



Dear shareholders, friends and colleagues!

In 2004 our bank achieved good results, confirmed its good reputation, and maintained its high potential.

The Bank earned more than 300 million rubles in profit, net assets increased by 15 percent to 30.5 billion rubles and capital stood at 3.3 billion rubles at year end. The steadily increasing number of clients, both individual and corporate, is testimony to the Bank's trustworthiness, a factor that was especially significant last year. This is strategically important for the Bank because serving corporate business and individual clients is our mission – our main purpose.

There has been a steady increase in the Bank's lending. Our credit portfolio increased by almost one third to 23.6 billion rubles. In 2004, the priority of the Bank's credit policy continued to be supporting the businesses of the Bank's clients and promoting the real sector of the economy.

Funds on commercial clients' accounts have increased to almost 25 billion rubles while savings of individuals grew even faster, rising by 1.5 times to almost 15 billion rubles.

While Vozrozhdeniye Bank maintains its position as a leading bank in attracting deposits, we are also making significant progress in other areas of the retail business. We are a leader in issuing cards, including credit cards. By the beginning of 2005, the bank had issued more than 530 thousand cards. We had an effective launch of mortgage lending. The Bank has been expanding the range of its products to meet clients' needs.

We are trying to reach new clients and serve existing clients better by continuing to expand our network, which reached 122 offices last year. Our priority is to improve our network efficiency and the quality of customer service.

We have begun the introduction of a new core banking system as well as a system for providing services to individual clients. We are also using advanced information and banking technologies to improve the quality of our products and services and make them more available and customer-friendly. For instance, we are continually expanding the type of transactions for which our ATMs can be used round the clock. By the end of 2004 our network included 312 ATMs and in the first months of 2005 we added 20 more.

We care about appropriate corporate governance to ensure the best use of our potential, to achieve strategic goals, to protect the interests of clients and shareholders, as well as to ensure the strictest compliance of our activities with the standards of international banking practice. We have a comprehensive banking risk management system and a system of internal control appropriate to the nature and scope of transactions we are effecting. The Bank seeks to improve its information transparency, which allows us to make a realistic assessment of our performance.

We intend to continue improving by significantly reshaping and optimizing technologies and business processes. One aspect of this improvement will be special attention to the Bank's brand.

I would like to thank my colleagues and our employees for their good work and creative approach to their duties. This is the basis for greater customer confidence and a better return to shareholders. I am especially grateful to our partners and clients whose cooperation and goodwill enable all of us to succeed. Also, I thank our shareholders whose contribution to determination of the Bank's policies and strategy has played an important role in achievement of the targets we set last year.

I wish you all success in the future.



Dmitry ORLOV

Macroeconomic environment

Russia's GDP rose by 7.1% in 2004, a small fraction less than 7.3% in 2003. This high growth rate is, to a large extent, due to positive external factors. The rate of production of goods and services was higher than expected. In 2004, the increase in overall production of goods and services in key sectors was 6.6% (in 2003 – 7.3%). Capital investments by Russian enterprises in 2004 grew by 10.9% (in 2003 – by 12.5%). Positive fiscal trends continue: budget revenues exceeded expenditures. The budget surplus was 730.7 billion rubles or 4.4% of the GDP, an increase from 1.7% in 2003. By early 2005, the stabilization fund of the Russian Federation was 522.3 billion rubles, an increase of 416.3 billion rubles over the previous year. This enabled

Russia to pursue a policy aimed at early repayment of its foreign debts. The balance of payments of the Russian Federation remained stable and in surplus. Exports and imports in 2004 were at record highs. Consumer price inflation was lower than in 2003; basic inflation was 10.5%, down from 11.2% in 2003. In November 2004, Fitch, an international ratings agency, upgraded Russia's long-term rating with respect to national/foreign currency to an investment level: from BB+ to BBB-. The short-term rating was also upgraded from B to F3.

In the social sector there were positive trends as well: income of individuals continued to grow strongly, by 9.4%, although slightly less than the 14.5% the previous year; income growth was more widely spread among population sectors; consumers spent more and saved less.

Factors that impeded economic development in 2004 included more rapid inflation in industrial product prices, less lending generally provided by banks to companies in non-financial sectors, greater net capital outflow compared to 2003 and a greater impact of goods imported from competitors.

(materials of the Central bank of the Russian Federation and data of the Federal Public Statistics Service).



The banking system of the Russian Federation in 2004

Despite the summer crisis of confidence and the instability of the stock market, the Russian banking system is still showing high growth rates, as it has for the past four years.

In 2004, the Bank of Russia oversaw a number major developments, specifically those related to changeover to International Financial Reporting Standards, introduction of a deposit insurance system, introduction of new foreign currency legislation, significant changes in supervision of banks and enforcement of capital transparency.

	As of 01.01.2004	As of 01.01.2005
Number of active credit organizations	1,329	1,299
Assets of the banking sector, billions of rubles	5,600.7	7,136.9
as a % of GDP	42.4	42.5
Capital of the banking sector, billion rubles	814.9	946.6
as a % of GDP	6.2	5.6
as a % of banking sector assets	14.6	13.3
Credits to resident non-financial companies	2,266.9	3,149.9
as a % of GDP	17.2	18.8
Deposits and other funds borrowed from individuals, billions of rubles	1,514.4	1,964.0
as a % of GDP	11.5	11.7
Funds borrowed from enterprises, billions of rubles	1,384.8	1,986.1
as a % of GDP	10.5	11.8
Banking sector net income, billions of rubles	128.4	177.9
as a % of average banking sector assets	2.6	2.9
as a % of banking sector average capital	17.8	20.3

(data of the Central Bank of the Russian Federation)



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In 2004, banks' own capital grew slower than the assets of the banking sector. In 2004, banking sector assets rose by 27.4% (in 2003 – by 35.1%) whereas banks' capital grew only by 16.2% (in 2003 – by 40.2%). As in 2003, the increase in banks' own capital was largely due to capitalized profit. The main part of Russian banks asset growth was in loans. This resulted in a reduction of capital adequacy in the Russian banking system.

Net income of banks rose by 38.6% compared to 2003. There were fewer banks that ended the year with losses: down from 39 in 2003 to 22 last year. Financial performance of the banks was mainly based on interest margin on loans provided to companies and individuals. The aggregate credit portfolio of the banks rose by 46.5% in 2004, only slightly less than the 41.8% of 2003, but with a 2.1 times increase in the volume of loans provided to individuals. In 2004, we saw a change of priorities with respect to investment in securities and debentures: banks significantly reduced investments in negotiable bills – by 26%. By the year end there was a drop in investments in government securities but a simultaneous increase in investments in municipal, corporate and bank bonds. By the year end, the summer crisis of confidence had had no measurable impact on the increase in funds on clients' accounts: in 2004 they rose by 38.4% compared to 36.7% in 2003. The 2003 trend of a reducing share of foreign currency in the assets and liabilities of the banking sector continued into 2004, in part as a result of the strengthening of the national currency against the US dollar.

Key problems currently hampering the development of the Russian banking system include:

- limited sources of long-term funds and funds to increase the level of bank capitalization;
- underdevelopment of refinancing of bank assets;
- high lending risks owing to inefficient economic structures, low transparency of many enterprises, high probability of changes in the tax legislation and claims made by supervisory bodies against companies;
- excessive banking regulation;
- poor legal protection of legitimate rights and interests of banks;
- the increasing costs of banking services for individuals and enterprises.



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An increase in the competitive capacity of Russia's national banking system as a financial driving force of the economy is a must if we are to hit targets set for the Russian economy. Speeding up the development of Russian banks will enable us to create a better environment for stable growth of the national economy.

The main ways to improve efficiency of the banking sector:

- a wider source of funds, especially longer term funds;
- higher capitalization;
- higher returns and improved profitability;
- better legal protection of the rights of creditors;

Mission of Vozrozhdeniye Bank

To provide quality financial services, safely and effectively, to businesses, individuals, and governments in high potential regions of Russia.

Values of Vozrozhdeniye Bank

Vozrozhdeniye Bank is a versatile high technology commercial bank, which offers clients a full range of financial products and services.

Vozrozhdeniye is a bank of federal importance. A wide network of branches and advanced banking technologies give the clients access to a full range of popular products and services in all regions where the Bank has established a presence.

Vozrozhdeniye is a modern bank that has inherited the best traditions of a state-run institution, a bank that treasures its impeccable reputation. It has a rich business experience, maintaining extensive long-term ties with



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its clients and partners. Strict compliance with the standards of business ethics and law is one of the Bank's priorities.

The Bank faithfully honors its liabilities to clients and partners. Clients are the Bank's main asset. Customer policy is aimed at providing a high quality professional service.

The Bank protects and enhances shareholder value as well as guaranteeing the exercise of shareholder rights with respect to participation in a joint-stock company.

Principal targets and objectives for 2008

Financial markets

- Retaining the Bank's place among the 30 major banks of Russia with respect to key indices (assets, resources, etc).
- Achieving an expense to income ratio of 60%.
- An increase in the proportion of commission earnings
- Maintaining a return on capital ratio not less than 20%.
- Increasing the Bank's capital to a level more adequate to the scope of business.
- Increasing the Bank's market capitalization and liquidity of the Bank's shares

Forecast of key financial indices to 2008

indices	2006	2007	2008
Key financial indices, million rubles, annual average			
Assets	65,694	93,427	128,873
Loans provided to customers	48,072	67,903	93,135
Capital of the Bank	4,803	7,142	10,104
Funds on customers' accounts	56,278	79,377	108,997



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Organizational structure and management system

- Retaining a position as an independent, competitive and socially significant universal Bank of federal importance.
- Improved risk management.
- Improving our system of corporate governance and internal control and making it more efficient to meet the needs of the developing business and matching international standards
- Developing a comprehensive system the Bank's brand management.
- Improved systems of personnel motivation and improvement of staff skills and professionalism.

Business with corporate clients

- Providing a full range of competitive banking services to legal entities operating in the regions where the Bank has a presence. Seeking to obtain meaningful shares of the key market segments.
- The targeted customer segment – small and medium-sized companies
- Focus on providing loans to companies of the real sector, first of all to companies engaged in consumer goods and food-processing industries, services, construction and commerce. Supplying the market with a wide range of advanced credit products for key customer segments.
- A focus on developing business with systemic clients and institutions, which have regional networks in the areas where the Bank has a presence.
- Improved management of the key customer groups, in part through the development of Customer Relationship Management systems.

Retail business

- a consistent increase in the Bank's share of the deposit market, strengthening the Bank's position as one of Russia's leaders in attracting funds from individuals.
- A focus on developing high technology products based on bankcards, strengthening its position as a leading Russian bank in this regard.
- Developing and improving all types of lending to individuals (mortgages, car loans, consumer lending, and credit cards).



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- Further promotion of payment services for individuals.
- Development of partnership projects with various financial institutions to promote joint products for individuals (insurance, investment products).

Development of technology

- Continuing introduction of a uniform standardized technology platform for head office and branches providing up-to-date banking services and optimization of costs, which will permit a significant portion of routine technical work to be processing centrally.
- Creation of single information space enabling clients to be serviced in any office irrespective of where they opened their account.

Regional development

- Continuing development of the branch network, mainly in Russia's central European part.
- Reduction of costs incurred by the branches with respect to administrative expenses, preparation of financial statements and performance of other back office functions by introducing new technologies.
- Continuing re-assignment of branch personnel to customer service instead of technical work
- Expanding the Bank's network of small offices through introduction of new technologies

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Key financial figures for 2005

Indices	Target figures 2004	Actual value 2004	Target figures 2005	2005 target figures compared to 2004 actual values, %
Key financial figures, million rubles				
Working assets, average	23,768.9	25,400.0	38,500.0	151.6
Loans to customers, average	21,658.0	22,356.4	33,021.8	147.7
Capital of the Bank, average	3,066.0	3,205.7	3,718.0	116.0
Borrowed funds, average	23,944.0	25,900.0	39,100.0	151.0
Aggregate net income	3,077.7	3,091.8	4,771.9	154.3
Net interest return and similar income	2,026.4	2,205.5	3,306.4	149.9
Net commission income	891.3	985.0	1,599.2	162.4
Profit	300.0	317.9	800.0	251.6
Efficiency indices, %				
Return on Capital (profit/average capital)	9.8	9.9	21.5	217.2
Return on Assets (profit/average assets)	0.99	1.1	1.8	163.6
Expense ratio	75.3	70.2	66.3	94.4

Development of the Bank in 2005

The Bank will retain its position as an independent, versatile, socially significant bank of federal importance, by consistent implementation of its strategy of improving the range and quality of popular products and services, by business diversification and improved stability and by further regional development.

The Bank successfully met its 2004 business plan targets. The Bank's financial priority for 2005 is to maintain the dynamic growth of key performance figures which will ensure it remains one of Russia's major credit institutions.

The targeted average annual growth rate for working assets is 51%. Working assets will still be dominated by loans to customers, a source of stable income. Ruble loans will still account for the main portion of the portfolio. The Bank will continue to reduce the portion of large borrowers in favor of medium-scale companies. An

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increased number of loans will be provided to companies and enterprises, specifically those serviced in the Moscow region. The Bank will retain its industry-related features – loans will primarily be granted to industrial companies, including those engaged in energy, construction, transportation and communications as well as commerce.

With an expected reduction in interest margins, the Bank will target an increasing share of non-interest income in the Bank's income profile.

The Bank's resource base is the main source from which its assets are funded. In 2005, the Bank plans a further increase in funds borrowed from clients to an average of 39 billion rubles. We will continue working on diversification of the resource base by extending the maturity of funds from both the domestic and international capital markets and increasing the share of long-term deposits of individuals and corporate clients.


To meet the 2005 profitability target the Bank will continue its well-balanced management of the asset portfolio and close monitoring of operating expenses and risks in the Bank's operations.

With respect to development of relationships with clients, the Bank's activities in 2005 will be focused on strengthening of the existing client base and improvement the efficiency of customer service in the regions.

The customer policy will be aimed at diversifying the client base and offering banking products for targeted client groups.

In 2005, as in 2004, we will focus on business with clients in the following priority industries: food-processing, wholesale trade, agriculture and industrial equipment manufacturing. There will be an increased emphasis on companies with networks in the regions where the Bank has a presence, and export manufacturers that use domestic raw materials. The Bank expects to increase its market share by providing a whole range of products and services including cash and settlement services, export and import support, long-term lending, international financing, guarantees and card-based payroll services. The Bank will also support local government authorities at all levels as well as socially important companies and enterprises engaged in municipal development. In dealing with this group of clients, we seek to maintain stable and constructive relations. One way to achieve this is to participate in government projects and cooperate with local authorities of the Russian cities and regions.

The Bank will be expanding its retail business, emphasizing credit programs for individuals that are now experiencing high market demand, first of all mortgage and car lending. For consumer lending, we will be making an increased use of credit cards. The Bank intends to increase the volume of retail deposits through existing and new types of deposits.



Bankcards can provide a wide range of services to our clients: payments, deposits, and cash transactions. Cardholders may effectively access funds on their accounts in any office of the Bank. Development of ATM services and further promotion of card payroll services in 2005 will bring about a significant increase in the number of customers who hold cards, with the prospect of additional non-interest income. We are planning to issue about 200,000 bankcards, increasing the total outstanding to 700,000. The number of cards issued in the Moscow region will grow to 470,000.

The Bank also plans to improve delivery channels for banking products and services. The main delivery channel is the wide network of branches and sub-branches as well as a network of ATM electronic offices. In 2005, the Bank will increase the number of such electronic offices to 70.

The key strategic region for the Bank will still be the Moscow region. For a greater territorial coverage within this mega region, we are planning to open branches in Mytishi, Balashikha and Zheleznodorozhny as well as sub-branches offices in Khimki, Zhukovsky, Shchiolkovo and Fрязино.

The Bank's development plan for the northwestern federal district involves strengthening of the Bank's position through the local regional center, which develops and coordinates a single regional policy, including attracting new clients. New small branches in Saint Petersburg will make banking products more available.

In the Southern federal district, a wider network of sub-branches is planned for Volgograd and Krasnodar. In both Volga and Sibir federal districts, we are aiming at organic growth of the client base. In 2005, sub-branches are scheduled to be opened in Nizhny Novgorod and Barnaul.

The Bank's pricing policy will be based on the concepts of competitiveness, efficiency and flexibility.

With respect to banking and information technologies, the Bank is planning a phased transition to a new computer banking operating system that will allow for integration and centralization of all data bases, software and instruments used for bookkeeping, financial accounting, preparation of financial statements, tax and manageri-



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al reports. We'll be introducing a new service system for individual clients serviced through the branch and sub-branch network. To speed up the process of automation, the new individual service system and the operational system will be introduced simultaneously, first in branches located in the Moscow region. This will result in optimization of business processes, while relieving the branches of excessive technical overhead. We expect improved quality, lower costs of providing banking services and reduced time required to service clients.

The Bank will place a greater emphasis on issues of brand management as well as further improvement and development of a broad marketing communication system.

With respect to human resource management, we will continue to improve incentive systems and to work to improving the skills and professional level of our employees.

The Bank will continue to improve the practices of corporate governance and internal control system to comply with current legislation and criteria established in the international banking community. Special attention will be given to a better quality of risk management with respect to all types of risks.

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Reliability and stability of the Bank

Key factors contributing to Vozrozhdeniye Bank's reliability and stability include management of capital adequacy, in line with regulations of the Bank of Russia, and effective management of liquidity and financial resources through market operations.

Capital adequacy

Bank of Russia regulations require a minimum ratio of capital to risk adjusted assets of 10%. We set a greater value for capital adequacy. As of January 1 2005, our capital sufficiency index was 12.4%, well above the standard. During 2004, the Bank's capital increased by 236.5 million rubles to 3,272.8 million rubles.

Balanced asset profile

The quality of assets depends on their composition and liquidity. The proportion of interest-earning assets grew by 12 percentage points, from 68% to 80% during 2004 with loans accounting for the greatest share.

Sustainability of the resource base is characterized by a regular inflow of clients' funds. As of January 1, 2005, the amount of funds borrowed from clients, including issued certificates of deposit, had increased by 4,801.2 million rubles to 27,185.5 million rubles.

Balanced income profile

Given the decrease in market loan interest rates and higher competition, the growing volume of interest and commission revenues is evidence of the increased stability and sustainability of the Bank's business. During 2004, the Bank earned 2,205.5 million rubles in net interest income, double the amount in 2003. Net commission revenue was 985 million rubles, a 1.6 times increase over the previous year.



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The Bank's ratings

Vozrozhdeniye Bank appears on the list of 30 major Russian banks published every month by the Bank of Russia. According to the analytical center ICRating, Vozrozhdeniye Bank belongs to the group of reliable Moscow-based banks. As confirmed by RA NAUFOR, Vozrozhdeniye is considered sufficiently reliable among Russian Banks and can be rated at BBB.

In 2004, Moody's Interfax, a domestic rating agency upgraded the Bank's previously assigned long-term credit rating to Baa2 (rus).

In 2004, Moody's assigned an international rating to Vozrozhdeniye at E+ in terms of financial stability and B2/NP in terms of long and short-term foreign currency deposits.

In terms of market capitalization, Vozrozhdeniye Bank is included in the annual rating of 400 major Russian companies.

