

KEY FINANCIAL FIGURES		
	RUR in thousand	
	2002	2001
Total assets		
At the end of the year	17 288 216	13 502 376
Average for the year	14 423 007	11 829 130
Interest-earning assets		
At the end of the year	13 994 256	9 832 806
Average for the year	11 806 326	9 402 450
Net lending to customers and banks		
At the end of the year	10 758 798	8 485 148
Average for the year	9 632 457	7 769 480
Total lending to banks		
At the end of the year	2 918 557	1 024 904
Average for the year	1 888 503	1 328 976
Capital		
At the end of the year	1 532 872	1 215 877
Average for the year	1 414 676	1 401 390
Customer accounts and deposits		
At the end of the year	15 695 119	11 512 407
Average for the year	13 280 672	10 340 626
Gross operating profit	411 967	182 404
Profit / (loss)	308 177	-87 733

In calculations and financing rating data of the Financial Statements by the Bank's auditor Closed Joint-Stock Company "PricewaterhouseCoopers Audit" were used.

Comments to the Financial Statements

The Financial Statements of the Bank are in accordance with the accounting rules and relevant legislation of the Russian Federation.

The Financial Statements have been drawn up in Russian roubles.

Assets and debts denominated in foreign currencies are translated into roubles at the official exchange rates fixed by the Central Bank of Russia on balance sheet date. Translation profits and losses are reported in the Income statement under Income from foreign exchange or Expenses on foreign exchange, respectively. Income and expense items denominated in foreign currencies are translated into roubles on the basis of the exchange rate as of the transaction date.

At 31 December 2001 the RUR/USD exchange rate was 30.1400, and the RUR/EUR exchange rate was 26.4900. At 31 December 2002 the RUR/USD exchange rate was 31.7844, and the RUR/EUR exchange rate was 33.1098

According to the Directive of the Bank of Russia No. 1054-Y dated November 20, 2001, changes in the operations with securities accounting method were introduced effective from April 1, 2002.

Premises, equipment and intangible assets are carried at cost less accumulated depreciation.

In December, 2002 revaluation of fixed assets confirmed by the Bank's auditor Closed Joint-Stock Company "PricewaterhouseCoopers Audit" was performed.

Pursuant to the Resolution of the Government of the Russian Federation No. 1 dated January 01, 2002, new fixed assets depreciation rates shall apply starting from January 01, 2002.

The respective assets are depreciated on a straight-line basis over their estimated useful lives at the rates established by the RF Ministry of Finance. All other fixed assets (construction in progress, stationery, etc.) are accounted for at cost.

As used in this Annual Report, 'RUR' refers to Russian roubles, 'USD' refers to US dollars and 'EUR' refers to euros.

The Profit and Loss Statement contains financial results of the Bank's activity in the accounting year.

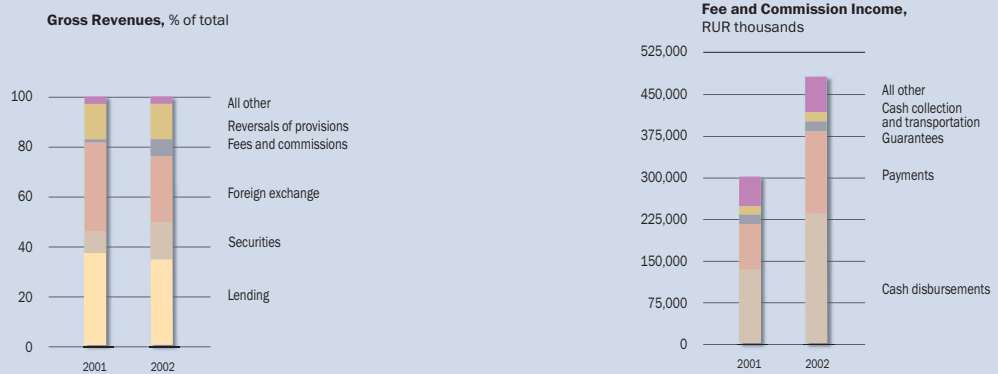
The Bank's activity in 2001 was focused on the efficient use of invested capital. All our lines of business performed well during in 2001.

