



annual report



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CentroCredit Bank: General Information

CentroCredit Joint Stock Commercial Bank was established in 1989 and is now in its sixteenth year of successful performance in the banking sector. The legal provision for banking activities is granted by General License for Banking No. 121 issued by the Central Bank of the Russian Federation. The Bank is also licensed to trade in precious metals.

The Bank's main office is in Moscow and it has a branch office in the city of Vologda (Russia) and a representative office in London (United Kingdom).

The Bank has developed a network of correspondent relations with several major foreign banks including Raiffeisen Zentralbank Osterreich AG (RZB), Vienna; Banque Commerciale pour l'Europe du Nord S.A. (Eurobank); Commerzbank AG, Frankfurt am Main, and others.

CentroCredit Bank is a member of the Moscow Banking Union, the National Currency Association, and the National Stock Association. It participates in the Russian Trading System (RTS), the Moscow Stock Exchange (MSE), and the Saint-Petersburg Stock Exchange. It is a stockholder and full member of the Stock, Currency and Forward Markets section of Moscow Interbank Currency Exchange (MICEX).

Being authorised (Licence No.470 of November 29th, 2001) to act as a broker-dealer, the Bank has the right to execute futures and option transactions on exchanges within the territory of the Russian Federation.

The Bank is licensed, without limitation of time, to operate as a participant in the professional securities market in the following types of business: dealer's activity (Licence No. 177-06344-010000 of 19 September 2003), broker's (Licence No. 177-06333-100000 of 19 September 2003), securities management (Licence No. 177-06356-001000 of 19 September 2003), and depository activity (Licence No. 177-06413-000100 of 26 September 2003).

The State Customs Committee has included CentroCredit Bank in the Register of Entities authorised to act as customs guarantor in transactions with an admissible overall value of guarantees up to €20,000,000.

In the course of the year 2003, the Bank's Authorised Capital increased 127 per cent from RUR 1,312,000,000 to RUR 2,978,000,000. This provided for the Bank's full membership of top Russian banks - by 31 December 2004, CentroCredit Bank ranked 42nd largest in equity capital (according to The Profile magazine ratings). At the same time, the Bank was 54th largest by assets.

In 2004, the level of total assets increased almost seventy per cent and amounted to RUR 16,911,000,000.

In 2003, the Bank acquired a bank office building located in the very centre of Moscow: 10, Stary Tolmachevsky Lane and established a supplementary central office operating as a client service centre. The new office enabled the Bank to improve the quality of client service and meet the demands of its customers.

In 2004, CentroCredit Bank acquired many new corporate and individual clients, a rise of 18.5% over 2003, and to service them the Bank continued to establish new offices in the outlying parts of Moscow. By the close of the year, the number of Bank offices had increased to 22.

In 2003, the Bank's precious metals transactions increased substantially. In 2004, the turnover within this market increased by two thirds reaching 1,000 kilos of gold a month. In addition, the value of advances to gold-mining companies exceeded 3.5 tons of gold.

The value of leasing operations increased 46 times in 2004 from RUR 6.85 to RUR 323 million.

Industry experts reported that the Bank ranked second in Russia in the execution of factoring operations and activity in this area totalled US\$150 million in 2004.

CentroCredit Bank produces its accounts to meet both Russian and international standards of financial reporting. The audit of 2004 accounts, in conformity with international financial reporting standards, was conducted by ZAO Deloitte & Touche CIS, while the audit in conformance with the Russian accounting standards was carried out by Rusfininvest-Audit.

According to 2004 results, the balance sheet profit of CentroCredit Bank totalled RUR 636 Million. The Annual General Meeting of shareholders agreed a dividend payment of RUR 5.64 per common share and RUR 1.41 for preferred shares.

In compliance with Articles 21 and 43 of the Federal Law "On insurance of deposits of individuals in banks of the Russian Federation" No. 177-F3 of 23 December 2003, the State Corporation "Agency for Deposit Insurance" included CentroCredit Bank in its register of banks who participate in the mandatory insurance of deposits (Register No. 161).

On 23 June 2004, the Bank celebrated its 15th anniversary. In a special report dedicated to the 15th anniversary of Russia's banking system, The Banking in Moscow magazine wrote about CentroCredit under the headline: "They were one of the first".

Address to Clients and Partners by the Chairman of the Board of Directors

Dear Friends,

In presenting to you CentroCredit Bank's Annual Report for 2004, I would like to thank all our clients, employees and the stockholders of the Bank for both their co-operation and their confidence in us. Our impressive achievements stem from working together.

The Bank's top managers work hard to maintain the high rate of growth demonstrated by CentroCredit and concentrate on producing a qualitative rather than just a quantitative growth in performance.

At the same time, against the background of excellent financial performance, the managers and stockholders of CentroCredit Bank continue to pay special attention to sustaining high reliability and increasing the Bank's attractiveness to clients.

Pavel Kosolobov
Chairman of the Board of Directors,
CentroCredit Bank

Address to Clients and Partners by the Chairman of the Management Board

Dear Stockholders and Clients of our Bank,

Acting on behalf of the staff, I have pleasure in presenting Annual Report for year 2004.

Last year was not a totally propitious one for the Russian financial system. The combined impact of severe market competition and the underlying weaknesses of several Russian banks resulted in the grave credibility crisis that arose in the inter-bank market in mid-2004.

This, together with the efforts made by the Central Bank to establish a system of deposit insurance, made great additional demands on all Russian banks. Without exception, every bank in its activities had to concentrate more on observing regulations and providing for transparency.

I remind you of those facts to emphasize the pleasure I have in confirming CentroCredit Bank successfully met these new challenges.

I prefer not to go into the statistical details that you will find in the appropriate chapters of this Report, but I want to stress just a few facts which seem to me to be of primary importance.

In November 2004, the Bank entered the unified state network for obligatory insurance of deposits made by individuals.

In December 2004, the Bank's equity capital increased by RUR 915 million to reach RUR 3,624,000,000.

The Bank closed 2004 with a profit of RUR 636 Million.

The Bank's shareholders agreed a total dividend payment of RUR 57,900,000.

The year 2004 turned out to be one of the hardest years for the banking system in Russia. Let me assure you that during that period, your Bank proved its sustainability and its solid potential for the further strengthening of its market position.

On behalf of Bank employees, I thank you for your confidence and support.

Andrey Tarasov
Chairman of the Management Board
CentroCredit Bank



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Analysis of the Economic Situation in the Russian Federation and Development of Russia's Banking System in year 2004

I. Economic Situation in Russia

Although 2004 was the sixth successive year of economic growth in Russia, the rate of growth slowed somewhat to 7.1% compared to 7.3% in 2003. The growth rate of the Russian economy was higher than in most developed market economies but lagged behind other countries with transition economies, including the People's Republic of China and most CIS countries.

Table 1. Dynamics of basic macro economic parameters

KEY PARAMETERS	1999	2000	2001	2002	2003	2004
Nominal GDP (RUR '000,000,000)	4823,2	7305,6	8943,6	10 817,5	13 201	16 550
Real GDP growth (changes in per cent per annum)	6,3	10	5,1	4,7	7,3	7,1
Industrial production (changes in per cent per annum)	11,6	12	4,9	3,7	7	6,1
Capital expenditures (changes in per cent per annum)	3,5	17,3	8,3	2,5	12,2	10,9
Producer's price index (changes in per cent per annum, end of ref. period)	71	31,6	10,6	17,5	13	28,4
Inflation (per cent per annum, end of ref. period)	36,6	20,1	18,8	15,1	12	11,7
Exports (US\$ '000,000,000)	75,6	105	101,6	107,3	134,4	183,2
Imports (US\$ '000,000,000)	39,5	44,9	53,8	61	74,8	94,8
Trade balance (US\$ '000,000,000)	36	60,2	47,9	46,3	59,6	88,4
FEDERAL BUDGET						
Income (RUR '000,000,000)	608	1127,6	1590,70	2198,5	2588,3	3422,3
Income (as per cent of GDP)	12,6	15,4	17,6	20,2	19,4	20,7
Spending (RUR '000,000,000)	664,7	954,1	1325,70	2042,2	2361,5	2724,7
Spending (as per cent of GDP)	13,8	13,1	14,7	18,8	17,7	16,5
Primary deficit [-] or profit [+] (as per cent of GDP)	2,2	4,7	5,5	3,5	3,4	5,5
Total deficit [-] or profit [+] (as per cent of GDP)	-1,2	2,4	2,9	1,4	1,7	4,2
Monetary basis (narrow, RUR '000,000,000, end of ref. period)	324,3	482,7	708,5	940,3	1392,1	1644,6
International reserves (US\$ '000,000,000, end of ref. period)	12,5	28	36,6	47,8	76,9	124,5
M0 (RUR '000,000,000, end of ref. period)	266,6	419,3	584,3	763,2	1147	1534,8
M0 growth (changes in percent per annum)	42	57,4	39,4	30,7	50,3	33,8
M2 (RUR '000,000,000, end of ref. period)	704,7	1154,3	1612,60	2134,5	3212,7	4363,3
M2 growth (changes in percent per annum)	57,2	61,5	39,7	32,4	50,5	35,8
Official US\$/RUR exchange rate (end of ref. period)	27	28,16	30,14	31,78	29,45	27,75
Refinancing interest rate (annual base, end of ref. period)	55	25	25	21	16	13

In 2004, annual industrial production grew by 6.1% (in 2003, the growth was 7%). The structure of growth was characterized by the increasing contribution of the secondary sectors (machinery, food processing, light industry), which contributed 50 per cent of total growth compared to 40.2% in 2003. Meanwhile, the share of export-oriented commodity sectors (oil and gas, ferrous and non-ferrous metals, timber, timber-processing, pulp and paper, chemical and petrochemical industries) decreased to 45.4% from 53.6% in 2003. The most rapid growth, 11.7%, was recorded by the machine-building and metal processing sectors and the chemical and petrochemical industries with 7.4%. In 2003, the related growth figures were 9.4% and 4.4% respectively.

The rate of growth in agricultural production was 1.6% compared to 1.3% in 2003. Grain producing areas increased production by 16.2% compared to the preceding year. The grain yield of 78,000,000 tons completely supplied the national demand for food and fodder. In addition, more than six million tons were exported. Despite the growing productivity of dairy husbandry, the decrease in milk production continued dropping a further 4.2% over 2003. For the first time in the last few years, meat and poultry production decreased by 0.3 per cent. Lower outputs in animal husbandry resulted mainly from a steady reduction of the cattle population caused by an inadequate supply of fodder and from low profitability of farming.

In 2004, the value of Russia's exports increased to an all-time high of US\$ 182,300 million exceeding 2003 figures by 33.9%. The overall value of exports to CIS countries increased 39.3% to reach US\$ 29,800 million and exports to all other nations totalled US\$ 152,200 million, an increase of 32.8%. The dynamism of exports in 2004 resulted, to a considerable extent, from unprecedented conditions in the world market. The annual average price per barrel for Urals oil was US\$ 34.40 or 26.7% higher than in 2003. During the year, the world oil market set a number of new price records. Price for a barrel of crude oil reached US\$ 55 in mid-October. High demand and positive prices for ferrous and non-ferrous metals remained steady as they did for chemical, timber, pulp and paper products.

