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BANK**

THE BANK THAT IS ALWAYS WITH YOU

2010 IFRS Results Bottomed out, taking off



**Conference Call
March 29, 2011**

2010 Highlights

Results came slightly above planned: NI of RUB **581** mln

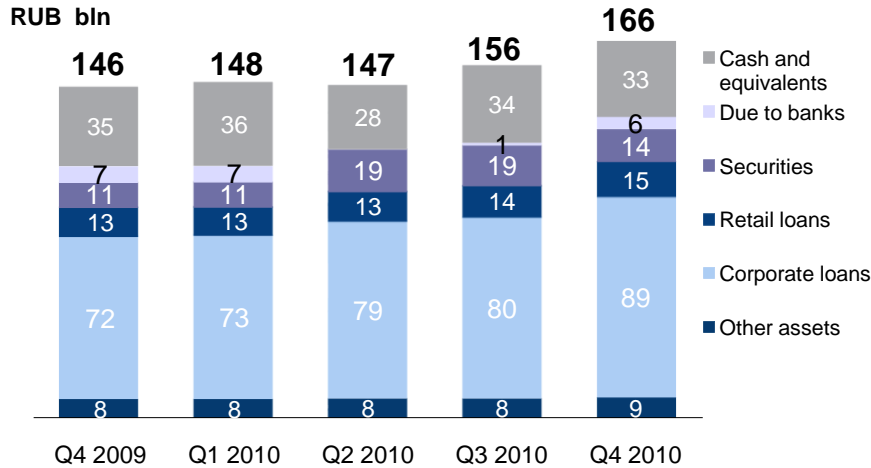
- Assets increased by **14.1%** YoY to RUB **166 158** mln
- Total net loan growth was **22.1%** YoY to RUB **104 046** mln
- Corporate loan portfolio up by **22.5%** YoY to RUB **98 626** mln
- Retail loan portfolio up by **17.7 %** YoY to RUB **16 610** mln
- Increase in retail deposits by **26%** YoY to RUB **68 712** mln
- Loan/deposit ratio improved by **400** bps YoY to **88.4%**

- NIM at **3.6%** (year average), improved in Q4 by **20** bps QoQ
- Spread reached **6.3%** for 2010, grew in Q4 by **20** bps QoQ
- Net fees and commissions grew by **5.5%** reaching RUB **3 935** mln
- Cost of risk declined by **310** bps YoY to **1.8%**
- Sufficient capital base (CAR: **15.2%**, core Tier 1: **12.8%**), well above regulatory requirements.

