

BANK CENTER-INVEST **Consolidated Financial Statements** **and Auditors' Report** **31 December 2005**

AUDITORS' REPORT

To the Board of Directors of Bank Center-invest:

We have audited the accompanying consolidated balance sheet of Bank Center-invest and its subsidiaries (the "Group" as defined in Note 1 to the consolidated financial statements) as at 31 December 2005, 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 the Group's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2005 and the consolidated results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

240 PricewaterhouseCoopers Audit


Moscow, Russian Federation
26 April 2006


Bank Center-invest Consolidated Balance Sheet as at 31 December 2005

(in thousands of Russian Roubles)

| | Note | 31 December 2005 | 31 December 2004 |
|--|------|---------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | 7 | 1 080 404 | 754 832 |
| Mandatory cash balances with the Central Bank of the Russian Federation | | 176 004 | 114 799 |
| Trading securities | 8 | 462 597 | 281 512 |
| Other securities at fair value through profit or loss | 9 | 134 907 | 14 727 |
| Due from other banks | 10 | 1 930 741 | 1 060 096 |
| Loans and advances to customers | 11 | 7 631 634 | 4 939 927 |
| Net investment in leases | 12 | 570 504 | 383 652 |
| Premises and equipment | 13 | 1 194 888 | 700 280 |
| Other assets | 14 | 455 567 | 242 770 |
| TOTAL ASSETS | | 13 637 246 | 8 492 595 |
| LIABILITIES | | | |
| Due to other banks | 15 | 1 659 521 | 1 516 962 |
| Customer accounts | 16 | 7 727 112 | 4 858 743 |
| Promissory notes issued | 17 | 217 958 | 173 122 |
| Other borrowed funds | 18 | 1 382 063 | 523 680 |
| Subordinated loan | 19 | 143 913 | 138 744 |
| Deferred income tax liability | 25 | 97 296 | 35 542 |
| Other liabilities | 20 | 188 364 | 68 424 |
| TOTAL LIABILITIES | | 11 416 227 | 7 315 217 |
| EQUITY | | | |
| Share capital | 21 | 1 007 146 | 862 149 |
| Share premium | 21 | 546 428 | 136 010 |
| Revaluation reserve for premises | | 524 495 | 279 835 |
| Retained earnings\ (accumulated deficit) | | 100 542 | (137 228) |
| Net assets attributable to the Bank's equity holders | | 2 178 611 | 1 140 766 |
| Minority interest | | 42 408 | 36 612 |
| TOTAL EQUITY | | 2 221 019 | 1 177 378 |
| TOTAL LIABILITIES AND EQUITY | | 13 637 246 | 8 492 595 |

Approved for issue by the Board of Directors and signed on its behalf on 26 April 2006.


A. A. Shtabnova
Chairman of the Board


E. A. Koujeleva
Chief Accountant

Bank Center-invest Consolidated Statement of Income for the Year Ended 31 December 2005

(in thousands of Russian Roubles)

| | Note | 2005 | 2004 |
|---|------|------------------|----------------|
| Interest income | 22 | 1 242 822 | 772 903 |
| Finance income arising from leasing | | 109 752 | 62 149 |
| Interest expense | 22 | (541 780) | (350 126) |
| Net interest income | | 810 794 | 484 926 |
| Provision for loan impairment | 11 | (100 159) | (76 657) |
| Recovery of provision/(provision) for impairment of net investment in leases | 12 | 7 898 | (14 980) |
| Net interest income | | 718 533 | 393 289 |
| Gains less losses from trading securities | | 26 654 | 10 229 |
| Gains less losses from other securities at fair value through profit or loss | | 696 | - |
| Gains less losses from trading in foreign currencies | | 20 594 | 19 322 |
| Foreign exchange translation gains less losses | | 2 394 | (3 190) |
| Fee and commission income | 23 | 248 730 | 153 981 |
| Fee and commission expense | 23 | (49 857) | (44 406) |
| Heat energy revenue, net | | 123 013 | 108 831 |
| Other operating income | | 36 181 | 22 194 |
| Operating income | | 1 126 938 | 660 250 |
| Administrative and other operating expenses | 24 | (713 455) | (479 287) |
| Negative goodwill | | - | 804 |
| Profit before tax | | 413 483 | 181 767 |
| Income tax expense | 25 | (101 981) | (44 838) |
| Profit for the year | | 311 502 | 136 929 |
| Earnings, attributable to: | | | |
| Equity holders of the Group | | 305 706 | 131 067 |
| Minority interest | | 5 796 | 5 862 |
| | | 311 502 | 136 929 |

