

Vozrozhdenie Bank Reports First Quarter 2006 IFRS Net Income of RUR 166 million, almost triple 2005 first quarter.

Moscow, 23 May 2006. Vozrozhdenie Bank (VZRZ) today reported first quarter 2006 IFRS financial results:

- **Net income in the first quarter RUR 166 million (\$6 million), up 191%**
- **Q1 2006 Return On Equity (ROE) at 19.8%, above 2005 average of 18.5%**
- **Quarterly earnings per share increased to RUR 9 up from RUR 3 in Q1 2005**
- **Equity grew by 32%, assets by 53%, compared to the same quarter of 2005**

"We are pleased to see last year's good financial results continue to strengthen through the first quarter of 2006. We achieved not only higher profits, but also improved quality of earnings, increasing the share of net commission income in operating income from 36% to 44%. At the same time we managed to contain operating costs while keeping our revenue growth rate high. This reduced our cost to income ratio by 5 percentage points to 71% for the first quarter 2006 coming closer to our 60% efficiency target.

We are seeing continued success from building relationships with both business and individual customers. Deposits and other funds entrusted to the bank continue to grow rapidly and support increased lending to our commercial and individual clients. We are particularly pleased with the growth of our mortgage portfolio as we think that this is a very important step for our clients who have decided to purchase new homes.", commented the bank's Chairman Dmitry Orlov.

Pre-tax income in the first quarter 2006 increased by 282% to 218 million rubles from the same period last year. Tax is accrued at the full statutory rate of 24%. After tax net profit of 166 million rubles compares to 57 million rubles in the same period of 2005.

Net Interest Income grew 74% in line with the overall growth in assets. Provision expense for potential loan losses was 102 million rubles to maintain a reserve although the level of problem loans in both the retail and commercial portfolios has remained very low.

Operating income grew 49% to RUR 1,013 million (\$36 million). Non-interest income rose to 50% of operating revenue from 45% in the first quarter of 2005. Net commissions comprised 89% of non-interest revenue up from 79%.

Operating expenses grew 28% as volumes increased and the branch network expanded. The ratio of cost to operating income before loan loss provision has dropped from 76% for the full year 2005 to 71% in the first quarter.

Assets increased by 68% to RUR 51,665 million (\$1,861 million). Loans to individuals continue to grow rapidly, particularly mortgages. Over 800 million rubles of new mortgages were issued in the quarter compared to 100 million rubles in the first quarter of 2005.

Equity was up 32% to RUR 3,439 million (\$124 million).

In the first three months of 2006 Vozrozhdenie added 3 new branches and had 139 sales outlets and 409 ATMs at the end of the first quarter. The bank is the 10th largest Russian bank by the volume of deposits from individuals and the 9th largest issuer of new mortgages for purchasing residences.

Vozrozhdenie Bank provides personal banking and business services to clients throughout the Russian Federation. Vozrozhdenie Bank serves more than 40,000 corporate clients, and over 900,000 individuals. We are successful for one reason; complete focus on the needs of our clients.

The bank's full IFSR reports are available at: www.vbank.ru

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Vozrozhdenie Bank
Balance Sheet as at April 01, 2006

(in million of Russian Rubles)

1 USD = 28.7900 Russian Rubles as at January 01, 2006

	Apr 01, 2006	Jan 01, 2006
Assets		
Cash and cash equivalents	8 584	8 478
Mandatory cash balances with the Central Bank of the Russian Federation	1 004	923
Trading securities	2 942	2 342
Due from banks	862	3 078
Loans and advances to customers	34 862	30 774
Premises, equipment and intangible assets	1 990	1 972
Other assets	1 421	1 542
Total assets	51 665	49 109
Liabilities		
Due to banks	119	113
Customer accounts	42 431	40 112
Debt securities in issue	4 076	4 131
Long-term subordinated loans	1 319	1 223
Other liabilities	281	257
Total liabilities	48 226	45 836
Shareholders' equity		
Share capital	4 377	4 377
Share premium	1 735	1 735
Accumulated deficit	(2 673)	(2 839)
Revaluation reserve for investment securities available for sale	-	-
Total shareholders' equity	3 439	3 273
Total liabilities and shareholders' equity	51 665	49 109

1 USD = 27.7626 Russian Rubles as at April 01, 2006

Vozrozhdenie Bank
Statement of Income as at April 01, 2006

(in million of Russian Rubles)

1 USD = 27.8256 Russian Rubles as at April 01, 2005

1 USD = 27.7626 Russian Rubles as at April 01, 2006

	April 01, 2006	April 01, 2005
Interest income	1 253	769
Interest expense	(640)	(417)
Net interest income	613	352
Provision/Recovery of provision for loan impairment	(102)	18
Net interest income after provision for loan impairment	511	370
Gains less losses arising from trading securities	(2)	22
Gains less losses arising from trading in foreign currencies	(23)	22
Foreign exchange translation gains less losses	56	(2)
Fee and commission income	469	292
Fee and commission expense	(24)	(48)
Other operating income	26	22
Operating income	1 013	678
Operating expenses	(795)	(621)
Profit before taxation	218	57
Income tax expense	(52)	-
Net profit	166	57
Basic earnings per share (expressed in RR per share)	9	3
Diluted earnings per share (expressed in RR per share)	9	3