



**VOZROZHDENIE
BANK**

THE BANK THAT IS ALWAYS WITH YOU

Bank Vozrozhdenie Strong niche player in SME & retail markets



Investor Presentation
December 2009

Vozrozhdenie Bank - a Community Bank built on SME and Individual relationships

Vozrozhdenie Bank strategy...

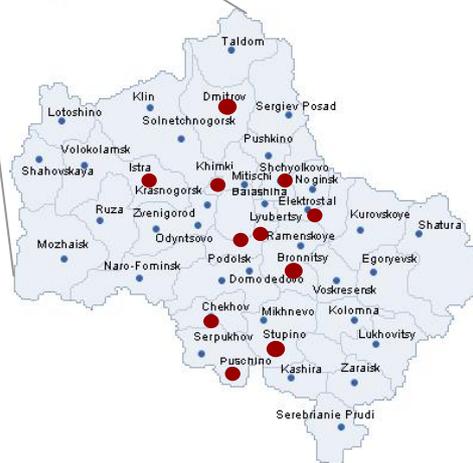
- Focus On Core Banking Products
- Servicing Corporate Customers In Each Stage Of Business Development
- Servicing retail customers throughout their whole life-cycle
- Balanced Lending and Funding policy
- Focused regional expansion, branches, and ATMs



...service...

1 400 000 Retail Clients
55 000 Corporate Clients

...via...



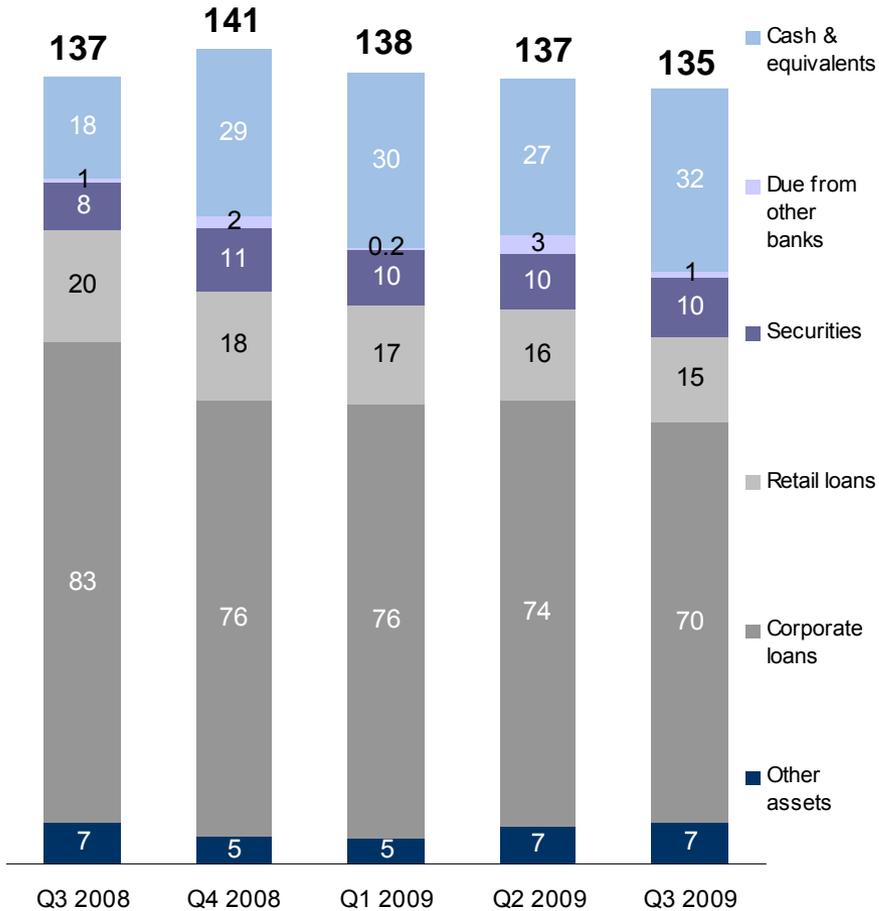
● - Additional offices opened in '07-'09

20 Regions
170 Offices
671 ATMs

Stability in challenging environment

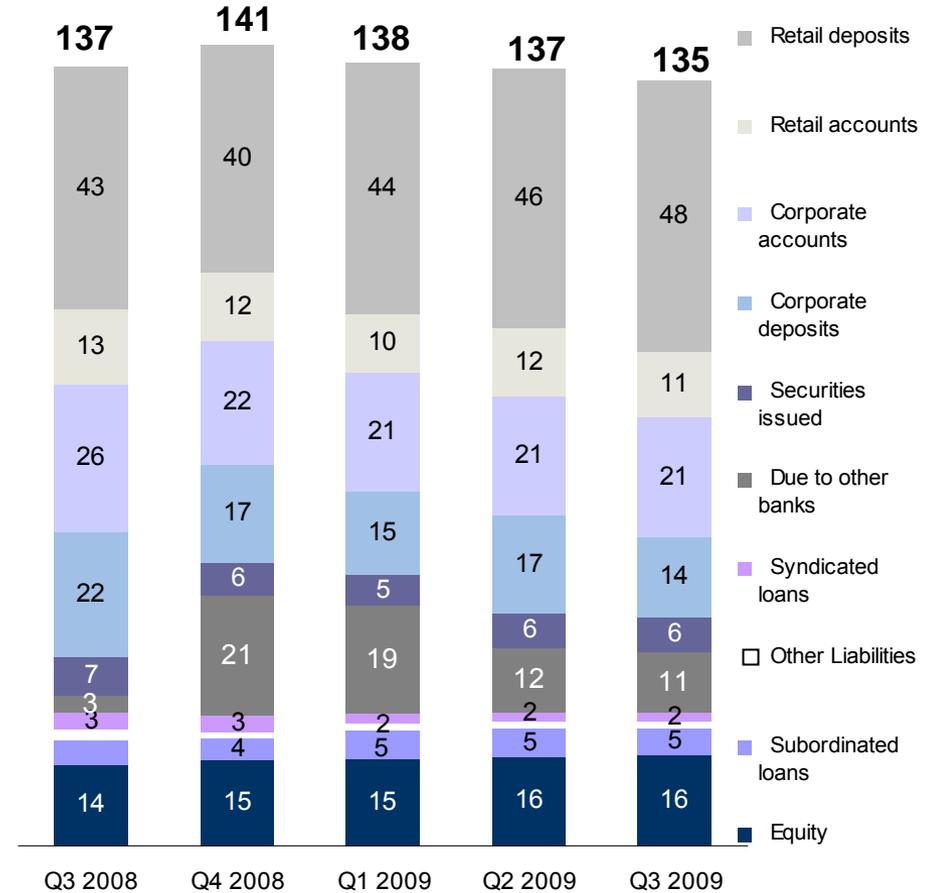
Q-o-Q evolution without significant changes

RUB bln



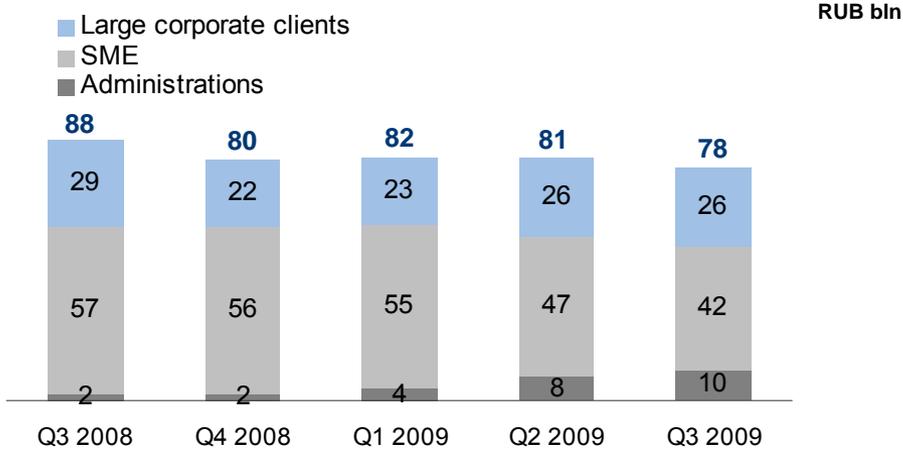
Well-managed funding mix

RUB bln

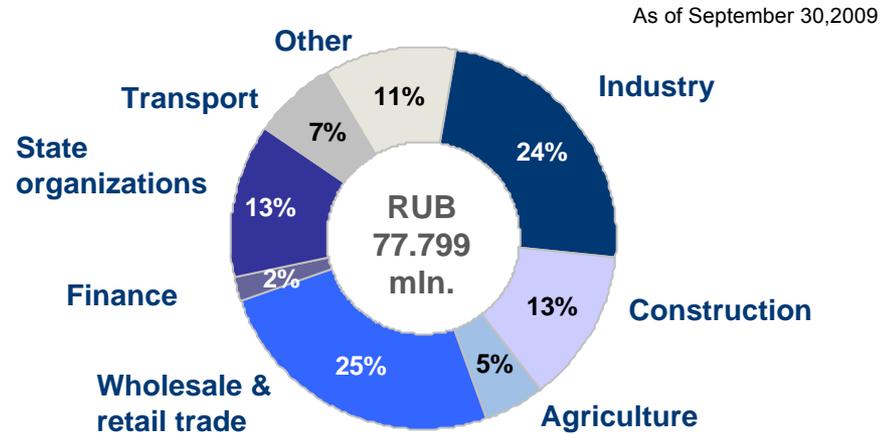


Corporate lending

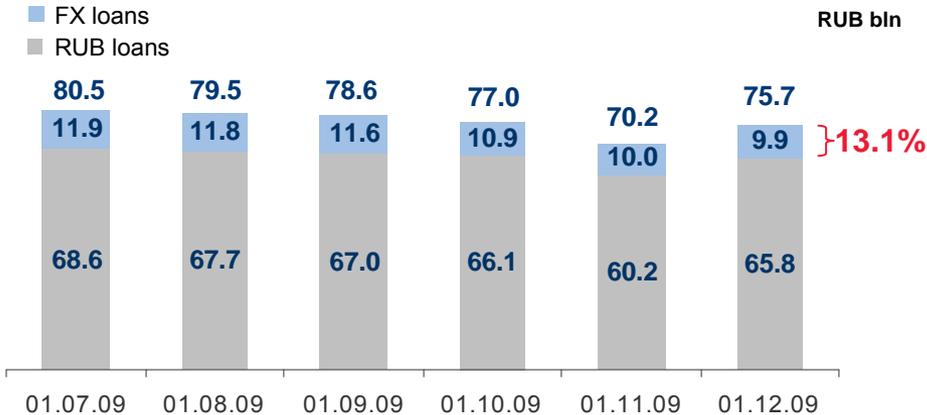
SMEs remain to be a priority



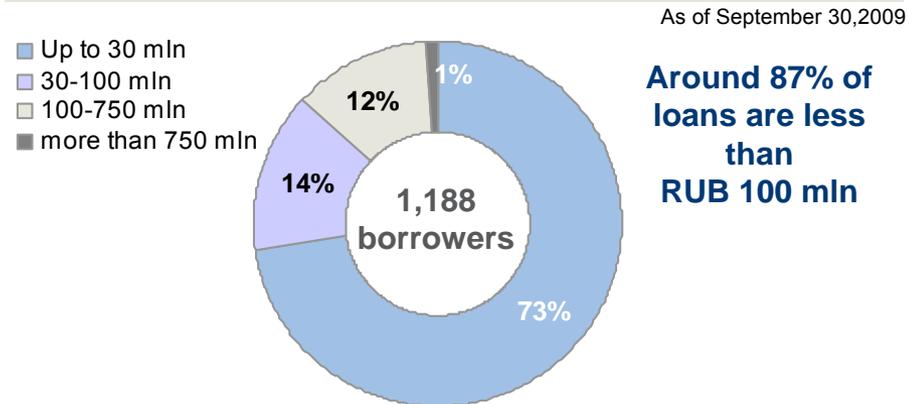
Industry diversification



Currency breakdown (RAS)