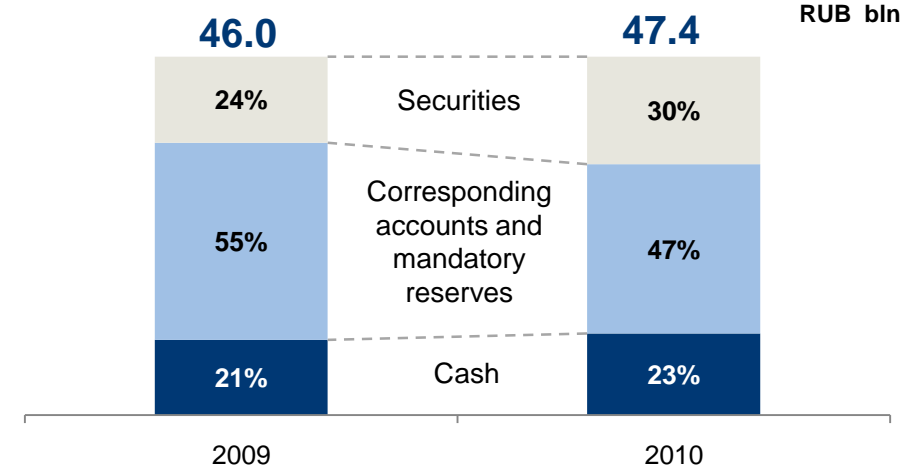


Asset structure coming back to normal

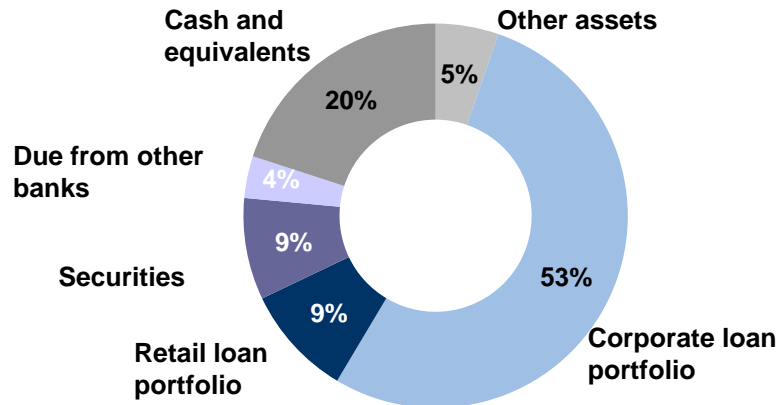
Loans' share expanding



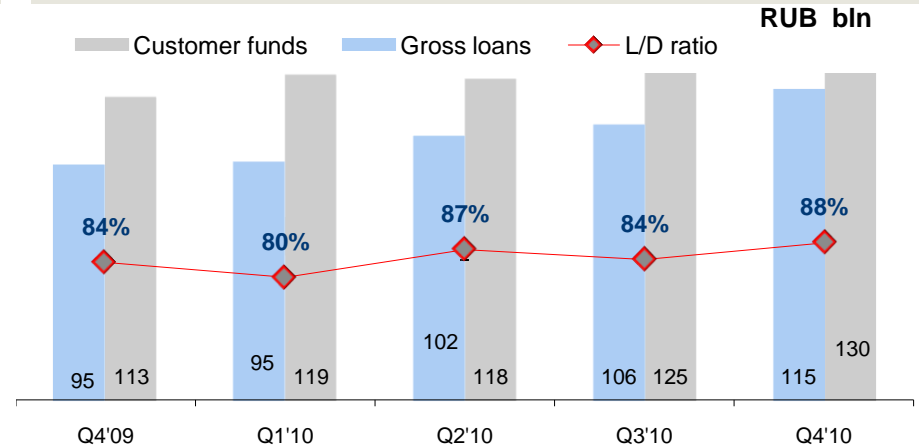
More profitable liquid assets structure



IEA represent 75% of total assets

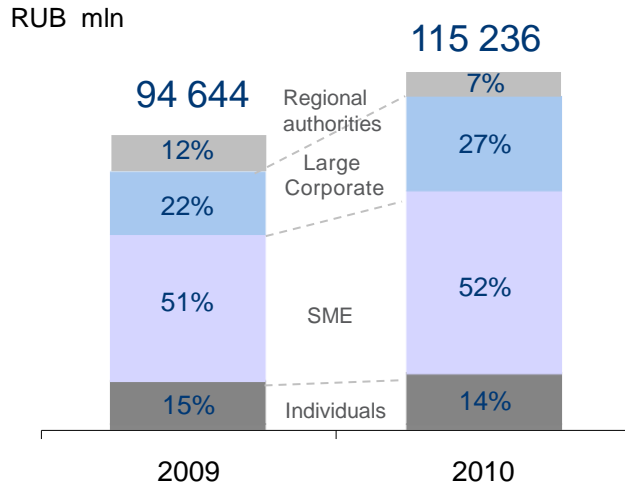


Improved efficiency of resources allocation

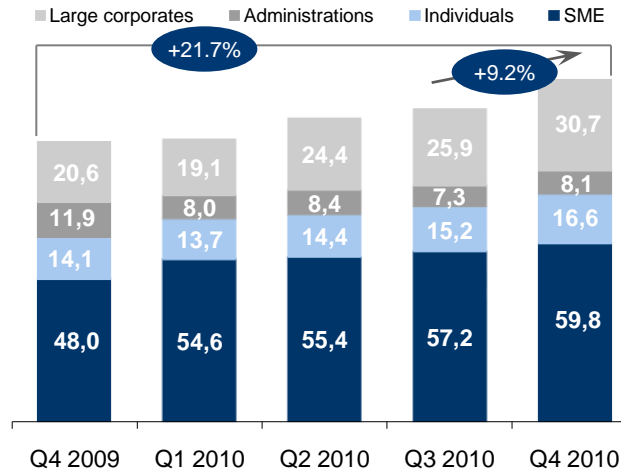


Loans and advances

Sharpening SME focus...



...with surpassed growth...



Total Loans

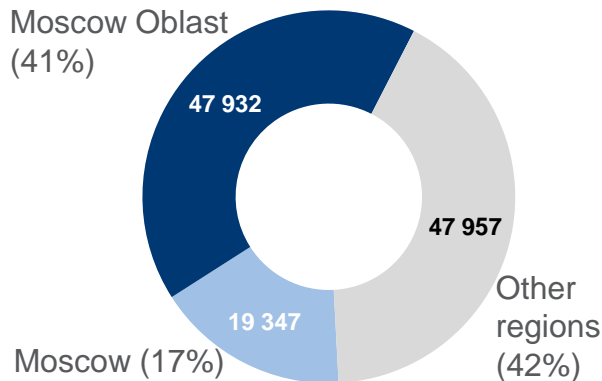
	VZRZ	Sector
YoY	+22.1%	+12.6%
QoQ	+10.3%	+3.7%

Corporate Loans

	VZRZ	Sector
YoY	+22.6%	+12.1%
QoQ	+10.4%	+3.2%

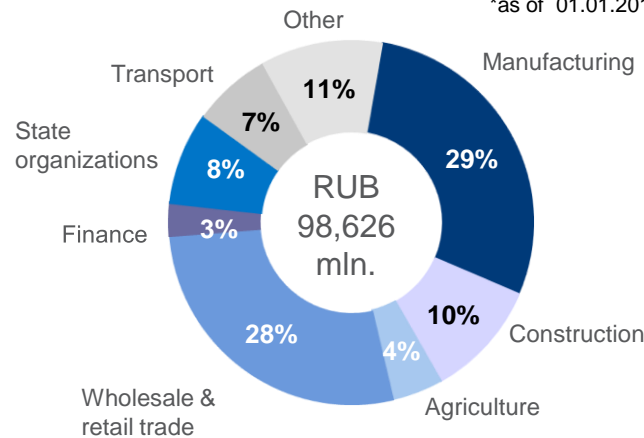
...in key regions...

