

07

# Annual Report



**CentroCredit Bank**



**Carassius auratus (The Goldfish)**  
Fulfils wishes only in transparent environment



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## MESSAGE OF THE CHAIRMAN OF THE BOARD TO PARTNERS, CLIENTS AND SHAREHOLDERS

Dear Partners, Clients and Shareholders,

Presenting the Bank's annual report for 2007 I would like to thank you for the fruitful cooperation which helped the Bank make impressive achievements over the past year.

The results of 2007 activity show the benefit of choosing the right business strategy, one that involves concentrating resources on conducting large and sophisticated transactions for our clients. Successful implementation of such projects requires a close partnership and a high level of mutual trust between clients and Bank.

Realizing our strategy gave us a qualitative improvement in our assets, generating high and stable income while protecting risk. As a result, we can now boast a combination of high yield from operations and, at the same time, reliability of the Bank that is unique in the Russian market. Profit before tax for 2007 was RUR1.2 billion, total assets were RUR20 billion and, in terms of liquidity and capital adequacy, CentroCredit Bank remains a top level performer.

In 2008, we had to address a serious challenge that affects the whole banking industry stemming from the world financial crisis. The most important task of the Bank in the current situation is to preserve its assets and to develop its accumulated potential through high quality corporate governance and effective use of its international banking experience.

Yours Respectfully,  
Sergey Eremin  
Chairman of the Board of Directors



## MESSAGE TO PARTNERS AND CLIENTS FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear Friends,

In presenting CentroCredit Bank's annual report for 2007, I would like to stress that this year was a decisive one for us in terms of formulating our strategy for the next five years.

This has led us to depart from the traditional format of the annual report and we would like to concentrate more on a brief summary of the strategy.

We ask that you use this report as a guide to action to help you define the way your business, as well as you personally, do business with CentroCredit Bank.

Yours Respectfully,  
Andrey Tarasov  
Chairman of the Management Board







# CENTROCREDIT BANK — DEVELOPMENT STRATEGY

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**BANKS AND EXCHANGES TODAY**  
**SUPPLEMENT TO IZVESTIA NEWSPAPER**  
**28.02.2007**

**THERE ARE FIVE BANK-MANAGED MUTUAL FUNDS UNDER MANAGEMENT AT CENTROCREDIT BANK. ALL FUNDS REMAIN OPEN-ENDED, WHICH MEANS THAT INVESTORS CAN, ON ANY WORKING DAY, INVEST IN THE FUND OR REDEEM CASH FULLY OR PARTIALLY.**

## **BACKGROUND INFORMATION ON CENTROCREDIT BANK**

CentroCredit joint-stock commercial bank (CJSC) was founded in 1989 and has been successfully working in the Russian banking sector for 19 years operating as a bank under General License N° 121 issued by the Central Bank of Russia. The Bank also has a license to operate with precious metals.

The Bank has a representative office in the United Kingdom (London) and has an extensive network of correspondent relationships with such large foreign banks as Raiffeisen Zentralbank Oesterreich AG (RZB), Vienna; Commerzbank AG, Frankfurt am Main; JPMorgan Chase Bank NA, etc.

CentroCredit Bank is a member of the Association of Russian Banks, Moscow Banks Union, National Currency Association and National Stock Exchange Association. It is also a member of the Moscow Stock Exchange, St. Petersburg Stock Exchange, a participant in the Russian Trading System and a shareholder of OJSC "RTS" as well as a shareholder of CJSC "MICEX" and a member of the stock market, currency and futures market sections of the Moscow Interbank Currency Exchange (MICEX).

The Bank has a stock exchange intermediary license, N° 1150 dated 25th of March 2008, issued by the Federal Service for Financial Markets, CentroCredit Bank has the right to undertake futures and options transactions in Russia.

CentroCredit Bank has a professional securities market participant's license for indefinite period allowing the following activities: dealer activity (license 177-06344-010000 dated 19th of September 2003), brokerage activity (license 177-06333-100000

dated 19th of September 2003), securities management activity (license 177-06356-001000 dated 19th of September 2003), and a depository activity license (177-06413-000100 dated 26th of September 2003).

The State Customs Committee has included CentroCredit Bank in the Register of organizations authorized to act as a customs guarantor in transactions up to RUR700 million.

Since 11 November 2004, the State Deposit Insurance Agency has included CentroCredit Bank on its register of banks who participate in the mandatory insurance of deposits (Register N° 161).

The total assets of the Bank increased by more than 15.43% in 2007 from RUR17,857 billion to RUR20,612 billion (form 0409101). According to 2007 results, the net profit of the Bank was RUR923 million.

The Annual General Meeting of the Bank's shareholders decided to pay dividends for 2007 of RUR139.7 million equivalent to RUR13.6 for each common share and RUR3.4 for each preferred share.

The charter capital of the Bank remained unchanged in 2007 while shareholders' equity increased by 17.91% to reach RUR 5,518.46 million.

As at 1st of January 2008, according to Kommersant newspaper rating CentroCredit Bank was one of the larger Russian banks in terms of capital resources moving to 53rd from 72nd largest in 2007.

CentroCredit Bank prepares its financial statements according to Russian and international standards. The Bank is audited to international standards by CJSC Deloitte & Touche CIS, while the Russian audit was conducted by LLC Kollegiya Nalogovikh Konsultantov.



## CENTROCREDIT BANK'S STRATEGY

Strategic management at CentroCredit Bank is the responsibility of the Board of Directors and includes defining the main principles of the Bank's activities, choosing the direction of development and determining the basic budget parameters.

The strategy of CentroCredit Bank is divided into two parts – External (market strategy) and Internal (organization of business processes and risk management).

### EXTERNAL STRATEGY

- Development of a high-tech Bank capable of offering to medium and large corporate clients a broad range of specialized financial products with a high added value, including:
  - Development of leasing services for the corporate clients sector;
  - Positioning in the factoring services market on the basis of cluster selection;
  - Provision of a broad sector of documentary operations;
  - Development of LBO/MBO based products.
- Broadening of client access to financial resources and the provision of consulting services, choosing the means of capital attraction and the financing organization;
- Placement of the Bank's liabilities in open financial markets; development of a credit history in open financial markets;
- Priority orientation of credit policy on conducting large transactions with a high added value, high levels of realization

and complex risk management; sustaining the liquidity and quality level of the credit portfolio;

- Restructuring of client work with the aim of increasing client loyalty towards the Bank. Orientation of management activities to the building of long-term mutually beneficial partner relationships. Forming of the institute of personal and product client managers as well as direction of client managers' activities in conformity with strategic and tactical plans of client base development;
- Strengthening of the CentroCredit brand as a classic private bank that is not dependent on the state or financial and industrial groups, has vast experience of investment transactions and is flexible in the way it works with clients and competitive in the market environment;
- Improving external communications.

### INTERNAL STRATEGY

- Implementation of the integrated risk management model – Enterprise-Wide Risk Management (EWRM);
- Realization of a technological strategy as one of the ways of improving the market position of the Bank through the use of advanced technologies (Customer Relationship Management), development of new channels of marketing services and of new types of services. Securing the increase of revenue through cost-cutting in business processes and minimization of credit (EGAR-Loans) and operational risks (EGAR Operational Risk);
- Further integration of internal accounting systems on the SAP BI data storage system with the aim of forming of a single information network;
- Implementation of human resources development doctrine;
- Improving the quality of corporate governance.





## RISK MANAGEMENT AT CENTROCREDIT BANK

### Operational management

Operational management is the responsibility of the Bank's Management Board and it is conducted together with collegiate bodies — the Credit committee and IT committee of the Management Board.

During the regular meetings of the Management Board and the Committees the participants discuss the key issues of strategy and financial policy, monitor the Bank's current financial position and liquidity and evaluate the fulfillment of planned indexes, limits and economic ratios set by the Central Bank of Russia.

### Risk management

Risk management in the Bank is realized using an integrated risk-management model, Enterprise-Wide Risk Management (EWRM), and the universal international principles and approaches developed according to the recommendations of the Basel committee.

The general concept is a model of market behavior as a risk protection system:

- Management of financial and non-financial risks on the macrolevel of the organization;
- Qualitative and quantitative evaluation and integration of the portfolio of financial and non-financial risks connected with banking activity;

- Movement from risk management towards an integrated strategy of managing risks and capital.

### Implementation methods

#### *Credit risks*

- Adaptation of the technology of credit risk evaluation and modeling (EGAR Loans, model of collateral quality evaluation, expert maps) with a focus of credit policy on middle-sized and large corporate clients and cluster segmentation, identification, monitoring and management of cluster credit risks;
- Introduction of scenario analysis of the credit portfolio: sensitivity model Tornado Chart and dynamic model Crystal Ball;
- Outsourcing of consultants in the field of analysis, study and monitoring of the real estate market (Jones Lang LaSalle, Knight Frank, Cushman & Wakefield).

#### *Operational risks*

- Introduction of monitoring and management of operational risks using evaluation maps;
- Development of a scenario model and of evaluation and monitoring of operational risks and introduction of the software package EGAR Operational Risk.

#### *Liquidity risks*

- Conducting monitoring and the management of the Bank's liquidity risk using the existing Stock & Flow model of stress-analysis;
- Introduction of a Liquidity Contingency Plan;
- Development of a non-financial risks map and stages of introduction of monitoring, management and stress-analysis of non-financial risks within the framework of EWRM strategy.