In general in 2004, the world market situation contributed more than half of Russia's overall economic growth at 3.6 per cent of GDP. Raw materials dominated in exports. Share of basic commodity groups in the total value of national exports were: oil and gas, a 0.1 per cent increase to 56.8%; metals and metal products, a 3.0% increase to 16.9%; chemical products, a 0.2% increase to 6.6%; and machinery and equipment, a 1.5% increase to 7.5%.

The overall value of imports increased 24.6% and amounted to US\$ 94,800 million including US\$ 19,700 million from CIS countries, a 30.5 per cent should be, and US\$ 75,100 million from the rest of the world, a 23.1% and increase over 2003. The Ministry for Economic Development reported that the share of machinery and equipment in the total value of imports was 40.9%, a 3.6% increase over 2003; that of finished products and initial raw materials for food processing was 18.1%, a 2.9% decrease; chemical products share was 15.9%, a 0.8% decrease; and the share of textiles and footwear was 4.5%, a 0.3% decrease. Meanwhile, imports of machinery, equipment and vehicles in 2004 increased 1.5 times compared to 2003.

Economic growth was accompanied by increasing labour productivity, up 6.3%, and employment also up by 2.7%. However, labour efficiency growth was inadequate to cover growing wages and salaries which showed a growth of 10.8% in real terms, and the effective strengthening of the rouble in real terms. Communications was the only sector where labour efficiency growth rates slightly outpaced those for salaries.



In 2004, consumer and investment demand continued to grow. However, due to the poor competitiveness of domestic products, nearly two thirds of the growth in consumer demand was met by imports. The rapidly growing demand for goods and services contributed to overall demand and steady economic growth. The very high growth rates recorded in the retail sector, 10.9% in 2004 and 12.5% in 2003, were set against the relatively modest growth in personal income and were serviced by increased consumer credit and a more moderate growth of paid services, both affected by the summer banking crisis in rouble savings.

Unlike the consumer sector, the rate of growth in investment slowed: the annual increase in capital expenditure was 10.9% in 2004 compared to 12.5% in 2003. Deceleration in investment growth was recorded in both the exporting sectors and in manufacturing. However, after the dramatic deceleration in investment and construction (seasonal factors excluded), especially in the third quarter caused by the bank crisis and capital outflow, both investment and construction activities recovered in the last months of the year. Net capital inflow in the private sector returned in September, though aggregate results showed that in 2004, export of capital increased four times compared to 2003 and totalled about US\$ 8,000 million. On the whole, no significant improvements in entrepreneurship and the investment climate in the country have been achieved and no real progress was made in strengthening mutual confidence between the authorities and business.

The country's financial position improved considerably. In 2004, federal budget proceeds exceeded planned figures. Russia's national debt was serviced in conformity with the schedule. Excessive money supply, resulting from high fuel prices, was partially neutralised through the accumulation of considerable financial resources in the Stabilization Fund (over RUR 520,000 million at the close of the year). In combination with increases of gold and foreign exchange reserves in the Bank of Russia (over RUR 124,000 million at the close of the year), this created additional resources for preventing or controlling irregularities in the financial arena.

Despite the tough credit and financial policies, the annual inflation rate was 11.7% and exceeded the budgetary target by 1.7 per cent. This resulted mainly from the rise in prices for commodities outpacing world prices of gasoline, gas oil, other fuels and lubricants, and basic food commodities. Manufacturers' prices in the industrial sector increased 28.3% mainly due to price rises on world markets and the trend towards monopolies in exporting sectors.



II. The Banking System in Russia in 2004

Table 2. Dynamics of Russian banking system key parameters

	01/01/2001	01/01/2002	01/01/2003	01/01/2004	01/01/2005	Increase in 2004-2005 (per cent)
Assets	2362,5	3159,7	4145,3	5600,7	7136,9	27,43
as percentage of GDP	32,3	35	38,2	42,4	42,5	
Capital	286,4	453,9	581,3	814,9	946,6	16,16
as percentage of GDP	3,9	5	5,4	6,2	5,6	
% assets	12,1	14,4	14	14,6	13,3	
Loans to legal entities in non-financial sector (residents)	763,3	1191,5	1612,7	2266,9	3149,9	38,95
as percentage of GDP	10,4	13,2	14,8	17,2	18,8	
Profit for the current year	17,18	67,61	92,95	128,406	177,943	38,58
as percentage of capital	6	14,9	16	15,76	18,80	
GDP (for reference)	7305,6	9039,4	10 817,5	13 201	16 550	25,37

The data given in Table 2 shows the general correlation in growth rates between the banking system and national economy. Among positive aspects in development, notice should be taken of the sharp rise in credit of domestic entrepreneurs. As for negative trends, there was a certain, though weak decrease in the share of own capital in the liabilities of the banking system.

In 2004, annual growth in lending exceeded the growth in the asset base. The fastest growing segment for capital allocation was rouble loans to individuals which increased by 113.4% over 2003. However, the size of this type of loan, as a share of assets, remained rather modest at about 8.7%.

In the Summer of 2004, the banking system in Russia suffered from a crisis, later given the name "Trust crisis". It started in May, when the Russian Federation Central Bank revoked the licences of two banks. This resulted from serious infringements by the two including those subject to consideration by the Commission for Finance Monitoring. Mr. Zubkov, Head of the Commission, declared that his administration also "had questions" to ask of another ten Russian banks. From that moment on, the crisis in banking began to deepen. "Black lists" of banks appeared on the internet, banks at the inter-bank markets cut credit lines first for banks from the third, and then from the second, circle. Many small banks then suffered from liquidity problems. Most private banks had to operate in a tense atmosphere. Several major banks faced problems of heavy withdrawals of private deposits. In order to overcome the crisis, the Bank of Russia halved the rate of allocations to the Mandatory reserve fund from 7.0 to 3.5%. The State Duma decided to adopt a law on compensation for lost savings for amounts of up to RUR 100,000 and encouraged the acquisition of the troubled Guta Bank by Vneshtorgbank. The Bank of Russia also asked Sberbank (Savings Bank) of Russia to participate more actively on the inter-bank loans market and enhanced the list of pledges under collateral crediting. The crisis resulted in a dramatic shrinkage of the inter-bank credit market. Also, no inflow of rouble investments by individuals, enterprises or organisations was recorded in the months after the crisis, but no outflow took place either. Many depositors restricted their dealings with banks with either state or foreign participation. For example, over nine months of the year 2004, deposits in CitiBank increased by more 100%.

Table 3. Dynamics of Expenditure /Revenue Structure of The RF Banking System

	01/01/2001	01/01/2002	01/01/2003	01/01/2004	01/01/2005
Revenues – total (per cent)	100	100	100	100	100
Including:					
Interests on loans, deposits and other allocated funds	11,43	13,05	18,03	12,84	13,30
Revenues from securities trading	8,02	6,52	10,13	11,54	7,76
Revenues from foreign exchange and other currency values operations	40,11	32,71	27,76	39,20	37,32
Fines, penalties, forfeits	0,23	0,55	0,56	0,11	0,09
Other revenues	40,20	47,17	43,49	36,30	41,52
Including:					
Recovery of loan loss provision	33,53	41,15	35,31	28,52	33,97
Commission received	2,92	3,00	3,77	3,14	3,52
Expenditures – total (per cent)	100,00	100,00	100,00	100,00	100,00
Including:					
Interests paid on loans attracted	0,91	0,98	1,14	0,71	0,83
Interests paid on funds raised from legal entities	2,16	2,44	2,49	1,52	1,31
Interests paid on deposits made by individuals	6,03	3,46	5,04	3,98	3,73
Costs of operations with securities	2,68	3,15	5,42	7,14	5,39
Costs of foreign exchange and other currency values operations	39,75	32,73	28,03	41,00	38,69
Administrative and management costs	3,30	4,35	6,47	4,81	4,47
Fines, penalties, forfeits	0,05	0,31	0,05	0,03	0,01
Other expenditures	45,12	52,57	51,35	40,81	45,57
Including:					
Allocations to funds and reserves	137,61	45,30	41,20	32,43	37,68
Commission paid	0,26	0,32	0,48	0,40	0,43

Early in July 2004, the Government of the Russian Federation approved a strategy for the development of the banking sector. The Government and RF Central Bank agreed the top priorities for the years 2004 to 2009 as follows: Commercial banks should intensify the accumulation of household savings and funds from companies and transform deposits and foreign currency revenues from external trade into loans and investments in all sectors of national economy; in the domestic market, banks should improve their competitiveness with foreign financial institutions through diversity and a higher quality of services and observance of customers' rights and interests; they should not participate neither in legalisation of revenues from illegal activities, nor in financing terrorism and illegal business; they should develop market competition and adhere to market regulation and transparency in credit activities; they should gain and strengthen the confidence of foreign investors, creditors and depositors. In the next development stage, years 2009 to 2015, the Government and Central Bank will concentrate on introducing Russian banks into international financial markets. The Ministry of Finance forecast that in the event of a successful implementation of the measures proposed by the Strategy, the role of banking in the national economy by the start of 2009 would be characterised by ratios: assets/GDP – 56 to 60%, capital/GDP – 7 to 8%, and loans/GDP – 26 to 28%.



Operating results and report for 2004*

During the reporting year, CentroCredit Bank accomplished several crucial tasks:

- > entered the system for deposit insurance (the Bank was among the first 25 banks in Moscow to join the new system),
- > raised its credit rating to B+(rus) (Fitch Ratings),
- > joined the MasterCard International payment system,
- > increased equity capital by 30 per cent,
- > brought into operation systems for budgeting and planning.

In general, 2004 was noted for the dynamic growth of the Bank's key financial performance indicators which determined both the quantitative and qualitative features of its work. So far, total assets (Form 101) increased by 69.8% and reached RUR 16,911 million (as on 1 January 2005). Equity capital increased by RUR 915 million (33.8 per cent) and accounted for RUR 3,624 million (as on 1 January 2005). The Bank's authorised capital more than doubled reaching RUR 2,978 million – through capitalisation of 2003 earnings of RUR 1,066 million and the issue of new shares to the value of RUR 600 million.

According to "Rating of Major Banks of Moscow and the Moscow Region (with assets between RUR 6,000 million and RUR 20,000 million" published by Expert magazine, CentroCredit Bank was ranked in the top group according to financial stability. The rating report says that CentroCredit Bank has a capital adequacy of 52%, quick liquidity ratio of 38%, and a business activity ratio of 29.5% coming second in the group. "This bank has enjoyed a qualitative improvement in its relative indices and a rise in its absolute finance parameters", says Expert.

In the "Rating of the 200 Largest Banks in Russia" published by Finance magazine, the results of the Bank's performance in 2004 made it:

- > 38th in equity capital (a rise of seven places over the previous year),,
- > 65th in active assets (a rise of 12 places),
- > 34th in balance sheet profit.

According to the report, CentroCredit Bank has a ratio equity capital to liabilities of 25% and thus ranks 33rd in the list of 200 banks (the average ratio is 17%). In 2004, the profitability of the Bank's assets was 6.0% and exceeded the 200's average by 3.4%.

Profitability of the Bank's capital also exceeded the average figure for the national banking sector. In 2004, it was 19.0% against the 200 banks' average of 16.7%. (Source: Finance.)

The Bank's profit before tax in 2004 was RUR 669 million.

