



**VOZROZHDENIE
BANK**

THE BANK THAT IS ALWAYS WITH YOU

ANNUAL REPORT 2012

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BANK AT A GLANCE

OVERVIEW

Providing personal services for corporate clients and individuals, Bank Vozrozhdenie is a truly community bank operating in Russia. With a history dating back to 1991, the Bank is one of the leading Russian financial institutions today and has been among the country's top 30 banks for 20 years in a row.

The Bank serves almost 63,400 corporate clients and around 1.7 million retail clients, offering a variety of services that include deposits, business financing, mortgage and consumer lending, bank cards and settlement operations. Its services are accessible both at offices and remotely, such as through mobile and internet banking.

Bank Vozrozhdenie's network consists of 147 branches and 828 ATMs in 21 Russian regions, primarily those in the European part of the country: Moscow Region and the Southern and North-Western areas of the country. The Bank is renowned for the loyalty of its clients, many of whom have been customers for more than 20 years.

Bank Vozrozhdenie's strategy is based on developing a profitable business that generates stable operating income. In the corporate segment the main clients are small and medium-sized enterprises (SMEs), while another rapidly expanding area is retail loans. Funding comes primarily from customer deposits. The Bank

focuses on developing remote services for clients and adheres to a conservative risk-management policy.

The Bank is a public company, and its shares are traded on local stock exchanges. Its shareholders include over 9,500 individuals and legal entities. The main shareholder is Dmitry Orlov, Chairman of the Board of Directors.

Bank Vozrozhdenie publishes financial statements according to Russian Accounting Standards and International Financial Reporting Standards. Its external auditor is PricewaterhouseCoopers Audit.

MARKET POSITIONS¹:

5th by loans to SMEs²
8th by volume of mortgages issued³
13th by number of active bank cards⁴
17th by individual deposits⁴
21st by loans to corporate clients⁴
25th by volume of liquid assets⁴

KEY FINANCIAL INDICATORS⁵

	2012	2011	Change
Assets, RUB billion	209.1	183.9	13.7 %
Loan portfolio (before provisions), RUB billion	156.4	137.3	13.8 %
Client funds, RUB billion	163.9	145.1	12.9 %
Net income, RUB billion	2.3	1.6	46.2 %
Capital adequacy	14.9 %	13.8 %	1.1 pp.
ROE	11.9 %	9.1 %	2.8 pp
Number of retail clients, '000	1,700	1,594	6.6 %
Number of corporate clients, '000	63.4	62.6	1.3 %

¹ For 2012, unless otherwise indicated

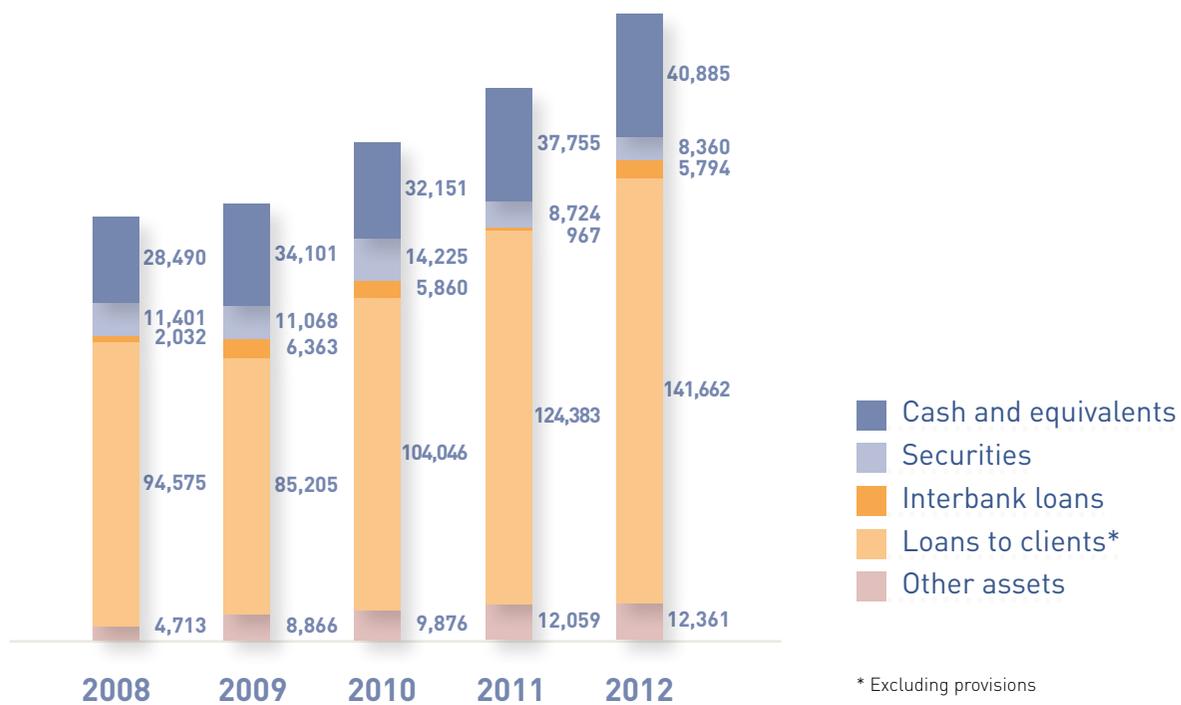
² Source: RBC Rating, for first half of 2012

³ Source: Rusipoteka research center

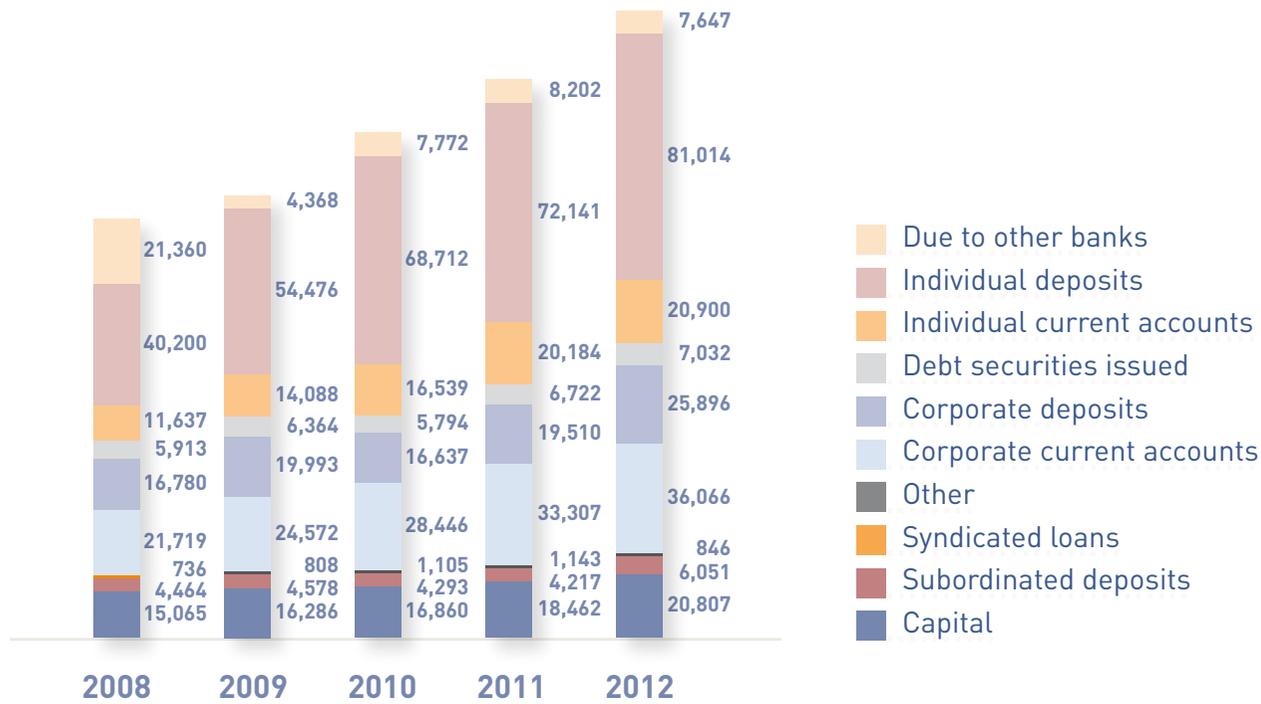
⁴ Source: RBC Rating

⁵ Here and throughout this report, all financial indicators are based on IFRS results

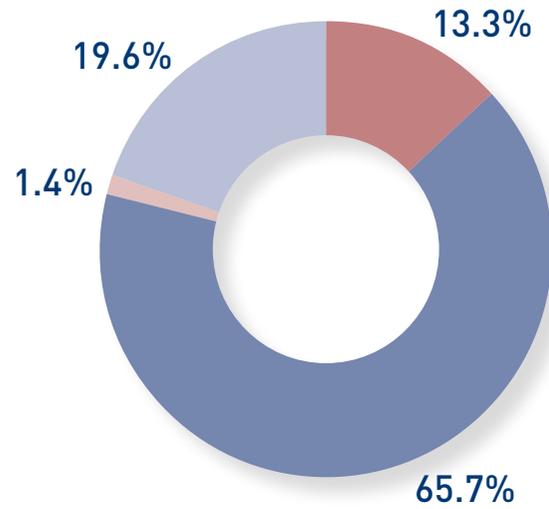
DYNAMICS AND BREAKDOWN OF ASSETS, RUB MILLION



DYNAMICS AND BREAKDOWN OF LIABILITIES AND CAPITAL, RUB MILLION

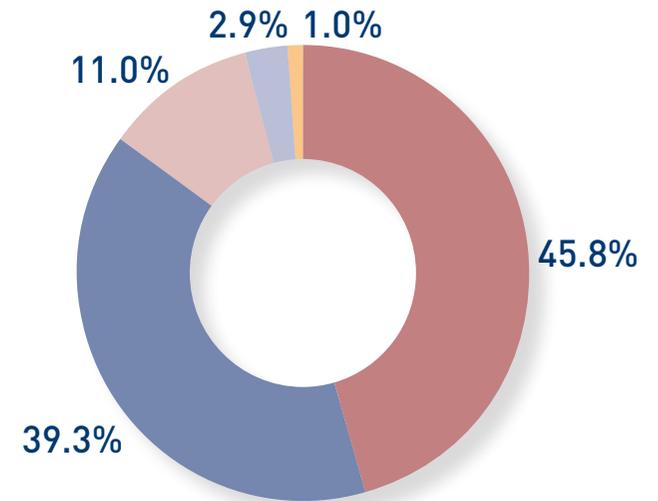


BREAKDOWN OF ASSETS



- Retail
- Corporate
- Bank cards
- Financial market operations

BREAKDOWN OF LIABILITIES



- Retail
- Corporate
- Bank cards
- Financial market operations
- Other*

* Undistributed financial indicators

CREDIT RATINGS

Agency	Type	Rating	Outlook
Moody's Investors Service	Foreign Currency deposit rating	Ba3/NP	Stable
	Local Currency deposit rating	Ba3/NP	Stable
	Financial Strength rating	D-	Stable
Standard&Poor's	Long-term counterparty credit rating	BB-	Stable
	Short-term counterparty credit rating	B	Stable
	National-scale rating	ruAA-	Stable
Moody's Interfax	Long-term national-scale credit rating	Aa3.ru	Stable

LETTER FROM
THE CHAIRMAN OF
THE BOARD OF DIRECTORS

Dmitry Orlov
Chairman of the Board of Directors



LETTER FROM THE 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.

Dmitry Orlov
Chairman of the Board of Directors

Alexander Dolgoplov
Chairman of the Management Board



LETTER FROM THE CHAIRMAN
OF THE MANAGEMENT BOARD

LETTER FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear shareholders, colleagues and clients,

It was a successful year for Bank Vozrozhdenie, as we continued to expand steadily and took various steps towards creating a new, solid platform for growth in the future.

Active operations

In 2012, the Bank increased its presence in key areas of the market: SME and retail segments. Our SME loan portfolio rose by 10.2% year-on-year to RUB 77.3 billion, as we continued to focus on companies in the real sector of the economy. To ensure that clients' interests were fully considered when deciding on loan rates, we worked closely with the regional SME development funds, entered into partnership programmes with SME Bank, and devoted substantial effort to developing micro-lending with the European Bank for Reconstruction and Development. In addition, throughout the year, we continued to provide financing to our major strategic clients in the regions where the Bank is present.

Retail lending soared compared with 2011, as consumers were encouraged by lower inflation and greater public spending thanks to strong export revenues resulting from high oil prices. In 2012, Bank Vozrozhdenie's total retail loan portfolio expanded by 34.8% year-on-year, driven mainly by the mortgage

portfolio, which was up 44.9% to RUB 22.3 billion. As a result, the Bank was the eighth largest in Russia by mortgages issued⁷ (loans provided under partnership programmes with major construction firms and realtors accounted for up to 80% of mortgage product sales). We also undertook measures to make consumer loans more attractive, focusing on our traditional client segments: users of payroll programmes and employees of large enterprises and government bodies. Over the year, despite the slight increase in interest rates in the second half, consumer loans in this segment increased by 27%.

While working hard to expand our loan portfolio, we put special emphasis on monitoring its quality. By the year-end, the share of non-performing loans (NPLs) stood at 9%, primarily due to impairment of several large corporate loans. In the key SME and retail segments, the share of NPLs fell throughout the year thanks to our prudent lending criteria. Nonetheless, given the slowing economy growth and difficult macroeconomic conditions worldwide, we have no current plans to reduce our provisions for loan impairment.

Funding

As Bank Vozrozhdenie has traditionally funded its operations primarily using funds from clients, over the year we monitored

⁷ Source: Rusipoteka research center

the situation on the market, promptly adjusting interest rates and other deposit conditions where necessary. We took advantage of the savings drive by businesses, boosting our corporate deposits by 32.7% year-on-year, while the continued focus of retail clients on savings increased our individual deposits by 12.3%. Thanks to our moderate approach to raising interest rates on retail deposits, we were able to keep the cost of funding at a comfortable level of 4.4%.

Non-interest income

Fees and commissions account for a substantial part of our operating income, and we are among the leaders in Russia in this respect. In 2012, we focused on maintaining the share of non-interest income in operating income. Fee and commission income rose by over 5% year-on-year, mainly due to settlement fees (up 7.7% for the year) and commissions on bank card transactions (up 7.4% for the year) widening. In the retail segment, we strived to encourage the use of remote channels (terminals, internet, and mobile bank) for payments and transfers, while making them more convenient and accessible for clients. Ultimately, our efforts were rewarded, as their share in such transactions overall increased. In the corporate segment, remote channels already account for 83% of payments and settlements, and we intend to increase this figure further. We view the development of remote

services as a crucial part of our business strategy and a key source of non-interest income growth.

Capital

In 2012, the ongoing expansion of our loan portfolio and the more stringent regulatory environment put pressure on our capital base. To comply with the Bank of Russia's requirements and the Basel III rules, which were expected to be implemented shortly, we raised two RUB 1 billion tranches of a subordinated deposit last year. Retained earnings ensured the growth of the core capital. By the year-end, our total capital adequacy ratio was 14.9%, while the tier 1 ratio was 12.3%. In early 2013, we received the third tranche of the subordinated deposit. Thanks to all of these measures, we began this year with a comfortable capital position that will enable us to reach our planned growth targets.

Efficiency and income

While our business grew steadily, we remained focused on making it more efficient. In 2012, operating expenses rose only slightly and at a rate lower than inflation. Over the year, we reduced the cost-to-income before provisions ratio by 6.3 percentage points to 58.5%. In the medium term, we aim to lower the figure to 50%. Cost control was one of the main contributors to income

growth. Last year, net income rose by 46% to RUB 2.3 billion, which was above our target.

New operating model

Further reductions in expenses will depend largely on the project of the Bank's operating model optimization, which aims to centralize many of the operational and support functions. We have already taken similar steps in the retail segment of our business by uniting our loan decision-making and monitoring processes in one center. Having carefully analyzed the functions of our branches, we now intend to centralize more of our back office functions, which will involve upgrading our IT infrastructure and operating structure. In our view, implementation of this project will not only reduce expenses and increase efficiency, but also enhance client service quality.

Outlook

In summer 2012, I was appointed as Chairman of the Management Board, and I would like to thank all shareholders and the Board of Directors for their confidence in me. My main tasks, as I see them, are to continue expansion of the Bank's business and achieve high level of its profitability. In 2013, we intend to increase our loan portfolio even further, while monitoring its quality closely, and strive to retain our leading

position in terms of share of non-interest income. Among other ongoing priorities there are ensuring balanced growth of our resource base and decreasing the cost of funding. We will also pay particular attention to preserving our corporate culture and our unique approach to servicing clients, which we have honed over the last 22 years.

Alexander Dolgoplov
Chairman of the Management Board

STRATEGY

Client relationships are the cornerstone of Bank Vozrozhdenie strategy and are its most valuable asset. Like any relationship, they need continuous care and attention. We constantly analyze and seek to increase customer loyalty and satisfaction by enhancing the range and quality of our products, so that they take into account clients' needs whatever the economic environment.

We expand our business by supporting the development of our clients' businesses and increasing their wealth through offering a comprehensive range of up-to-date banking products and services. We are actively promoting cross-selling to maintain the share of non-interest income in the top line, which we intend to raise to 50% in the medium term.

Our internal priorities include protecting and increasing capital, supporting balance sheet liquidity, and enhancing business efficiency and quality of services. To deliver greater shareholder value and boost the return on investment, we are rapidly expanding both our corporate and retail business divisions. As we view clients' funds as a key source of funding for our operations, we offer a range of convenient savings products to suit customers' needs.

- In the corporate segment, Bank Vozrozhdenie main target is SMEs, as well as large corporate clients with well-established networks whose offices overlap with the Bank's branch network.

Loans to SMEs, which make up a major part of our operations, are a strategic priority in the corporate segment. Alongside increasing the loan book volume the Bank refines its existing credit products and develops new ones in accordance with clients' needs. As the cost of financing is one of the most important factors for customers, the Bank works with state development bodies to make funds as accessible as possible for SMEs, while minimizing the lending risks for itself. To reduce associated risks further (while increasing the returns on lending), Bank Vozrozhdenie diversifies its SME client base by differentiating micro-businesses and increasing funding to them. Key factors in increasing the profitability of working with SMEs and microbusinesses will be encouraging clients to use more products and developing remote services

For large corporate clients, Bank Vozrozhdenie offers an individual range of banking products, ensuring a personalized, comprehensive and high-quality approach to their needs. In doing so, we create a foundation for long-term cooperation, a key objective and one of the criteria for measuring our success. Partnerships with large companies and regional bodies help to expand our corporate funding base as well, since the Bank raises some deposits from them. In addition, we actively cross-sell retail products to their employees. Our advanced bank card infrastructure makes the Bank's payroll services extremely popular among corporate



FIRST YEAR OF WORK. KHRUSTAL'NY LANE



LAYING FOUNDATION FOR THE NEW BUILDING OF STUPINO BRANCH,
MOSCOW REGION



clients, so we continue working to keep it up-to-date. The main objective in this area is retaining our leading position as a provider of payroll services in Moscow Region and supporting the corporate business divisions of our regional branches.

- In the retail business, Bank Vozrozhdenie main priorities are increasing the loan portfolio and its profitability by boosting mortgages and consumer lending, raising customers' deposits to expand the funding base for the Bank's active operations, and developing bank card services and infrastructure.

Bank Vozrozhdenie shapes its retail loan portfolio seeking to balance yield and quality. Mortgages are the key product in retail lending. This segment of the loan book expands primarily from issuing loans under partnership programmes designed together with large construction firms and realtors in the regions where the Bank is present. We also continue to develop consumer lending products and actively expand our credit card business. Key target groups in this area are users of the Bank's payroll services, employees of large corporate clients and government bodies, depositors, and existing clients with solid credit histories.

Individual deposits are a key source of funding for Bank Vozrozhdenie, contributing to the stability of the resource base. Retail deposits and current accounts make up 48.7%

of the balance sheet. We intend to maintain this proportion by ensuring annual deposit growth that is at least in line with the market average.

Another strategic objective in the retail business is increasing cross-selling of bank card products. The Bank plans to triple the number of such cross-sales by the end of 2014. We expect a rise in the volume of retail sales via remote channels (ATMs, internet and mobile banking) in line with the further development of the Bank's IT infrastructure. Remote channels will gradually replace traditional ways of making payments and dealing with cash.

- Regarding operations on financial markets, Bank Vozrozhdenie intends to maintain its diversified securities portfolio structure in order to ensure sufficient liquidity, reduce risks and increase asset yields. The Bank continues to enhance methodology and technical instruments of control over risks relating to operations on financial markets, including currency, interest, operating and market risks.

Sales network

The Bank is expanding its sales infrastructure to support long-term balanced growth across all business segments. We take a reasonable approach to developing our sales network

via offices and self-service facilities, as well as our online and mobile banking, closely monitoring the efficiency of each point of sale.

Bank Vozrozhdenie plans to enhance the quality of client service in its locations by improving zoning of its outlets, streamlining employees' functions, speeding up the work of the front office, and introducing more self-service facilities. We seek to develop each branch based on the economic potential of its surrounding area.

We adhere to a strategy of gradual regional expansion and plan to focus on regions where we already have branches. The number of sales points rises in line with the market demand in each specific region and within the framework of the existing business model. Further development of the Bank's sales infrastructure will focus mainly on Moscow Region and the neighboring areas, as well as on the Southern and North-Western areas of the country.

Marketing

The Bank's marketing strategy is intertwined with its key business goals: to be one of the market leaders in terms of customer satisfaction in both the corporate and the retail segments. Its priorities include developing sales channels,

launching products that respond to client demands, ensuring high standards of clients' service and developing the brand. The ultimate aim of the strategy is to strengthen the Bank's market positions and increase customer loyalty.

Information technology

The Bank sees IT as a crucial factor contributing to its competitive advantages, maintaining business stability, devising an up-to-date product range, and enhancing the quality of customer service. We intend to use the advanced IT solutions to streamline the Bank's management system. We also have plans to introduce cutting-edge IT infrastructure that will enhance the efficiency of our remote service channels, front and back office systems, CRM systems, lending procedures, as well as accounting and analytical capabilities.

Corporate governance

Bank Vozrozhdenie's strategy ensures ongoing corporate governance development in accordance with international best practices for the benefit of the interests of all shareholders. The Bank intends to improve the effectiveness of the Board of Directors' activity, primarily by launching self-assessment procedures and intensifying its interaction with the executive management.

We also intend to increase the role of the Board of Directors in the Bank's day-to-day functioning by refining the ways it oversees the implementation of its decisions by the Bank's executives. Another key task is to continue development of the system for preventing the illegal use of insider information, as well as to enhance information transparency by maintaining an open dialog with investors.

Risk management

The risk-management strategy aims to ensure the stability of the Bank's business, protect its assets and mitigate potential threats. Thus, the Bank continues to upgrade its risk management systems to keep them adequate to the scope of business as well as to the scale of the threats involved in its daily functioning.

Personnel development

The main goal of Bank Vozrozhdenie's HR policy is to develop the potential of every employee. Priorities in this area include developing employees' professional potential, motivating employees to achieve key business goals, and strengthening the corporate culture.

Optimizing the business model

To raise the competitive advantages of our products and services, we have launched a major project to optimize the Bank's operating model. It involves conducting a 360-degree analysis of all business processes, working out measures to streamline them, mitigating risks related to the Bank's day-to-day functioning, and increasing its efficiency. We plan to change the employee motivation system, which, in our view, should factor in both financial results achieved and indicators like customer satisfaction and employees' involvement in the achievement of business goals. As part of the project we will centralize our back office functions and reformat business processes in the branch network accordingly.

The project will enhance the Bank's operational efficiency and make our services more appealing to clients. In the medium term, we intend to reduce the cost-to-income ratio to 50% and raise the return on equity to 20%.

2005



CELEBRATION OF THE 15TH ANNIVERSARY OF BANK VOZROZHDENIE



BANK VOZROZHDENIE: 20 YEARS IN BUSINESS



HIGHLIGHTS OF 2012

Financial and operating results

- Net income rose by 50% to RUB 2.3 billion and ROE reached 11.9%
- Assets increased by 13.7% to RUB 209.1 billion
- The corporate loan portfolio expanded by 9.3% to RUB 123.5 billion. The share of small and medium-sized businesses (SMEs) in it climbed to 62.5%.
- The retail loan portfolio expanded by 34.8% to RUB 32.9 billion
- The mortgage loan portfolio exceeded RUB 22.3 billion, up 45% year-on-year
- Customer funds rose by 12.9% to RUB 163.9 billion. The share of retail deposits was 49.4%.
- Credit turnover on bank-card accounts grew by 11.4% to RUB 186 billion

Key events

- Dmitry Orlov is elected as Chairman of the Board of Directors
- Alexander Dolgopolov is appointed as Chairman of the Management Board

- Two new management positions are created, Operations Director and IT Director, as part of the operating model optimization project
- RUB 4.3 billion of mortgages are securitized
- RUB 2 billion of subordinated deposits is raised to strengthen capital

Strengthening market positions

- Bank Vozrozhdenie features in a rating of the world's top 1,000 banks compiled by authoritative British magazine The Banker
- Bank Vozrozhdenie features in a rating of the world's 500 most valuable banking brands by Brand Finance

Professional recognition

- In March 2013, the Bank wins the "Best Corporate Governance, Russia" award from British magazine World Finance
- The Bank wins the "Best IR Management in Russia" award for 2012 from Global Banking & Finance Review
- The Bank is presented with the "STP Award 2011. Excellent Quality" by Commerzbank AG for the high quality of its international settlement service

- Lyudmila Goncharova, Deputy Chairwoman of the Management Board, features in the “Top 50 Corporate Bankers” rating by magazine Profile
- Andrey Shalimov, Deputy Chairman of the Management Board, wins the “Best Investor Relations by CFO, Small Cap” award from IR magazine Russia & CIS

RUSSIAN ECONOMY AND BANKING SECTOR

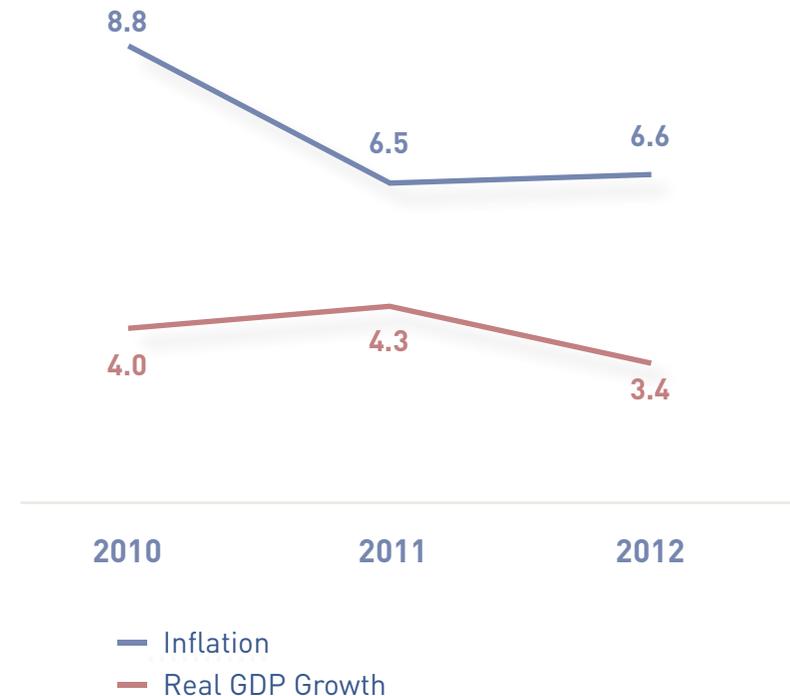
During the first half of 2012, the Russian economy grew steadily, helped by falling unemployment and low inflation. In the second half, however, growth slowed due to a decline in domestic consumption, drought in several regions, a drop in demand for exports and greater capital outflow.

Last year, Russia's GDP increased by 3.4%, industrial production by 2.6%, and capital investments by 6.7%. GDP growth was driven mainly by the financial sector, which expanded by 15%. Factors restraining growth included lower output in the agricultural sector (down 3.8%) as well as moderate results from natural resources (up 0.9%), construction (up 2.0%) and mining (1.0%) sectors.

The share of net exports in GDP decreased from 8.4% to 7.4%, while the share of consumer spending was 67.2%, 0.7 percentage points higher than in 2011.

In 2012, the banking sector fared well overall, driven largely by comparatively low inflation for Russia of 6.6% and decent economic growth relative to Europe. Factor hampering growth included a decline in industrial output, which began in the second half of the year, the Eurozone crisis and the sluggish recovery in the US.

**KEY INDICATORS
OF THE RUSSIAN ECONOMY, %**



Source: State Statistics Service

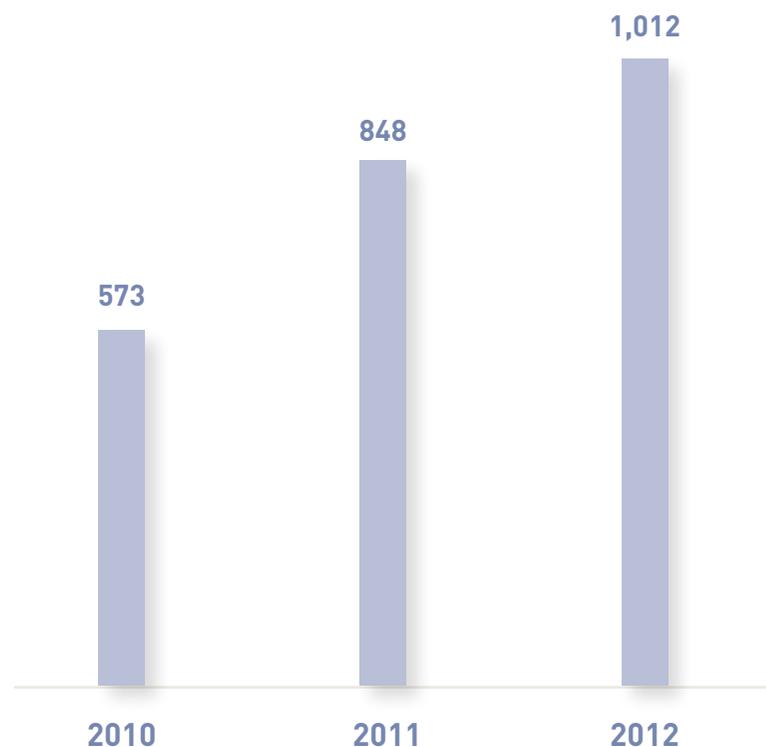
By the year-end, the aggregate net income of Russian credit institutions had reached RUB 1,011.9 billion, 19.3% higher than in 2011. The main profit driver was an increase in retail lending, which fueled a rapid rise in assets and interest income.

