

Center-Invest Bank Group

Consolidated Financial Statements 30 June 2007

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Center-Invest Bank Group
Consolidated Balance Sheet as at 30 June 2007
(in thousands of Russian Roubles)

	2007	2006	2006
Assets			
Cash and cash equivalents	2 516 435	1 189 65	2 258 101
Mandatory cash balances with the CBRF	453 795	198 57	253 585
Trading securities	702 950	455 41	708 568
Other securities at fair value through profit or loss	19 854	57 979	49 493
Due from other banks	6 588 799	971 40	1 808 089
Loans and advances to customers	19 777 226	10 988 23	15 130 306
Finance lease receivables	939 419	691 974	689 414
Premises and equipment	2 003 553	1 302 741	1 867 104
Other financial assets	992 348	307 473	697 067
Other non financial assets	460 420	408 859	370 845
Total assets	34 454 799	16 572 30	23 832 572
Liabilities			
Due to other banks	6 458 391	3 013 06	2 528 684
Customer accounts	19 080 995	9 374 87	12 360 966
Promissory notes issued	23 601	117 41	103 967
Bonds issued	1 513 991	-	1 513 443
Borrowings from international financial institutions	2 073 359	1 354 90	2 455 799
Subordinated loan	384 734	135 39	131 656
Deferred income tax liability	157 408	211 91	163 592
Other liabilities	411 120	56 97	340 475
Total liabilities	30 103 599	14 264 53	19 598 582
Equity			
Share capital	1 257 145	1 007 14	1 257 146
Share premium	1 646 428	546 42	1 646 428
Revaluation reserve for premises and land	777 005	524 49	777 005
Retained earnings	617 295	179 19	507 270
Net assets attributable to the Bank's equity holders	4 297 873	2 257 26	4 187 849
Minority interest	53 327	50 50	46 141
Total equity	4 351 200	2 307 76	4 233 990
Total liabilities and equity	34 454 799	16 572 30	23 832 572

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

A.A. Shtabnova
Chairman of the Board

E.A. Koujeleva
Chief Accountant

Center-Invest Bank Group
Consolidated Statement of Income for the Period Ended 30 June 2007
(in thousands of Russian Roubles)

	2007	2006	2005
Interest income	1 581 354	823 010	2 049 837
Finance income on leasing	88 443	59 564	124 367
Interest expense	(796 482)	(369 448)	(893 045)
Net interest income	873 315	513 126	1 281 159
Provision for loan impairment	(125 402)	(109 311)	(134 144)
Provision for impairment on leasing operations	(2 525)	92	118
Net interest income after impairment provisions	745 388	403 907	1 147 133
Heat energy revenues	150 777	157 496	251 452
Heat energy direct costs excluding administrative and other operating expenses	(76 946)	(75 139)	(122 822)
Margin on sale of heat energy	73 831	82 357	128 630
Gains less losses from trading securities	(6 865)	10 672	17 777
Gains less losses from other securities at fair value through profit or loss	(674)	(2 195)	(236)
Gains less losses from trading in foreign currencies	11 339	21 123	36 264
Foreign exchange translation gains less losses	11 745	(5 224)	634
Fee and commission income	225 819	160 265	355 335
Fee and commission expense	(41 727)	(35 514)	(67 111)
Other operating income	39 563	18 926	55 349
Operating income	1 058 419	654 317	1 673 775
Administrative and other operating expenses	(710 434)	(418 105)	(1 007 652)
Profit before tax	347 985	236 212	666 123
Income tax expense	(73 157)	(35 958)	(149 201)
Profit for the year	274 828	200 325	516 922
Profit is attributable to:			
Equity holders of the Group	267 642	191 271	513 189
Minority interest	7 186	8 983	3 733
Profit for the year	274 828	200 325	516 922

Center-Invest Bank Group
Consolidated Statement of Cash Flow for the Period Ended 30 June 2007
(in thousands of Russian Roubles)