The main sources of income for the Bank to 1 January 2005, included:

- > Net income from operations with securities – RUR 1,338 million,
- > Net income from interest and similar income – RUR 990 million,
- > Income from commissions – RUR 134 million,
- > Net income from trading in precious metals – RUR 83 million.

* According to Russian accounting standards



As of 1 January 2005, the Bank's total assets stood at RUR 14,700 million, some RUR 5,600 million higher than in January 2004.

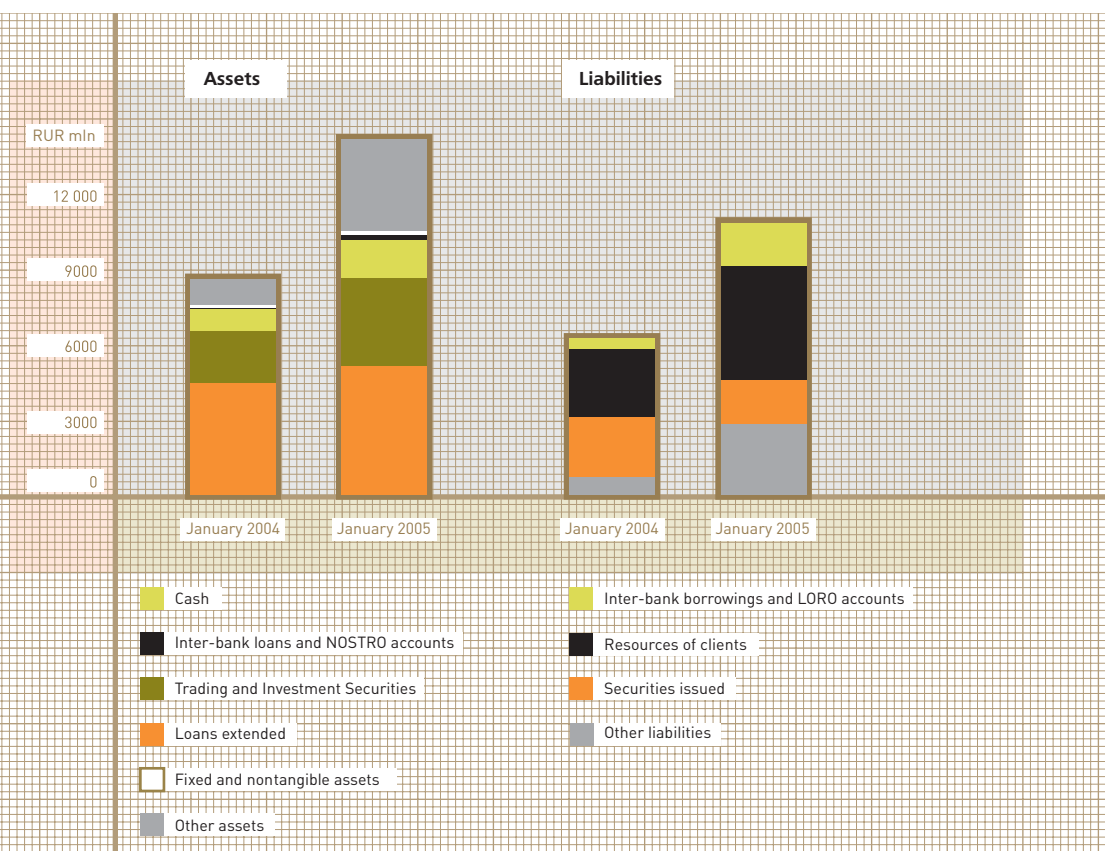
The diagram below reveals the structure of the Bank's assets. In 2004, the share of loans extended decreased from 49%, as of 1 January 2004, to 35% as of 1 January 2005. The share of investment in securities remained stable and equalled 24% of overall asset value.

In absolute terms, investment in securities increased by RUR 1,400 million and reached RUR 3,500 million at 1 January 2005. The loans extended by the Bank increased by RUR 730 million, amounting to RUR 5,200 million on 1 January 2005.

Other assets occupy an important position in the CentroCredit's asset structure. They include mainly balances under futures transactions.

The proportion of other assets remained constant at 11% on 1 January 2005. In absolute terms, however, other assets increased by RUR 613 million and totalled RUR 1,600 million.

The amount of assets placed on the inter-bank market (loans and correspondent accounts) increased by RUR 242 million and reached RUR 299 million by 1 January 2005 compared with RUR 57 million at the start of 2004, an increase of 1% to make 2% of the Bank's total.



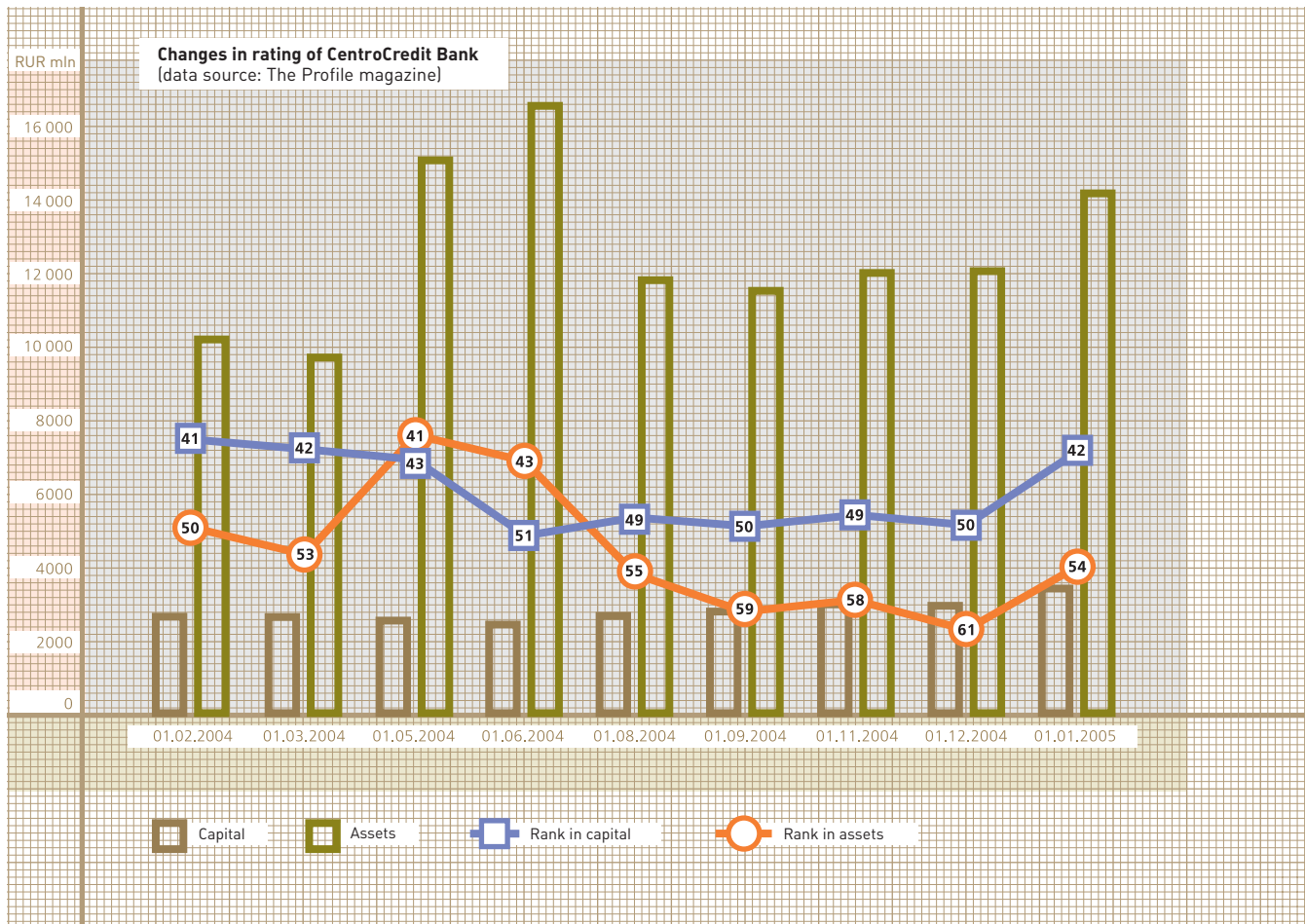
The resource base of the Bank increased both through equity, equity capital increased 33.8% last year, and through new borrowings. Their value increased by 72 per cent compared to the previous year to RUR 11,300 million at 1 January 2005.

Clients' resources (current and other accounts and deposits of individuals and corporate entities) increased RUR 1,900 million or 66%. On 1 January 2005, they made up 42% of the Bank's total liabilities.

The volume of own promissory notes reduced by RUR 692 million. Their share in the Bank's liabilities decreased 22% in 2004. On 1 January 2005, it made up 16% of total liabilities.

Attraction of funds from the inter-bank loans market remains an important component of the Bank's performance. At the end of 2004, the share of inter-bank loans and correspondent accounts in total liabilities was 16%. The amount of outside funds from the inter-bank loans market increased RUR 1,300 million.

A considerable increase was recorded in the area of "other liabilities", which mainly included obligations under futures transactions. The value of other liabilities increased by RUR 2,200 million and their share in the Bank's total liabilities was 26%.

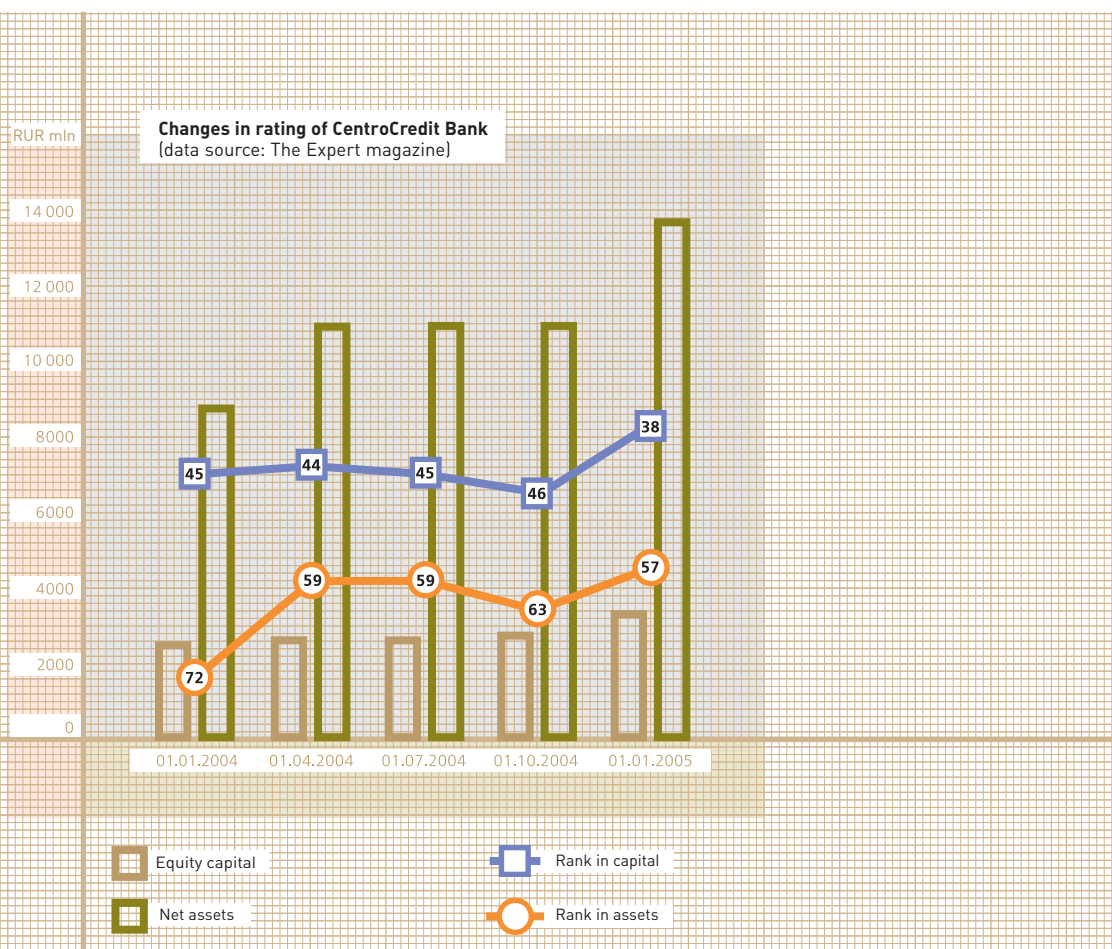


The 2004 financial picture of CentroCredit Bank proves its profitability and sustainable liquidity.