Last year, total assets of the Russian banking sector increased by 18.9% to RUB 49.51 trillion. The assets of the five largest domestic banks rose by 19.7% to RUB 24.9 trillion, or 50.3% of the overall figure. The rapid asset growth resulted in higher penetration of banking services, defined as the ratio of total bank assets to GDP, from 77% to 79%.

Retail and corporate customers' funds remained the key source of funding for the sector in 2012. The volume of corporate clients' funds climbed by 12.0% to RUB 15.3 trillion. Higher deposit rates amid modest inflation stimulated retail funds growth by 20.1% to RUB 14.3 trillion.

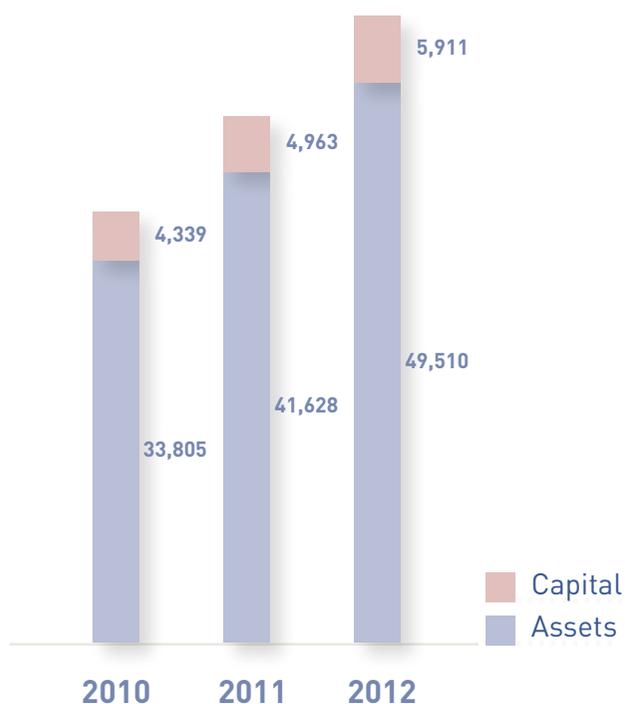
Last year, Russian banks found themselves faced with rapid asset growth amid a more moderate rise in deposits and limited access to international funding. Many players had to apply to the Bank of Russia for liquidity, and its loans accounted for around 40% of banks' funding in 2012. In addition, in July, 2012 risk regulations were tightened, increasing capital adequacy

PROFIT OF RUSSIAN BANKS, RUB BILLION



Source: The Bank of Russia

KEY INDICATORS OF THE RUSSIAN BANKING SYSTEM, RUB BILLION



Source: The Bank of Russia

requirements and dampening lending activity in the banking sector. Then, in the autumn, the Bank of Russia announced an increase in reserve requirements for unsecured retail loans. These actions averted a liquidity shortage and a possible crisis in the sector. By the year-end, the number of banks with insufficient on-demand and current liquidity had fallen compared with 2011.

In 2012, loan portfolios of Russian banks totaled RUB 34.0 trillion, up 18.3% year-on-year. The growth rate slowed to 29.6% compared with 2011, due to sluggish demand from corporate clients during the second half of 2012.

The most rapid growth came from the retail business, where loans soared by 39.4% to RUB 7.7 trillion. In addition, for the first time in recent years, the volume of loans to individuals exceeded the amount of retail deposits. All segments of the retail business expanded: mortgages (up 40%), unsecured consumer loans (up 50%), and credit cards (up 80%). The volume of loans to the non-financial sector of the economy expanded by 12.7% in 2012, compared with 26.0% in the previous year.

Amid lending growth the share of overdue loans reduced to 3.7%, down from 3.9% in 2011 according to the Bank of

Russia. As of 1 January 2013, the share of overdue loans to non-financial organizations was 4.6%, unchanged year-on-year, while that of consumer loans was down by 1.2 percentage points to 4.0%. The reduction in overdue loans share was caused by the rapid increase in total bank loans, which rose faster than bad debts.

The decline in the share of overdue loans as well as the improvement in asset quality enabled banks to decrease provisions: their share in total loans fell to 7.6%, down from 8.5% in 2011. The NPL coverage ratio remained at a comfortable 169%, down from 179% in 2011.

Aiming to maximize profits, Russian banks were quite active on the securities market in 2012, and the securities portfolio of the sector expanded by 13.3% to RUB 7.0 trillion. The share of securities in the banking system's assets declined slightly to 14.2%, amid an increase of the loan portfolios' share.

Outlook for 2013

In 2013, we expect the trends prevailing in the Russian banking sector last year to continue, although the key indicators for the system could fall slightly as the market becomes more saturated.

CORPORATE AND RETAIL DEPOSITS, RUB BILLION



Source: The Bank of Russia

LENDING IN RUSSIA, RUB BILLION



Source: The Bank of Russia

Loan growth looks set to decline somewhat given the overleverage of some sections of the population and more stringent credit requirements by the Bank of Russia: we expect an increase of less than 20% in 2013. Meanwhile, the refinancing rate and banks' needs for additional funding will drive deposit growth. We forecast total income for the sector of RUB 1.1 trillion this year, up 10% year-on-year.

BUSINESS OVERVIEW

FINANCIAL RESULTS ANALYSIS

Assets

Assets of the bank grew by 13.7% during the past twelve months to RUB 209.1 billion as of December 31, 2012. Liquid assets and net loan portfolio were the main driving force rising by RUB 6.5 billion and RUB 17.3 billion respectively (+14% both).

Stable inflow of corporate and retail customers' funds elevating by 12.9% over the year to RUB 163.9 billion supported the funding base enhancement. The growth intensified in Q4 driven by liquidity improvement in the banking system and seasonal top-up of current accounts balances. At the year-end retail term deposits totaled RUB 81.0 billion (+12.3% YoY). Amid the modest loan growth the loan-to-deposit ratio stayed at 95.4% as of the end of 2012 preserving the base for the future business expansion.

Equity

Equity of Bank Vozrozhdenie was up 12.7% to RUB 20.8 billion versus 2011 driven by retaining earnings. Capital adequacy ratio

stood at 14.9% while Tier 1 CAR was equal to 12.3% comparing to 13.8% and 11.9% respectively in 2011. In 2012, the Bank raised 2 tranches of 8-year subordinated deposit amounting to RUB 2 billion at the rate of 9.25%. It strengthened the bank's capital position on the threshold of toughening of the Bank of Russia regulation over capital adequacy calculation and expected implementation of Basel III standards. The third tranche of subordination was raised at the end of February, 2013.

Loan portfolio

Loan portfolio before provisions rose by 13.8% in 2012 to RUB 156.4 billion (\$ 5.1 billion) due to the corporate loan book expansion by 9.3% and climb in retail lending (+34.8% over 2012). Corporate loans industry structure remained stable in the past twelve months with largest segments related to manufacturing (28%) and wholesale and retail trade (23%). The bank's core client base of SMEs comprises 63% of the corporate loan book. Total retail loan book was up 34.8% in 2012 driven by significant boost in mortgage lending which added 44.5% over the year to RUB 22.3 billion. Consumer loans dynamics remained positive (+27.1%) as well bringing them to RUB 8.1 billion by the end of the reporting



VISIT TO THE CANADIAN IMPERIAL BANK OF COMMERCE TRAINING CENTER, TORONTO



PRESENTATION OF THE «BANK OF THE YEAR IN RUSSIA» AWARD BY THE BANKER MAGAZINE, LONDON



period. By the end of 2012 loans to individuals made up 21% of the total loan portfolio.

Securities portfolio

Securities portfolio stayed almost unchanged over the past year and amounted to RUB 8.4 billion as of the end of 2012 versus 8.7 billion. Historically the bank used to treat trading securities portfolio as a liquidity management tool so it includes primarily debt securities with investment ratings and short maturities. As of December 31, 2012, the bank's securities portfolio comprised corporate bonds and Eurobonds (78.8%) as well as federal and municipal bonds (15.3%).

Non-performing loans

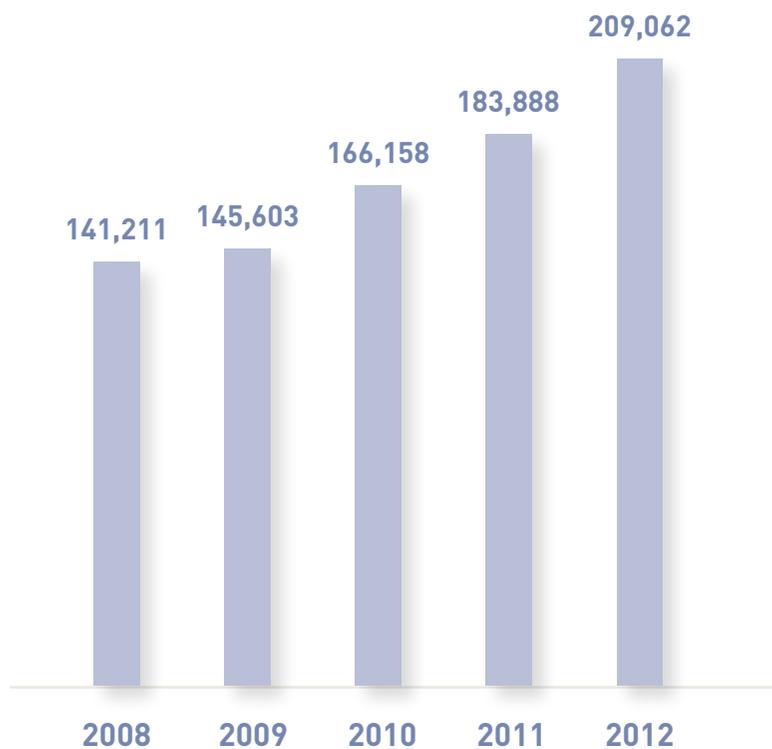
NPL ratio was up 130 bps to 9.0% of the total loan book or RUB 14.1 billion. Significant rise of NPLs in the course of the year was caused by the impairment of some large corporate groups exposure amounted to RUB 3.7 billion. In medium enterprises segment NPL ratio remained virtually the same at 9.3% (versus 9.8% at the end of 2011) and in small enterprises segment NPL

ratio was 1.8% down during the reporting period. Retail segment also enjoyed some improvement of the loan book quality. Non-performing mortgages stayed at 1.7% in 2012 and consumer NPL ratio cooled down to 4.8%. However, anticipating economic growth slowdown and the global vulnerable environment Bank Vozrozhdenie continues adding up provisions for loan impairment. In 2012 cost of risk was equal to 1.8% which looks reasonable to keep for the current year as well. Total provisions for loan impairment totaled RUB 14.7 billion ensuring coverage of NPLs 1 day+ overdue of 104.0% and NPLs 90 days+ overdue of 107.0%.

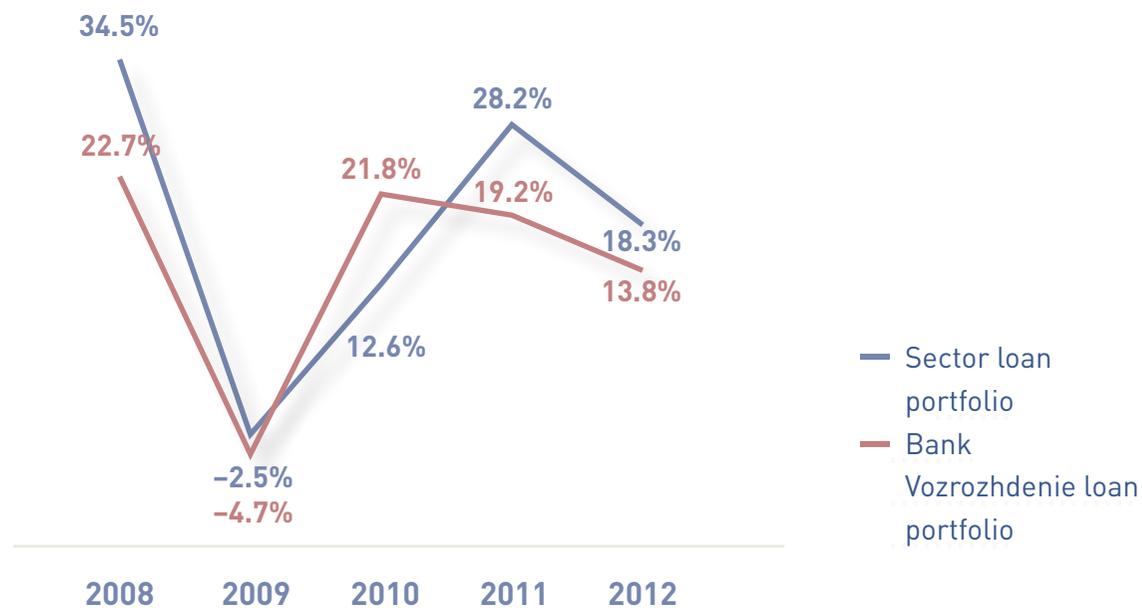
Net interest income

Net interest income elevated by 21% to RUB 9.1 billion in 2012. Both loans' and deposits' rates kept surging throughout the year due to persisted liquidity shortage. However, the Bank pursued balanced interest rates policy and managed to restrain growth of funding costs to 4.4% versus 4.2% in 2011. Yields on earning assets that were re-priced faster than deposits advanced 88 bps to 11.3% in 2012. On the annual basis net interest margin

ASSETS, RUB MILLION



GROWTH RATES OF LENDING IN RUSSIA AND BANK VOZROZHDENIE LOAN PORTFOLIO



Source: The Bank of Russia

expanded to 4.7% versus 4.3% for 2011 while net spread added up 60 bps to 6.8%.

Non-interest income

Fees and commissions reached RUB 5.5 billion for 2012, up 5.2% for the year. Corporate business fees and commissions accounted for 52% of the non-interest revenue, a significant part of 27% was delivered by the bank cards' business, 16% came from retail business and the remainder 5% - from financial markets operations.

Operating expenses

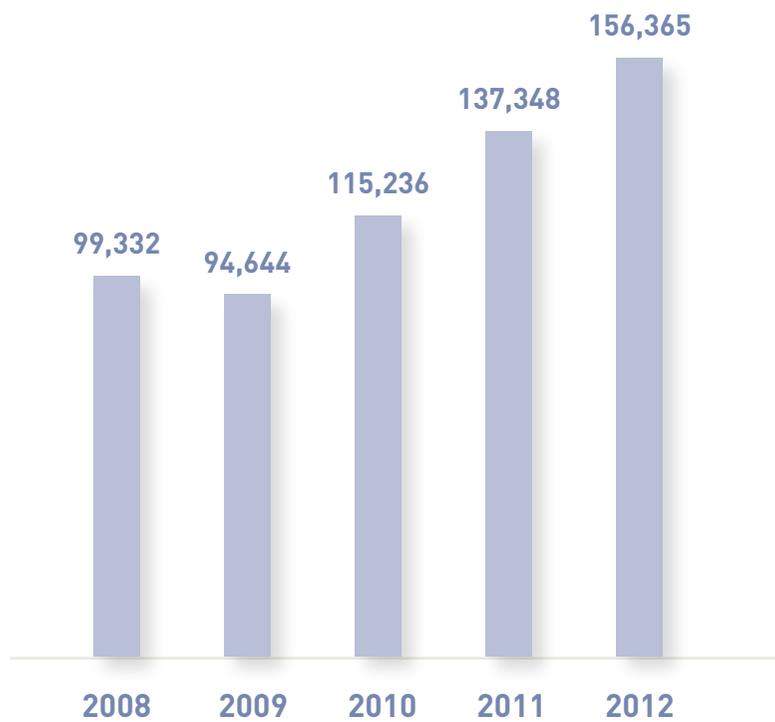
In 2012, operating expenses added only 3.6% to RUB 8.7 billion that is well below inflation level in Russia for the same period. Staff costs increased by 4.1% YoY to RUB 5.1 billion. The moderate growth in operating expenses resulted from the Bank's efforts on costs optimization, in particular the ones related to its day-to-day activities, including tougher monitoring of internal limits observation and concluding more contracts by tenders via the electronic trading platform. Cost-to-income

ratio dropped to 58.5% from 64.8% in 2011, the lowest level for the last three years.

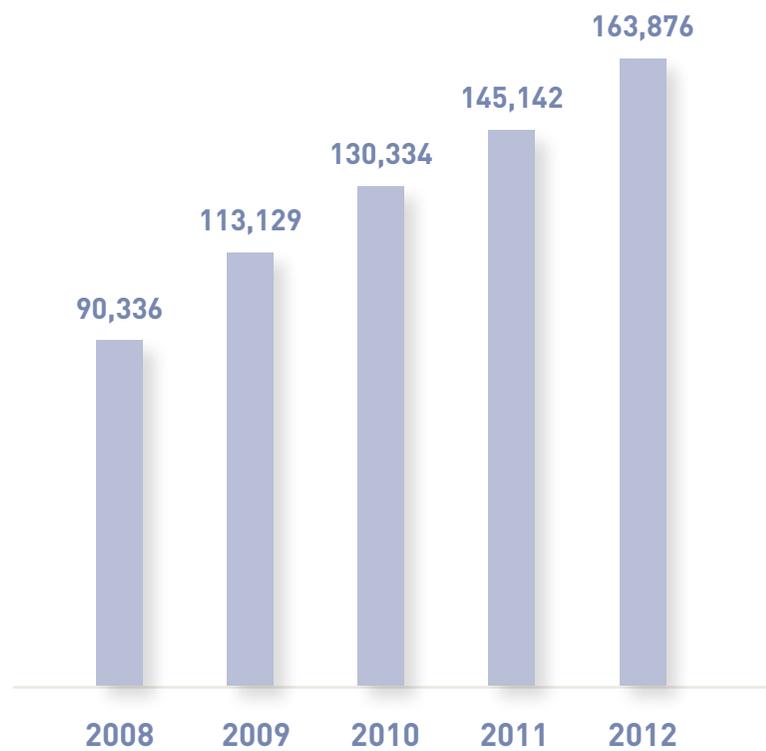
Net income

Profit before taxation in 2012 totaled RUB 3.0 billion, up 47.0% from 2011 driven by positive dynamics of operating income components and tight cost control. Net profit for 2012 grew by 46% to RUB 2.3 billion from 2011. Return on equity was 11.9% going to double digits for the first time since 2008.

**LOAN PORTFOLIO BEFORE PROVISIONS,
RUB MILLION**



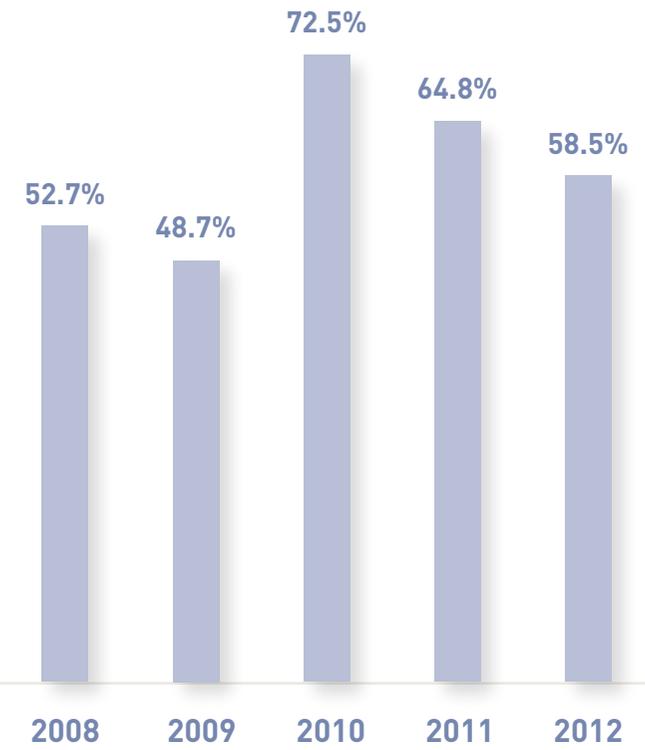
CLIENT FUNDS, RUB MILLION



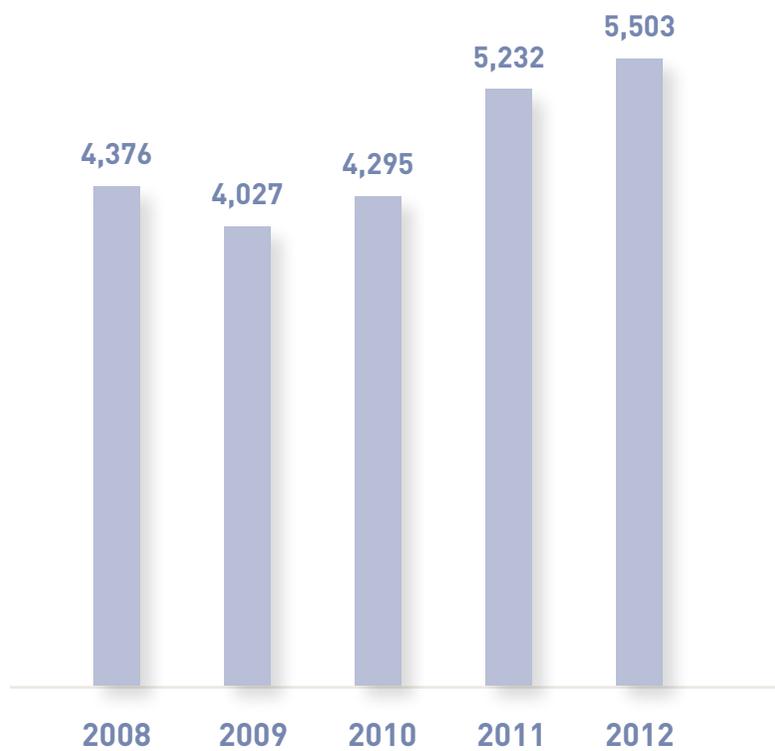
OPERATING EXPENSES, RUB MILLION



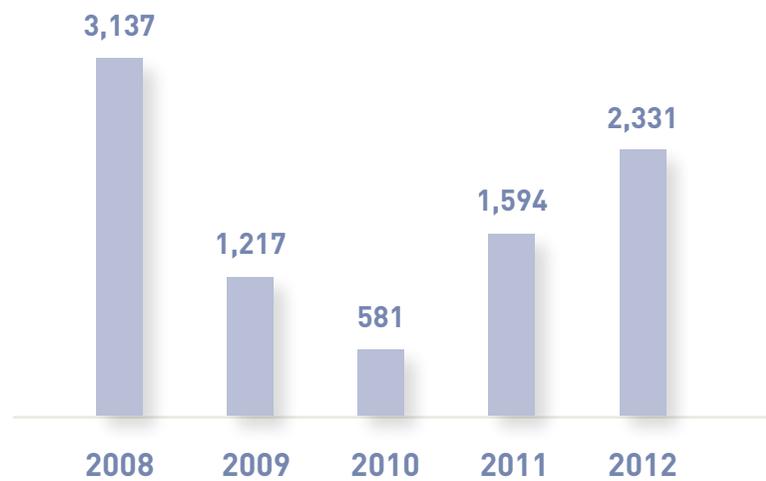
EFFICIENCY (COST-TO-INCOME)



FEE AND COMMISSION INCOME, RUB MILLION



NET INCOME, RUB MILLION





MEETING WITH BANK VOZROZHDENIE BUSINESS PARTNERS AT
BAIKONUR SPACEPORT



VISIT TO KRASNOGORSK MECHANICAL PLANT NAMED BY S.A. ZVEREV



CORPORATE BUSINESS

Despite the overall decline in margins in the Russian banking sector, last year was a successful one for Bank Vozrozhdenie corporate business due to its commitment to prudent and conservative policy, long-term partnership relations with clients, and effective use of its broad product line.

Key goals of the corporate business in 2012 included:

- expanding the client base and increasing the share of SMEs
- strengthening the Bank's position on the corporate market
- keeping the high quality of the loan portfolio
- maintaining the diversified structure of the client base
- expanding cross-selling and increasing revenues per client
- streamlining business processes.

In 2012, the number of corporate customers grew by 1.9% to over 63,400. The SME segment expanded by 12.6% and its

share in the total client base rose to 12.8%, from 11.5% in 2011. Our individual approach and partnership relations in finding solutions to clients' financial problems, as well as our broad range of banking products, were the main factors that helped to attract new corporate customers.

Client segments

Small and medium enterprises

SMEs have historically been a key client segment for us. Bank Vozrozhdenie aims to provide financing for small enterprises on the most attractive terms. It has actively developed lending through the "Co-Financing" product within the framework of partnership programmes with SME Bank, as part of the State Programme for Financing of Small and Medium Business. During the implementation of the programme in 2012, more than 500 entrepreneurs in the regions where we are present received financing for the total amount of over RUB15.5 billion. In September 2012, in cooperation with SME Bank, we launched the "FIM Tselevoi" (Special purpose financing of modernization and innovation) product under which we finance SMEs for a term of up to five years. For this new product SME Bank provided Bank

Vozrozhdenie with a five-year credit line of RUB 1.5 billion. As of the end of 2012, 30 companies had already received loans totaling more than RUB700 million to develop their businesses.

As of the end of 2011, the Bank launched a product to finance micro-businesses as part of the Microbusiness programme developed in cooperation with the European Bank for Reconstruction and Development (EBRD). In 2012, around 300 agreements totaling RUB 500 million were signed with clients by Bank Vozrozhdenie branches participating in the pilot programme. The maximum volume of a single loan that can be issued under the programme was increased to RUB 15 million. In addition, Bank Vozrozhdenie launched a new product to provide loans to business owners. For its implementation the Bank approved special procedures for lending approval, collateral requirements, monitoring process description and special terms of providing loans, which help to keep the quality of the loan portfolio at a high level.

During the year, the Bank continued to work with regional funds that support the development of SMEs: agreements were signed in St Petersburg and Khabarovsk and the decision was taken for work in Yaroslavl Region. Today,

as part of its support for small businesses, the Bank offers its borrowers to use guarantees of the funds as collateral in 14 regions. During the year, local funds issued guarantees totaling RUB1.2 billion to secure loans to be provided by the Bank, which allowed us to grant over RUB 2.5 billion in SME financing.

Major corporate customers

Bank Vozrozhdenie seeks to maximize the use of its extensive branch network, providing large corporate customers with unified rates and standards of service, as well as ensuring a tailored approach by providing a personal client manager.

In 2012, the Bank continued to work successfully with such large customers as hypermarket chain Hyperglobus, Megapolis Trading House, Vimpelcom, retail chains Victoria, Vester and Pyaterochka, Gloria Jeans Group, Soyuzdorstroi and Modus Group, the largest network of car showrooms and repair centers in Southern Russia, as well as many others.

Major new customers of the Bank included: largest Finnish pharmaceutical holding Oriola, Ametist Group, Kosmosaviaspetsstroi and Volzhanin Group.

State-owned companies and federal and local authorities

The Bank has traditionally had strong positions in this segment in the regions where it is present, working actively with large state-owned companies as well as with federal and municipal authorities. Bank Vozrozhdenie largest customers include Russian Post, Kolomensky Avtodor, Mosoblgaz and Mostransavto.

In December 2012, the Bank again won the tender to open and service bank accounts as well as operate the payroll programme for the Finance Ministry of Moscow Region for 2013.

IN 2012, THE BANK WON 26 ELECTRONIC AUCTIONS FOR THE RIGHT TO LEND A TOTAL OF RUB 2.8 BILLION TO MUNICIPAL AND FEDERAL AUTHORITIES IN VARIOUS RUSSIAN REGIONS.

In 2012, the Bank continued its cooperation with Moscow Regional Highway Center. The Bank established a credit risk limit for the organization, allowing it to provide loans, credit lines and bank guarantees for carrying out subcontractor work under state contracts.

Lending

The priority of Bank Vozrozhdenie credit policy in 2012 was to retain its position at the corporate lending market amid slower growth in the Russian economy. The Bank aimed to compensate relatively weak demand for loan products from corporate borrowers by increasing profitability of such lending. In addition, last year, the Bank paid significant attention to supporting client loyalty as well as reducing the level of problem loans, and monitoring and diversifying credit risks.

The main principles and terms of providing loans to the Bank's corporate customers in 2012 remained unchanged and included a focus on corporate customers with proven reputations, credit histories, stable finances and creditworthiness. In 2012, the Bank's corporate loan portfolio increased by 9.3% year-on-year to RUB 123.5 billion, while the portfolio of loans to SMEs amounted to RUB 77.3 billion.

Last year, the Bank succeeded in keeping the quality of its corporate loan portfolio at an acceptable level. At the year-end,

the share of NPLs stood at 10.7% and the coverage ratio for NPLs was equal to 102.5%.

Factoring

Last year, Bank Vozrozhdenie continued to develop factoring, its portfolio more than doubling and its client base increasing by around 50%. The Bank's strategic approach to providing factoring includes developing relationships with the corporate client's suppliers and buyers and provides them with the opportunity to finance the entire chain through a single financial organization. The Bank's primary customers for factoring are sellers and producers of food products, packaging material, household appliances, electronics, construction materials and logistics companies.