**COMPANY MAGAZINE**  
**23.04.2007**

**TODAY APPROXIMATELY 20 BANKS IN THE MARKET ARE OFFERING BANK-MANAGED MUTUAL FUNDS TO THEIR CLIENTS. CENTROCREDIT BANK IS IN THE TOP TEN.**

## CREDIT POLICY OF CENTROCREDIT BANK

The main focus of the credit policy is to control risks associated with the most effective placement of the Bank's credit resources with the aim of securing the best interests of both the Bank shareholders and its clients. The priorities of the credit policy are:

- **High quality of assets** assumes an asset portfolio that will provide an optimal risk/profitability ratio in the medium to long term taking into account possible negative impact on business from macroeconomic or local conditions. These 'quality' assets are not only assets secured in the form of collateral, guarantees, etc., but are also able to yield income in the case of a change in external conditions - principle of sufficiency, provision, stability and liquidity;
- **Profitability of relations with Clients and Partners of the Bank** is based on offering to medium and large size corporate clients a set of wholesale financial services having an individual character and representing ranges of financial products (cross-sales) put together to take account of client needs. Provision of a complex product requires a thorough understanding of the market environment in which the borrowing client does business, their commercial experience, as well as an understanding of the strategic goals and the quality of their financial and operational management. It also requires an understanding of the transparency level of the borrowers. The bargaining power of the borrower with the Bank is also taken into account. Such a high level of understanding of the risks associated with each single borrower allows the Bank to perform the identification, monitoring and management

of risks in a professional way and allows the establishment of planned and adequate values of risk/profitability ratios;

- **Acceptable growth of the credit portfolio, taking into account shareholder attitude towards risk**, is understood as the basis for the stable long term profitability of the Bank. It is reached through the optimal and conscious risk/profitability ratio and the high quality of assets; the Bank has a declared preference towards portfolio quality over volume;
- **Collateral policy** is considered as a basis for securing the stability, profitability and liquidity of the Bank as well as an instrument of protection against non-financial risks such as fraud. Commitment towards obtaining collateral for loans in the form of property that is subject to mandatory state registration (i.e. real estate), repo operations, top-class financial guarantees and security forms the basis of the collateral policy. The collateral policy is based on principles of conservatism in evaluation, requirements for cash flows, which may be generated in case of change in owner of encumbered assets, liquidity and diversification of collateral products and corresponding diminishment of risk exposition through minimization of similar type collaterals. The accepted collateral policy also takes account of the number of legal cases the Bank is willing to have outstanding at one time;
- **Development of the Bank's credit culture**, which is understood as a set of approaches, views, organization, philosophy and their reflection in credit work at the Bank. The main criterion for credit work is the quality of assets that provide the certainty of the Bank's revenue, high shareholder stock value, a 'strong' balance and a high rating. To a large extent the credit culture is provided through effective communication between the Bank's divisions and high quality employees.



## LIQUIDITY SUPPORT POLICY AND SECURITIES MARKET POLICY

**Liquidity** and sufficiency of capital are of crucial importance to the Bank due to its specialization in implementing large and complex transactions in a short period of time.

To sustain liquidity, the Bank uses government bonds and the bonds of first class borrowers which can be realized with minimum loss within three working days.

Short-term liquidity management is realized through the use of interbank credit instruments, repo transactions and currency swaps.

To minimize market risks connected with securities the Bank adheres to a conservative strategy of portfolio duration management. Control over issuer's credit risks is carried out within the Bank's general strategy of risk management.

**Operations on the stock market**, on the Bank's own account are directed at the temporary investment of free funds in Russian government bonds as well as in those of first-class corporate borrowers.

*Client strategy work* of the Bank in the stock market includes servicing the largest clients of the Bank and providing them with the full range of services: analytical support, repo operations, operations in all Russian markets, ADR market and the futures market. In addition to work with wholesale clients, the Bank offers Internet trading services to a broad range of clients. The level of tariffs and quality of such services is kept at a competitive level, which allows the broadening of the client base. The Bank plans to optimize the client servicing cost in future to increase the profitability of this business.

*Operational risk management* in conducting operations in the stock market will be constantly improved and will be based on the use of high tech software and the operational control of the Department of Risk Assessment and Accounting.

**FINANCE. MAGAZINE**  
**23.04.2007**

AS OF 1 MARCH 2007, CENTROCREDIT BANK IS IN THE TOP 50 LIST  
OF 'LEADING BANKS BY SIZE OF EQUITY CAPITAL'.

## ORGANIZATIONAL STRUCTURE OF CENTROCREDIT BANK

### General Shareholder Meeting

#### Board of Directors

##### **Sergey A. Yeremin**

(born 1956)

*Chairman of the Board of Directors*

Graduate of Moscow Finance Institute in 1982 with a diploma in Finance and Credit. Graduate of the same college in 1988 with a diploma in International Economic Relations.

Married, has one child

##### **Sergei D. Berezhnykh**

(born 1956)

*Member of the Board of Directors*

Graduate of Moscow State Institute for International Relations in 1992 with a diploma in International Commercial Activity.

Married, has two children

##### **Vladimir S. Zhamborov**

(born 1953)

*Member of the Board of Directors*

Graduate of Kabardino-Balkarian State University in 1975, Graduate of the Dagestan Institute of Management and Business in 1998.

Married, has three children

##### **Ilya Yu. Korbashov**

(born 1970)

*Member of the Board of Directors*

Graduate of Lomonossov Moscow State University in 1993.

Graduate of Plekhanov Russian Economic Academy in 1998.

Married, has two children

##### **Andrey I. Tarasov**

(born 1959)

*Member of the Board of Directors*

Graduate of Ordzhonikidze Moscow Aviation Institute in 1982. In 2006, graduated from the Russian Academy of the National Economy with an MBA and Doctorate in Economics.

Married, has two children

### Auditing Committee of the Bank

##### **Boris A. Rossikhin**

##### **Natalya V. Perepilitsyna**

##### **Kirill V. Sukholet**

*The Annual General Meeting of Shareholders on 26 March 2008 agreed the motion that Members of the Board of Directors and of the Auditing Committee should receive no compensation for the results of the year 2007.*



### Executive Chairman of the Management Board

(Individual management body)

**Andrey I. Tarasov**

### Management Board

(Collegial executive body)