The Bank's reliability and positive development improved its market position.

In 2004, CentroCredit Bank increased the size of its business considerably. In 2005, the Bank plans to improve its quality, first and foremost, in the area of corporate management. The tasks include:

- Development and practical introduction of a multi-level risk management system integrating approved assessment methods for all types of risk exposure,
- Reorganisation of the Bank's structure to sustain the developed strategy and to establish efficient control over processes,
- Development and introduction of a system providing for assessment of work efficiency of individual departments and their managers,
- Development and introduction of a new staff motivation system.



Finance

"CentroCredit is leader in the mini-rating list 'Twenty-Five Most Profitable Companies'. And it ranks 375th in the list "500 Largest Companies in Russia".

04.10.2004

Prospects for Development of the Bank in 2005

The main challenges facing CentroCredit Bank in 2005 include:

- > Improvement in the Bank's management system against all types of risk,
- > Practical implementation of real reserves, especially in relation to risks in the loan portfolio,
- > Development of a set of banking products that will sell well in the long run,
- > Introduction of quarterly budgeting,
- > Bringing the staff motivation system in line with today's conditions,
- > Development and introduction of a combined project for servicing individual retail clients.

When the Bank has introduced these enhancements, it will retain the positive dynamics of its key balance sheet indicators, be quick to respond in a flexible way to changing market conditions, and be able to exercise a conservative policy in risk management.



CHAPTER 2

Bank Management System



Bank Management System

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Management System Principles

The principles of management, successfully implemented in the past few years, did not undergo any significant changes in 2004. In 2005, the main target in perfection of the management system is to obtain competitive advantage through improved quality, fast reaction and efficient implementation of management decisions, as well as minimisation of risks through continuous analysis of the current situation.

Strategic management is executed by the Board of Directors. It stipulates the main principles of the Bank's activity, selection of strategic partners, and development of several important programmes such as improvement in banking technologies, implementation of a long-range planning system, and further growth of the Bank's capital.

Operational management is undertaken by the Management Board and is executed through regular committee meetings of the Financial and Credit Committees of the Management Board.

The meetings of the Financial Committee discuss key areas of policy and the development and the implementation of financial strategy. The Committee monitors the financial position of the Bank and its liquidity, appraises the implementation of plans, and the limits and economic parameters set by the Central Bank of the Russian Federation.

The main task of the Credit Committee is to keep the balance between a tough, centralised risk management policy, determined by interest rates and limits, and the maximum independence the Bank can give to its functional departments.

Decisions made by the two Committees are mandatory for all departments concerned.

Board of Directors provides general policy and guidelines for the Bank's activity.

Management Board provides information and analytical studies and oversees operational and project activities.

Personnel management is based on the assumption that sufficient trained staff are available to successfully complete strategic tasks. The Bank concentrates on maintaining high morale and improving the staff's material wellbeing.

Corporate governance is based on an ideal balance of the interests of shareholders, management and employees.

Image management rests on maximum possible transparency and fairness towards clients, partners, employees and general public.

Technology management, development of automated systems and telecommunication infrastructures should provide for maximum client' convenience. Top priority should be given to remote access.

Organisational Structure of the Bank

Management and Oversight Bodies of the Bank

General Shareholder Meeting

Board of Directors of CentroCredit Bank

Pavel N. Kosolobov

Chairman of the Board of Directors

Andrey N. Surmilo

Secretary of the Board of Directors

Sergey A. Yeremin

Member of the Board of Directors

Andrey A. Pan'kovsky

Member of the Board of Directors

Mikhail V. Potapov

Member of the Board of Directors

Andrey I. Tarasov

Member of the Board of Directors

Kasym A. Eristov

Member of the Board of Directors

Auditing Committee of the Bank

Akhmed B. Zhamanov

Yevgeny I. Maksimov

Vladimir V. Merzlikin

Top Managing Bodies of the Bank

Executive Chairman of the Board

Andrey I. Tarasov

The Management Board

(CentroCredit Bank's executive management team)

Chairman of the Board

Andrey I. Tarasov

First Deputy Chairman

Kirill Ye. Shershun

Deputy Chairman

Vitaly S. Larichev

Financial and Credit Committees of the Board

The Annual Meeting of Shareholders of March 14th, 2005 agreed the motion that the Members of the Board of Directors, Collective Executive Body and Auditing Committee not be awarded compensation for expenses for the results of year 2004.

Internal Control Service

Head, Deputy Chairman of the Board, Member of the Board of Directors

Sergey A. Yeremin

Structural departments of the Bank

Department of bank services, products and technologies

Director

Dmitry V. Peshkov

Department of credit and project financing

Director

Eduard Yu. Kovaletov

Department of Assets management

Director

Aleksandr V. Alekseyev

Department of Treasury operations

Director

Ilya Yu. Korbashov

The Expert

"In terms of financial stability there are now not five, but six credit organisations. CentroCredit Bank has joined the leading group. This bank has enjoyed a qualitative improvement in its relative indices and a rise in its absolute financial parameters."

Accounting Department*Chief accountant***Larisa V. Zimina****Financial management***Head***Tatyana A. Sanktis****Department for combatting money laundering***Head***Vladimir A. Khar'kov****Legal and information***Director***Andrey N. Surmilo****Business development***Head***Igor V. Kosolobov****IT***Head***Igor A. Avilkin****Security***Head***Vitaly A. Kaloshin****Administrative***Head***Mikhail N. Smirdan****Representative Office and Branches of the Bank****Representative office of CentroCredit Bank in the United Kingdom (London)***Head***Natalya A. Bogomolova****Branch office of CentroCredit Bank in the city of Vologda***Manager***Sergey M. Moskvin**

At present, the Bank shareholders include nine individuals and 47 organizations. The largest stakes are held by Mr. P. Kosolobov, Chairman of the Board of Directors (6.93%) and Mr. A. Tarasov, Chairman of the Management Board (9.3%). No other holdings exceed 5%.



CentroCredit Bank

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CentroCredit Bank



Personnel, Social and Environmental Policy

Personnel Policy

At the end of 2004, the bank employed 494 staff. This was an increase of 12.5 per cent over 2003 resulting from the growing scope of activities, newly established businesses and staffing the network of additional offices.

The organisational changes that took place in 2004 were business driven and required a more balanced personnel policy. The dynamic growth of the bank led to structural reorganisation aimed at new strategic objectives and tasks. The new structure increased the importance of the role of human resources in hiring and developing quality staff. The modern personnel selection system helped to optimise the use of employees' professional and personal strengths. Innovations such as career planning bore fruit and, last year, many bank employees were promoted, some heading newly established subdivisions.

CentroCredit Bank has high expectations of the professional skills and talents of its employees and understands the role of a coherent team of professionals in competing successfully in the banking sector. Of our staff, 62% graduated from university, 7% received secondary higher education, and seven people had academic status or degrees. Increased attention was paid to improvement of employees' qualifications. Specialists regularly attended consulting seminars and conferences on various aspects of banking.

The Bank's top management created favourable conditions to help staff to realise their potential and to raise their professional capabilities. This was supported by a motivational programme that included bonuses, valuable gift awards, and salary rises. An outstanding social protection programme granted every employee access to public health services under medical insurance plans and the opportunity to improve their health at sporting facilities. It has now become a tradition of the Bank to conduct sports events and festivals and thus help to consolidate the spirit of teamwork and to further develop corporate culture.

The Bank works with various professional clubs, staffing agencies and consultants to help in the practical introduction of advanced technologies in personnel audits, complex assessment of personnel, and the linking of motivation to performance. Established relations with leading higher schools in Moscow helped the Bank to invite the most promising students for probationary training and then to hire the most successful of them on a permanent basis.

Social Policy

In 2004, the Bank held corporate festival events for the staff including the celebration of the 15th anniversary of the Bank in June and a New Year carnival at the end of December.

Major social programs included:

- > medical insurance of employees by the Federal Insurance Company,
- > restriction on smoking within Bank premises,
- > the provision of two dining rooms in the Bank building with high quality meals at reasonable prices,
- > partial compensation of expenses arising from annual leave,
- > fixed subsidies for employees' children (under 17) co-inciding with annual leave,
- > financial support for employee sports activities,
- > the number of regular attendees at the "Bolshaya Tatarskaya" fitness club neared 100,



> CHAPTER 2

- > the Bank's soccer team undertook regular weekly training and unofficial matches were held with customers and counterparts at the CSKA Stadium,
- > the Bank's mountaineering team raised the flag of CentroCredit on the summits of Elbrus and Kilimanjaro,
- > the Bank was a regular partner and sponsor of tests conducted by Gornye Lyzhi ("Downhill Skiing") magazine.

Charity

CentroCredit Bank employees supported Orphanage No. 6 (40, Pyatnitskaya str.). They collected clothes and toys for the orphans, gave presents on public holidays, and contributed to the acquisition of furniture and equipment.

CentroCredit Bank sponsored the Eureka educational quiz program. This project was produced by Iskra Park of the Virtual Ideas Company and enjoyed the support of notable scientists, politicians and statesmen including the Minister of Education and Sciences.

For the past few years, the Bank has been the Sponsor General to Moscow Zoo.

Environmental Policy

As the Bank is located in the centre of Moscow and surrounded by numerous office and housing blocks, special attention was paid to the challenge of improving the local neighbourhood.

The Bank went to work and in 2004:

- > provided over 10,000 sq. metres of adjacent land with good amenities, planting trees and 460 bushes,
- > cleaned the area without resorting to the use of chemicals,
- > supplied environment-friendly packing for waste removal,
- > used mainly multi-purpose paper that meets international environmental standards in its daily work,
- > recycled waste,
- > used recycled fluorescent lighting,
- > ensured all Bank automobiles were exclusively washed by specialists.