Trade finance

Amid lower demand for credit products from corporate clients, the growth of trade finance provided by the Bank slowed down slightly last year. The product in demand was long-term

investment loans guaranteed by national export agencies and used to modernize production facilities. As for short-term loans, thanks to its own foreign-currency liquidity, the Bank was able to finance clients' foreign-trade contracts without involving foreign banks. In 2012, the trade finance portfolio grew to over US\$100 million.

Corporate client funds

Most of the Bank's operations in the corporate segment are funded by deposits from corporate clients. Last year, given the decline in excessive liquidity among corporate customers, Bank Vozrozhdenie paid special attention to building up its funding base from that source.

Reacting swiftly to changes in the market the Bank adjusted its interest rates several times to offer customers more favorable terms. As of January 1, 2013 the volume of corporate customers' deposits was slightly above the target, while the average interest rate on the portfolio of term deposits remained within planned limits.

In 2012, corporate term deposits amounted to RUB 25.9 billion, almost RUB 6.4 billion higher than in 2011. Most of the funds were raised for terms from one year to 18 months. Among the main corporate depositors there are financial organizations, as well as production and service companies. Last year, the total amount of corporate clients' funds increased by 17.3% to RUB 61.9 billion.

In 2012, the Bank continued to raise funds from its traditional partners: the Agency for Housing Mortgage Lending, regional and municipal administrations, and insurance companies. During the year, the Bank was accredited by the Russian Union of Auto Insurers and the National Union of Liability that allowed it to attract resources for periods over one year.

Customs payments

In 2012, Bank Vozrozhdenie proceeded with active cooperation with the customs authorities, acting as a guarantor for its corporate customers in international trade. The Bank is authorized to issue banking guarantees to ensure customs payments.

Starting from September 2012, the Russian Federal Customs Service almost doubled the Bank's limit of banking guarantees

that it can issue in favor of the customs authorities (up to RUB 3.5 billion). The maximum limit for a single bank guarantee was set at RUB 700 million level. Last year, the Bank issued custom guarantees secured by insurance contracts, a key type of collateral under such products, for about RUB 812 million.

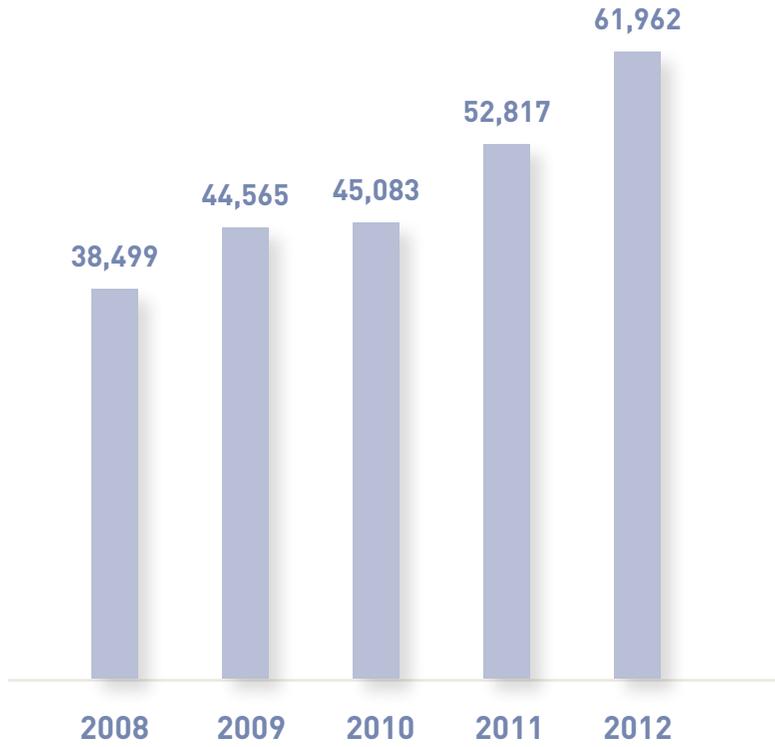
In 2012, Bank Vozrozhdenie began to work with the new coordinator of the "Round" customs card. The Bank was chosen as the first settlement center for the new coordinator. In December, the first "Round" customs card was issued to one of the Bank's clients which executed the first transaction.

Last year, the Bank initiated the introduction of technology enabling remote customs duty payments from the client's work place via a "Personal Office". The new software allows clients to transfer customs duties online after completing an electronic declaration.

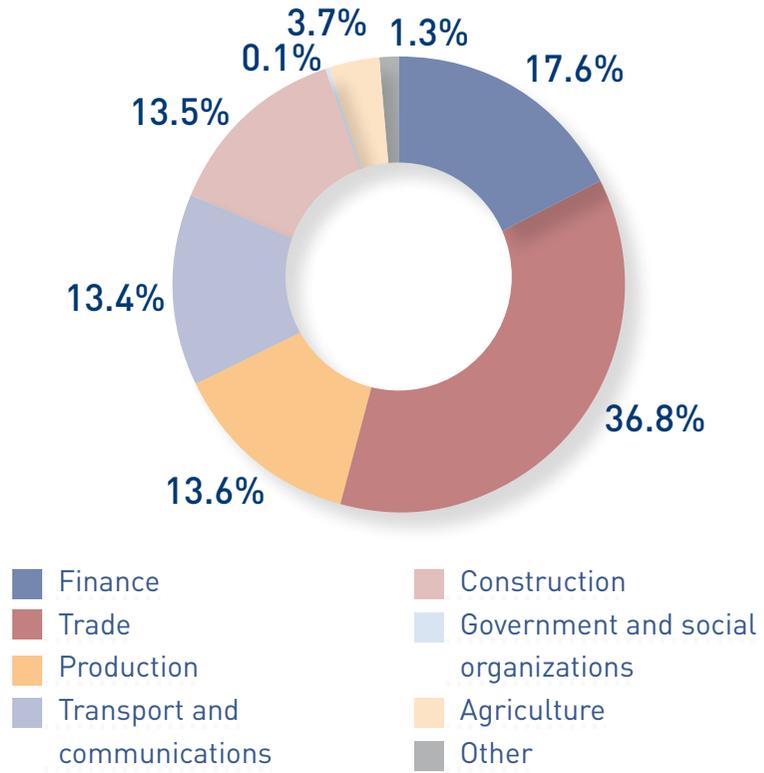
Remote service

In 2012, Bank Vozrozhdenie continued developing remote customer service channels, as they are a key source of non-interest income in the corporate segment. During the year, the share of clients' payments via remote channels reached

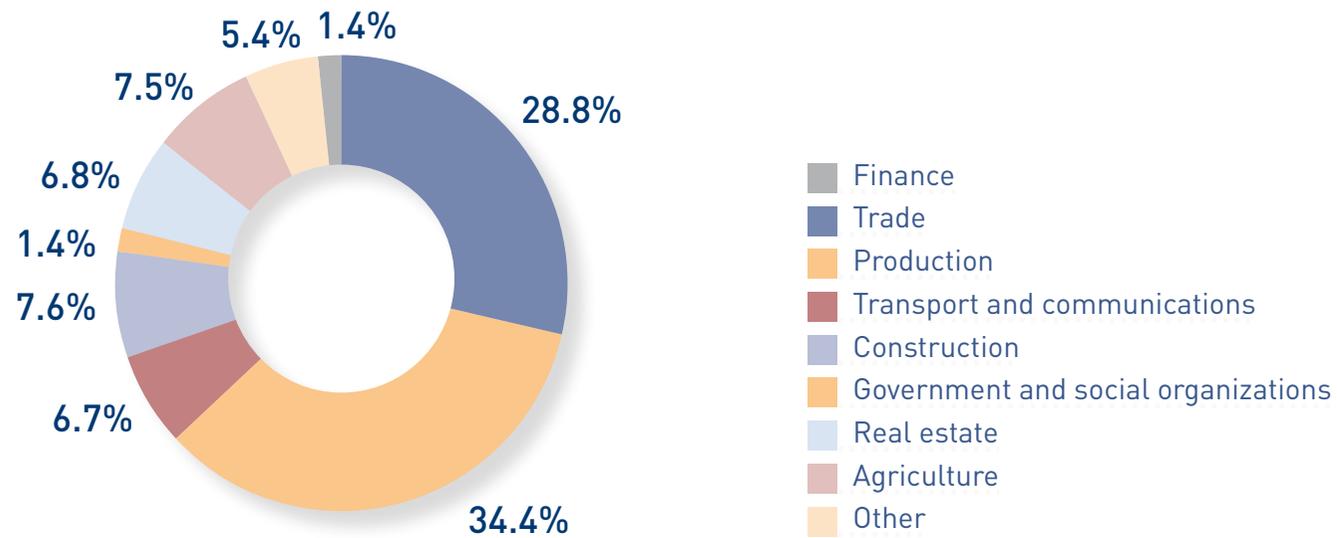
CORPORATE CLIENTS' FUNDS, RUB MILLION



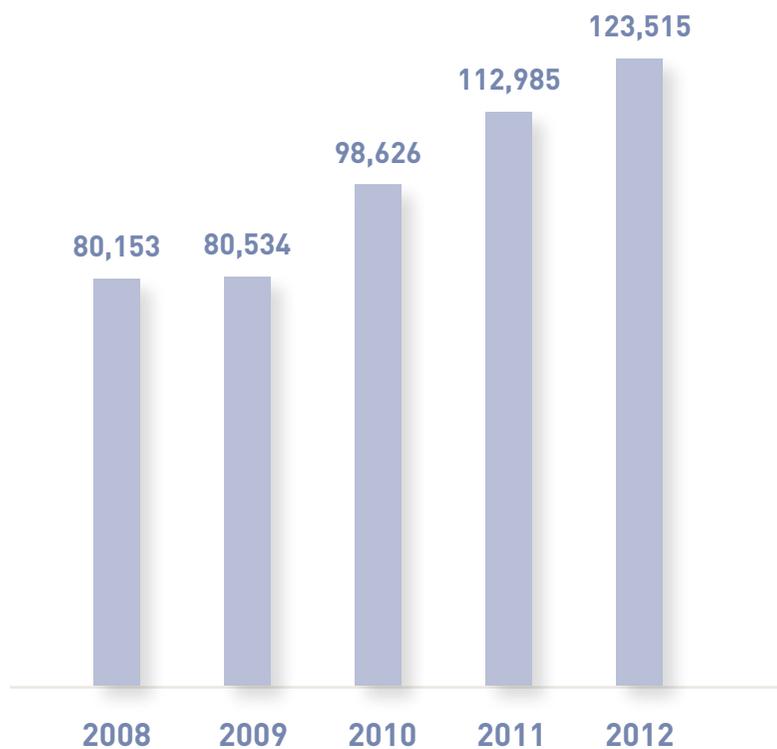
CORPORATE CLIENTS' FUNDS BY SECTOR, 2012



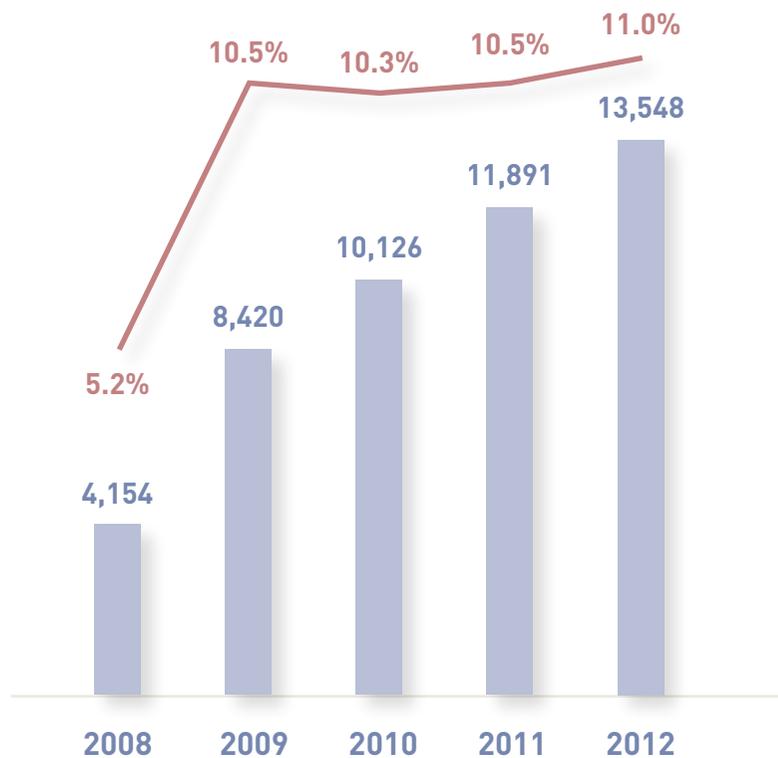
**BREAKDOWN OF THE CORPORATE
LOAN PORTFOLIO BY SECTOR, 2012**



**CORPORATE LOAN PORTFOLIO*,
RUB MILLION**



CORPORATE LOAN PORTFOLIO QUALITY



■ Provisions, RUB million
— Provisions/loan portfolio

* Before provisions for loan impairment



AWARDING THE BEST SALES MANAGERS IN RETAIL BUSINESS



FINAL OF THE COMPETITION «THE BEST BANK TELLERS»



83% of the total volume of transactions. The most popular products for remote banking services were: "Internet-Client", "Corporate Control", "Corporate Settlement Center" and "Secured E-mail". Customers were also interested in Cash Management products.

Bank Vozrozhdenie offered flexible tariff plans for its active customers. It optimized fees' rates for currency operations and held some promo-actions for cash settlement services in several regions. The Bank's efforts helped to attract new customers and increase non-interest income by 7.8% year-on-year. In the forthcoming period, the Bank plans to establish special tariff plans for each customer segment to enhance the best prices under targeted offers of services that are most necessary for the clients.

In 2013, the Bank scheduled the transfer of clients to an updated remote banking service software, which should raise the convenience, quality of services and account security to a new level.

Service quality and loyalty

Bank Vozrozhdenie monitors the quality of services provided to its corporate customers closely and pays continuous attention to its improvement. We conduct a regular "Secret Shopper"

research. Furthermore in 2012 we started preparations to survey the satisfaction of our small, medium and microbusiness clients using TRiM methodology.

The Bank has a system for handling customer complaints. Many clients and potential partners have attended special events, held by the Bank as a part of its loyalty programme, at top cultural locations, including the Chekhov Moscow Art and Academic Theater, the Tretyakov Gallery, Tsaritsyno as well as the Peter and Paul Fortress.

IN 2012, THE BANK ACTIVELY DEVELOPED CROSS SALES, AND THE NUMBER OF PRODUCTS PER CLIENT ROSE FROM 2.1 TO 2.26

Corporate business development plans

In 2013, the key priorities in the corporate business are: diversifying the existing client base; finding new, high revenue borrowers; attracting clients for raising term deposits; and increasing the share of clients generating fee income. In addition, the Bank intends to strengthen the contribution of SMEs to its financial result and maintain market leadership in terms of non-interest revenues.

ONE OF BANK VOZROZHDENIE'S KEY OBJECTIVES FOR 2013 IS INCREASING LOAN PORTFOLIO INCOME GENERATION CAPACITY AS WELL AS CONTROL OVER ITS QUALITY

RETAIL BUSINESS

Positive trends in retail banking sector started in 2011 and continued in January-September of last year. The first three quarters saw strong individual demand for a wide range of loan products, as people's income grew and the political situation in Russia stabilized. Significant growth of the retail loan book throughout the first three quarters enabled Bank Vozrozhdenie to meet the annual targets set in its financial plan for 2012, despite the deterioration in financial markets liquidity in the fourth quarter of the year.

Lending

One of Bank Vozrozhdenie priorities last year was increasing the size of the retail loan portfolio while maintaining its quality. In 2012, the portfolio increased by RUB8.5 billion to RUB 32.9 billion⁸, up 34.8% year-on-year. The main contributor to the rise was high demand for the Bank's mortgage products.

Mortgages

IN 2012, THE BANK INCREASED THE VOLUME OF MORTGAGE LENDING BY MORE THAN A THIRD, WHILE KEEPING HIGH QUALITY OF THE PORTFOLIO.

Bank Vozrozhdenie was one of the first banks in Russia that started to issue mortgages. In 2012, Rusipoteka research center

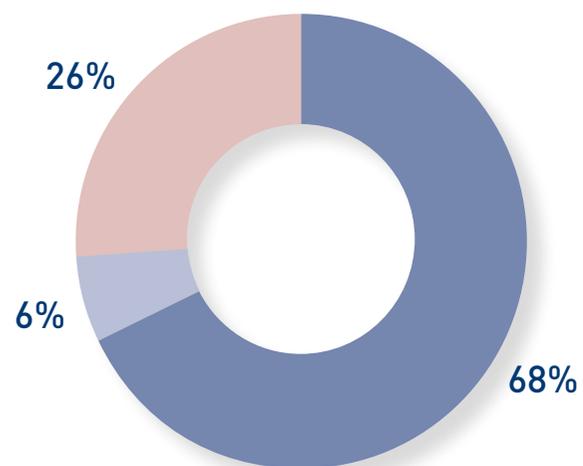
ranked the Bank eighth in terms of the size of its mortgage portfolio. The Bank provides mortgages for the purchase of apartments and houses with land on the primary and secondary real estate markets.

In 2012, Bank Vozrozhdenie took several steps to widen the availability of mortgages and stimulate their issuance. Starting from April 2012, the Bank increased the age limit for borrowers under mortgage loans from 60 to 65 at the moment of the loan repayment. It also launched a collective insurance plan with insurance company SOGAZ, providing clients with a new option of insuring while receiving a mortgage from Bank Vozrozhdenie. In addition, the standard loan agreement for the purchase of an apartment on the primary market was amended with a provision allowing to fix the interest rate applied after the registration of the title on property. The maximum mortgage amount under the "Apartment" and "New Apartment" programmes was increased to RUB 15 million for borrowers in Moscow and St Petersburg, as well as to RUB 20 million under the "Country House" programme. At the same time, the Bank decreased the down-payment requirement for mortgages.

In 2012, the main channel for selling mortgages were partnership programmes with developers, realtors and real estate agencies. Around 80% of the loans granted during the year were issued in

⁸ Includes RUB 7.2 billion in securitized mortgage loans and RUB 2.1 billion in credit card lending.

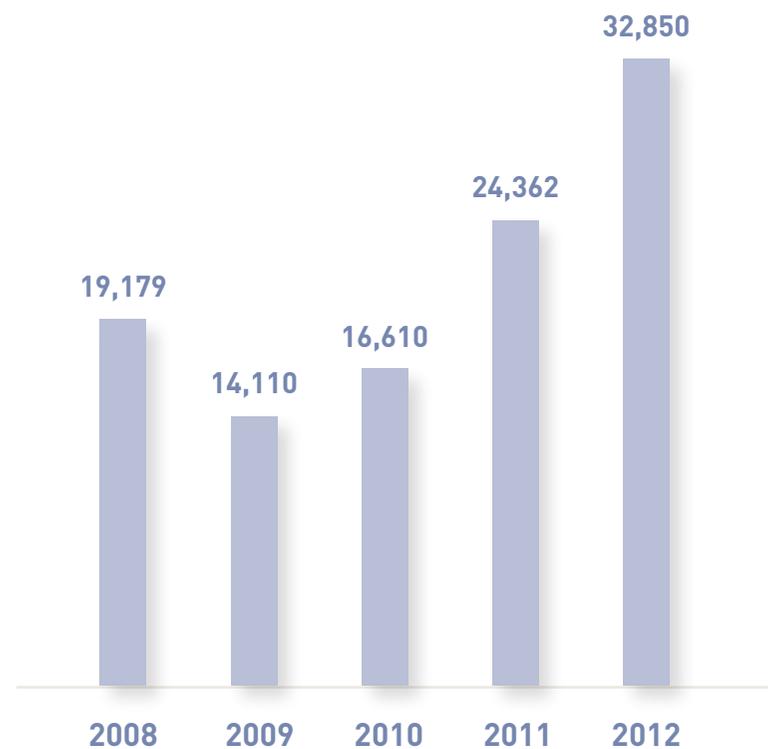
BREAKDOWN OF RETAIL PORTFOLIO, 2012



- Consumer loans
- Credit card
- Mortgages

* Before provisions, including securitized mortgages and credit card lending

RETAIL LOAN PORTFOLIO*, RUB MILLION



cooperation with them. In addition, the Bank was actively involved in various corporate and government programmes. In 2012, it continued to participate in the "social mortgage" programme of the Moscow City Housing Department. Over the year, around one third of the programme participants chose Bank Vozrozhdenie as their lender.

By the end of 2012, the total volume of mortgage loans issued by the Bank exceeded RUB 11.5 billion, up 34.8% year-on-year, while the total loan portfolio was up 45.0% to RUB 22.3 billion⁹. The proportion of non-performing loans (NPLs) in the mortgage loan portfolio remains comfortably low: over the year it increased from 1.69% to 1.75%.

In December 2012, Bank Vozrozhdenie went into the first stage of the second mortgage securitization, totaling RUB 4.3 billion. In early April 2013, the deal was completed. The Bank placed A-class mortgage bonds for RUB 2.96 billion via an open subscription on MICEX. International ratings agency Moody's assigned the issue with a long-term investment credit rating of 'Baa3'. The Bank itself bought RUB 1.04 billion in B-class bonds via closed subscription. The securities will be redeemed in August 2045.

CONSUMER, CAR AND CREDIT CARD LOANS

Last year, in the consumer and car loans segment, the Bank focused on customers with proven and stable income, such as users of payroll services and members of corporate programmes, employees of government organizations, and clients with good credit histories.

In 2012, Bank Vozrozhdenie intensified its efforts to develop the consumer loan portfolio. For example, in February, interest rates were reduced for the "Secured Loan" and "Unsecured Loan" products.

Over the year the Bank issued consumer loans totaling more than RUB 5.85 billion. Despite more relaxed loan conditions and lower interest rates, Bank Vozrozhdenie was able to keep the quality of its consumer loan book high: the proportion of NPLs was equal to 3.4% as of the year-end.

The total portfolio of consumer and car loans together with credit cards rose by 17.5% to RUB 10.5 billion last year¹⁰, while the share of NPLs fell from 6.32% to 4.76%.

⁹ Includes RUB 7.2 billion in securitized mortgage loans

¹⁰ Includes RUB 2.1 billion in credit card lending

Deposits

Russians continued to save actively in 2012, and the Bank's portfolio of private deposits evidenced steady growth, by RUB 9.2 billion overall. At the end of 2012, the Bank's retail deposit portfolio exceeded RUB 81.0 billion, up 12.3% year-on-year, while the number of customers stood at 290,000.

Bank Vozrozhdenie's main focus has been on attracting long-term ruble deposits: by the end of 2012 they had increased by over RUB 8 billion with a 63% share in the retail deposit portfolio. The share of deposits raised with maturity over one year accounted for 70%.

In 2012, the Bank provided preferential terms for deposits of individual customer groups: payroll programme participants, pensioners and government employees. Interest rates on such terms were by 0.2-0.3 percentage points higher than those of a similar standard deposit.

In 2012, the Bank's retail deposit portfolio increased by 12.3% and accounted for 49.4% of customer accounts.

Last year, the Bank increased deposit rates three times, adjusting them to market trends and its own needs in terms of

volume, term and currency of funds. The most significant rates increase was made on the fourth quarter and affected long-term deposits. At the end of the year, the Bank cut rates on deposits in US dollars and euros due to its low need for FX funds. In 2012, the ruble deposit portfolio rose by RUB 8.2 billion (up 17.1%) to RUB 56.6 billion.

Seasonal deposits enjoy popularity among our clients, making up 41% of the retail deposit portfolio. The Bank's customers can top up the deposit around the clock via ATMs, internet and mobile phones, as well as by depositing payrolls, pensions and other proceeds directly to savings accounts. Retail customers can pay for utilities, telecommunications and other services, redeem loans, and make payments to businesses and individuals. Depositors with seasonal deposits get Bank Vozrozhdenie debit cards with free service for the whole period of the deposit.

Last year, deposits from RUB 700,000 to RUB 1 million and those over RUB 1 million experienced the strongest growth, of 26% and 15% respectively.

In 2012, the Bank also increased interest rates on the Momentary deposit, encouraging clients to make deposits via its ATMs and "Vbank with you" online service.

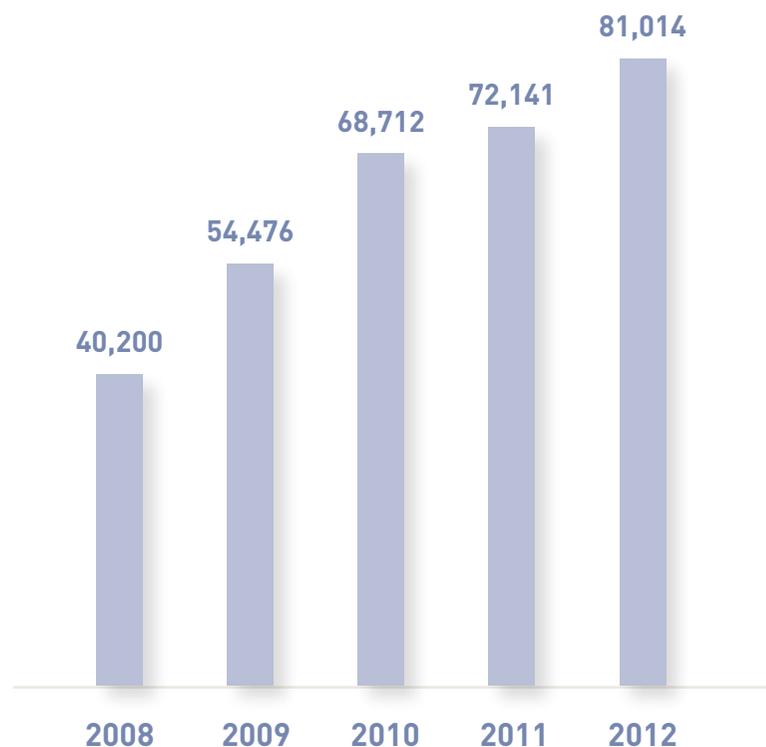
Payments and transfers

One of the Bank's priorities last year was enhancing fee income. In 2012, income from payments and transfers amounted to RUB 360 million and the number of transactions exceeded 16.3 million. The largest contributor was remote banking channels (POS, "regular payment" service), which delivered RUB 19.7 million in income, up 23% for the year. Today, settlement services are available to the Bank's customers in 148 sales offices and self-service facilities, including 828 ATMs.

In 2012, Bank Vozrozhdenie continued to develop its network of payment terminals encouraging customers to switch to self-service for small transactions. It also helps to improve the speed of servicing in the offices. At the year-end, the Bank had 58 such terminals. In 2012, the terminal network carried out 335 million payments to more than 1,000 different organizations.

An important event in 2012 was launching a partnership programme with CyberPlat system, the largest integrator of individuals' payments in Russia and CIS. In 2013, Bank Vozrozhdenie is planning to give customers access to services of such market leaders in international money transfer systems as Unistream and Zolotaya Corona. All these developments are

INDIVIDUAL DEPOSITS, RUB MILLION



expected to drive healthy growth of the Bank's fee income in 2013 and in the longer run.

Cross-selling

The Bank adheres to individual approach to its clients when preparing proposals, and it is reflected in the whole communications process. The most important factor in boosting cross-selling is personalized retail programs for major corporate clients. For instance, the share of loans to participants of payroll programs rose to 67% in the Bank's total consumer portfolio thanks to targeted sales of such products.

When working with retail clients, the Bank actively uses SMS distribution and phone calls to inform clients – users of payroll services and employees – about special corporate lending programs, seasonal deposit products, changes in offices' business hours, installations of new ATMs, and visits of Bank managers to partner companies. Over the year, remote targeted consultations resulted in 2,400 transactions for over than

RUB 2 billion. Overall, the Bank's Contact Center has conducted more than 40,000 "inbound" consultations, generating RUB 1.1 billion in loans.

Last year, the Bank rapidly expanded its online service for preliminary calculation on loan and deposit products. This channel supported issuance of loans for RUB 917 million in 2012, up 58% year-on-year.

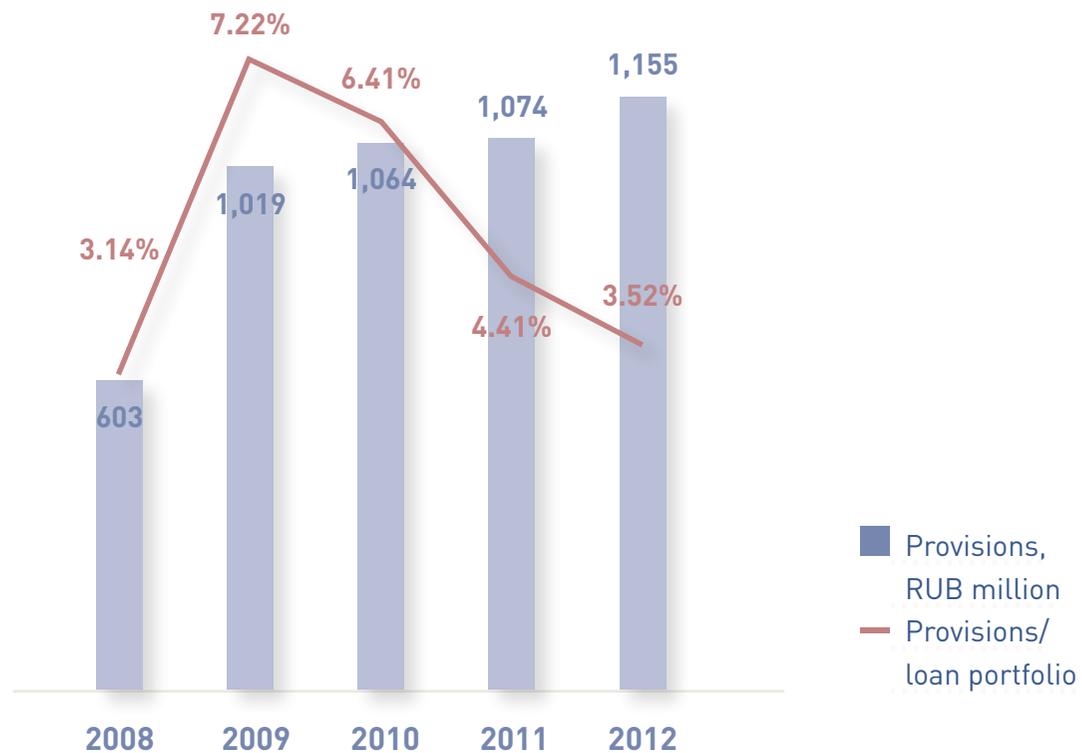
Retail business development priorities

In 2013, the Bank will continue to actively develop all areas of its retail business. Work on raising customer funds will focus on sales of long-term ruble-denominated deposits, and the target is to increase the total deposit portfolio by 15%. In 2013, the Bank intends to remain a major player in Russia's mortgage market and to widen its mortgage portfolio to RUB 30.2 billion, including securitized loans. Total consumer and car loans portfolio is expected to grow to RUB 11.5 billion by the end of 2013.