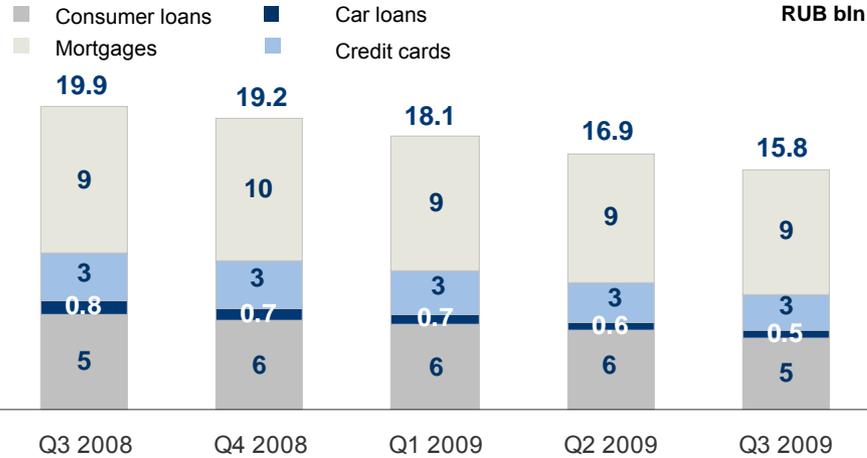


Corporate loans breakdown by number

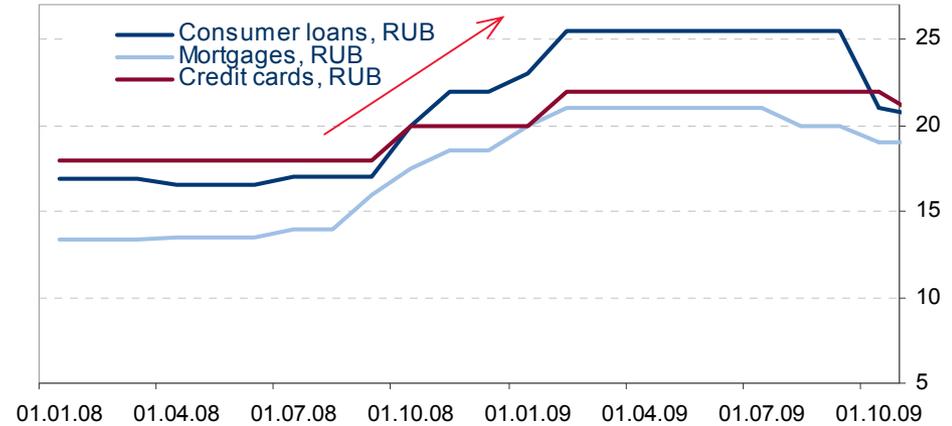


Retail lending

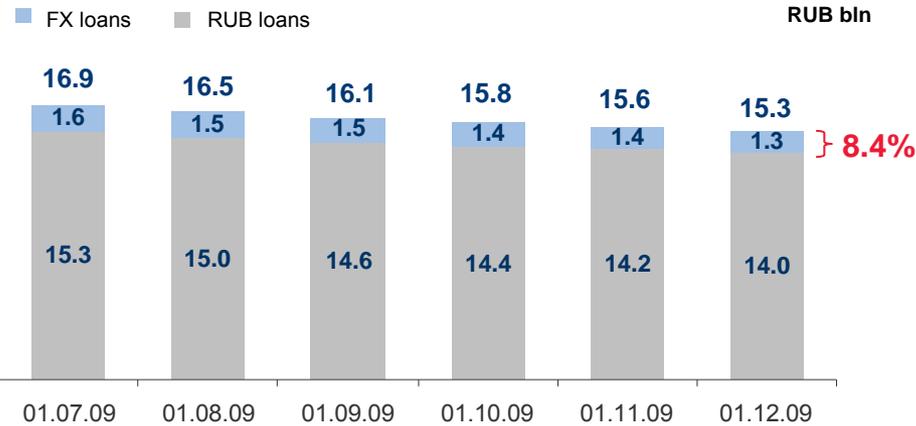
Retail loan book changes (IFRS)



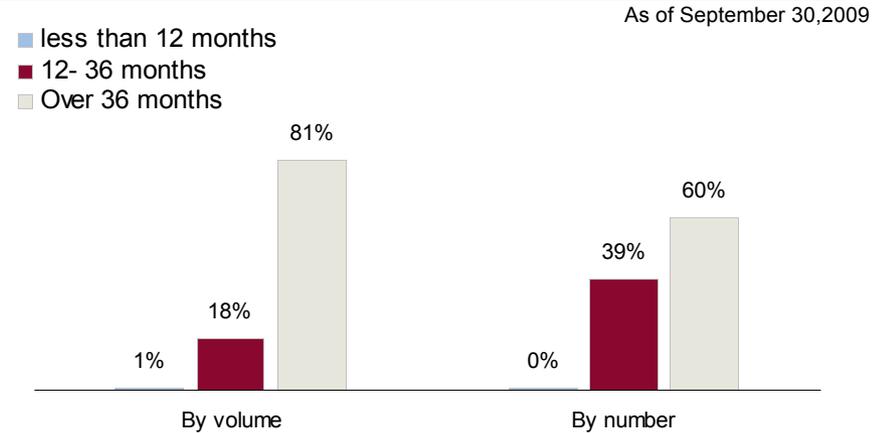
Retail loans rates, %



Currency breakdown (RAS)



Retail loans by original term

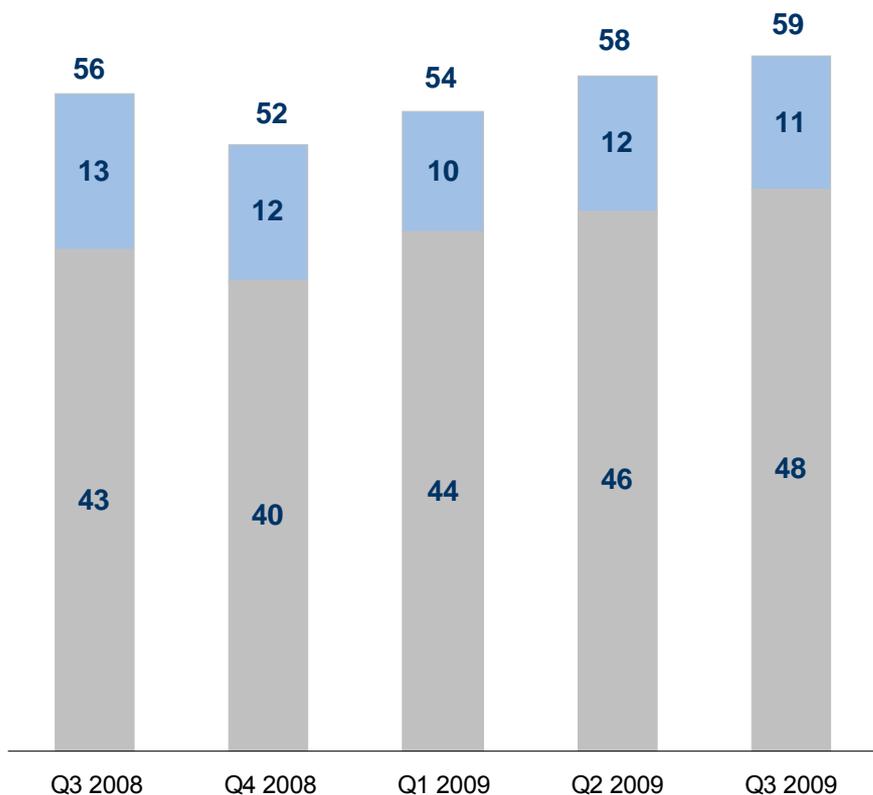


Retail funding

Growth trend (IFRS)

RUB bln

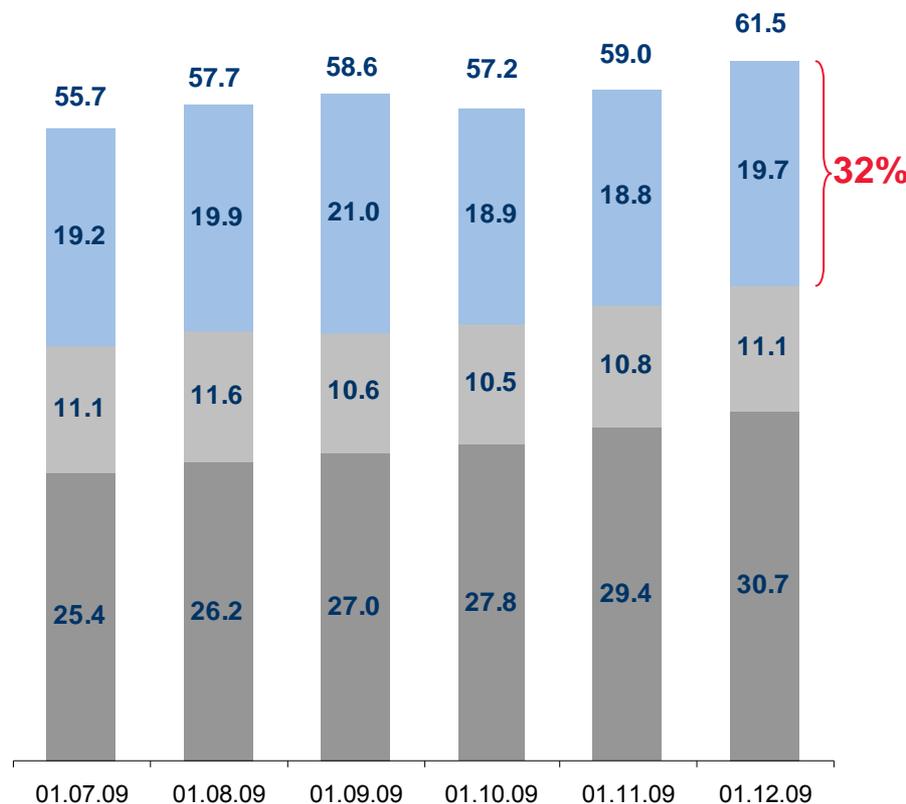
- Current accounts
- Term deposits



Currency breakdown (RAS)