Vozrozhdeniye Bank among major Russian banks

Index	Place in the ratings
Number of branches	4
Plastic card business	9
Volume of individual deposits	10
Volume of the clients' funds	19
Volume of loans extended to clients	20
Net assets	27

(Data of the Central Bank of the Russian Federation, Standard & Poor's, Profile agencies, Rating Information Center, Expert RA, CredCard, Interfax AFI)

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Growth rates shown by Vozrozhdeniye Bank and Banking sector of the Russian Federation in 2004

Indices	Growth rates for Vozrozhdeniye Bank, %	Growth rates for the banking sector, %
Funds of natural persons	44.2	30.1
Issued debentures	148.4	1.5
Current year profit	218.6	38.6

(data of the Central Bank of the Russian Federation, reports of Vozrozhdeniye Bank)

Main results of the Bank's development in 2004

Corporate business

Services provided to corporate clients

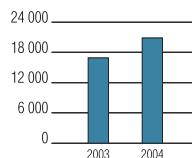
The Bank is developing its corporate business by building a diversified base of high quality clients in order to minimizing risks. In dealing with clients, we seek to balance the interests of the Bank and those of our clients, while pursuing a policy of minimizing industry-related risks.

In 2004, Vozrozhdeniye bank continued to strengthening the client base, particularly by increasing the number of clients with significant income and with financial stability. In 2004, the number of corporate clients rose by almost three thousand.

As of January 1 2005, funds on corporate clients' accounts was equal to 10.1 billion rubles. The total of bills of exchange and certificates of deposit issued by the Bank to corporate clients increased by 2.5 times during the year to 2.2 billion rubles. The Bank provides payroll card services to more than 2,000 enterprises and organizations.

The Bank's Customer Committee reviews its internal processes and develops improvements aimed at attracting

Operations with corporate clients accounts, thousand



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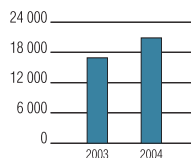
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Key performance figures of the Bank in 2004

Financial performance*	As of 01.01.2005	As of 01.01.2004
Net assets, thousand rubles	30,482,417	26,480,505
Capital of the Bank, thousand rubles	3,272,764	3,036,346
Profit, thousand rubles	317,871	99,761
Net loans, thousand rubles	23,639,841	17,634,919
Funds of clients, thousand rubles	24,943,152	21,481,565
Including deposits of natural persons	14,818,504	10,275,082
Efficiency indices, %		
Return on Capital	9.9	4.5
Return on Assets	1.1	0.5
Capital Adequacy Ratio, %	12.4	14.3
Clients		
Number of legal entities	37,219	34,240
Number of natural persons	780,000	608,476
Network of branches		
Number of branches, sub-branches, representative offices, and other service outlets	122	112
Including those in Moscow region	79	76
Regular Staff	4,553	4,262
ATM network		
Number of ATMs	312	242
Including those in Moscow region	180	142
Bank card business		
Bank cards issued and effective, thousands	531	413
Number of enterprises that are acquiring clients	869	620
Remote access system		
Number of clients operating Client-Bank remote access	4,300	3,072

*Data from the balance sheet and profit and loss account shown in the table as well as that from the Bank's annual report, which follows, are stated subject to developments after the balance sheet date in compliance with guidelines N 1530-Y of the Bank of Russia of 17.12.2004. This regulation recognizes the activities of a credit institution conducted between the balance sheet date and the day when the annual accounting report was signed, which had a significant impact on its financial state as of the balance sheet date. The capital of the Bank has been restated subject to this regulation.

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clients and providing all clients with high quality services.

During 2004, we continued to improve our internal risk management and decision-making processes and enhance services and interest rates to attract funds from corporate clients. The delegation of authority allows the Bank to promptly respond to any changes in the market situation and offer clients terms of mutually beneficial cooperation while minimizing risks.

In 2004, the key client groups included companies engaged in food processing, wholesale, agriculture and production of industrial equipment. We continued cooperation with authorities at all levels as well as state-run and municipal enterprises. Such industry diversity in the Bank's client base avoids risks resulting from adverse developments within any particular industry.

Lending provided to companies and legal entities

Vozrozhdeniye Bank's credit policy seeks to place credit resources with maximum efficiency through a diversified credit portfolio for a yield which is appropriate to the risk assumed by the Bank.

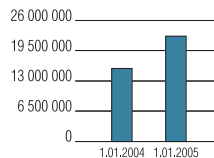
The implementation of the Bank's credit policy is directed to the establishment of long-term relationships with clients, while maintaining a high quality credit portfolio. Within such an approach, we can ensure an appropriate portfolio yield even when there are negative changes in macroeconomic conditions which affect a client's business.

In 2004, the focus of the credit policy remained on the real sector and supporting the Bank's clients in developing their businesses

In 2004, the Bank's net credit portfolio for corporate clients increased by 29% to 21.8 billion rubles from 16.9 billion rubles. The share of credits in the Bank's net assets increased by 8 percentage points to 72%. Within the credit portfolio for corporate clients, ruble loans accounted for 77.4% and foreign currency 22.6%.

As we increased the credit portfolio, we placed special emphasis on improving quality, managing credit risks

Credit Provided,
Rubles thousand





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and diversifying the portfolio. Thus, in 2004, we reduced the portion of loans to the Bank's ten biggest borrowers. As of January 1 2005, loans to the ten biggest borrowers accounted for 21.2% of the Bank's credit portfolio, down from 24.4% at January 1 2004.

The Bank's credit portfolio has also become more balanced across industries. We prioritized credit for highly profitable companies in the real sector that have a stable market for their products. This includes enterprises engaged in metallurgy and metalworking, wood processing, engineering, construction materials, food processing and manufacturing. Companies and enterprises in such industries received 31% of all loans.

During 2004, we increased the regional diversification of the credit portfolio. The previous year, loans to Moscow region enterprises accounted for 75% of the portfolio, which was reduced to 61% as we increased lending in other regions from 25% to 39% by the end of 2004. The Bank made significant and successful efforts to optimize the credit portfolio and enhance its yield. We extended loans to reputable clients with a positive credit history, strong financial status and unconditional solvency. The biggest increase in the number of clients who received loans were medium-sized businesses.

The Bank's lending process strictly follows our internal rules and procedures. We perform a thorough review of the borrower's financial and economic activities over the past few years to assess the client's creditworthiness.

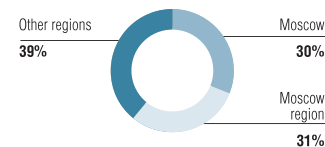
Participation in government and regional projects

During 2004, as part of the government lending program which subsidizes loan interest costs for farmers and agricultural production companies, the Bank continued to finance companies in the domestic agro-industrial sector using its own funds. In 2004, we extended about 650 million worth of such loans.

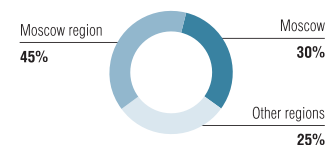
As an authorized bank of the Federal Customs Service, Vozrozhdeniye Bank acts as a guarantor of customs duties up to a limit of 25 million Euros for its importing clients. During the course of the year, we provided guarantees worth more than 163 million rubles.

In cooperation with local authorities of Russia's cities and regions, the Bank extends loans to government

Credit provided to Corporate clients by region for 1.01.2005



Credit provided to Corporate clients by region for 1.01.2004

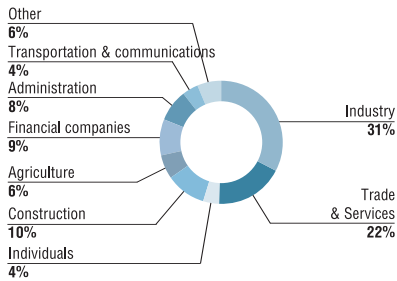


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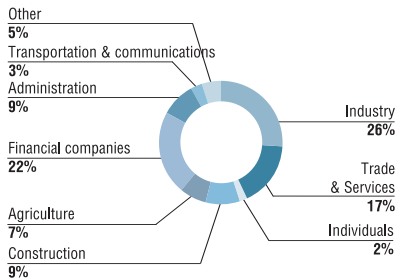


authorities directly and to government and municipal enterprises. As of January 1, 2005, such loans outstanding exceeded 1.8 billion rubles; more than 4.8 billion rubles was provided during the year.

Credit by Sector
for 01.01.2005



Credit by Sector
for 01.01.2004



Since 1997, Vozrozhdeniye bank has been an authorized bank of the Moscow Administration. We continue our cooperation with the Food Department to promote development of the capital's food sector. By early 2005, we had extended guarantees of more than 514 million rubles to businesses that supply Moscow with farm produce and food. The Bank also provided 611 million rubles in loans to companies in the capital's food sector to implement food delivery projects in Moscow. During implementation of the Moscow Administration and Moscow region joint poultry farming project, the Bank extended 78.3 million rubles in guarantees of obligations of the local poultry factories to the Food Department of Moscow.

The Bank's loans to Moscow-based industrial organizations, as well as companies engaged in commerce and services, increased by 30% to 6.5 billion rubles as of January 1, 2005. A presence in 37 regions of the Moscow Oblast enables the Bank to participate in many investment projects for upgrading and re-equipping businesses, development of transportation networks and the agricultural sector as well as social security projects. By early 2005, the businesses of the region had received more than 7.4 billion rubles in loans, of which 807 million rubles were provided to municipal entities.

In promoting the comprehensive socioeconomic development of the Moscow region, special importance is attached to facilitating the use of non-cash transactions, especially the use of bankcards. In 2004, the volume of non-cash payments of individuals increased 1.6 times to more than 5.4 billion rubles. The Bank administers about 1,300 card-based payroll projects in the Moscow region. In the accounting year, the Bank signed agreements for payroll card services with the Government, State Duma and Ministry of Transport for the Moscow region as well as the Region's Administration and Transport Inspection Service. As of January 1, 2005, the Bank had issued more than 325,000 bankcards in the Moscow Oblast.

In 2004 the Bank launched a pilot project for the residents of the town of Serpukhov within the framework of a Social Card program. Such social cards are issued to keep track of residents who enjoy various social benefits as well being used to process payments and provide various benefits in buying drugs, goods and public transportation.

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Cooperation with system clients

A wide network of branches gives the Bank a competitive advantage in servicing major companies that have an extensively distributed geographic structure.

The Bank's regional network of 123 offices provides services to various groups of clients across the whole industry spectrum: industrial production, transportation, communications, food processing, manufacturing, agriculture, commerce and the fuel distribution industry, among others.

Since 2004, the Bank's branches have been providing services to the entire Mostransavto Group, which consists of more than 50 motor transport enterprises throughout the Moscow Oblast. To deal with the client's many divisions, we use Client-Bank, a remote account access system. Almost all motor transport companies in the Mostransavto Group use the Bank's card-based payroll services.

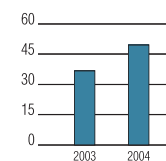
As part of a special purpose transportation program of the Moscow region administration, the Bank is providing financial support for the project to develop the transportation network within Region. It is supporting Mostransavto's expansion plans and extending loans or lease-based financing to increase current assets, build infrastructure for servicing passengers as well as purchasing and repairing the rolling stock. More than one-third of the loans the Bank extended to the Mostransavto Group in 2004 were issued under the guarantee of the Moscow region Administration.

Last year, the Bank promoted cooperation with motor transport companies as part of a bills of exchange plan to purchase fuel and lubricants as well as effect payments for construction materials under the guarantee of Moscow Oblast owned entity Mosavtodor. There are 13 organizations that participate in this plan.

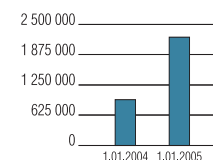
In 2004, Vozrozhdeniye Bank signed an agreement with open joint-stock company Mosobldorremstroy to provide loans and other bank services to the company and its 40 subsidiaries throughout the Moscow region.

The Bank signed a cooperation agreement on bankcard use by individuals for fuel purchases at gas stations owned by the Mega Oil group, which specialize in the sale of oil products.

Client-Bank system payments, %



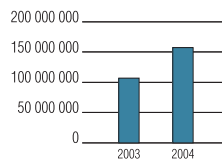
Promissory notes issued by the Bank, Rubles thousand



The Bank counts state-run and municipal enterprises among its good clients. In 2004, cooperation with the Principal Administration of the Pension Fund of the Russian Federation for Moscow and the Moscow region resulted in a centralized payment of old age pensions through the branches of the Bank in the Moscow region, something that had never been done before. More than 1,500 retired residents in the Moscow Oblast received their pensions through a new technology used by the Bank's branches.

The Bank signed an agreement on cooperation with Russian Post, for the regions where the Bank has branches. A pilot project in the Moscow region involves provision of settlement and cash services at a uniform rate to post offices of Russian Post Service. In the future, a phased implementation of the project is planned in other regions where the Bank and Russian Post are jointly located. In 2004, Vozrozhdeniye Bank entered into an agreement with Moscow Railway, a branch of the national railway company, RZHD, respect to payroll card services and cash collection and settlement services.

Cash volumes, Rubles thousand



The Bank has developed cooperation with leading insurance companies such as SK VSK, Ingosstrakh, MAKS, Rosgorstrakh-Stolitsa, UralSib, SK Energogarrant and SK ROSAGROSTRAKH. The Bank's branches are providing services to a number of regional offices of these companies. For example, the Bank's branches in the Moscow region provide services to 25 offices of Rosgorstrakh-Stolitsa, of which 18 use card-based payroll services and the Client-Bank remote access system.

The regional branches of the Bank also provide services to other systemic multi-branch companies in various sectors of the economy.

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Financing of foreign trade transaction of clients

Ratings assigned to Vozrozhdeniye Bank by Moody's International Rating Agency enhance the potential for attracting long-term resources on the international markets in order to finance clients' foreign economic activities.

In 2004, we effected a number of transactions using credit lines of international banks such as the Bank of New York and Hungarian Export-Import Bank Ltd. From the latter, Vozrozhdeniye raised a total of more than 3 million Euros to finance deliveries to Russia of Hungarian-made equipment.

In 2004 an agreement became effective between Vozrozhdeniye and AKA Ausfuhrkredit-Gesellschaft mbH, a German bank, under the guarantee of HERMES Kreditversicherungs-Aktiengesellschaft, a German export agency. The German partner provided the Bank with a credit line of 5 million Euros for a period of 5 years. The first tranche of 502,000 Euros was used to finance a purchase of a LIEBHERR truck crane by one of the Bank's clients.

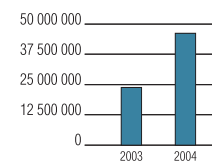
In March 2005, the Bank signed a 2.55 million Euros, 3-year export credit line agreement with ForeningsSparbanken AB, also known as Swedbank of Sweden, to finance purchases by Russian companies of Scania trucks. The Bank has already signed a contract for 1.8 million Euros, financed by this Swedish bank.

Retail business

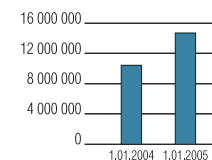
Vozrozhdeniye sees strengthening of its retail business as an essential integral part of its overall development strategy. An increase in the number of retail clients and enhanced sales allow for diversification of the client base, contribute to attraction of long-term resources for credit operations and are one of the promising sources of higher income.

In 2004, the Bank concentrated its efforts on addressing a number of issues. These involved increase in the volume of operations with individuals, development of new retail products, improvement of the technology on which services can be based, greater efficiency of channels for their delivery and more aggressive promotion of

Bank export–import operations,
Rubles thousand



Individual deposits,
Rubles thousand



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retail products on the market. As a result, in 2004, the overall number of individual clients rose by 28%. The Bank has increased its share of the market of personal deposits, ranking on a regular basis among the top 10 Russian banks.

To develop the retail business, we must steadily improve our operations with individuals. For this purpose, the Bank is upgrading its information and technical base, which will allow it to reduce the time required for handling each client, the number of documents to be executed and employees assigned to this transaction. The Bank's branches are extending opening hours for servicing individuals and increasing the number of employees dealing directly with clients.

Deposits by individuals

Vozrozhdeniye Bank sees individuals' deposits as an important means to increase the asset base. In 2004, the Bank committed itself to strengthening its position in the market for individual savings. By early 2005, the volume of funds on private individuals' accounts was 14.8 billion rubles, an increase of 44% over 2003. This significantly exceeded the growth rate of the banking sector in Russia, which grew by 30%.

Dealing with individuals' deposits requires that credit institutions be socially responsible and superbly reliable. The key element is conservative risk management principles. These principles came fully to bear during the summer credibility gap among depositors.

At the time, the management of Vozrozhdeniye Bank used every possible means to pursue a customer-oriented policy. The Bank did not introduce limitations on amounts to be withdrawn or any charges for early termination of deposit agreements. All offices of the Bank functioned as usual and the Bank took active steps to provide explanations by posting news on a regular basis on the corporate site and publishing articles in the mass media with assessments of and comments on what was happening in the banking sector. The Bank held negotiations with major clients to prevent a significant simultaneous outflow of cash. Two additional factors also played a role in minimizing potential adverse effects that the turmoil and panic among investors had on the Bank: a reliable brand and a solid business reputation. Our brand and reputation took years and the collective effort of all employees of the Bank to develop. These steps enabled us to fully meet legitimate demands of individual clients, preserving the Bank's image as a reliable and stable financial institution, which prudently safeguards the interests of every client.



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In 2004, in compliance with the applicable legislation, the Bank underwent audits for compliance with the requirements for participation in the deposit insurance plan. On December 9, 2004, following these reviews, Vozrozhdeniye Bank was registered as participant # 276 in the plan for compulsory deposit insurance. This permits us to continue operations involving funds of individuals and an additional guarantee for the savings of the Bank's depositors.

During 2004, the Bank actively promoted its specialty deposits with a floating rate from Vozrozhdeniye's collection of best deposits. The main advantage is that customers do not lose any interest in case of early withdrawal of funds.

As depositors have begun to favor long-term investment, the Bank offered a new product – a “Gold reserve” three-year deposit that retained all advantages of the Bank's specialty deposits.

In 2004, there was a demand for the Bank's new product, a “Multi-currency” deposit, which enables customers to monitor changes on the foreign currency market and promptly convert their funds to the currency of choice.

The Bank was one of the first in Russia to introduce special programs such as Housing Project and Auto Project that permit customers to accumulate an initial installment, receive additional interest on deposits and special allowances while creating a positive client record.

Credit programs for individuals

In 2004, the Bank's portfolio of credits extended to individuals rose 2.4-fold to 867 million rubles and, at June 1, 2005, equals more than 1 billion rubles. The dynamic development of the Bank's retail credit operations is a result of improved lending technology, development of new products as well as advertising and information campaigns in the regions where the Bank has a presence.

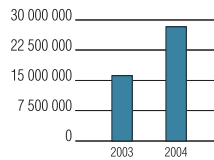
Mortgage lending. Provision of credits to purchase housing is one of Vozrozhdeniye's priority areas in retail banking as well as an important source of income.