In addition, Bank Vozrozhdenie aims to increase revenues from retail settlement services, supported by centralized projects to install payment terminals in the offices of government agencies in the regions where the Bank has presence.

Cross-selling will also remain in focus in 2013. This will not only increase revenues and the penetration of the Bank's products, but also ensure greater customer loyalty.

RETAIL LOAN PORTFOLIO QUALITY





MARK NAKHMANOVICH HOLDS THE FIRST PRESENTATION OF INTERNATIONAL BANK CARDS PAYMENT SYSTEM AT VOSKRESENSK BRANCH



THE BANK ISSUED 1 MILLION 100 THOUSAND OF BANK CARDS



BANK CARDS

In recent years expanding demand for advanced bank cards solutions drive impressive growth of the Russian bank cards market. There is a growing need for credit cards with revolver capacity, grace periods, cash-back functions and other options. The development of bank cards infrastructure and remote channels is enabling the bank card to become a key financial tool for supporting everyday life. All of these factors are encouraging Bank Vozrozhdenie to focus on developing bank card business more closely.

The main growth driver in the Bank's card business is payrolls. Despite fierce competition among financial institutions, Bank Vozrozhdenie is a strong player in this segment, particularly in Moscow Region. Bank's payroll projects gained popularity for its convenience and extensive ATM network to support clients' operations; moreover employees at companies participating in the payroll projects have various options of using the Bank's products on preferential terms. As of late 2012, Bank Vozrozhdenie had more than 14,000 payroll contracts.

IN 2012, BANK VOZROZHDENIE HAD MORE THAN 1.38 MILLION CARDHOLDERS, THE VOLUME OF CARD TRANSACTIONS WAS UP 24% YEAR-ON-YEAR.

Last year, the participants of the Bank's payroll projects and other cardholders widened their use of money payments by

bank cards significantly. Extensive functionality of bank cards affords clients to make transfers and payments, repay loans, open accounts and deposits. In addition, cardholders can make purchases in stores and online, as well as pay in restaurants and cafes. In 2012, the volume of transactions in retail outlets via the Bank's POS terminals was around RUB 12.7 billion, up 53% compared to 2011.

Thanks to a dedicated program to improve financial awareness and targeted marketing efforts, customers increasingly perceive the Bank's ATMs as multifunctional devices that enable them to conduct majority of transactions without help of bank tellers. Last year, the volume of customer payments via the Bank's ATMs rose by 14%, while number of units reached 828 as of 31 December 2012.

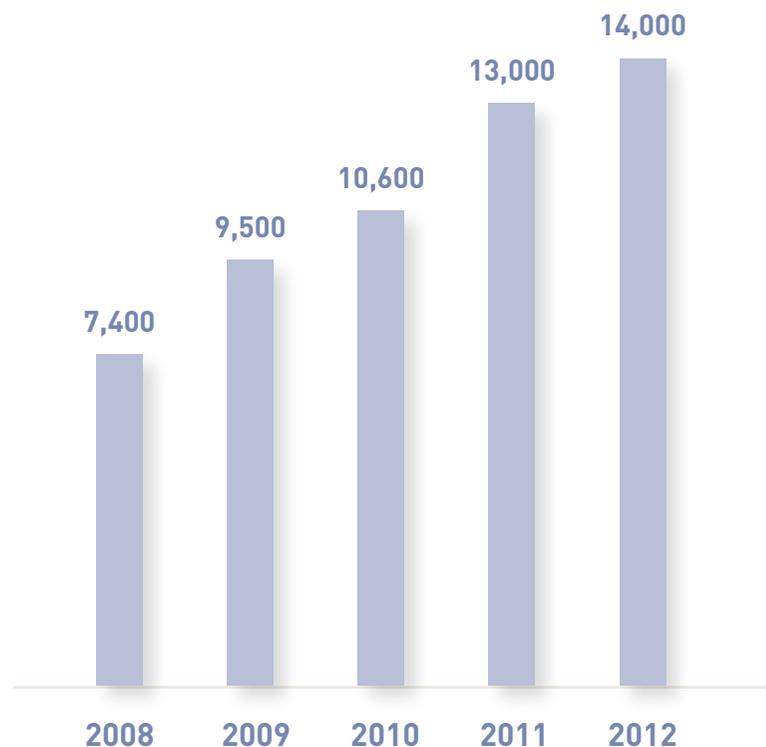
It was important for the Bank to upgrade "Vbank with you" online services, launched in 4Q11 as part of infrastructure development for retail customers' remote payments. Active work in this area helped to transfer some customers' transactions from ATMs to the internet and mobile phones and establish an efficient sales channel for remote banking products. In 2012, the number of the Bank's cardholders that joined the service increased by 14.5% to 790,000 customers. In the medium term, the Bank intends to continue development of remote customer service channels as a powerful sales tool and one of the key sources of fee income.

In summer 2012, in cooperation with the Visa international payment system, Bank Vozrozhdenie started issuing cards with payWave contactless and timesaving payment technology. The technology allows the Bank's customers to use their cards in payment terminals in 321 countries, as well as in millions of retail and service outlets that accept Visa cards.

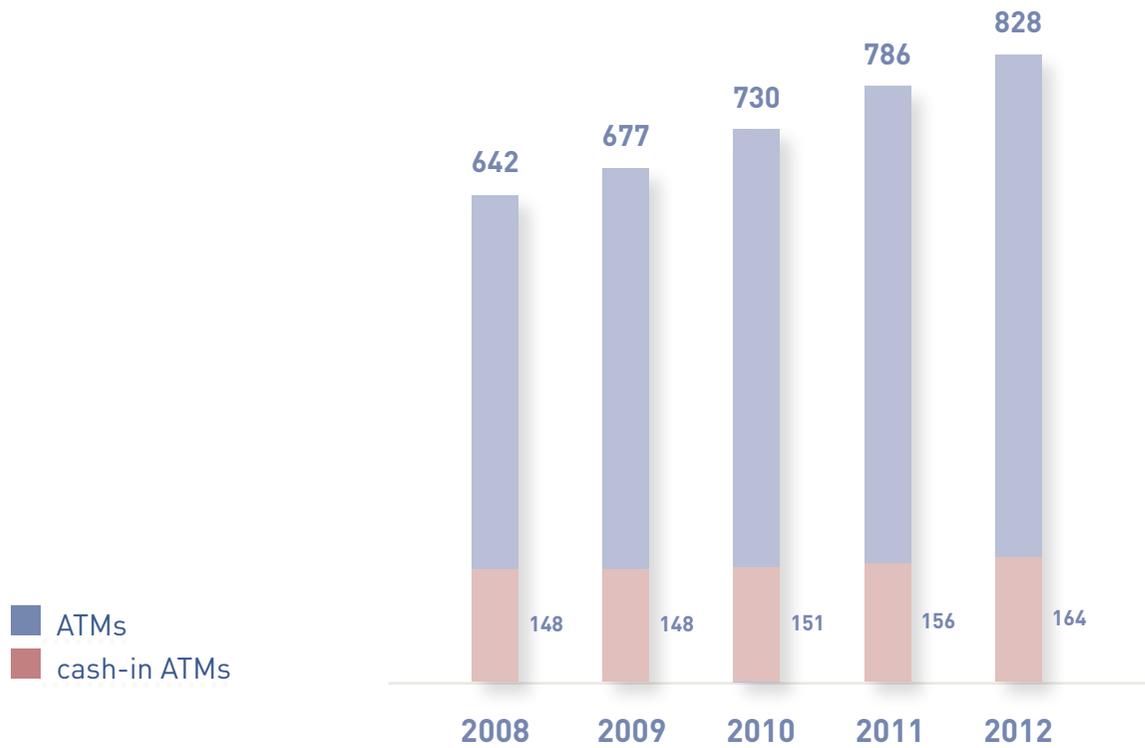
Late 2012, 3D Secure technology became available to holders of all of the Bank's cards, including Visa Electron and Cirrus/Maestro. Bank Vozrozhdenie offers customers several ways to confirm credit card transactions: via SMS, crypto-calculator, chip bank card, or the Mobile bank application. Launch of the new technology was the next step in implementing the strategy to fully protect clients' interests in online operations.

In 2012, the Bank established the "Money to Account" service, which helps legal entities and individuals to deposit cash directly to their bank accounts by themselves. The new service is available around the clock, using special corporate bank cards as well as ATMs with cash-in service and POS terminals. The service has enriched Bank Vozrozhdenie's product line for small and medium-sized businesses that need to collect small amounts of cash on a regular basis.

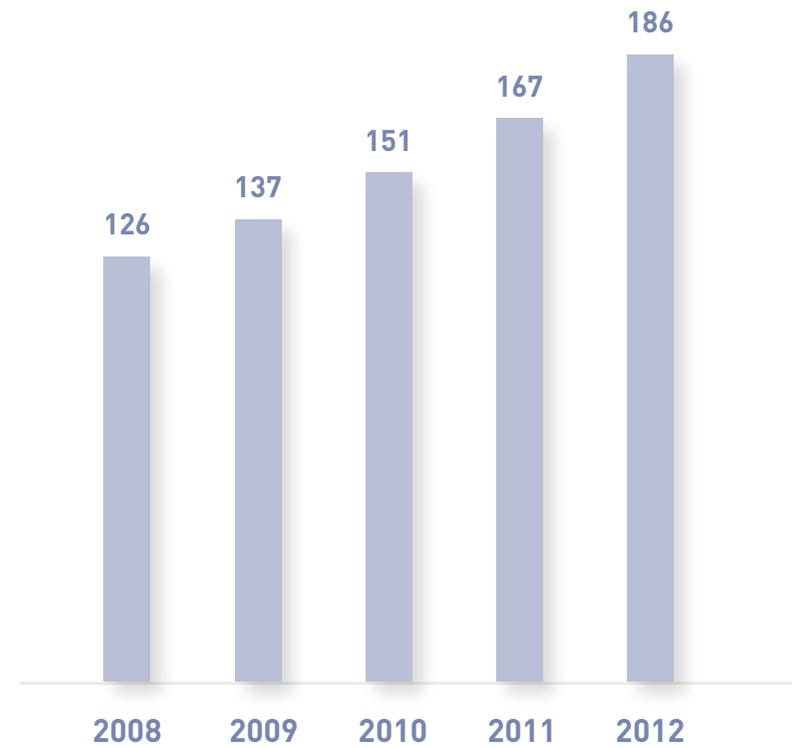
NUMBER OF PAYROLL PROJECTS



NUMBER OF ATMS



CARD ACCOUNTS CREDIT TURNOVERS, RUB BILLION



Bank card business development priorities

In 2013, the priorities of bank card business will be to increase the customer base and cross-selling, as well as to develop remote customer service channels. The Bank intends to expand the list of companies that can get payments made by individuals via bank cards, enable clients to conduct transactions across all of their accounts online and enhance remote sales of other banking products. It also plans to step up efforts to introduce co-branded products, which give customers additional bonuses for transactions with bank cards, while ensuring greater customer loyalty.

FINANCIAL MARKETS

In 2012, the main factors influencing the global financial market were the slowdown in many of the leading economies and the ongoing debt crisis in parts of the Eurozone.

In the first half of the year, international rating agencies lowered the sovereign ratings of several EU countries, and the likelihood of Greece leaving the Eurozone increased. This sent shockwaves

through financial markets and caused further turbulence in the European economy. In March, Greece's creditors agreed on a second bailout package for the country, and the European Central Bank (ECB) held auctions to provide liquidity for EU financial institutions.

In the second half of 2012, the leading central banks announced new measures to stimulate economic growth and support financial markets. The ECB unveiled a program to support debt markets by buying bonds of Eurozone countries, while the US Federal Reserve began the third round of quantitative easing. These prompt actions brought the economic situation under control and prevented the financial crisis from intensifying.

Russia's financial market was driven primarily by the situation worldwide, oil price volatility, the EU debt crisis, and investors' appetite for risk. While the global economic turbulence had a substantial effect on Russia, the domestic financial market and economy remained stable overall.

Last year, Bank Vozrozhdenie priorities on financial markets included diversification of the securities portfolio to keep

liquidity high, reduction of risk, and return on assets increase. In particular, the Bank focused on transactions with debt instruments and operations on the interbank lending market.

Securities market

The bulk of the Bank's operations in debt instruments involved the Bank of Russia bonds, sovereign Eurobonds and high-quality municipal and corporate Eurobonds that provide an optimum combination of profitability, reliability and liquidity. Its portfolio also included "quasi-sovereign" corporate bonds, blue-chip debt securities and municipal bonds with a put call/redemption within one year. When compiling its securities portfolio, Bank Vozrozhdenie used the Bank of Russia's Lombard list (which names the securities that the Bank of Russia accepts as loan collateral) as a reference.

In 2012, to manage liquidity, reduce risk and generate additional income, Bank Vozrozhdenie conducted numerous reverse REPO operations using the Bank of Russia bonds,

sub-federal and municipal bonds, and high-quality corporate debt instruments.

On the stock market, Bank Vozrozhdenie made transactions in shares of blue-chip Russian companies, primarily those in the natural resources sector. Operations with shares are not a priority for the Bank and took a small part of its securities transactions.

Last year, the Bank conducted RUB 248 billion in securities transactions on MICEX and the OTC market. The average size of its securities portfolio was RUB 11 billion.

Interbank lending market

Demand on the money market was high in 2012, as Russian banks sought liquidity. Average interest rates rose, the overnight interbank lending rate reaching 6.4% at the year-end, compared with 4.2% in 2011. A key driver of the money market was actions of the Bank of Russia, which raised interest rates, increased the limits in direct

REPO auctions, and expanded the list of securities that can be used as collateral for direct REPO operations.

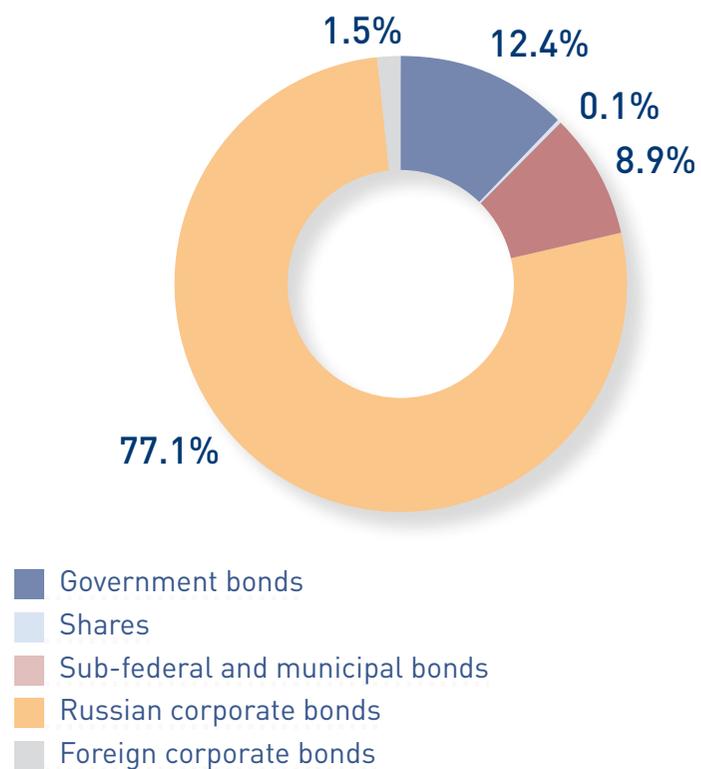
Bank Vozrozhdenie continued to be an active net-lender at the interbank market providing the resources both in local and foreign currencies. Interbank loans were distributed among the reliable banks both using clean lines and under the pledge of highly liquid assets.

Throughout the year, to manage liquidity, Bank Vozrozhdenie conducted direct REPO transactions with the Bank of Russia, as defined in its Resolution "On the Terms and Conditions of the Bank of Russia of Russia Conducting Direct REPO Operations with Russian Credit Organizations on the Securities Market" (no. 357-P, dated 4 March 2010).

Subordinated deposits

In 2012, to boost capital and support the volume of its active operations, the Bank raised a RUB 2 billion subordinated deposit

BREAKDOWN OF THE BANK'S TURNOVER ON SECURITIES TRANSACTIONS, 2012



for eight years at 9.25%. In accordance with the Bank of Russia regulations and the Basel requirements, the funds raised were recorded as Tier II capital. The deposit will enable the Bank to keep capital adequacy at a comfortable level and thus continue its loan book expansion.

Priorities of financial markets operations in 2013

This year, Bank Vozrozhdenie will keep its securities portfolio diversified, continuing to focus on sovereign bonds, including sub-federal and municipal ones, and high-quality Russian corporate debt instruments. One of the key criteria for selecting securities will be whether they feature on the Bank of Russia's Lombard list. In addition, we will continue lending excessive liquidity to high-quality financial organizations via the interbank market and REPO operations.

BANKING TECHNOLOGIES

The importance of information technology in the banking sector has been continuously growing over recent years. IT infrastructure has always been one of the cornerstones of Bank Vozrozhdenie's development, as it plays a key role in expanding all business lines.

In 2012, the Bank continued with the project on operating model optimization, aiming to increase its business efficiency and enhance the quality of customer service. The core step of this crucial project is building radically new information technology architecture. In order to facilitate the process, the Bank has set up a new senior management position of IT Director. His responsibilities include procuring advanced IT solutions, streamlining internal processes, centralizing information systems and ensuring their stability.

Last year Bank Vozrozhdenie launched a new IT strategy that identifies several areas requiring intensive development: remote customer service channels, front office systems, CRM systems, lending processes, accounting systems technology and analytical systems. Modernization processes in all these directions were initiated in 2012.

Another important aim of 2012 was the banking systems centralization. Finalization of this process will open the way for the optimization and centralization of operating processes. The Bank will continue to progress in this area in 2013.

As a part of the project, the Bank will develop modern IT architecture to centralize various back-office functions. The Bank

expects that the creation of a single center for front-office support operations will improve business performance and increase the speed and quality of customer service.

The Bank sees as the priorities for its banking technologies development in 2013 continuing optimization of the Bank's infrastructure and branch network as well as launching new IT solutions. Introduction of new customer service channels providing clients with self-service options and freeing them from visiting branches will be the key goal of the year. The Bank plans to centralize separate functions by switching them to new technologies.

SHARE CAPITAL

As of the record date, May 11, 2012, the Bank had 9,535 shareholders, including 8,503 individuals and 1,032 legal entities.

Shareholders owning more than 5% of the authorized capital

Shareholder	Share in the authorized capital, %
Dmitry Orlov	30.70
Otar Margania	18.65
JPM International Consumer Holding Inc.	9.37

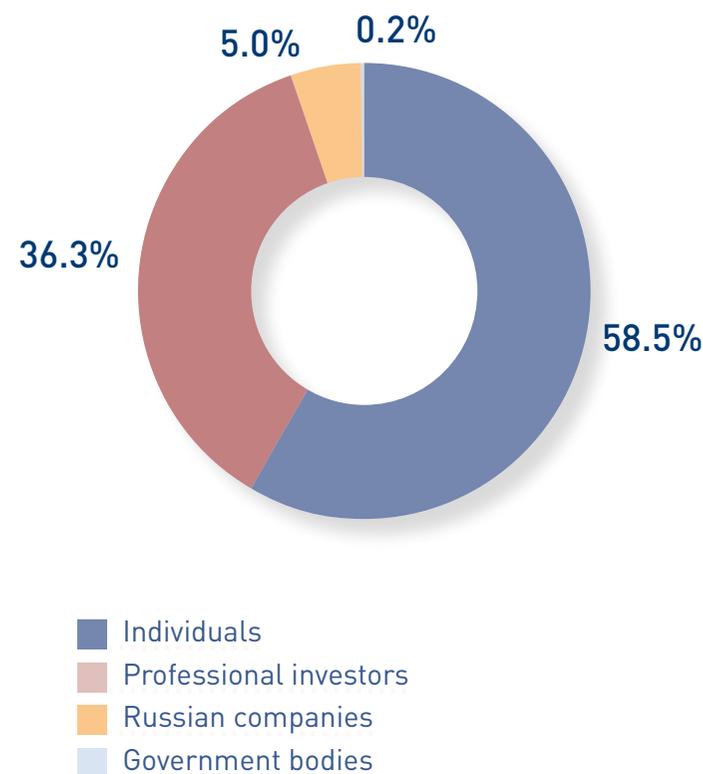
Bank Vozrozhdenie authorized capital totals RUB 250,431,990 and consists of 23,748,694 ordinary shares (94.8% of the authorized capital) and 1,294,505 preferred shares with a fixed dividend rate, each with par value of RUB 10 (5.2% of the authorized capital).

The Bank has a right to issue another 8,000,000 authorized shares.

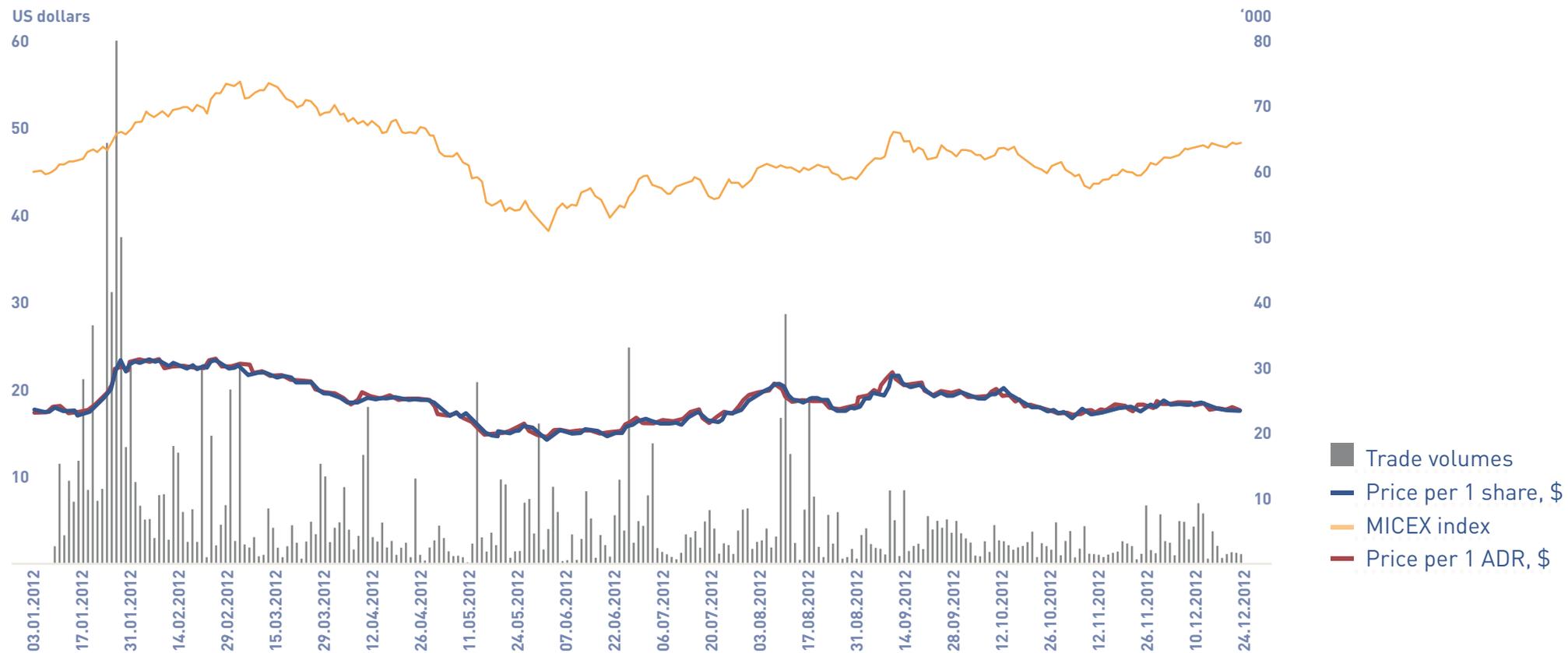
Bank Vozrozhdenie ordinary and preferred shares are traded on MICEX (tickers: VZRZ and VZRZP). The ordinary shares have been included in the A2 list of the exchange since 2007.

As of May 11, 2012, 436,312 ordinary shares of the Bank (1.84% of those issued) were traded on German stock exchanges in the form of Level 1 ADRs. One ordinary share equals to one ADR.

SHAREHOLDER STRUCTURE AS OF THE RECORD DATE (MAY 11, 2012)



BANK VOZROZHDENIE SHARE PRICE (US\$) AND TRADING VOLUMES (NUMBER OF SHARES)



At the close of the last trading day of 2012, the ordinary shares were priced at RUB 539.44 each, giving the Bank a market capitalization of RUB 12.8 billion¹.

In 2012, members of the Bank's management bodies did not carry out any transactions with the Bank's ordinary shares.

¹ As per MICEX data

CORPORATE GOVERNANCE

ACHIEVEMENTS OF 2012

Bank Vozrozhdenie is one of the recognized leaders in the area of corporate governance in Russia. The Bank's corporate governance system is based on Russian legislation and is continuously developing in line with the best international practices. The Bank's practice of corporate governance aims to ensure equal rights for all shareholders owning an equal number of shares of the same type, as well as to ensure the effective protection of shareholders' rights.

IN MARCH 2013, BANK VOZROZHDENIE RECEIVED THE "BEST CORPORATE GOVERNANCE, RUSSIA" AWARD, GIVEN ANNUALLY BY BRITISH MAGAZINE WORLD FINANCE TO COMPANIES THAT DEMONSTRATE HIGH STANDARDS OF CORPORATE GOVERNANCE.

"THE BANK TRADITIONALLY ADHERES TO THE BEST INTERNATIONAL PRACTICES IN CORPORATE CONDUCT. THE BANK HAS MANAGED TO DESIGN A HIGHLY EFFECTIVE CORPORATE GOVERNANCE SYSTEM THAT IS CONTINUOUSLY DEVELOPING IN ORDER TO ADAPT TO THE CHANGING ENVIRONMENT AND TO MEET THE INTERESTS OF OUR INVESTORS. WE ARE PROUD OF OUR EFFORTS HIGH ASSESSMENT BY WORLD FINANCE MAGAZINE AND VERY GRATEFUL FOR THE REWARD RECEIVED." – DMITRY ORLOV, CHAIRMAN OF THE BOARD OF DIRECTORS AT BANK VOZROZHDENIE

The Articles of Association define the corporate governance principles and procedures, the authority and responsibilities of

each level of management, and the scope of work of the internal control and audit system.

The main objectives of the development of the corporate governance system are established in the Corporate Conduct Code and Code of Corporate Ethics as follows:

- Increasing information transparency
- Improving management processes
- Reducing risk exposure
- Preventing conflicts of interest
- Adhering to ethical principles in relationships with all interested parties

You can get more information on the Bank's compliance with the Corporate Conduct Code at the Bank's web-site.

Last year, in terms of developing corporate governance, the Bank focused mainly on improving decision-making by management, strengthening control over compliance with the legislation on preventing illegal use of insider information and market

2020



ANNUAL GENERAL SHAREHOLDERS MEETING



DMITRY ORLOV AWARDED WITH «THE BANKER OF THE YEAR» TITLE

ESTO

manipulation, increasing information transparency, and enhancing the risk management and internal control systems.

To strengthen its market positions and increase its competitiveness in 2012, the Bank decided to modify its corporate governance structure in line with international standards, significantly widening the role of the Board of Directors and expanding its functions. As of the last year, the Board of Directors and its committees have thus become more involved in the general strategic planning of the Bank, as well as in the control over its daily business operations. In 2012, the Bank also enhanced the Board of Directors' supervision over the work of the Management Board Chairman and the performance of his objectives.

In 2012, the Bank updated its internal procedures in line with the recent changes in Russian legislation. For example, the Bank approved new editions of its Articles of Association, Regulations on the General Shareholders' Meetings, Regulations on the Board of Directors and Regulations on Executive Bodies.

