

Bank cards



1999 YEAR. MARK NAKHMANOVICH HOLD THE FIRST PRESENTATION OF INTERNATIONAL BANK CARDS PAYMENT SYSTEM AT VOSKRESENSK BRANCH

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.

INSERT. 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.



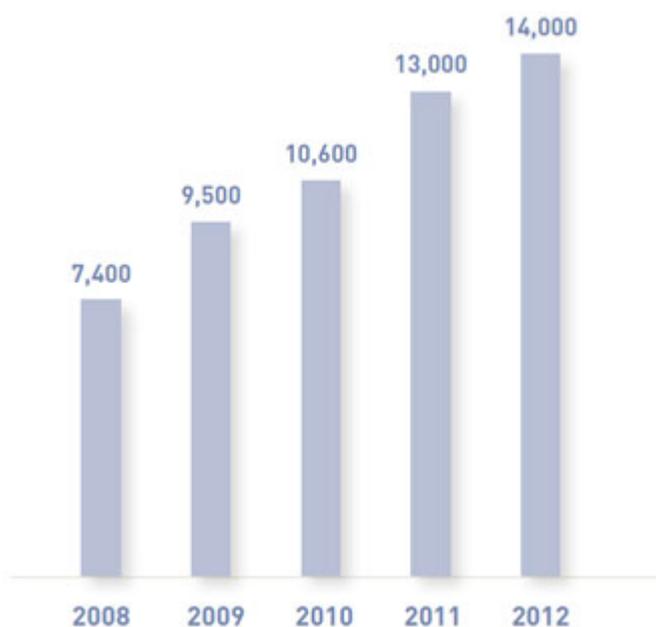


2007 YEAR. THE BANK ISSUED 1 MILLION 100 THOUSAND OF BANK CARDS

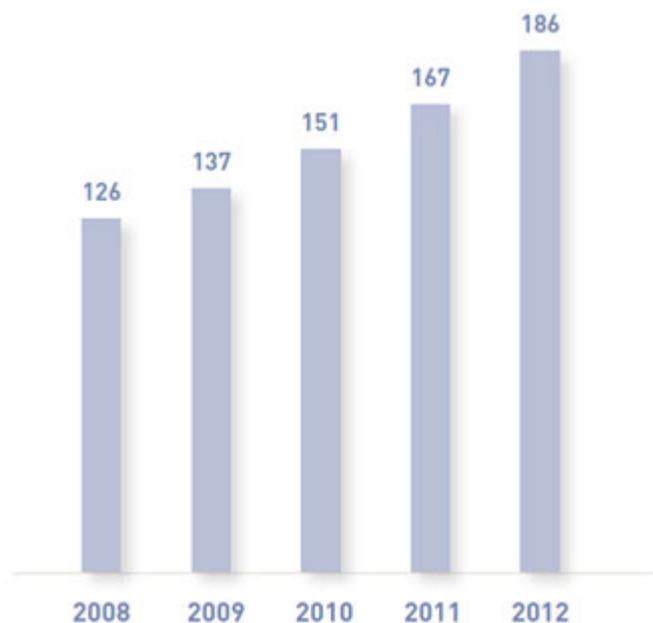
Number of ATMs



Number of payroll projects



Card accounts credit turnovers, RUB billion



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 money.

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 cash on a regular basis.