Credit and related operations remain the priority directions of the Bank's activity.

As a result, we posted net interest income of RUR 206 521 thousand for the year ended 31 December 2002. A slight net interest income decrease in comparison with last year is related to the Bank of Russia refinancing rate reduction from 25% in 2001 to 21% in 2002 and the general reduction of market rates.

The net income derived from buy-sell operations with securities reached 676 123 thousand rubles in 2002, a figure that is 7.5 times greater than the level of income in 2001 that was equal to 90 454 thousand rubles. Net foreign exchange earnings totaled RUR 116 422 thousand in 2002.

One of the Bank's priorities is to improve the quality and expand the spectrum of commercial banking services that constitute the base for non-interest income increase. In 2002 the net commission income reached 434 730 thousand rubles, a figure that reflects growth of more than 150% in comparison with the last year. The Bank's activities financial results for 2002 are positive, which is due to the fact that the income growth rate exceeds that of expenses and to profitability of all operations. The Bank's profit in 2002 reached 308 177 thousand rubles against the negative financial result of 2001, which had been generated because of additional expenses incurred in order to form the contingent loan losses reserve.



Average balances were computed using the methodology developed by the Bank. Capital and reserves were calculated in accordance with the Central Bank of Russia's Instruction No.1.

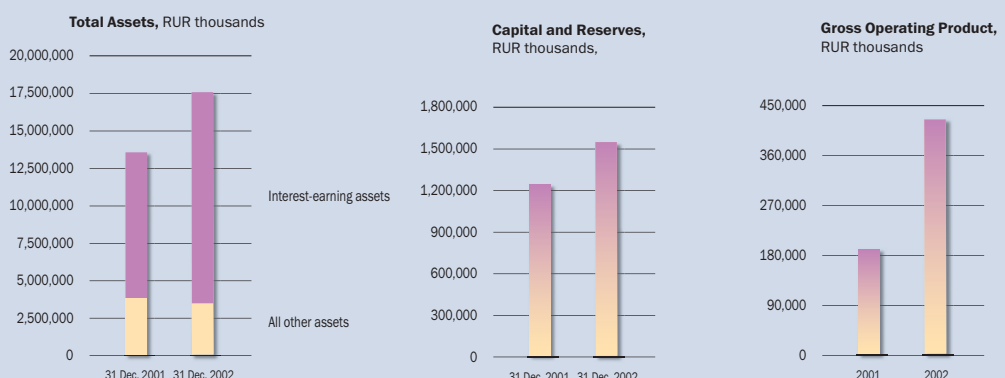
Summary of Results

"KEY FINANCIAL FIGURES" shown in the table reflect changes of the principal figures of 2002 in comparison with 2001.

The successful activity of Bank "Vozrozhdeniye" allowed us to show significant improvement in results in 2002 in comparison with the previous year. The Bank's equity capital calculated in conformity with Russian Accounting Reports Standards increased, reaching 1 532 872 thousand rubles. The Bank's capital calculated in conformity with International Financial Reporting Standards increased by 2.7 times over the year ago level. The Bank's assets continued to expand in 2002, increasing 28% during the year and amounted to RUR 17 288 216 thousand.

Within the Bank's assets structure, interest income yielding assets grew at a significant rate: their annual growth amounted to 42.3%, therefore the share of productive assets in the Bank's total assets increased from 73% in 2001 to 81% in 2002. Assets growth was mainly influenced by the lending portfolio volume increase of 27% over the year and by the significant 2.8 times growth of investments in Russian Federation's debt instruments.

The net current income calculated prior to forming reserves for asset losses in 2002 grew 2.2 times and reached 411 967 thousand rubles, which strongly influenced the financial results of the Bank's activity. The Bank's profit for 2002 amounted to 308 177 thousand rubles. The Bank's client-oriented policy ensured a high rate borrowed funds increase: the volume increased by 36.3% in comparison with 2001 and as of January 01, 2003 totaled 15 695 119 thousand rubles.