*as of 01.01.2011



...across the industries

*as of 01.01.2011

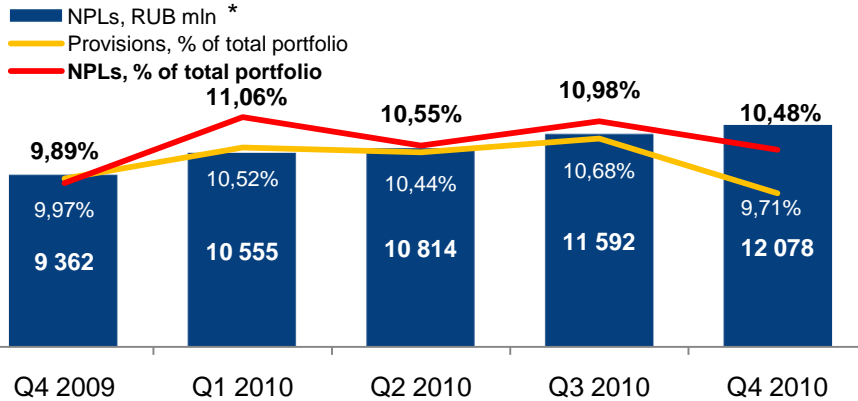


Retail Loans

	VZRZ	Sector
YoY	+18.7%	+14.3%
QoQ	+10.2%	+5.5%

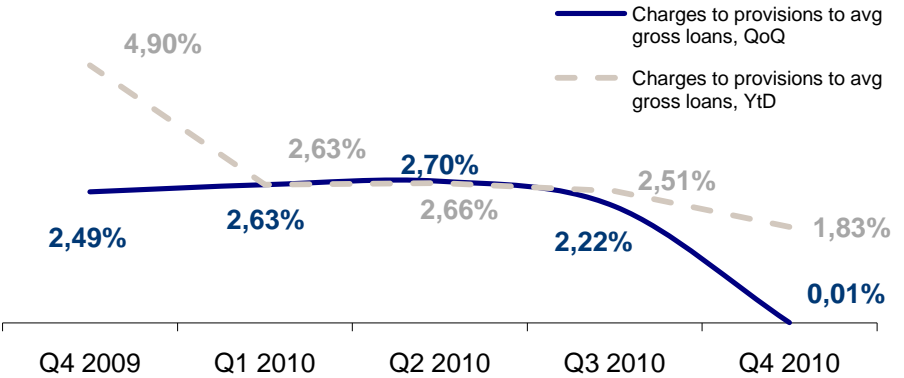
Credit quality management

NPLs dynamics

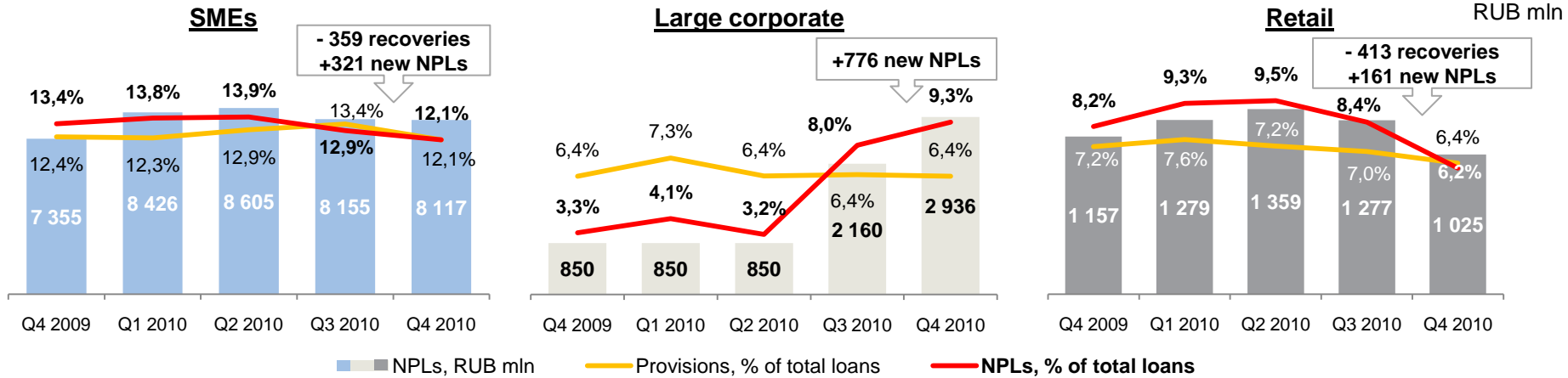


* NPL includes the whole principal of loans at least one day overdue either on principal or interest

Annualized cost of risk



NPLs categorization: improvements in SME and retail segments



Credit quality

as of 31.12.2010	Large corporate	SMEs	Mortgages	Other retail	Total	% of total loans
Gross loans, including	31,715	66,911	9,806	6,804	115,236	100.0%
Current loans	28,779	58,794	9,327	6,258	103,158	89.52%
Past-due but not impaired, of them	0	454	240	74	768	0.67%
Less than 90 days	-	231	203	61	495	0.43%
Over 90 days	-	223	37	13	273	0.24%
Impaired, of them	2,936	7,663	239	472	11,310	9.81%
Less than 90 days	2,086	970	-	20	3,076	2.67%
Over 90 days	850	6,693	239	452	8,234	7.14%
Total NPLs	2,936	8,117	479	546	12,078	10.48%
Provisions	- 2,014	- 8,112	- 480	- 584	-11,190	9.71%
Net Loans	29,701	58,799	9,326	6,220	104,046	-