Relations with Customers and Partners

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- 46** Automation and Software

Customer Policy

Corporate Customers

As a commercial customer bank, CentroCredit offers its customers an impressive package of high-technology financial products and services. The positive growth dynamics, both of the Bank and its customers, demand continuous enhancement of banking activities in line with customers' growing demands as well as the needs of the Bank itself. In order to succeed in the management of customer's requirements, the information, resource and analytical base of the Bank was thoroughly modernised. This enabled the Bank to offer quality financial products and services to its customers.

Continuous constructive dialogue, attention to the problems and needs of the customer, timely decision making and transparency of information are always at the basis of the Bank's relationship with its customers. All important information concerning the Bank's performance was delivered in a timely manner to customers, financial reporting was issued regularly, as well as audit reports and reviews by rating agencies. The Bank used the internet to provide the latest news.

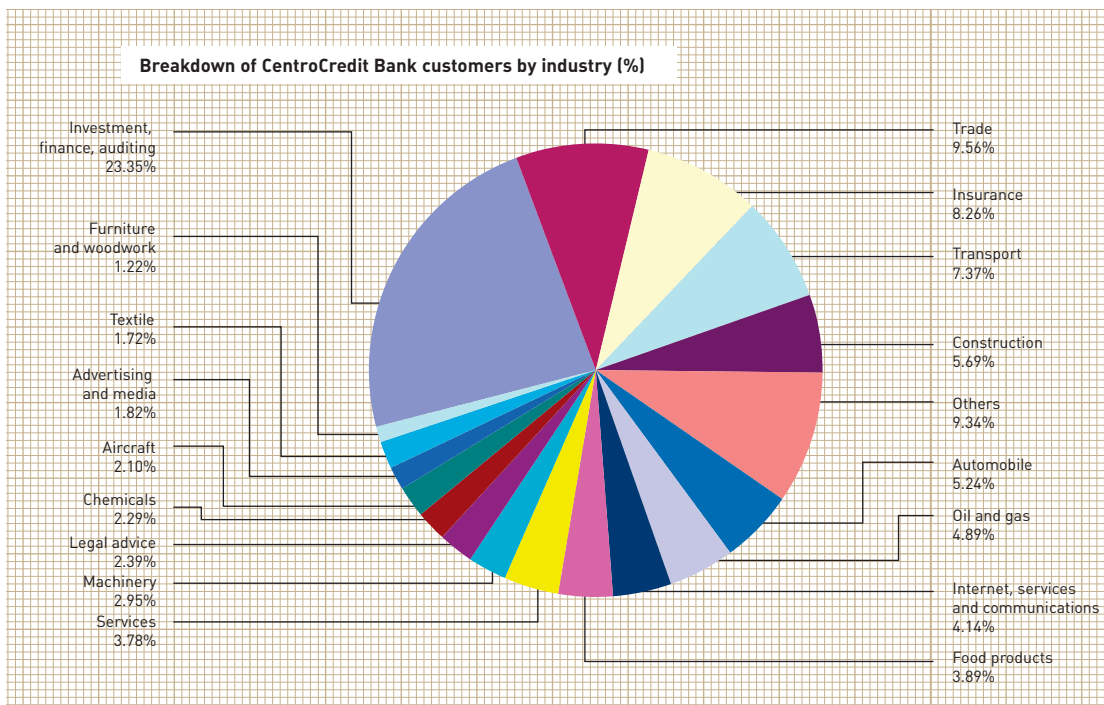
When designing financial products, the specialists of the Bank are guided by the principle of flexibility and integration. This principle has helped to create products that responded to customers' personal or business needs. Personal managers of the Bank in charge of the practical introduction of products provided the most efficient solutions in the interaction between all the Bank's departments involved in any specific business process. This approach maximised success for customers and the Bank.

More than fifteen years of experience has proved the need for a personal manager's services. In 2004, the Bank continued to develop the policy of personal management, paying particular attention to staff selection and improvement of professional qualifications. The Bank's personal managers are skilled specialists with many years of professional experience. The high level of their professional skills enables them to make timely decisions and consult their customers on problems and opportunities within the wide range of the Bank's services. The assignment of a personal manager to a customer involves going into the details of the customer's requirements and the demands arising from their business activities. This information then forms the base for developing individual business proposals and an ideal banking services package for that particular customer. Use of a personal manager guarantees the provision of qualified consultancy in the raising of credits, the development of business plans for raising investment, as well as in the supply of foreign trade documents, the arrangement of investment activities, cash service or installation of the latest information systems. In 2004, this form of consultancy worked well, providing a seamless bridge between customers and the appropriate departments of the Bank.

Analysis of the Bank's 2004 customer list reveals a broad spectrum including trade and manufacturing companies, mining and services companies, and non-governmental organisations. The range of the Bank's activities made it possible to split the customer base into sector, each relating to a different area of activity. This enabled the Bank to not only offer standardised packages of banking services, but to develop specific products based on assessment of the growth dynamics of individual sectors and the construction of production-sales chains. This enabled the Bank to offer more complex services to its customers. Various schemes employing bills, clearing and offsetting schemes, mutual factoring and other creative banking products were widely used. Services integrated into packages, tuned in special ways for each industry sector, proved advantageous to the mutual benefit of the Bank and its customers.

Considering hi-tech services as one of its priority offerings, the Bank has traditionally invested considerable resources into the development and implementation of the latest technologies. This enables the bank's customers to access the most advanced services. Last year, the Bank was noted for introducing the new CCB-Online internet-banking system for individual customers of CentroCredit. So far, absence of a broad network of branch offices has been fully compensated by the maximum possible concentration of skilled employees in the Bank's head office on the one hand, and by customers' unimpeded contact with the Bank via remote access systems on the other hand. This allows customers full spatial independence from the Bank and a customer can obtain various financial services from any point in the world and save time and resources. All the Bank's operational systems function round the clock.

Apart from the basic principles of the Bank's customer policy described above, there is another important feature in customer relationships. It is best described as reliability and it depends on the skills of Bank personnel, continuous monitoring of activities, transparency in financial reporting and a reasonable con-



The Finmarket

In 2004, CentroCredit Bank became an affiliated member of Mastercard international payment system and put into operation an internet-banking system for individual customers.

servatism in investment. The words of the bank's customers when they say, "We will recommend you to our partners," is the best proof of the success of our principles.

Services offered to corporate customers

In 2004, expansion of the Bank's customer base was driven by both organic and reputational factors. Organic growth of existing customer business came from the excellence of the banking relationship and through the introduction of new packages of services which led to their growing involvement and interaction with the Bank. The growing reputation of the Bank attracted many new customers. During 2004, the number of customers increased 18.55 per cent.

For many newcomers, CentroCredit became their bank following a recommendation from partners who were already acquainted with the Bank. Having found quality services, work completed on time and attention to detail offered by specialists, they redirected nearly all their banking business to CentroCredit. Growing turnover through our customers' accounts is the best reference for our services. CentroCredit has positioned itself at the very centre of banking finance for entire production and distribution chains in the petrochemical, garment, machine building and other industries.

Interaction with customers has revealed that competent, deliberately conservative policy and quality management positively influences the Bank's reputation. The Bank does not believe that, "the ends justify the means" and so management has never accepted the principle of attracting customers, "at any cost". Keen attention has been paid to improvements in service and the extension of a range of services offered to customers, building partnership relations, and development, when required, of individual customer solutions. For example, the Bank can post an urgent payment after the end of the banking day and a counter payment within one banking day. Customers can use Customer / Bank and Internet / Bank remote access systems to enable them to manage their accounts without leaving the office.

Cash operations

CentroCredit Bank accepts, and credits to accounts, customer receipts on the day they are received and executes orders for cash payment out of accounts in the same timely manner - both within the limits stipulated by company cash plans or against advance applications or without them. The Bank offers to install cash desks to trade organisations on their premises. The professional skills of the Billing Department have granted the Bank an advantageous position in the accounting services market and have helped grow CentroCredit's reputation as a reliable banking institution.

Collection of proceeds and transportation of valuables

Another CentroCredit Bank service is the collection, transportation and delivery of customer cash. Takings are credited to the customer's account on the day of collection. The Bank also offers services in the transportation of valuables.



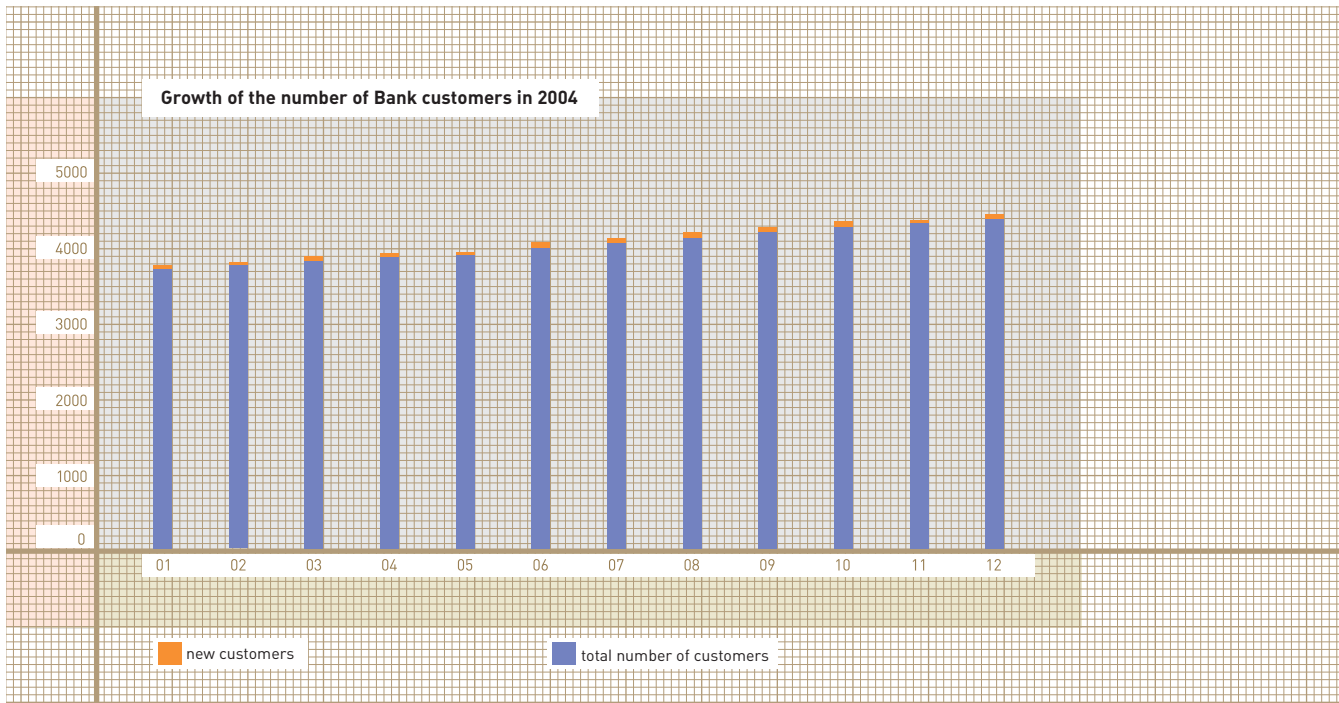
Attraction of new customers

Last year was a decisive one for CentroCredit in many respects. The Bank's capable and highly skilled team continued to gather strength, consolidation of the customer base continued, and a range of new products and services emerged.