**Andrey I. Tarasov**

*Chairman of the Board*

*First Deputy Chairman*

**Larisa V. Zimina**

*Deputy Chairman*

**Igor V. Kosolobov**

*Deputy Chairman*

**Andrey N. Surmilo**

*Member of the board, Chief Accountant*

**Natalya V. Perepilitsyna**

*Member of the board,*

*Head of Treasury trading department*

**Alexander N. Makarov**

*Member of the board,*

*Head of the Legal Department*

**Igor Ch. Muzyka**

*Member of the board,*

*Head of the Main financial department*

**Tatiana A. Sanktis**

### Credit Committee at the Management Board

**I. Kosolobov** — *Chairman of the Committee*

**L. Zimina**

**E. Kovaletov**

**I. Korbashov**

**K. Lebedev**

**A. Surmilo**

**E. Terehov**

### Committee on Information Technology (IT) at the Management Board

**I. Avilkin** — *Chairman of the Committee*

**A. Semenov** — *Deputy Chairman of the Committee*

**N. Grechanik**

**A. Zhuravleva**

**N. Belousova**

**O. Shevchenko**

### First Deputy Chairmen of the Management Board

**Larisa V. Zimina**

**Kirill Ye. Shershun**

### Deputy Chairmen of the Management Board

**Ilya Yu. Korbashov**

**Igor V. Kosolobov**

**Andrey N. Surmilo**

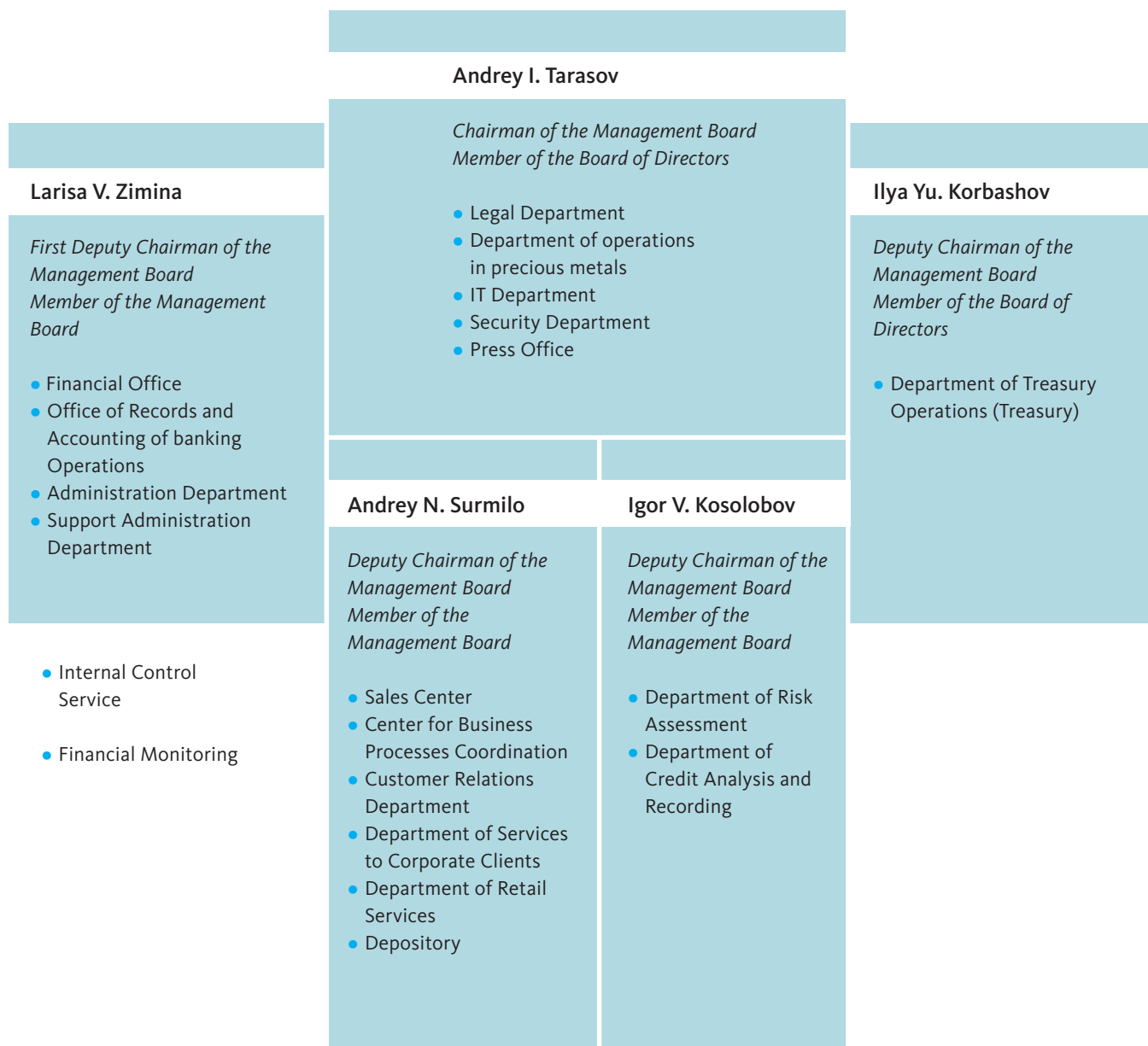
### Representative office of CentroCredit Bank in the United Kingdom (London)

*Head of the Representative Office*

**Natalya A. Bogomolova**



## STRUCTURE OF FUNCTIONAL MANAGEMENT OF THE BANK



At present, Bank shareholders include eight individuals and 35 organizations resident in Russia and one non-resident. Shares of main shareholders do not exceed 20%. Share of non-residents in the charter capital of the bank is 2%.

## DEVELOPMENT OF HUMAN RESOURCES

Changes in credit strategy, risk management and the reorientation of the Bank to new sectors and client groups required a change in the strategy of managing human resources. The Bank is constantly working on the creation of a close-knit team, aided by:

### 1) Implementation of corporate standards of behavior in our ways of working:

- Loyalty to the Bank – including protection of its interests, protection of commercial confidentiality, and choosing appropriate ways of presenting the Bank to business and personal contacts;
- Continuous professional development of employees at all levels, developing a culture for continuous improvement;
- A high level of engagement with colleagues, effective communications between divisions, ethical behavior in conflict situations and compliance with the employee's rulebook;
- Highly professional client relations at all times;
- Conformity with ethical standards and transparency including adherence to the rule of law.

### 2) Improving the system of motivation, including:

- System of grading and verification, long-term sub-strategy of improving employees qualifications, planning the career and professional development of employees;
- Competitive salary structure built in close connection with the grading system;
- Social support system that takes into account an employee's age and gender and presumes financial participation of the Bank in the most important events of an employee's life;
- Compensation package including the provision of benefits to employees and members of their families with the participation of the Bank or at the Bank's expense;
- A system of bonuses that is based on clear evaluations of a Division's and an employee's contribution and the system of material remuneration of Bank's management depending on the achievements of target indicators.

These planned measures allow the implementation of the main elements of internal Bank strategy – a complex realization of human resource development.

The human resource policy of the Bank is aimed at forming a team of high class professionals servicing clients in accordance with the internal corporate standards of client-oriented technologies.



- There were 477 employees at the end 2007.
- The average age was 36.
- Around 63% of employees have had a higher education, 30 employees have a second higher economic education and eight employees have an academic degree including five with a degree in economics. Andrey Tarasov, Chairman of the Management Board, has an economics degree and MBA, and other top managers have MBAs. Most Bank specialists have had an education in the fields of economics, finance or mathematics which is particularly useful to the Bank.
- Eight percent of employees have worked for the Bank for over 10 years, 26% have worked for the Bank for between five and ten years and the remaining 66% of employees have worked for the Bank for up to 5 years.
- The Bank is interested in the development and evaluation of employee competence and performance management. In 2007 employees underwent education and training programs in the following training centers: International Moscow Financial and Banking school, ARB Institute of Banking, Business School "Consultant", AF "Vneshaudit", LLC "Finconsulting Plus", LLC "FKD consult", the non-government Education Center for Economics and Law,

consulting company Betec, education and training center "Expert", Institute of career development and specialist training, educational center "Professional", fund "Institute of stock market and management" and others.

The Bank's human resources organization provides continuity and is responsive to new methods and technologies covering the whole of the Bank's activities.

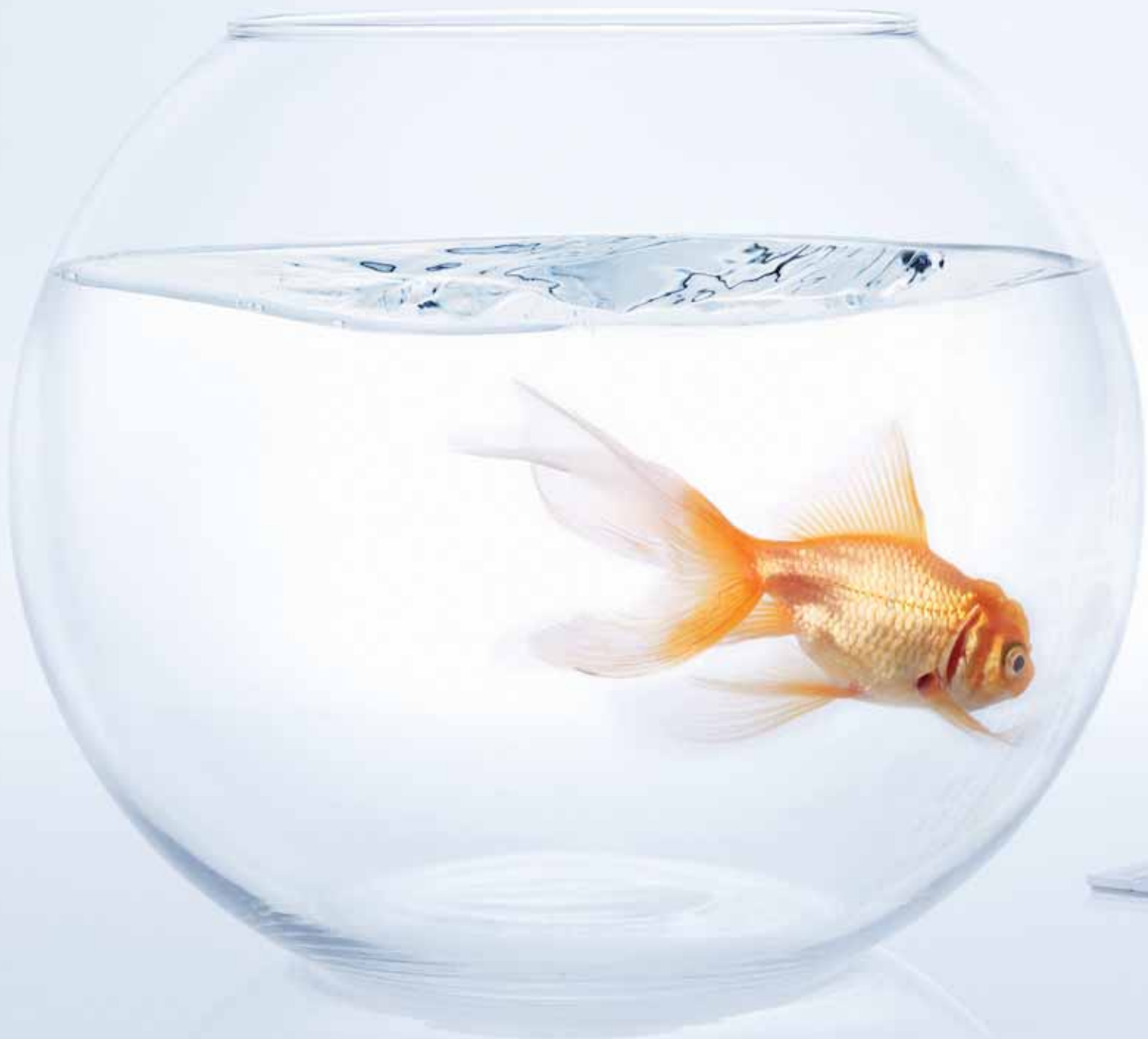
#### CHARITABLE ACTIVITY

- The employees of CentroCredit Bank provide help to the Home for Orphan Children №6 located at 40, Pyatnickaya St. They provide the children with toys and clothes, offer presents and provide financial assistance for new furniture and equipment.
- CentroCredit Bank is a sponsor of the educational panel game 'Eureca'. The project is run by the company Virtual Idea Park Iskra with the support of many prominent scientists, state and political figures among whom are: the minister of education and science A.A. Fursenko, pro-rector of Russian New University S.P. Kapitsa, and UNESCO goodwill ambassador A.A. Abramyan.
- Since 2002 CentroCredit Bank is the main sponsor of the Moscow zoo.