Provisions to NPLs Ratio

93%

Provisions to 90+ days NPLs

132%

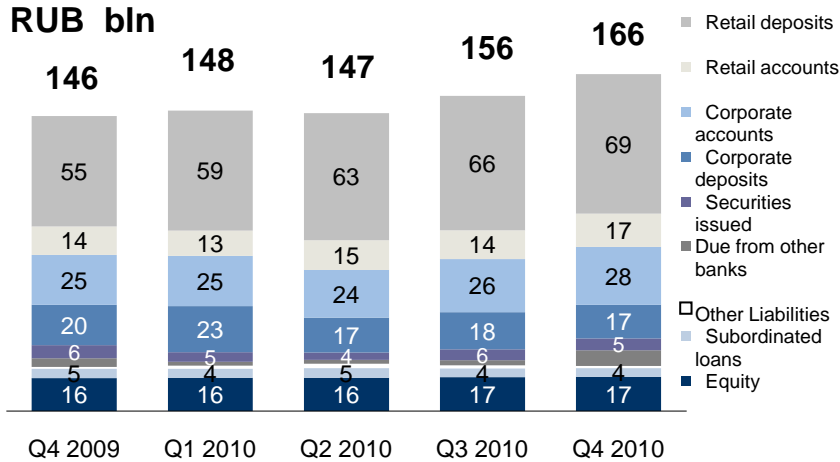
Rescheduled Loans

9.4%

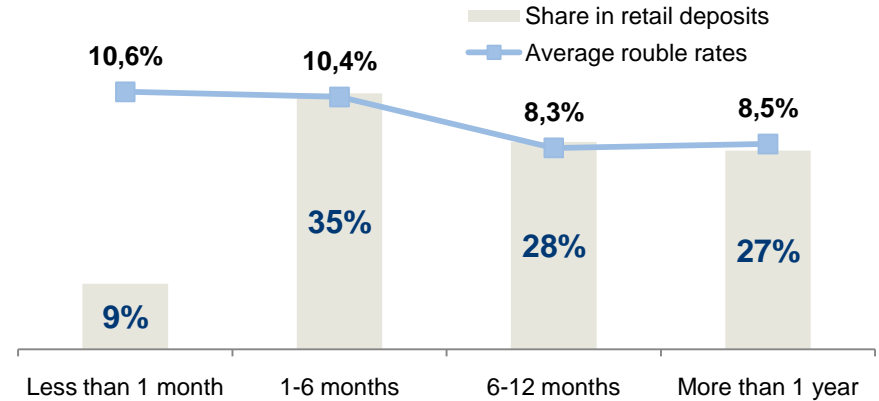
NPL - the whole amount of loans with principal overdue for more than 1 day as well as loans with any delay in interest payments.

Ongoing efforts on funding costs reduction

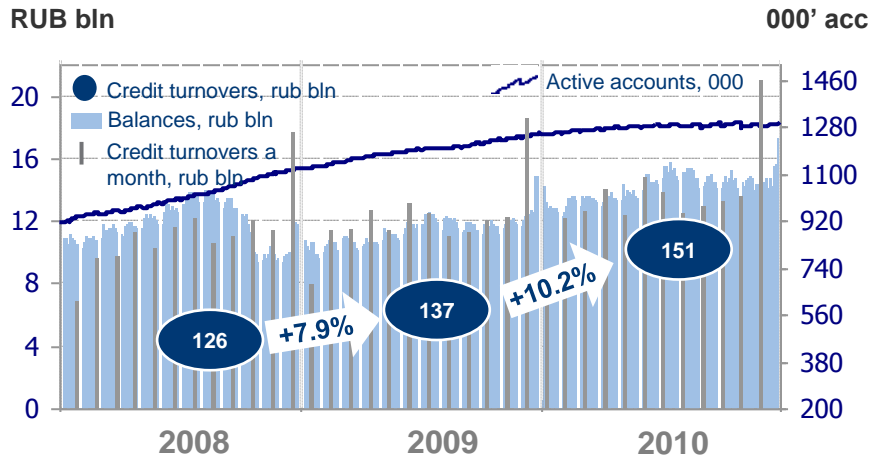
Funded by customer accounts



Pace of deposit portfolio re-pricing



Card accounts



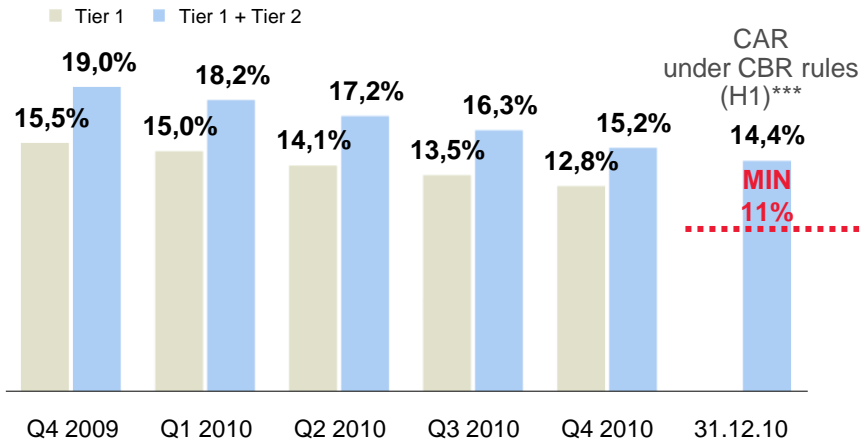
High share of interest-free funding sources

Current accounts/
Liabilities **30.1%**

Customer accounts/
Liabilities **87.3%**

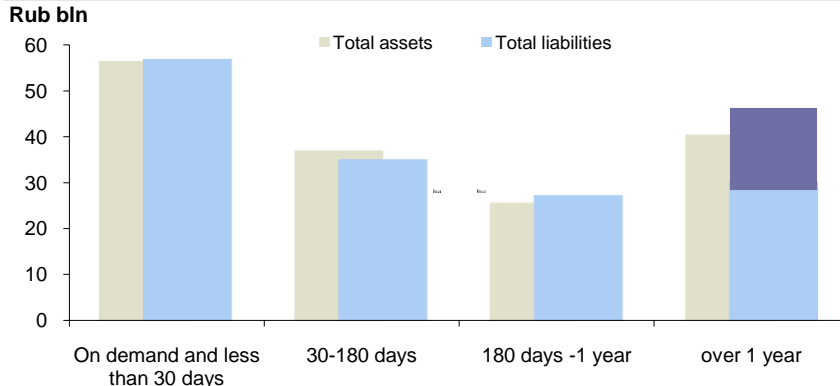
Currency and gap management, capital adequacy