In order to intensify its work with customers, the Bank implemented a strategy of attracting similar companies to existing customers, developed a new fee structure, improved service technologies, and adopted a unified approach to customer service.

New relationships were built by granting prospective customers access to the very best products available on the financial market at that time. New customers, understanding the need for a professional approach to finance, take the first step at a meeting with a manager of the Bank's Development department.

At this initial stage, the manager's task is to define the actual needs of the customer. While appearing quite simple at a first glance, the process is rather complicated in reality as its results can have a crucial impact upon the efficiency of the whole solution offered for any specific task. In order to make the optimum decision, the customer can request consultancy on all the financial issues involved. In this work, the manager gives top priority to the interests of the customer and only recommends financial products that are truly relevant. The customer's task is simplified, all they have to do is select services from a menu.



Internet banking

The concept of offering hi-tech services to customers has been embodied in a group of products combined under the name Internet Banking. This includes the IBank-2 System for corporate customers and CCB-Online, introduced in 2004, for individuals.

While IBank-2 resulted from long evolution and gradual improvement, CCB-Online is a real breakthrough as it gives customers access to many banking products at the same time. Now they can manage remotely all their accounts, plastic cards, deposits, foreign currency transactions and funds transfers.

Both systems have been provided with long-term development plans. IBank-2 is a "lean" system convenient as those using a fast internet connection. Soon it will be reinforced with a "simplified" system and thus give dial-up (slow internet) users advantages similar to those that fast internet users are already familiar with. CCB-Online will be further developed to introduce special services for the management of mutual funds and payments for communal services, communications and the internet.

Interaction with the Bank will no longer require regular visits to the branch with the associated need for paperwork and time lost in travelling. Selecting a bank by the convenience of its location has become a thing of the past, internet banking has conquered distance.

Keeping abreast of technological progress has enabled the Bank to introduce new banking services, backed by the latest financial processes and technologies, way in advance of most other banks.

Services offered to individual customers

In 2004, the Bank continued developments aimed at perfecting services for the individual customer. Personal banking service is the strongpoint in the system. The very term "personal banking" implies an individual approach to each customer. The Bank specialises only in those services that provide the customer with comprehensive consultancy and a choice in the selection of solutions that respond to their need for banking services. The Bank is a member of the VISA international payment association and, in 2004, the Bank joined the MasterCard system as well to give its customers an opportunity to obtain credit cards of either or both of the two payment systems linked to the same account.

The list of services offered to Bank credit card holders is not limited to paying for products and services or drawing cash from ATMs. Extra services include SMS-notification of information about SMS-CCB transactions. Credit card holders can receive news about a transaction and their credit balance sent directly to their mobile phones. In addition, SMS messages can be sent to a number of phones simultaneously and notify the card holder about transactions made from additional cards – for example, if somebody's children were on a journey and the person wished to monitor the account. This function can also be provided abroad as well to any roaming mobile phone. On receipt of an SMS message, a customer can conduct online monitoring of their bank account and obtain timely consultancy from customer support service in the case of unauthorised use of the card.

In the long run, expansion of the ATM system in Moscow (the Bank has already installed 11 ATMs in different parts of the city) will be paralleled by the establishment of mini offices in and around the centre of the city. These will provide 24-hour banking self service to enable the exchange of foreign currency for roubles, immediate

The Vedomosti

CentroCredit Bank owns 4.1 per cent of stock of the Moscow Interbank Currency Exchange.

replenishment of plastic card accounts, payments in cash for topping up or settling credit card balances, provision of brief statements of account, and some other services.

Along with traditional banking services like credit cards and accounts, the Bank provided an express funds transfers service without the need for a customer to open an account. In this market sector, CentroCredit works with the world leaders - Western Union, Anelik, and Contact. In 2004, this express money order service was used by over 22,000 people and amounted to US\$ 9,520,162.

The full list of services provided by the Bank can be obtained either on the Bank's web site or from its 24-hour customer support service.

In 2004, the Bank increased the number of its remote offices in Moscow to 22. These offices rely on electronic banking systems and provide for the immediate needs of both corporate and individual customers.

International activity

Being a stockholder and a full member of the Moscow Interbank Currency Exchange from the day of its foundation, CentroCredit offers its customers foreign exchange services without the need for intermediaries and with minimum bank charges. The broad network of foreign correspondent banks, implementation of payments from letters of credit, and the ability to accelerate international payments has made the Bank especially convenient for enterprises involved in external trade.

In 2004, the Bank's international activity was aimed, first and foremost, at supporting customers' international economic activities and at the extension of contacts with national credit agencies, export-import and commercial banks.

Re-orientation of some customers towards overseas borrowing, due to lower cost of capital in international markets, enabled Russian buyers to increase purchasing power and improve their terms of payment to foreign suppliers. The ability to handle this type of financial operation contributed to the high reputation of the Bank and improved its good business relations with a number of major foreign financial institutions.

In order to accomplish this task, top managers and employees of the Bank participated in a series of bilateral bank meetings, international conferences, symposiums and exhibitions held throughout Europe. Cooperation was also strengthened within the framework of the Russian-Arabian Business Council and with a number of countries in the Middle East.

Relations have been established with banks, funds and financial institutions of the People's Republic of China, Republic of Korea and the Republic of China (Taiwan).

CentroCredit continues to offer its customers a broad range of services in the area of trade financing including nearly all types of documentary credit operations.



Credit Policy

In 2004, extending cooperation with large and medium businesses was the top priority in Bank development. Among other services, the Bank offered its customers enhanced services in factoring and leasing operations.

The main target of the Bank's credit policy was to achieve desired profitability with an acceptable degree of investment risk while satisfying customers' financing needs.

Bank lending was within equity capital and borrowing limits, providing for a balance in value and maturity between allocated and borrowed finance and observing the regulations for commercial banking set by the Central Bank of the Russian Federation. Last year, income from credit operations totalled RUR 822,610,000, 10% more than in 2003.

The main objective of the Bank's credit operations was the formation of a quality loan portfolio diversified by type of credit, customer's economic sector, loan maturity, and type of credit security. As of 1 January 2005, the Bank's loan portfolio reached RUR 5,136,430,000, excluding overdrafts, and 42% larger than at the beginning of the reporting year.

Thoroughness of the Bank's credit policy in 2004 resulted in no bad loans. This success was secured by a number of factors including: determination of general and individual credit limits; careful assessment and selection of credit applications; the Bank's credit sanctioning system by the Credit Commission; continuous monitoring of changes in the borrower's financial position within the whole loan period; identification of unsecured loans at an early stage, redemption capability; and careful use of risk control at each stage of the loan process.

When considering a loan request, the Bank carried out an integrated analysis of the borrower's credit-worthiness, an appreciation of its financial stability in order to determine the risk of default, and assessment of the quality of credit security. The analysis was carried out with due regard to the following issues:

- > The borrower's willingness to comply with obligations under the loan agreement, management experience, business success, position among other companies in the sector, management quality, credit history, and trustworthiness. In considering loan requests, the Bank gave preference to companies known as successful performers over a long period of time and with a positive credit history,
- > The borrower's ability to honour loan commitments based on their financial potential. In assessing the borrower's financial position, the Bank applied rigid rules based on Russian and Western credit practice.
- > Ability of the borrower to repay the loan using their own means. In cases of overdraft, loans were granted within the limits of not exceeding 1/5 of the monthly current account balance within the four preceding months (for each month, the three largest receipts were subtracted from the total turnover). Loans for the replenishment of working capital were limited to current indebtedness not exceeding 1/2 of the borrower's turnover at the Bank,
- > Eligibility and sufficiency of credit security offered by the borrower to the Bank. In order to minimise the risk of default, the Bank considered the following secondary sources of payment including: bank bills; commodities and the value of other items including commodities in turnover; vehicles; real estate and other assets; stock, bonds, bills and the other securities of privatised enterprises and commercial companies; guarantees and the endorsement of financially sustainable enterprises. As a rule, the amount of



credit security was never less than half of the loan principal plus the loan interest. Assessment of mortgage and property rights was on the basis of current market value taking into account the likely expenses arising from recovery of the debtor's property, changes in market situation and time required to make a return on the property. Usually, mortgage value was defined as 50 to 70% of market value,

- > Industry affiliation of the borrower, regional, political and economic risks, forecasts and prospects for sector development. Considering changes in the economic situation, the Bank preferred to grant loans to Russian production, trading and service companies.

Classification of risk was accomplished in compliance with the method developed by the Central Bank of the Russian Federation. As prescribed by the Central Bank, CentroCredit established reserves to compensate for possible losses on extended loans at 100% of their value. At the close of the year, the overall value of these reserves was RUR 1,053,530,000 (including RUR 978,780,000 under balance sheet liabilities and RUR 74,750,000 under off-balance liabilities – unused credit lines). The Bank carried out a re-assessment of the risk of each loan on a monthly basis

The policy of precise and careful selection of loan requests and continuous monitoring of borrowers' financial positions led to an enviable overall overdue debt position of RUR 94,680,000, only 1.84% of borrowers' total indebtedness, at the end of the year.

As in previous years, the main priorities for 2005 will be the formation of a quality credit portfolio, diversified according to borrowers' area of business, terms and types of loans.

Paramount attention will be paid to extending the range of services offered to corporate customers.

Leasing operations

Leasing as a form of credit has been around for a long time. At least since the basic understanding dawned that it is what you do with property that creates wealth not simply owning it. This understanding and the application of maximum development, business optimisation and satisfaction of customers' urgent needs were the key criteria that led to the Bank's successful leasing operations in 2004.

In 2004, the overall value of leasing operations increased from RUR 6,854,010 to RUR 322,925,683.

Leasing enabled the Bank's customers to create multi-purpose and flexible systems for the implementation of their own investment projects. The main advantages of leasing are:

- > Freeing customers from having to make lump-sum full-amount payments for their equipment needs,
- > Quick response to urgent production needs through temporary use of expensive equipment instead of purchase,
- > Extending customer base,
- > Tax advantages,
- > Leased property does not feature on the lessee balance sheet as the Bank retains ownership,
- > Leasing payments are considered as expenses included under production costs with the appropriate reduction of taxable profit,
- > Implementation of accelerated depreciation (with an acceleration coefficient of up to 3) reduces taxable profit and accelerates property renewal.

The Finmarket

In late 2004, CentroCredit Bank launched its "Golden" Bank Managed Mutual Fund. Until now it remains the first and only fund in Russia operating with precious metals.

The Bank's leasing operations provide the leasing service itself without involving leasing companies. This enables customers to save substantial sums on commission paid for obtaining a lease.

So far, by acquiring the necessary equipment for our customers through leasing, we have helped them not only to renew their fixed assets, but to enjoy privileged taxation provided by the Law.

Factoring

In 2004, factoring was among the most rapidly developing services that the Bank offered. The reason for choosing factoring, as an alternative to traditional borrowing, as a means of raising working capital is that it is a more customer-oriented service based on flexible lending against a customer's sales. Payments are made to the customer against the deferred payments from their own customers for delivered goods. This early payment helps raise the competitive capacity the Bank's customer

According to "Expert" magazine, the Bank ranks second in Russia for the number of factoring operations it carried out in 2004 when the value of finance under factoring exceeded US\$ 150,000,000.