RUB bln

- FX term & cards
- RUR cards
- RUR term

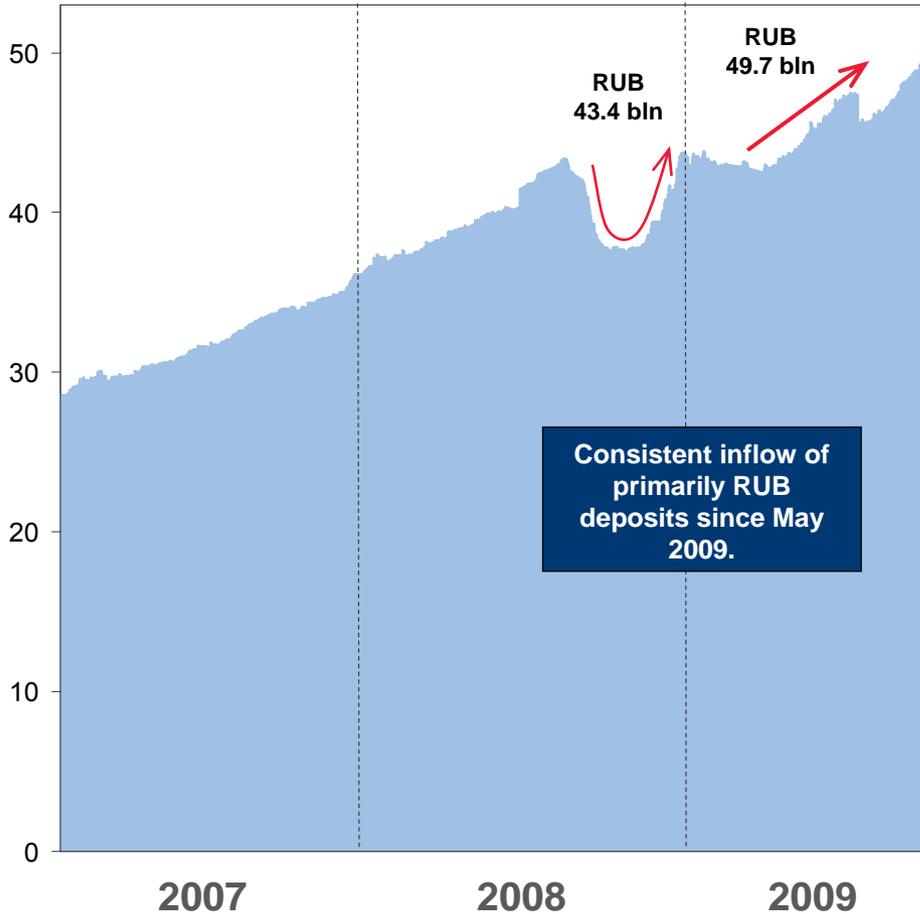


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Strong recovery of retail funds

Retail deposits, 2007-2009

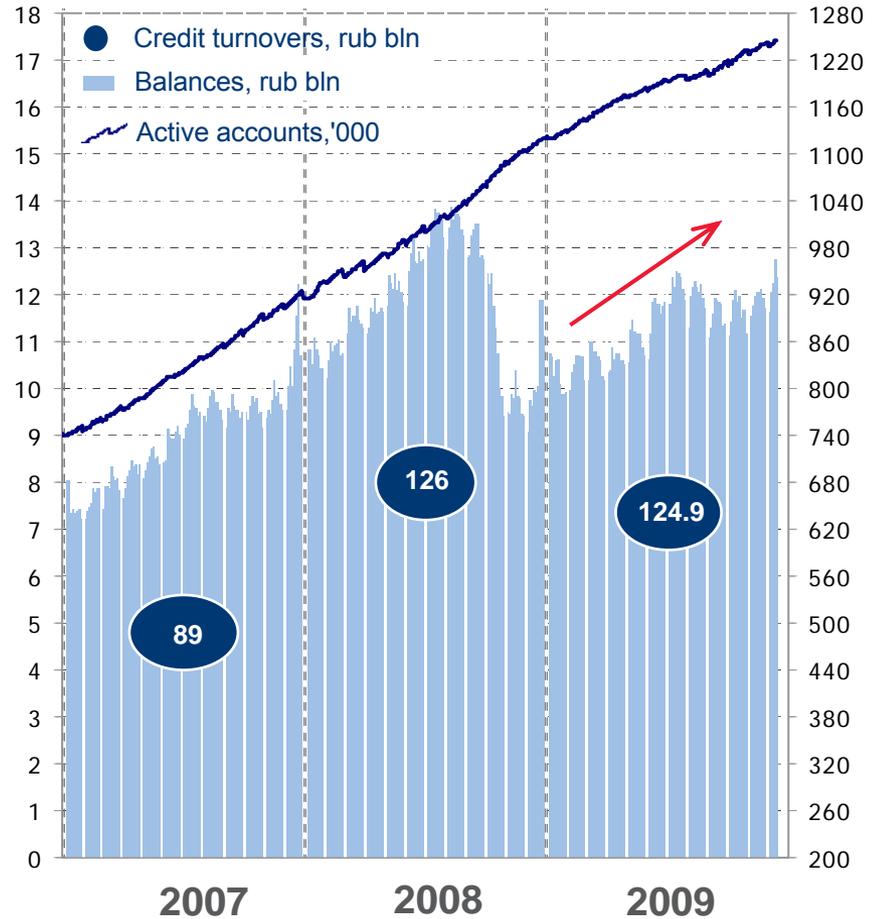
RUB bln



Card accounts, 2007-2009

RUB bln

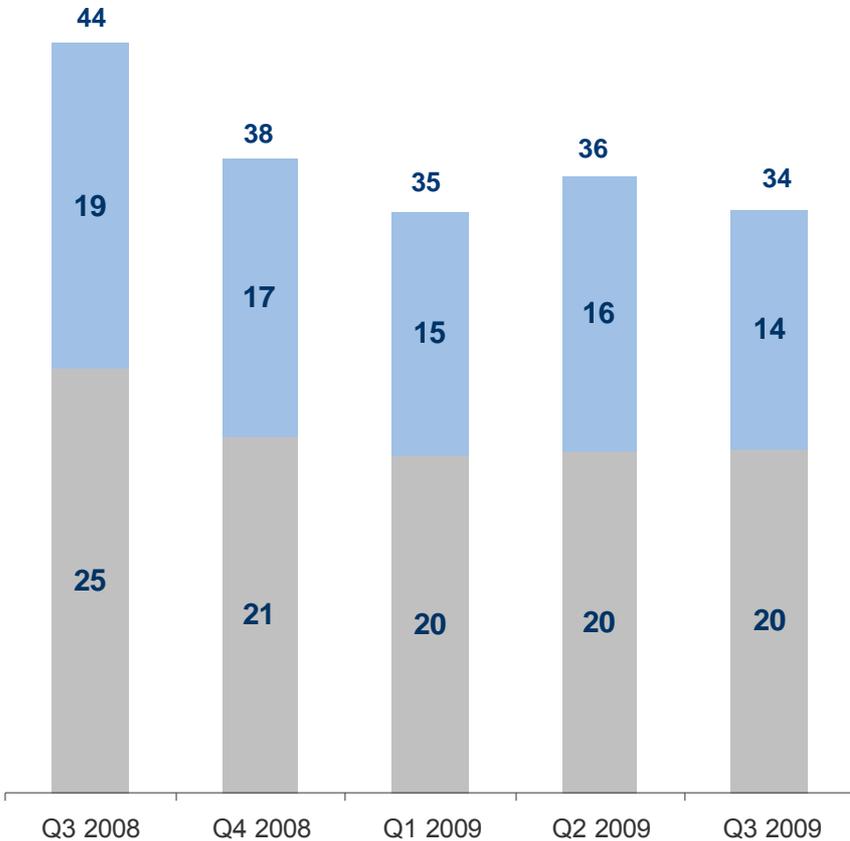
'000 acc.



Corporate funding

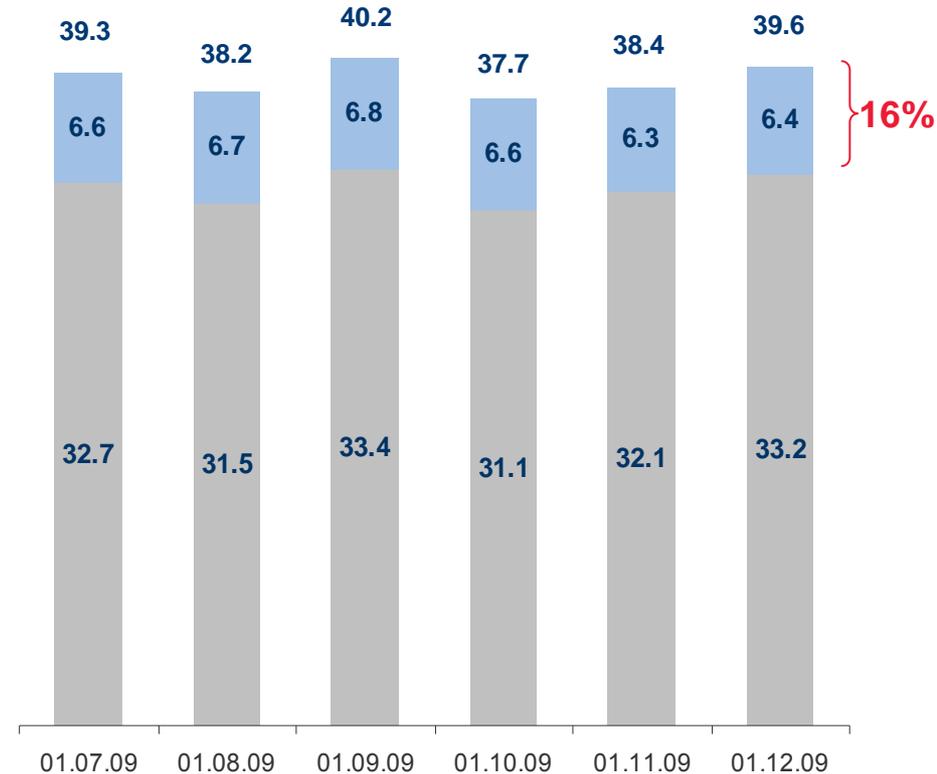
Primarily transaction accounts (IFRS)

