



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