 842	-
Revaluation reserve for premises and equipment	174 596	149 726
Accumulated deficit	(279 581)	(297 035)
Total shareholders' equity	678 274	476 359
Total liabilities, minority interest and shareholders' equity	3 124 045	1 882 589

Approved for issue by the Board of Directors and signed on its behalf on 12 May 2003.



A.Y. Cherenkov
Chairman of the Board



E.A. Koujeleva
Chief Accountant

Center-invest Bank

Consolidated Statement of Income for the Year Ended

31 December 2002 (in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2002)

	2002	2001
Interest income	318 766	256 600
Interest expense	(99 913)	(60 466)
Net interest income	218 853	196 134
Provision for loan impairment	(26 137)	(34 280)
Net interest income after provision for loan impairment	192 716	161 854
Gains less losses arising from trading securities	9 151	2 175
Gains less losses arising from investment securities available for sale	60 498	4 217
Gains less losses arising from trading in foreign currencies	12 477	12 942
Foreign exchange translation gains less losses/(losses less gains)	2 555	(626)
Fee and commission income	76 240	50 100
Fee and commission expense	(14 920)	(12 248)
Finance income arising from leasing	11 994	-
Loss on disposal of subsidiaries	(3 204)	-
Other operating income	1 898	3 714
Operating income	349 405	222 128
Operating expenses	(272 978)	(163 492)
Monetary loss	(48 000)	(32 183)
Profit before taxation	28 427	26 453
Income tax expense	(14 241)	(19 681)
Profit after taxation	14 186	6 772
Minority interest	-	(2 255)
Net profit	14 186	4 517



Center-invest Bank: Seven Years of ISA Audits

Since 1997, international audit firm PricewaterhouseCoopers has audited the financial statements of Center-invest Bank in accordance with International Accounting Standards (IAS)

Key Financial indicators

		RUR million						
		2002	2001	2000	1999	1998	1997	1996
Capital	RAS	628,2	420,9	205,1	101,2	52,6	51,0	26,8
	IAS				82,8	41,2	46,1	14,9
	IAS29	678,3	413,8	209,5	98,5			
Assets	RAS	3025,6	1604,5	990,6	539,6	340,0	233,6	150,8
	IAS				524,9	252,1	186,1	97,2
	IAS29	3124,5	1 635,3	960,3	629,8			
Profit/(Loss)	RAS	63,5	27,2	17,2	5,7	5,2	8,5	8,2
	IAS				1,6	(4,3)	5,7	0,4
	IAS29	14,2	3,9	(6,8)	(11,3)			

RAS- Russian accounting standards; IAS- International accounting standards;
IAS29- Including Standard No. 29 "Accounting Under Hyperinflationary conditions"

Partners

WORLD BANK Credit line for "Center-invest" bank up to 5 years \$ 8 mln.	European Bank for Reconstruction and Development Credit line for trade financing \$ 5 mln.	International Finance Corporation Credit line to "Center-invest" bank for 3 years \$ 2 mln.	US Agency for International Development (USAID) Guarantor of the "Center-invest" bank's credits for small businesses \$ 6 mln.
State insurance company HERMES Guarantor for "Center-invest" bank in the German harvesters purchase deal	BANK GESELLSCHAFT BERLIN Purpose credit line for 5 years € 5 mln.	COMMERZBANK AG Line for confirmation of letter of credit and bank guarantees € 500 thous.	International Moscow Bank Revolving credit \$ 500 thous. Line for confirmation of credit and bank guarantees \$ 1 mln.
State Corporation SIMEST Agreement to establish small-sized joint ventures	Russian Bank for Development Credit line in RUR for crediting of regional small businesses equivalent of \$ 1,5 mln.		

Cooperation proposal

With the existing demand for the investment resources Center-invest is honored to offer you the possibility of participation in the programme of Rostov region industrialization on the state below conditions (offer as of 01.06.2003):

Financial instrument	Amount	Time (months)	Profitability for investor	Feedback
Interbank credit *	\$2-\$5 mln	6 - 36	LIBOR+3- LIBOR+4.5	The easiest form of investments from point of view of Russian legislation
Subordinated credit, converted into shares** Draft (promissory note)	\$5mln	60	LIBOR+5	Increase of market price after transition of the Russian banks to the IAS****
	\$1-\$2mln	6-12	6.5% - 7.5%	This form of investments is convenient for the investment companies
Bonds	\$3-\$5 mln	36-60	8.5-9% p.a.	The coupon rate is paid semi-annually
Common shares of CB Center-invest***	\$5 mln	36-60	15% p.a. and more	Increase of market price after transition of the Russian banks to the IAS****

* Possibility to use USAID guarantee. Contact person: Stephen Pellicia; Deputy Director, spellicia@usaid.gov;

** Possibility of subordinated credit by IFC. Contact person: Edward Nassim, Director of Central and Eastern Europe Department, enassim@ifc.org;

*** Possibility of co-financing by EBRD. Contact person: Kurt Geiger; Group Director, Financial Institutions Group geigerk@ebrd.com;

**** IAS International Accounting standards, the transition is planned to be finished by 2004

President

Vasily V. VYSOKOV (vysokov@centrinvest.ru)

Chairman of the Board

Anatoliy Ya. CHERENKOV (a.cherenkov@centrinvest.ru)

Deputy Chairman of the Board

Larisa A LUTSENKO (lutsenko@centrinvest.ru)

62, Sokolova Ave., Rostov-on-Don, 344010, RUSSIA,
 phone ++7 (8632) 67-68-65, fax ++7 (8632) 64-06-40
 e-mail: welcome@centrinvest.ru , <http://www.centrinvest.ru>