**BANKIR.RU**  
**24.07.2007**

**"THE IMPROVED RATINGS OF CENTROCREDIT BANK ARE EXPLAINED BY THE STRENGTHENED COMMERCIAL POSITION AND INCREASED EFFICIENCY OF CORE ACTIVITY OF THE BANK, AS WELL AS BY CHANGES IN THE STRATEGY AND THE HIGH AND STEADY LEVEL OF CAPITALIZATION"— SAID STANDARD & POOR'S CREDIT ANALYST ELENA ROMANOVA.**



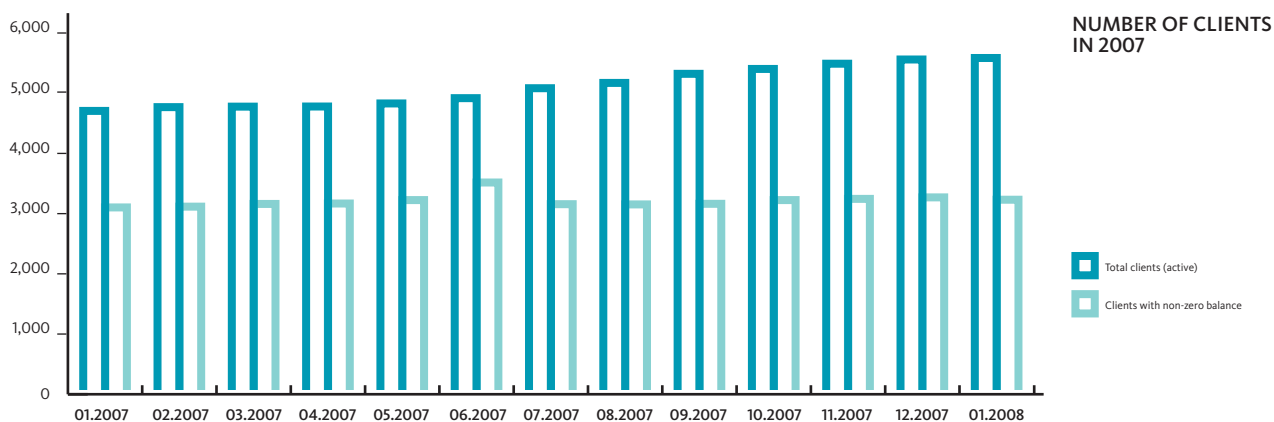




# CLIENT RELATIONS

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## CLIENT POLICY

The client policy of the Bank is based upon the following principles:

- Formation of a personalized complex offer for various groups of clients based on the segmentation and analysis of the client base;
- Creation of an effective Customer Relationship Management system;
- Structuring of the product line aimed at private clients with an analysis of the documentation aimed at unifying services offered, within the bounds of current legislation, and offering more sophisticated services to profiled customers;
- Development of a flexible tariff policy within the tariffs of complimentary banking products built on the 'banking boutique' principle as a part of the Private Banking program that is based on online monitoring of the consumption of banking products by various client groups;
- Development of a client-based management system that will become the management tool for forecasting, development and planning, and which includes:
  - Defining priorities, resources and terms of change;
  - Organization and correction of working processes used to change the base;
  - Creation of an organizational structure binding the appropriate technologies;
  - Development of motivational schemes for participants of the process;
  - Development of an operational control system.

The Bank does not pursue an aggressive advertising policy. It prefers clients to choose the Bank on the basis of open and public information, the Bank's range of products and services or on the basis of personal recommendation from those who experience the

service and reliability of the Bank in practice. We are talking about the Bank's reputation.

## CORPORATE CLIENTS

The Bank uses three approaches to ensure it keeps client focus.

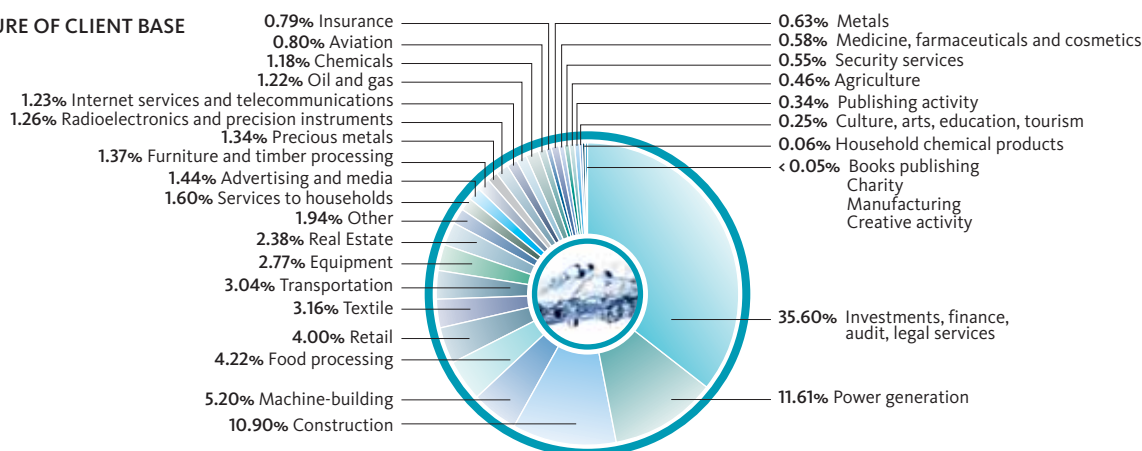
**1. Personal client service** is realized through personal managers. Client managers are given wide responsibility, both for decision making and for promoting client business issues within the Bank. Client managers possess a broad range of knowledge and are extremely well trained.

**2. Tailored programs** use the Bank's range of products in a flexible and complimentary way to suit individual clients. In developing these programs the branch specialties, the client's financial position and the main trends in the market are taken into account. Many of the issues tackled in the course of designing the products are later implemented in business consulting. Client representatives often actively participate in development of the products as they are most aware of client needs and business objectives. In cases when the developed business schemes do not fully respond to client needs, the Bank establishes individual approaches.

**3. System Innovation** — running an effective business in the 21st century would be impossible without innovation. The Bank has always paid strict attention to information and remote client servicing systems. In 2007 it concentrated on the intensive development of the CRM system, aimed at increasing both the quality and effectiveness of work.

During 2007 the Bank experienced dynamic growth across all aspects of its operations which demonstrated that structural distribution is close to optimal. This is typical for general bank of our size and stability and suits our conservative policies.

STRUCTURE OF CLIENT BASE



**Business consulting**

CentroCredit Bank has a wealth of experience of both its own and its clients' businesses. The daily task of the Bank is to share its experience with clients helping them to implement their ideas and tasks effectively and promptly. Effective and secure implementation of client business ensures stability both for clients and for the Bank.

The Bank offers business consulting services on a broad range of subjects. Among them are: effective resistance to hostile takeovers and mergers, optimization of management and business structures, and the minimization of expenses on international activity. Another popular consulting service is the optimal management of free funds.

The Bank engages its long-term partners with a proven track record in the sphere of audit and consulting for complex and large scale projects.

**PRIVATE CLIENTS**

From its very beginning, CentroCredit Bank concentrated on developing a private customer banking service able to provide the full range of banking products and services to private clients: from traditional cash management services to asset management and financial consulting. Today, the broad profile of the Bank's activities allows it to service clients not only with a full range of sophisticated banking and investment services but also a broad choice of additional products and services that is constantly updated with new services matching client demand.

The steady growth of the client base over the past few years is evidence of CentroCredit Bank's growing reputation as a highly reliable partner. Today the Bank's private banking service can

offer client's a range of banking, investment and accompanying services comparable to those of large foreign banks active in Private Banking.

The Bank attributes its success to particular attention in keeping clients abreast of the latest information. All the latest trends in taxation, economic trends, financial forecasts and recommendations, and business law are available to our clients. Clients may rely fully on the information provided when conducting tax planning, investment decision making and the allocation of assets.

The Bank's policy is to keep up the introduction of new products and services, not just follow a client's lead but also trying to anticipate them.

**INTERNET BANKING**

The Bank offers clients online service through its range of 'Internet banking' products. These include the 'IBank-2' system for companies and 'CCB-Online' for individuals introduced in 2004.

IBank-2 has evolved and improved over time while CCB-Online has become a real breakthrough allowing private clients access to a broad range of banking products instantly. These include account management, plastic cards, savings, currency transactions and money transfers.

Both systems have development potential. IBank-2 is a lean client, which is very convenient for clients with fast internet connections. In 2007 it was successfully enhanced by a thick client, offering clients the same advantages of fast internet connection while using slow dial-up internet access. Integration of payment for public utilities, telecommunications and other services is part of the development plan.

## CREDIT POLICY

CentroCredit Bank diversifies investments in different industries according to market trends. The Bank concentrates on providing credit products to clients from various economic sectors including industry, sales, transport and construction.

In 2007 the credit portfolio of the Bank increased by 54% to reach RUR9,427 million.