Strong capital position



*** Preliminary estimations

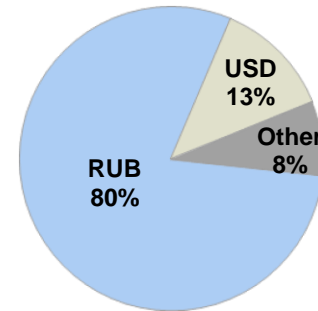
Maturity gap**



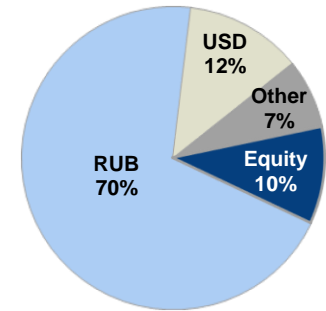
** Based on expected expiration date, only monetary assets and liabilities are accounted

No mismatches on the balance-sheet*

Assets



Liabilities



* Based on monetary assets and liabilities

Key points

The bank's capital position of 15.2 (Tier 1 - 12.8%) of 15.2% remains comfortable amid continued business expansion.

We stick to strategy of no mismatches on the balance sheet in terms of currency risk with particular focus on ruble-nominated assets.

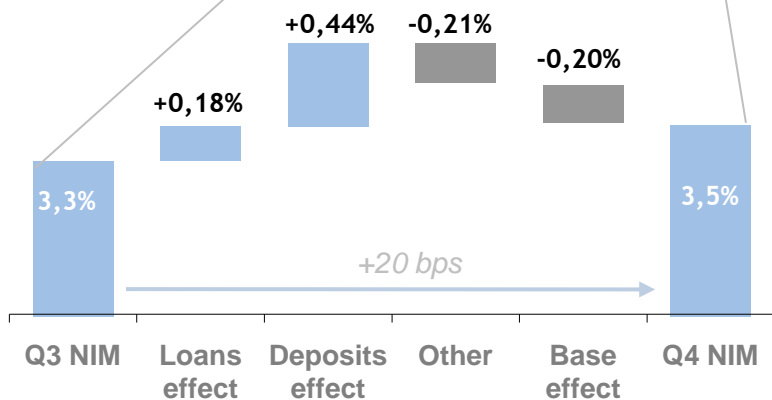
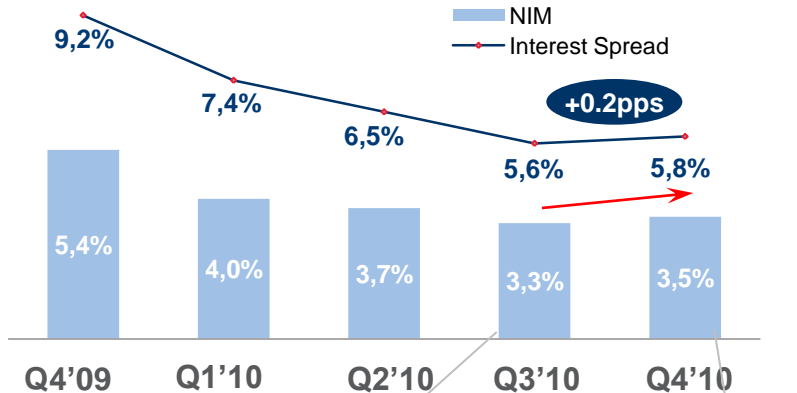
Accumulated long-term resources allow the bank to satisfy revived demand for loans, credit facilities and banking guarantees.

2010 Key financials

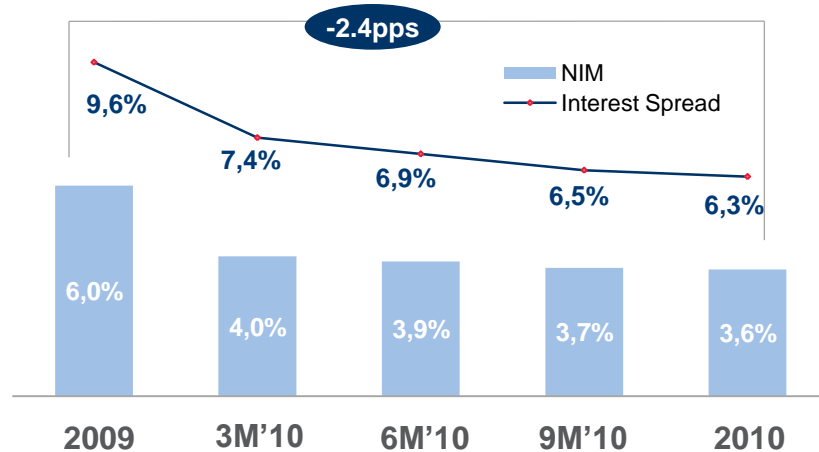
	4Q10	3Q10	FY10	FY09
Interest income	3 263	3 243	13 600	16 954
Interest expense	(1 860)	(1 992)	(8 109)	(8 628)
Fee and commission income	1 204	1 134	4 295	4 027
Fee and commission expense	(115)	(90)	(360)	(298)
Other operating income	122	179	473	941
Total operating income	2 614	2 474	9 899	12 996
Operating expenses	(2 252)	(1 718)	(7 180)	(6 325)
Provisions	(3)	(577)	(1 872)	(4 752)
Provisions on non-core assets	(121)	(0)	(121)	(0)
Tax	(54)	(0)	(145)	(702)
Net profit	184	179	581	1 217

Decline of funding costs started to offset yields contraction in Q4

Quarterly NIM dynamic



Cumulative NIM dynamic



Key takeaways

Average NIM 2010 accounted for 3.6%, having increased in Q4 by 20 bps QoQ in line with the interest spread dynamic.