In 2004, the Bank began financing the purchase of real estate on the secondary market within the framework of the government program of the Agency for Housing Mortgage Lending (known by its Russian acronym, AIGK). The Bank is effecting such transactions in Moscow, Moscow region, Saint Petersburg and eight other regions of Russia. The program involves provision of credits for a term of up to 27 years under the security of an

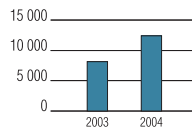
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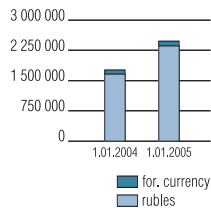
Bank cards operations volume,
Rubles thousand



Bank cards operations number,
thousand



Funds on card accounts,
Rubles thousand



apartment being purchased without guarantors or any additional security. AIGK refinances credits extended by the Bank by assuming the mortgages as security. By June 1, 2005, AIGK has refinanced more than 150 mortgage loans issued by the Bank.

Under an agreement signed in early 2005, Vozrozhdeniye became an agent of AIGK, which allows it to provide a full range of financial services in mortgage lending at all regional offices of the Bank. Cooperation between the Bank and the Agency will enable the Federal program to be extended to regions that had not yet participated in the program.

Loans for purchase of motor vehicles

In 2004, the Bank started a program for provision of loans to individuals for purchase of motor vehicles. During the year, the Bank promoted cooperation with a number of major car dealers and made agreements with dealers such as Inkom-Avto, Avtomir, Lada-Favorit, offices of Mitsubishi in Krylatskoye and Taganka, Avtoreal and others.

Payment and credit cards of the Bank

In 2004, the Bank continued to focus on increased sales of products based on bankcards, development of our service infrastructure and creation of additional opportunities for cardholding clients.

The Bank is among the top ten credit institutions in terms of active promotion and the level of payment card services and is one of the largest issuers of chip cards among Eastern Europe banks.

During 2004, the number of cards issued by the Bank increased by more than 125 thousand and by early 2005 it had totaled 531 thousand of which 84% are combined cards, i.e. complete with a chip and a magnetic strip. The Bank issues and accepts all types of cards of international payment systems, Visa International and MasterCard International as well as accepting Union Cards and STB Cards, using its own processing center. The amounts credited to special card accounts of our clients equaled 28.2 billion rubles, an increase of 2.8 times over 2003. During 2004, the amount of funds on special card accounts increased by 42% and was equal to 2.7 billion rubles by early 2005. The turnover for the cards of Vozrozhdeniye bank was 29 billion rubles, an increase of 1.9 times over 2003.



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In 2004, the Bank developed and offered a number of new services to holders of bankcards. It started issuing Visa revolving credit cards. As such a program involves higher credit risks, potential holders of credit cards were limited to employees of companies using the Bank's card-based payroll services. We started issuing express Visa Electron bankcards, which enables a card to be issued in just 20 minutes. Vozrozhdeniye started issuing MasterCard chip bankcards effective for three years. Also, we put into operation the Internet component of Your Account 7/24 Information system, which allows clients to obtain information about the state of their account and transactions effected through bankcards in real time via the Internet. The service also provides extra options such as freezing of an account and release of a blocked account.

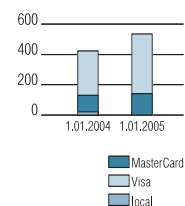
Vozrozhdeniye Bank has been promoting ATM services including payment of utilities, services provided by mobile operators (MTS, Beeline and Megafon) and NTV+, increase in deposits, transfers to other accounts maintained by the client as well as repayment of consumer loans and credit card debts. In 2004, more than 13.6 million various transactions were effected through the Bank's ATM network. In 2004, we introduced 88 ATMs of which 19 accept cash. As of January 1, 2005, the Bank had a total of 312 ATMs. Vozrozhdeniye is servicing the largest network of round-the-clock ATMs in the Moscow Region. As of January 1, 2005, the Bank had introduced 180 ATMs in the Moscow Region of which 14 accept cash. The number of cash centers amounted to 121. Over 2004, the number of trade and servicing organizations that maintain contractual relations with the Bank in the area of bankcard settlement services increased by 40% to 869. The turnover of non-cash acquiring transactions in the trade and services network was double that of 2003.

Other banking products

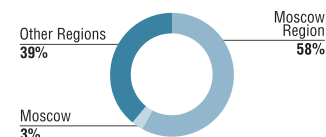
The Bank effects transfers with or without opening of accounts both in rubles and foreign currency. All branches and offices of the Bank accept payments from individuals of utilities, personal loans of other banks and services provided by mobile phone operators and satellite TV broadcaster NTV+.

The volume of payments in 2004 increased to 6.7 billion rubles, 1.8 times greater than 2003.

Bank cards, thousand



Installed ATMs, for 01.01.2005



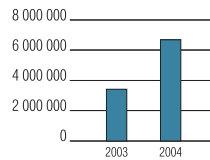
Trade & service points, for 01.01.2004



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Individual payment volumes,
Rubles thousand



In 33 of the Bank's branch vaults, clients can lease safety deposit boxes for any length of time. At all of the Bank's offices, clients can purchase commemorative and collectable coins made of precious metals. By early 2005, individuals were effecting currency exchange transactions at 117 currency exchange offices of the Bank.

The Bank has been expanding the range of banking products to include the services provided by Vozrozhdeniye's partners in order to gain a higher income.

Vozrozhdeniye Bank is one of the major partners of Western Union. More than 60 specialized offices of the Bank in the Moscow region and 87 throughout Russia effect money transfers via the Western Union system. In terms of the number of such offices, the Bank occupies third place in Russia. The volume of transfers during 2004 rose to 1 billion rubles.

With introduction of compulsory insurance for owners of motor vehicles, the Bank offered to arrange customers' insurance policies directly at the offices of the Bank. At the moment, we offer a full range of motor vehicle insurance products of our leading insurance company partners.

In 2004, the Bank began to cooperate with Kit, a mutual fund management company, and included in its range of products a proposal for clients who wish to take a risk with some of their assets but at the same time expect to receive greater revenues compared to deposits.

The Bank's own operations

Operations on financial markets

In 2004, the Bank's operations on financial markets continued to show a positive trend. The volume of conversion transactions increased 1.7 times (13.5 billion US dollars in 2004 and 7.8 billion US dollars in 2003), the volume of interbank lending in rubles was equal to 183 billion rubles.

Last year, the Bank pursued a more aggressive investment policy on domestic financial markets. In 2004, the volume of investment dealings amounted to 43.6 billion rubles. Early 2005 saw an increase in the volume of investment in corporate bonds and stocks issued by Russian companies (205 million rubles and 210 million rubles respectively). At the same time, the Bank gradually scaled back investments in foreign currency instruments as a result of the stronger national currency and expected increase in the global interest rates.



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The Bank has developed trust management and broking services to allow it to pursue this promising line of business to increase the customer service potential of the Bank. In 2004, we established a corresponding infrastructure for dealings on financial markets and started negotiations with potential participants in the project.

Cooperation with financial institutions. Correspondent relations.

In 2004, the Bank continued to promote cooperation with foreign and international financial institutions, mainly in the area of foreign currency settlement transactions.

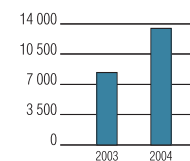
The Bank's correspondent network enables it to make settlements, which are primarily effected in US dollars and Euros, with banks of virtually any country. The volume of settlement transactions on correspondent accounts rose by 40% compared to 2003 largely due to payments under export contracts of the Bank's clients.

With respect to correspondent relations with Russian Banks in 2004, the Bank continued to pursue one important avenue – widening the circle of counterparts on the interbank market as well as getting them to establish or increase unsecured credit lines for effecting mutual transactions. By early 2005, the total volume of credit lines, which had dropped as a result of the summer credibility gap, had not only reached, but exceeded the previous level by 8%. The Bank entered into 27 general agreements on interbank transactions. The number of counteragent banks has risen to 224 and includes 10 foreign banks.

In 2004, the Bank established correspondent relationships with 7 Russian banks. As of January 1 2005, the Bank had opened 49 loro accounts in Russian rubles and 48 in foreign currency. The Bank has a network covering 61 Russian banks, 122 foreign banks, including 7 banks within the CIS.

In 2005, we continued to improve the correspondent network and enter into interbank contracts, mainly with subsidiaries of foreign financial institutions. We have increased credit lines established for the Bank and entered into banknote contracts with regional banks and branches of Moscow-based banks to meet foreign currency cash requirements of Vozrozhdeniye's branches.

**Exchange operations
volumes, USD million**



Regional Development

In 2004, the Bank continued to expand its business in economically developed areas of Russia and increase its regional presence. In doing so, the Bank followed the lead of basic concepts which shape operations of its branches:

- optimization of costs to open new divisions and maintain existing ones;
- economic potential of establishing new offices, ensuring a return and effective use of investments, meeting target figures for profit and income expense ratios;
- a single regionally-oriented range of products, expansion of the range of banking products and services making them as customer-friendly as possible;
- a unified system of operational control, financial planning, performance analysis and tight risk control;
- unification of information technologies which involves a single computer-aided system for all offices of the Bank, gradual relief of the branches of technical workload and shifting their focus to sale of banking products;
- transparency and openness with respect to operations of the branch offices.

By June 2005, the Bank has already opened 4 new offices in the Moscow region, one in Rostov-on-the Don and a representation in Kaluga. At present, the network of the Bank's branches has 126 offices in 19 regions of Russia: 59 branches, 2 representations, 44 sub-branches and 21 operational cash departments.

In the Moscow Region, the Bank enjoys a leading position. Vozrozhdeniye's offices operate almost in all district centers, with a total of 82 offices in the Moscow Oblast. Last year, 2 new offices were opened in Krasnogorsk, in the Moscow region. To increase the volume of business in the regions of Russia, the Bank opened new offices in Stavropol, Kislovodsk, Volgograd, Volgodonsk, Rostov-on-the Don and Komsomolsk-on-the Amur.

Last year, we introduced a new way to develop the regional network: representation offices. Specifically, we opened the Northwestern Regional Center representation. Initially, it was assigned with a task of promoting the branch in Saint Petersburg and strengthening its position on the region's banking market. In spite of the tough competition in the financial arena, the office managed to increase the volume of services provided by the branch and secure for the Bank a stronger position in the region through involvement in a number of projects, which are important for the market development. In 2004, we took on several major corporate clients including Baltika Brewery open joint-



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stock company, Water Channel Saint Petersburg, a federal unitary state-run enterprise and Lenoblgas.

The Bank's working assets in the region have increased by 9 times over the past year, due to a greater volume of loans extended to the city's major companies such as LOMO Company, Gruzomobil Corporation and Northwestern Leasing Company. Through the work of the Northwestern Regional Center work, the Bank bid and won the right to handle bond agreements for LenSptetsSMU Holding and Moststroy N6 Company.

Banking and information technologies

The intensive growth of business volumes, the rapid increase of retail banking services, and the development and delivery of more complex banking products required Vozrozhdeniye Bank to find new approaches to a number of crucial decisions and practical steps in the area of technology:

- focus of the branches on customer service;
- centralization in head office of functions not related to customer service at the branches, especially reporting requirements;
- ensuring operation of the network of branches through a single data base;
- centralized administration of the branches' applied programs.

To provide a comprehensive solution to current issues related to introduction of the new computer-aided banking system and automation of business processes as well as to ensure the best possible interaction of functional and technological divisions, the Bank has set up a Technology Committee. For a tighter fiscal and cost control, in 2004 we put into commercial operation a system of financial planning and managerial accounting that allows for an integrated approach in formation of the Bank's budget and strict implementation thereof. The head office has launched a computer-aided business accounting system, which is one of the modules of the new computer-aided banking system.

The Bank is concentrating on improving the technology used to provide services to individuals. The branches in the Moscow Region have begun to implement a transaction system for individual clients, which represents a transition stage in the changeover to a new computer-aided retail system for the Bank. The latter will allow for



comprehensive services with respect to registration of deposit agreements and applications for issuance of bankcards, acceptance and processing of cash payments from customers in favor of any third parties, processing of payments and transfers via Western Union, non-cash payments through ATMs, electronic money transfers from one account to another through ATMs, and non-cash repayment of loans extended by any third party banks. In 2004, along with the Pension Fund of Moscow and the Moscow Region, the Bank implemented a project involving centralized payment of old age pensions in the Moscow Region.

A number of elements play an important role in development of the Bank's technologies such as automation of the sequences of its banking operations, improvement of software as well as upgrading of hardware.

In 2004, we continued our efforts to set up a centralized accounts preparation system and relieve the branches of some of their technical functions related to preparation of financial statements. As part of the Bank's participation in the deposit insurance plan, a system for preparing a register of liabilities was created.

Human Resource management

The efficiency and competitive ability of Vozrozhdeniye Bank are based on the promotion of a corporate culture, an ideal combination of financial and moral incentives for employees, and the appropriate environment for their professional growth.

The policy of HR management is designed to make the most of our employees' potential. When employing highly skilled personnel, the Bank seeks to provide them with guarantees of high quality professional training and career growth as well as ensure appropriate work conditions and financial incentives.

Vozrozhdeniye Bank has a staff of more than 4,500 employees, with more than 80% of them having higher and specialized secondary education. In recruiting personnel, we give preference to specialists with relevant college degrees, hands-on banking experience and excellent communication skills.

Employees under 35 account for 37% of the Bank's staff. More than 30% of employees have more than 10-year experience with Vozrozhdeniye Bank.



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In 2004, as part of the general training program for the Bank's employees, we provided refresher courses in the main banking areas, specifically training of young professionals including top of the class students and graduates of leading educational institutions. Last year, more than 1500 employees of the Bank underwent training.

Refresher courses provided last year for employees covered several areas:

- seminars and conferences, conducted by external training centers in Moscow and in other Russia cities. The training was organized by the International Moscow Financial and Banking school and the Banking Institute of the Association of the Russian banks, "Novy Paritet" Financial Center, "Informzaschita" training center, the Stock Market and Management Institute and others;
- corporate training was dedicated to such questions as the changes in current legislation, information on the new Bank's products and the way to work with them. The leaders and lecturers at corporate seminars were the Bank's specialists and top managers, as well as external consultants and experts, including leading staff of the Bank of Russia, Moscow City Municipal Tax Inspectorate (IMNS), and Moscow Region Mortgage Corporation.

The Bank has a system of training and development of a personnel reserve for effective substitution for vacancies or new positions due the increase of the business activity in head office and in the Bank's branches.

Activity for society's benefit.

The Bank's social policy is traditionally aimed at responding to the specific social objectives. The Bank provides aid to the least protected social groups, including children, disabled persons, as well as the Great Patriotic War veterans.

On the initiative of Dmitry Orlov, the President of the Bank, Vozrozhdeniye initiated the financing and organization of the TV memorial war chronicle, "We did our best to make this day closer", dedicated to the 60th anniversary of the end of World War II and the Great Patriotic War. The project was realized with the overall support of the Administration of the Moscow Region and personally of Boris Gromov, the Governor. The project is dedicated to the population of the city and the suburbs of Moscow who participated in the Great Patriotic War, to their enormous contribution to the defense of the capital of our motherland and to the defeat of the enemy in the vicinity of Moscow, to the universal goal – the Victory over Fascism. The TV marathon of 39 films is being



transmitted on the 3rd TV channel. The TV project will last throughout the whole year 2005, which has been declared the Victory Year.

Last year the Bank also provided sponsorship to a number of public organizations, including the Russian charitable foundation Illustrated books for blind children, the International public foundation The Union of Social Protection of Children, and the Moscow Public Fund of the War Veterans.

The Bank pays serious attention to the education and upbringing of youth, provides support to secondary and primary schools, provides funds for the student scholarships and organizes practical training. Last year such practice in headquarters and offices of Vozrozhdeniye Bank in Moscow Region was organized for more than fifty students of the grammar school No.1518, students of the Moscow Banking School, the Russian State Linguistic University, Moscow Academy of Economics and the Law, and the Financial Academy of to the Government of the Russian Federation.

The Bank maintains strong relations with the Financial Academy and the President of Vozrozhdeniye Bank is the president of the Council of Trustees of the Academy.

The Bank contributes to the development of culture and provides sponsorship for restoration of ancient monuments. In 2004, the Bank made a donation to St. Nicolas Belomorsky Cathedral in Karelia.

The social and public plan of the Vozrozhdeniye Bank for 2005 foresees continuation of the charitable sponsorship to cultural and educational establishments and financing of public funds supporting the socially least protected groups of population.

Independent Auditor' Reports

The Financial Statement in accordance with the Russian Standards of Accounting

AUDIT REPORT

on the Annual Accounting Report and
the Published Statutory Annual Report Forms of Open Joint-Stock Company Bank
Vozrozhdeniye, prepared on the basis thereof

To the Shareholders of Open Joint-Stock Company Bank Vozrozhdeniye:

1. We have audited the accompanying Annual Accounting Report and the Published Statutory Annual Report Forms prepared on the basis thereof of Open Joint-Stock Company Bank Vozrozhdeniye (henceforth – “the Bank”), for the period from 1 January 2004 to 31 December 2004 inclusive. In accordance with Bank of Russia Instruction No 1530-U of 17 December 2004 “On the Annual Accounting Reports of Credit Institutions”, the Bank’s Annual Accounting Report comprises an annual balance sheet, a profit and loss account, summarized information on movements relating to post balance sheet events and an explanatory note (hereinafter collectively referred to as “the Annual Accounting Report”). In accordance with Bank of Russia Instruction No 1270-U of 14 April 2003 “On the Published Reports of Credit Institutions and Banking/Consolidated Groups”, and Bank of Russia Instruction No 1376-U of 16 January 2004 “On the list of reports, their format and procedure for submission of reports by credit institutions to the Central Bank of Russian Federation”, the Bank’s Published Statutory Annual Report Forms comprise a balance sheet, a profit and loss account, and report on a capital adequacy level and an amount of provision for doubtful debts and other assets (hereinafter collectively referred to as “the Published Statutory Annual Report Forms”). The Annual Accounting Report has been prepared by the Bank’s management on the basis of the accounting reports prepared in accordance with the Russian legislation and the Bank of Russia regulations. The Published Statutory Annual Report Forms have been prepared by the Bank’s management on the basis of the Annual Accounting Report. The Annual Accounting Report and the Published Statutory Annual Report Forms, prepared on this basis, differ significantly from financial statements prepared in compliance with International Financial Reporting Standards, especially with respect to measurement of assets and capital, recognition of liabilities, and disclosures.

2. The preparation and presentation of the Annual Accounting Report and the Published Statutory Annual Report Forms is the responsibility of the Bank’s management. Our responsibility as statutory auditors is to express an opinion, based on our audit, concerning the proper preparation of these Annual Accounting Report and the Published Statutory Annual Report Forms in all material aspects and regarding the compliance of the Bank’s accounting procedures with the effective Russian Federation legislation and regulations

applicable to the activity of credit institutions in the Russian Federation in all material aspects for the purpose of preparing annual accounting reports and published statutory accounting report forms.