Ten years of successful auditing according to IFRS

(in million of Russian Roubles)

| | | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|----------------------|--------------|------|-------|-------|--------|-------|--------|--------|--------|--------|---------|
| Equity | IFRS* | 14.9 | 46.1 | 41.2 | 98.5 | 209.5 | 413.8 | 678.3 | 779.1 | 1140.8 | 2178.6 |
| Assets | IFRS* | 97.2 | 186.1 | 252.1 | 629.8 | 960.3 | 1635.3 | 3124.5 | 5257.3 | 8492.6 | 13637.2 |
| Profit/(Loss) | IFRS* | 0.4 | 5.7 | (4.3) | (11.3) | (6.8) | 3.9 | 14.2 | 93.5 | 131.1 | 305.7 |

IFRS – International Financial Reporting Standards

* – Including Standard № 29 "Accounting Under Hyperinflationary conditions" for 1999-2001

Bank Center-invest: your reliable partner in the South of Russia

DOUBLING OF SCALES

New shareholders

- **EBRD** – 21.52% of capital;
- **DEG** – 17.6% of capital;
- Bank Center-invest is the first Rostov bank to enter TOP-100 of the largest Russian banks (www.rating.rbc.ru). It took the following positions:

- **87th** by net assets;
- **80th** by equity;
- **78th** by deposit portfolio;
- **70th** by loan portfolio;
- **68th** by loans to corporates;
- **60th** by loans to individuals;
- **60th** by profit;
- **44th** by deposits;
- **44th** by capital efficiency;
- **32nd** by assets efficiency;
- **26th** by the number of branches;
- **25th** by mortgages.

- Branch network includes **42 branches and additional offices, 18 operational cash-desks in Rostov, Volgograd and Krasnodar regions.**

DOUBLING OF BUSINESS

- **The enterprises were granted loans to the amount of RUR 30,2 billion, including:**

- Standard loans
- Overdrafts
- Long-term loans for investment projects
- Express-leasing. Approval process takes 1 day only
- Factoring

- **Loans, amounting to RUR 5.2 billion were granted to develop Agroindustrial sector**

- **SMEs were granted RUR 9.6 billion in loans, including**

- Financing of energy-saving technologies;
- “Start-up” – allows starting a new business;
- Lending without collateral
- **Small business support:**
- “Hot Line” – free consultations (hotline.centriinvest.ru);
- “Center-Audit” – accounting and reporting;
- “Absolut” – security agency.

- **The number of clients – is 20660 enterprises and individual entrepreneurs.**

DOUBLING OF KNOWLEDGE

- **Over 50 seminars** and consultations for Bank’s customers;
- **50 best students** of Rostov higher educational establishments receive special scholarships from Bank Center-invest;
- **Over 16000 schoolchildren** of Rostov region visited the exhibition “Treasures of Don steppes” for free.

DOUBLING OF LIVING STANDARDS

- **Bank Center-invest joined the State Deposit Insurance System (№ 283);**

- The Volume of deposits is **RUR 5 billion**;
- Prizes to depositors include a car VAZ 2110, **100** sets of domestic equipment and **7** personal computers;
- **1000** veterans, who are depositors of Bank, were congratulated on the eve of the Victory Day.
- **Individuals were granted loans amounting to RUR 1.7 billion**
- **12 864** persons were granted loans for urgent needs;
- **1 888** persons purchased cars;
- **616** families became the owners of flats and houses;
- **80 thousand international plastic card-holders**
- 31 ATMs and 30 cash-desk.

DOUBLING OF BENEFIT

- **Bank Center-invest attracted €150 million to economy of the South of Russia** from international financial markets;
- **RUR 1 billion** is the amount of a syndicated loan from Russian financial market;
- **\$30 million** for financing of clients’ export;
- **“Russian and German day for SMEs financing in Rostov-on-Don”** (expo.centriinvest.ru);
- **Over 100 Russian and international banks are partners of Bank Center-invest;**
- **Guarantees before the customs authorities of Russia.**

International Cooperation

| | | |
|--|--|--|
|  European Bank for Reconstruction and Development shareholder |  Deutsche Investitions und Entwicklungsgesellschaft shareholder |  International Finance Corporation |
|  Raiffeisen BANK |  US Agency for International Development |  Kreditanstalt für Wiederaufbau |
|  SACE SACE Servizi Assicurativi del Commercio Estero |  State Corporation SIMEST |  State Insurance Company HERMES |
|  Donau Bank |  BCP Banque de Commerce et de Placements |  International Moscow Bank |
|  Banca Popolare di Vicenza |  Russian Bank for Development |  Bankgesellschaft Berlin |
|  Vneshtorgbank |  GAZPROMBANK |  BANK ZENIT |
|  ПРОМЫШЛЕННО-СТРОИТЕЛЬНЫЙ БАНК |  BANK of KHANTY-MANSIYSK |  ATF Bank |
|  DenizBank Moscow |  ЭКОНОМ БАНК |  NURBANK |
| | |  COMMERZBANK |
| | |  Calka AKA Ausfuhrkredit-Gesellschaft mbH |
| | |  MOM Bank |
| | |  Banca Intesa |
| | |  Moscow Bank for Reconstruction and Development MBRD |
| | |  Garanti Bank Moscow |

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