

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

