

Center-Invest Bank

Consolidated Financial Statements 31 March 2007

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Center-Invest Bank
Consolidated Balance Sheet as at 31 March 2007
(in thousands of Russian Roubles)

	2007	2006	2006
Assets			
Cash and cash equivalents	1 762 646	1 380 670	2 258 101
Mandatory cash balances with the CBRF	275 810	188 486	253 585
Trading securities	645 132	574 583	708 568
Other securities at fair value through profit or loss	28 424	126 944	49 493
Due from other banks	3 704 477	1 078 547	1 808 089
Loans and advances to customers	16 932 835	9 033 992	15 130 306
Finance lease receivables	731 719	579 069	689 414
Premises and equipment	1 967 454	1 233 821	1 867 104
Other financial assets	870 638	158 805	697 067
Other non financial assets	454 026	522 964	370 845
Total assets	27 373 161	14 877 881	23 832 572
Liabilities			
Due to other banks	5 411 305	2 334 896	2 528 684
Customer accounts	12 952 337	8 324 558	12 360 966
Promissory notes issued	102 903	145 045	103 967
Bonds issued	1 551 116	-	1 513 443
Borrowings from international financial institutions	2 250 257	1 232 599	2 455 799
Subordinated loan	130 057	138 813	131 656
Deferred income tax liability	172 108	79 348	163 592
Other liabilities	416 928	286 400	340 475
Total liabilities	22 987 011	12 541 659	19 598 582
Equity			
Share capital	1 257 145	1 007 146	1 257 146
Share premium	1 646 428	546 428	1 646 428
Revaluation reserve for premises and land	777 005	524 495	777 005
Retained earnings	649 210	206 059	507 270
Net assets attributable to the Bank's equity holders	4 329 788	2 284 128	4 187 849
Minority interest	56 362	52 094	46 141
Total equity	4 386 150	2 336 222	4 233 990
Total liabilities and equity	27 373 161	14 877 881	23 832 572

Approved for issue by the Board of Directors and signed on its behalf on April 2007.

A.A. Shtabnova
Chairman of the Board

E.A. Koujeleva
Chief Accountant

Center-Invest Bank
Consolidated Statement of Income for the Period Ended 31 March 2007
(in thousands of Russian Roubles)

	31	31	200
Interest income	689 132	366 787	2 049 837
Finance income on leasing	39 458	28 537	124 367
Interest expense	(325 732)	(175 185)	(893 045)
Net interest income	402 858	220 139	1 281 159
Provision for loan impairment	(48 941)	(44 772)	(134 144)
Provision for impairment on leasing operations	(427)	1 233	118
Net interest income after impairment provisions	353 490	176 600	1 147 133
Heat energy revenues	126 635	137 826	251 452
Heat energy direct costs excluding administrative and other operating expenses	(62 829)	(65 230)	(122 822)
Margin on sale of heat energy	63 806	72 596	128 630
Gains less losses from trading securities	(10 274)	5 441	17 777
Gains less losses from other securities at fair value through profit or loss	115	7 988	(236)
Gains less losses from trading in foreign currencies	3 141	477	36 264
Foreign exchange translation gains less losses	8 583	(918)	634
Fee and commission income	95 562	65 917	355 335
Fee and commission expense	(21 410)	(15 014)	(67 111)
Other operating income	22 583	12 514	55 349
Operating income	515 596	325 601	1 673 775
Administrative and other operating expenses	(308 885)	(169 963)	(1 007 652)
Profit before tax	206 711	155 638	666 123
Income tax expense	(54 551)	(39 547)	(149 201)
Profit for the year	152 160	116 091	516 922
Profit is attributable to:			
Equity holders of the Group	141 939	105 516	513 189
Minority interest	10 221	10 575	3 733
Profit for the year	152 160	116 091	516 922

Center-Invest Bank
Consolidated Statement of Cash Flow for the Period Ended 31 March 2007
(in thousands of Russian Roubles)