3. We conducted our statutory audit in accordance with:
 - a. Federal Law “On Audit Activities”;
 - b. Federal Law “On Banks and Banking Activity”;
 - c. Federal Rules (Standards) on Audit Activity;
 - d. Bank of Russia Regulations on activity of credit institutions, and
 - e. International Standards on Auditing.
4. Our statutory audit was planned and performed so as to obtain reasonable assurance as to whether the Annual Accounting Report and the Published Statutory Annual Report Forms are free from material misstatements. Our statutory audit was conducted on a sample basis and included the examination, on a test basis, of evidence supporting the amounts and disclosures in the Annual Accounting Report and the Published Statutory Annual Report Forms, an assessment of the Bank’s accounting principles and techniques used, procedures for preparing the Annual Accounting Report and the Published Statutory Annual Report Forms, an evaluation of significant estimates made by the Bank’s management as well as the overall presentation of the Annual Accounting Report and the Published Statutory Annual Report Forms. We believe that our statutory audit provides a reasonable basis for our opinion on the proper preparation of these Annual Accounting Report and the Published Statutory Annual Report Forms in all material aspects, and on the compliance of the Bank’s accounting procedures with applicable Russian Federation legislation in all material aspects for the purpose of preparing an annual accounting report and published statutory annual report forms.
5. In our opinion, the Annual Accounting Report and the Published Statutory Annual Report Forms of Open Joint-Stock Company Bank “Vozrozhdeniye” attached to this Statutory Audit Report have been properly prepared to present in all material aspects, the Bank’s financial position as at 1 January 2005 and the financial results of its operations for the period from 1 January 2004 to 31 December 2004 inclusive in compliance with Russian Federation regulations applicable to the activity of credit institutions in terms of preparation of annual accounting reports and published statutory annual report forms.

15 April 2005

Director of ZAO PricewaterhouseCoopers Audit T. Basunia

Auditor N.A. Mileshkina
*(Bank Audit Qualification Certificate
No. 012578, issued on 26 July 1999,
exchanged on 6 November 2002
to Bank Audit Qualification Certificate
No. K001625, with unlimited validity)*

Balance Sheet of Vozrozhdeniye Bank, Public Joint-Stock Company, as of the January 1, 2005 (*published form*)

		Rubles thousand	
Item		On 1.01.2005	On 1.01.2004
I. ASSETS			
1.	Cash	2,038,639	1,403,237
2.	Assets of the credit institutions in the Central Bank of the Russian Federation	1,500,026	4,316,805
2.1.	Oligatory reserves (provision funds)	579,215	1,548,496
3.	Funds in the credit institutions	1,003,676	1,230,150
4.	Net investments into the traded securities	0	145,561
5.	Net lendings	23,639,841	17,634,919
6.	Net investments into the investment securities, kept up to maturity	205,259	130,924
7.	Net investments into the securities for sale	566,253	226,897
8.	Fixed assets, intangible assets and the material resources	1,240,489	1,126,760
9.	Interest due to the Bank	25,663	108,661
10.	Other assets	262,571	156,591
11.	Total assets	30,482,417	26,480,505
II. LIABILITIES			
12.	Loans of the Central Bank of the Russian Federation	0	0
13.	Funds of the credit institutions	323,249	65,289
14.	Funds of the clients (non-credit institutions)	24,943,152	21,481,565
14.1.	Investments of the physical persons	14,818,504	10,275,082
15.	Debt instruments issued	2,242,354	902,766
16.	Interest due from the Bank	250,598	162,451
17.	Other liabilities	232,420	1,441,487
18.	Reserved provision on the possible losses on the conditioned credit liabilities, other possible losses and on the operations with off-shore residents	12,317	0
19.	Total liabilities	28,004,090	24,053,558
III. SOURCES OF EQUITY CAPITAL			
20.	Shares of the shareholders (partners)	200,432	200,432
20.1.	Registered ordinary shares and interests	167,487	167,488
20.2.	Registered privileged shares	32,945	32,944
20.3.	Non-registered authorized capital of non-stock credit institutions	0	0
21.	Shares repurchased from the shareholders	0	0
22.	Share premium	1,418,691	1,418,691
23.	Revaluation of the fixed assets	443,573	444,069
24.	Expenses of the subsequent periods and the expected payments, affecting the equity capital	384,234	135,897
25.	Funds and retained profit of the previous years at the possession of the credit institution (unsettled losses of the previous years)	481,994	399,891
26.	Profit to be distributed (the loss) for the reporting period	317,871	99,761
27.	Total sources of the equity	2,478,327	2,426,947
28.	Total liabilities	30,482,417	26,480,505
IV. OFF-BALANCE LIABILITIES			
29.	Irrevocable liabilities of the credit institution	4,687,601	4,116,727
30.	Guarantees issued by the credit institution	1,212,096	988,671
V. TRUST MANAGEMENT ACCOUNTS			
	Real accounts	0	0
1.	Cash	0	0
2.	Securities under trust management	0	0
3.	Precious metals	0	0
4.	Granted loans	0	0
5.	Funds used for other purposes	0	0
6.	Expenses of the trust management	0	0
7.	Paid accumulated interest (warrant) profit on the interest (warrant) promissory notes	0	0
8.	Current accounts	0	0
9.	Expenses on the assets management	0	0
10.	Losses on the assets management	0	0
	Nominal accounts	0	0
11.	Managed capital	0	0
12.	Settlements on the assets management	0	0
13.	Received accumulated interest (warrant) profit on the interest (warrant) interest debt instruments	0	0
14.	Income from trust management	0	0
15.	Profit from trust management	0	0

Chairman of the Management Board of Vozrozhdeniye Bank (PJSC) **D. L. Orlov**Chief Accountant of Vozrozhdeniye Bank (PJSC) **A. A. Novikova**

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**Income and Expense Statement (Profit and Losses Account) of Vozrozhdeniye Bank,
Public Joint-Stock Company, for the year 2004 (published form)**

		Rubles thousand	
1	Item 2	During 2004 3	During 2003 4
	Interests received and the similar profits from:		
1.	Distribution of the assets in the credit institutions	30,971	57,286
2.	Loans, granted to the clients (non-credit establishments)	3,418,678	2,024,953
3.	Services on the financial leasing	0	0
4.	Fixed profit securities	46,801	73,210
5.	Other sources	7,644	8,410
6.	Total interests of the received and similar profits	3,504,094	2,163,859
	Interests paid and the similar expenses on:		
7.	Debt assets of the credit institutions	34,042	34,522
8.	Debt assets of the clients (non-credit institutions)	1,129,585	923,699
9.	Issued promissory notes	134,943	103,828
10.	Total interests of paid-off and similar expenses	1,298,570	1,062,049
11.	Net interest and similar profits	2,205,524	1,101,810
12.	Net profits from operations with securities	- 45,188	- 92,904
13.	Net profits from foreign currency operations	86,837	140,849
14.	Net profits from operations with the precious metals and other financial instruments	24,505	4,530
15.	Net profits from revaluation of the foreign currency	737	1,444
16.	Commission profits	1,049,883	682,862
17.	Commission expenses	64,930	48,900
18.	Net profits from single operations	703	26,438
19.	Other net operational profits	- 166,155	195,542
20.	Administrative and management expenses	2,171,535	1,490,870
21.	Provision on possible losses	- 421,419	- 322,851
22.	Income prior to taxes payment	498,962	197,970
23.	Accrued taxes (including the income tax)	181,091	98,209
24.	Profit for the reporting period	317,871	99,761

Chairman of the Management Board of Vozrozhdeniye Bank (PJSC) D. L. Orlov
Chief Accountant of Vozrozhdeniye Bank (PJSC) A. A. Novikova

The report on the capital sufficiency, the amount of redemption reserves on the disputable loans and other assets as of January 1, 2005

1	Item 2	On 1.01.2005 3	On 1.01.2004 4
1.	1.Equity (capital), Rubles thousand.	3,272,764	3,036,346
2.	2.Actual value of the equity (capital) adequacy level, percentage	12.4	14.3
3.	3.Standard value of equity (capital) adequacy level, percentage	10.0	10.0
4.	4.Allowance on possible losses on loans, loan liabilities and similar debentures, Rubles thousand.	1,062,966	509,861
5.	5.Available reserved provision on possible losses on loans, loan liabilities and similar debentures, Rubles thousand.	1,062,966	620,608
6.	6.Allowance on possible losses, Rubles thousand.	21,090	17,006
7.	7.Available reserved provision on possible losses, Rubles thousand.	21,090	17,006

Chairman of the Management Board of Vozrozhdeniye Bank (PJSC) D. L. Orlov
Chief Accountant of Vozrozhdeniye Bank (PJSC) A. A. Novikova

The information about the members of the banking (consolidated) group, the level of sufficiency of proper assets and the amount of provision for doubtful loans and other assets as of January 1, 2005

No.	Item	Data for reporting period
1	2	3
1	Participants of banking (consolidated) group:	
1.1	Vozrozhdeniye Bank, Public Joint-Stock Company	
1.2	Garmoniya, Non-State Pension Fund	100.0
1.3	Kreskat, Limited Liability Company	99.9
1.4	Yunost, Public Joint-Stock Company	55.0
1.5	Vozrozhdeniye- Finans, Limited Liability Company	100.0
1.6	MABV GROUP, Limited Liability Company	100.0
1.7	Vozrozhdeniye-Nedvizhmost, Limited Liability Company	99.9
1.8	Vozrozhdeniye Finance B.V	100.0
1.9	Kane, Non-public Joint-Stock Company	99.0
1.10	First Investment Corporation, Non-public Joint-Stock Company	100.0
1.11	Kaliningradpromproyekt, Public Joint-Stock Company	50.9
1.12	Murmansk-VTI, Public Joint-Stock Company	50.8
1.13	Specialized Registrator AVISTA, Public Joint-Stock Company	27.5
1.14	Baltiysky Kurort, Limited Liability Company	51.0

The consolidated balance sheet, the consolidated profits and losses report have not been prepared, the obligatory consolidated standards have not been calculated as the influence of the members of the company group was deemed immaterial.

Chairman of the Management Board of Vozrozhdeniye Bank (PJSC) D. L. Orlov

Chief Accountant of Vozrozhdeniye Bank (PJSC) A. A. Novikova

In opinion of the audit company ZAO PricewaterhouseCoopers the balance sheet, the profits and losses report, the report on the capital adequacy level, the available provision for doubtful loans and other assets and the data on the members of the banking (consolidated) group, the level of capital sufficiency and available provisions for doubtful loans and other assets present fairly, in all material respects, the financial position of Vozrozhdeniye Bank, Open Joint-Stock Company, as at January 1, 2005, in accordance with Russian legislation.

The detailed information on the results of the audit comprising the above data are included in the auditor's statement on the annual accounting report and prepared on its basis published forms of the annual report of the credit institution as at January 1, 2005.

Name of the auditing institution: ZAO PricewaterhouseCoopers Audit (ZAO PwC Audit)

License No. E 000376

Date of the license issue: May 20, 2002

Expiry date of the license: May 20, 2007

License issuing body: Ministry of Finance of the Russian Federation

General Director of ZAO PricewaterhouseCoopers Audit: Mike Kubena

The Director: Tam Basunia (authorized to sign the audit report by the power of attorney

No. P-0405-0704 dated July 1, 2004)

April 15, 2005.



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The Financial Statement according to International Financial Reporting Standards

ZAO PRICEWATERHOUSECOOPERS AUDIT

AUDITOR'S REPORT

To the Supervisory Council of Vozrozhdeniye Bank:

We have audited the accompanying consolidated balance sheet of Vozrozhdeniye Bank and its subsidiary (the

1. “Bank as defined in note 1 to the consolidated financial statements) as at 31 December 2004, and the related consolidated statements of income, of cash flows and of changes in shareholders' equity for the year then ended. These consolidated financial statements are the responsibility of the Bank's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing. Those standards require **2.** that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the **3.** consolidated financial position of the Bank as at 31 December 2004 and the consolidated results of its operations and its cash flows for the year ended in accordance with International Financial Reporting Standards.

Moscow, Russian Federation

May 24, 2005

**Vozrozhdeniye Bank****Consolidated Balance Sheet as at 31 December 2004** *(in millions of Russian Rubles)*

	Note	2004	2003(restated)
Assets			
Cash and cash equivalents	5	3,964	5,464
Mandatory cash balances with the Central Bank of the Russian Federation		579	1,548
Trading securities	6	523	325
Due from other banks	7	946	413
Loans and advances to customers	8	22,055	16,753
Other assets	9	869	585
Premises and equipment	10	1,691	1,687
Total assets		30,627	26,775
Liabilities			
Due to other banks	11	323	93
Customer accounts	12	24,414	22,465
Debt securities in issue	13	2,187	877
Other liabilities		274	523
Subordinated loans	15	698	469
Exchangeable convertible preference shares	16	127	123
Total liabilities		28,023	24,550
Minority interest		-	65
Shareholders' equity			
Share capital	16	4,371	4,371
Share premium	16	1,610	1,610
Revaluation reserve		-	26
Accumulated deficit	17	(3,377)	(3,847)
Total shareholders' equity		2,604	2,160
Total liabilities and shareholders' equity		30,627	26,775

Approved for issue on 24 May 2005.

President D. L. Orlov,

Chief Accountant A. A. Novikova,

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Vozrozhdeniye Bank Consolidated Statement of Income for the Year Ended 31 December 2004
(in millions of Russian Roubles)

	Note	2004	2003 (restated)
Interest income	18	3 528	2 227
Interest expense	18	(1 474)	(1 094)
Net interest income		2 054	1 133
Provision for loan impairment	8	(467)	(307)
Net interest income after provision for loan impairment		1 587	826
Gains less losses arising from securities		38	119
Gains less losses arising from investment securities held to maturity		-	139
Gains less losses arising from trading in foreign currencies		87	141
Fee and commission income	19	1 048	717
Fee and commission expense	19	(65)	(49)
Losses on origination of assets at rates below market	8	(15)	-
Gains on origination of liabilities at rates below market	15	33	-
Other operating income		162	182
Operating income		2 875	2 075
Operating expenses	20	(2 258)	(1 823)
Losses resulting from restructuring of other borrowed funds	14	-	(149)
Gains from disposal of subsidiary	28	17	-
Losses from disposal of loans and advances to customers	8	(111)	-
Profit before tax		523	103
Income tax expense	21	(50)	(20)
Profit after tax		473	83
Minority interest		(17)	6
Net profit		456	89
Basic earnings per share (expressed in RR per share)	22	27	6
Diluted earnings per share (expressed in RR per share)	22	25	6

Vozrozhdeniye Bank Consolidated Statement of Cash Flows for the Year Ended 31 December 2004
(in millions of Russian Roubles)

	Note	2004	2003
Cash flows from operating activities			
Interest received		3 525	2 168
Interest paid		(1 400)	(1 020)
Net income received from dealing in trading securities		30	117
Income received from trading in foreign currencies		87	141
Fees and commissions received		1 050	683
Fees and commissions paid		(65)	(49)
Other operating income received		144	86
Operating expenses paid		(2 130)	(1 432)
Income tax paid		(14)	(2)
Cash flows from operating activities before changes in operating assets and liabilities		1 227	692
Changes in operating assets and liabilities			
Net decrease/(increase) in mandatory cash balances with the Central Bank of the Russian Federation		969	(561)
Net (increase)/decrease in trading securities		(208)	929
Net (increase)/decrease in due from other banks		(553)	956
Net increase in loans and advances to customers		(6 173)	(8 481)
Net increase in other assets		(176)	(28)
Net increase/(decrease) in due to other banks		233	(993)
Net increase in customer accounts		2 220	11 790
Net increase/(decrease) in debt securities in issue		1 331	(384)
Net decrease in other liabilities		(260)	(80)
Net cash (used in)/from operating activities		(1 390)	3 840
Cash flows from investing activities			
Acquisition of investment securities available for sale		(53)	-
Proceeds from disposal of investment securities available for sale		9	23
Proceeds from disposal of investment securities held to maturity		-	1 098
Acquisition of premises and equipment	10	(276)	(306)
Dividend income received		16	4
Net cash (used in)/from investing activities		(304)	819
Cash flows from financing activities			
Issue of ordinary shares	16	-	990
Repayment of CBRF stabilisation loans	14	-	(450)
Repayment of credit facilities from Ministry of Finance of the RF	14	-	(1 098)
Receipt of subordinated loan	15	290	-
Dividends paid	23	(12)	(9)
Net cash from/(used in) financing activities		278	(567)
Effect of exchange rate changes on cash and cash equivalents		(84)	(80)
Net (decrease)/increase in cash and cash equivalents		(1 500)	4 012
Cash and cash equivalents as at the beginning of the year		5 464	1 452
Cash and cash equivalents as at the end of the year	5	3 964	5 464

Note: The effect of the revaluation of foreign currency balances was eliminated from the above consolidated statement of cash flows. The effect of fair value adjustments was eliminated from the above consolidated statement of cash flows.

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Vozrozhdeniye Bank Consolidated Statement of Changes in Shareholders' Equity for the Year Ended 31 December 2004 (in millions of Russian Roubles)

	Share capital	Share premium	Revaluation reserve	Accumulated Deficit (restated)	Total shareholders' equity (restated)
Balance at 31 December 2002 (restated) (Note 3)	4 316	675	-	(3 946)	1 045
Revaluation of premises and equipment, net of taxation, related to subsidiary	-	-	26	-	26
Net profit for the year (restated) (Note 3)	-	-	-	89	89
Share issue (Note 16)					
- Nominal value	55	-	-	-	55
- Share premium	-	935	-	-	935
Other movements (Note 28)	-	-	-	19	19
Dividends declared and paid on ordinary and preference shares (Note 23)	-	-	-	(9)	(9)
Balance at 31 December 2003 (restated)	4 371	1 610	26	(3 847)	2 160
Disposal of subsidiary	-	-	(26)	26	-
Net profit for the year	-	-	-	456	456
Dividends declared and paid on ordinary and preference shares (Note 23)	-	-	-	(12)	(12)
Balance at 31 December 2004	4 371	1 610	-	(3 377)	2 604

Management Commentary on IFRS Financial Results for 2004

Under International Financial Reporting Standards (IFRS) our profit after tax was RUR 456 million (\$16.4 million), five times greater than the previous year, and our return on equity was 19%.

Our assets grew by 14% to RUR 30.6 billion, (\$1.1 billion). Our Shareholders' equity grew 21%, entirely due to retained earnings, as we did not issue new shares in 2004 as we had the previous year. Our return on equity rose from 6% in 2003 to 19% in 2004. Our earnings were reflected in a rise to 27 rubles per share from 6 rubles.

This year we are pleased to report that there were no significant extraordinary items. We feel this level of earnings appropriately reflects sustainable operating earnings for the bank. We will, of course, try to continue to improve our financial results as we expand our services to our clients and the strength of our distribution network and product range.

The table on p. 52 shows a summary of our financial results. You can see the strength in operating earnings while we have managed expenses well considering our business expansion. While we expect that retail assets will grow to balance more closely the retail liabilities over time we are pleased with the early acceptance of these products by the market and the initial results. The strength of branch results outside of Moscow Oblast and Moscow City reflects the success of our strategy of expansion in the diversifying regions of the Northwest and Southern European Russia.

Our net interest income grew by 81% as we have increased margins on our commercial loans and reduced non-performing loans. We have a very productive relationship with the Government Agency for Mortgage Credit and had initiated about 300 mortgages since we launched this product during the latter half of 2004: half had already been packaged and sold by year-end. More recent trends show accelerating growth. We are also very pleased with the growth in consumer and car loans, individual overdraft facilities and credit cards. We have strategically priced these products at reasonable rates, consistent with our retail strategy of building a long term relationship with our individual customers.

Past due credits, at 3% of gross loans, reflect almost entirely a single major loan, initially granted many years ago. We sold one-third of this position in 2004 and recorded a loss of RUR 111 million (\$4 million) but have maintained a strong security position on the remaining \$25 million and expect to be able to fully recover the remainder during the current year. Including this, our credit losses and write-offs for the last two years have been well less than 1%. Still we feel it prudent to provide for potential losses at roughly 6% of our commercial loan portfolio and this has built a level of provisions to RUR 1.4 billion (\$54 million), twice the level of past due loans.