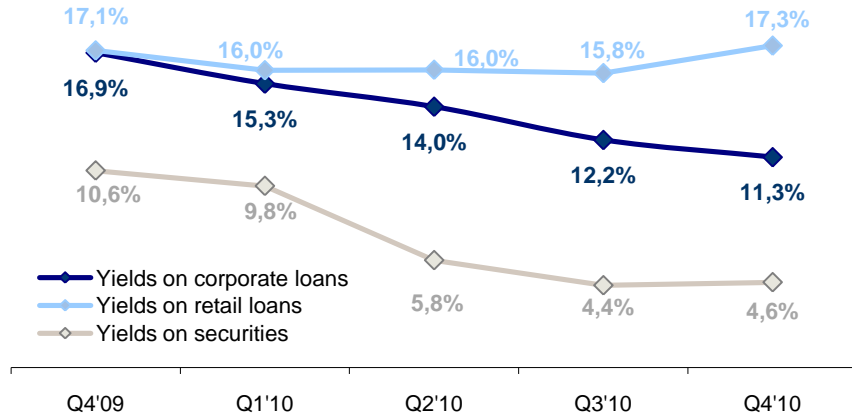
The most significant +44 bps NIM increase was resulted from deposits re-pricing on the back of cheaper new funds inflow.

Q4 loan growth has also contributed to NIM improvement (+0,18 bps) despite continued pressure on lending rates.

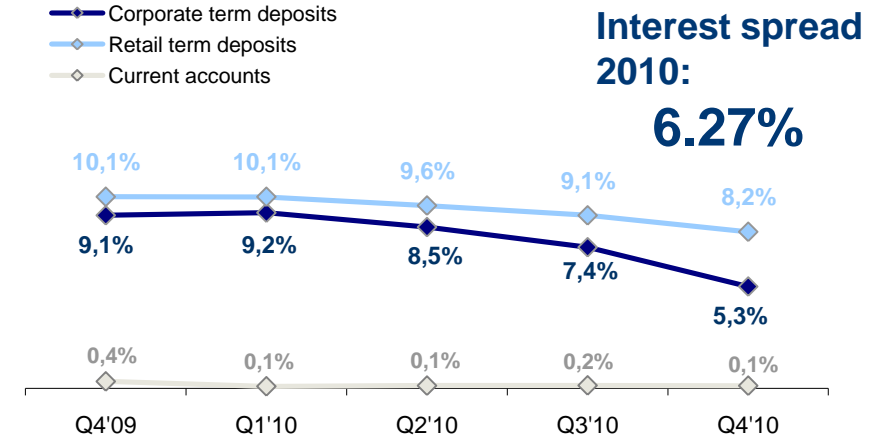


First positive developments in spread dynamics

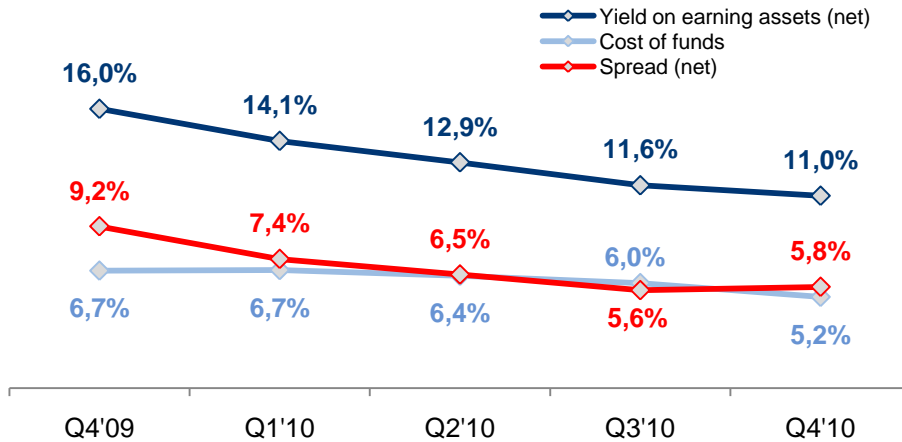
Corporate loan rates nearly bottomed...



...while cost of funds is gradually declining



Spread recovery in Q4



Key takeaways

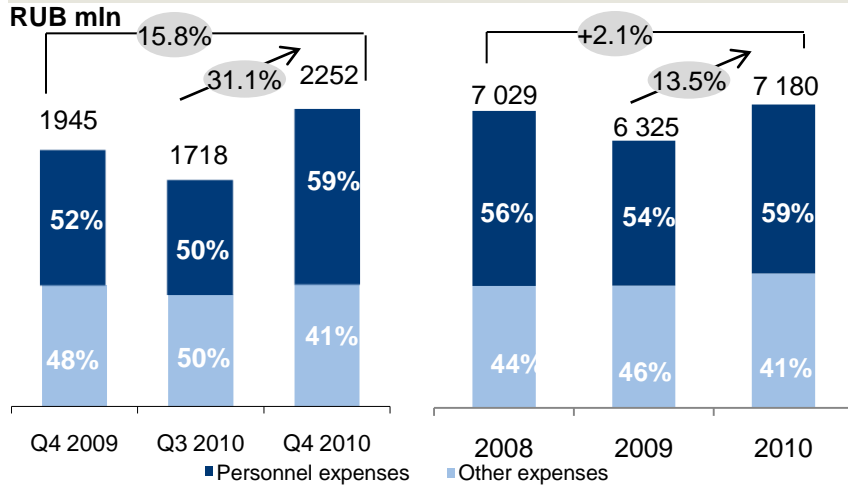
Interest rates on corporate loans were on record lows as of the end of 2010.

Cost of funding is steadily decreasing in line with expiration of expensive deposits attracted during the crisis.

In Q4 2010 trend has reversed and spread has grown by 20 b.p., as deposits repricing started to outpace yields contraction.