<i>In thousands of Russian Roubles</i>	30/06/2007	30/06/2006	2006
Cash flows from operating activities			
Interest received	1 600 675	813 958	2 061 430
Interest paid	(699 027)	(348 181)	(801 361)
Income received from trading in trading securities	(7 410)	9 133	18 091
Income received from trading in foreign currencies	11 339	21 123	36 264
Fees and commissions received	225 819	160 265	355 335
Fees and commissions paid	(41 727)	(35 514)	(67 111)
Other operating income received	39 549	18 926	55 349
Operating expenses paid	(645 017)	(372 846)	(898 943)
Finance income arising from leasing received	85 631	53 825	118 666
Heat energy revenues received	133 293	138 405	256 840
Heat energy direct costs excluding administrative and other operating expenses	(76 946)	(75 139)	(122 822)
Income tax paid	(79 392)	(65 127)	(166 997)
Cash flows from operating activities before changes in operating assets and liabilities	546 787	318 828	844 741
Changes in operating assets and liabilities			
Net increase in mandatory cash balances with the CBRF	(200 210)	(22 572)	(77 581)
Net increase in trading securities	6 414	10 898	(245 025)
Net increase in other securities at fair value through profit or loss	28 658	74 562	85 650
Net decrease in due from other banks	(4 823 346)	953 452	135 079
Net increase in loans and advances to customers	(4 832 886)	(3 688 102)	(7 520 438)
Net increase in finance lease receivables	(207 502)	(227 179)	(239 855)
Net increase in other assets	(409 833)	(68 633)	(543 579)
Net increase/(decrease) in due to other banks	3 960 228	1 338 235	837 068
Net increase in customer accounts	6 678 369	1 701 588	4 537 396
Net (decrease)/increase in promissory notes issued	(79 006)	(98 446)	(113 544)
Net (decrease)/increase in other liabilities	70 718	37 957	147 363
Net cash used in operating activities	738 391	330 587	(2 152 725)
Cash flows from investing activities			
Acquisition of premises and equipment	(200 420)	(156 010)	(437 360)
Proceeds from sale of premises and equipment	-	-	11 006
Dividend income received	14	-	-
Net cash used in investing activities	(200 406)	(156 010)	(426 354)
Cash flows from financing activities			
Bonds issued	-	-	1 500 000
Proceeds from borrowings from international financial institutions	258 162	119 899	1 080 555
Repayment of borrowings from international financial institutions	(355 473)	(70 080)	(70 080)
Issue of ordinary shares	-	-	1 350 000
Acquisition of treasury shares	-	-	(1)
Dividends paid	(157 618)	(112 611)	(112 611)
Net cash from financing activities	(254 929)	(62 792)	3 747 863
Effect of exchange rate changes on cash and cash equivalents	(24 722)	(2 536)	8 913
Net increase in cash and cash equivalents	258 334	109 249	1 177 697
Cash and cash equivalents as at the beginning of the year	2 258 101	1 080 404	1 080 404
Cash and cash equivalents as at the end of the year	2 516 435	1 189 653	2 258 101

Center-Invest Bank Group
Consolidated Statement of Changes in Shareholders' Equity for the Period Ended 30 June 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	-	-	-	267 642	267 642	7 186	274 828
Total recognised income for 2007	-	-	-	267 642	267 642	7 186	274 828
Share issue	-	-	-	-	-	-	-
Treasury shares:							
- Acquisition	-	-	-	-	-	-	-
Dividends declared and paid:							
- Ordinary shares	-	-	-	(139 591)	(139 591)	-	(139 591)
- Preference shares	-	-	-	(18 027)	(18 027)	-	(18 027)
Balance as at 30 June 2007	1 257 145	1 646 428	777 005	617 295	4 297 873	53 327	4 351 200

Center-Invest Bank Group
Notes to the Consolidated Financial Statement as at 30 June 2007
(in thousands of Russian Roubles)