In non-interest revenue, our fees and commission growth of 47% (RUR 315 million or \$11 million) more than offset lower gains on securities and currency trading. A large part of this success is due to more effective retail work in the branches, credit and debit cards and ATMs that for the first time allow cash input for bill payments and deposits.

Although non-interest expenses grew 24%, this is lower than the 38% increase in operating revenue. We have been working hard to increase the effectiveness and efficiency of our branches in spite of their increasing number and product range. We will continue to see significant increases in our efficiency as the benefits of new information technology systems being implemented this year are reflected in financial results.

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Financial Results Trends

	IFRS Results		RUR (Millions)		USD (Millions)	
	2004	2003	2004	2003	2004	2003
Assets (year-end)	30,627	26,775	1,104	909		
Average Assets	28,701	21,679	1,006	715		
Equity (year-end)	2,604	2,160	94	73		
Average Equity	2,382	1,603	86	54		
Net Interest Income	2,054	1,133	74	39		
Provisions	467	307	17	10		
Non-Interest Income	1,288	1,249	46	42		
Expenses	2,258	1,823	81	62		
Disposal, Restructuring & Inflation	-94	-149	-3	-5		
Profit	523	103	19	4		
Tax	50	20	2	1		
Minority Interest	-17	6	-1			
Profit after tax	456	89	16	3		
Return on Equity	19%	6%				
Return on Assets	1.59%	0.41%				
Earnings per share	27r	6r				
EPS - fully diluted	25r	6r				

The consolidated financial statement includes the financial results of Vozrozhdeniye Bank (OAO) and of the results of its former subsidiary, Moscow Reinsurance Company for the first six months of the year 2004 up to the date of cessation of its consolidation by the Bank in June, 2004. From 1 July 2004, the Company has been included in these financial statements as an associated company.

The full text of auditor's report, including all notes, according to International Financial Reporting Standards is available from the Bank on request.

The differences in the assets and liabilities of the Bank as per the Russian Standards of Accounting (RSA) and the International Financial Reporting Standards (IFRS) comes from the difference in the methods of:

- Calculation of the provisions for possible loan losses,
- Estimation of the fixed assets,
- Calculation of the shareholders' equity and capital of the Bank.

The difference in interest income and expenses in the profit and losses report of the Bank, arises from different accounting methods: accounting procedures according to Russian Standards generally use a cash method of incomes and expense calculation, while accounting procedures according to International Standards generally use an accrual method.

Analysis of financial results and quality of management

Main Performance Indicators

	Thousand rubles.	
	01.01.2005	01.01.2004
Assets		
On the first day of the year	30,482,417	26,480,505
Average	29,121,813	21,319,312
Interest-bearing assets		
On the first day of the year	24,411,353	18,138,301
Average	25,400,000	16,200,090
Net loans		
On the first day of the year	23,639,841	17,634,919
Average	22,356,400	14,236,661
Investment Securities		
On the first day of the year	771,512	503,382
Average	1,028,534	1,894,273
Capital of the Bank		
On the first day of the year	3,272,764	3,036,346
Average	3,205,700	2,214,411
Borrowed funds (deposits)		
On the first day of the year	27,508,755	22,449,620
Average	25,900,000	18,203,810
Annual profit	317,871	99,761

In the calculation and estimation of financial indicators in the above table and in the following text, data from the **Balance Sheet** and the **Statement of Profit and Loss of Vozrozhdeniye Bank, according to Russian Standards of Accounting** have been used; the data has been audited by PricewaterhouseCoopers Audit.

Notes to the Balance Sheet and to the Profit and Loss Statements of Vozrozhdeniye Bank

The financial statements are made in accordance with the legislation of the Russian Federation.

Russian rubles are currency in the financial statements.

Assets and liabilities in foreign currency have been converted at the exchange rate of the reporting date.

Major foreign currencies have been converted into rubles at the following exchange rates of the Central Bank of the Russian Federation:

December 31, 2003 – 29.4545 rubles equals 1 USD; 36.8240 rubles equals 1 Euro.

December 31, 2004 - 27.7487 rubles equals 1 USD; 37.8104 rubles equals 1 Euro.

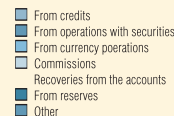
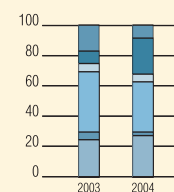
Fixed assets, equipment and other physical assets and intangible assets are included in assets on a depreciated basis after deduction of amortization.

Foreign currency operations profit and losses on calculated at the exchange rate valid on the date of recognition. Profit or loss resulting from reevaluation of foreign currency assets and liabilities are included in foreign currency operations.

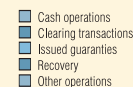
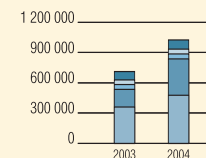
The abbreviation USD represents the dollar, currency of the United States of America.

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Income structure, %

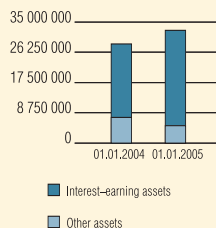


Commission income, Rubles thousand

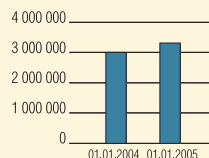


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Assets, Rubles thousand



Bank capital, Rubles thousand



In 2004, significant changes were introduced to the Bank's accounting policies, which affect the comparability of certain types of activities as a result of the coming into force of new Regulations of the Bank of Russia, "On the order of formation by the credit institutions of the provisions, or reserves, on the possible losses on loans and credit related obligations" of 26.03.2004 No.254-P.

The Profit and Loss Report contains the financial results of the Bank's activity for the reporting year.

Providing credit and similar operations are the main activity of the Bank. The net interest revenue from these operations totaled 2,205,524 thousand rubles, twice the amount of 2003.

The Bank's emphasis on increasing the quality and expanding the range of commercial banking services is the main basis for the increase of non-interest revenue. In 2004, net commissions revenue totaled 984,953 thousand rubles, 1.6 times greater than the previous year.

The financial results of the Bank's activity in 2004 are very favorable. Net income for the year 2004 (including post closing adjustments) totaled 317,871 thousand rubles, 3.2 times greater than the previous year.

The interests bearing assets and liabilities assets and averages are calculated on the basis of the methods used by the Bank.

The main performance indicators for the year 2004

The main performance indicators included in the table demonstrate the substantial change of our basic results for 2004 in comparison with 2003.

In the year 2004, the Bank's capital increased by 7.8% to 3,272,764 thousand rubles. Net assets of the Bank continued to grow, increasing by 15.1% to 30,482,417 thousand rubles by year end. Average assets increased by 22.5% to 27,508,755 thousand rubles.

Interest-bearing assets increased by 35% as their portion in Bank's total assets increased to 80% as of 01.01.2005 compared to 68% as of 01.01.2004.

This increase resulted mainly from the substantial 34% increase of the credit portfolio volume as the number of the Bank's clients increased

Risks Management

Bank's risk management activities are designed to understand and reduce risks and the resulting losses and to make provisions for the unavoidable risks inherent in banking.

The Bank has adopted an internal policy document, "Evaluation and Management of Risk", which determines the goals, tasks and principles of evaluation and management of risk, as well as the basic types of risks and outlines their classification. Within this policy framework, procedures and practices for risk management have been set.

Assets quality and credit risk management

Structure of interest-bearing assets on a net basis

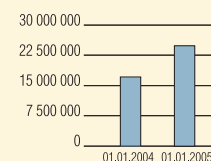
	01.01.2005		01.01.2004	
	Rubles thousand	Proportion %	Rubles thousand	Proportion %
Commercial credit to legal entities				
Short-term loans (including bills of exchange)	15,041,290	61.6	14,790,503	81.5
In rubles	12,418,122	50.9	11,960,263	65.9
In foreign currency	2,623,168	10.7	2,830,240	15.6
Long-term loans	6,775,024	27.8	2,007,103	11.1
In rubles	4,458,426	18.3	1,069,422	5.9
In foreign currency	2,316,598	9.5	937,681	5.2
Overdue loans	10,985	0.04	118,649	0.6
In rubles	10,985	0.04	118,649	0.6
In foreign currency	0		0	
Total commercial credit to legal entities	21,827,299	89.4	16,916,255	93.2
Loans to individuals				
In rubles	523,811	2.1	246,591	1.4
In foreign currency	341,954	1.4	115,015	0.6
Overdue loans in rubles	610	0.002	480	0.003
Overdue loans in foreign currency	453	0.002	30	
Total loans to individuals	866,828	3.5	362,116	2.0
Loans to, and deposits with, banks				
In rubles	602,198	2.5	47,690	0.3
In foreign currency	343,516	1.4	308,858	1.7
Overdue loans	0		0	
Total loans to, and deposits with, banks	945,714	3.9	356,548	2.0
Securities investments				
In rubles	588,077	2.4	433,567	2.4
In foreign currency	183,435	0.8	69,815	0.4
Total securities investments	771,512	3.2	503,382	2.8
Total interest-bearing assets	24,411,353	100.0	18,138,301	100.0
In rubles	18,602,229	76.2	13,876,662	76.5
In foreign currency	5,809,124	23.8	4,261,639	23.5

The main portion of the interest-bearing assets is represented by loans – 96.8%, including 89.4% of loans to corporate clients. As of 01.01.2005 credit provided to the Bank's corporate customers totaled 21,827,299 thousand rubles, a 29% increase in comparison with the previous year (as of 01.01.2004 – 16,916,255 thousand rubles).

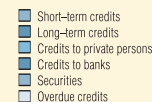
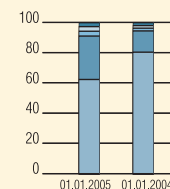
In the reporting year the Bank's securities investments were only 3.2% of the earning assets as the Bank avoided risks due to the instability of securities markets. As the credit investments have the largest weight in the Bank's assets, the level of risk is primarily credit risk, dependent on the quality of the credit portfolio.

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Net loans, Rubles thousand



Interest-earning assets structure, %



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The organization of the Bank's credit operations was significantly changed the last year. New regulations include procedures for assessing the financial state of borrowing companies, principles of assessment of the financial state of insurance companies, and on the issuance of bank guarantees. Regulations were also established concerning reserves for possible losses on loans and credit-related assets and reserves on operational risks.

	Russian Central Bank standard		Bank Actual%	
			01.01.2005	01.01.2004
Ratio of total large loans to Bank capital N7	max. 800%		235.5	250.6
Ratio of related party loans to Bank capital N10.1	max. 3%		0.7	0.8

Provision for possible Losses on Loans

Starting from August 1, 2004 the previous four categories of loan quality were replaced with a more precise classification with the purpose of more professional risk classification. Except for the loans grouped in a portfolio of uniform loans, such as consumer loans, all loans are divided into the following quality categories:

- I highest quality, standard loans – absence of credit risk.
- II non-standard loans – medium credit risk.
- III questionable loans – significant credit risk.
- IV problem loans – high credit risk.
- V lowest quality category - bad loans.

The high quality of the Bank's credit portfolio is demonstrated by the predominance of credits of the 1st and 2nd quality groups, the most reliable according to the Bank of Russia classification.

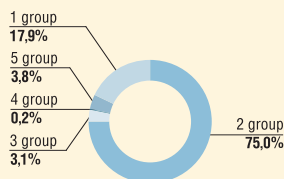
	2004	2003
	Thousand rubles	
Loan Loss Provisions at the beginning of the year	620,608	316,901
Loan Loss Provisions at the end of the year	1,062,966	620,608
Total outstanding credits at the end of the year	23,639,841	17,634,919
Including overdue credits	876,950	119,159
<i>Ratio of overdue credits to total credits, %</i>	3.7	0.7
<i>Ratio of Loan Loss Provisions to total credits, %</i>	4.5	3.5
<i>Ratio of Loan Loss Provisions to overdue credits, %</i>	1.2 times	5.2 times

The provision for doubtful loans as at 01.01.2005 was 1.7 times more than the previous year, while the loan portfolio increased 1.3 times. The proportion of overdue credits has increased to 3.7% of the loan portfolio. With the purpose of increasing financial stability, and following new regulations of the Bank of Russia for the establishment of the provisions on possible loans losses, the Bank established a 100% provision against the loan to Moskvich OAO in August last year.

Market risk

The Bank's market risk management policy is set and overseen by the Asset and Liability Management Committee (ALCO). The Committee determines the overall size, structure and risk profile of the securities portfolio with the purpose of earning income and the maintenance of the appropriate liquidity.

Loans by risk group,
for 01.01.2005



Currency risk

Foreign currency operations of the Bank are primarily in US dollars. The foreign currency position in the authorized capital is USD 18 million.

The Bank estimates risks connected with open foreign currency positions using procedures adopted by the Bank of Russia in Regulation No.89-P of 24.09.1999, "On Estimation of Market Risks by Credit Institutions". The estimation of foreign currency risks takes into account the quality of the assets in all foreign currencies and especially the quality of the credit portfolio.

Foreign currency risk management is centralized and limits are fixed for each branch office with continuing strict control on their observance.

Inflation risk

The Bank's measures on controlling inflation risk include a periodical review all resources in accordance with the Bank's "Regulation on Basic Principles of Management of the Bank's Resources Management".

The Bank's liquidity risk and liabilities management

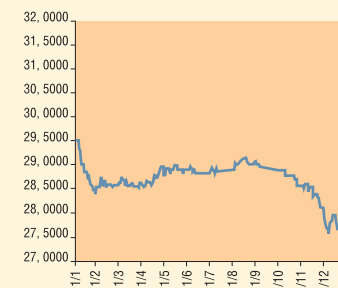
The Bank's liabilities are very diversified and comprise the Bank's own capital, deposits of individuals and companies or other legal entities, settlement and budget accounts and issued certificates of deposit and promissory notes.

Liability structure

	01.01.2005		01.01.2004	
	Rubles thousand	Proportion %	Rubles thousand	Proportion %
Customers' deposits				
Settlement and current accounts	10,124,648	36.8	11,206,483	49.9
In rubles	7,100,571	25.8	7,566,202	33.7
In foreign currency	3,024,077	11.0	3,640,281	16.2
Individual deposits	14,818,504	53.9	10,275,082	45.8
In rubles	10,071,090	36.6	6,247,113	27.9
In foreign currency	4,747,414	17.3	4,027,969	17.9
Total deposits	24,943,152	90.7	21,481,565	95.7
Financial institutions accounts				
Correspondent accounts of banks	7,419	0.03	65,289	0.3
In rubles	4,588	0.02	5,022	0.03
In foreign currency	2,831	0.01	60,267	0.27
Time deposits of banks	315,830	1.1	0	-
In rubles	300,000	1.0	0	-
In foreign currency	15,830	0.1	0	-
Total deposits of financial institutions	323,249	1.1	65,289	0.3
Debt instruments				
Depository certificates	608,204	2.2	140,761	0.6
In rubles	608,204	2.2	140,761	0.6
Promissory notes/bills of exchange	1,634,150	6.0	762,005	3.4
In rubles	891,930	3.3	644,854	2.9
In foreign currency	742,220	2.7	117,151	0.5
Total debt instruments	2,242,354	8.2	902,766	4.0
Total deposits	27,508,755	100.0	22,449,620	100.0
In rubles	18,976,383	68.9	14,603,952	65.1
In foreign currency	8,532,372	31.1	7,845,668	34.9

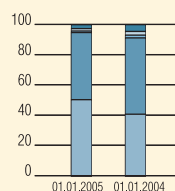
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Dollar exchange rate in 2004, Rubles



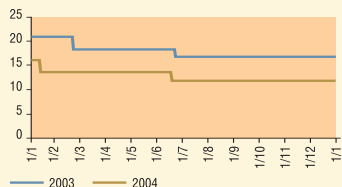
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Deposits structure, %



■ Settlement & current accounts
 ■ Individual deposits
 ■ Banks correspondent accounts
 ■ Banks deposits
 ■ Deposit certificates
 ■ Promissory notes

Refinancing rate, annual %



Deposits, which are the main source of funds for the Bank's operations increased during the year by 22.5% and totaled 27,508,755 thousand rubles compared to 22,449,620 thousand rubles at 01.01.2004. The growth of funds received both in rubles and in foreign currency comes from the increase in the number of clients, and increase in the range and quality of deposit services.

The largest part of the growth in funds available was due to the 1.4 times growth of deposits received from individual clients and thus their proportion in the total volume of deposits has increased from 45.8% to 53.9% and totaled 14,818,504 thousand rubles as at 01.01.2005. In 2004 the volume of issued promissory notes, the deposit certificates and bills, increased by 2.5 times.

The Bank's "Management and Liquidity Estimation Policy" determines the basic concepts, goals and methods of management, estimation methods and distribution of responsibilities in the field of liquidity management of the Bank.

The Bank maintains the liquidity sufficient for meet all the requirements of the Bank of Russia and follows the standards of instant (N2), current (N3), long-term (N4) and general (N5) liquidity as per the Bank of Russia instruction No. 110-I of 16.01.2004, "On Obligatory Standards of the Banks".

	Central Bank Standard	Actual Ratio %	
		01.01.2005	01.01.2004
Ratio of highly liquid assets to liabilities payable on demand, N2	min. 15 %	36.3	57.0
Ratio of liquid assets to total liabilities on-demand and with a maturity of less than 30 days, N3	min. 50 %	50.7	90.5
Ratio of loans and guarantees with a remaining maturity of greater than one year to total sum of capital of the Bank and liabilities with a remaining maturity exceeding one year, N4	max. 120 %	79.3	57.9
Ratio the liquid assets to total assets of the Bank, N5	min. 20 %	24.7	40.8

The Assets and Liabilities Management Committee manages of the liquidity risk to ensure the timely repayment of the Bank's liabilities and with a view to potential income.

Interest rate risk

The gradual decrease of inflation and the reduction by the Central Bank of Russia of the base rate in January and June of 2004 has led to a general decrease loan interest rates in the market. The Bank pays attention to managing interest risk management to keep the interest margins at the level necessary to cover operational expenses and ensure the profitable of our business activity.

Interest rate risk is limited as most contractual interest rates, on the commercial loans, deposit and transaction accounts, are related to market rates. Interest rates are fixed for the Bank's promissory notes and fixed rate deposits of individual. The Bank promptly responds to the change of the general level of the interest rates to maintain appropriate profit margins.

Interest rate policy is reviewed and published by the internal regulation. "On major principles of resource management" adopted by the Management Board of the Bank on a quarterly basis. The rates may vary depending on the change of refinancing rate by the Bank of Russia and depending on the rates on the financial market.

Insolvency risk

The insolvency risk management is measured by the capital adequacy, the ratio of capital of the Bank to risk adjusted assets (N1).

Operational risks

The evaluation and management of strategic risk is carried out by the Supervisory Council and the Management Board of the Bank. The responsibility for monitoring, realization and control of strategic initiatives rests with top management of the Bank and the Bank's committees: the Credit and Investment Committee, the Asset and Liability Management Committee and the Client Committee.