Costs – the issue to be resolved

Operating expenses breakdown



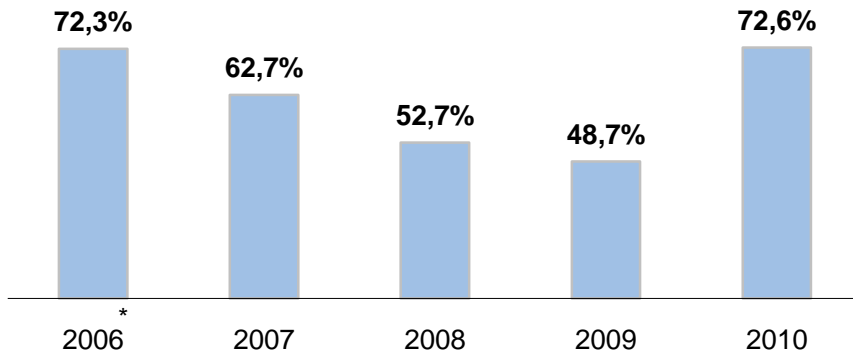
2010 costs summary

The bulk of operating expenses increase resulted from seasonal personnel expenses hike due to annual bonuses payment in Q4.

Although cost to income ratio was pretty high at 72.6% level, strong coverage of operating expenses by fees and commissions (55%) was higher than 42% average for Emerging markets and 52% for European Union.*