- Term deposits
 - Current accounts
- RUB bln



Currency breakdown (RAS)

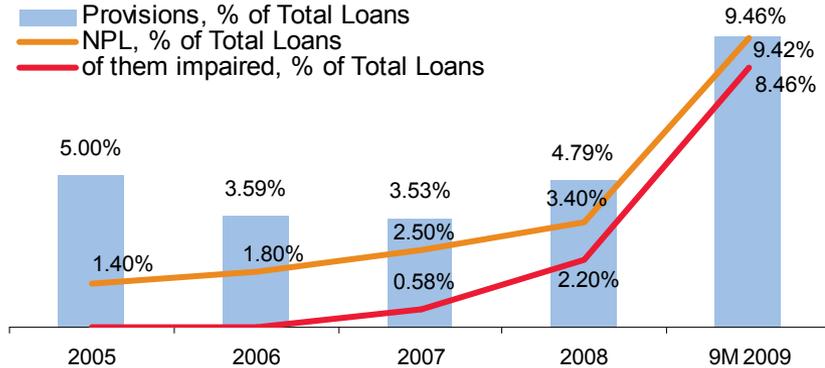
- USD deposits
 - RUB deposits
- RUB bln



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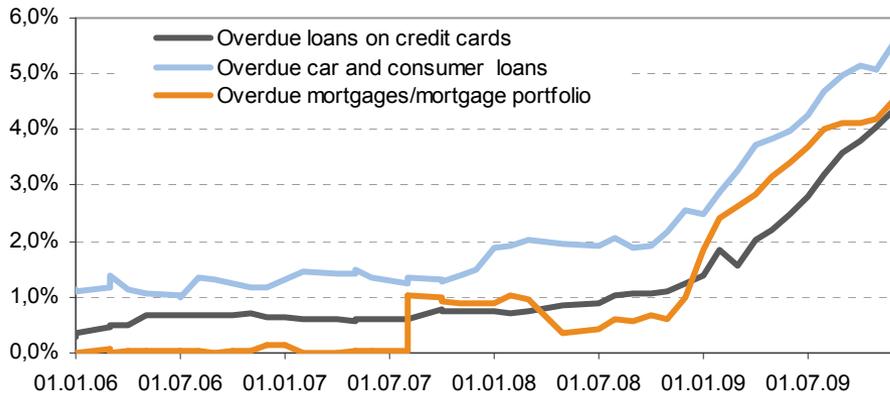
Credit Quality Management

NPL Coverage ratio above 100%



* NPL includes the whole principal of loans at least one day overdue either on principal or interest

Retail over-due loans*



* Over-due includes the whole principal of loans at least 30 day overdue

Credit Quality outlook

as of 30.09.2009	Large loans	SME's loans	Mortgages	Other retail	Total	% of total loans
Gross loans, including	25,294	52,505	8,177	7,628	93,604	100.0%
Current loans	24,144	46,147	7,513	6,984	84,788	90.6%
NPLs, of them	1,150	6,358	664	644	8,816	9.4%
Past-due less than 30 days	-	293	324	133	750	0.8%
Past-due over 30 days	-	-	139	4	143	0.2%
Impaired	1,150	6,065	201	507	7,923	8.4%
Provisions	- 1,160	- 6,689	-423	- 584	-8,856	9.5%
Net Loans	24,134	44,701	7,754	7,044	84,748	-

Credit policy

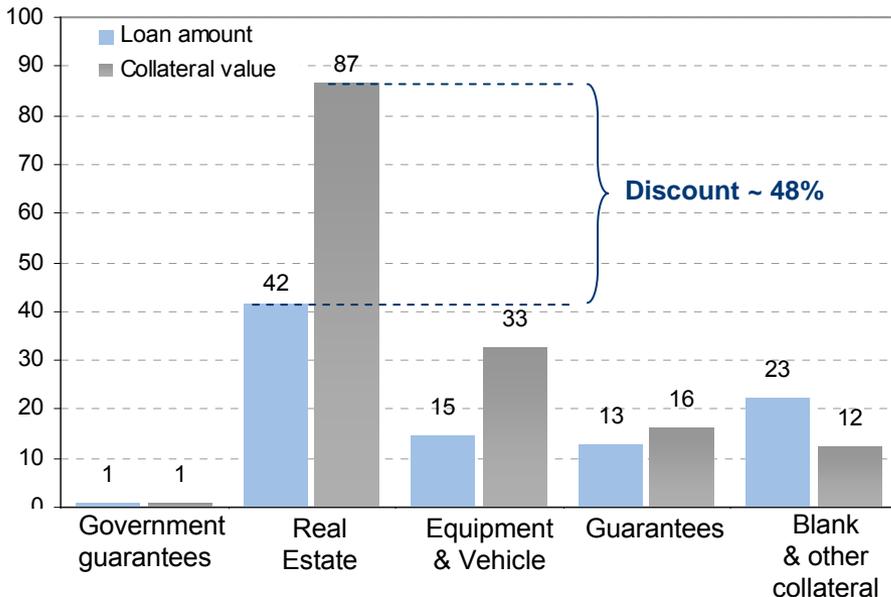
Reliable Collateral

Data as of September 30, 2009

- About 61% of loan portfolio collateralized by real estate/equipment/vehicles.

- Average LTV ~ 62%.

RUB bln



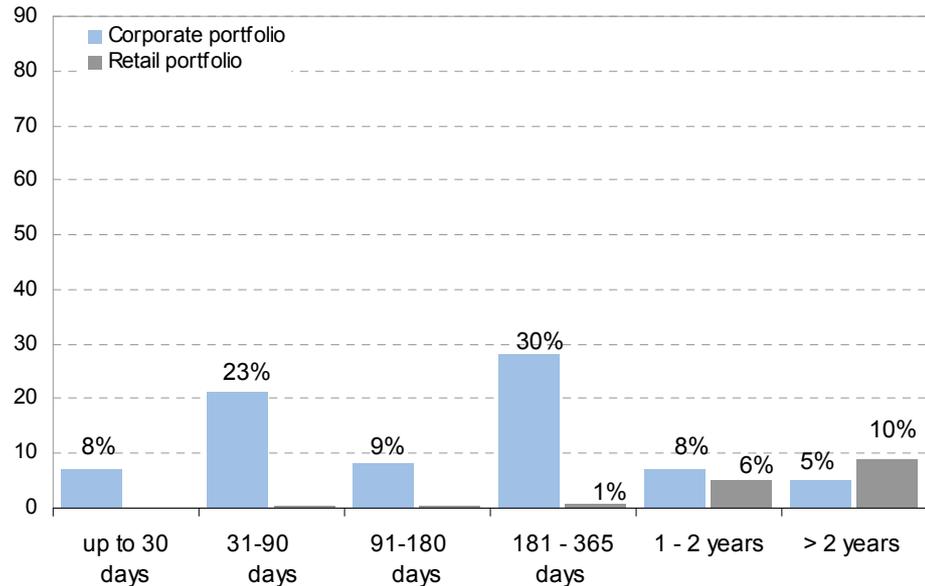
Maturity breakdown

Data as of September 30, 2009

- About 84% of corporate loan portfolio with maturity less than a year

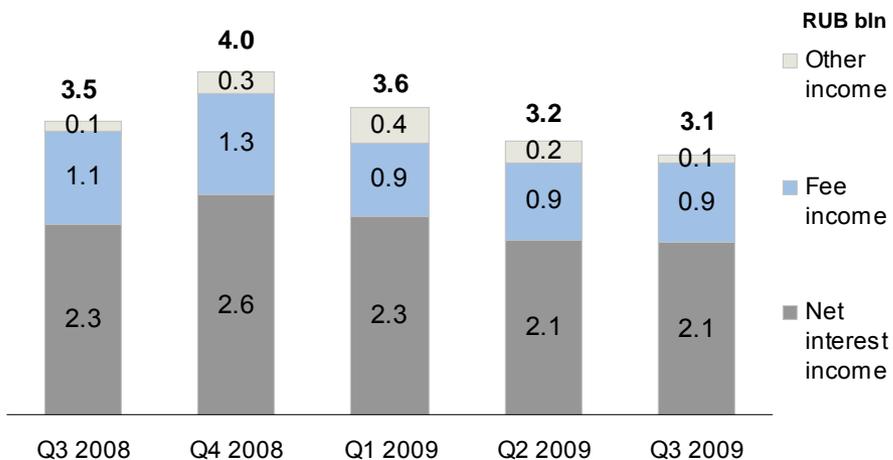
- Long-term retail is mostly RUB denominated mortgages with early repayment option