Asset Quality and Credit Risk Management

The Bank's operating assets structure includes practically all banking services market sectors. An important share of the operating assets, 54.3%, are Russian ruble denominated assets.

Loans constitute the principal share of interest income yielding assets; 79.1 %, of which 61.6% comprise loans to corporate clients.

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INTEREST-EARNING ASSETS				
	on 31.12.2002		on 31.12.2001	
	RUR in thousands	Amount % of total	RUR in thousands	Amount % of total
Lending to corporate customers				
Short-term loans, including discounted bills and notes	6 851 553	49.0	4 238 720	43.1
RUR	4 825 821	34.5	3 307 650	33.6
Foreign currency	2 025 732	14.5	931 070	9.5
Long-term loans	1 759 838	12.5	2 510 420	25.5
RUR	661 760	4.7	522 649	5.3
Foreign currency	1 098 078	7.8	1 987 771	20.2
Past due loans	11 104	0.1	4 032	0.1
RUR	11 104	0.1	4 032	0.1
Foreign currency	0		0	
Total lending to corporate customers	8 622 495	61.6	6 753 172	68.7
Lending to private customers				
RUR	907 196	6.5	1 249 271	12.7
Foreign currency	69 624	0.5	113 249	1.2
Past due loans in RUR	3	0	0	
Past due loans in foreign currency	10	0	0	
Total lending to private customers	976 833	7.0	1 362 520	13.9
Lending to banks				
RUR	1 195 098	8.5	522 952	5.3
Foreign currency	281 273	2.0	169 258	1.7
Past due loans in RUR	0		0	
Total lending to banks	1 476 371	10.5	692 210	7.0
Debt securities				
RUR	0		158 377	1.6
Foreign currency	2 918 557	20.9	866 527	8.8
Total debt securities	2 918 557	20.9	1 024 904	10.4
Total interest-earning assets	13 994 256	100.0	9 832 806	100.0
RUR	7 600 982	54.3	5 764 931	58.6
Foreign currency	6 393 274	45.7	4 067 875	41.4

We have been systematically working to improve the overall quality of the Bank's loan portfolio. As result the share of past due loans during 2002 was less than 0.1% of the total gross lending volume.

According to our liquidity management policy and in order to diversify our assets, the Bank increased the size of its investments in Russian Federation's debt instruments, mainly eurobonds and bonds of the domestic state foreign currency loan. Operations with securities account for 20.9% of income yielding assets (as of January 01, 2002 – 10.4%).

Since credit investments account for the biggest share of the Bank's assets, risk is primarily determined by the quality of the lending portfolio.

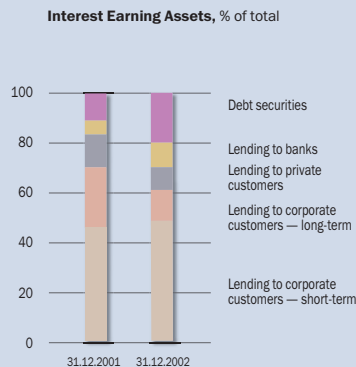
The Bank's considered lending policy is focused on granting credits to enterprises of the real sector of the economy that are in a good financial condition and have liquid security. Diversification of credit risks is achieved by granting credits to a greater number of clients independent from each other.

The Bank maintains an efficient organization of the credit process that is a major factor in decreasing credit risk. The Committee on assets and liabilities management which functions on a permanent basis examines all types of risks. The Committee addresses balance, off-balance and on-term operations profitability control functions; ensures the appropriate relation of profitability of operations to their risk level; develops management policy for each type of risk; approves techniques of measurement and calculation of each risk; is engaged in examining limits for various types of risks; performs assets and liabilities structure balance optimization; and is engaged in elaborating price policy for loans and investments.

The Credit and Investment Committee is responsible for formulating and implementing the Bank's credit policy and for the management of credit risks.