<i>In thousands of Russian Roubles</i>	31/03/2007	2006
Cash flows from operating activities		
Interest received	712 426	2 061 430
Interest paid	(274 516)	(801 361)
Income received from trading in trading securities	(10 459)	18 091
Income received from trading in foreign currencies	3 141	36 264
Fees and commissions received	95 562	355 335
Fees and commissions paid	(21 410)	(67 111)
Other operating income received	22 569	55 349
Operating expenses paid	(264 415)	(898 943)
Finance income arising from leasing received	43 350	118 666
Heat energy revenues received	74 605	256 840
Heat energy direct costs excluding administrative and other operating expenses	(62 829)	(122 822)
Income tax paid	(46 035)	(166 997)
Cash flows from operating activities before changes in operating assets and liabilities	271 989	844 741
Changes in operating assets and liabilities		
Net increase in mandatory cash balances with the CBRF	(22 225)	(77 581)
Net increase in trading securities	67 514	(245 025)
Net increase in other securities at fair value through profit or loss	21 187	85 650
Net decrease in due from other banks	(1 899 821)	135 079
Net increase in loans and advances to customers	(1 911 899)	(7 520 438)
Net increase in finance lease receivables	(47 096)	(239 855)
Net increase in other assets	(203 401)	(543 579)
Net increase/(decrease) in due to other banks	2 905 085	837 068
Net increase in customer accounts	567 388	4 537 396
Net (decrease)/increase in promissory notes issued	(2 089)	(113 544)
Net (decrease)/increase in other liabilities	76 930	147 363
Net cash used in operating activities	(176 438)	(2 152 725)
Cash flows from investing activities		
Acquisition of premises and equipment	(131 089)	(437 360)
Proceeds from sale of premises and equipment	0	11 006
Dividend income received	14	-
Net cash used in investing activities	(131 075)	(426 354)
Cash flows from financing activities		
Bonds issued	-	1 500 000
Proceeds from borrowings from international financial institutions	-	1 080 555
Repayment of borrowings from international financial institutions	(233 024)	(70 080)
Issue of ordinary shares	-	1 350 000
Acquisition of treasury shares	-	(1)
Dividends paid	-	(112 611)
Net cash from financing activities	(233 024)	3 747 863
Effect of exchange rate changes on cash and cash equivalents	45 081	8 913
Net increase in cash and cash equivalents	(495 455)	1 177 697
Cash and cash equivalents as at the beginning of the year	2 258 101	1 080 404
Cash and cash equivalents as at the end of the year	1 762 646	2 258 101

Center-Invest Bank

Consolidated Statement of Changes in Shareholders' Equity for the Period Ended 31 March 2007

(in thousands of Russian Roubles)

<i>In thousands of Russian Roubles</i>	Share capital	Share premium	Revaluation reserve for premises and land	Retained earnings/ (Accumulated deficit)	Total equity attributable to the Bank's equity holders	Minority interest	Total equity
Balance as at 1 January 2006	1 007 146	546 428	524 495	100 542	2 178 611	42 408	2 221 019
Revaluation of premises and equipment, net of deferred taxation	-	-	258 599	-	258 599	-	258 599
Depreciation of revaluation reserve	-	-	(6 089)	6 089	-	-	-
Net income recognised directly in equity	-	-	252 510	6 089	258 599	-	258 599
Net profit	-	-	-	513 251	513 251	3 733	516 984
Total recognised income for 2006	-	-	252 510	519 340	771 850	3 733	775 583
Share issue	250 000	1 100 000	-	-	1 350 000	-	1 350 000
Treasury shares:							
- Acquisition	(1)	-	-	-	(1)	-	(1)
Dividends declared and paid:							
- Ordinary shares	-	-	-	(94 591)	(94 591)	-	(94 591)
- Preference shares	-	-	-	(18 020)	(18 020)	-	(18 020)
Balance as at 31 December 2006	1 257 145	1 646 428	777 005	507 271	4 187 849	46 141	4 233 990
Net income recognised directly in equity	-	-	-	-	-	-	-
Net profit	-	-	-	141 939	141 939	10 221	152 160
Total recognised income for 2007	-	-	-	141 939	141 939	10 221	152 160
Share issue	-	-	-	-	-	-	-
Treasury shares:							
- Acquisition	-	-	-	-	-	-	-
Dividends declared and paid:							
- Ordinary shares	-	-	-	-	-	-	-
- Preference shares	-	-	-	-	-	-	-
Balance as at 31 March 2007	1 257 145	1 646 428	777 005	649 210	4 329 788	56 362	4 386 150

Loans and Advances to Customers

<i>In thousands of Russian Roubles</i>	31/03/2007	2006
Current loans	17 180 508	15 383 997
Overdue loans	169 453	128 159
Factoring	40 603	27 500
Less: Provision for loan impairment	(457 729)	(409 350)
Total loans and advances to customers	16 932 835	15 130 306

Overdue loans represent overdue instalments. The remaining instalments are included within current loans.