Factoring helped customers to:

- > Increase sales sharply,
- > Attract new customers,
- > Offer favourable purchase terms to their customers,
- > Increase their market competitiveness substantially,
- > Achieve lower prices from suppliers by offering prompt payment.

And also:

- > Receive a more flexible purpose-built financing service, compared to the traditional bank loan, and the resources required for helping to grow sales when working capital is in short supply,
- > Transform sales with deferred payment into sales with immediate payment as Bank customers no longer have to wait for buyers' payments as they receive the majority of their income from sales immediately upon the shipment of goods,
- > To move away from bank loans and the associated credit securities, loan costs, fees and interest payments.

In addition, the Bank conducts all the searches on customers' indebtedness and controls the timing of payments for delivery, freeing its customers from the task of credit control, chasing debtors and protecting them from losses arising from late payment.

So far, factoring has been an efficient service for those of the Bank's customers who need to increase working capital and manage cash flow more efficiently and flexibly in order to increase sales and minimise expense.



Activities in Financial Markets

Brokerage services

In 2004, the Bank continued to restructure its securities market services and raise the quality of individual services offered to customers.

During the reporting year, the number of customers receiving brokerage services from the Bank increased by 14% and the turnover of customer transactions increased by 20% to total almost US\$ 12,000,000,000.

The Bank was active in operating on behalf of its private and corporate customers at all the key Russian exchanges. The basic exchange and trading platforms used by the Bank's customers included:

- > Moscow Interbank Foreign Currency Exchange (MICEX),
- > Russian Trading System Stock Exchange (RTS),
- > "St.-Peterburg" Stock Exchange,
- > FORTS – forward market at RTS Stock Exchange,
- > ADR and Eurobonds market, and the over-the-counter market.

Customers traded in numerous financial instruments on these exchanges including:

- > Government and municipal bonds,
- > Corporate bonds,
- > Government and corporate Eurobonds,
- > American depositary receipts and the stocks of Russian enterprises,
- > Forward contracts (futures and options),
- > REPO transactions.

In order to increase the ease and efficiency of security market transactions for customers, the Bank team tested and put into operation TRANSAQ - a new internet-based system for brokerage operations. TRANSAQ enabled customers to access the whole set of exchange operations from their remote workstations.

High reliability and the ability to utilise limit management were principal advantages of the new system.

The Bank offered the TRANSAQ internet-trading system free of charge and no licence fees were included under the fees currently in effect for this service.

CentroCredit Bank is a shareholder of Moscow Interbank Foreign Currency Exchange and, in 2004, the Bank also became a shareholder of RTS Stock Exchange, JSC and the MICEX Stock Exchange.

The Bank continued active operations in financial markets and retained its leading position in the rating lists of Russian financial institutions during the year.

Client asset management

In 2004, the client asset management team at CentroCredit Bank, using its accumulated experience, considerably expanded its activities.

The Expert

On January 1st 2005, according to the rating by Expert magazine, CentroCredit Bank ranked 38th by the size of shareholder capital.

Last year, the overall amount of assets managed by CentroCredit more than doubled. The number of clients using related products and services also doubled.

In autumn 2004, the Bank launched two new funds for banking management on the securities market, namely: "MAXIMUM" and "CONSERVATIVE" Bank managed mutual funds. With these, the Bank completed the formation of a family of products providing opportunities for balanced investment to all client groups.

Basic management strategies

CONSERVATIVE ("CONSERVATIVE")

Portfolio consists of fixed income instruments and the most stable shares of the Russian blue chips.

Its top priority is to preserve initial investment.

MODERATE ("ABSOLUTE")

Portfolio consists of fixed income instruments and the more liquid shares of the Russian blue chips. Its top priority is to provide for a balance between yield and security.

AGGRESSIVE ("MAXIMUM")

Portfolio consists of shares of Russian issuers.

Its top priority is to provide for maximum return.

Also in the autumn of 2004, the Bank established a fund that was unique in structure. The major portion of assets was invested in financial instruments linked to precious metals. The name of this fund is "GOLDEN".

The GOLDEN fund resulted from long and successful experience gained by both the Department for Precious Metals and the Securities Department. The thoroughly tested procedures gave our customers an opportunity to invest into this highly profitable sector of the Russian economy in a very reliable way.

The market sector for investment within "GOLDEN" was precious metals mining. Russia has much experience and a long history in this sector and has firmly held its position among the five world leaders in precious metals mining and has acquired long-standing traditions and technologies.

- > As manager of this fund, CentroCredit organised its own team of specialists including geologists, production managers, economists, and traders in precious metals.
- > Sound reputation and a thorough knowledge of production chains provided for precise and unprejudiced assessment of investment attractiveness at each stage of extraction and refinement of precious metals.
- > As a result, "GOLDEN" also received quantities of precious metals for sale on the exchange floor.
- > The Bank's integrated approach to investment control minimised production and price risks.

Technologies employed by "GOLDEN" in its mining investment helped to:

- > Hedge against market fluctuations;
- > Maintain high liquidity;
- > Provide for high profitability.

In 2004, performance of "GOLDEN" exhibited steady positive growth.



According to 2004 statistics, "ABSOLUTE" fund, the pioneer in collective investment managed by CentroCredit also showed notable performance.

Depository Services

Being a licensed securities market participant under license No. 177-06412-000100 issued 26 September 2003, the Bank, through its Depository, offered the whole range of custodial services.

In 2004, the number of DEPO accounts at the Bank Depository increased almost 20%. Meanwhile, the number of correspondent accounts at other depositories also increased by 20%.

Starting from 1 December 2004, the bank abolished its fees for transfer of clients' securities between accounts at other depositories.

The specialists of the IT Department of the Bank, in cooperation with the Depository and Methodology Departments, developed and prepared for implementation new software designed to enhance the automated interaction between the Depository and the cooperating departments of the Bank and speed calculation of depository commission and the recording of dividends paid to customers.

Depository activities exercised by CentroCredit Bank were insured by the Soglasie Insurance Company.

Promissory Notes Transactions

In 2004, the Bank's turnover in promissory notes transactions (without REPO operations) totalled RUR 7,000,000,000. Both the range of applied financial tools and the number of Bank's counterparts increased substantially.

Rendering Services to Individual Customers

Continuous adjustment and quality improvement of services offered to individuals was among the top priorities of the Bank in 2004. Much was done in order to arrange a more customer friendly atmosphere – including structural changes in the departments. The Department of Corporate Finance was merged with the Department of Assets Operations to provide a more timely and integrated service. The number of employees increased to provide customers with more information and support and their needs and interests were continuously monitored.

In the area of the Bank's investment products, the TRANSAQ internet-trading system became operational. In combination with the INTERNET-BANK remote account management system, it enabled customers to conduct various transactions from any workstation connected to the internet.



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Operations with Precious Metals

CentroCredit Bank continued to offer a comprehensive range of services related to the precious metals market.

The Bank was active in carrying out operations at the Interbank market. In 2004, its turnover on this market reached 1,000 kilos of gold a month. General agreements were concluded with all major players at the precious metals market and "metal" accounts were opened in leading banks.

Acting in cooperation with jeweller's companies, the Bank introduced, alongside the standard package of services, loans in precious metals. The close interaction of companies using precious metals in their production activities encouraged flexibility in price determination and settlement days which was of special importance for manufacturers.

CentroCredit opened and maintained both physical and non physical metal accounts. So far, various types of transactions have been feasible including precious metal transfers, making transactions with precious metal as convenient as those with money for the bank's clients.

In 2004, the Bank started business relations with enterprises specialising in secondary extraction and the processing of precious metals. The Bank plans to control over 5% of the "military conversion" metal market.

In 2004, another programme of funding to gold-mining companies was completed. The programme resulted in a substantial strengthening of the Bank's position at the precious metals market. The amount of funding by CentroCredit in 2004 exceeded 3.5 tons of gold. As in preceding years, the Bank provided mining companies with a set of exclusive services which enabled them to optimise preparation for the mining season and raised the efficiency of operations with the Bank's resources. In turn, this helped the Bank to increase profitability of its projects in advancing gold mining.

The Bank proceeded with the implementation of gold-mining projects in several regions of Russia, namely: Republic of Sakha and Magadanskaya Oblast. The efficient control system regularly checked compliance with the working schedule and the various stages of project implementation.

The Bank offered a full range of services to companies, including sales of standard gold bars and precious metal coins, and the keeping of metal accounts.

Corporate Finance

In order to establish more favourable service conditions for customers, the Department of Corporate Finance was incorporated into the Department of Assets Operations. This resulted in lower operating costs and a broader range of services offered by the Bank.

The personnel of the Department of Corporate Finance continued to implement existing projects and began consolidation of an infrastructure and services package designed to identify the most efficient offerings depending on the requirements and individual preferences of each customer.



Correspondent Relations

In 2004, CentroCredit Bank proceeded with further development of its correspondent network. In order to strengthen its position on the interbank market, CentroCredit carried out coordinated activities in enhancing business ties with both Russian and foreign banks. Correspondent accounts opened at other banks enabled our customers to enjoy more flexible accounting procedures and increase their operations on the interbank market.

The quality of the correspondent network made it possible for the Bank to execute payments in US Dollars, Euros and "soft" currencies in a timely and efficient way.

CentroCredit Bank developed business relationships with experienced and reliable counterparts in both the domestic and international markets. As a result, the Bank managed to establish conditions most favourable for customers' settlements and its own transactions.

Last year, the Bank's main correspondent banks abroad were: Bank of Tokyo-Mitshubishi, New York Branch; Union Bank of California International, New York; Raiffeisen Zentralbank Osterreich AG (RZB), Vienna; Bank Commerciale pour l'Europe du Nord S. A. (EuroBank); Commerzbank AG, Frankfurt am Main. The correspondent network of foreign banks, established at the end of the reporting year, offered customers a broad spectrum of services in international accounting, selection of optimum payment routes, and helped in the speed of transactions.

As of 1 January 2005, NOSTRO Correspondent Accounts Network of CentroCredit Bank covered 32 Russian Banks with 54 correspondent accounts and 11 foreign banks with 19 correspondent accounts opened by CentroCredit. At that moment, CentroCredit Bank is servicing 62 correspondent LORO accounts of 33 correspondent banks. Opening of new correspondent accounts was accompanied by the closing of accounts no longer in operation. The main services offered by the Bank included: opening and management of correspondent accounts of all types of currencies; interest on correspondent account balances; accelerated payments; reservation of funds for correspondent accounts; operations on the domestic currency market; documentary operations; cash operations; transportation of valuables by cash messengers; and operations on stock exchanges.

CentroCredit Bank continued to perfect its technological base designed to facilitate its main strategy, namely: enhancement of the range of services offered, improvement in services offered to customers, and introduction of new banking products. The Bank contacted its correspondents in a timely way with the help of telecommunications. Services offered by the Bank helped regional banks to raise the efficiency of their management of realisable assets in their correspondent accounts.



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Our long-standing cooperation with foreign and Russian banks was based on accurate and qualified completion of every operation. Mutually beneficial terms and a variety of services offered by CentroCredit helped to attract new partners.

In 2004, the Bank continued its activities in establishing quotas for correspondent banks in order to foster cooperation on the interbank market. Thirteen agreements were signed in 2004 to provide cooperation in transactions carried out at Russian foreign currency and Rouble markets.