The Bank's factoring operations were valued at RUR3.3 billion in 2007, the volume of financial claims transferred using non-

regressive factoring agreements amounted to RUR2.25 billion, 8.5% more than in 2006. The portfolio of financial claims transferred to the Bank at the start of 2008 was RUR545 million.

The overall value of leasing agreements concluded in 2007 was RUR983 million with RUR847 million accounting for agreements where the leasing object was railway transport. In comparison with 2006, the value of leasing agreements concluded in 2007 increased by more than 100%. The overall value of leasing agreements reached RUR1.3 billion by the end of 2007.

### **THE BANKER AUGUST 2007**

**CENTROCREDIT BANK IS NUMBER 25 AMONG THE TOP 30 BANKS THAT  
ARE CANDIDATES FOR THE BANKER'S LIST OF 1000 LARGEST BANKS IN THE  
WORLD.**

**KOMMERSANT-DENGI MAGAZINE  
10.09.2007**

**IN MOSCOW, CENTROCREDIT BANK IS OFFERING DEPOSITS IN BRITISH POUNDS WITH A MAXIMUM TERM OF HALF A YEAR AND AN ANNUAL INTEREST RATE OF 6%.**

## INVESTMENT BANKING SERVICES

With a well educated and highly trained workforce, the Bank can offer sophisticated and innovative solutions for its clients from its broad range of services in the field of corporate finance. The Bank's products in this area offer individual solutions responding to the current aims and long term strategic goals of the client. The Bank's specialists have extensive experience in structuring large-scale and complex transactions such as acquisition and divestment of companies, real estate and property deals, the organization of financing for such activity and project financing.

The Bank underpins its work with a deep understanding of Russian market and legislation peculiarities and its wide experience makes it capable of offering clients individual and often unusual solutions for complex deals.

In the field of investment banking the Bank concentrates on building trust through a long-term relationship with the client.

A substantial competitive advantage of the Bank is its ability to invest its own resources in financing a client's transaction and of creating credit syndicates with the participation of the Bank's partners.

The investment banking division's area of responsibility apart from client projects includes long-term management of the Bank's investments.

Over the last five years the volume of investment transactions involving the Bank exceeded RUR25 billion.

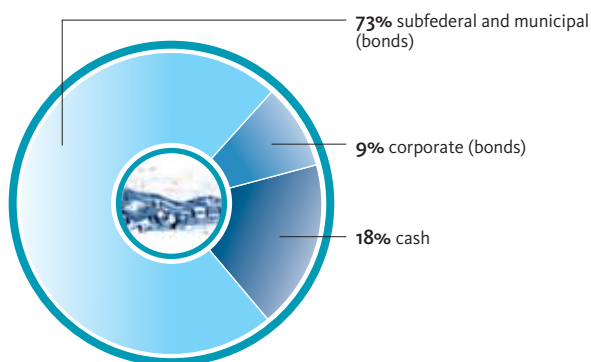
Among the main investment banking services for clients are:

- LBO/MBO – acquiring of assets (including shares) with the use of borrowed funds, where the acquired assets act as collateral;
- Financing sophisticated transactions (multiple liens, repo of assets, etc.);
- Syndicated crediting of transactions with a complex structure;
- Fiduciary services: fiduciary credits (loans credits provided on behalf of the financial institution, but on the account and risk of the client), acquiring of such assets as securities, promissory notes and others on behalf of the financial institution but on the account of the client;
- Escrow agent functions (guaranteeing fulfillment of mutual obligations in a transaction);
- Project financing.

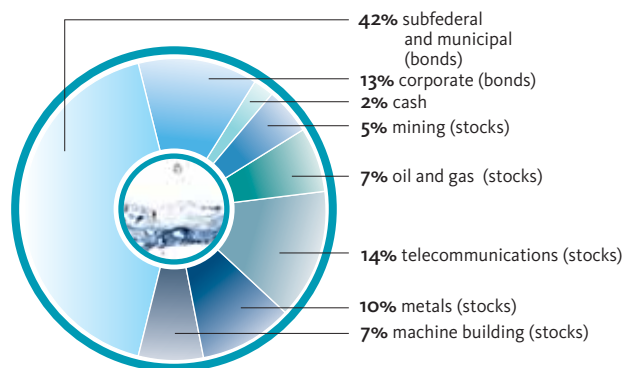
### Some of the Bank's projects:

	OJSC Stroyppolymerkeramika	OJSC Cherepovetskiy port	LLC Bitum	LLC Nalkat
LBO/MBO	V	V		
Privatization	V		V	V
Legal consulting	V		V	
Project financing		V	V	V

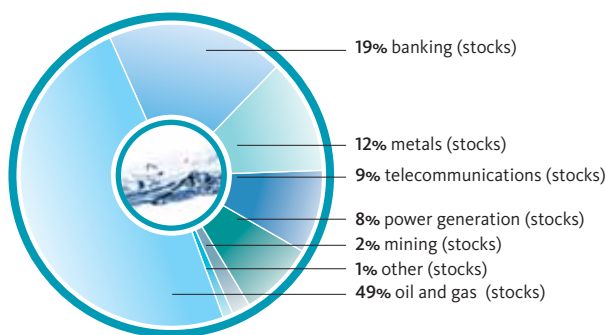
**CONSERVATIVE FUND**



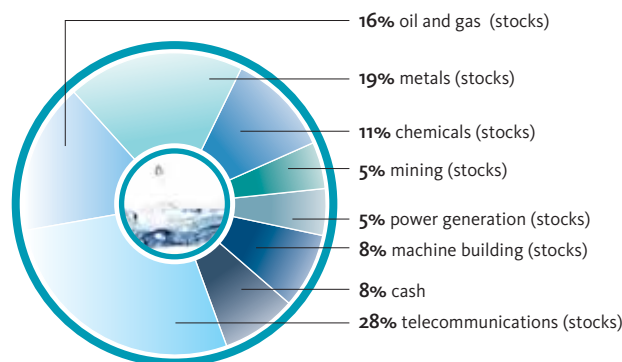
**ABSOLUT FUND**



**INDEX FUND**



**MAXIMAL FUND**



**FINANCIAL MARKETS ACTIVITY**

**CLIENT ASSET MANAGEMENT**

Trust management of client assets on the stock market is one of the Bank’s popular services with active clients who are financially educated and looking to develop their potential. The Bank’s longstanding and successful experience with the stock market allows our clients to achieve good results and our product line can satisfy clients at any level of risk. The Bank offers both individual asset management and pooled investment. The Bank actively manages four mutual funds (BMMF). These are the ‘Maximum’, ‘Absolute’, ‘Conservative’ and ‘Index’ funds.

The portfolios of the actively managed funds are formulated on three basic strategies:

- aggressive, aiming for maximum profit through investment in riskier stocks, such as shares of Russian issuers;
- moderate, aiming for the best balance of reliable fixed income bonds with riskier securities within the structure of the portfolio;

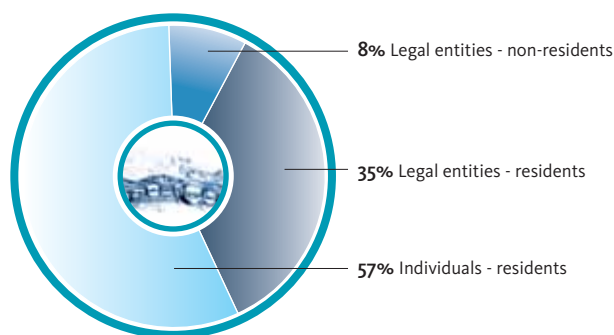
– conservative, aiming for capital growth using fixed income securities such as bonds.

The portfolio of the ‘Index’ fund is formed to follow the MICEX stock exchange index. The fund’s assets only include the stock of Russian issuers on the MICEX index with the proportion of each stock corresponding to its share of the index.

The 2007 results of the Bank’s funds backed the attractiveness of the Russian stock market in general for investors and of the asset management in this market in particular. The yield of BMMF ‘Maximum’ in 2007 reached 15.94% and the yield of BMMF ‘Absolute’ was 14.54%. In 2007, the results of the Bank’s funds improved compared with other participants of mutual funds market. For example, BMMF ‘Absolute’ was rated 7th by AZIPI-Investica in the list of low risk funds (AZIPI-Investica’s rating includes Russian open and interval funds, mutual funds and BMMFs. At the end 2007 there were 158 funds on their list).

Professionalism and an individual approach to each client remain one of the Bank’s traditions.

### STRUCTURE OF DEPOSITARY CLIENT BASE



## BROKERAGE OPERATIONS

In 2007 the Bank continued to improve client brokerage servicing on Russia's largest stock markets.

As a part of improving the quality of service and developing the latest brokerage technologies, the Bank opened a new site in March 2007 dedicated to brokerage services in the securities market [www.ccb-broker.ru](http://www.ccb-broker.ru). The site allows the Bank's clients to find out more about tariffs, features of margin crediting, and the documents required to open an account. The site also includes a detailed description of all the opportunities available to the client after signing a contract for brokerage service.

The Bank comfortably entered the list of top-50 operators on the Russian stock market. In 2007, the Bank was 42nd in the list of Russian brokers (according to RBC.Rating). The overall trade volume of the Bank in stock exchange operations, without taking into account government securities transactions, is RUR211.3 billion.