RUB bln

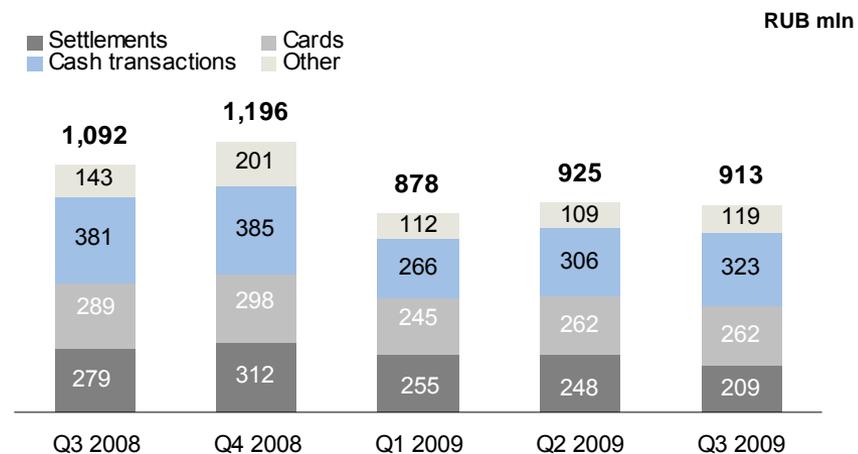


Income & Margins

Operating income



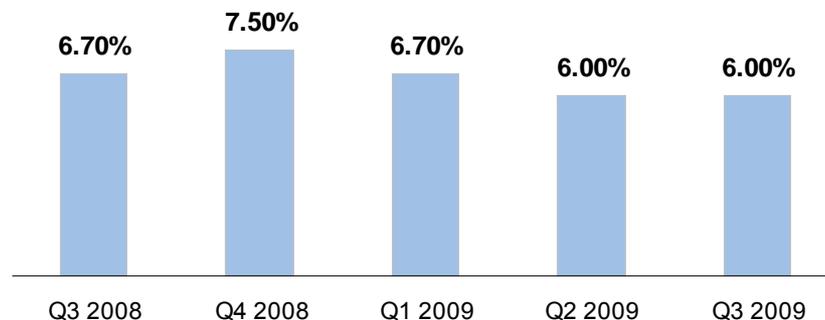
Fee income



Spread

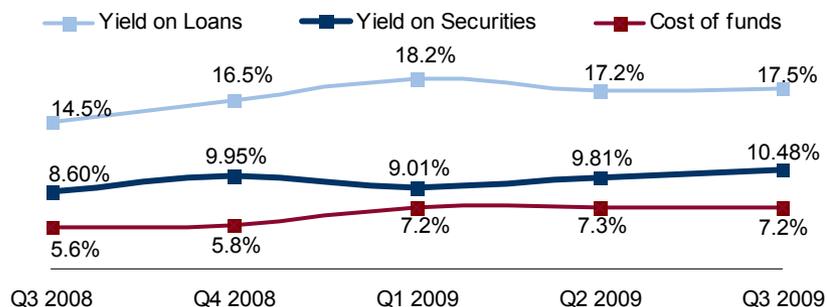


NIM on average assets

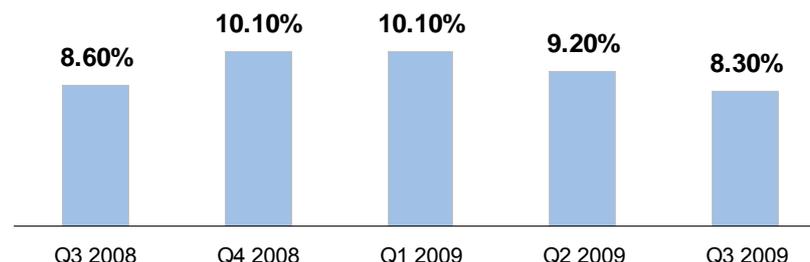


Spread evolution in sluggish business environment

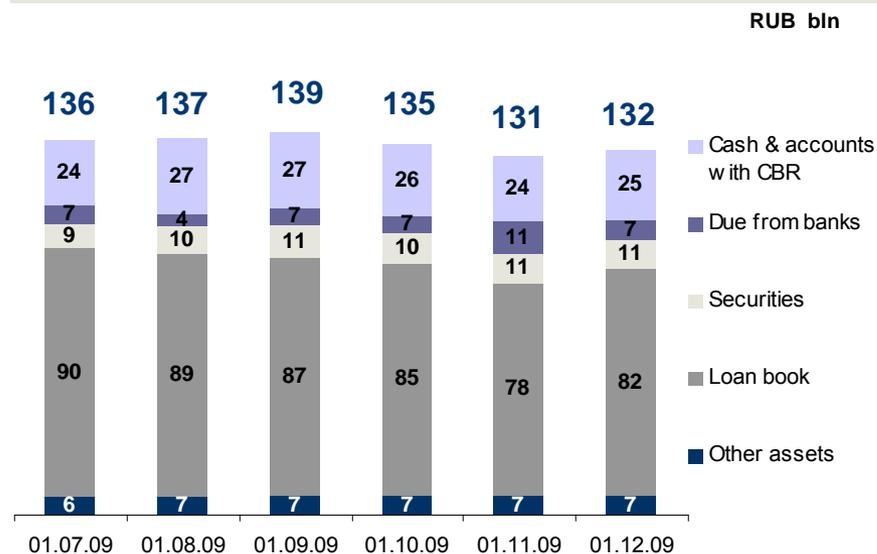
Spread analysis



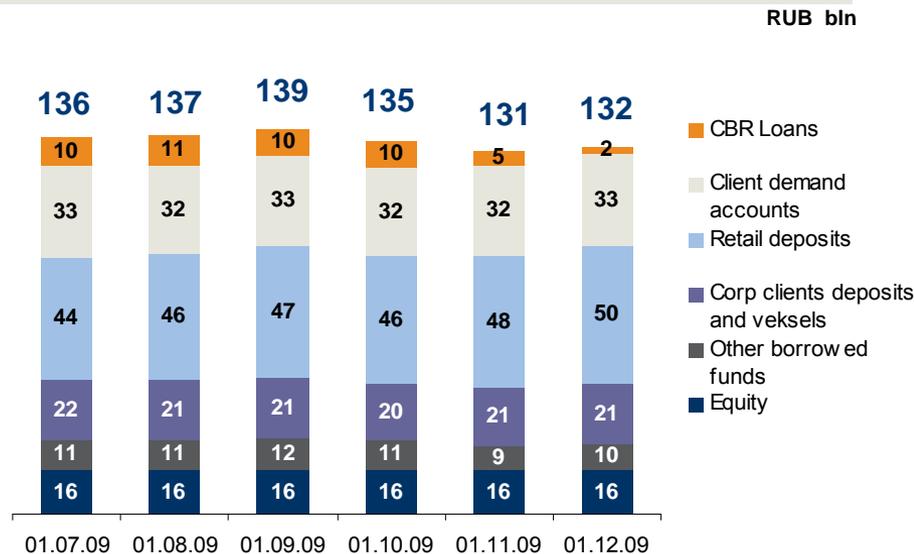
Spread



Assets structure



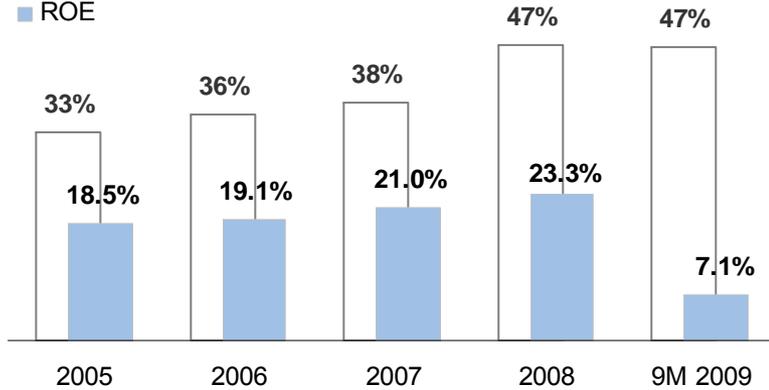
Liabilities structure



Key performance indicators over time

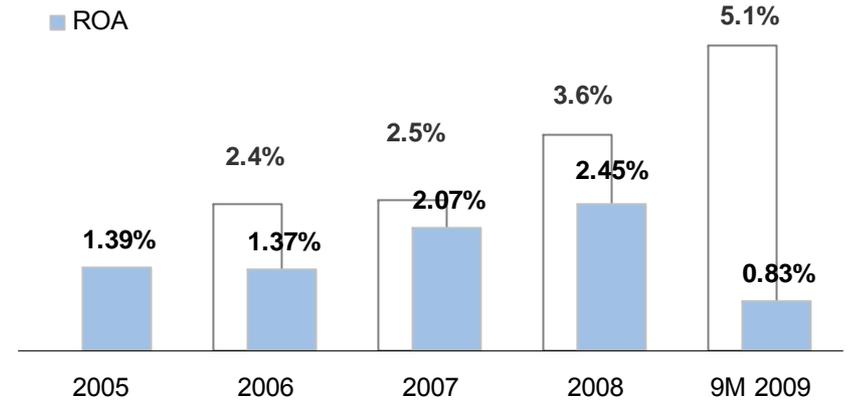
ROE, %

- Operating profit before provisions and taxes/ Equity
- ROE



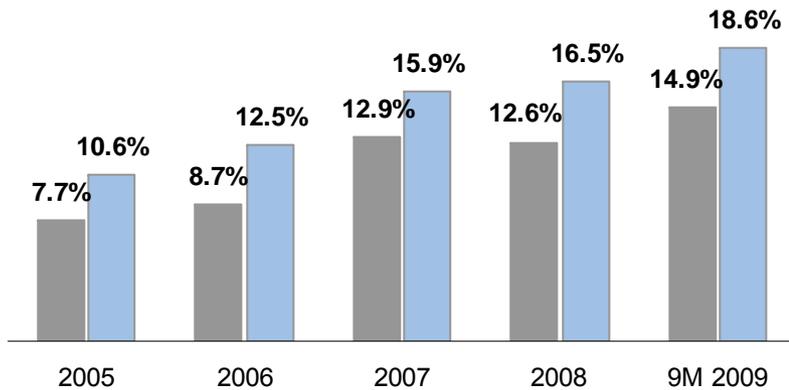
ROA, %

- Operating profit before provisions and taxes / Avg assets (gross)
- ROA

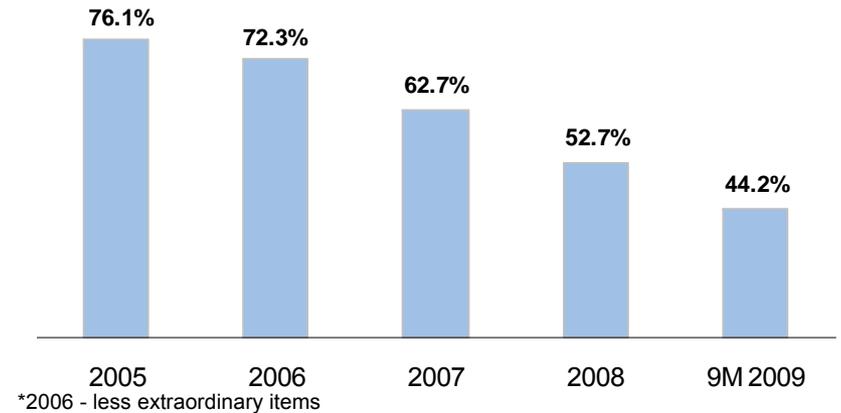


Capital adequacy

- Tier 1
- Tier 1 + Tier 2



Great progress in C/I ratio, %



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Recent IFRS results



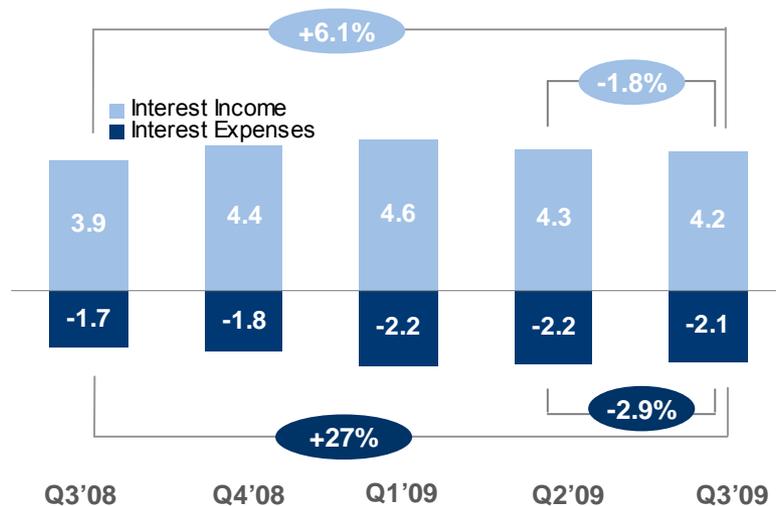
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9M 2009 Financial highlights