Also in 2004, the Bank remained an active player on the interbank loans market. Interbank lending operations were conducted in order to maintain the Bank's liquidity and to generate arbitrage income.

As a universal lending and financial institution with a broad spectrum of quality services, the Bank plans further study of the positive experience gained by Russian and foreign banks in clearing in Roubles and foreign currencies, extension of established business ties, and growth in the number of correspondent banks both in Russia and abroad.



Automation and Software

Last year, the Bank proceeded with the development of software and hardware systems providing for customer access to operations in the currency and stock markets. These activities included, in particular, introduction of the TRANSAQ broking service system for efficient customer service on the securities market with implementation of progressive methods in crediting operations for both moneys and securities.

The TRANSAQ System enabled the Bank's customers to undertake on-line monitoring of the market, independently composing and sending requests within the quotas fixed by the Bank. The system requires the use of a certified electronic signature comparable to the traditional signature on paper. The competitive advantages of the system include:

- > Availability of a developed interface and tools for work with requests, and the formation of conditional requests, enabling customers both to optimise the use of their resources and to react to a market situation in a timely manner. As soon as the parameters stipulated in a request are recognised, the TRANSAQ server sends it out to the market automatically. Request conditions can be formulated in terms of value of the intended transaction, best selling or purchasing price, or time limitations.
- > A built-in system for graphic representation of current and historical market information. Customers can obtain data on popular technical analysis indicators not only for the current date but for several preceding days as well. The depth of that retrospective analysis can go back a few months.
- > Tools for a comprehensive analysis of portfolios enables customers to trace, in an on-line mode, the dynamics of market prices for their portfolios and analyse positions of individual securities. They can, for example, get information about the maximum amount of securities currently available from either their own resources or with a credit margin. TRANSAQ is more efficient and comfortable for customers with dial-up connections to the internet, as it provides for efficient use of traffic. Remarkable advantages of the system include availability of comprehensive risk management on the server. It is capable of on-line assessment of the customer's portfolio with proper representation of rises and falls in credit security and corresponding changes in the amount of credit.





FINANCIAL STATEMENTS

49 Summeryzed Consolidated Financial Statements for 2004 (IAS)



**Joint Stock
commercial bank
"CentroCredit"**

Summarized Consolidated
Financial Statements
Year Ended 31 December 2004

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of Joint Stock commercial bank «CentroCredit»:

We have audited the consolidated financial statements of Joint Stock commercial bank «CentroCredit» and its subsidiaries (the «Group») for the year ended 31 December 2004, from which the accompanying summarized consolidated financial statements were derived, in accordance with International Standards on Auditing. In our report dated 25 March 2005 we expressed an unqualified opinion on the consolidated financial statements from which the summarized consolidated financial statements were derived.

In our opinion, the accompanying summarized consolidated financial statements are consistent, in all material respects, with the consolidated financial statements from which they were derived.

For a better understanding of the Group's financial position and the results of its operations for the period and of the scope of our audit, the summarized consolidated financial statements should be read in conjunction with the consolidated financial statements from which the summarized consolidated financial statements were derived and our audit opinion thereon.

A handwritten signature in blue ink, appearing to read "Deloitte & Touche".

25 March 2005
Moscow

> CHAPTER 4

JSCB «CENTROCREDIT»
 SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS
 CONSOLIDATED PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 31 DECEMBER 2004

	Year ended 31 December 2004	Year ended 31 December 2003
	RUR'000	RUR'000
Interest income	1,300,423	1,105,336
Interest expense	(413,552)	(272,313)
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	<u>886,871</u>	<u>833,023</u>
Provision for loan losses	(682,580)	(147,581)
NET INTEREST INCOME	<u>204,291</u>	<u>685,442</u>
Net gain on securities	1,151,091	142,787
Dividends received	96,294	218,221
Net gain on foreign exchange operations	153,203	33,382
Fee and commission income	143,616	117,592
Fee and commission expense	(14,490)	(9,666)
Other income	127,534	45,306
NET NON-INTEREST INCOM	<u>1,657,248</u>	<u>547,622</u>
OPERATING INCOME	1,861,539	1,233,064
OPERATING EXPENSES	(442,510)	(367,778)
OPERATING PROFIT	1,419,029	865,286
Provision for impairment of securities available-for-sale	(15,192)	(19,376)
Provision for losses on other transactions	(42,237)	(41,784)
PROFIT BEFORE TAXATION AND MINORITY INTEREST	1,361,600	804,126
Income tax expense	(265,417)	(316,804)
NET PROFIT BEFORE MINORITY INTEREST	1,096,183	487,322
Minority interest	6,125	(6,105)
NET PROFIT	<u>1,102,308</u>	<u>481,217</u>

On behalf of the Board:

Chairman
 A. Tarasov
 14 March 2005
 Moscow

Chief Accountant
 L. Zimina
 14 March 2005
 Moscow

JSCB «CENTROCREDIT»
 SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS
 CONSOLIDATED BALANCE SHEET
 AS OF 31 DECEMBER 2004

	31 December 2004	31 December 2003
	RUR'000.	RUR'000
ASSETS:		
Cash and balances with the Central bank of the Russian Federation	1,458,893	991,120
Loans and advances to banks and financial institutions, less allowance for loan losses	1,026,491	849,246
Securities held-for-trading	4,336,007	3,692,965
Securities purchased under agreement to resell	6,139,581	136,803
Loans and advances to customers, less allowance for loan losses	6,348,403	2,870,048
Securities available-for-sale, less allowance for impairment	296,370	953,405
Fixed assets, less accumulated depreciation	184,234	187,377
Income tax asset	2,007	24,632
Other assets, less allowance for losses	405,219	12,815
TOTAL ASSETS	<u>20,197,205</u>	<u>9,718,411</u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Deposits from banks	2,568,521	443,341
Securities sold under agreements to repurchase	6,357,579	1,267,781
Customer accounts	4,531,656	2,719,941
Debt securities issued	2,243,326	2,492,465
Income tax liability	72,588	15,264
Other liabilities	138,088	57,848
	<u>15,911,758</u>	<u>6,996,640</u>

JSCB «CENTROCREDIT»
 SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS
 CONSOLIDATED BALANCE SHEET (continued)
 AS OF 31 DECEMBER 2004

	31 December 2004	31 December 2003
	RUR'000.	RUR'000
Subordinated debt	<u>222,000</u>	<u>222,000</u>
Total liabilities	16,133,758	7,218,640
Minority interest	-	6,125
SHAREHOLDERS' EQUITY:		
Share capital	3,228,241	1,562,235
Revenue reserve	<u>835,206</u>	<u>931,411</u>
Total shareholders' equity	<u>4,063,447</u>	<u>2,493,646</u>
TOTAL LIABILITIES AND EQUITY	<u><u>20,197,205</u></u>	<u><u>9,718,411</u></u>

On behalf of the Board:

Chairman
 A. Tarasov
 14 March 2005
 Moscow

Chief Accountant
 L. Zimina
 14 March 2005
 Moscow

JSCB «CENTROCREDIT»
 SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS
 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2004

	Share Capital	Treasury stock	Revenue Reserve	Total shareholders' equity
	RUR'000	RUR'000	RUR'000	RUR'000
31 December 2002	1,070,235	(80,380)	2,246,395	3,236,250
Sale of treasury shares	-	80,380	-	80,380
Share capital increase	492,000	-	(492,000)	-
Distribution of capital of companies consolidated in the year 2002 (including deferred taxes for the amount of RUR 151,178 thousand)	-	-	(1,250,637)	(1,250,637)
Net profit for the year	-	-	481,217	481,217
Dividends declared	-	-	(53,564)	(53,564)
31 December 2003	1,562,235	-	931,411	2,493,646
Share capital increase	1,666,006	-	(1,066,001)	600,005
Net profit for the year	-	-	1,102,308	1,102,308
Dividends declared	-	-	(132,512)	(132,512)
31 December 2004	<u>3,228,241</u>	<u>-</u>	<u>835,206</u>	<u>4,063,447</u>

On behalf of the Board:

Chairman
 A. Tarasov
 14 March 2005
 Moscow

Chief Accountant
 L. Zimina
 14 March 2005
 Moscow

JSCB «CENTROCREDIT»
 SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS
 CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2004

	Year ended 31 December 2004	Year ended 31 December 2003
	RUR'000	RUR'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before income tax and minority interest	1,361,600	804,126
Adjustments for:		
Provision for loan losses	682,580	147,581
Provision for impairment of securities	15,192	19,376
Provision for losses on other transactions	42,237	41,784
Loss on disposal of fixed assets	3,756	-
Depreciation charge for fixed and intangible assets	22,683	21,757
Net change in accruals	(34,908)	(20,499)
Cash flows from operating activities before changes in operating assets and liabilities	2,093,140	1,014,125
Changes in operating assets and liabilities (Increase)/decrease in operating assets:		
Minimum reserve deposit with the Central Bank of the Russian Federation	312,327	(167,451)
Loans and advances to banks and financial institutions	(217,439)	(179,266)
Securities held-for-trading	(573,280)	(3,688,388)
Securities purchased under agreement to resell	(5,987,220)	(63,197)
Loans and advances to customers	(4,174,573)	(788,761)
Other assets	(386,289)	(10,768)
Increase/(decrease) in operating liabilities:		
Deposits from banks	2,124,582	(949,496)
Securities sold under repurchase agreements	5,091,235	(2,824,977)
Customer accounts	1,811,423	1,201,379
Other liabilities	31,888	(100,069)
Cash inflow/(outflow) from operating activities before taxation	125,794	(6,556,869)
Income tax paid	(185,468)	(326,172)
Net cash outflow from operating activities	(59,674)	(6,883,041)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed and intangible assets	(25,317)	(180,394)
Disposal of fixed and intangible assets	2,021	-
Disposal of subsidiaries, net of cash disposed	-	1,003,303
Sale and redemption of securities available for sale	610,404	5,476,561
Net cash inflows from investing activities	587,108	6,299,470

JSCB «CENTROCREDIT»
 SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS
 CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2004

	Year ended 31 December 2004	Year ended 31 December 2003
	RUR'000	RUR'000
CASH FLOWS FROM FINANCING ACTIVITIES:		
Share capital increase	600,005	-
Sale of treasury shares	-	80,380
Debt securities (redeemed)/issued, net	(264,770)	1,051,266
Subordinated debt received	-	104,000
Dividends paid	(132,512)	(53,564)
Net cash inflow from financing activities	<u>202,723</u>	<u>1,182,082</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	730,157	598,511
CASH AND CASH EQUIVALENTS, beginning of year	801,711	203,200
CASH AND CASH EQUIVALENTS, end of year	<u>1,531,868</u>	<u>801,711</u>

Interest paid and received by the Group in cash during the year ended 31 December 2004 amounted to RUR 398,468 thousand and RUR 1,250,431 thousand, respectively.

Dividends received by the Group in cash during the year ended 31 December 2004 amounted to RUR 94,294 thousand.

Interest paid and received by the Group in cash during the year ended 31 December 2003 amounted to RUR 256,983 thousand and RUR 1,069,507 thousand, respectively.

Dividends received by the Group in cash during the year ended 31 December 2003 amounted to RUR 218,221 thousand.

On behalf of the Board:

Chairman
 A. Tarasov
 14 March 2005
 Moscow

Chief Accountant
 L. Zimina
 14 March 2005
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