Sustaining the growth of its client base is a priority task for the Bank. Individual approaches to each client, a system of personal brokers and a flexible tariff policy contributed to the increase of the Bank's brokerage services clients of 9.1% at the end 2007. The 'United' tariff plan had no small part to play in the increase of clients. The main feature of this tariff plan is that its calculations include a sum of the daily volume of trade on all trading floors and on the over-the-counter market including stock and bond trades but excluding government securities.

During 2007, the Bank's margin credit service was further developed. The number of Bank clients using margin credit was 34% of the overall client base and had increased by 2.35 times by the end of 2007. The Bank's turnover on margin credit operations was RUR23.9 billion having increased by 4.23 times in comparison with 2006.

## DEPOSITARY SERVICES

CentroCredit Bank's Depositary offers a whole range of custodian services under license 177-06413-000100 issued on September 26, 2003. During 2007, the number of opened DEPO accounts increased by 10%.

Twenty new nominal accounts were opened in higher depositaries and registries.

At the beginning of 2008, the Bank's depositary accounts held 20,268,897,973 securities of about 660 issuers.

The depositary activity of CentroCredit Bank is insured by the 'Soglasie' insurance company.

## INTERBANK CREDIT MARKET

In 2007 the Bank continued active development of its correspondent network. In order to strengthen its position in the interbank market and improve client quality of service, the Bank systematically broadened its cooperation with other banks both in Russia and abroad.

The Bank continued to develop cooperation with partner banks to collaborate both in the internal money market and in the international FOREX market. In the report year, four general collaboration agreements were signed covering Russian currency and money market operations.

In 2007 the Bank remained an active participant in the interbank credit market. The total of exposed limits of the Bank in 2007 increased by 18%. Following the principle of minimizing risk when working in the short-term credit market, the Bank increased its volume of credit mainly to older and more reliable partner banks on mutually favorable terms. As a result, the price the Bank paid for short-term credit was reduced. Interbank credit transactions were conducted mainly in order to sustain the Bank's current liquidity and to attract arbitrage revenue.





As one of the shareholders of the MICEX stock exchange, the Bank mainly sold and bought currency through the electronic payment system of the currency section of MICEX. Due to the increase in the volume of its transactions the Bank is able to diversify its financial assets in terms of currency and also decrease the cost of services connected with buying and selling currency on behalf of the clients.

Within the program of developing the Bank as a full service finance and credit organization offering a broad range of quality services, the Bank has studied and used its positive experience of transactions with Russian and foreign banks, using rubles and foreign currency, together with strengthening of current business connections as well as its search for new partners to broaden the number of partner banks both in Russia and abroad.

### PRECIOUS METAL OPERATIONS

CentroCredit Bank has had a license to trade in precious metals since 2001 and is an active market participant.

The Bank trades a whole range of precious metals deals in Russian and international markets, including:

- opening and maintenance of unallocated metal accounts;
- purchase and sale of precious metals through unallocated metal accounts;
- purchase of precious metals from mining and processing enterprises;
- purchase/sale of precious metals in the interbank market;
- providing advances to mining enterprises;
- sale of precious metals to individuals;
- loans in precious metals;
- export of precious metals;
- purchase and sale of investment and memorable coins.

At the present time, in the domestic market, the Bank is actively developing lending to individual clients for the purchase of precious metals against the security of the purchase, introducing brokerage services and taking part in government-owned enterprises' tenders for the allocation of contracts containing precious metals.

### CentroCredit turnover in the precious metals market in 2007

Denomination	Gold (kg)	Silver (kg)	Platinum (kg)	Palladium (kg)	Coins (pcs.)
Purchase and sale of precious metals through unallocated metal accounts	65,000	210,000			
Purchase and sale on the interbank market	4,000	6,000	465	270	
Purchase from mining enterprises	850				
Purchase from processing enterprises	62	6,100	9.6	41.2	
Sales to individuals	0	0	0	0	
Loan agreements	100		50		
Export of precious metals	850				
Purchase and sale of investment and memorable coins					1,800

**EXPERT MAGAZINE**  
**23.09.2007**

**EXPERT RA AGENCY HAS CONFIRMED THE FINANCIAL STABILITY OF CENTROCRE-  
DIT BANK. THE BANK AGAIN FEATURED IN THE LEADING GROUP OF MOSCOW  
AND MOSCOW REGION BANKS (ASSETS OF 8 TO 30 BILLION RUBLES).**

## INTERNATIONAL ACTIVITY

The broad network of correspondent banks, membership of MICEX, as well as the use of modern communication technologies SWIFT, allowed CentroCredit Bank to provide its clients with foreign exchange services settlement operations with minimum bank charges and in the quickest possible time.

Implementation of a wide range of services in the field of export-import operations, and the ability to accelerate international payments, has made the Bank especially convenient for exporting client companies.

For example, servicing of export trading operations became an integral element of the Bank's portfolio of products and services that are offered to corporate clients. Long time successful co-operation with large Western financial institutions contributed to the high reputation of the Bank. The principal international banks granted CentroCredit Bank credit lines on letters of credit resulting in more profitable international transactions for its clients.

CentroCredit Bank achieved good results in trading finance transactions on the Russian market. The Bank uses internationally accepted instruments that are safe and convenient for clients and run low commercial and financial risks when used for international export-import transactions.

The spectrum of trade finance operations provided by the bank includes:

- Issue, advice and confirmation of documentary export and import letters of credit, getting confirmation of letters of credit from large foreign banks;
- Issue of banking guarantees and advice including tender guarantees, fulfillment guarantees, payment guarantees, stand-by letters of credit and provision of clients' operations with the guarantees of the largest banks of the world;
- Import/export collection of payment.

In 2007, the Bank's trade financing operations amounted to US\$20 million and EUR8 million.

In 2008, the Bank intends to increase the volume of trade finance operations in EUR to EUR20 million.

In the area of documentary trade financing, CentroCredit Bank has established relations with leading international banks all over the world.

At a client's request, the Bank can provide transactions through any foreign bank worldwide using its custom correspondent network as well as direct relations with foreign banks. Contacts established with Russian branch offices of international financial institutions contributed extensively to the development of the Bank's international activities.





# RESULTS AND PROSPECTS

28 Economic situation in Russia and development of the banking system in 2007

30 CentroCredit Bank results for 2007

33 The Bank's development prospects in 2008



## ECONOMIC SITUATION IN RUSSIA AND DEVELOPMENT OF THE BANKING SYSTEM IN 2007

In 2007 the rate of economic growth in Russia remained high. GDP growth, according to Rosstat, reached 8.1% compared to 7.4% in 2006. The growth in the economic development rate was fueled by the increase in consumer and investment demand. The rate of growth in investment was higher than in 2006 throughout the whole year. The increase of investment in fixed capital, in comparison with 2006, was 21.1%. The growth of investment demand was mainly driven by the oil and gas industry, food industry and real estate sector.

In 2007 the rate of growth in real disposable income was 10.4% with wage rates increasing substantially to 16.2% from 13.3% in 2006. Despite a rise in inflation in the consumer market that reached 11.9%, there was no reduction in the real income of the population. The growth of inflation in 2007 was

mainly driven by the increase in food prices on world markets. Growth in retail merchandising in 2007 showed an increase in turnover of 15.2% during the year (13.9% in 2006). During the whole year the growth of retail merchandising was supported both by growth in disposable income and by consumer loans from banks.

The rate of growth in industrial production in 2007 increased substantially and there was also an increase in the share of manufacturing activity. The growth of industrial production was driven by the growth of manufacturing production (an increase of 9.3% during the year). Mining grew by 1.9%.

The year was marked by a change in the balance of payments due to a relative decrease of current operating position and a growth in net capital imports by the private sector, estimated at US\$ 82.3 billion (compared with \$42 billion in 2006).

In 2007 the overall growth in international reserves constituted 56.85% and, as of 1 January 2008, reserves reached US\$ 476.4 billion. Russia consolidated its third place in the world in terms of international reserves.



The past year was characterized by the continuing momentum of growth in the Russian banking sector. Its assets exceeded 60% of GDP. At the same time, the development of the banking sector had some qualitative differences from 2006. For example, the rate of capital growth in 2007 was substantially higher than in 2006. To a large extent this can be explained by additional stock issues by banks, including the largest ones, such as Sberbank and VTB. In 2007 the Central Bank of Russia strengthened its risk management policy in the customer loans sector resulting in a decrease of growth in such loans.

Starting from the second half of 2007, Russian financial markets were influenced by the impact on the world financial market caused by the sub-prime crisis in the USA. The borrowing opportunities for both Russian banks and companies deteriorated both on the external market and in the internal bond market. This led to an increase in interest rates, but the banking system in general was pushed towards relying on its own resources in Russia.