	9M 2009	9M 2008	Change Y-o-Y
Total Deposits, of them	94,734	104,166	-9.0%
<i>Retail deposits</i>	59,467	56,163	+5.9%
Net Loans	84,748	103,200	-17.9%
Loans to Deposits ratio	98.8%	102.6%	-3.8 p.p.
Net Profit	842	2,525	-66.7%
Total Operating Income b.p.	9,916	9,287	+6.8%
Total Operating Costs, of them	- 4,379	- 5,007	-12.5%
<i>Personnel expenses</i>	-2,410	-3,099	-22.2%
Cost to Income ratio	44.2%	53.9%	-9.7 p.p.
Capital Adequacy	18.56%	15.05%	

Strong profitability on any size of balance sheet

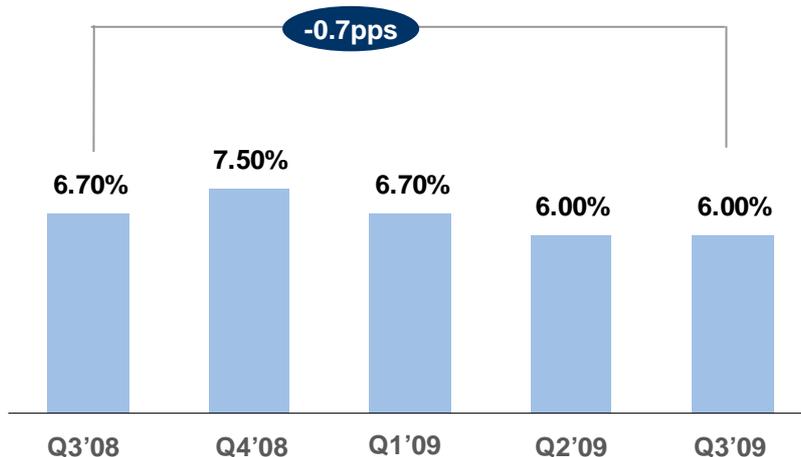
Interest
Income and
Interest
Expenses,
RUB bln



- Interest income was almost flat (-1.8%) Q-o-Q despite the downward trend in lending interest rates. Government pressure forced market makers to reduce interest rates.

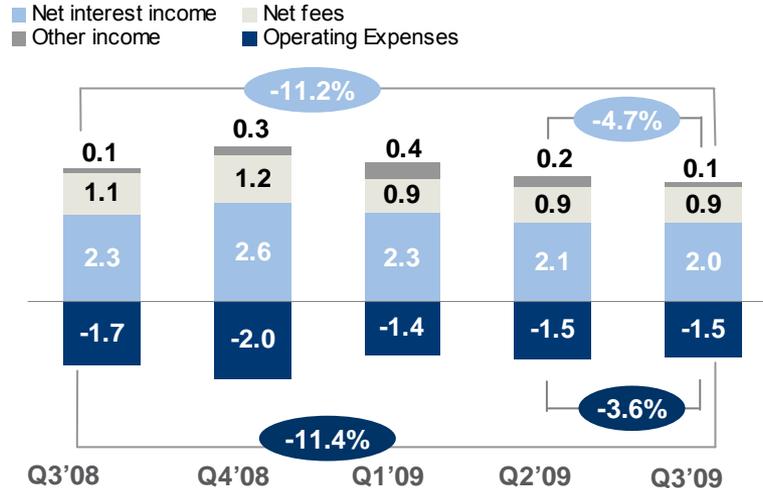
- Funding costs were down by 2.9% Q-o-Q due to early repayment of relatively expensive CBR loans and increasing share of non-interest bearing liabilities

Quarterly
NIM
evolution

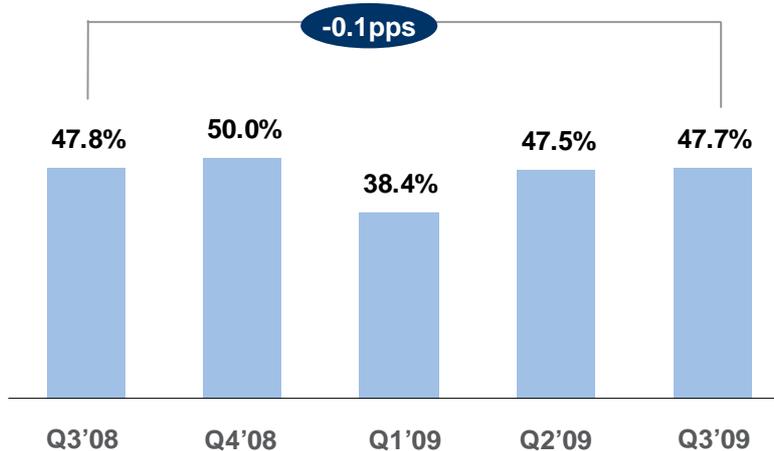


- Net interest income slightly contracted by 0.6% Q-o-Q but due to comparable decline in total assets net interest margin was flat in comparison with Q2.

Expenses remained moderate due to tight control



- Despite the overall slow down of business activity net fee income leveled off with its share as high as 31% of total operating income.
- Operating expenses Q-o-Q shrank by 3.6%. Personnel expenses remained almost flat with some contraction caused by lower charges to single social tax.



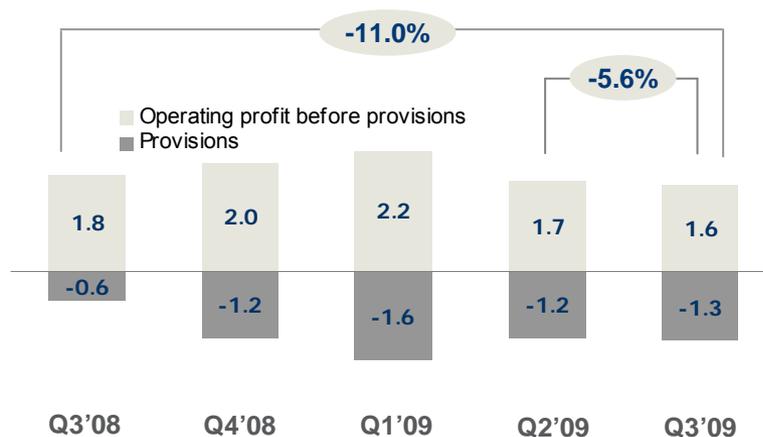
- Cost-to-Income ratio reduced by 0.1 pps Y-o-Y and sustained at the level of Q2.
- Target for 2009 - focus on cost management with key area of saving – stuff costs (-4.7% Q-o-Q).

Operating Income and Expenses, RUB bln

Cost to Income before provisions, %

Consecutive policy of conservative provisioning resulted in some net profit decline

Operating profit and provisions, RUB bln

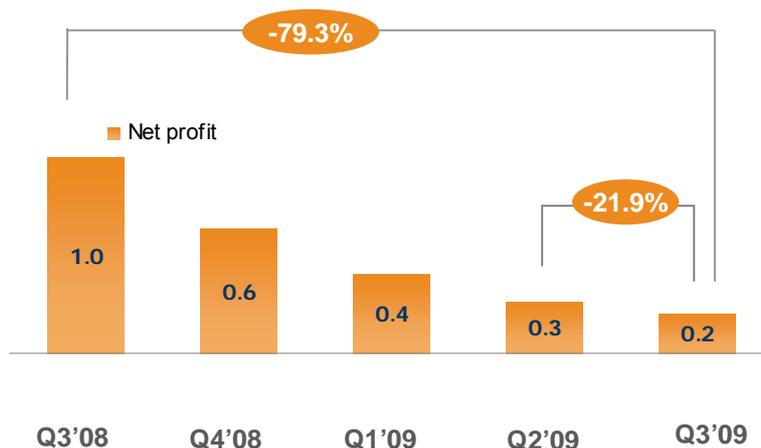


- Operating profit before provisions declined by 5.6% Q-o-Q due to lower operating income caused by some reduction of interest earning base.

- We continue to apply conservative policy of provisioning for loan impairment.

Charges grew 2 times Y-o-Y

Net profit, RUB bln

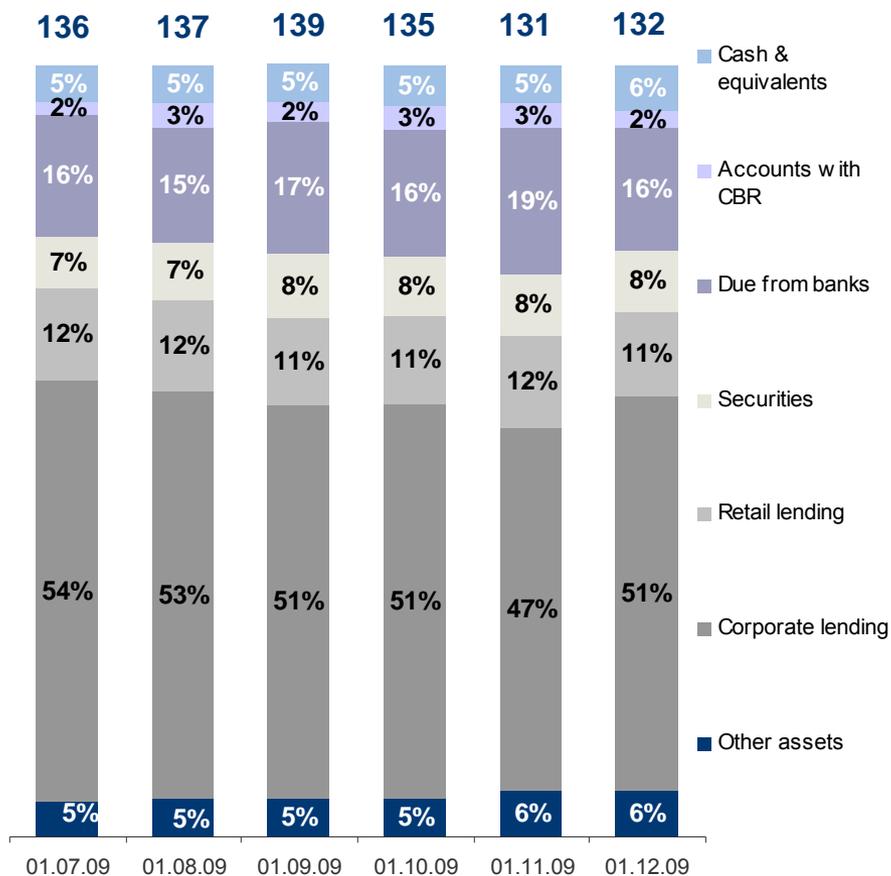


- Net profit was 21.9% less than in Q2 2009 due to significant charges to provisions for loan impairment and lower operating income