MANAGEMENT BODIES

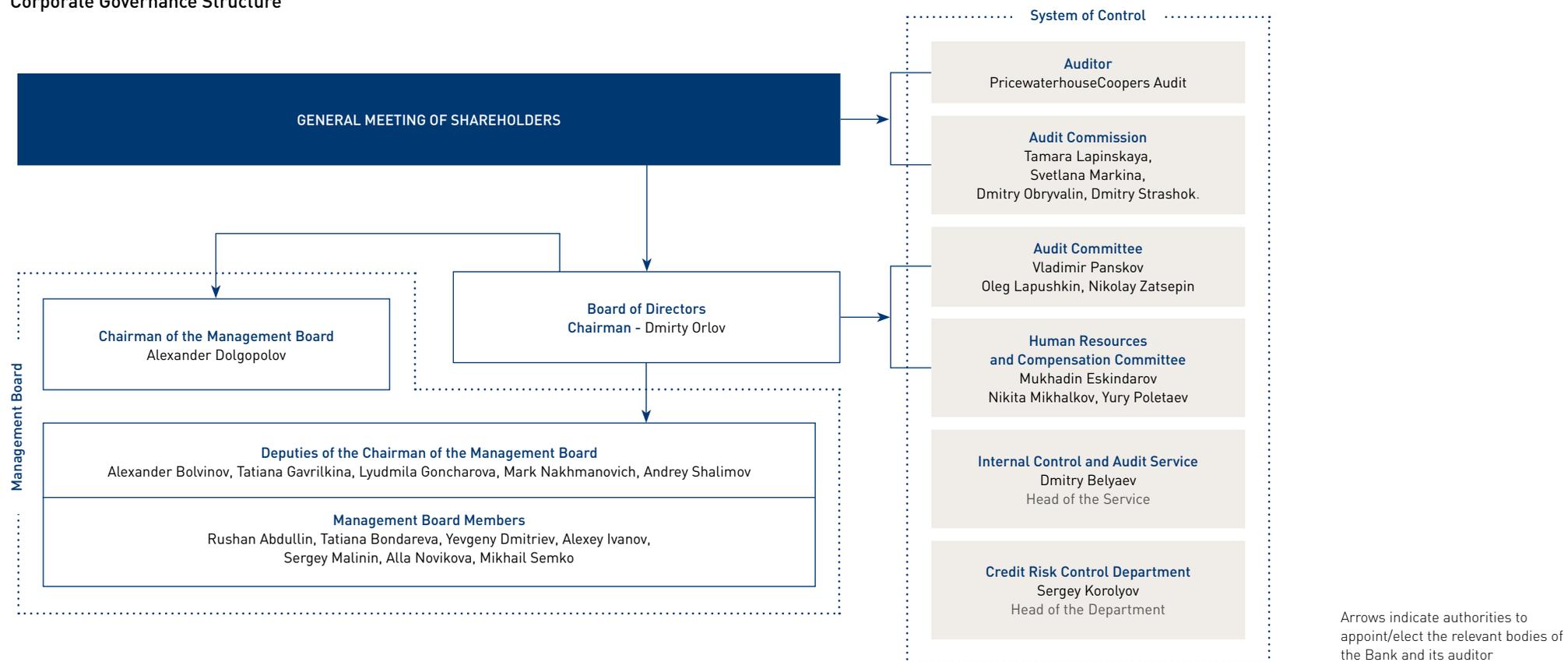
General Meeting of Shareholders

The senior management body of Bank Vozrozhdenie is the General Meeting of Shareholders. Each shareholder who owns voting shares of the Bank is entitled to attend the General Meeting of Shareholders and is entitled to vote on all items of its agenda, to receive notice of such a meeting and its agenda in a timely manner, and to obtain reliable, objective and timely information sufficient to make reasonable decisions on items discussed. To preserve and protect these rights properly, the Bank organizes general meetings of shareholders in a way that provides them with actual and convenient opportunities to attend, while ensuring equal treatment of all shareholders.

The main objective of the Annual General Meeting of Shareholders is to enable shareholders to assess the Bank's business results and discuss the Bank's performance. Shareholders holding 2% or more of the voting shares are entitled to put items on the agenda for discussion and nominate candidates to the Board of Directors and the Audit Commission.

In addition to the Annual General Meeting, the Board of Directors has the right to convene Extraordinary Meetings of Shareholders either on its own initiative or at the request of the Audit

Corporate Governance Structure



Commission, the auditor or shareholders holding not less than 10% of the voting shares. There were no Extraordinary General Meetings of shareholders in 2012.

You can find more information on the order of holding the General Meeting of Shareholders, as well as the documents approved by the General Meeting of Shareholders 2012, on the Bank's website at <http://www.vbank.ru/en/>

Board of Directors

The Board of Directors is responsible for general management of the Bank's operations, in accordance with current legislation and the Articles of Association. Its main responsibilities include determining the strategic priorities of the Bank, control over its financial operations, maintaining an effective system of internal control, securing shareholders' rights, and supervising the activity of the executive bodies.

Directors are elected by the Annual General Meeting of Shareholders for the period until the next Annual General Meeting or until an Extraordinary General Meeting with an agenda that includes the election of new directors. The Board consists of 12 members.

The Annual General Meeting of Shareholders held on June 29, 2012 elected the Board of Directors, which included 11 people from the previous Board membership, while Mr. Vladimir Malinin became a new independent director and Mr. Viktor Khartov resigned from the Board.

Mr. Dmitry Orlov was elected as the new Chairman of the Board of Directors at its first meeting held on July 2, 2012.

In 2012, to strengthen the oversight function of the Board of Directors functioning, a number of changes widening the competence of the Board of Directors were introduced to the Bank's Articles of Association. These included the responsibility to set criteria, limits and authority to carry out banking transactions, including transactions bearing credit risk, as well as procedures for approval of various types of transactions, including real estate transactions.

In addition, in 2012, to improve the effectiveness of the Board of Directors functioning and its interaction with the management and the internal divisions of the Bank, the Board of Directors approved a new edition of the order of holding the Board of Directors' meetings, as well as changes to the order of the executive bodies reporting to the Board of Directors.

Independent Directors

Bank Vozrozhdenie considers the presence of independent directors as being of great importance for the business, in the belief that their work increases the objectivity of decisions made by the Board and ensures maximum protection of shareholders' rights and interests. In accordance with internal documents, the Board should include at least three independent directors.

In 2012, six of twelve members of the Board were independent directors.

To determine the independence of the Board of Directors' members, the Bank uses criteria that meet the requirements of the Federal Law "On Joint Stock Companies" and provisions of the Corporate Conduct Code recommended by the FFMS.

Independent directors of Bank Vozrozhdenie have to meet the following requirements:

- Shall not have been executives or employees of the Bank for the last three years at the time of election
- Are not executives at another company where any of the executives of the Bank are members of the Human Resources and Compensation Committee of the Board of Directors
- Are not affiliates or executives of the Bank
- Are not affiliates of the Bank (except for the membership of the Board of Directors)
- Are not parties to the Bank's obligations, in accordance with the terms of which they can acquire property (or money), the value of which is 10% or more of their total annual income, other than remuneration for participation in the Board of Directors
- Are not major counterparties of the Bank (contracting parties, the total amount of transactions with which during the year is equal to 10% or more of the Bank's assets)
- Were not members of the Board of Directors of the Bank for more than seven years
- Are not government officials

Report on the work of the Board of Directors

In 2012, the Board of Directors held 11 regular meetings and one extraordinary meeting (three meetings in the form of joint presence and nine as voting in absentia), in which over 100 agenda items were reviewed.

Meetings of the Board of Directors held in 2012

Date of meeting	Type of meeting	Number of agenda items	Number of attendees
03.02.2012	Absentia	9	12
23.03.2012	Absentia	9	12
11.05.2012	Joint presence	19	8
01.06.2012	Absentia	10	12
15.06.2012	Absentia	5	12
02.07.2012	Joint presence	5	8
24.08.2012	Absentia	10	11
28.09.2012	Absentia	7	12
26.10.2012	Absentia	8	12
30.11.2012	Joint presence	8	11
21.12.2012	Absentia	9	12
28.12.2012	Absentia	1	12

The key decisions of the Board of Directors made during the reporting period included:

- Approval of the financial plan (budget) of the Bank for 2012
- Approval of the Audit Committee membership
- Approval of the Human Resources and Compensation Committee membership
- Approval of amendments to the Articles of Association
- Convocation of the Annual General Meeting of Shareholders and approval of its agenda
- Development of recommendations for the General Meeting of Shareholders on the amount of dividends to be paid for the year
- Approval of the essential conditions of the employment contract with the Chairman of the Management Board
- Election of Management Board members
- Approval of the schedule of the Internal Control and Audit Service reviews for 2012
- Approval of various documents regulating the issues of combating illegal use of insider information and market

manipulation, as well as issues of risk management at the Bank

- Approval of the fee payable to PricewaterhouseCoopers Audit for the annual audit of the Bank.

In 2012, alongside routine matters, the Board of Directors assessed the effectiveness of its work and devised measures to improve it. Under this procedure, the Human Resources and Compensation Committee conducted a survey among the members of the Board of Directors, summarized the responses received and presented the results of self-evaluation at the meeting of the Board of Directors. Information on the results of self-assessment was used to determine the amount of remuneration paid to the members of the Board of Directors based on financial results for the year.

The main objectives of the Board of Directors for 2013 are:

- Analysis of the necessity to adjust the Bank's strategy;
- Improvement of the risk management system;
- Improvement of the Bank's incentive system;
- Strengthening internal control;

- Increasing information transparency.

Committees of the Board of Directors

The Board of Directors committees are responsible for providing recommendations and expertise to the Board of Directors regarding key issues within their competencies. In 2012, there were two committees: the Audit Committee and the Human Resources and Compensation Committee.

Audit Committee

The Audit Committee of the Board of Directors was established in 2006. Its main purpose is to promote the effective functioning of the Board of Directors in matters of strategic management and supervision of the Bank's financial activities. The decisions of the Audit Committee are advisory in their nature.

The Audit Committee submits recommendations to the Board of Directors on the appointment of an external auditor and assesses the auditor's opinion on the Bank's financial statements. It also evaluates existing procedures of internal control in the Bank and provides recommendations for their improvement.

A new Audit Committee was elected at the Board of Directors meeting held on July 2, 2012. Mr. Vladimir Panskov (Chairman of the Committee), Mr. Nikolai Zatsepin and Mr. Oleg Lapushkin joined the committee. The Committee held ten meetings during the year.

Over the reporting period, the Audit Committee conducted the following work:

- preliminarily reviewed the draft financial plan (budget) of the Bank for 2013;
- preliminarily reviewed the plans for the audit of internal divisions to be conducted by the Internal Control and Audit Service;
- preliminarily reviewed the report on the work of the Internal Control and Audit Service for 2011 and the first half of 2012;
- preliminarily reviewed the quarterly reports of the controller over the Bank's professional activity in the securities market;
- preliminarily reviewed quarterly reports on compliance with the internal control rules and the internal control programmes to combat the legalization (laundering) of revenues obtained criminally and terrorist financing;

- preliminarily reviewed the quarterly results of the Bank under IFRS and the fulfillment of the Bank's financial plan (budget);
- carried out quarterly analysis of materials related to reviews of the Bank conducted by divisions of the Bank of Russia and submitted to the Board of Directors;
- preliminarily reviewed the report on the monitoring of compliance with the Federal Law "On Combating the Illegal Use of Insider Information and Market Manipulation and on Amendments to Certain Legislative Acts of the Russian Federation" and Bank regulations adopted pursuant thereto;
- preliminarily reviewed quarterly reports on "Analysis of Credit Risk at the Bank" and "Analysis of Operating Risk at the Bank";
- preliminarily reviewed semi-annual stress-testing summary reports and a new edition of the Regulations on stress-testing at the Bank;
- preliminarily reviewed the analytical report on the causes of legal risk realization at the Bank during 2011;
- analyzed 2011 Bank auditor's report;

- preliminarily reviewed the terms of the agreement with and the amount of the remuneration of the Bank's auditor and issued relevant recommendations to the Board of Directors;
- preliminarily reviewed the new set of rules for monitoring elimination of violations and deficiencies identified in the system of internal control.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee of the Board of Directors was set up in 2008. Since that time, it has been responsible for the development of the principles and criteria for establishing the amount of remuneration paid to members of the Board of Directors, the Chairman and members of the Management Board. In addition, it defines the criteria required from candidates for the Chairman and members of the Management Board positions. One of its key functions is assessing the activity of the Chairman and members of the Management Board.

The existing Human Resources and Compensation Committee was re-elected at the meeting of the Board of Directors held on July 2, 2012. Mr. Mukhadin Eskindarov was re-elected

as the Chairman of the Committee. In addition, Mr. Nikita Mikhalkov and Mr. Yury Poletaev joined the Committee. In 2012, the Committee held eight meetings, at which it:

- implemented procedures of the Board of Directors' self-assessment;
- developed recommendations in respect of the amount of remuneration to be paid to the members of the Board of Directors based on the financial results for the year;
- developed recommendations in respect of candidacies of members of the Board of Directors and the Audit Commission to be elected by the Annual General Meeting of Shareholders;
- developed recommendations on extending the authority of the Management Board members;
- developed recommendations on nominating new members of the Management Board;
- informed the members of the Board of Directors on the best practices of corporate governance issues related to the responsibilities of the Board of Directors.

Members of the Board of Directors

LYUDMILA A. GONCHAROVA

Board Member, Executive Director

Mrs. Goncharova has been working with Bank Vozrozhdenie since its foundation. She has been a member of the Management Board since 1992 and a member of the Board of Directors since 1996. She is currently a Deputy Chairwoman of the Management Board. Mrs. Goncharova heads the Credit and Investment Committee, and is responsible for the work of the Credit Department, Asset Restructuring Department, Corporate Business and Legal Departments.

Mrs. Goncharova is also a Chairwoman of the Board of Directors of V-REGISTR CJSC, Vozrozhdenie Finance LLC, YUNOST' OJSC, and Baltiisky Kurort LLC.

Mrs. Goncharova has been awarded with the medal of the Order of Ivan Kalita, the Honor "For Contribution to Moscow Region", and the Honor of the Governor of Moscow Region "For Contribution". She has also been named "Honored Economist of Moscow Region".

Born in 1958, Mrs. Goncharova graduated from the Ternopol Financial-Economic Institute in 1979.

Share in the authorized capital: 1.25%.

ALEXANDER V. DOLGOPOLOV**Board Member, Executive Director**

Mr. Dolgopolov has been with the Bank since 1994. He has been a member of the Management Board since 1996 and a member of the Board of Directors since 1997. At present, he is the Chairman of the Management Board. He oversees the Corporate Department and Retail Business Departments.

Mr. Dolgopolov has been awarded with the Honor of the Governor of Moscow Region "In Gratitude" and "For Contribution and Dedication".

Born in 1961, Mr. Dolgopolov graduated from the Moscow Plekhanov Institute of the National Economy in 1985. He has a doctorate in Economic Science and a license to carry out professional activities on the securities market.

Share in the authorized capital: 0.36%.

Chairman of the Board of Directors

DMITRY L. ORLOV

Chairman of the Board of Directors, Non-Executive Director



Chairman of the Board of Directors

MR. ORLOV IS THE CHAIRMAN OF THE TRUSTEE FUND AND THE SUPERVISORY BOARD OF THE FINANCIAL UNIVERSITY UNDER THE GOVERNMENT OF THE RUSSIAN FEDERATION, A MEMBER OF THE RUSSIAN BANKS ASSOCIATION, AND A MEMBER OF THE REPRESENTATIVES COUNCIL OF BANKS AUTHORIZED BY THE MAYOR OF MOSCOW.

FROM 1991 TO JUNE 2012, MR. ORLOV WAS THE CHAIRMAN OF THE MANAGEMENT BOARD AT BANK VOZROZHDENIE. HE HAS BEEN A MEMBER OF THE BOARD OF DIRECTORS SINCE 1994. PREVIOUSLY, HE WORKED IN THE USSR GOSBANK SYSTEM FOR OVER 20 YEARS, AND THEN BECAME THE HEAD OF THE MOSCOW REGIONAL DEPARTMENT OF AGROPROMBANK OF THE USSR.

MR. ORLOV HAS BEEN AWARDED WITH THE TITLE "HONORED ECONOMIST OF THE RUSSIAN FEDERATION." HE HAS ALSO BEEN AWARDED WITH THE MEDAL AND THE ORDER OF IVAN KALITA, THE MEDAL "IN MEMORY OF THE 850TH ANNIVERSARY OF MOSCOW", THE MEDAL "FOR STRENGTHENING MILITARY COOPERATION", THE MARK OF DISTINCTION "FOR CONTRIBUTION TO MOSCOW REGION", THE AWARD OF THE GOVERNOR OF MOSCOW REGION "IN GRATITUDE", THE AWARD OF THE GOVERNOR OF MOSCOW REGION "FOR CONTRIBUTION", AND THE MARK OF DISTINCTION "FOR IMPECCABLE SERVICE TO THE CITY OF MOSCOW".

BORN IN 1943, MR. ORLOV GRADUATED FROM THE CREDIT FACULTY OF THE MOSCOW INSTITUTE OF FINANCE (TODAY, THE FINANCIAL UNIVERSITY UNDER THE GOVERNMENT OF THE RUSSIAN FEDERATION) IN 1968.

SHARE IN THE AUTHORIZED CAPITAL: 30.70%.

NIKOLAY S. ZATSEPIN

Board Member, Non-Executive Director

Mr. Zatsepin has been a member of the Board of Directors at Bank Vozrozhdenie since 1994 and is a member of the Audit Committee.

Mr. Zatsepin is also CEO of Mozhaisk Retail Trade Company CJSC, General Director of SP-Dorohovo-NK LLC and Director of Edelweiss LLC. Previously, he was Deputy Director and then Director of Mozhaisk Timber Trading Enterprise.

Born in 1951, Mr. Zatsepin graduated from the Moscow Institute of Civil Aviation Engineers in 1980.

Share in the authorized capital: 0.16%.

OLEG I. LAPUSHKIN

Board Member, Independent Director

Mr. Lapushkin was elected to the Board of Directors in 2011 and is a member of the Audit Committee.

From 1992, Mr. Lapushkin was a General Manager of the Cyprus division of Vneshtorgbank; a General Manager of the Russian Commercial Bank (Cyprus) from 1994; and a Consultant to FBME BANK Ltd (Cyprus) from September 2005.

Born in 1941, Mr. Lapushkin graduated from the Financial University under the Government of the Russian Federation in 1963.

Share in the authorized capital: 0%.

VLADIMIR G. MALININ**Board Member, Independent Director**

Mr. Malinin has been a member of the Board of Directors since 2012.

Earlier in his career, Mr. Malinin held positions in Vneshtorgbank and East-West United Bank. In February 1988, he became Deputy Chairman of the Management Board at the USSR's Vneshekonombank, while from December to April 1996, he was the Chairman of the Management Board at Donau Bank (Austria).

Born in 1940, Mr. Malinin graduated from the Credit and Economics faculty of the Moscow Institute of Finance in 1963.

Share in the authorized capital: 0%.

OTAR L. MARGANIA**Board Member, Non-Executive Director**

Mr. Margania has been a member of the Bank's Board of Directors since 2003 and was a member of the Human Resources and Compensation Committee from 2008 to 2010. He was the Chairman of the Board of Directors from June 2010 to June 2012.

Mr. Margania is a Dean of the Economics faculty of St Petersburg State University. In 2009, he was awarded with an Order of Honor in accordance with a Russia presidential decree.

Born in 1959, Mr. Margania graduated from Leningrad State University in 1985 and dedicated 15 years to science.

Share in authorized and issued capital: 18.65%.

YURY M. MARINICHEV

Board Member, Non-Executive Director

Mr. Marinichev has been a member of the Bank's Board of Directors since 1990 and was the Chairman of the Board from 1994 to 2009.

Mr. Marinichev is the Chairman of the Board of the Moscow Regional Union of Consumer Cooperation. Previously, he was the Chairman of the Management Board of the organization.

Mr. Marinichev was awarded with the Honor "For Contribution to the Motherland" IV class and "Honor Sign".

Born in 1937, Mr. Marinichev is a graduate of the Moscow Transport Institute as well as of the Industrial Production and Construction Organization faculty of the Moscow Engineering and Economics Institute. He is a member of the International Academy of Information, Information Processes and Technologies.

Share in the authorized capital: 0.23%.

NIKITA S. MIKHALKOV

Board Member, Independent Director

Mr. Mikhalkov has been a member of the Bank's Board of Directors since 2007 and is a member of the Human Resources and Compensation Committee.

He is the Chairman of the Management Board of Studio TRITE of Nikita Mikhalkov, the President of the Russian Cultural Fund, and the Chairman of the Union of Russian Cinematographers.

The films made by Mr. Mikhalkov have received international recognition and a great number of awards, including an Oscar in 1994 for the film "Burnt by the Sun" and a special Golden Lion at the Venice Film Festival for the film "12" in 2007.

Mr. Mikhalkov has been awarded with such Honors as "Labor Red Banner", "For Contribution to the Motherland" IV, III and II classes, and the Honor of Sergei Radonezhsky I class. He is a Knight and a Commander (1994) of the Legion d'Honneur (France). He was awarded with Knight Grand Cross and Vittorio De Sica prize (Italy). He was awarded with the highest Russian public honor "For Labor and the Homeland" of Alexander Nevsky.

Born in 1945, Mr. Mikhalkov graduated from the Director Faculty of the All-Russia State Institute of Cinematography in 1971. He is a film director, scriptwriter, actor, producer and public figure. He is a National Artist of the RSFSR and has received the State Award of Russia three times. He is a member of the Presidium of the Culture and Art Council under the President of the Russian Federation.

Share in the authorized capital: 0%.

VLADIMIR G. PANSKOV

Board Member, Independent Director

Mr. Panskov has been a member of the Board of Directors at Bank Vozrozhdenie since 2008. He is the Chairman of the Audit Committee.

Mr. Panskov is the Advisor to the General Director of the International Center for Financial and Economic Development; a professor at the Financial University under the Government of the Russian Federation; and a member of the Board of Directors at Bankhaus Erbe. He was previously an Auditor in the Audit Chamber of the Russian Federation.

Mr. Panskov has been awarded with the medals "Honor" and "Veteran of Labor".

Born in 1944, Mr. Panskov graduated from the Moscow Institute of Finance with a degree in Finance and Credit in 1965 and a master's in 1971. He holds a doctorate in Economic Science.

Share in the authorized capital: 0.003%.

YURY V. POLETAEV

Board Member, Independent Director

Mr. Poletaev has been a member of the Board of Directors since 2008. He is a member of the Human Resources and Compensation Committee.

Previously Mr. Poletaev was the Chairman of the Management Board and a member of the Board of Directors at Vneshtorgbank. He also was the Director of Moscow Narodny Bank in London.

Born in 1943, Mr. Poletaev graduated from the Moscow Institute of Finance with a degree in Finance and Credit in 1965.

Share in the authorized capital: 0%.

MUKHADIN A. ESKINDAROV

Board Member, Independent Director

Mr. Eskindarov has been a member of the Board of Directors at Bank Vozrozhdenie since 2012. He is the Chairman of the Human Resources and Compensation Committee.

Mr. Eskindarov has been rector of the Financial University under the Government of the Russian Federation since 2010. From 2006 to 2010, he was rector of the Financial Academy under the Government of the Russian Federation (as the institution was formerly known), having been a first provost from 2002.

At present, Mr. Eskindarov is the Chairman of the Board of Directors at MInB OJSC, a member of the Board of Directors at SKB Bank, and a member of the Supervisory Board at Rosselkhozbank.

Born in 1951, Mr. Eskindarov graduated from the Moscow Institute of Finance with a degree in Finance and Credit in 1976. He holds a doctorate in Economic Science, and is a professor and an honored figure of science in the Russian Federation.

Share in the authorized capital: 0%

Remuneration of Members of the Board of Directors

All members of the Board of Directors receive remuneration for their work, apart from executive directors. The amount of remuneration is determined individually, based on the personal contribution of each director to the Bank's development, position occupied and additional responsibilities.

The amount of remuneration of the Chairman of the Board of Directors shall not exceed RUB 3 million per annum. The amount of remuneration paid to independent directors and chairpersons of the Board of Director committees shall not exceed RUB 1.5 million per annum. The amount of remuneration paid to other members of the Board of Directors shall not exceed RUB 600,000 per annum. The Human Resources and Compensation Committee of the Board of Directors makes recommendations on payment of remuneration to the Board of Directors.

Remuneration is paid to the members of the Board of Directors based on the results for the previous year. The amount depends on the following factors: number of meetings of the Board of Directors and its committees, personal participation in meetings, participation in the work of committees, profit for the year, and results of the self-assessment of the Board of Directors.

In accordance with a resolution of the Annual General Meeting of Shareholders, the amount of remuneration paid to members of the Board of Directors for 2011 was RUB 9.6 million.

Management Board

ALEXANDER V. DOLGOPOLOV
Chairman of the Management Board,
Member of the Board of Directors



Management Board

MR. DOLGOPOLOV HAS BEEN WITH THE BANK SINCE 1994. HE HAS BEEN A MEMBER OF THE MANAGEMENT BOARD SINCE 1996 AND THE BOARD OF DIRECTORS SINCE 1997. AT PRESENT, HE IS THE CHAIRMAN OF THE MANAGEMENT BOARD. HE OVERSEES THE CORPORATE DEPARTMENTS AND THE RETAIL BUSINESS DEPARTMENT.

MR. DOLGOPOLOV HAS BEEN AWARDED WITH THE HONOR OF THE GOVERNOR OF MOSCOW REGION "IN GRATITUDE" AND "FOR CONTRIBUTION AND DEDICATION".

BORN IN 1961, MR. DOLGOPOLOV GRADUATED FROM THE MOSCOW PLEKHANOV INSTITUTE OF THE NATIONAL ECONOMY IN 1985. HE HAS A DOCTORATE IN ECONOMIC SCIENCE AND A LICENSE TO CARRY OUT PROFESSIONAL ACTIVITIES ON THE SECURITIES MARKET.

SHARE IN THE AUTHORIZED CAPITAL: 0.36%.

Management Board

ALEXANDER A. BOLVINOV
Deputy Chairman of the Management Board



Management Board

MR. BOLVINOV HAS BEEN WITH BANK VOZROZHDENIE SINCE 2000 AND IS CURRENTLY THE DEPUTY CHAIRMAN OF THE MANAGEMENT BOARD. HE OVERSEES THE ADMINISTRATION, MAINTENANCE AND SERVICE DEPARTMENTS, THE INFORMATION SECURITY SERVICE, THE ECONOMIC SECURITY SERVICE, AND THE LABOR SAFETY SERVICE. PREVIOUSLY, HE WAS GENERAL DIRECTOR OF AMARILLIS M CJSC.

BORN IN 1962, MR. BOLVINOV GRADUATED FROM THE MOSCOW STATE INSTITUTE OF INTERNATIONAL RELATIONS (MGIMO) IN 1986.

SHARE IN THE AUTHORIZED CAPITAL: 0%.

Management Board

TATIANA F. GAVRILKINA

Deputy Chairwoman of the Management Board



Management Board

MRS. GAVRILKINA HAS BEEN WORKING WITH THE BANK SINCE ITS FOUNDATION. SHE IS CURRENTLY DEPUTY CHAIRWOMAN OF THE MANAGEMENT BOARD AND OVERSEES THE BANK'S FINANCIAL, ACCOUNTING, AND DEPOSITARY OPERATIONS DEPARTMENTS. PREVIOUSLY, SHE WAS DEPUTY HEAD OF THE RESOURCES MANAGEMENT DEPARTMENT AND HEAD OF THE LIQUIDITY MANAGEMENT DEPARTMENT.

BORN IN 1959, MRS. GAVRILKINA GRADUATED FROM THE MOSCOW INSTITUTE OF FINANCE (TODAY, THE FINANCIAL UNIVERSITY UNDER THE GOVERNMENT OF THE RUSSIAN FEDERATION) IN 1982.

SHARE IN THE AUTHORIZED CAPITAL: 0.12%.

Management Board

LYUDMILA A. GONCHAROVA
Deputy Chairwoman of the Management Board



MRS. GONCHAROVA HAS BEEN WITH BANK VOZROZHDENIE SINCE ITS FOUNDATION. SHE HAS BEEN A MEMBER OF THE MANAGEMENT BOARD SINCE 1992 AND A MEMBER OF THE BOARD OF DIRECTORS SINCE 1996. SHE IS CURRENTLY A DEPUTY CHAIRWOMAN OF THE MANAGEMENT BOARD. MRS. GONCHAROVA MANAGES THE CREDIT AND INVESTMENT COMMITTEE, AS WELL AS THE CREDIT DEPARTMENT, ASSET RESTRUCTURING DEPARTMENT, CORPORATE BUSINESS AND LEGAL DEPARTMENTS.

MRS. GONCHAROVA IS ALSO CHAIRWOMAN OF THE BOARD OF DIRECTORS OF V-REGISTR CJSC, VOZROZHDENIE FINANCE LLC, YUNOST OJSC, AND BALTIISKY KURORT LLC.

MRS. GONCHAROVA HAS BEEN AWARDED WITH THE MEDAL OF THE ORDER OF IVAN KALITA, THE HONOR "FOR CONTRIBUTION TO MOSCOW REGION", AND THE HONOR OF THE GOVERNOR OF MOSCOW REGION "FOR CONTRIBUTION". SHE HAS ALSO BEEN NAMED "HONORED ECONOMIST OF MOSCOW REGION".

BORN IN 1958, MRS. GONCHAROVA GRADUATED FROM THE TERNOPOL FINANCIAL-ECONOMIC INSTITUTE IN 1979.

SHARE IN THE AUTHORIZED CAPITAL: 1.25%.

Management Board

MARK M. NAKHMANOVICH
Deputy Chairman of the Management Board



MR. NAKHMANOVICH HAS BEEN WITH BANK VOZROZHDENIE SINCE 1993 AND IS DEPUTY CHAIRMAN OF THE MANAGEMENT BOARD. HE OVERSEES THE BANK CARDS DEPARTMENT, INFORMATION PROCESSING DEPARTMENT, SECURITY AND CASH COLLECTION DEPARTMENT, CASH DEPARTMENT, AS WELL AS THE MARKETING AND COMMUNICATION DEPARTMENT. PREVIOUSLY HE WAS THE FINANCIAL DIRECTOR OF AGRICULTURAL COMPANY "BELAYA DACHA".

MR. NAKHMANOVICH HAS BEEN NAMED "HONORED ECONOMIST OF MOSCOW REGION". HE HAS BEEN AWARDED WITH THE HONOR OF THE GOVERNOR OF MOSCOW REGION "IN GRATITUDE", "FOR CONTRIBUTION" AND "FOR CONTRIBUTION AND DEDICATION".