Movements in the provision for loan impairment are as follows:

<i>In thousands of Russian Roubles</i>	31/03/2007	2005
Provision for loan impairment as at 1 January	409 350	289 840
Provision for loan impairment during the year	48 941	134 144
Loans and advances to customers written off during the year as uncollectible	(562)	(14 634)
Provision for loan impairment as at End of period	457 729	409 350

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

<i>In thousands of Russian Roubles</i>	31/03/2007		2006	
	Amount	%	Amount	%
Individuals	5 563 842	32.0%	4 985 299	32.1
Trade	4 396 311	25.3%	3 925 465	25.3
Agriculture	2 992 873	17.2%	2 674 760	17.2
Manufacturing	1 584 700	9.1%	1 507 527	9.7
Transport	989 153	5.7%	922 794	5.9
Construction	664 538	3.7%	572 458	3.7
Energy	159 507	0.8%	115 389	0.7
Utilities	-	0.0%	42 995	0.3
Other	1 039 640	6.0%	792 969	5.1
Total loans and advances to customers (before impairment)	17 390 564	100.0	15 539 656	100.0

Center-Invest Bank**Notes to the Consolidated Financial Statement as at 31 March 2007***(in thousands of Russian Roubles)*

The liquidity position of the Group as at 31 March 2007 is set out below.

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	No stated maturity	Total
Assets							
Cash and cash equivalents	1 762 646	-	-	-	-	-	1 762 646
Mandatory cash balances with the CBRF	275 810	-	-	-	-	-	275 810
Trading securities	645 132	-	-	-	-	-	645 132
Other securities at fair value through profit or loss	-	-	9 431	-	-	18 993	28 424
Due from other banks	3 001 894	472 564	209 519	20 500	-	-	3 704 477
Loans and advances to customers	1 441 505	1 795 668	2 477 231	5 015 614	6 202 817	-	16 932 835
Finance lease receivables	35 587	63 496	104 908	195 181	332 547	-	731 719
Premises and equipment	-	-	-	-	-	1 967 454	1 967 454
Other assets	243 944	454 538	71 595	234 296	174 071	146 220	1 324 664
Total assets	7 406 518	2 786 266	2 872 684	5 465 591	6 709 435	2 132 667	27 373 161
Liabilities							
Due to other banks	694 378	419 417	322 878	3 743 731	230 901	-	5 411 305
Customer accounts	5 362 742	1 851 216	1 773 079	2 708 126	1 257 174	-	12 952 337
Promissory notes issued	62 655	30 432	8 616	1 200	-	-	102 903
Bonds issued	-	58 365	-	1 492 751	-	-	1 551 116
Borrowings from international financial institutions	89 712	118 833	100 562	546 167	1 394 983	-	2 250 257
Subordinated loan	-	-	-	-	130 057	-	130 057
Deferred income tax liability	-	-	-	-	-	172 108	172 108
Other liabilities	198 462	195 605	6 867	2 727	13 267	-	416 928
Total liabilities	6 407 949	2 673 868	2 212 002	8 494 702	3 026 382	172 108	22 987 011
Net liquidity gap	998 569	112 398	660 682	(3 029 111)	3 683 053	1 960 559	4 386 150
Cumulative liquidity gap at 31 March 2007	998 569	1 110 967	1 771 649	(1 257 462)	2 425 591	4 386 150	-

Center-Invest Bank

Notes to the Consolidated Financial Statement as at 31 March 2007

(in thousands of Russian Roubles)

Analysis of Risk-based Capital

CAPITAL CATEGORY

QUALIFYING CAPITAL (A+B)	4 418 660
A. TIER 1 CAPITAL	3 552 783
1. Total Paid-in Share Capital	1 257 145
2. Disclosed reserves	2 295 638
Share premium	1 646 428
Retained earnings	649 210
3. LESS: Goodwill	0
B. TIER 2 CAPITAL	865 877
5. Subordinated debt and limited life preferred stock	88 872
6. Assets revaluation reserves	777 005
Risk-Weighted Assets (as per BIS)	21 778 808
Capital Adequacy Ratio	20.29%