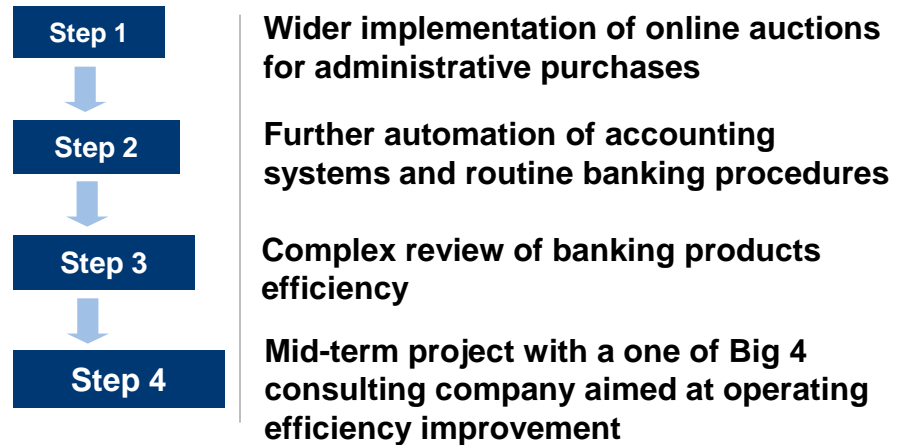
* -source: ECB and DB research

C/I ratio



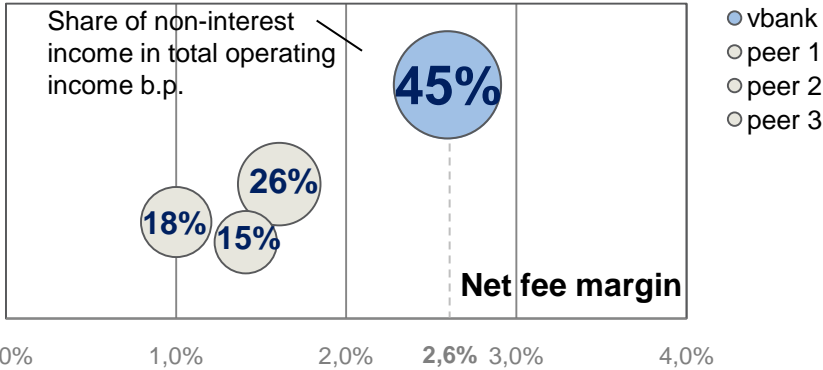
*2006 - less extraordinary items

2011 cost-saving steps



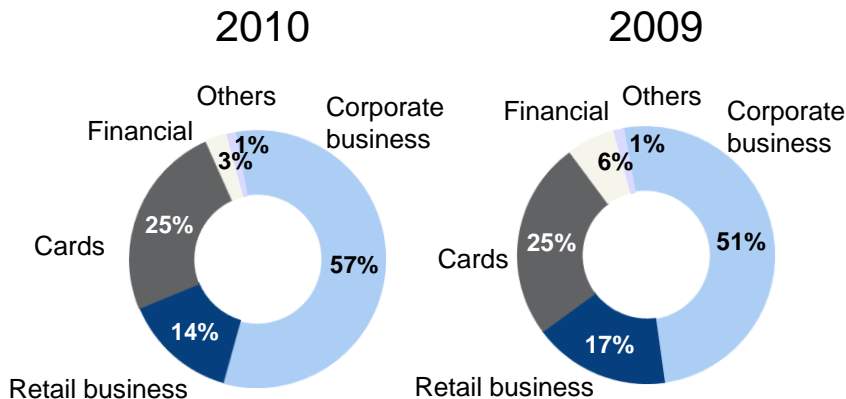
Fee income generation

Strong non-interest income based on long-term relations with customers

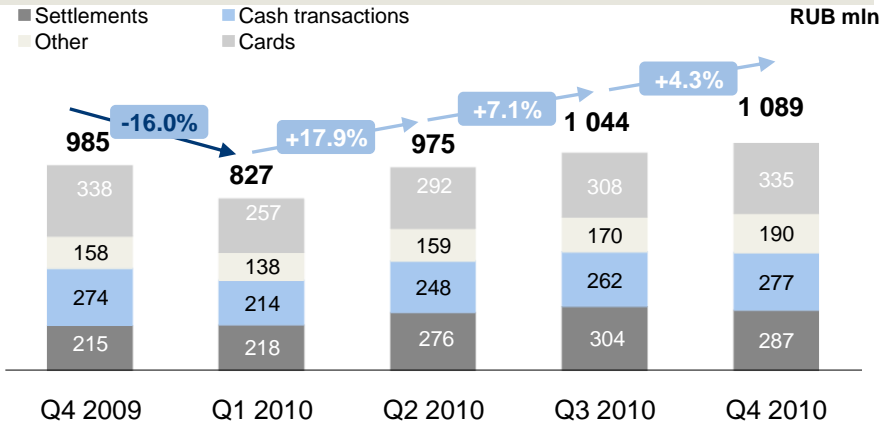


* Vbank and Peer1, Peer2 data for 2010, Peer 2 data for 9M 2010

Non-interest income breakdown by segments



Net fee income distribution



Key points

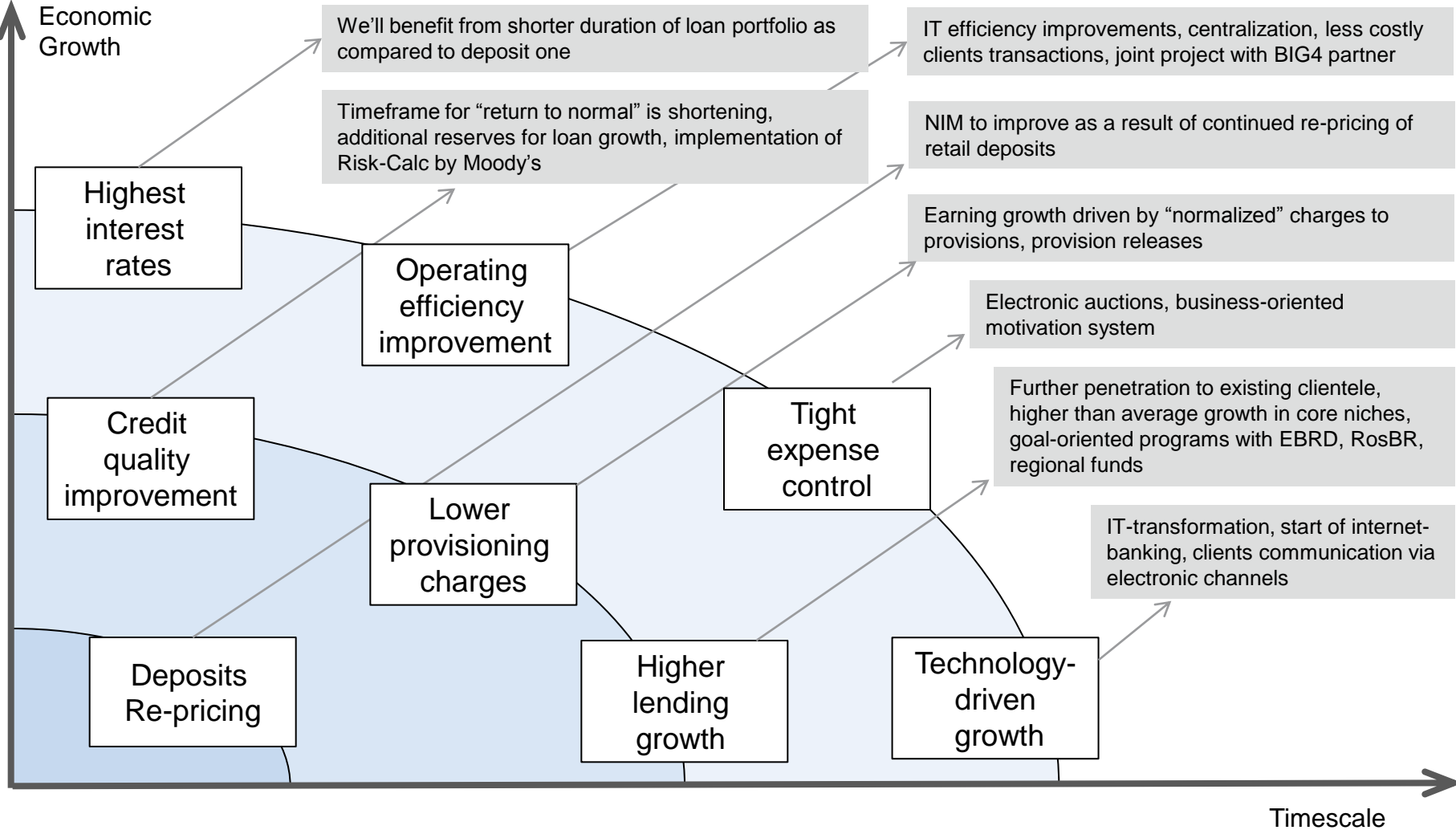
Vbank's share of net fee income in total operating income b.p. reached 39% in 2010, that is one of the highest across the sector and even exceeds average European Union level of 30%*.

Our developed infrastructure and long-term relations with clients allows us to support our revenues in low interest rate environment with fee generating products like settlements, money transfer, payments, cash collections, that are well diversified across internal businesses and types of banking products.

4% fee growth QoQ was mainly driven by card business, cash transactions and servicing settlements of the customers.

* -source: ECB and DB research

Well-positioned for future success



Questions and answers



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- economic outlook and industry trends;
- the Bank's anticipated capital expenditures and plans relating to expansion of the Bank's network and development of the new services;
- the Bank's expectations as to its position on the financial market and plans on development of the market segments within which the Bank operates;
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- risks related to Russian legislation, regulation and taxation;
- risks relating to the Bank's activity, including the achievement of the anticipated results, levels of profitability and growth, ability to create and meet demand for the Bank's services including their promotion, and the ability of the Bank to remain competitive.

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