We have prepared and regularly use the "Guidelines for the Management of the Bank's Funds Denominated in Roubles and Foreign Currencies". This document sets forth our lending principles, the credit request and approval process and loan origination procedures.

To ensure diversification of risks, the Bank limits its exposure to any single counterparty. At 2002 year-end, the aggregate amount of large credit exposures in relation to the Bank's qualifying capital and reserves was significantly lower than the maximum limit set by the Central Bank of Russia.



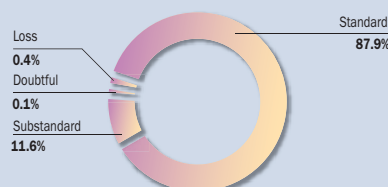
	Required Ratio	Actual Ratio	
		31.12.2002	31.12.2001
Aggregate amount of large credit exposures/Capital and reserves (N7 Ratio)	max. 800%	386%	379.9%
Aggregate amount of exposures to insiders (including 50% of off-balance sheet positions)/ Capital and reserves (N10 Ratio)	max. 2%	0.1%	0%

Allowance for Credit Losses

The quality of our loan portfolio remained sound with 'standard' prevailing in our lending book throughout the year under review. These are considered practically risk-free loans according to the Central Bank of Russia's four-grading credit exposures classification and provisioning criteria.

	RUR in thousand	
	During 2002	During 2001
Allowance for credit losses at the beginning of the year	322 754	251 038
Allowance for credit losses at the end of the year	316 901	322 754
Lending to customers and banks at the end of the year	11 075 699	8 807 902
of which past due loans	11 117	4 032
Past due loans as a percentage of gross lending at year-end	0.1	0.05
Allowance for credit losses as a percentage of gross lending at year-end	2.86	3.66
Allowance for credit losses as a percentage of past due loans at year-end	2 800	8 000

Credit Portfolio by Risk Gradings at 31 Dec. 2001

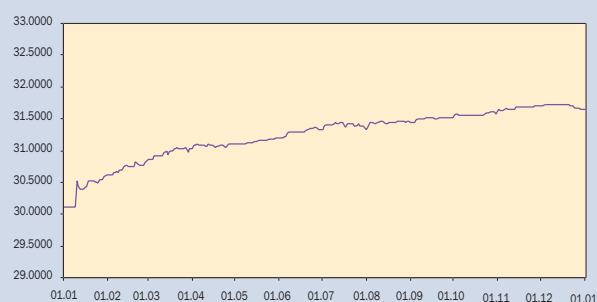


The total amount of reserves in the accounting year is almost unchanged since 2001, in spite of the lending portfolio growth. This demonstrates the high quality of the Bank's lending portfolio. The share of loans of groups 1 and 2 amounts to 99.6 %. The share of overdue loans is insignificant, 0.1% of issued credits. This characterizes the Bank's activities which are aimed at continuous control over lending portfolio quality.

Currency Risk

The Bank's foreign currency assets are predominantly in US Dollars. In measuring currency risk, we take into account the quality of assets denominated in each of the currencies being used, especially the quality of our lending book. The existing currency risk is managed under a centralized concept. Relevant limits are set for our branches and other operating units, and the strict adherence to these limits is closely monitored on an ongoing basis.

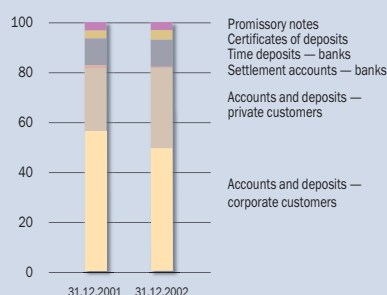
RUR/USD Exchange Rates, in 2002



Liabilities and Liquidity Risk Management

Vozrozhdeniye's overall funding during 2002 was well diversified by product, currency and maturities. Funding consists of our own equity capital, private and corporate customers' deposits, balances on legal entities' settlement and budgetary accounts, funds provided by the European Bank for Reconstruction and Development, World Bank and loans from the Central Bank of Russia.