The evaluation and management of technology risk and the risks associated with the introduction of new products and systems are executed by respective IT-departments and specialists. All technology solutions developed and applied in the Bank are fully documented. The Bank uses the ARIS methodology, based on systems and processes approach to determine and identify the existing objects and links during the preparation of documentation relating to the processes and procedures. A rigorous corporate standard of process description is applied. In respect of internal and external requirements on the information protection and information security, all newly introduced technology and hardware-software systems are strongly checked and tested and documentation confirmed and controlled. All software systems used in the Bank should be checked and recorded in a proper and obligatory way in the software register of the Bank. The Bank is secured against the use of non-registered software systems and untested IT-technologies.

Financial inefficiency risk

The Bank manages the relationship between operational expenses and the results achieved. The Bank has introduced a system of budgeting and planning based on revenue and cost centers to help to identify inefficient operations in the planning stage, to correct tariff policies and to determine the main aspects of client policy. This helps to ensure that revenues grow faster than non-interest expenses.



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Corporate governance in the Bank

The principles of corporate governance

Vozrozhdeniye Bank's system of corporate governance is designed to increase of the efficiency of the bank's operations, strengthen the confidence of shareholders, investors, partners and clients, and increase the investment attractiveness of the Bank.

The basic principles of corporate governance of the Bank include:

- observance and protection of rights of the shareholders;
- control of the financial and economic operations of the Bank and evaluation of the quality of management
- information transparency and accountability.

The protection of the rights and legitimate interests of shareholders is guaranteed by the observance of the Corporate Governance Code adopted by the Supervisory Council of the Bank. The Bank has declared its intention to follow the standards and recommendations in the field of corporate governance outlined in the Corporate Performance Code adopted by the Federal Commission on the Securities Market of the Russian Federation.

The control and evaluation of business management in the Bank is executed by executive bodies, departments and divisions of the Bank, the Internal Control and Audit Service, the Bank's Revision Commission and by its independent auditor.

The transparency and accountability principle is realized by keeping shareholders, clients and investors informed about the results of the financial activity of the Bank. Relevant information about the Bank's activity is published on the corporate Internet web site of the Bank. The Bank guarantees equal rights of free access to appropriate information about its activities both for large and minor shareholders.

Report on the execution of the Corporate Governance Code

With the purposes of improving Bank's management and providing for the rights and legitimate interests of shareholders, Vozrozhdeniye Bank discloses information to investors in conformity with the Decree of the Financial Committee of the Central Bank of Russia of April, 4 2002 No.421/r, "On Recommendation on the Use of the Corporate Governance Code". In 2004, the Supervisory Council of the Bank adopted its own Governance Code, which conforms to the Central Bank recommendations.

The Bank's corporate governance practices provide shareholders with the ability to realize their rights deriving from their participation in the company. The Bank provides effective and reliable accounting for shareholders' property rights in the shares. In order to ensure maximum protection of the rights and property interests of shareholders in the management of the Bank and strict observance of decision making procedures on agenda items at the general meeting, the General Meeting of Shareholders has adopted an updated version of the "Regulation on preparing, convening and organizing the General Meeting of Shareholders".

Shareholders have the right to receive, regularly and promptly, complete and appropriate information about

the Bank's activity. Shareholders have the right to a share of the Bank's profits. The Supervisory Council of the Bank has therefore adopted a "Regulation on dividend policy" which determines the strategy of the Supervisory Council while planning the size of share dividends and guarantees the transparency of the decision making mechanism concerning dividend conditions and the method of their payment.

The Supervisory Council of the Bank takes strategic control of the Bank's activities and supervises the work of its executive bodies. The members of the Supervisory Council are accountable to the Bank's shareholders. The activity of the Bank's control bodies is regulated in conformity with "Regulation on the Supervisory Council" and "Regulation on the Executive Bodies". An updated version was adopted by the General Meeting of Shareholders in 2004.

To improve corporate governance, the Bank has planned the following measures: to establish an Audit Committee and a Human Resources and Compensation Committee within the Supervisory Council, to formalize contracts, evaluation and remuneration with the members of the Supervisory Council and to improve the policy of corporate governance risk evaluation.

In 2004 Vozrozhdeniye Bank, with the support of the International Financial Corporation (IFC), took a number of measures to improve the internal system of corporate governance. Giving its positive appraisal of the Bank's work in this area IFC states in its conclusion:

"The Bank is well informed on the principles of corporate governance and proves to be very much interested in the further improvement of the practice of corporate governance.

The Bank follows the basic requirements of legislation and statutory acts for corporate governance.

All the legislative norms of organization of the General Meeting of the Shareholders are observed.

The Annual General Meetings of Shareholders are well organized (system of voting, registration).

The Bank has adopted all the necessary internal regulations as per the Corporate Performance Code adopted by the Financial Committee of the Central Bank.

There is maximum disclosure of information within the limits required by the legislation.

The Internet web-site and the annual report of the Bank are impressive in terms of the amount of available information in comparison with other Russian banks".

The governing bodies of the Bank

The highest governing body of the Bank is the General Meeting of Shareholders. The General Meeting of Shareholders elects the Supervisory Council which is empowered with the general authority to pursue the Bank's policies and control its activities.

The management of the operations of the Bank is executed by a single executive – the Chairman of the Management Board, who is the President of the Bank elected by the General Meeting of the Shareholders. For operational management, the Supervisory Council elects a corporate executive body – the Management Board of the Bank which runs operative management of the Bank's activities and controls its current performance.

The General Meeting of Shareholders

The General Meeting of Shareholders is the highest governing body of the Bank. The organization of the General Meeting of Shareholders is regulated by “The Regulation on the preparing, convening and organizing of the General Meeting of Shareholders of Vozrozhdeniye Bank, which was adopted by the annual General Meeting of Shareholders on June 25, 2004.

The Bank provides for equal participation of all shareholders in the meeting, their timely notification on the calling of a meeting and also provides information and materials necessary for decision making on the items on the agenda.

Notification and basic information about the General Meeting of Shareholders, including time, place and form of the meeting and its agenda are published in the newspaper Ezhdnevnye Novosti: Podmoskovie and on the Bank’s Internet website at least 30 calendar days prior to the scheduled day of the meeting. The Minutes of the General Meetings of the Shareholders are published on the Bank’s Internet website.

The Supervisory Council

The Supervisory Council of the Bank is responsible for the general management of the Bank’s activity, except for questions reserved to the exclusive competence of the General Meeting of the Shareholders.

The Supervisory Council is empowered to determine the strategic policy of the Bank, to control its financial and economic activity, establish and maintain an effective system of internal control, secure shareholders’ rights, and supervise the activity of the executive bodies.

The Supervisory Council includes 12 members elected by cumulative voting during the annual General Meeting of the Bank’s Shareholders with a term of office until the next scheduled annual General Meeting of the Shareholders or a special General Meeting of the Shareholders with election of new members of the Supervisory Council on its agenda.

On June 25, 2004, the General Meeting of the Shareholders elected a Supervisory Council of the Bank consisting of 12 members.

As per the requirements of the Corporate Governance Code of the Bank, in order to secure objective decision making and to maintain a balance between interests of different groups of shareholders, the Supervisory Council shall include at least three independent members. Criteria of independence of the members of the Supervisory Council are based on “The Regulation on the Organization of the Trading Activity on the Securities Market” adopted by The Federal Financial Market Service.

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Members of the Supervisory Council: Personal Information

Name, year of birth, citizenship	The positions on Bank and other organizations	The percentage of the Bank's shares in possession	Education
Yury M. Marinichev, 1937, Russian Federation	Chairman of the Supervisory Council of the Bank; Chairman of the Moscow Regional Union of the Consumers' Cooperation	0,28	Higher, Moscow Transport Institute, Moscow S. Ordzhonikidze Institute of Economics
Dmitry L. Orlov, 1943, Russian Federation	Deputy Chairman of the Supervisory Council of the Bank; Chairman of the Management Board of the Bank	32,82	Higher, Moscow Finance Institute
Lyudmila A. Goncharova, 1958, Russian Federation	Member of the Supervisory Council of the Bank; Deputy Chairperson of the Management Board of the Bank; Member of the Board of Directors of the Moscow Reinsurance Company Moskva-Re, LLC; Member of the Board of Non-state Pension Fund Garmoniya; Member of the Board of Directors of Baltiysky Kurort, LLC	1,76	Ternopol School of Finance and Economics
Aleksandr V. Dolgopopov, 1961, Russian Federation	Deputy Chairman of the Management Board of the Bank; Member of the Supervisory Council of the Bank; Member of the Board of Directors of Moscow Reinsurance Company Moskva-Re, LLC; Chairman of the Board of Non-state Pension Fund Garmoniya; Member of the Board of Directors of AVISTA, PJSC	0,56	Higher, Moscow G. V. Plekhanov Institute of National Economy
Boris F. Borin 1939, Russian Federation	Member of the Supervisory Council of the Bank; The General Manager of Elektrostal Metallurgical Plant, PJSC	0,000002	Higher, Moscow Institute of Metallurgy, The Academy of National Economy
Alexander I. Goyev, 1947, Russian Federation	Member of the Supervisory Council of the Bank; General Director of Krasnogorsk S. A. Zverev Mechanic Industries, POJSC	0,002	Higher, Mogilev Engineering Institute, G. V. Plekhanov Academy of National Economy
Nikolai S. Zatsepin, 1951, Russian Federation	Member of the Supervisory Council of the Bank; CEO of Mozhaisk Wholesale and Retail Trade Company, NPJSC; The General Director of Edelveys, LLC	0,20	Higher, Moscow Institute of Civil Aviation Engineers



<p>Sergey A. Vybornov, 1958, Russian Federation</p>	<p>Member of the Supervisory Council of the Bank; General Director and Member of the Board of Directors of the Investment Group ALROSA, PJSC; Chairman of the Supervisory Council of SeverAlmaz, PJSC; Member of the Board of Directors of Yakutia Mining Company, PJSC; Member of the Board of Directors of Aldanzoloto Mining Company, PJSC; Member of the Board of Directors of Yuzhno-Verhoyanskaya Mining Company, PJSC; Member of the Board of Directors of Yakutnafta, NPJSC; Chairman of the Company's Council (Board of Directors) of the Republican register institution Yakutia Fund Center, PJSC</p>	<p>—</p>	<p>Higher, Moscow State Institute of International Relations (MGIMO)</p>
<p>Nikolai Y. Demin, 1936, Russian Federation</p>	<p>Member of the Supervisory Council of the Bank; The General Director of Exim Trade Company, NPJSC; General Director and Member of the Management Board of Mikoyan Meat Processing Plant, NPJSC; Member of the Supervisory Council of Directors of Makeyeyo, NPJSC; Member of the Supervisory Council of Optprodrynok Trade Company, PJSC</p>	<p>—</p>	<p>Higher, Moscow K. A. Timiryazev Academy of Agriculture</p>
<p>Valentina V. Kabanova 1937, Russian Federation</p>	<p>Member of the Supervisory Council of the Bank; Head of Volokolamsk branch of the Bank</p>	<p>0,01</p>	<p>Higher, The All-Union Financial and Economic Institute</p>
<p>Otari L. Margania, 1959, Russian Federation</p>	<p>Member of the Supervisory Council of the Bank; Senior Vice-President of Vneshtorgbank, PJSC</p>	<p>—</p>	<p>Higher, Leningrad State University</p>
<p>Rustem M. Usmanov, 1949, Russian Federation</p>	<p>Member of the Supervisory Council of the Bank; General Director of Almazylirexport, state owned foreign trade company; Member of the Board of Directors of Archangelsk Diamonds Company, NPJSC; Member of the Board of Directors of the Russian Diamond Club Inc. (USA); the Member of the Board of Directors of Almacom, NPJSC</p>	<p>—</p>	<p>Higher, Moscow State Institute of International Relations (MGIMO)</p>

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Supervisory Council Report

In accordance with the current laws of Russia and the Charter of the Bank, the Supervisory Council carried out general management and ensured control over proper performance by the Management Board of its duties during the reporting period between the Annual General Meetings.

The Supervisory Council held five meetings where the following essential issues of the Bank's activities were debated:

- Determination of strategic directions;
- Approval of decision to convert preferred convertible registered shares into newly issued book common shares and registration of the results of the issue;
- Examination of the results of the Bank's inspections conducted by the Bank of Russia in 2004;
- Preparation of Annual General Meeting of Shareholders;
- Allocation of profits and declaration of dividends;
- Approval of transactions if there is a potential conflict of interest in their implementation;
- Amendments to the Branch Regulations relating to the requirements of the Regulation No. 242-II of the Bank of Russia "On the Organization of Internal Control in Credit Institutions and Banking Groups" of December 16, 2003;
- Approval of the amount of payment for services provided by the firm ZAO PricewaterhouseCoopers Audit;
- Approval of Business Report of the Internal Control and Audit Service of the Bank in 2004;
- Approval of Auditing Plan to be implemented by the Internal Control and Audit Service of the Bank in 2005 in respect of branches and offices of the Bank;
- Opening a Representative Office in Kaluga,
- Opening a branch in Balashikha,
- Closing of the branch in Yekaterinburg.

Within the reporting period the Supervisory Council adopted the following internal documents of the Bank:

- A revision to the Regulations on the Internal Control and Audit Service of Vozrozhdeniye Bank.

The regulations concerning activities of the Internal Audit Service were modified to comply with Regulation No. 242-II of the Bank of Russia of December 16, 2003;

- Internal Control Organization Rules of Vozrozhdeniye Bank .

The rules follow the requirements of the same Regulation No. 242-II of the Bank of Russia of December 16, 2003, and determine the organizational principles, functions, and structure of the internal control system in the Bank;

- Amendments to the Regulations on procedure for large transactions, transactions with conflict of interest, and related-party credit transactions.

These amendments are of a clarifying nature;

- Procedures for monitoring the internal control system by the Supervisory Council and executive bodies of the Bank.

These procedures were drawn up by the Bank to enhance the monitoring of internal audits in line with bank-

ing practices, current laws and the requirements of the Bank of Russia.

- Regulations concerning meetings held by the Supervisory Council of Vozrozhdeniye Bank .

This document establishes the procedure for convening and holding meetings of the Supervisory Council and for taking decisions on the agenda of meetings.

The primary objectives of the Supervisory Council for 2005 include achievement of the financial plan and targets; increasing capital to a level commensurate to the Bank development plans; maintaining the Bank's position among Russian banks 30 largest banks and dominant position in the Moscow Region; continuing development of the branch network mainly in Central European Russia, and optimization of branch expenses; and enhancement of the Bank's reputation as a reliable, professional and technologically sophisticated business partner.

Executive Bodies

The executive bodies of the Bank are:

- President and Chairman of the Management Board as an individual executive;
- Management Board as a collective executive body.

The President and Chairman of the Management Board of the Bank is elected at the Annual General Meeting of Shareholders every five years from among the Bank's officers who meet the professional requirements of the Bank of Russia in respect of heads of commercial banks. As the individual executive of the Bank, the Chairman of the Management Board simultaneously exercises the functions of the head of the Bank's collective executive body.

The Chairman of the Management Board runs the Bank on a day-to-day basis pursuant to the Bank Charter and powers delegated by the General Meeting of Shareholders, bears personal responsibility to the General Meeting of Shareholders for the fulfillment of tasks conferred on the Chairman, acts without proxy on behalf of the Bank for the purpose of representing its interests, making transactions of behalf of the Bank, approving the staff list, issuing orders, and for giving instructions binding upon all personnel of the Bank.

The Management Board is a standing collective executive body of the Bank.

Within the competence of the Management Board is the solution of the most complicated issues relating to the Bank's daily administration and requiring collective approval.

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Members of the Management Board: Personal information

Name, year of birth, citizenship	The positions on Bank and other organizations	The percentage of the Bank's shares in possession	Education
Dmitry L. Orlov, 1943, Russian Federation	Russian Federation Chairman of the Management Board of the Bank; Deputy Chairman of the Supervisory Council of the Bank	32,82	Higher, Moscow Finance Institute
Lyudmila A. Goncharova, 1958, Russian Federation	Deputy Chairperson of the Management Board of the Bank; Member of the Supervisory Council of the Bank; Member of the Board of Directors of the Moscow Reinsurance Company Moskva-Re, LLC ; Member of the Board of the Non-state Pension Fund Garmoniya; Member of the Board of Directors of the Baltiysky Kurort, LLC	1,76	Higher, Ternopol Institute of Finance and Economics
Aleksandr V. Dolgoplov, 1961, Russian Federation	Deputy Chairman of the Management Board of the Bank; Member of the Supervisory Council of the Bank; Member of the Board of Directors of the Moscow Reinsurance Company Moskva-Re, LLC; Chairman of the Board of the Non-state Pension Fund Garmoniya; Member of the Board of Directors of the AVISTA, PJSC	0,56	Moscow G. V. Plekhanov Institute of National Economy
Mark M. Nakhmanovitch, 1957, Russian Federation	Deputy Chairman of the Management Board of the Bank	0,56	Higher, Moscow K. A. Timiryazev Academy of Agriculture
Yury I. Novikov, 1962, Russian Federation	Deputy Chairman of the Management Board of the Bank; Head of the Bank's North-Western Inter-Regional Centre (representative office of the Bank in the North-Western federal district and economic area); Member of the Board of the National Stock Trade Association	—	Higher, Leningrad State University
Nikolai D. Orlov, 1971, Russian Federation	Deputy Chairman of the Management Board of the Bank; Member of the Board of Directors of the Cherkizovsky Meat Processing Factory ; Member of the Board of Directors of the AVISTA, PJSC; Member of the Board of Directors of the Web-Invest Bank, NPJSC	2,44	Higher, Finance Academy

Dmitry A. Strashok, 1951, Russian Federation	Deputy Chairman of the Management Board of the Bank; Chairman of the Board of Directors of the Baltiysky Kurort, LLC	0,30	Higher, All-Union Institute of Agriculture
Alexander A. Bolvinov, 1962, Russian Federation	Head of HR Department; Member of the Board of the Non-state Pension Fund Garmoniya	—	Higher, Moscow State Institute of International Relations (MGIMO)
Tatyana F. Gavrilkina, 1959, Russian Federation	Deputy Chairman of the Board of Directors of the Bank; Head of Finance Department	0,28	Higher, Moscow Finance Institute
Tamara I. Luzhina, 1950, Russian Federation	Deputy Head of Finance Department; Member of the Board of the Non-state Pension Fund Garmoniya	0,29	Higher, All-Union Institute of Finance and Economics
Oleg V. Kharlamov, 1938, Russian Federation	Member of the Management Board of the Bank; Head of Administrative Department	0,01	Higher, All-Union Polytechnic Institute

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Remuneration for members of the Bank's managerial bodies

There was no compensation expense fixed for members of the Supervisory Council, and no payment was made.

The remuneration for members of the executive bodies (salary, bonuses, and dividends on shares) totaled 68,038,000 rubles as a result of the Bank's activities in 2004.

Disclosure

The Bank seeks to provide maximum transparency to its activities, within the framework of the current Legislation, in particular by the laws on state secrets and business competition. The Bank's information policy is based on the principles of veracity, completeness, regularity, efficiency, and accessibility, and is aimed at allowing Shareholders to exercise their right to obtain information necessary for investment and managerial decisions, while protecting the confidentiality of information of the Bank.

The Bank discloses information in accordance with legal requirements and the Bank's own regulations as approved by the Supervisory Council of the Bank in 2004.