Considering the crisis mentioned above, it is worth pointing out two of its main features: the huge scale and the unpredictability

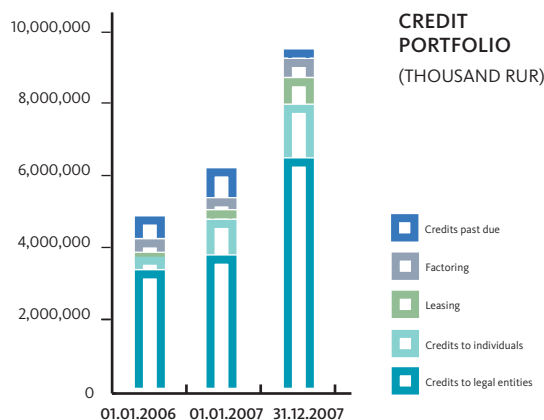
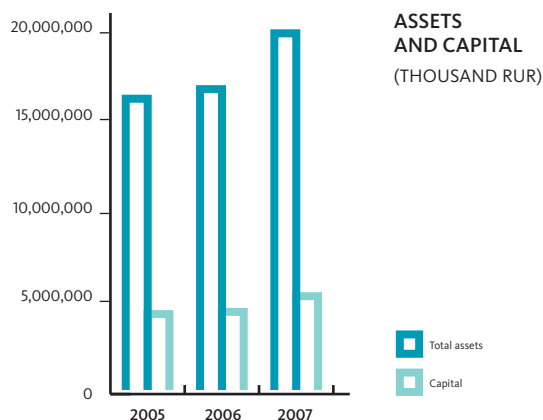
of its duration. No similar events of such a scale have been seen in world economics for at least two or three decades. As to the expectation on when the crisis may end, its large scale led to the shifting of expectations from the beginning or middle of 2008 towards the end 2008 or beginning of 2009.

The Russian banking system in general has a good safety margin relative to these world disturbances. The events of autumn 2007 showed that the Central Bank as well as the monetary authorities were ready to tackle liquidity issues in a timely manner. The size of the problems can be gauged by the readiness of the authorities to engage in refinancing the account balances of the Russian treasury that amounted to 1.5 trillion rubles according to some estimates. To evaluate how Russian banks will overcome the effect of the problems one needs to look at indexes such as sufficiency of capital, adequacy of reserves and the existence of sound risk management systems. Regrettably, Russian banks are very unequally divided according to these criteria. But the Banks that conform well to these indexes have every chance to overcome the crisis successfully.



**RBC AGENCY**  
**13.11.2007**

**INTERNATIONAL RATING AGENCY MOODY'S INVESTORS  
SERVICE HAS FOR THE FIRST TIME ASSIGNED  
TO CENTROCREDIT BANK A LONG-TERM CREDIT RATING  
IN FOREIGN AND DOMESTIC CURRENCY OF B3.**



## CENTROCREDIT BANK RESULTS FOR 2007

In 2007 CentroCredit Bank followed its planned strategy which delivered impressive results.

### DYNAMICS OF ASSETS AND CAPITAL

The Bank's total assets increased by 18% or RUR3 billion during the year and reaching RUR20 billion by the end of 2007. The capital of the Bank grew at a similar rate.

### CREDIT PORTFOLIO

The increase in assets was mainly due to the growth of the credit portfolio whose share of total assets increased from 40% to 50%.

The credit portfolio grew in 2007 by 54% and totaled RUR 9.427 billion. This growth took place due to large scale non-standard transactions for financing real estate purchases by the clients, project financing transactions, and the leasing of railway rolling stock.

In 2007, as in the past years, the Bank stuck to a policy of balanced credit risk management: the growth of the portfolio was accompanied by an increase in the allocation of reserves for lending receivables and equivalent debts. The volume of these reserves, created in accordance with the Provision 254-P of the Russian Central Bank, was RUR3,200 million rubles.

The main condition for the approval of sophisticated transactions, with an increased level of transaction yield, is the ability to cover risk through liquid and legally unprotected assets. Credit was preferred, the provision for which was land in Moscow oblast and commercial estates in Moscow that were valued conservatively and accepted with a significant discount.

During 2007, the highest growth was recorded by loans to companies and leasing products, their share in the credit portfolio

increasing by 8% and 4% respectively reaching RUR6.437 and RUR746 million. At the same time the Bank managed to reduce the volume of delinquent loans from RUR842 to RUR197 million (the share of such loans in the portfolio falling from 14% to 2%).

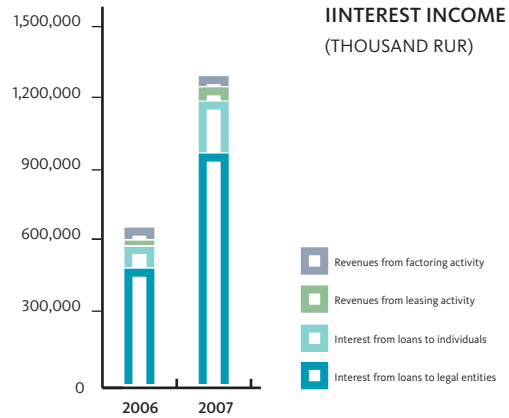
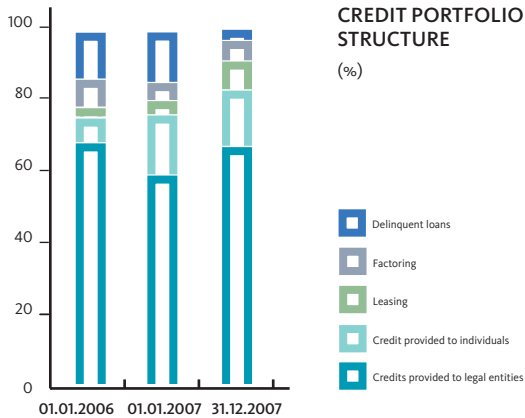
In the period of growth volatility in the financial markets, the credit portfolio became a stable source of asset profitability for the Bank. The credit portfolio's growth in interest, in comparison with the previous year, was 116% and its volume reached RUR1.3 billion.

The highest interest growth was recorded by leasing operations whose volume grew by several times in comparison with 2006 reaching RUR60 million. In 2007 the Bank also optimized the portfolio of loans to individuals, bringing it in line with the corporate strategy. Now the main part of this credit group accounts for large commercial transactions secured against high quality collateral. As a result, the portfolio of loans provided to individuals increased by 46% with interest doubling in comparison with 2006 to reach RUR219 million.

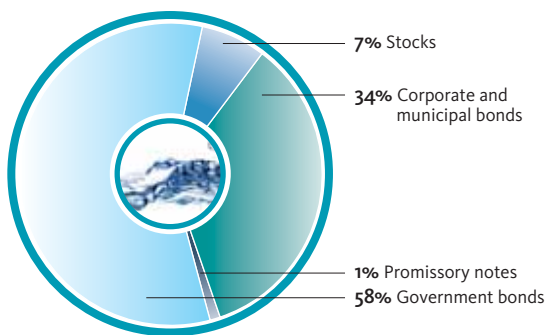
### SECURITIES PORTFOLIO AND LIQUIDITY MANAGEMENT

The volume of the securities portfolio was RUR8.4 billion according to the market estimate at the beginning of 2008. The portfolio consists of RUR4.8 billion worth of Ministry of Finance bonds and federal loan bonds. In addition, the portfolio includes a number of other high liquidity instruments included in the list of securities that are authorized to be used in refinancing operations by the Central Bank of Russia.

The availability of a high liquidity securities portfolio allows the Bank to attract large volumes of liquidity in a short time which, when accompanied by high capitalization, allows the Bank to finance large scale credit transactions. In addition, the portfolio allowed the Bank to easily weather the period of interbank market crisis of the second half of 2007. The Bank obtained funds from the Central Bank using repo operations at an interest rate just over 6% at a time when average daily rates exceeded 8%.



**STRUCTURE OF THE SECURITIES PORTFOLIO**



During the whole year the Bank had high liquidity ratios. By the end of 2007, the quick liquidity ratio (normative H2 of the Russian Central Bank) was 70.1% and the current liquidity coefficient H3 was 124.7% (corresponding data for the whole banking sector was 48.4% and 72.9% respectively).

In 2007 the Bank received high income from securities to the value of RUR1.1 billion, of which RUR384 million was derived from coupon income of fixed yield securities.

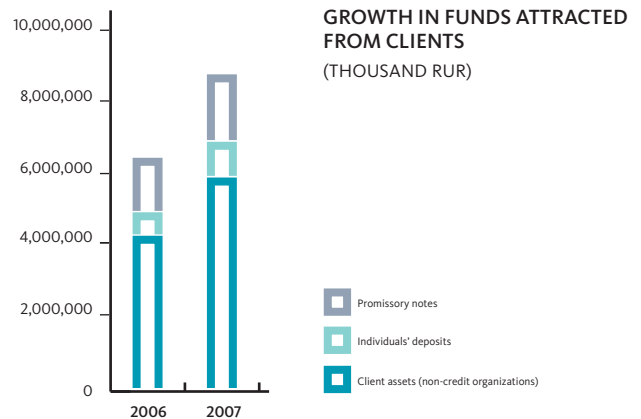
**COMMISSION OPERATIONS**

Commission income from servicing corporate and private customers increased by 66% in 2007 reaching RUR336 million or around 10% of the Bank's profit.

The highest growth of commission income was attributed to documentary transactions and transaction of guarantees provision. Their overall volume amounted to RUR99 million, more than three times such transactions for the previous year. The volume of provided guarantees was RUR2.5 billion.

**RESOURCE BASE**

The capital attracted at the end 2007 was RUR13.5 billion, which is 8% or RUR1 billion higher than at the beginning of the year. The structure of resources attracted changed substantially – the volume of client funds grew from 51% to 64% against a background of a decrease in funds attracted through repo operations (from 29% to 17%).



By the end of 2007, funds attracted from clients constituted RUR8.8 billion, which is 36% or RUR2.3 billion more than at the beginning of the year, the balances on company's accounts increased by 38% (+RUR1.6 billion) and on individuals' accounts by 49% (+0.3RUR billion).