Deposits, % of total



The volume of deposits, the principal source to finance active operations, grew by 36.3% over the last year and reached 15 695 119 thousand rubles (as of January 01, 2002 – 11 512 407 thousand rubles). The increase in all categories of ruble and foreign currency deposits is due to the client base growth and improvement in the quality of service.

The growth in borrowed funds was mainly due to the significant, 1.9 times, growth of private individuals' deposits volume. Their share in the total amount of the deposits rose from 24.7% to 34.2% (having increased from 2 847 078 thousand rubles as of January 01, 2002 to 5 364 739 thousand rubles as of January 01, 2003).

In 2002 the amount of certificates of deposits and promissory notes increased up by 1.8 times.

As part of the post-crisis stabilization package, loans of a total principal of RUR 1 250 million were granted to us by the Central Bank of Russia. Repayments under these loans were made as scheduled by the Central Bank of Russia. At the beginning of year the remaining principal balance was RUR 450 million. At the beginning of February 2003 the loan was fully paid off before the required date.

The Bank's Policy for Liquidity Measurement and Management provides key definitions, liquidity management goals and principles and stipulates the distribution of authorities in those areas.

Interest Rate Risk

With lower inflation (from 18,6% in 2001 to 15% in 2002) as well as the lower basic rate of the Central Bank and decreased market rates, we paid considerable attention to managing interest rate risk. In this respect, we strive to preserve interest margins at levels sufficient to cover overhead costs and to generate profits.

Our exposure to interest rate risk is low as the majority of commercial lending and business customer deposit agreements contain a special clause that allows the Bank to change interest rates in line with market movements. The Bank can thus react quickly to the shifting interest rate environment, protecting the targeted interest earnings.

Standard reference costs for obtaining external funds are set in The General Principles for Management of the Bank's Funds, a special document approved by our Managing Board.

Capital and reserves

CAPITAL AND RESERVES		
	at 31 Dec. 2002	at 31 Dec. 2001
Capital, RUR in thousands	1 532 872	1 215 877
Capital per Ordinary share (RUR)	136.3	108.1
Market price/Capital per share	0.10	0.21
Market capitalization, RUR in thousands	146 571	147 767
Share capital, RUR in thousands	145 432	145 432
Number of shares outstanding:		
Ordinary shares (RUR 10 face value)	11 248 753	11 248 753
Preference shares (RUR 1 face value)	—	12 945 050
Preference shares (RUR 10 face value)	1 294 505	—
Convertible preference shares (RUR 10 face value)	1 999 941	1 999 941

In 2002 Vozrozhdeniye Bank converted all equity shares to a single face value amount of 10 rubles per share. In accordance with the resolution of the Extraordinary General Meeting of Shareholders (Minutes No 3 of the 17th January 2002) a 16th offering of shares was realized. We consolidated the registered documentary fixed dividend preference shares by exchanging each ten of existing shares for one newly issued share.

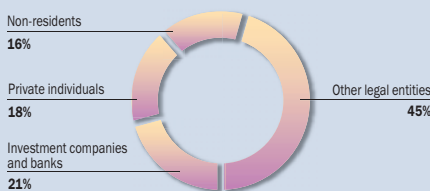
Share capital did not change as a result of the 16th offering of shares. On 9 April 2002 the Central Bank of Russia approved the results of offering of our shares of 16th series.

At 31 December 2002, the Bank had 8,244 shareholders of record, including 1,008 legal entities (non-residents, institutional investors and other customers).

The Bank's ordinary shares in the form of American Depositary Receipts (ADRs) were listed on the stock exchanges in Berlin, Frankfurt and Stuttgart.

The aggregate number of Vozrozhdeniye's ADRs traded there in 2002 was 546 thousand, with the average price standing at USD 1.67 per ADR. Holders of ADRs owned 3.78% of the Bank's share capital at 31 December 2002.

Share Capital by Shareholdings,
% of total at 2002 year-end



ADRs Statistics – German Stock Exchanges,
2002