During 2004, the Bank published 17 announcements about important facts and events which could substantially influence the value of the Bank's securities. Such significant facts were made public within the required

time-limits through authorized news agencies AK&M and Interfax, the Bank's internet website, the newspaper *Ezhednevnye Novosti: Podmoskovye* and the supplement to the *Vestnik FSFR*. Relevant notices were sent to securities exchanges; Stock Exchange Market of the Russian Trading System and Moscow Interbank Foreign Currency Exchange. All published announcements as well as quarterly reports of the Bank on securities and internal documents are available at any time on the Bank's Internet website.

Financial reporting data prepared under Russian Accounting Standards (RAS) and International Financial Reporting Standards (IFRS) are available on the Bank's Russian and English Internet pages. As well, financial reports of the Bank are published every quarter. The Bank's Annual Reports are freely accessible on the Bank's website. Through the same website a subscription service is available to receive updated information on the Bank by email.

With a view to maintaining a dialogue with all interested people through the website a special communication process was established allowing questions regarding the Bank's activities and assuring prompt answers from experts of the Bank.

Shareholders and potential investors, clients and professional securities market participants may obtain data on the Bank's development from information reports published at the end of each financial year and distributed through offices of the Bank.

The Bank regularly publishes its plans and new services in mass media.

Comprehensive internal control system

In order to protect the rights and legitimate interests of investors, the Bank has created an effective system of internal control over its financial and economic activities. The internal control system of the Bank allows the timely detection, prevention or limitation of financial and operational risks. It is also designed to uncover any mistakes and abuses, or any neglect of duty by offices or individual employees of the Bank relative to legal requirements. The internal control system of the Bank also makes recommendations or changes in procedures aimed at preventing possible violations or abuses by the Bank's personnel in discharge of their functions.

The Bank's internal control system is appropriate for the nature and scale of transactions conducted by the Bank and ensures the achievement of defined goals and fulfillment of relevant tasks. The main guidelines of internal control are as follows:

- Control by managerial bodies over the Bank's activities pursuant to the Law on Joint-Stock Companies and Charter of the Bank;
- Control over the functioning of the system of credit risks and risk rating management functions;
- Control over distribution of powers as applied to banking operations;

- Control over data flows and information security management;
- Control over Anti-Money Laundering systems and financial terrorism functions;

● Compliance measures of the Bank as a professional securities market participant relative to legislation and regulations of the Federal Securities Market Regulator.

The internal control systems are continually monitored.

With a view to improving the internal control system the Supervisory Council and the Management Board approved the following measures in 2004:

- Regulations on monitoring the internal control system by the Supervisory Council and managerial bodies of the Bank;
- Rules of procedure for documenting, submitting reports and providing information on the internal control system monitoring results, and for considering those results;
- Regulations on control over correction of detected violations and defects in the internal control system;
- Regulations on organization of the internal control system in the Bank;
- Regulations on the internal control and audit service of the Bank;
- Rules of interaction between the internal control and audit service and subdivisions of the Bank;
- Regulations on internal control measures against money laundering and financing of terrorism

Audit Commission

The Audit Commission consists of four members and was elected at the General Meeting of Shareholders on June 25, 2004.

The Audit Commission held three meetings and considered the following issues: election of the Chairman of the Audit Commission of the Bank, commencement of auditing the Bank for 2004; approval of the Audit Commission's report on Bank auditing results for 2004.

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Members of the Internal Audit Commission: Personal information

Name, year of birth, citizenship	Positions in the Bank and other organizations	Percentage ownership of the Bank's shares	Education
Viktor A. Afonin, 1956, Russian Federation	Chairman of the Audit Commission; Deputy Director General of Almazylirexport (GUPVO)	—	Higher, Moscow Finance Institute
Tamara N. Lapinskaya, 1954, Russian Federation	Deputy Head of Business Planning and Analysis Division of the Finance Department of Vozrozhdeniye Bank	0,005	Higher, Moscow Finance Institute
Svetlana A. Markina, 1952, Russian Federation	Head of Internal Operations Recording Division of the Accounting and Financial Reporting Department of Vozrozhdeniye Bank	0,001	Specialized Secondary, All-Union School of Accounting and Credit
Natalya A. Romanenko, 1963, Russian Federation	Head of Monitoring Division of the Corporate Development Directorate of Vozrozhdeniye Bank	—	Higher, Moscow G. V. Plekhanov Institute of National Economy

The Bank's financial and economic activities for 2004 were audited and a report confirming the veracity of data contained in reports and other financial documents of the Bank was made on the basis of the audit undertaken by the Audit Commission. The Report of the Audit Commission on the Bank's financial and economic activities in 2004 was submitted to the members of the Supervisory Council and Management Board of the Bank.

CONCLUSIONS OF THE AUDIT REPORT on the activities of the Vozrozhdeniye Bank in 2004

The Management Board has operated the Bank in compliance with Russian laws, the Charter of the Bank, and resolutions and recommendations of the General Meeting of Shareholders and the Supervisory Council.

The Bank's lending policy corresponds to the actual conditions of the credit market and is pursued in accordance with provisions of the current Legislation, regulations of the Bank of Russia and internal guidelines.

The Bank's operations are conducted only by duly authorized persons and in complete agreement with powers defined by the Bank and its approved procedures for taking decisions to carry out transactions.

All operations conducted by the Bank are appropriately recorded in the Bank's accounting and reporting documents.

The internal control is in compliance with provisions of the current Legislation, regulations of the Bank of Russia and provisions of the Bank's Charter.

The inventory of property in the Head Office of Vozrozhdeniye Bank was made as of December 1, 2004, pursuant to the Bank's Instruction No. 298 of November 19, 2004. No lack or excess of property was established as a result of the inventory.

The accounting and operational work in the Bank are organized in conformity with relevant regulations.

The balance sheet shows the real value of assets and liabilities of the Bank as of 01 January of 2004.

Data contained in the profit and loss statement correspond to the accounting for 2004.

The balance sheet and profit and loss statements were prepared by the Bank's executives on the basis of bookkeeping reports drawn up in compliance with the Russian laws and regulations of the Bank of Russia.

Under regulatory acts the Russian Federation applicable to credit institutions, the balance-sheet and profit and loss statements show the true financial standing of the Bank in all material respects as of 01 January of 2005 and the results of its financial and economic activities for the period from 01 January to 31 December 2004 inclusive.

Chairman of the Audit Commission, V. A. Afonin

Members of the Audit Commission:

T. N. Lapinskaya, S. A. Markina, N. A. Romanenko

Auditor of the Bank

Since the establishment of the Bank, there has been an independent audit of its activities every year. The Bank is audited under both the Russian Accounting Standards (RAS) and International Financial Reporting Standards (IFRS).

Vozrozhdeniye Bank was among the first Russian credit institutions to have an audit by an internationally recognized firm and has been audited under international standards annually since 1992. Audited reports under IFRS are available on the Bank's Internet website. The official Auditor of the Bank is the ZAO PricewaterhouseCoopers Audit.

Dividend Policy

Dividend policy is based on the balance of interests of the Bank and its Shareholders. When the amount of dividend payments is to be determined, the Bank's capitalization and attractiveness for investors is considered, as well as respect for the rights of Shareholders. Balanced by the need to ensure adequate capitalization, the payment of dividends to Shareholders is based on the amount of net profit for the previous financial year.

The dividend recommendation by the Supervisory Council to the General Meeting of Shareholders is based on

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policy that dividends should not exceed 10 percent of the net profit in the previous financial year. Pursuant to the Charter the size of dividend on preferred shares is 20 percent of their nominal value.

Final decision on the declaration of dividends for each category of shares is to be taken at the General Meeting of Shareholders. The size of dividend may not be more than the recommendation by the Supervisory Council.

The payment date of dividends may not be more than 60 days from the respective decision at the General Meeting of Shareholders.

Principles of dividend policy and measures to provide transparency to the mechanism of dividend rate determination, conditions and procedure for paying dividends are stated in the Bank's Regulation on dividend policy.

Report on Declared Dividend Payments on Shares of the Bank

Thousands of Rubles

Year	Ordinary book-entry registered shares	Preferred convertible book-entry registered shares	Preferred book-entry registered shares with determined dividend to be paid	Total
2001	—	—	2 589	2 589
2002	5 624,38	999,97	2 589	9 213,35
2003	8 374,38	999,97	2 589	11 963,35

In compliance with the resolution adopted at the General Meeting of Shareholders (Protocol of 25 June 2004 No. 1) annual dividends for 2003 were declared on shares of all classes in the amount of 11,963,350 Rubles. Dividends were paid from 16 August 2004 by transfer to the settlement accounts of corporate shareholders and to the personal accounts of individual shareholders, corresponding to the data contained in the Shareholders Register. Dividends for individual shareholders were paid through cash desks of the Bank's branches if banking details were not available in the Register.

In 2004, the dividends paid to Shareholders totaled 11,511,000 rubles and 143,260 rubles were withheld and transferred to the budget as taxes. Dividends of 452,000 rubles remained unpaid in cases when shareholders did not provide payment documents.

Report on large deals

In accordance with the Bank's Regulation on procedures for large transactions, transactions with conflict of interest, and related-party loan transactions approved by the Supervisory Council in 2004, any transaction shall be considered "large" if the value of property in the transaction exceeds 20 percent of the book value of the Bank's assets at the latest reporting date. Within the reporting period the Bank had no large transactions under this Regulation.

Information on transactions with potential conflict of interest

During 2004, the Bank entered into certain transactions in which members of the Supervisory Council or of other managerial bodies had an interest.

Shareholders at the Annual General Meeting approved transactions, which were recognized under the current Legislation as transactions with potential conflict of interest, but which were to be made on standard terms and conditions in the course of the Bank's usual business activities in compliance with its banking license, until the next Annual General Meeting of Shareholders. Prices under these transactions with interested persons are to be determined pursuant to the Regulation on main principles of management in respect of resources of Vozrozhdeniye Bank in Russian rubles and foreign currency.

Total size of transactions with interested parties concluded by the Bank in 2004 was 3,321,747 rubles, 251,111 US Dollars and 1,020 Euros.

Terms and conditions of transactions with interested parties were not materially different from those of analogous transactions by the Bank in the course of its usual business activities.

The size of any of the Bank's transactions with interested parties did not exceed 5 percent of the book-value of the Bank's assets as of the last date of report preceding the Annual General Meeting of Shareholders in 2004.

All transactions concluded in the course of the Bank's usual business activities in 2004 between interested legal and natural persons and the Bank were made under these terms and conditions.

Structure of the Authorized Capital

As of 01 January 2005 the Authorized Capital amounted to 200,431,990.00 Rubles.

Placed shares

Class of Shares	Government Registration Number	Nominal Value (Roubles)	Number of Issued Shares (pieces)
Ordinary book-entry registered shares	10101439B	10	16 748 753
Preferred book-entry registered shares with determined dividend to be paid	20201439B	10	1 294 505
Preferred convertible book-entry registered shares*	20101439B	10	1 999 941

* In accordance with the share issue report registered by the Central Bank of the Russian Federation on 13 May 2005 preferred convertible shares were converted into ordinary shares in the ratio 1:1.

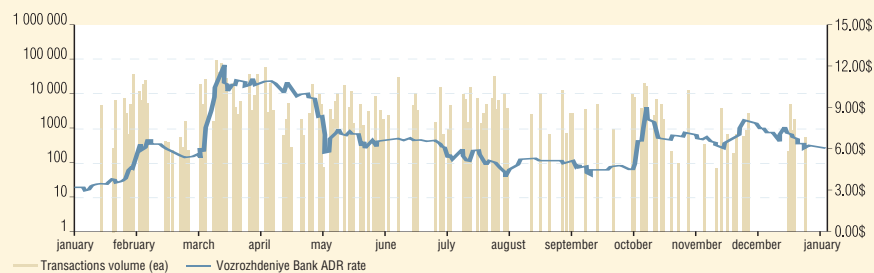
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Trading floor

Name	Class of Securities	Date of Listins
Non-profit Partnership "Stock Exchange Market RTS"	Ordinary book-entry registered shares (VZRZ)	May 1997
Closed Joint-Stock Company "Moscow Interbank Foreign Currency Exchange" (MIFCE)	Ordinary book-entry registered shares RU0009084214 Preferred book-entry registered shares with determined dividend to be paid [RU14VOZR1115]	February 1998 February 1998
Berlin Stock Exchange	ADR of First level for ordinary registered shares (U.S.ISIN: US0654531021)	July 1997
Frankfurt Stock Exchange	ADR of First level for ordinary registered shares (U.S.ISIN: US0654531021)	August 1997
Stuttgart Stock Exchange	ADR of First level for ordinary registered shares (U.S.ISIN: US0654531021)	November 2000

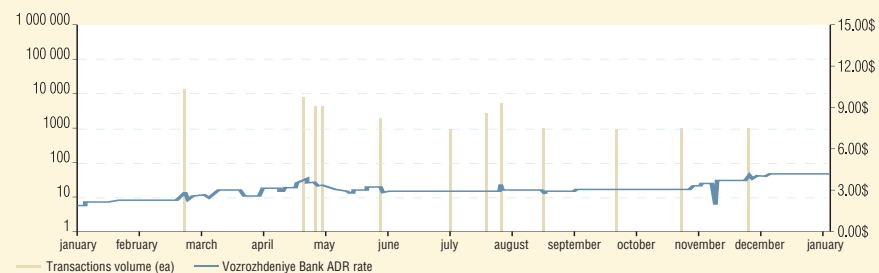
ADR price for Vozrozhdeniye Bank ordinary shares on Germany stock exchanges in 2004



The auction volume on Germany stock exchanges was \$9,320.1 Thousand USD.

Vozrozhdeniye Bank ordinary share price on Russian market in 2004

ADR rate for Vozrozhdeniye Bank ordinary shares on Germany stock exchanges in 2004



RTS Stock Exchange data

The auction volume on RTS Stock Exchange was \$139.1 Thousand USD.

Registration of Title to Shares of the Bank

The owners' title to shares of the Bank is certified through a register maintenance system by entries into personal accounts kept by the Registrar or, if title to securities is registered by the Depository, into DEPO accounts kept by the Depository. Transfer of title to the Bank's shares is to be accompanied by notice to the Bank's Registrar or the nominal holder of securities and by producing all instruments which are required by current Law for registering the transfer of share title.

Composition of Shareholders

As of 01 January of 2005, 8,163 shareholders are entered in the register of Shareholders of Vozrozhdeniye Bank, including 963 legal persons and 7,201 natural persons.

Composition of the Bank's Shareholders as of 01 January of 2005

	Share in the Authorized Capital (%)
Russian Federation	0,28
Total of Non-residents in the Russian Federation	11,36
including Holders of American Depository Receipts for Ordinary Shares of the Bank	2,74
Other Legal Persons	42,37
Total of Legal Persons	54,01
Natural Persons	45,99

Persons with a holding of the Bank's Authorized Capital of 5 percent or more as of 01 January of 2005

Name of Registered Person	Share in the Authorized Capital (%)
Orlov, Dmitry L'vovich	32,82
Limited Liability Company (LLC) "Web-Invest. ru"*	20,9
Canadian Imperial Bank of Commerce	5,87

* Nominal holder.

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Capital of the Bank

	01 January 2005
Capital of the Bank (Thousands of Rubles)	3 272 764
Number of Ordinary Shares	16 748 753
Balance-sheet Value of one Share* (Rubles)	150,7
Ratio of Price ** to Balance-sheet Value of Ordinary Share	0,58

* Without taking subordinated deposit into consideration.

** Average price for transactions concluded in NP "Stock Exchange Market RTS" in 2004.



Background Information

The Full Name of the Bank:

Открытое акционерное общество Банк «Возрождение» in Russian, and
Public Joint-Stock Company Vozrozhdeniye Bank in English.

The Short Name of the Bank:

Банк «Возрождение» (ОАО) in Russian, and
V.Bank in English.

The Bank was established on the basis of the Moscow region division of the Agro-Industrial Bank of the USSR and registered by the Central Bank of the Russian Federation on 12 April 1991.

The Bank holds the following licences:

General license No. 1439 issued by the Bank of Russia;

License No. 1439 issued by the Central Bank of the Russian Federation on 24 March 2003 granting the Joint Stock Company Vozrozhdeniye Bank a right to attract and place precious metals on deposit, to carry out other operations with precious metals in accordance with the law of the Russian Federation;

Certificate No. 276 issued on 09 December 2004 by the State Corporation Deposit Insurance Agency of entering the Joint Stock Company Vozrozhdeniye Bank into the register of banks which are parties to the compulsory deposit insurance system;

License for broker's activities No. 177-02959-100000 issued by the Federal Securities Commission of the Russian Federation on 27 November 2000, duration unlimited;

License for dealer's activity No. 177-03063-010000 issued by the Federal Securities Commission of the Russian Federation on 27 November 2000, duration unlimited;

License for securities management No. 177-03135-001000 issued by the Federal Securities Commission of the Russian Federation on 27 November 2000, duration unlimited;

License for depository activity No. 177-03735-000100 issued by the Federal Securities Commission of the Russian Federation on 27 November 2000, duration unlimited;

License No. 22-000-1-00035 issued on 29 June 2000 by the Federal Securities Commission of the Russian Federation for engaging in activities as specialized depository of investment, unit mutual, and non-governmental pension funds, duration unlimited;

Broker's License No. 700 issued on 25 March 2005 by the Commission on Commodity Exchange of the Federal Securities Commission of the Russian Federation for making stock exchange futures and option transactions on the territory of the Russian Federation, valid until 25 March of 2008;

Permit No. 236 issued by the State Customs Committee of the Russian Federation on 01 December 2003 granting a right to act as a guarantor with respect to customs authorities, valid until 01 December 2006;

License No. 027405511090 issued by the Ministry of Economic Development and Commerce of the Russian Federation on 08 September 2004 granting a right to export gold bullion which is not used for minting coins (refined gold in the form of measuring and standard bars), valid until 01 September of 2005;

License No. 561 X issued by the Licensing, Certification and State Secret Protection Centre of the Federal Security Service of Russia on 20 February 2004 granting a right to provide cryptographic (encryption) facilities with maintenance support, valid until 18 September 2007;

License No. 562 P issued by the Licensing, Certification and State Secret Protection Centre of the Federal Security Service of Russia on 20 February 2004 granting a right to engage in distribution of provide cryptographic (encryption), valid until 18 September 2007;



License No. 563 Y issued by the Licensing, Certification and State Secret Protection Centre of the Federal Security Service of Russia on 20 February 2004 granting a right to provide information encryption services, valid until 18 September 2007;

License No. 0313 issued on 21 January 2005 by the Federal Technical and Export Control Service for engaging in technical protection of confidential information, valid until 21 January 2010;

License No. FC-1-99-02-27-0-5000001042-004345-1 issued by the State Committee of the Russian Federation for Construction and Housing on 27 March 2003 granting a right to engage in building construction of first and second levels of responsibility pursuant to government standards, valid until 14 November 2005.

Detailed Information on the Head Office of Vozrozhdeniye Bank

Bank Identification Code (BIK) is 044525181.

Taxpayer Identification Number (INN) is 5000001042.

Correspondent Account No. 3010181090000000181 with the Operations Department of GTU of the Bank of Russia.

