

Letter from the Chairman of the Board of Directors

Dmitry Orlov

Chairman of the Board of Directors



Dear shareholders, clients and partners!

I am pleased to present the results of another successful year for Bank Vozrozhdenie. While 2012 was positive for us, it was more complex for the banking sector on the whole. After steady economic expansion in the first six months, uncertainty increased in the second half of the year, slowing the growth of the real sector of the economy and causing financial organizations to limit corporate lending. At the same time, the volume of retail lending was so high that by the year-end the Bank of Russia was forced to impose restrictions to mitigate risks to the banking system. We sought to react promptly to the changes in market trends and regulatory requirements — to ensure availability of the necessary products for clients and maintain our stable growth and high business standards — and were successful in doing so.

Successful year

We delivered solid results for 2012. Net income was RUB 2.3 billion, up almost 50% year-on-year and 20% above our target. In 2013, we will aim for a similar figure while maintaining stable loan growth. Meanwhile, our return on equity rose to 11.9% last year, and we intend to increase it further to 20% in the medium term.

Corporate governance

In 2012, I was elected as Chairman of the Board of Directors. In this capacity, I will focus on the Bank's long-term development, as well as on ensuring that our corporate governance practices meet the highest international standards.

We are placing a particular emphasis on strengthening the role of the Board of Directors, its strategic and supervisory functions. The directors now play a more active role in the Bank's operations, while their supervision of the management has substantially increased. We believe that their greater involvement in the business will make us more competitive and reinforce our market positions.

To ensure the necessary continuity in our operational management, the Board of Directors appointed Alexander Dolgoplov as Chairman of the Management Board. He has extensive experience in the banking sector, including as Deputy Chairman of the Management Board, which gives him a complete understanding of our strategic objectives and how to achieve them in the best way.

Last year's organizational changes (which did not affect our proven development strategy) based, as usual, on the implementation of international best practices in corporate governance did not go unnoticed by the global community. In March 2013, Bank Vozrozhdenie received the "Best Corporate Governance, Russia" award from British magazine World Finance.

Emphasis on efficiency

In 2012, we continued realizing our strategic project to optimize our operating model, which should improve our business and make us more competitive and efficient. Above all, the main focus of the modernization is streamlining the Bank's operating structure and IT infrastructure. To fulfill these tasks, we have established two new positions, Operations Director and IT Director, appointing professionals with the necessary practical experience of completing such projects in other leading Russian banks. They are part of the Management Board, enabling them to coordinate the projects with the Bank's other business divisions effectively.

Social partnership

Bank Vozrozhdenie devotes unwavering attention to supporting culture and art in recognition of its responsibility to society. As we develop our business, we are mindful of the values that we would like to preserve and nurture for future generations. As the development of a society is judged by its culture, our mission in terms of social responsibility is to maintain the Russian tradition of patronage so that our children and grandchildren could be proud of their country's cultural heritage.

I would like to thank our clients, shareholders and partners for their confidence in us, and the Board of Directors, the management, and every employee for their professionalism and dedication to fulfilling our ambitious objectives.

[Chairman of the Board of Directors](#)
[Dmitry Orlov](#)