Monthly balance sheet changes (under RAS)

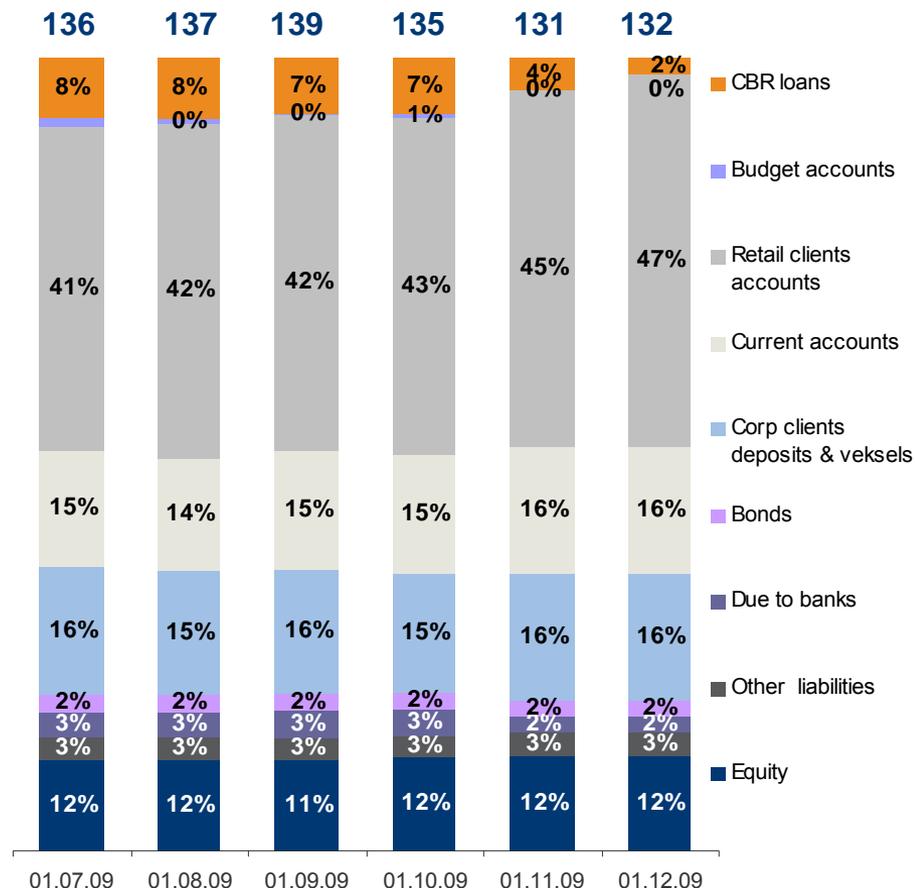
Slightly lower loan book during the quarter

RUB bln



Clients' funds recovery

RUB bln



Current expectations

Efforts to boost corporate loan book

Maintaining flat NIM

Lower pace of asset quality deterioration

Resilient operating results

Additional Facts & Figures



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Basic Information

Key Figures

Assets	134,958 mln
Loans	84,748 mln
Retail Funds	59,467 mln
Net Income	842 mln
Shareholders equity	15,919 mln
Retail Clients	1,400,000
Corporate Clients	55,000
Headcount	6,200
Offices	170
ATMs	671

Rankings**

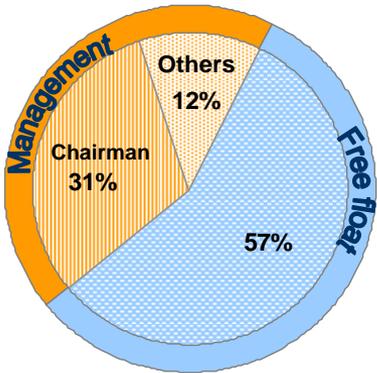
Net Assets	28
Loans to SMEs	3
Volume of retail deposits	12
Corporate loans	21
Profit before taxes	17
Branches	19

** RBC most recent rankings

Share capital

Shareholding structure

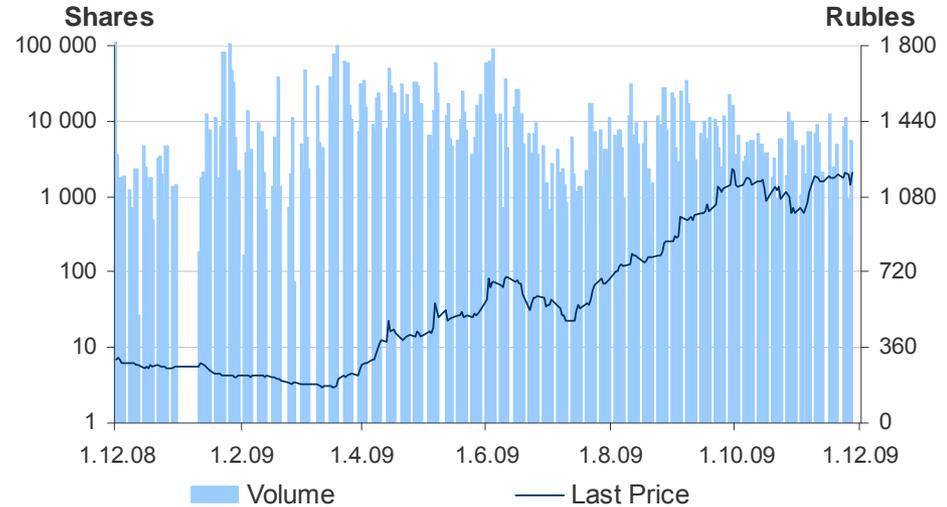
As of December 1, 2009



As of May 8, 2009

Legal entities, of them	1,129
<i>Russian companies</i>	800
Individual shareholders	8,200

Share price on MICEX



Major shareholders

SHAREHOLDER	STAKE IN EQUITY
Dmitry L. Orlov (Chairman)	30.70%
Burlington Trading Co Limited	11.86%
Otar L. Margania (Member of Board of Directors)	9.39%
Brysam Global Partners, L. P. (USA)	9.37%
Total	61.32%

Volumes of trading (shares)

	2005	2006	2007	2008	11M 2009
MICEX (from 1/8/2005)	186,347	349,130	2,050,384	2,940,351	2,705,373
RTS	174,238	167,152	380,851	167,612	350,123
OTC (from 23/1/2007)	-	-	14,790,607	16,624,485	2,985,788
German stock exchanges (ADR)	481,939	227,539	234,059	76,391	51,665
Total	842,524	743,821	17,455,901	19,808,839	6,092,949

Market recognition

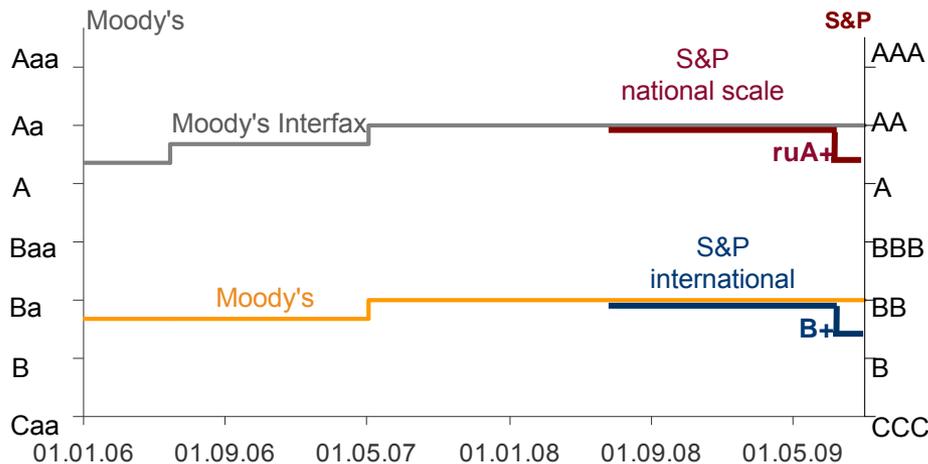
Credit ratings

Moody's

Ba3/D-/NP, negative

Standard&Poor's

B+/ruA+, stable



Listing

Included in indexes

MICEX Financial Index,
RTS-2

Listing

A2 MICEX

High recognition of brand

IPSOS survey

85% of respondents in our regions know us



TNS loyalty survey

Loyalty index equals top 10% of major International banks



94% of our clients are ready to recommend us

NAFI confidence survey

V-bank ranked 10 by loyalty and 11 by recognition among other Russian Banks



Distribution network

Focus on 20 regions with most diversified economies



Moscow Region – home territory



● - Additional offices opened in '07-'09

Replication of Moscow region model in other regions:

	Total offices	Opened in last 36M
Moscow region	103	25
Stavropol' Krai	13	3
Rostov-on-Don region	7	2
Volgograd	7	3
Saint Petersburg	8	6

Branch network

	Moscow and Moscow region	Other regions
Branches	37	18
Sub branches	43	36
Retail offices	29	6
Representative offices	0	1
Total	109	59

Business model

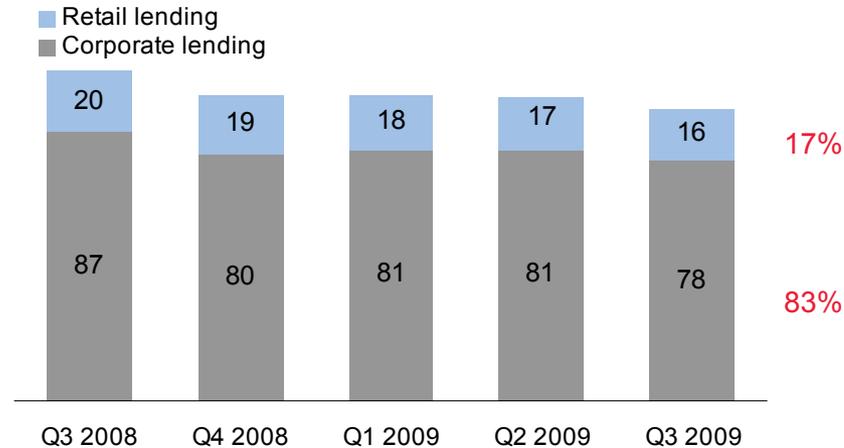
Business based on relationships...