Phone: 777-0888; 929-1888
Fax: 929-1999
Telex: 414680 VBANK RU
E-mail: vbank@co.voz.ru
Website: <http://www.vbank.ru>
Wap: wap.vbank.ru
SWIFT Code: VBNKRUMM
Reuter Dealing Code: VOZM
SPRINT Code: VOZROGD.MOSC/CEA

Address of the Bank:

Vozrozhdeniye Bank
Luchnikov Pereulok, 7/4, Building 1, 101999 Moscow, GSP-9



Offices of Vozrozhdeniye Bank

Offices in Moscow City:

Central Branch

Luchnikov Pereulok, 7/4, Building 1,
101999 Moscow, GSP-9
Tel: (095) 929-1882
Mr. Mikhail T. Gogia

Ilyinsky

Leningradsky Prospekt, 7, 125040 Moscow
Tel: (095) 725-1317
Mr. Vakhtang Dzhariani

Ostankinsky

Obraztsova Ul., 31, Building 2, 127018 Moscow
Tel: (095) 289-1166
Ms. Natalya V. Barkhotkina

Ulyanovsky

Vesiolaya Ul., 33, Building 4, 115541 Moscow
Tel: (095) 321-1311
Mr. Aleksandr V. Bolkhovitin
Additional Offices:
Sovetskaya Ul., 50, Flat 1, Vidnoye,
142700 Moscow Region
Tel: (095) 541-7845,
Molokovo, Headquarters of Kolkhoz Gorky,
Leninsky District, 140714 Moscow Region
Tel: (095) 549-1130
Operational Cash Desk:
Maloye Vidnoye, Leninsky District,
142715 Moscow Region
Tel: (8-916) 588-6089

Offices in Moscow Region

Balashikha

Prospekt Lenina, 45, 143900 Balashikha
Ms. Lyubov N. Yukhareva
Additional Office:
Savinskoye Shosse, 4, Building 2,
143980 Zheleznodorozhny

Bronnitsy

Novo-Bronnitskaya Ul., 52, 140170 Bronnitsy
Tel: (246) 6-5439
Ms. Zinaida N. Shepeliova
Operational Cash Desk:
Komsomolsky Pereulok, 53, Building 1,
140170 Bronnitsy
Tel: (246) 6-8939

Chekhov

Chekhova Ul., 22, 142300 Chekhov
Tel: (272) 2-1893
Ms. Raisa P. Petrykina

Operational Cash Desk:
Vishnevyy Bulvar, 8, 142300 Chekhov
Tel: (272) 3-5346

Dmitrov

Sovetskaya Pl., 1, 141800 Dmitrov
Tel: (095) 993-9342
Mr. Vitaly M. Solovyov,
Additional Offices:
Karla Marksa Pl., 17, 141900 Taldom
Tel: (220) 2-0031,
Prospekt Bogolyubova, 25, 141980 Dubna
Tel: (221) 2-8109

Domodedovo

Kashirskoye Shosse, 54A, 142040 Domodedovo
Tel: (095) 546-8750
Ms. Tatyana A. Fomicheva

Egoryevsk

Sovetskaya Ul., 106/5, 140300 Egoryevsk
Tel: (240) 4-3392
Ms. Lyudmila V. Baykova

Elektrostal

Pobedy Ul., 16, 144007 Elektrostal
Tel: (257) 7-0809
Ms. Natalya A. Gnedkova
Additional Offices:
K. Marksa Ul., 1, 144001 Elektrostal
Tel: (257) 5-4946,
Krasnaya Ul., 21, 144005 Elektrostal
Tel: (257) 4-6624

Istra

Lenina Ul., 81, 143500 Istra
Tel: (095) 994-5441
Ms. Vera A. Ulitina
Additional Office:
Yubileynaya Ul., 19, 143500 Istra
Tel: (231) 3-0534

Kashira

Sovetskaya Ul., 12, 142900 Kashira
Tel: (269) 3-1984
Ms. Tatyana A. Murashkina

Khimki

Moskovskaya Ul., 22/1, 141400 Khimki
Tel: (095) 573-0364
Ms. Natalya I. Shabunina,
Additional Offices:
Babakina Ul., 3, 141400 Khimki
Tel: (8-916) 364-6278,

Moskovskaya Ul., 2, Novopodrezkovo 141400
Khimki District
Tel: (095) 573-0364

Operational Cash Desk:
Moskovskaya Ul., 22/1, 141400 Khimki
Tel: (095) 572-2130

Klin

Karla Marksa Ul., 8A, 141600 Klin
Tel: (224) 2-6698
Ms. Olga N. Kalenova

Kolomna

Oktyabrskoy Revolyutsy Ul., 340, 140408 Kolomna
Tel: (26) 12-5523
Mr. Igor P. Egorov
Additional Office:
Prospekt Kirova, 15, 140411 Kolomna
Tel: (26) 14-3651

Krasnogorsk

Lenina Ul., 38B, 143400 Krasnogorsk
Tel: (095) 563-4650
Ms. Irina L. Zlenko,
Additional Offices:
Rechnaya Ul., 8, 143400 Krasnogorsk
Tel: (095) 564-1184,
Golyevo, 143000 Krasnogorsk-5
Tel: (095) 561-0825
Operational Cash Desks:
Lenina Ul., 21A, 143400 Krasnogorsk
Tel: (095) 563-8832,
Raytsentr-3, GIBDD, 143400 Krasnogorsk
Tel: (095) 564-7688,
Rechnaya Ul., 8, 143400 Krasnogorsk
Tel: (095) 562-2329,
Zavodskaya Ul., 26, 143400 Krasnogorsk
Tel: (095) 562-8863

Kurovskoye

Sorok Let Oktyabrya Ul., 52, Kurovskoye, 142640
Orekhovo-Zuyevo District
Tel: (24) 11-6212
Ms. Marina S. Okuneva
Additional Office:
Tsentrallyy Bulvar, 3, 142600 Orekhovo-Zuyevo
Tel: (24) 16-1076

Lotoshino

Potchtovaya Ul., 2, 143800 Lotoshino
Tel: (228) 1-0164
Ms. Aleksandra P. Vasyukova

Lukhovitsy

Gorkogo Ul., 4, 140500 Lukhovitsy
Tel: (263) 2-4903
Mr. Viktor V. Goncharov



Lyubertsy

Krasnoarmeyskaya Ul., 3, 140005 Lyubertsy
Tel: (095) 559-9472
Ms. Lyudmila B. Edykova
Additional Office:
Dmitriya Donskogo Pl., 6, 140091 Dzerzhinsky
Tel: (095) 551-5065

Mikhnevo

Gorkogo Ul., 1, Mikhnevo Village,
142840 Stupino District
Tel: (264) 7-1937
Ms. Galina V. Saprónova

Mozhaysk

Krasnykh Partizan Ul., 4, 143200 Mozhaysk
Tel: (238) 4-4144
Ms. Evdokia I. Kovbasenko
Additional Office:
Mira Ul., 93, 143200 Mozhaysk
Tel: (238) 2-1806

Naro-Fominsk

Marshala Zhukova Ul., 9, 143300 Naro-Fominsk
Tel: (095) 592-1809
Ms. Nadezhda V. Morozova
Additional Office:
Aprelevskaya Ul., 65, 143360 Aprelevka
Tel: (095) 436-5122

Noginsk

Rogozhskaya Ul., 81, 142400 Noginsk
Tel: (095) 524-5258
Ms. Natalya Y. Makarova
Additional Office:
Zheleznodorozhny Proezd, 6,
142500 Pavlovsky Posad
Tel: (243) 2-3133

Odintsovo

Marshala Zhukova Ul., 16, 143000 Odintsovo
Tel: (095) 593-5629
Ms. Rimma N. Pankova
Additional Office:
Svobody Ul., 1, 143000 Odintsovo
Tel: (095) 590-7500

Podolsk

Kirova Ul., 11, 142100 Podolsk
Tel: (095) 333-8401
Ms. Valentina A. Rylkova
Operational Cash Desks:
Kirova Ul., 11, 142100 Podolsk
Tel: (27) 57-4569,
Pravdy Ul., 28, 142115 Podolsk
Tel: (27) 68-1595

Pushkino

Moskovsky Prospekt, 11, 141200 Pushkino
Tel: (095) 993-5859
Ms. Tatyana V. Miklyayeva

Additional Offices:

Sadovaya Ul., 17, 141200 Pravdinsky
Tel: (253) 1-5560,
Pervomayskaya Ul., 32, 141250 Ivanteyevka
Tel: (253) 6-2440

Pushchino

Mikrorayon "G", 142290 Pushchino
Tel: (27) 33-0590
Ms. Olga P. Beletskaya
Operational Cash Desk:
Mikrorayon "G", 20, 142290 Pushchino
Tel: (27) 33-0504

Ramenskoye

Krasnoarmeyskaya Ul., 3, 140100 Ramenskoye
Tel: (095) 556-6994
Ms. Tatyana A. Kostikova,

Ruza

Sotsialisticheskaya Ul., 27, 143100 Ruza
Tel: (095) 598-1709
Ms. Irina G. Potapova
Operational Cash Desk:
Sotsialisticheskaya Ul., 27, 143100 Ruza
Tel: (227) 2-4234

Sergiev-Posad

Prospekt Krasnoy Armii, 52,
141300 Sergiev-Posad
Tel: (095) 921-0158
Ms. Tamara D. Teslya
Operational Cash Desk:
Novo-Uglitchskoye Shosse, 51,
141300 Sergiev-Posad
Tel: (254) 7-0532

Serpukhov

Gorkogo Ul., 3B, 142203 Serpukhov
Tel: (27) 75-0085
Ms. Marina A. Grosh

Shatura

Sportivnaya Ul., 6, 140700 Shatura
Tel: (245) 2-1709
Ms. Ekaterina N. Tarasova
Additional Office:
Kosyakova Ul., 14, 140730 Roshal
Tel: (245) 5-2406

Shchiolkovo

Lenina Pl., 5, 141100 Shchiolkovo
Tel: (095) 526-9341
Mr. Sergey N. Nikolayev
Operational Cash Desks:
Talsinskaya Ul., 1A, 141100 Shchiolkovo
Tel: (256) 9-2102,
Polevaya Ul., 9A, 141120 Fryazino
Tel: (256) 7-2678

Solnechnogorsk

Baranova Ul., 1, 141500 Solnechnogorsk
Tel: (095) 994-0756
Ms. Nina P. Aksionova

Stupino

Andropova Ul., 56/30A, 142800 Stupino
Tel: (264) 7-5970
Mr. Zinaida G. Kulikova
Additional Offices:
Promyshlennaya Ul., Building 1, Malino,
142850 Stupino District
Tel: (264) 5-5474,
Prospekt Pobedy, 26, 142800 Stupino
Tel: (264) 4-2475
Operational Cash Desk:
Andropova Ul., 21, 142800 Stupino
Tel: (264) 7-1453

Volokolamsk

Oktyabrskaya Pl., 10, 143600 Volokolamsk
Tel: (236) 2-2472
Ms. Valentina M. Kabanova
Additional Office:
Pervaya Sovetskaya Ul., 36, 143700 Shakhovskaya
Tel: (237) 3-3441
Operational Cash Desk:
Nerudnaya Ul., 6, Sychevo, 143611
Volokolamsky District
Tel: (236) 2-2145

Voskresensk

Pobedy Ul., 34, 140200 Voskresensk
Tel: (244) 2-7177
Ms. Tamara P. Matvienko,
Additional Offices:
Kolomenskaya Ul., 14, 140200 Voskresensk-3,
Tel: (244) 3-3225,
Rossiyskaya Ul., 1, 140250 Belozersky Settlement
Tel: (244) 5-1264
Operational Cash Desk:
Vopskresensk-Lada premises, Novliansky
Residential Area, 140200 Voskresensk
Tel: (244) 1-2537

Zaraysk

Uritskogo Pl., 1, 140600 Zaraysk
Tel: (266) 2-5832
Ms. Galina N. Shmatkina
Additional Office: Yubileyny Mikrorayon, 4, 142970
Serebryanye Prudy
Tel: (267) 2-1427

Zvenigorod

Pochtovaya Ul., 10, 143180 Zvenigorod
Tel: (095) 992-5467
Ms. Tamara Starostina



Bank Offices in Other Regions of Russia

Barnaul

Avtotransportnaya Ul., 43A, Barnaul, 656064, Altai
Tel: (3852) 46-2613
Ms. Tatyana V. Malakhova

Kaliningrad

Sovetsky Prospekt, 12, 236000 Kaliningrad
Tel: (0112) 27-9306
Ms. Tamara N. Konoplina

Khabarovsk

Dikopoltseva Ul., 10, 680013 Khabarovsk
Tel: (4212) 42-8341
Mr. Gleb E. Klimenko
Additional Office:
Molodogvardeyskaya Ul., 19,
681000 Komsomolsk-on-Amur
Tel: (4217) 59-1112
Operational Cash Desk:
Dzerzhinskogo Ul., 43, 680000 Khabarovsk
Tel: (4212) 74-7828

Krasnodar

Severnaya Ul., 324, 350000 Krasnodar
Tel: (861) 211-1191
Ms. Irina G. Chudinova

Magadan

Portovaya Ul., 3, 685024 Magadan
Tel: (41322) 2-2811
Ms. Aleksandra A. Usachova

Makhachkala

Pushkina Ul., 4, 367012 Makhachkala, Dagestan
Tel: (8722) 67-8459
Ms. Natalya B. Pavlova

Murmansk

Kolsky Prospekt, 110A, 183008 Murmansk
Tel: (8152) 24-6300
Mr. Valery F. Lyсенков
Additional Office:
Knipovicha Ul., 23, 183039 Murmansk
Tel: (8152) 47-8016

Nizhny Novgorod

Belinskogo Ul., 106A, 603006 Nizhny Novgorod
Tel: (8312) 78-7661
Ms. Natalya V. Morozova
Additional Office:
Efremova Ul., 1, 603003 Nizhny Novgorod
Tel: (8312) 25-3380

Novorossiysk

Kunikova Ul., 47B, 353900 Novorossiysk
Tel: (8617) 63-4813
Mr. Nikolay V. Lebedev

Petrozavodsk

Andropova Ul., 15, Petrozavodsk 185028, Karelia
Post office box No. 29
Tel: (8142) 76-9858
Mr. Valery P. Volkhov

Rostov-on-Don

Budenovsky Prospekt, 97/243,
344011 Rostov-on-Don
Tel: (863) 244-2753
Ms. Yana V. Gamaley
Additional Offices:
Taganrogsкая Ul. 161/2, 344016 Rostov-on-Don
Tel: (863) 277-3241,
Sovetskaya Ul., 20/1, 344016 Rostov-on-Don
Tel: (863) 263-3486,
Kommunistichesky Prospekt, 30,
344091 Rostov-on-Don
Tel: (863) 224-9694

St. Petersburg

Vasilyevsky Ostrov, Line 9, 60,
199004 St. Petersburg
Tel: (812) 320-4290
Mr. Igor I. Kaplenov,

Saransk

Gagarina Ul., 99, Saransk, 430027 Mordovia
Tel: (8342) 35-0245
Mr. Sergey V. Naumkin
Additional Office:
Svetotekhnikov Shosse, 5, Saransk,
430034 Mordovia
Tel: (8342) 17-1356

Stavropol

Prospekt Karla Marksa, 3/1A, 355008 Stavropol
Tel: (8652) 28-2222
Ms. Tatyana N. Adamenko
Additional Office:
Prospekt Dzerzhinskogo, 43, 357703 Kislovodsk
Tel: (87937) 5-0229
Operational Cash Desk:
Prospekt Oktyabrskoy Revolyutsii, 10/12,
355000 Stavropol
Tel: (8652) 29-6406

Tula

Revolutsii Ul., 5A, 300034 Tula
Tel: (0872) 30-82-90
Ms. Alefina V. Timoshenko

Volgograd

Nevskaya Ul., 11, 400087 Volgograd
Tel: (8442) 32-1253
Ms. Sofya B. Zhilina
Additional Offices:
Prospekt Lenina, 97, 404120 Volzhsky
Tel: (8443) 27-6036,
Pavshikh Bortsov Pl., 2, 400066 Volgograd
Tel: (8442) 33-0777,
Engelsa Bulvar, 9, 400112 Volgograd
Tel: (8442) 61-0086

Volgodonsk

Velikoy Pobedy Bulvar, 38A, Volgodonsk,
347371 Rostov Region
Tel: (86392) 2-8929
Mr. Aleksey D. Petravok
Additional Offices:
Lenina Ul., 60, 347360 Volgodonsk
Tel: (86392) 6-1177,
Stroiteley Ul., 21, 347382 Volgodonsk
Tel: (86392) 6-6148,
Gagarina Ul., 75, 347386 Volgodonsk
Tel: (86392) 3-4114,
Morskaya Ul., 124, 347381 Volgodonsk
Tel: (86392) 2-8929,
Sovetskaya Ul., 33B, 347320 Tsimlyansk
Tel: (86391) 5-0941,
Lenina Ul., 131/1, 346630 Semikarakorsk
Tel: (86356) 2-2302

Yaroslavl

Pushkina Ul., 2, Building 2, 150000 Yaroslavl
Tel: (0852) 72-7635
Mr. Aleksandr S. Khabarin

Representative Office in Kaluga

Kirova Ul., 1, 248001 Kaluga
Tel: (0842) 54-8656
Ms. Valentina V. Tsarapkina

Representative Office, North-Western Interregional Center

Bolshoy Prospekt, Vasilyevsky Ostrov 80,
119106 St. Petersburg
Tel: (812) 332-2401
Mr. Yury I. Novikov

**Auditor:** ZAO PricewaterhouseCoopers Audit.

Auditor's address: Kosmodamianskaya Embankment, 52, Building 5, 113054 Moscow.

Main Government Registration Number is 1027700148431.

Taxpayer Identification Number is 7705051102.

License No. E000376 was issued by the Ministry of Finance of the Russian Federation on 20 May 2002.

License is valid until 19 May 2007.

Registrar is the Moscow branch of the Joint-Stock Company Specialized Registrar AVISTA.

License No. 10-000-1-00271 was issued by the Federal Securities Commission on 24 December 2002.

Its duration is unlimited.

Mailing address: Luchnikov Pereulok, 7/4, Building 1, 101999 Moscow.

Phone: (095) 929-1861.

Fax: (095) 929-1861.

American Depository Receipts (ADR), level one, for ordinary shares of the Vozrozhdeniye Bank**Depository (Issuer of ADR)** is the Bank of New York

Address: The Bank of New York, American Depository Receipt Division

101 Barclay Street, New York, NY, 10286.

Phone: 1 (212) 815-4493

Fax: 1 (212) 571-3050

Representative Office in Moscow is located at Posledny Pereulok, 17, Suite 4, 103045 Moscow.

Phone: (095) 967-3110

Custodian Bank is ING Bank (Eurasia) ZAO.

Address: Krasnaya Presnya Street, 31, Moscow, 123022 Russia.

Phone: (095) 755-5400

Fax: (095) 755-5499

Procedural Agent is C.T. Corporation System.

Address: 111, Eighth Avenue New York, NY 10011.

Phone: 1 (212) 894-8570

Fax: 1 (212) 894-8710

Extra Information

Data on the Vozrozhdeniye Bank can be obtained through the Internet at <http://www.vbank.ru>

Shareholders may look through documents of the Bank at the Registrar's office and get information on decisions taken at the General Meetings of Shareholders, on dividend rate and record date from the Registrar.

Information on ADR Program is available in the Internet at <http://www.bankofny.com>.