BORN IN 1957, MR. NAKHMANOVICH GRADUATED FROM KLIMENT TIMIRYAZEV MOSCOW ACADEMY OF AGRICULTURE IN 1980. HE HAS A DOCTORATE IN ECONOMIC SCIENCE.

SHARE IN THE AUTHORIZED CAPITAL: 0.40%.

Management Board

ANDREY A. SHALIMOV

Deputy Chairman of the Management Board



Management Board

MR. SHALIMOV HAS BEEN WITH THE BANK SINCE 1993 AND IS A DEPUTY CHAIRMAN OF THE MANAGEMENT BOARD. HE OVERSEES THE TREASURY, FINANCIAL INSTITUTIONS, CREDIT RISK, FINANCIAL MARKET BACK OFFICE, AND INVESTOR RELATIONS DEPARTMENTS. PREVIOUSLY HE WAS DEPUTY HEAD OF THE LIQUIDITY DEPARTMENT AND THEN HEAD OF THE TREASURY.

MR. SHALIMOV HAS BEEN AWARDED WITH THE HONOR OF THE GOVERNOR OF MOSCOW REGION "FOR CONTRIBUTION".

BORN IN 1973, MR. SHALIMOV IS A GRADUATE OF THE FINANCIAL ACADEMY UNDER THE GOVERNMENT OF THE RUSSIAN FEDERATION AND OF THE STATE UNIVERSITY - HIGHER SCHOOL OF ECONOMY.

SHARE IN THE AUTHORIZED CAPITAL: 0.00002%.

Management Board

RUSHAN A. ABDULLIN
Member of the Management Board



Management Board

MR. ABDULLIN HAS BEEN WORKING WITH THE BANK SINCE 1993 AND IS A MEMBER OF THE MANAGEMENT BOARD AND HEAD OF BUSINESS PROCESSES METHODOLOGY DEPARTMENT. HE STARTED HIS CAREER AS AN ECONOMIST IN THE BANK'S ACCOUNTING DEPARTMENT AND THEN BECAME THE HEAD OF BANKING TECHNOLOGIES.

BORN IN 1968, MR. ABDULLIN GRADUATED FROM THE FINANCIAL ACADEMY UNDER THE GOVERNMENT OF THE RUSSIAN FEDERATION IN 1993.

SHARE IN THE AUTHORIZED CAPITAL: 0%.

Management Board

TATIANA L. BONDAREVA
Member of the Management Board



MRS. BONDAREVA HAS BEEN WORKING WITH THE BANK SINCE 2012. SHE IS CURRENTLY A MEMBER OF THE MANAGEMENT BOARD AND HOLDS THE POSITION OF OPERATIONS DIRECTOR. SHE WAS PREVIOUSLY OPERATIONS DIRECTOR AND DEPUTY OPERATIONS DIRECTOR OF NOMOS-BANK.

MRS. BONDAREVA WAS AWARDED WITH THE JUBILEE MEDAL "IN MEMORY OF THE 850TH ANNIVERSARY OF MOSCOW".

BORN IN 1965, MRS. BONDAREVA GRADUATED FROM SERGO ORDZHONIKIDZE MOSCOW AVIATION INSTITUTE IN 1990 AND THE ACADEMY OF INTERNATIONAL BUSINESS IN 1995.

SHARE IN THE AUTHORIZED CAPITAL: 0%.

Management Board

YEVGENY V. DMITRIEV
Member of the Management Board



Management Board

MR. DMITRIEV HAS BEEN WORKING WITH THE BANK SINCE 1994. HE IS CURRENTLY A MEMBER OF THE MANAGEMENT BOARD AND HOLDS THE POSITION OF HEAD OF RETAIL BUSINESS DEPARTMENT. PREVIOUSLY, HE WORKED AS CHIEF SPECIALIST, HEAD OF TRUST OPERATIONS DIVISION OF THE SECURITIES DEPARTMENT, DEPUTY HEAD OF DEVELOPMENT DEPARTMENT, AND THE HEAD OF RETAIL OPERATIONS DEPARTMENT.

BORN IN 1965, MR. DMITRIEV GRADUATED FROM THE MOSCOW PLEKHANOV INSTITUTE OF THE NATIONAL ECONOMY IN 1989.

SHARE IN THE AUTHORIZED CAPITAL: 0%.

Management Board

ALEXEY A. IVANOV
Member of the Management Board



Management Board

MR. IVANOV HAS BEEN WORKING WITH THE BANK SINCE 2012. HE IS CURRENTLY A MEMBER OF THE MANAGEMENT BOARD AND HOLDS THE POSITION OF DIRECTOR OF INFORMATION TECHNOLOGIES. HE PREVIOUSLY HELD EXECUTIVE POSITIONS RESPONSIBLE FOR THE DEVELOPMENT OF INFORMATION SYSTEMS AND TECHNOLOGIES AT THE TRUST NATIONAL BANK.

BORN IN 1972, MR. IVANOV GRADUATED FROM THE UFA STATE AVIATION TECHNICAL UNIVERSITY IN 1995.

SHARE IN THE AUTHORIZED CAPITAL: 0%.

Management Board

SERGEY N. MALININ
Member of the Management Board



Management Board

MR. MALININ HAS BEEN WORKING WITH THE BANK SINCE 1992. HE IS CURRENTLY A MEMBER OF THE MANAGEMENT BOARD AND HOLDS THE POSITION OF HEAD OF THE CORPORATE DEPARTMENT. PREVIOUSLY, HE WAS CHIEF ECONOMIST OF THE DEPARTMENT OF SECURITIES AND INVESTMENTS. HE SUBSEQUENTLY HEADED THE DEVELOPMENT DEPARTMENT.

BORN IN 1963, MR. MALININ GRADUATED FROM THE MOSCOW PLEKHANOV INSTITUTE OF THE NATIONAL ECONOMY IN 1985.

SHARE IN THE AUTHORIZED CAPITAL: 0%.

Management Board

ALLA A. NOVIKOVA
Member of the Management Board



Management Board

MRS. NOVIKOVA HAS BEEN WORKING WITH THE BANK SINCE IT WAS ESTABLISHED. SHE IS A MEMBER OF THE MANAGEMENT BOARD AND THE BANK'S CHIEF ACCOUNTANT. SHE WAS PREVIOUSLY DEPUTY CHIEF ACCOUNTANT.

BORN IN 1957, MRS. NOVIKOVA GRADUATED FROM THE MOSCOW INSTITUTE OF RAILWAY ENGINEERS IN 1979.

SHARE IN THE AUTHORIZED CAPITAL: 0.002%.

Management Board

MIKHAIL A. SEMKO
Member of the Management Board



Management Board

MR. SEMKO HAS BEEN WORKING WITH THE BANK SINCE 1994. HE IS CURRENTLY A MEMBER OF THE MANAGEMENT BOARD AND A HEAD OF THE LEGAL DEPARTMENT. HE PREVIOUSLY WORKED AS DEPUTY CHIEF OF THE LEGAL DEPARTMENT.

BORN IN 1963, MR. SEMKO GRADUATED FROM THE OMSK HIGHER POLICE SCHOOL OF THE MINISTRY OF INTERNAL AFFAIRS OF THE USSR IN 1985. HE HAS A DOCTORATE IN LEGAL SCIENCES.

SHARE IN THE AUTHORIZED CAPITAL: 0.00048%.

MANAGEMENT BOARD

Chairman of the Management Board

In accordance with the Articles of Association, the Chairman of the Management Board leads the management of the Bank's current activities and the implementation of its strategy approved by the Board of Directors.

Mr. Alexander Dolgoplov was elected as the Chairman of the Management Board at the General Meeting of Shareholders held on June 29, 2012. He took office on July 6, 2012.

Bank's Management Board

The Board of Directors elects a corporate executive body, the Management Board, to ensure effective day-to-day management of the Bank's operations. The Management Board is responsible for resolving issues regarding operational management of the Bank's activities that require joint approval. The Management Board consists of 13 members.

In 2012, Dmitry Orlov and Yury Novikov resigned from the Management Board, while Tatyana Bondareva, Yevgeny Dmitriev, Alexey Ivanov and Michail Semko joined the Board.

Remuneration of the Management Board Members

Remuneration is paid to members of the Management Board in accordance with the Bank's Regulation on Remuneration to Executive Bodies, approved by the Board of Directors. Remuneration for the Chairman and members of the Management Board includes a fixed salary, bonus payments and compensation packages. Bonuses are paid to the members of the Management Board according to the fulfillment of the annual plan fitting the Bank's approved development strategy and depend on the performance indicators achievement by each of the supervised business lines.

In 2012, the amount of remuneration paid to members of the Management Board (including salary, bonuses and other material remuneration) amounted to RUB 175,554,000.

Internal Control and Audit

Internal Control System

The Bank's internal control system oversees financial and business activities to protect the rights and legal interests of all shareholders and investors. The system functioning ensures effective identification, prevention and limitation of financial

and operational risks and detection of violations. The objectives of the internal control system also include the development of recommendations to ensure compliance by the Bank's employees with the internal regulations. The rules of control system organization and other internal documents define the structure of the system, which consists of various management bodies, internal divisions and responsible employees.

Monitoring of the internal control system is the responsibility of the Board of Directors and the executive bodies.

The control system includes the following areas:

- Control over the compliance with the Law On Joint-Stock Companies and the Bank's Articles of Association carried out by the executive bodies;
- Control over the system for assessing and managing banking risks;
- Control over the allocation of authorities in the course of banking operations;
- Control over management of information flows and ensuring information security;

- Control over the system for combating money laundering and financing of terrorism;
- Control to ensure that the Bank's activities as a professional securities market participant comply with Russian laws and the regulations of the Federal Financial Markets Service;
- Continuous monitoring of the internal control system.

In 2012, the Bank worked on improvement of internal control system to ensure its adequateness to the scale and nature of the Bank's operations and transactions, as well as to ensure the necessary level of control over the timely and complete elimination of violations and deficiencies identified by staff of regulatory authorities in accordance with the Russian legislation in the course of inspections, and preventing such violations and deficiencies in the Bank's subsequent operations.

The Bank's priority objective in the development of the internal control system for 2013 is to oversee banking risks and take timely action to maintain them at a level at which they do not jeopardize the financial stability of the Bank and the interests of its creditors and depositors.

Internal Control and Audit Service

The Internal Control and Audit Service (ICAS) monitors the internal control system and helps management bodies

to ensure that the Bank functions effectively. It carries out its activity in line with the Regulation on the Internal Control and the Audit Service, the Bank's Articles of Association and internal regulations, as well as the regulations of the Bank of Russia.

The ICAS operates according to the principles of consistency, independence and impartiality. Its Head and employees cannot combine their work with activities in other divisions.

The ICAS's scope of authority includes:

- Audit reviews of all aspects of the Bank's business;
- Control over the effectiveness of measures adopted by internal divisions and/or management bodies of the Bank on the basis of the results of reviews that are aimed at mitigating the detected risks;
- Control over measures aimed at eliminating violations and shortcomings detected by employees of the Bank of Russia and ICAS;
- Cooperation with the Bank's auditor and the Bank of Russia on issues regarding organization of internal control, as well as prevention of violations of legal acts, internal documents and professional standards by Bank staff and their elimination if any;
- Review of internal documents drafts.

ICAS is subordinated to the Board of Directors. Reports on results of internal reviews held are submitted to the Board at least twice a year.

Audit Commission

The Audit Commission is elected by the General Meeting of Shareholders for the period until the next shareholders meeting. It should consist of at least four members, who cannot simultaneously be members of the Bank's Board of Directors or Management Board.

In 2012, the Audit Commission carried out an audit of the Bank's financial and business activity for the previous financial year. It also analyzed the Bank's financial position, compliance with established standards and limits, and the functioning of internal control and risk management systems. It confirmed the accuracy of the data presented in the annual report, annual financial statements and other financial documents. The Commission did not carry out any extraordinary audit based on a decision by the General Meeting of Shareholders or Board of Directors or following any request by shareholders.

Audit Commission Members

Name, year and country of birth	Positions held at the Bank or other organizations	Share in the Bank's authorized capital	Education
Dmitry A. Strashok, 1951, Russia	Chairman of the Audit Commission, Member of the Board of Directors of the Baltiisky Kurort LLC	0,08 %	Higher, All-Union Agricultural Institute of Distant Education
Tamara N. Lapinskaya, 1954, Russia	Member of the Audit Commission; Head of Business Planning and Analysis Division of the Finance Department	0,004 %	Higher, Moscow Finance Institute
Svetlana A. Markina, 1952, Russia	Member of the Audit Commission; Head of the Internal Operations Accounting Division of the Accounting and Financial Reporting Department	0,0 %	Specialized secondary, All-Union School of Accounting and Credit of the State Bank of the USSR
Dmitry V. Obryvalin, 1960, Russia	Member of the Audit Commission; Head of the Shareholder Relations Division of the Corporate Department	0,0001 %	Higher, Moscow Institute of Economics and Statistics

Auditor

Bank Vozrozhdenie activity is audited on the annual basis in accordance with Russian Accounting Standards and International Financial Reporting Standards. The independent auditor is approved by the General Meeting of Shareholders on the recommendation of the Board of Directors. ZAO PricewaterhouseCoopers Audit (before 1999, ZAO Coopers & Lybrand) has been the auditor of the Bank since it was founded.

Member of the Chamber of Russian Auditors (non-profit partnership)

State registration number: 1027700148431.

Address: Butyrsky Val 10, Moscow, 125047

The Bank's independent auditor has no interest in the Bank's share capital, the auditor is not a borrower of the Bank, and the auditor does not employ the Bank's executives. In addition, executives of ZAO PricewaterhouseCoopers Audit do not have close family relations and business relations with the Bank.

Dividend policy

The dividend policy aims to maintain a balance between distributing dividends and increasing the Bank's capitalization by reinvesting in business development. Therefore, shareholder value should rise over the long term.

The Bank's dividend policy stipulates that annual dividend payments shall not exceed 10% of net profit earned during the previous financial year. According to the Articles of Association, dividends on preferred shares are equal to 20% of their face value. All dividends are paid in monetary form, net of taxes, within 60 days after the approval of their payment by the General Meeting of Shareholders.

The text of the Provision on Dividend Policy is available on the Bank's website: <http://www.vbank.ru/en>

In accordance with the resolution of the General Meeting of Shareholders held on June 29, 2012, shareholders recorded in the shareholders register of the close of business on the record date, May 11, 2012 (the date for establishing the list of persons

eligible to participate in the Annual General Meeting of Shareholders), were entitled to receive dividends for 2011.

The Dividends declared for 2011 were equal to:

- 5% of the face value (RUB 0.5 per share) for ordinary non-documentary shares with a par value of RUB 10 each;
- 20% of the face value (RUB 2 per share) for preferred non-documentary shares with a par value of RUB 10 each and bearing a fixed dividend.

The total amount of accrued dividends was RUB 14,463,000.

Declared and accrued dividends on Bank Vozrozhdenie shares for 2011

	Declared and accrued dividends, %	Amount of declared and accrued dividends, RUB '000
Ordinary non-documentary registered shares	5	11 874
Preferred non-documentary registered shares with a fixed dividend	20	2 589
Total:		14 463

Insider information protection policy

In accordance with the Federal Law "On Combating Illegal Use of Insider Information and Market Manipulation and on Amendments to Certain Legislative Acts of the Russian Federation," Bank Vozrozhdenie has approved a list of types of insider information, the procedure for gaining access to insider information, confidentiality rules and order of control over compliance with the requirements of the current legislation of the Russian Federation on combating illegal use of insider information and market manipulation.

The Bank also maintains a list of insiders and has an appointed executive, whose responsibility includes monitoring compliance with the requirements of the insider law and the regulations adopted in accordance with it.

In 2012, the Bank continued to develop its system of management of insider information and its non-proliferation. In particular, in October 2012, the Bank's Management Board approved the Order of compilation and disclosure of the list of insiders, as well as compilation and disclosure of the Bank's list of insider information, determining the procedure for interaction between departments of the bank to maintain and disclose the list of insiders and informing persons on their inclusion in (or exclusion from) the list of insiders

and their responsibilities, as well as storage of documents related to the implementation of these functions.

More information on the list of insider information and how to access this information is available on the Bank's official website.

Deals with interested parties

In accordance with the decision made by the Annual General Meeting of Shareholders held on June 29, 2012, the Bank has concluded certain transactions (loan issuance, guarantees, deposits, and other operations) in respect of which members of the Board of Directors and the Bank's executive bodies are deemed to be interested parties in accordance with the Russian Federal Law on Joint-Stock Companies.

The above-mentioned transactions were concluded during ordinary business activities. The essential terms of such deals did not differ from the standard terms of similar deals.

In 2012, the Bank concluded 219 interested-party transactions totaling RUB 13,777.3 million, including:

- loans granting – RUB 636.1 million;
- interbank loans granting/receipt – RUB 11.618 billion;

- raising funds in deposits – RUB 471.6 million;
- securities transactions – RUB 16.7 million;
- other transactions – RUB 1,034.9 million.

All transactions were conducted on market terms.

In accordance with the resolution of the General Meeting of Shareholders, the amount of each transaction (a series of related transactions) concluded by the Bank with each of the interested parties did not exceed the limit of RUB 7 billion; the amount of each interested-party transaction bearing credit risk did not exceed the limit of RUB 2.5 billion; and the sum of several interrelated deals with each interested party did not exceed the limit of RUB 5 billion.

Information on large transactions

During 2012, Bank Vozrozhdenie did not carry out any large transactions (as defined by Article 78 of the Federal Law No. 208 "On Joint Stock Companies").

RISK MANAGEMENT

Effective risk management is extremely important for Bank Vozrozhdenie.

The Bank's risk management strategy focuses on achieving an optimum balance between profitability and assumed risks. It has been developed taking into account recommendations of the Bank of Russia and the Basel Committee for Banking Supervision.

The Bank's risk management system considers risks at the decision-making stage and in the course of banking activity. The system provides for timely identification of risks, analysis, detection and assessment of risk positions. The procedures of risk assessment and management processes are integrated into everyday operations.

The Bank uses the following key indicators to evaluate risks:

- Capital at risk – the maximum possible losses associated with the main types of risk;
- Economic capital – the capital necessary to cover general risk, including potential and materialized.

In 2012, the risk management system evolved in the following key areas:

- Maintaining the targeted level of risk across portfolios in line with the development strategy and the resources available to cover risks;
- Developing measures to reduce the number of unpredictable events / losses;
- Evaluating the efficiency of business divisions given the risks assumed;
- Meeting regulatory requirements with regard to minimizing credit risk.

In 2012, due to the high level of uncertainty regarding the Russian economy, the Bank adhered to a conservative approach to evaluating the economic situation and managing risk. While the situation in some sectors stabilized, there was instability on the financial markets, which substantially hampered efforts to identify trends and make long-term forecasts.

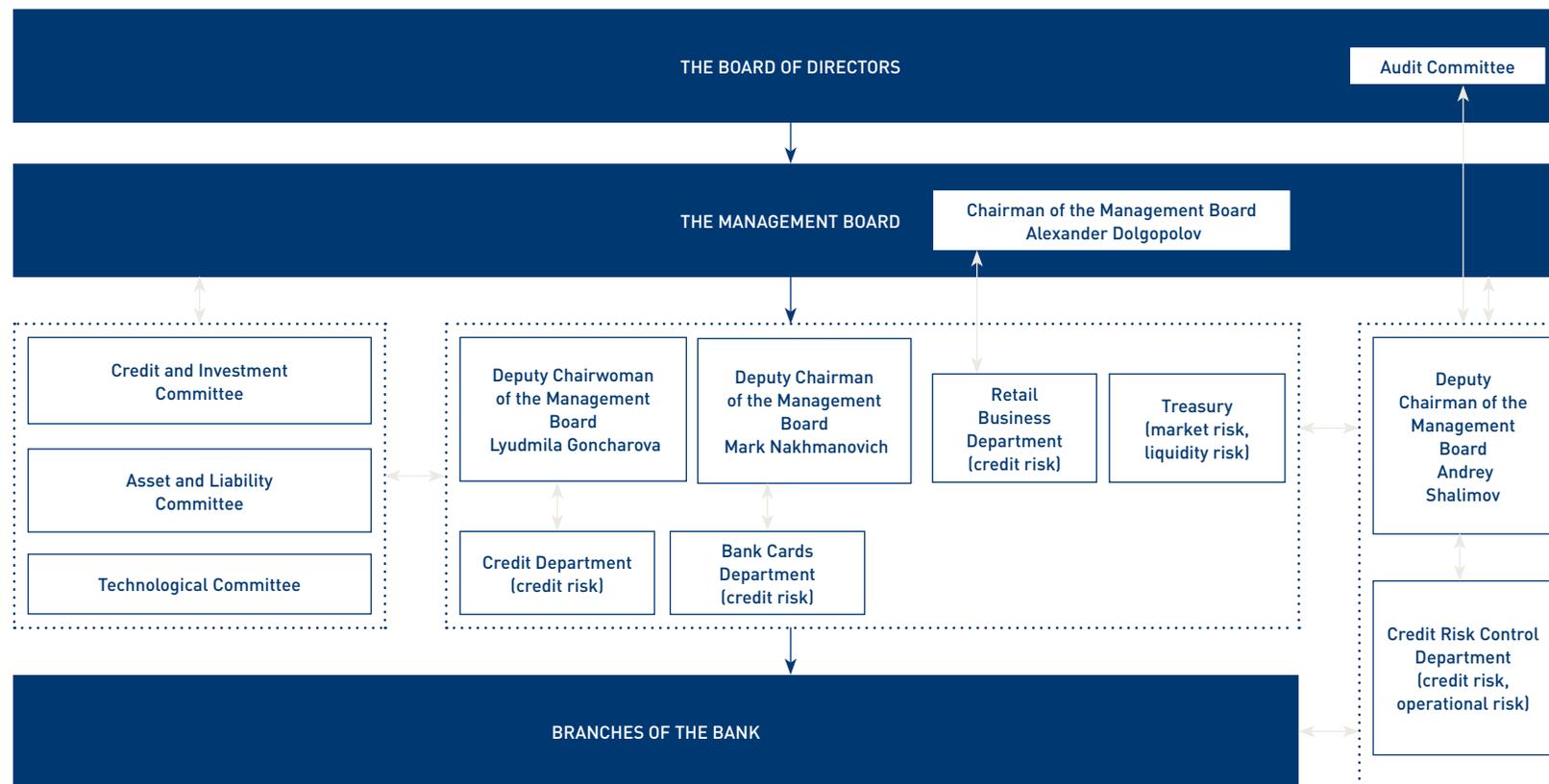


MEETING WITH THE BANK'S PARTNER CANADIAN IMPERIAL BANK OF COMMERCE REPRESENTATIVES



TRIP TO CIBC FOR STUDYING INTERNATIONAL BANKING EXPERIENCE

Risk management structure



In 2012 the Board of Directors approved a new edition of the Regulation on Stress Testing. It introduced changes in determining the average rate of losses in the event of default, the values of which have been established on the basis of recommendations of the Basel Committee for Banking Supervision (Basel II). The Bank performs stress testing on three crisis scenarios: mild, base and worst-case. If necessary, changes are made to reduce banking risks according to the stress-testing results. These changes include additional charges to provisions, revising the structure of assets and liabilities and changing business processes to reduce risks.

To develop the risk management system in 2012, the Bank worked on the calculation of the probability of default, which included the following steps:

- Structuring a system of internal credit ratings of corporates;
- Compiling an analytical database of historical information to calculate capital at risk;
- Developing a methodological basis for the calculation of capital at risk;

- Updating the methods of calculating the risk ratios on the loan portfolio of businesses and individuals.

The Bank identifies the most important types of risk – credit, market, liquidity and operating risk – based on the level of possible losses.

CAPITAL ADEQUACY



CREDIT RISK

Credit risk is the risk of losses due to non-fulfillment, delayed or incomplete fulfillment of the financial obligations by borrowers, as stipulated by a credit agreement. The Bank bears credit risks in lending operations with all types of counterparties: corporate clients, financial organizations and individuals.

Bank Vozrozhdenie has a system of limits and authorities aimed to minimize risk and optimize the decision-making process. The system provides for a collective body or an official to be authorized to determine the maximum size of credit risk per borrower and the total volume of total credit exposure. The authorities, certain limits and lending terms and conditions are subject to quarterly review and approval by the Management Board.

The Credit and Investment Committee (CIC) is responsible for managing credit risk effectively and has the following structure:

- The principal membership is responsible for general issues relating to managing credit risk, defining and implementing credit policy as part of the Bank's approved development strategy;

- The small membership deals with issues relating to implementing credit policy when offering products that carry credit risk to clients and when making investments;
- The subcommittee on corporate clients is responsible for managing credit risk and implementing credit policy in the corporate segment;
- The subcommittee on lending to microbusinesses considers credit risk management issues and implements credit policy dealing with micro and small businesses in the context of the Microbusiness programme;
- The subcommittee on retail lending is responsible for managing credit risk and implementing credit policy in the retail segment;
- The subcommittee on bank cards is responsible for managing credit risk and implementing credit policy when offering bank cards products bearing credit risk.

The subcommittees, the CIC small membership and branches are authorized to make decisions on accepting credit risk and limiting the maximum amount that a debtor can borrow. Subcommittee

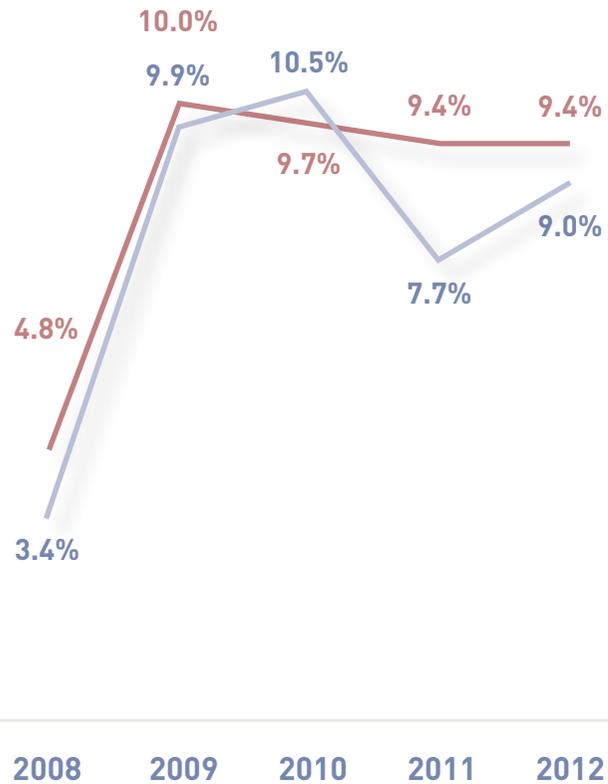
members include employees of business divisions (Credit, Retail and Bank Cards), depending on the issues under consideration, as well as employees of the Credit Risk Control, Legal and Economic Security Departments.

Alongside the system of decisions-making authorities, Bank Vozrozhdenie has a centralized system for setting and regulating interest rates and tariffs, as well as a system of credit risk limits. In addition to the limits, the Bank's credit policy sets planned qualitative and quantitative targets that determine the structure of the corporate loan portfolio by segment, sector and region as well as maturity and currency structure of the loan book.

In 2012, a new edition of the Regulation on determining the independent credit limits of branches was approved. The following amendments were introduced:

- A unified methodology for delegation of lending authorities based on the level of credit risk. This methodology consists of two main components: the quality assessment of the branch's Credit Committee as a whole and evaluation of its work in different business segments.

CREDIT RISK



— NPLs/loan portfolio
— Provisions/loan portfolio

- Procedures for adjusting lending authorities in case of the branch's loan portfolio quality deterioration and with the aim of improving the branch's performance and maintaining the Bank's competitive position in the region.

The branches' lending authorities are determined in accordance with the criteria stipulated by the Bank in respect of the level of credit risk and profitability of operations.

Bank Vozrozhdenie has developed and implemented policies and procedures to avert and minimize losses arising from credit risk.

These measures include:

- Regular assessment of the financial standing of borrowers and the economic efficiency of their operations and projects financed;
- Assessment of the sufficiency and liquidity of collateral, adequate evaluation of collateral and its insurance by appraisal and insurance companies certified by the Bank;
- Ongoing monitoring of the borrower's fulfillment of obligations to the Bank and actual existence of collateral;

- Assessment of credit quality and the level of risk on loans issued;
- Procedure for creating provisions for possible losses on loans and other operations;
- Procedure for transferring non-performing loans to the Department for Legal Enforcement and follow-up work with them;
- Procedure for stipulating and controlling the lending authorities of branches and management bodies within the Bank depending on the loan size.

Bank Vozrozhdenie credit policy remained unchanged on all material issues in 2012. In the corporate segment, preference was given to small and medium-sized businesses. The criteria involved in the process of making a credit decision were:

- The importance, profitability and creditworthiness of the client for the Bank;
- The client's industry;
- The Bank's regional policy;

- The amount, type, form and purpose of the loan requested.

Throughout 2012, branches and internal divisions of the Head Office continuously monitored borrowers' activity, particularly their financial standing and turnover on current accounts.

In case of consumer lending, the Bank analyzes a borrower's financial standing, sources of income and credit history.

Preference is given to the following types of clients:

- Employees and managers of large corporate clients of the Bank;
- Cardholders and depositors of the Bank;
- People with documentary proved high incomes, a high social status and a decent reputation
- Clients who regularly use Bank services to make payments;
- Clients with a positive credit record with the Bank.

Products bearing credit risk were provided to borrowers with sufficient and liquid collateral, taking into account the Bank's

system of discounts. Branches conducted regular reviews for adequacy and liquidity.

RiskCalc software by Moody's Analytics was used to evaluate the creditworthiness of corporate borrowers and forecast probabilities of default. The product is designed to facilitate rapid assessment of the financial standing of borrowers, accelerate and improve the quality of the credit process by:

- allowing branches to respond promptly to customer applications within the low risk area;
- excluding insolvent clients within the critical risk area;
- focusing credit specialists attention on borrowers in the high-risk area.