Loans and Advances to Customers

<i>In thousands of Russian Roubles</i>	30/06/2007	2006
Corporate loans	13 608 661	10 436 258
Loans to individuals	6 460 590	4 947 739
Overdue loans	187 666	128 159
Factoring	54 499	27 500
Less: Provision for loan impairment	(534 190)	(409 350)
Total loans and advances to customers	19 777 226	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>	30/06/2007	2005
Provision for loan impairment as at 1 January	409 350	289 840
Provision for loan impairment during the year	125 402	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	534 190	409 350

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

<i>In thousands of Russian Roubles</i>	30/06/2007		2006	
	Amount	%	Amount	%
Individuals	6 539 262	32.2%	4 985 299	32.1
Trade	5 429 757	26.7%	3 925 465	25.3
Agriculture	3 295 697	16.2%	2 674 760	17.2
Manufacturing	1 730 908	8.5%	1 507 527	9.7
Transport	954 390	4.7%	922 794	5.9
Construction	887 019	4.4%	572 458	3.7
Energy	279 551	1.4%	115 389	0.7
Utilities	75 604	0.4%	42 995	0.3
Other	1 119 228	5.5%	792 969	5.1
Total loans and advances to customers (before impairment)	20 311 416	100.0%	15 539 656	100.0

Center-Invest Bank Group
Notes to the Consolidated Financial Statement as at 30 June 2007
(in thousands of Russian Roubles)

The liquidity position of the Group as at 30 June 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	2 516 435	-	-	-	-	-	2 516 435
Mandatory cash balances with the CBRF	453 795	-	-	-	-	-	453 795
Trading securities	702 950	-	-	-	-	-	702 950
Other securities at fair value through profit or loss	-	-	6 600	-	-	13 254	19 854
Due from other banks	5 112 664	963 388	214 628	248 119	50 000	-	6 588 799
Loans and advances to customers	1 168 991	2 519 914	4 246 487	4 372 232	7 469 602	-	19 777 226
Finance lease receivables	41 668	90 056	149 196	203 536	454 963	-	939 419
Premises and equipment	-	-	-	-	-	2 003 553	2 003 553
Other assets	352 232	484 624	80 541	145 717	214 344	175 310	1 452 768
Total assets	10 348 735	4 057 982	4 697 452	4 969 604	8 188 909	2 192 117	34 454 799
Liabilities							
Due to other banks	1 213 436	1 041 652	1 582 826	2 363 069	257 408	-	6 458 391
Customer accounts	6 147 593	1 853 635	1 952 385	3 248 032	5 879 350	-	19 080 995
Promissory notes issued	16 491	5 417	1 533	160	-	-	23 601
Bonds issued	-	-	1 513 991	-	-	-	1 513 991
Borrowings from international financial institutions	7 742	118 070	85 655	553 589	1 308 303	-	2 073 359
Subordinated loan	-	-	-	-	384 734	-	384 734
Deferred income tax liability	-	-	-	-	-	157 408	157 408
Other liabilities	236 130	157 962	1 070	2 986	12 972	-	411 120
Total liabilities	7 621 392	3 176 736	5 137 460	6 167 836	7 842 767	157 408	30 103 599
Net liquidity gap	2 727 343	881 246	(440 008)	(1 198 232)	346 142	2 034 709	4 351 200
Cumulative liquidity gap at 30 June 2007	2 727 343	3 608 589	3 168 581	1 970 349	2 316 491	4 351 200	-

Analysis of Risk-based Capital
Center-Invest

CAPITAL CATEGORY

QUALIFYING CAPITAL (A+B)	4 637 786
A. TIER 1 CAPITAL	3 520 868
1. Total Paid-in Share Capital	1 257 145
2. Disclosed reserves	2 263 723
Share premium	1 646 428
Retained earnings	617 295
3. LESS: Goodwill	0
B. TIER 2 CAPITAL	1 116 918
5. Subordinated debt and limited life preferred stock	339 913
6. Assets revaluation reserves	777 005
Risk-Weighted Assets (as per BIS)	25 745 668
Capital Adequacy Ratio	18.01%