The growth of the Bank's own capital in 2007 was RUR843 million or 18%. The Bank was 51st among Russian banks in terms of capital RUR5.5 billion according to "Expert" magazine's rating.

Capital cover calculated using Central Bank methods was 31.8% at year end.



## BANK PROFITS

The growth in the Bank's own capital was due to net income reaching RUR923 million by year end.

Operational profit in 2007 was RUR2.3 billion which was twice that of 2006.

The main contribution to growth of operational profit was interest on the credit portfolio and commission income, both of which were in the development plan for 2007.

At the end of 2007, the Bank exceeded the forecast for revenue and income and, despite inflationary pressure and significant wage inflation in the Moscow labor market, the Bank managed to stay within the limits of the budget allocated for administrative expenses. The growth of such expenses in comparison with 2006 was 7.4% and the volume was RUR631 million.

As a result, the Bank occupied 58th place among Russian banks in terms of total profit and 11th in terms of asset profitability with 5.98%.

Most significant revenue items (thousand rubles)	2006	2007	Change in comparison with 2006
Interest income on the credit portfolio	605,504	1,305,402	116%
Income from securities operations	866,157	1,096,033	27%
Income from precious metals operations	249,736	377,158	51%
Commission income	202,944	336,298	66%

**THE BANKER  
NOVEMBER 2007**

**CENTROCREDIT BANK IS 32ND IN THE LIST OF TOP-50 RUSSIAN BANKS IN TERMS OF CAPITAL SUFFICIENCY OF OWN CAPITAL OF FIRST LEVEL.**

## **THE BANK'S DEVELOPMENT PROSPECTS IN 2008**

In 2008 CentroCredit Bank will continue its development in accordance with its long-term strategy, the main provisions of which are given in this report.

Specialization in sophisticated highly profitable transactions will provide the Bank with an opportunity to increase assets

to US\$1 billion followed by a growth in its own capital while retaining high profitability coefficients for both of these parameters.

In 2008 CentroCredit Bank will be rated as one of the 1000 largest banks in the world according to 'The Banker' magazine.

The main objectives in internal organization will be:

- Building and implementation of an advanced CRM system;
- Ensure the personnel and the human resources strategy are in line with the development strategy of the Bank.

**FINMARKET AGENCY  
29.12.2007**

**INTERNATIONAL AGENCY FITCH CONFIRMED RATINGS OF CENTROCREDIT BANK.**





# FINANCIAL REPORTS

36 Summarized financial statements for 2007 (IAS)



## JOINT STOCK COMMERCIAL BANK «CENTROCREDIT»

(Closed Joint Stock Company)

Summarized Financial Statements  
derived from the Issued  
Financial Statements  
For the Year Ended 31 December 2007

### INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Joint Stock Commercial Bank «CentroCredit» (Closed Joint Stock Company):

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Joint Stock Commercial Bank «CentroCredit» (Closed Joint Stock Company) (the «Bank») for the year ended 31 December 2007 from which the accompanying summarized financial statements were derived, in accordance with International Standards on Auditing. In our report dated 11 June 2008 we expressed an unqualified opinion on the financial statements from which the summarized financial statements were derived.

#### OPINION

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

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

11 June 2008  
Moscow

JSCB «CENTROCREDIT»  
**SUMMARIZED FINANCIAL STATEMENTS**  
**SUMMARIZED INCOME STATEMENT**  
 FOR THE YEAR ENDED 31 DECEMBER 2007  
 (IN RUSSIAN RUBLES AND IN THOUSANDS)

	Year ended 31 December 2007	Year ended 31 December 2006
Interest income	1,783,700	1,509,838
Interest expense	(531,867)	(426,871)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	1,251,833	1,082,967
Provision for impairment losses on interest bearing assets	(19,757)	(276,995)
NET INTEREST INCOME	1,232,076	805,972
Net gain on financial assets and liabilities at fair value through profit or loss	88,134	405,977
Net gain on investments available-for-sale	477,196	331,965
Net loss on foreign exchange operations	(56,728)	(237,673)
Net gain on precious metals operations	450,771	250,868
Fee and commission income	324,072	222,782
Fee and commission expense	(27,463)	(43,444)
Dividends received	62,115	38,722
Other income	73,144	65,344
NET NON-INTEREST INCOME	1,391,241	1,034,541
OPERATING INCOME	2,623,317	1,840,513
OPERATING EXPENSES	(674,766)	(657,498)
OPERATING PROFIT	1,948,551	1,183,015
Impairment of investments available-for-sale	—	(5,029)
Other provisions	(13,749)	(23,303)
PROFIT BEFORE INCOME TAX	1,934,802	1,154,683
Income tax expense	(527,638)	(250,587)
<b>NET PROFIT</b>	<b>1,407,164</b>	<b>904,096</b>
Attributable to:		
Shareholders of the parent	1,407,164	920,248
Minority shareholders	—	(16,152)

On behalf of the Management Board:

**Chairman**  
**A. Tarasov**  
 9 June 2008  
 Moscow

**Chief Accountant**  
**N. Perepilitsyna**  
 9 June 2008  
 Moscow

The summarized financial statements were derived from the issued financial statements as at 31 December 2007 and for the year ended 31 December 2007.

JSCB «CENTROCREDIT»  
**SUMMARIZED FINANCIAL STATEMENTS**  
**SUMMARIZED BALANCE SHEET**  
AS OF 31 DECEMBER 2007  
(IN RUSSIAN RUBLES AND IN THOUSANDS)

	31 December 2007	31 December 2006
<b>ASSETS:</b>		
Cash and balances with the Central Bank of the Russian Federation	1,436,818	1,410,748
Precious metals	523,336	37,891
Financial assets at fair value through profit or loss	8,368,869	7,784,800
Due from banks and financial institutions	3,209,120	4,454,123
Loans to customers	8,129,100	4,721,752
Investments available-for-sale	403,546	746,820
Property, plant, and equipment	148,740	162,772
Other assets	110,740	64,241
<b>TOTAL ASSETS</b>	<b>22,330,269</b>	<b>19,383,147</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES:</b>		
Due to banks and financial institutions	3,499,879	3,951,893
Financial liabilities at fair value through profit or loss	722,330	466,374
Customer accounts	5,682,031	4,588,309
Debt securities issued	3,766,749	3,354,519
Other provisions	52,774	35,626
Deferred income tax liabilities	535,776	238,553
Other liabilities	151,272	66,693
Total liabilities	14,410,811	12,701,967
<b>EQUITY:</b>		
Share capital	3,228,241	3,228,241
Additional paid-in capital	255,762	255,762
Investments available-for-sale fair value reserve	137,988	202,130
Retained earnings	4,297,467	2,995,047
Total capital	7,919,458	6,681,180
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>22,330,269</b>	<b>19,383,147</b>

On behalf of the Management Board:

**Chairman**  
**A. Tarasov**  
9 June 2008  
Moscow

**Chief Accountant**  
**N. Perepilitsyna**  
9 June 2008  
Moscow

The summarized financial statements were derived from the issued financial statements as at 31 December 2007 and for the year ended 31 December 2007.





## CONTACT INFORMATION

### HEAD OFFICE

Build. 1, 31/2 Pyatnitskaya St., Moscow 119017  
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e-mail: info@ccb.ru  
[WWW.CCB.RU](http://www.ccb.ru)

Apart from the head office,  
located at 31, Pyatnitskaya street,  
CentroCredit bank has:

### SEMEVSKY ADDITIONAL OFFICE

Build. 13, 10 Bolshaya Semenovskaya St., Moscow  
Tel. 962 1594

### CENTRAL ADDITIONAL OFFICE

10 Sary Tolmachevsky Lane, Moscow  
Tel. 780 3540

### CASH DESK N° 2

Build. 3, 14 Kronshtadtsky Blv., Moscow  
Tel. 459 1786

### CASH DESK N° 4

Build. 12, 6 Kotliakovskaya St., Moscow  
Tel. 787 0063, ext. 126

### CASH DESK N° 14

Build. 1, 31A Poliarnaya St., Moscow  
Tel. 787 9387

### CASH DESK N° 20

Build. 4, 21 Obrucheveva St., Moscow  
Tel. 935 0356

### CASH DESK N° 22

Build. 1, 13 Akademika Koroleva St., Moscow  
Tel. 616 4481

### CASH DESK N° 23

Build. 1, 54 Shosse Entuziastov, Moscow  
Tel. 672 3423

### CASH DESK N° 24

Build. 14A, 9 Otkrytoye Shosse, Moscow  
Tel. +8 (499) 167 0270

### CASH DESK N° 25

Build. 6, 64 Dmitrovskoye Shosse, Moscow  
Tel. 481 1033

### CASH DESK N° 26

Build. 1, 19 Yaroslavskoye Shosse, Moscow  
Tel. 188 6983

### CASH DESK N° 27

Build. 28, 1A Begovaya Street, Moscow  
Tel. 234 0039, ext. 0169

### CASH DESK N° 28

Build. 5, block 1, 16 Nagatinskaya St., Moscow  
Tel. 995 1220, ext. 131

### CASH DESK N° 29

Build. 7, 34 Marksistskaya St., Moscow  
Tel. 632 7045

### CASH DESK N° 32

29 Svobody St., Moscow  
Tel. 661 1025

### UK REPRESENTATIVE OFFICE

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