In 2012, the Bank launched the Deductor support module, which automated the process of reviewing loan applications

from individuals. The implementation of Deductor also enabled:

- reducing labor costs for processing loan applications: more than 50% of applications are processed automatically without losing decision-making quality;
- more rapid decision-making: decisions on "clear-history" clients taken in real-time mode;
- approaches to risk assessment and decision-making on consumer and mortgage loans formalized throughout the Bank within one information system of the Bank;
- flexible credit policy management: all decision-making rules are adjusted centrally.

Last year, authorities on issuing retail loans were transferred to the collegial bodies of the Bank's Head Office to centralize

the decision-making process. These changes, in particular, improved the quality of the retail loan portfolio.

To reduce risks on mortgage lending in the primary market, the Bank has improved its risk assessment system for real estate developers. The following procedures were clearly defined to optimize risk assessment:

- procedure for work and interaction of the Bank's internal divisions when establishing and changing limits for the real estate developers and for construction projects;
- list of documents required from the construction company and the construction project to set the limit;
- procedures for assessing the level of risk for the construction company in order to establish the limit;
- control mechanism for current limits.

In 2012, the Bank maintained a conservative approach to credit risk assessment and applied a balanced policy when charging provisions for possible losses on loans and similar indebtedness. The volume of provisions for loan losses exceeded the amount in arrears.

Control over creating provisions on products bearing credit risk is carried out at the branch level and by the relevant internal divisions of the Head Office – the Credit, Retail, and Bank Card departments. The Department for Credit Risk Control provides overall supervision, while the Internal Control and Audit Service is responsible for subsequent control.

In 2012, the Bank took measures to expand its loan portfolio while ensuring an adequate balance between maintaining and improving its quality, profitability and credit risks.

The introduction of international practices in the assessment and management of banking risks, developed by the Basel Committee for Banking Supervision (Basel II and Basel III) is necessary for

the successful development of the Bank and is a top priority for its risk management. The Bank plans to achieve the following objectives to further improve credit risk management:

- build a system of internal credit ratings of legal entities;
- develop stress testing methods according to scenarios that imply the worsening of borrowers' internal ratings;
- create an automated system of early warning indicators, enabling prompt responses to the occurrence of risks in corporate borrowers' transactions;
- calculate the Bank's economic capital using an "advanced" approach (Basel II);
- continue automation of the corporate lending process (develop the middle and front office systems, automate the system for assigning ratings for corporate borrowers, automate the calculation of portfolio credit risk ratios).

MARKET RISK

Bank Vozrozhdenie is exposed to market risk through open positions in foreign currencies, debt and equity instruments, which are subject to the risk of adverse price changes on the market. It distinguishes the following types of market risk: currency risk (operations on FOREX market), interest-rate risk (bonds) and equity risk (quoted shares). The Bank treats each of these risks separately. The system of market risk management includes setting limits for the accepted level of risk and control over compliance with these limits on a daily basis.

The Bank's Treasury currently manages, calculates and monitors these risks. The Bank's Management Board and Asset and Liability Committee (ALCO) supervise risk management. The Credit and Investment Committee sets individual risk limits per issuer upon the recommendation of the Treasury and approval by the Management Board. The Internal Control and Audit Service also controls the Treasury's risk management activity.

The Bank conducts stress testing of market risk on a regular basis. This testing is capable of evaluating the stability of the asset portfolio in case of "extreme" events that can lead to abnormally large losses. To calculate market risk, the Bank uses the methodology of the Bank of Russia Regulation No. 313-P "On the Procedure for Calculating Market Risk by Credit Institutions", dated 14 November 2007.

INTEREST-RATE RISK

Interest-rate risk is exposure to losses as a result of adverse and contingent interest rates change as well as significant drop of interest income. The Bank controls the level of net interest margin (the difference between income obtained from interest-earning assets and costs of interest-bearing liabilities) that is sufficient to cover operating costs and ensure profitability of operations.

The Bank does not consider interest-rate risk as a source of additional income and does not increase it in response to market expectations. Nonetheless, Bank Vozrozhdenie reacts quickly to any changes in the overall level of interest rates and adjusts current base rates on assets and liabilities to meet its targets for interest income.

The Bank has an internal mechanism for internal transfer pricing on resources, allowing to effectively control interest-rate risk so that the cost of funds on bank operations does not exceed the income from these operations. Prices for resources within the Bank (purchase and sale of funds between internal divisions) are regulated in accordance with the situation on the short-term capital market. This encourages internal divisions to structure their assets and

liabilities in a way that ensures liquidity maintenance and an optimum price level to protect the net interest margin of the Bank. Mortgage loans and the possibility of their early repayment are the main sources of interest-rate risk. The Bank constantly monitors early repayments in its long-term loan portfolio.

To reduce interest-rate risk, the Bank balances its assets and liabilities by dates of possible interest-rate adjustment and maturities, and reviews current rates at least once a quarter. Rates may be adjusted within a quarter depending on changes in the Bank of Russia refinancing rate and rates on financial markets. The Bank conducts regular stress testing of interest-rate risk for the assessment of potential losses given adverse changes in risk factors.

Interest-rate risks on loan and deposit operations are assessed using gap analysis. Interest-rate risk management is carried out in accordance with the Regulation on the Basic Principles for Managing the Resources of Bank Vozrozhdenie in Roubles and Foreign Currency, updated on a quarterly basis, as well as the Regulation on the Procedure for Calculating Market Risk at Bank Vozrozhdenie. General parameters are defined in the Bank's annual financial plan.

CURRENCY RISK

Currency risk is the probability of losses related to changes in exchange rates of foreign currencies to local currency in relation to credit, foreign exchange, equity and currency markets operations.

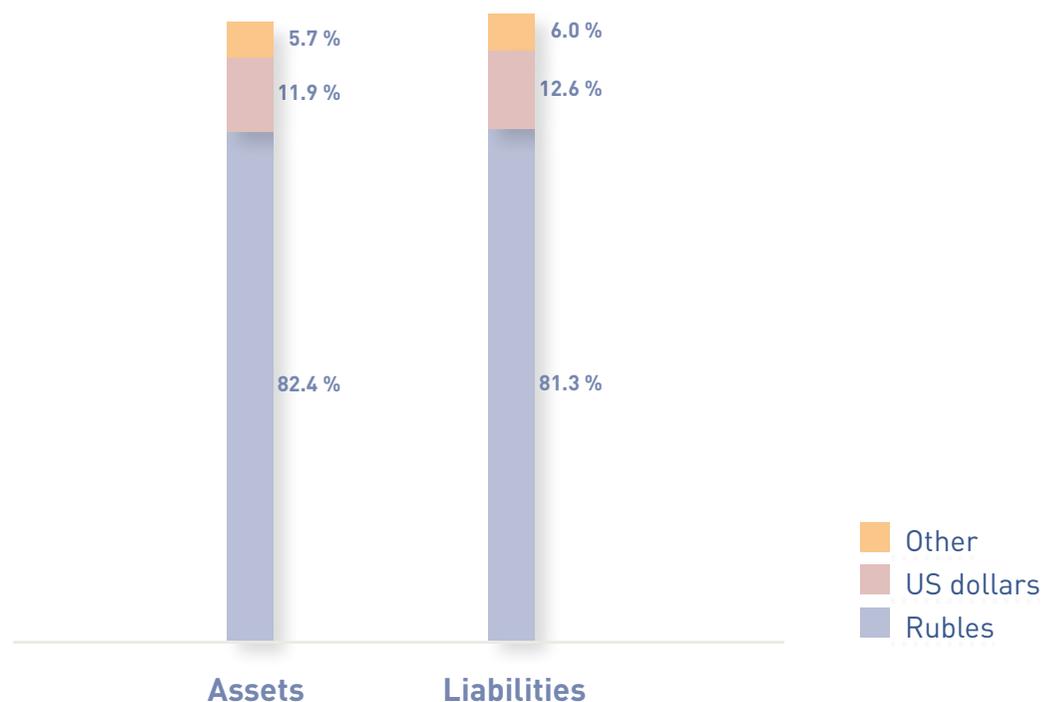
The main method for assessing and controlling currency risk is calculating open currency positions. The Bank uses methodology developed by the Bank of Russia to estimate the risks from maintaining open positions in foreign currencies.

The Bank's policy for managing open foreign currency positions includes establishing external and internal limits on currency positions as well as controlling compliance with these limits on a daily basis.

Bank Vozrozhdenie strives to restrict currency risk by minimizing open positions. The quality of assets denominated in foreign currency is monitored carefully, particularly the quality of the loan portfolio.

Internal management of currency risks includes a procedure for daily revaluation of positions and a system of control over

ASSETS AND LIABILITIES CURRENCY STRUCTURE



volumes and stop-limits for positions that carry currency risk. The Bank sets limits on spot and futures transactions for each type of transactions and currency. All currency operations are executed within the limits that the Bank sets for each counterparty. The Bank sets stop-loss limits for dealer transactions that restrict losses over a particular period: intraday, five-day and one-month.

The Bank regularly carries out a reassessment of assets and liabilities and uses a stress test that includes calculation of potential losses from drastic changes in currency exchange rates. The frequency of such tests depends on the speed at which market conditions are changing and the level of currency risk. Bank Vozrozhdenie regularly analyzes the potential consequences of changes on the market. When evaluating potential income and losses, it is conservative in forecasting future foreign-exchange rates and assesses various situations, including the worst-case scenario.

The Bank uses currency baskets (combinations of currencies in specific proportions) in order to limit losses from anticipated changes in currency exchange rates. A basket consists of currencies with negatively correlated fluctuations, making the aggregate value of a basket more stable. The most obvious example is a basket consisting of US dollars and euros on the basis of the dual-currency basket of the Bank of Russia.

Open positions in foreign currencies are regulated on the spot market (“today”, “tomorrow”, and spot) within the limits on counterparties.

The effect of currency risk on capital is evaluated using the methodology stipulated in the Bank of Russia’s Regulation no. 313-P “On the Procedure of Calculating Market Risk by Credit Organizations”, dated November 14, 2007, and the internal Regulation on the Procedure of Calculating Interest Rate Risk at Bank Vozrozhdenie.

LIQUIDITY RISK

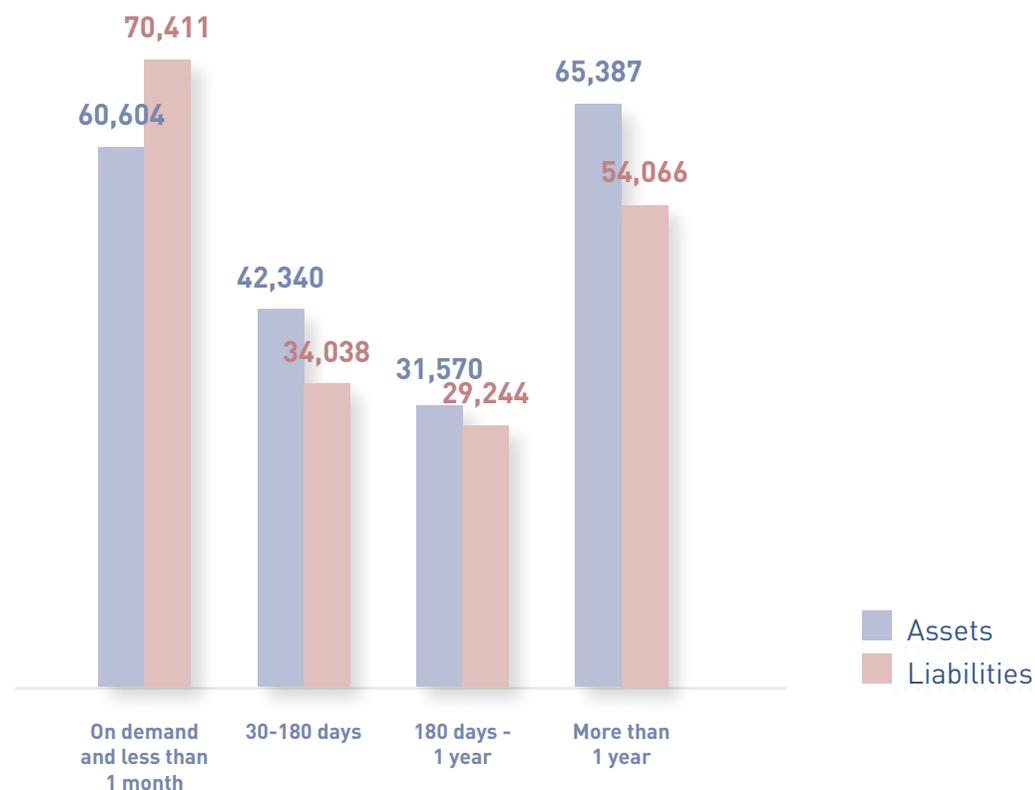
Liquidity risk refers to the possibility that at some point in time, the Bank will not have enough free cash or assets that can be promptly transformed into cash to make all required payments on demand of customers and on its own behalf, as well as meet all other cash requirements, or the Bank will not be able to buy the necessary funds on the market at affordable prices.

Bank Vozrozhdenie has a centralized procedure for managing liquidity. A unified system operates at both internal divisions of the Head Office and branches. The Head Office carries out operations on financial markets, including international markets. Most client operations (cash and settlement service, lending, deposits, etc.) are carried out through the branch network.

The liquidity risk management system complies with both external requirements (standards set by the Bank of Russia) and with internal limits and operating procedures. These ensure that Bank Vozrozhdenie always has sufficient funds to meet payment requirements of its clients and counterparties in a full and timely fashion, as well as ensuring that the Bank's business systems run smoothly.

The Board of Directors defines the Bank's strategy for risk management. The Management Board is responsible for general

MATURITY STRUCTURE OF ASSETS AND LIABILITIES



management and control over bank liquidity. Current issues are considered by the Asset and Liability Committee, a subcommittee of the Management Board subordinated to it.

The Treasury manages day-to-day liquidity and also regularly conducts liquidity stress tests using various scenarios.

The procedure for interactions between internal divisions and the control mechanism are regulated by the Policy for Managing and Assessing the Bank's Liquidity and the Regulation on the Basic Principles for Managing the Resources of Bank Vozrozhdenie in Rubles and Foreign Currency, as well as the financial plan for the year.

Liquidity risk is managed by matching maturities of assets and liabilities, as well as maintaining the necessary volume of high liquid funds (cash, balances on correspondent accounts at the Bank of Russia, interbank lending, REPOs).

Bank Vozrozhdenie adheres to the following basic principles in liquidity management:

- Liquidity management is a constant, day-to-day process;

- When making decisions, the Bank always prioritizes liquidity over profitability in case of a conflict;
- Every transaction that has implications for liquidity shall be taken into account when liquidity risk is calculated.

Bank Vozrozhdenie takes strict records of the maturities and sizes of its investments in various financial instruments. Monitoring of actual and estimated short-term liquidity is carried out daily on the basis of a payment calendar and using projections of short-term cash needs. Calculation of liquidity needs is based on:

- Ongoing compilation and review of the current payment calendar (the calendar is compiled to reflect needs for one day, one week, one month and three months);
- Regular (monthly) analysis of gaps in the maturity of assets and liabilities.

Bank Vozrozhdenie maintains sufficient liquidity to comply with the requirements of the Bank of Russia, first of all the norms for instant, current and long-term liquidity detailed in Instruction

139-I on Mandatory Bank Norms dated December 3, 2012.

Monitoring of compliance with the Bank of Russia liquidity norms is carried out on a daily basis.

Risk of liquidity shortage is analyzed by considering the Bank's dependence on the interbank market, operations of large clients, and concentration of credit risks. Particular attention is paid to quality and diversification of assets. Bank Vozrozhdenie strives to maintain a stable resource base consisting mainly of corporate and individual deposits and funds from other banks in order to minimize the risk.

The Bank uses the Bank of Russia Lombard list as a guideline when choosing instruments for its securities portfolio, in order to ensure its access to refinancing.

OPERATING RISK

The Bank manages operating risk by implementing measures to regulate it without having to downsize operations. These include:

- Detailed regulating procedures for conducting all basic operations;
- Applying principles of separation and limitation of functions and responsibilities of employees;
- Making collegiate decisions;
- Establishing limits for certain operations;
- Applying internal control procedures over business processes organization and complying with legislative requirements and internal documents;
- Ensuring information security.

In 2012, an operating risk management division was established as part of improving operating risk management in the Bank. This division collects data on operating risk events and records information in analytical systems, identifies operating risk factor, investigates the causes of each significant event and develops measures to minimize the risk and prevent its recurrence.

The Bank is currently considering further automation of the process of collecting and recording information about operating risk events, as well as monitoring the implementation of measures to reduce operating risk. Among other things, this will enable to:

- simplify and centralize the recording of incidents and identifying operating risk;
- conduct a flexible assessment of direct (financial), indirect (qualitative) and potential losses;
- analyze and rank risk factors and develop a risk map;
- control the stream of tasks while managing operating risk;

- automatically monitor and control measures to reduce operating risk.

All Bank Vozrozhdenie internal divisions monitor operating risk on a regular basis. Each month, a report on factors of operating risk is submitted based on the analysis of operating losses. Events of operating risk that do not lead to losses are identified, analyzed and documented as part of the monitoring.

The bank is currently collecting, analyzing, monitoring operating risk events and compiling an analytical database of these events on the basis of information provided by Bank internal divisions according to the following groups of risk factors::

- external fraud: fraud involving bank cards, theft of cash from ATMs, POS terminals, etc;
- factors related to the environment (damage to the Bank's property);
- systemic and technological factors: ATM downtime and automated systems malfunction;

- factors related to the organization and control of business processes;
- factors associated with staff.

The Bank has implemented the following measures to minimize operating risk:

- A banking security system has been developed;
- Cash offices have been equipped with alarms and meet all technical resistance requirements;
- Work areas of cash and account managers have alarm buttons, equipment to check banknotes, and lists of authorized signatures;
- Premises are equipped with security and fire systems and emergency alarms, including those that go through to the centralized security service or police call center;
- All employees have been instructed about evacuation plans in case of an emergency;
- Guards and 24-hour CCTV systems have been arranged at Bank premises;
- All employees involved in the storage and movement of valuables have signed agreements accepting full material responsibility;
- Access to IT, electronic payment and data centers is restricted;
- Interchangeability for IT employees has been defined by distributing responsibilities;
- A backup of the information data base is kept and maintained on a reserve server;
- In case of disruption in the power supply, an independent source of electricity has been organized;

- The software for the banking operating system is supported by vendors;
- A plan has been developed to avoid disruption to the Bank's financial and economic activities in case of emergencies.

Bank Vozrozhdenie has implemented a budgeting system that identifies the most costly and inefficient operations at an early planning stage and determines priority areas of client policy in order to minimize operating risk.

The Bank pays particular attention to establishing and observing procedures for monitoring its business, preparing fair financial reporting and providing all of the necessary information about its activities in a timely manner.

Regarding information security, the Bank focuses on meeting Russian legislation requirements regarding the protection of bank and commercial secrets as well as clients' and employees' personal details. The Bank has all of the necessary licenses for this, covering all branches.

The Bank uses a broad range of insurance instruments to hedge operating losses. It has a Bankers Blanket Bond, Directors and Officers Liability Insurance, and special insurance for transporting valuables. Its property (including real estate assets, IT, furniture and other property) is insured by the largest insurance companies in Russia.

In 2012, the Bank's main operating risks were associated with third-party fraud. Its transaction monitoring system effectively coped with these risks. The losses actually incurred by the Bank's operating risk were negligible.

COUNTRY RISK

Bank Vozrozhdenie's main activities involve providing services to residents of Russia. Country risk arises primarily when carrying out FX settlement, credit and guarantee transactions as well as securities trading transactions in foreign currencies.

Management of country risk is governed by the Regulation On Organizing Country Risk Management at Bank Vozrozhdenie. The Treasury is responsible for monitoring country risk.

The Bank uses ratings from S&P and Moody's and classifications derived from the Bank of Russia documents to assess country risk. The levels of country risk acceptable for the Bank are '0' and '1', according to the classification of the export credit agencies that are signatories to the agreement with OECD member states "On the Fundamental Principles concerning Providing and Using Export Credits with Official Support"; countries with a rating of at least 'BBB' according to S&P's classification or the equivalent Moody's rating and countries in the first group of offshore territories in the Bank of Russia Regulation No. 1317-U, dated 7 August 2003, are also acceptable.

All other risks are subject to individual consideration and evaluation before a transaction is completed, while adequate provisioning shall be made. As a rule, country risk is analyzed when reviewing applications for loans and bank guarantees and when implementing currency control.



SPECTATORS OF THE FINAL CONCERT DEDICATED TO BANK VOZROZHDENIE PROJECT «CHILDREN TO CHILDREN», AT THE MOSCOW REGIONAL GOVERNMENT OFFICE, KRASNOGORSK DISTRICT, MOSCOW REGION



PARTICIPANTS OF THE FINAL CONCERT DEDICATED TO BANK VOZROZHDENIE PROJECT «CHILDREN TO CHILDREN», AT THE MOSCOW REGIONAL GOVERNMENT OFFICE, KRASNOGORSK DISTRICT, MOSCOW REGION



SOCIAL RESPONSIBILITY

In the modern society all socially responsible organizations feel themselves committed to support charity and culture in a greater scale than ever.

Bank Vozrozhdenie is involved in a number of charity and sponsorship programmes including support of national education, culture, art and sport, as well as providing assistance to disadvantaged social groups.

EDUCATION, SPORT AND YOUTH SUPPORT

In 2012, Bank Vozrozhdenie was an active participant of initiatives aimed at providing a decent upbringing and education for the young generation that represents the future of our country and who will provide a basis for the future cultural and economic prosperity.

In September 2012, the Bank took part in the nationwide event known as the “Day of Financial Literacy in Educational Institutions”. Managers from the Bank gave workshops and lectures in schools and universities in cities throughout Russia, sharing their experience of working in the financial industry. The main goal of the event was to foster the skills needed to manage personal finances effectively, that ultimately promotes the wellbeing of Russian citizens.

Last year, the Bank provided financial assistance to the best students of Russia’s leading universities and institutes. Scholarship programmes were established for students at the Rostov State University of Economics, Northeastern State University in Magadan, and Stavropol Financial University.

During the autumn of 2012, Bank Vozrozhdenie supported the “Turning Towards Childhood” professional competition for young teachers and kindergartners held in the city of Volzhsk,

Volgograd Region. The main objective of the competition was to find young, talented employees of the city's general and pre-school educational systems and to promote their positive contribution to the profession and share their experience with the colleagues.

In summer 2012, the Bank supported middle-school students of Chekhov district of Moscow Region who had graduated with honors, awarding them with Bank Vozrozhdenie debit cards with a premium sum on the account.

Bank Vozrozhdenie sponsored various sport events promoting healthy lifestyle. For example, in April 2012, the Bank was a partner of the "Chekhov Spring" International Rhythmic Gymnastics Championship and awarded the winners with valuable prizes.

In May 2012, Bank Vozrozhdenie sponsored athletics relay race dedicated to the 67th anniversary of the victory in the Great Patriotic War (World War II) with over 1,500 athletes from Volgodonsk participated.

In September 2012, the Bank was the main sponsor and partner of the nationwide "Cross of Nations – 2012" running day, in which more than 1,700 people participated. The race winners were awarded with over 300 prizes and souvenir packs from Bank Vozrozhdenie.

CULTURE AND ART

One of the cornerstones of Bank Vozrozhdenie social policy is support of the Russian culture and arts. The Bank provides comprehensive assistance for projects of art museums and theaters and finances initiatives to preserve the historical and cultural heritage of Russia.

In 2012, as in previous years, Bank Vozrozhdenie sponsored the Easter Festival. It took place in 38 cities throughout Russia, featuring over 150 concerts by symphony orchestras, choruses, and chamber music societies. The Bank shares the values and traditions associated with the Easter Festival, and, each year, looks forward to touching on the high musical culture that it provides.

In April 2012, Bank Vozrozhdenie sponsored the seventh international "Province Smash Hit" vocal competition, which was held in the Moscow region town of Lukhovitsy. Around 400 ensembles and soloists from Moscow, Ryazan, Kaluga and Tambov regions participated in the event. The event's producers were impressed by the professionalism of the performers and invited the most talented vocalists to work with them. The Bank awarded the winners of each nomination with valuable prizes.

In summer 2012, Bank Vozrozhdenie acted as a partner of the "Strings of Soul" event, a festival of bard songwriting held

in Romanov cossack village of Rostov Region. More than 240 musicians from 17 Russian regions and other CIS states took part. The event brought together representatives of many different ethnic groups living in Russia, and it offered both contestants and spectators the opportunity to learn about each other's folk culture.

In winter 2012, the Bank acted as a general partner of the international dance festival known as "The World Series", which took place in Saransk. Over 2,500 performers participated in the event. The Bank also supported the fourth annual festival of performers of the songs and poems composed by Vladimir Vysotsky.

Meanwhile, with the support of Bank Vozrozhdenie, an exhibition of Auguste Rodin's sculptures was organized in St Petersburg and Moscow and presented to a broad public audience. The exhibition featured 100 of the sculptor's most famous masterpieces, including: The Thinker, Citizens of Kale, Eternal Spring, The Kiss, The Bronze Age and Shadow. His Goupil album including 142 drawings on 129 separate plates was exhibited as well. The masterpieces of this brilliant sculptor, which reveal the true depth of human emotions, were seen by tens of thousands of visitors in both cities.

In autumn 2012, the Bank was a partner of Sergey Bondarchuk international war films festival "Volokolamsk Front". The event

featured films about World War II, national conflicts, lesser-known events of the Russian Civil War, and the life of Russian emigres and concentration-camp prisoners. The festival was unique not only because it presented a range of cinematographic styles from different countries, but also because it pursued a difficult challenge of educating a generation in the spirit of patriotism, which implies both service to and the defense of one's native land.

In winter 2012, the Bank sponsored the 16th annual "White Pillars" film festival, which was held in its traditional venue in the Domodedovo district of Moscow Region. The key idea of this meeting of professionals and film lovers was animation, which marked its 100th anniversary in Russia. The event featured a unique programme of archived films from the state collection of motion pictures, which represent treasures of national and worldwide cinematic art. Nearly 300 cinematographers from Russia and around the world took part in the festival.

In summer 2012, Bank Vozrozhdenie was a partner of "Vyborg Intelligent Performance" international theatre festival, which took place in the town of Vyborg. The festival was a marathon of theatre and music that lasted for several days. Visitors learned about avant-garde and classical trends in theater and were immersed in contemporary art. Performances were preceded by free concerts put on by famous jazz and neo-jazz bands.

In autumn 2012, Bank Vozrozhdenie supported the celebration of the 200th anniversary of the Battle of Borodino, sponsoring a historical re-enactment organized in the village of Borodino, Moscow Region. Over 300,000 spectators and 3,000 people from historical clubs in Russia and other countries participated in the event. The re-enactment, which ran from six in the morning until three in the afternoon, was based on the actual events happened on Borodino field on August 26, 1812. In addition, the Bank supported the publication of 10,000 complimentary copies of the novel "Heroes of 'War and Peace' novel at Borodino Field", as well as the production of memorial souvenirs with images of the famous obelisk dedicated to the great Russian commander Kutuzov.

In May 2012, the Bank played an active role in the preparation and staging of holiday events dedicated to Victory Day in many Russian cities, including Tula, Volzhsk, Kolomna, Pushkino, Solnechnogorsk, Stupino, Taldom and others. Bank Vozrozhdenie also supported the celebration of the 1,000-year anniversary of the united Mordovian nation together with other nations of the Russian state in Saransk.

In June 2012, the Bank yet again became a partner of the holiday "Illusions of the Old City", which coincides with city day in Petrozavodsk. During the holiday celebrations, a unique quarter of the old city was transformed into a historical theater. Attending

guests found themselves in Petrozavodsk of 1912, when residents of the city triumphantly celebrated the 100-year anniversary of the victory in the Patriotic War of 1812.

CHARITY AND ASSISTANCE IN EMERGENCY SITUATIONS

Bank Vozrozhdenie believes it should care not only about its clients and employees, but also about people who need social support. In the regions of its presence, the Bank supported the orphanages and foster homes, provincial hospitals, as well as children from low-income families. In 2012, Bank Vozrozhdenie took part in regional charity events held in different towns and cities of Moscow Region, Khabarovsk, and other cities where the bank has its offices.

In 2012, the Bank continued giving financial assistance to a foundation “Illustrated Books for Blind Children”, which publishes and distributes special, colored braille books with illustrations to children with impaired vision. Every year, these books are distributed to around 10,000 children. Over 16 years, more than 100 different books have been published, including Russian, Slovak and English folk tales, the fables of Ivan Krylov, and the poems of Samuil Marshak.

In July 2012, after the flood in Krasnodar Region, Bank Vozrozhdenie employees provided material assistance to the victims. The Bank also facilitated commission-free money transfers to the Russian Red Cross, the Ministry of Emergency Situations of Krasnodar Region, and the “Mercy” charitable foundation.

HUMAN RESOURCES

One of the cornerstones of Bank Vozrozhdenie business is its long-term relationships with clients, which are built on the principles of mutual trust, respect and understanding. These values are enshrined in the Bank's human resources (HR) system and are communicated to all employees, regardless of their position or responsibilities.

Our HR policy is focused on achieving our strategic objectives and increasing shareholder value. It aims to provide greater motivation, enable all employees to improve their potential, and develop the corporate culture. One key objective is to encourage changes in business processes that make internal communications more effective and reduce non-productive waste of working hours.

When selecting employees, preference is given to people with higher education, practical experience in banking and a professional approach to solving business issues. Last year, the headcount reached 6,772 people. Bank Vozrozhdenie is known for its employees' loyalty and close-knit team, with

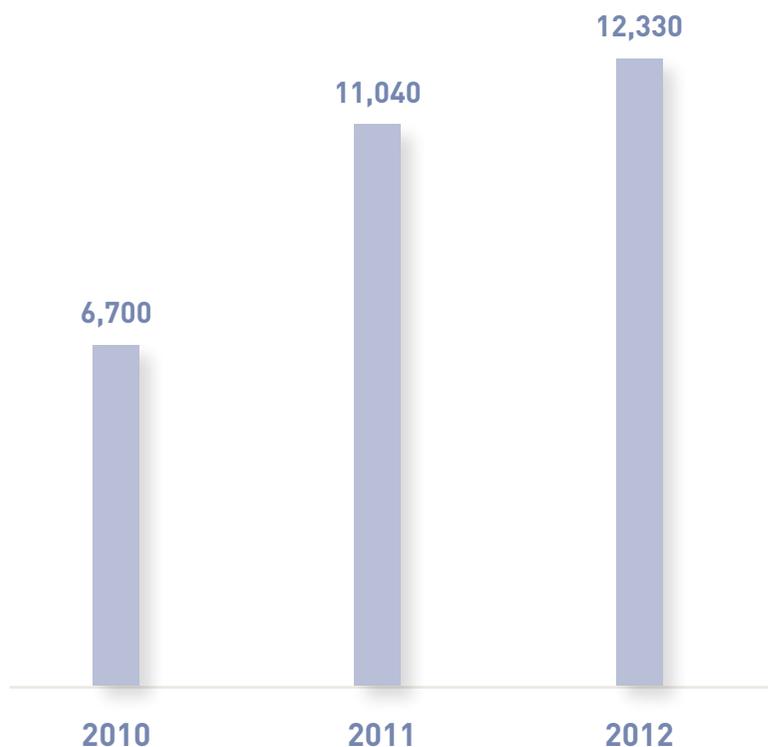
many of the staff have been with the Bank for more than 20 years.

Our advanced system of remuneration and motivation enables us to attract the best talents. Last year, we developed a range of measures to improve motivation, whereby remuneration of each employee will depend directly on results of its contribution to the Bank's business. We focused closely on programmes to encourage employees who work with clients. The Bank plans to implement an updated motivation system in 2013.

High professional knowledges of employees play a key role in our successful development, so training and educating the staff is one of our HR priorities. In 2012, we adopted HR strategy, running through to 2015, that aims to make all employees more involved in their training and professional development and ensure that all divisions have qualified personnel.

LAST YEAR, THE BANK'S EMPLOYEES WENT THROUGH OVER 12,000 COURSES TO IMPROVE THEIR QUALIFICATION

NUMBER OF DISTANT LEARNING COURSES TAKEN BY THE EMPLOYEES DURING 2010-2012



The Bank uses distant learning, lectures, seminars, courses and master classes to train its employees. Sessions are conducted on an individual, group and electronic basis. Last year, 39 courses were run, twice as much as in 2011. The most popular courses were “Handling Personal Information”, “Signs of Forgery and Rules for Checking Passports”, and “Main Changes in the Bank’s IT Security in 2011-12”.

All Bank’s employees have access to the “Training and Development Portal”, a key resource used in distant learning last year. It allows all the interested staff to take a course or test, as well as discuss professional issues with colleagues.

Study courses at Bank Vozrozhdenie can be held both in-house and at higher education institutions. The best employees from business divisions act as tutors on the in-house courses. Last year, as part of the work to streamline the employee qualification system, the Bank introduced a programme to train internal tutors, in which 65 employees participated.

Bank Vozrozhdenie has begun to introduce a new multi-stage training system, whereby only employees who have completed

preliminary electronic courses can attend certain study programmes. Research shows that this approach increases knowledge and understanding of a subject.

Last year, heads of business divisions continued using the four-module Effective Manager programme, which over 100 managers underwent.

The Bank puts special emphasis on its programme for creating a talent pool from its employees. Its aim is to ensure that freed or newly created management vacancies can be filled effectively as the business grows. In 2012, the talent pool included 12 employees destined to be branch managers. Special training sessions are held for them on a regular basis, including management and leadership, effective communication and HR development programmes.

In 2012, Bank Vozrozhdenie continued to cooperate with secondary and higher education institutions to organize practical work for students and offer them opportunities to apply their knowledge. Talented students receive grants from the Bank, while the best graduates were offered positions. The Bank has

close relations with the Finance University under the Russian Government, North-West State University, Rostov-on-Don State University of Economics, and Stavropol State University, among others. In 2012, the Bank awarded grants to 23 students from these institutions.

We also work closely with Moscow State University, the Plekhanov Russian University of Economics, the Bank of Russia's School of Banking in Moscow, and the Moscow Academy of Finance and Law. Last year, 45 students from these institutions completed work practice at the Bank.

In 2013, we intend to continue enhancing our employees' motivation system based on incentives payment according to the results of the previous year.

ENVIRONMENTAL MANAGEMENT

Environmental friendliness is an integral part of Bank Vozrozhdenie's sustainable development. Bank Vozrozhdenie makes every effort to minimize any negative effect of its business on the environment and reduce consumption of resources.

The current business has little environmental impact and does not generate emissions into the atmosphere. At the same time, the Bank recognizes that it influences the environment indirectly through its use of heat and electricity, vehicles, etc., and the management focuses closely on this.

Bank Vozrozhdenie has an automated system that measures utilities consumption, identifies any irrational use of energy and implements measures to avoid it. Every five years, the Bank conducts an energy audit with the help of the external contractor, and the last one was carried out in 2012.

We are switching to power-saving lighting. By the end of 2012, the Bank used low-energy (luminescent, metal-halide and light-emitting-diod) bulbs in its premises, incandescent lamps are now used only outside. We plan to replace luminescent bulbs with more advanced lightning facilities.

Each year, ahead of the autumn and winter season, the Bank takes measures to reduce thermal losses in its premises and repairs insulation of heat supply systems. The Bank does everything possible to minimize heat losses in its offices and branches and avoid the irrational use of natural resources.

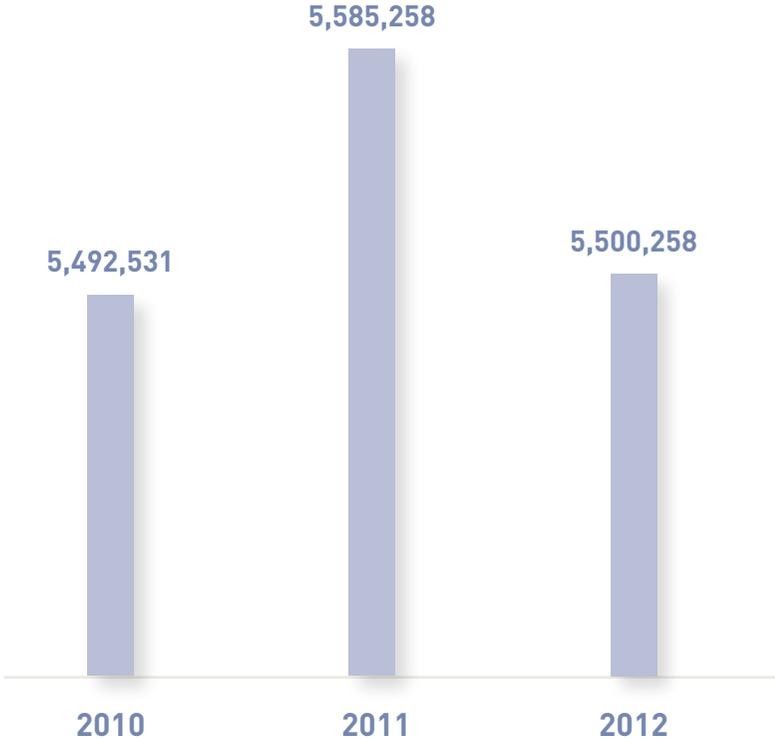
In 2012, thanks to measures taken, the Bank cut energy costs by 1.5% year-on-year.

In 2012, the Bank managed to reduce its paper consumption by 2.1% due to implementation of electronic document flow, adherence to advanced banking technologies and use of self-service equipment as well as other cost-saving measures. Paper documents are kept in the archive for a certain period, after which they are sent to special enterprises for recycling. Last year, the Bank recycled 2.2 tonnes of paper, cardboard and advertising materials.

Bank Vozrozhdenie pays particular attention to the environmental characteristics of its cars, striving both to reduce fuel consumption and use the most efficient vehicles. At present, more than 80% of its cars comply with Euro-4 standards.

The Bank follows the necessary procedures for disposing waste and equipment properly. Bulbs, outdated electronic equipment, and batteries are sent to specialized companies for due disposal, while tires and hubcaps are recycled for subsequent use in various industries.

**BANK VOZROZHDENIE
ELECTRICITY CONSUMPTION, KW/HOUR**



**SUMMARY CONSOLIDATED
FINANCIAL STATEMENTS**

Prepared from the International Financial
Reporting Standards Consolidated Financial
Statements and Independent Auditor's Report
31 December 2012

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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Russian Federation, 125047
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To the Shareholders and Board of Directors of Bank Vozrozhdenie:

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2012, the summary consolidated statement of comprehensive income, the summary consolidated statement of changes in equity and the summary consolidated statement of cash flows for the year then ended are derived from the audited consolidated financial statements of Bank Vozrozhdenie and its subsidiaries (the "Group") for the year ended 31 December 2012. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 25 March 2013.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards ("IFRS"). Reading the summary financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Group prepared in accordance with IFRS.

Management's responsibility for the summary consolidated financial statements

Management of the Group is responsible for the preparation of a summary of the audited consolidated financial statements on the basis described in Note "Basis for preparation".

Auditor's responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of the Group for the year ended 31 December 2012 are consistent, in all material respects, with those consolidated financial statements, on the basis described in Note "Basis for preparation".

25 March 2013
Moscow, Russian Federation

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In millions of Russian Roubles	31 December 2012	31 December 2011
ASSETS		
Cash and cash equivalents	40,885	37,755
Mandatory cash balances with the Central Bank of the Russian Federation	2,097	1,939
Trading securities	5,884	7,347
Due from other banks	5,794	967
Loans and advances to customers	141,662	124,383
Investment securities available for sale	2,476	1,377
Premises and equipment	3,064	3,048
Other financial assets	1,103	1,254
Non-current assets classified as held for sale	898	975
Other assets	5,199	4,843
TOTAL ASSETS	209,062	183,888

The consolidated financial statements, from which the summary consolidated financial statements have been derived, are available from Bank Vozrozhdenie upon request. They are also published on the Bank's website at www.vbank.ru, or at www.e-disclosure.ru.

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In millions of Russian Roubles	31 December 2012	31 December 2011
LIABILITIES		
Due to other banks	7,647	8,202
Customer accounts	163,876	145,142
Debt securities in issue	7,032	6,722
Other borrowed funds	2,803	-
Other financial liabilities	350	588
Other liabilities	496	555
Subordinated loans	6,051	4,217
TOTAL LIABILITIES	188,255	165,426
EQUITY		
Share capital	250	250
Share premium	7,306	7,306
Retained earnings	13,124	10,807
Revaluation reserve for investment securities available for sale	127	99
TOTAL EQUITY	20,807	18,462
TOTAL LIABILITIES AND EQUITY	209,062	183,888

Approved for issue and signed
on 25 March 2013.

A.V.Dolgoplov
Chairman of the Management Board



A.A.Novikova
Chief Accountant



SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of Russian Roubles	2012	2011
Interest income	16,611	13,959
Interest expense	(7,553)	(6,503)
Net interest income	9,058	7,456
Provision for loan impairment	(2,722)	(2,304)
Net interest income after provision for loan impairment	6,336	5,152
Fee and commission income	5,503	5,232
Fee and commission expense	(442)	(410)
Gains less losses from trading securities	6	7
Gains less losses from trading in foreign currencies	439	420
Foreign exchange translation gains less losses	(40)	(50)
Gains less losses on disposed investment securities available for sale	3	12
Other operating income	337	222
Administrative and other operating expenses	(8,652)	(8,353)
Impairment of investment securities available for sale	(71)	-
Provision for impairment of other assets	(449)	(216)

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In millions of Russian Roubles	2012	2011
Profit before tax	2,970	2,016
Income tax expense	(639)	(422)
PROFIT FOR THE YEAR	2,331	1,594
Other comprehensive income:		
Investment securities available for sale:		
Gains less losses during the year	34	32
Income tax expense recorded directly in other comprehensive income	(6)	(10)
Other comprehensive income for the year	28	22
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,359	1,616
Earnings per share for profit attributable to the equity holders of the Bank, basic and diluted (expressed in RR per share)		
Ordinary shares	93	64

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of Russian Roubles	Share capital	Share premium	Revaluation reserve for investment securities available for sale	Retained earnings	Total
Balance at 1 January 2011	250	7,306	77	9,227	16,860
Profit for the year	-	-	-	1,594	1,594
Other comprehensive income	-	-	22	-	22
Total comprehensive income for 2011	-	-	22	1,594	1,616
Dividends declared	-	-	-	(14)	(14)
Balance at 31 December 2011	250	7,306	99	10,807	18,462
Profit for the year	-	-	-	2,331	2,331
Other comprehensive income	-	-	28	-	28
Total comprehensive income for 2012	-	-	28	2,331	2,359
Dividends declared	-	-	-	(14)	(14)
Balance at 31 December 2012	250	7,306	127	13,124	20,807

The consolidated financial statements, from which the summary consolidated financial statements have been derived, are available from Bank Vozrozhdenie upon request. They are also published on the Bank's website at www.vbank.ru, or at www.e-disclosure.ru.

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated financial statements, from which the summary consolidated financial statements have been derived, are available from Bank Vozrozhdenie upon request. They are also published on the Bank's website at www.vbank.ru, or at www.e-disclosure.ru.

In millions of Russian Roubles	2012	2011
Cash flows from operating activities		
Interest received	16,652	14,660
Interest paid	(7,679)	(6,601)
Fees and commissions received	5,464	5,244
Fees and commissions paid	(442)	(410)
Net income received/(losses paid) from trading in trading securities	3	(32)
Net income received from trading in foreign currencies	439	420
Other operating income received	335	178
Administrative and other operating expenses paid	(8,226)	(7,708)
Income tax paid	(966)	(825)
Cash flows from operating activities before changes in operating assets and liabilities	5,580	4,926
Changes in operating assets and liabilities		
Net increase in mandatory cash balances with the Central Bank of the Russian Federation	(158)	(867)
Net decrease in trading securities	1,357	4,920
Net (increase)/decrease in due from other banks	(4,846)	4,912
Net increase in loans and advances to customers	(20,994)	(24,039)
Net (increase)/decrease in other financial assets	(125)	407

In millions of Russian Roubles	2012	2011
Net increase in other assets	(189)	(213)
Net increase in due to other banks	105	215
Net increase in customer accounts	20,338	13,773
Net increase in other borrowed funds	2,803	-
Net increase in debt securities in issue	304	819
Net decrease in other financial liabilities	(236)	(24)
Net increase/(decrease) in other liabilities	4	(110)
Net cash from operating activities	3,943	4,719
Cash flows from investing activities		
Acquisition of investment securities available for sale	(3,128)	(762)
Proceeds from disposal of investment securities available for sale	1,981	1,491
Acquisition of premises and equipment	(479)	(442)
Proceeds from disposal of premises and equipment	21	15
Proceeds from disposal of non-current assets held for sale	204	38
Proceeds from disposal of investment properties	27	181
Dividend income received	2	3
Net cash (used in)/from investing activities	(1,372)	524

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In millions of Russian Roubles	2012	2011
Cash flows from financing activities		
Receipt of subordinated loans	2,000	-
Repayment of subordinated loans	-	(226)
Repayment of funding from international financial institution	(470)	-
Dividends paid	(14)	(14)
Net cash from/(used in) financing activities	1,516	(240)
Effect of exchange rate changes on cash and cash equivalents	(957)	601
Net increase in cash and cash equivalents	3,130	5,604
Cash and cash equivalents at the beginning of the year	37,755	32,151
Cash and cash equivalents at the end of the year	40,885	37,755

NOTE TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

Basis for preparation

These summary consolidated financial statements of Bank Vozrozhdenie and its subsidiary (the "Group") have been prepared by extraction, without any modification, of the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows from the consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards.

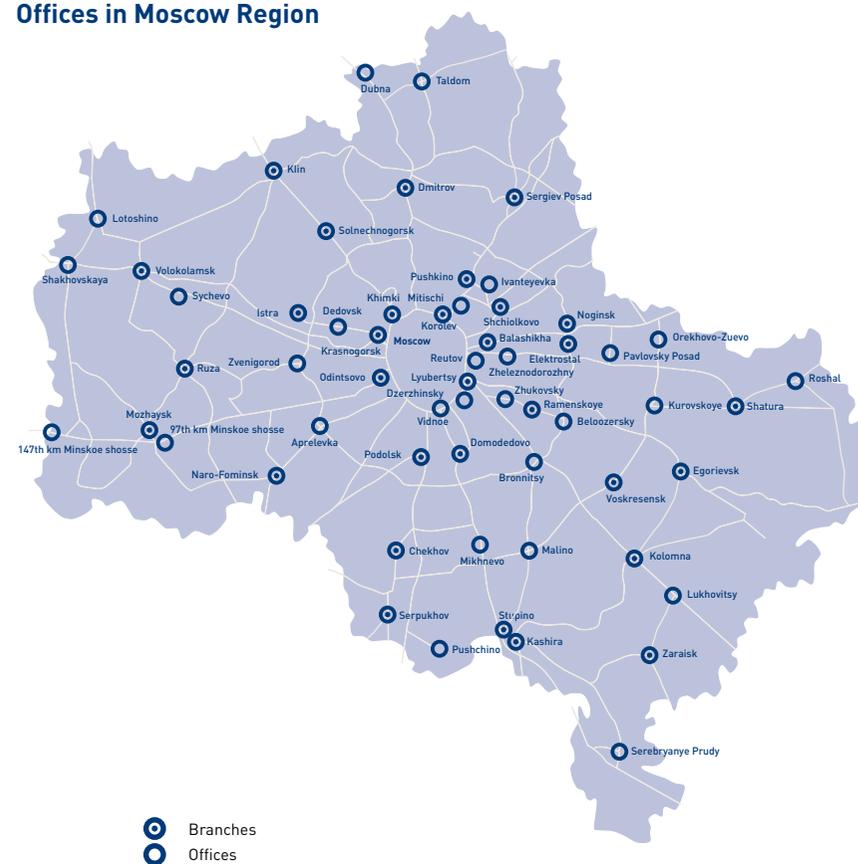
The consolidated financial statements, from which the summary consolidated financial statements have been derived, are available from Bank Vozrozhdenie upon request at Luchnikov pereulok, 7/4 bld. 1, 101990, Moscow, Russian Federation.

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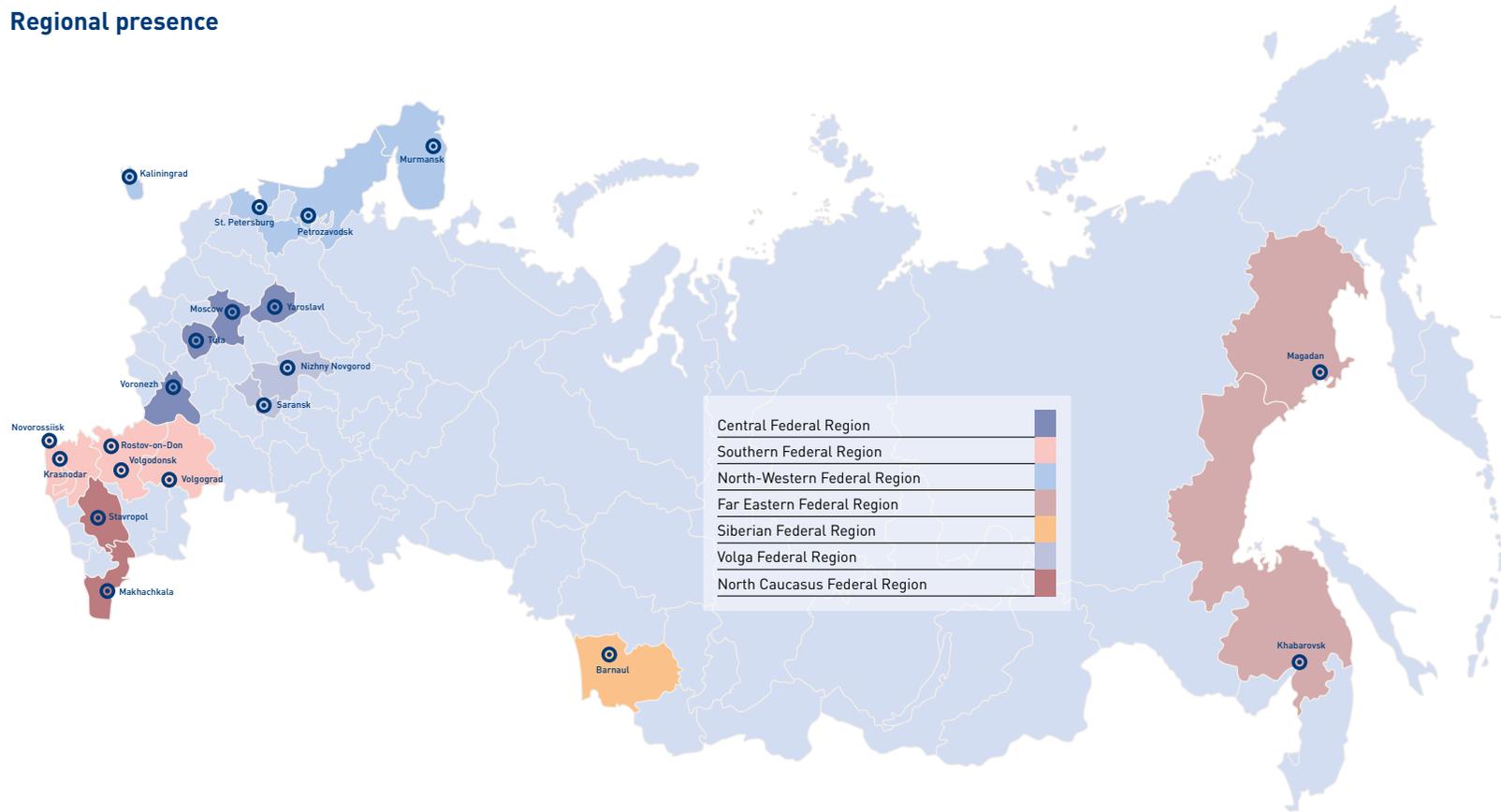
Offices of Bank Vozrozhdenie as of May 1, 2013

53 branches
79 additional offices
13 retail offices
2 operational offices

Offices in Moscow Region



Regional presence



Bank Vozrozhdenie offices

OFFICES IN MOSCOW CITY

Central Branch

7/4, bldg. 1, Luchnikov Per.,
GSP, Moscow, 101990
Ms. Natalya V. Barkhotkina

Additional Offices

2, Malyi Mogiltsevsky Per., Moscow, 119002
50 a, bldg. 3, Zemlyanoi Val, Moscow, 109028

Ilyinsky

3, bldg. 1, Ostryakova Street, Moscow, 125067
Mr. Vakhtang Y. Dzhariani

Ulyanovsky

33, bldg. 4, Vesjolaya Street, Moscow, 115516
Ms. Tatyana B. Sukhotskaya

Additional Office:

23, Shkolnaya Street, Vidnoye, Leninsky District,
Moscow Region, 142700

OFFICES IN MOSCOW REGION

Balashikha

office III, 45, Lenina Prospekt, Balashikha, 143900
Mr. Konstantin V. Geraschenko

Additional Offices:

Office III-IV, 4, bldg. 2, Savvinskoye Shosse,
Zheleznodorozhnyi, 143980
Office VII, 19/10, Lenina Street, Reutov, 143960

Chekhov

22, Chekhova Street, Chekhov, 142300
Ms. Valentina A. Bolshakova

Additional Office:

1, Molodyozhnaya, Street, Chekhov, 142300

Dmitrov

28, Professionalnaya Street, 141800,
Mr. Vitaly M. Solovyov

Additional Offices:

Office 1, 25, Bogolubova Prospekt, Dubna, 141980
17, Karla Marksa Pl., Taldom, 141900
1, Sovetskaya Pl., Dmitrov, 141800

Domodedovo

54a, Kashirskoye Shosse, Domodedovo, 142000

Ms. Tatyana A. Fomicheva

Additional Office:

37 Gagarin Street, Severnyi microraion,
Domodedovo, 142000

Retail office:

1d, Zaborye Street, Vostryakovo District, Domodedovo, 142006

Egoryevsk

106/5, Sovetskaya Street, Egoryevsk, 140300

Ms. Lyudmila V. Baikova

Elektrostal

16, Pobedy Street, Elektrostal, 144007

Ms. Natalya A. Gnedkova

Additional Offices:

22, Karla Marksa Street, Elektrostal, 144001

21, Krasnaya Street, Elektrostal, 144005

10, Krasnaya Street, Elektrostal, 144002

Istra

81, Lenina Street, Istra, 143500

Mr. Dmitry N. Katkov

Retail office:

1, Pobedy Street, Dedovsk, 143530

Kashira

12, Sovetskaya Street, Kashira, 142900

Ms. Tatyana A. Murashkina

Khimki

22/1, Moskovskaya Street, Khimki, 141400

Ms. Alla S. Ivanova

Additional Offices:

16, Bibliotechnaya Street, Khimki, 141400

Office 9, 13, bldg. 1, Lavochkina Street, Khimki, 141400

1, Bulvar Stroitelei, Krasnogorsk, 143407

Retail office:

22/1, Moskovskaya Street, Khimki, 141400

Klin

8a, Karla Marksa Street, Klin, 141600

Ms. Olga N. Kalenova

Kolomna

340, Oktyabrskoi Revolutsii Street, Kolomna, 140408

Mr. Mikhail M. Kostenevich

Additional Offices:

15, Kirova Proezd, Kolomna, 140411

30a/1, Zhukovskogo Street, Lukhovitsy, 140500

Retail office:

39, Kudryavtseva Street, Ryazan, 390000

Krasnogorsk

38b, Lenina Street, Krasnogorsk, 143400

[Andrei G. Pokusayev](#)

Additional Offices:

11, Krasnogorsky Bulvar, Krasnogorsk, 143400

8, Rechnaya Street, Krasnogorsk, 143400

Retail office:

26, Zavodskaya Street, Krasnogorsk, 143400

Krasnogorsk

38b, Lenina Street, Krasnogorsk, 143400

[Andrey G. Pokusayev](#)

Additional Offices:

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8, Rechnaya Street, Krasnogorsk, 143400

Retail office:

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Lyubertsy

3, Krasnoarmeiskaya Street, Lyubertsy, 140005

[Mr. Maksim V. Semenenko](#)

Additional Office:

6, Dmitriya Donskogo Pl., Dzerzhinsky, 140091

Mytishchi

12, Shcherbakova Street., Mytishchi, 141008

[Mr. Konstantin V. Evseev](#)

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Mozhaisk

4, Krasnyh Partizan Street, Mozhaisk, 143200

[Mr. Andrey Yu. Kozlov](#)

Retail offices:

147 km, Minskoye Shosse, Mozhaisky raion, 143270

97 km, Moscow-Minsk road, Mozhaisky raion, 143200

43, Pervaya Zheleznodorozhnaya Street, Mozhaisk, 143200

Naro-Fominsk

9, Marshala Zhukova Street,

Naro-Fominsk, 143300

[Ms. Olga I. Egereva](#)

Additional Office:

65, Aprelevskaya Street, Aprelevka, 143360

Noginsk

81, Rogozhskaya Street, Noginsk, 142400

[Ms. Natalya Yu. Makarova](#)

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6, Bolshoi Zheleznodorozhny Proezd, Pavlovsky Posad, 142500

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3, Tsentralny Bulvar, Orekhovo-Zuevo, 142600

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Odintsovo

16, Marshala Zhukova Street, Odintsovo, 143000

Ms. Elena I. Oreshnikova

Additional Offices:

1, Svobody Street, Odintsovo, 143000

10 Pochtovaya Street, Zvenigorod, 143180

Podolsk

11, Kirova Street, Podolsk, 142100

Ms. Valentina A. Rylkova

Pushkino

24, Turgeneva, Pushkino, 141207

Ms. Tatyana V. Miklyaeva

Additional Office:

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Ramenskoye

3, Krasnoarmeiskaya Street, Ramenskoye, 140100

Mr. Aleksander B. Sasin

Additional Offices:

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52, Novo-Bronnitskaya Street, Bronnitsy, 140170

Office 130, 5, Pionersky Per., Bronnitsy, 140170

Ruza

27, Sotsialisticheskaya Street, Ruza, 143100

Ms. Irina G. Potapova

Sergiev Posad

203v, Krasnoi Armii Prospekt,

Sergiev Posad, 141300

Ms. Tamara D. Teslya

Serpukhov

3b, Gorkogo Street, Serpukhov, 142200

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Retail office:

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Shatura

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Ms. Ekaterina N. Tarasova

Additional Office:

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Shcholkovo

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Mr. Sergey N. Nikolaev

Retail office:

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Solnechnogorsk

1, Baranova Street, Solnechnogorsk, 141500

Mr. Aleksei A. Shcherbakov

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1, Gorkogo Street, Mikhnevo, 142840

Retail office:

21, Andropova Street, Stupino, 142800

Volokolamsk

10, Oktyabrskaya Pl., Volokolamsk, 143600

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Voskresensk

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227, Pavlovsky Trakt, Barnaul, Altaysky Kray, 656064

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106b, Belinskogo Street, Nizhny Novgorod, 603016

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15/29, Andropova Street, Petrozavodsk,
Republic of Karelia, 185028
Ms. Natalya A. Okuneva

Rostov-on-Don

97/243, Budyonovsky Prospekt, Rostov-on-Don, 344011
Ms. Jana V. Gamalei

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Main State Registration Number (OGRN):

1027700540680

**Date of inclusion into the Unified State Register
of Legal Entities:**

17 December 2002

Tax Identification Number (INN):

5000001042

Bank Identification Code (BIC):

044525181

Sectoral Code for Tax Status (KPP):

775001001

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