- Customer oriented organic growth
- Conservative balance sheet
- Primarily deposit funded
- Focused network expansion
- Increasing efficiency in service delivery

Loan portfolio development...

RUB bln

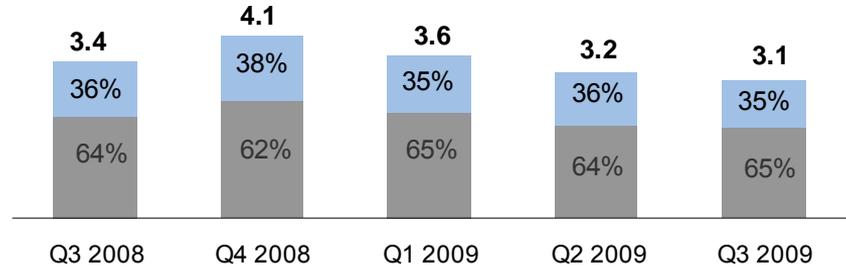
Note: all loans are gross loans



... gives strong non-interest income

RUB bln

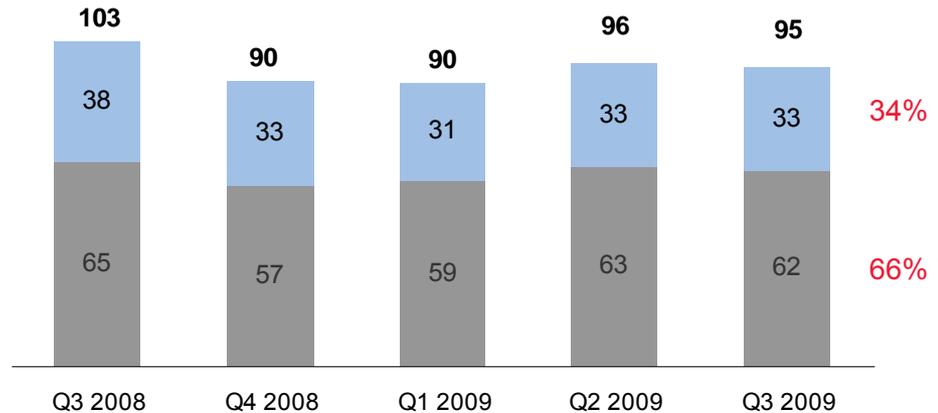
■ Non-interest income
■ Net interest income



... funded by customer accounts

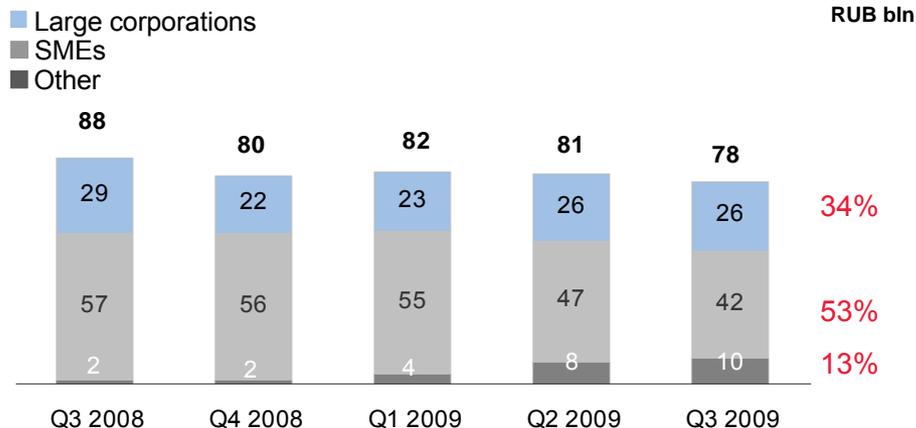
RUB bln

■ Interest-free Current accounts
■ Interest-bearing Deposits

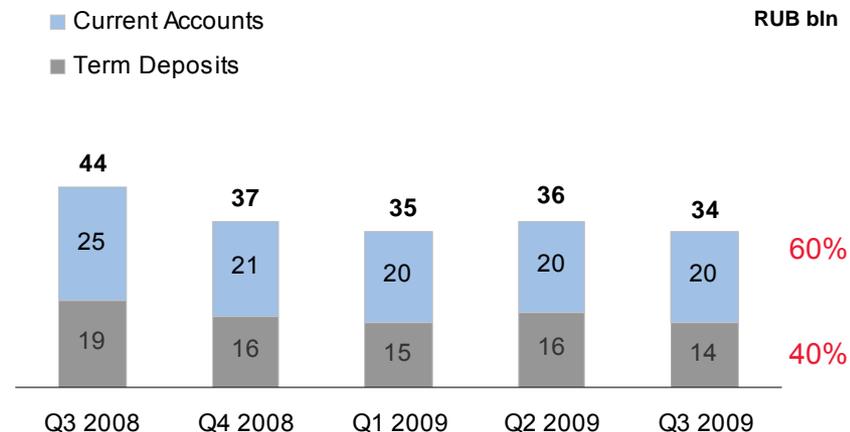


Corporate business

Corporate lending



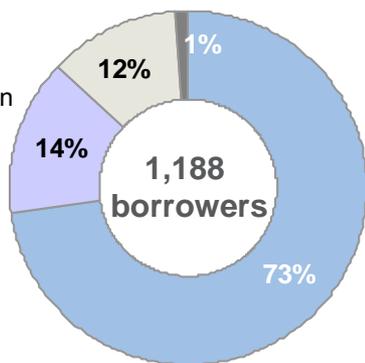
Corporate funding



SME focus

Corporate loans breakdown by number:

- Up to 30 mln
- 30-100 mln
- 100-750 mln
- more than 750 mln

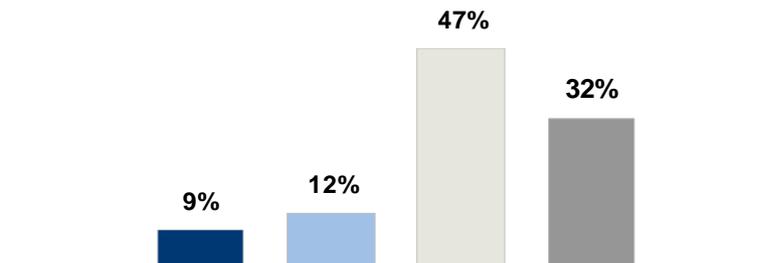


Around 87% of corporate loans are less than RUB 100 mln

Corporate loans by volume

Data as of September 30, 2009

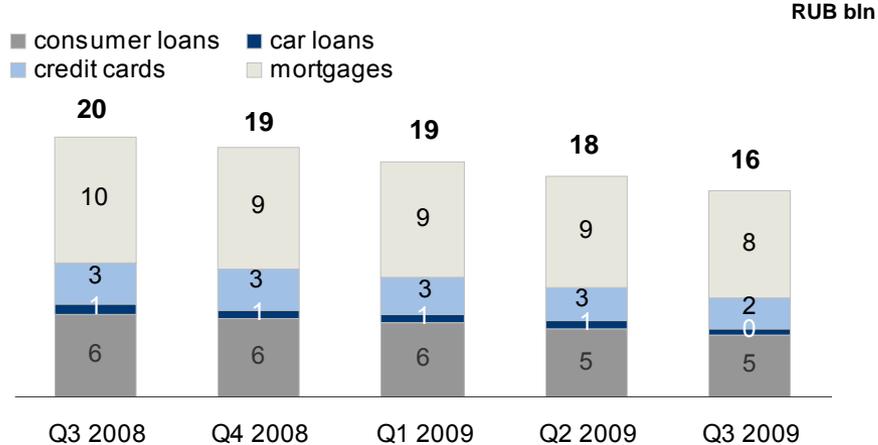
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Data as of September 30, 2009

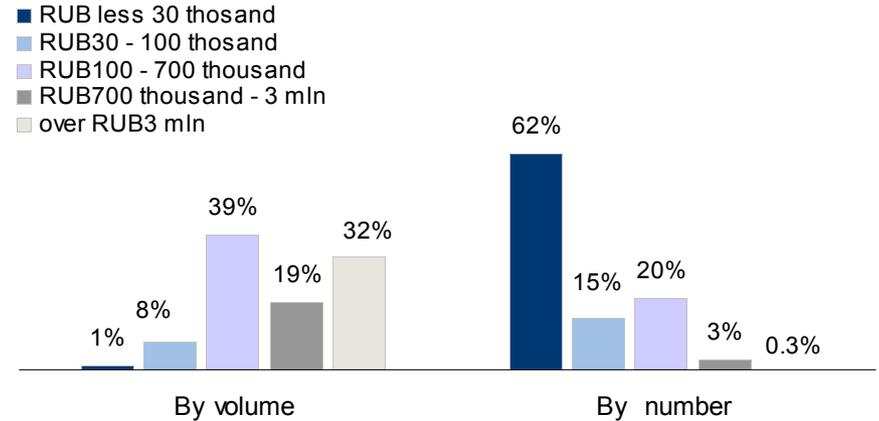
Retail business

Retail loan book



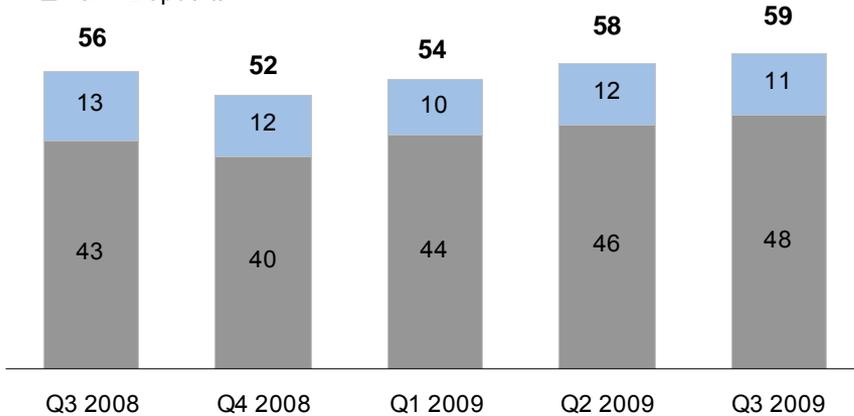
Retail deposits distribution by size

Data as of September 30, 2009



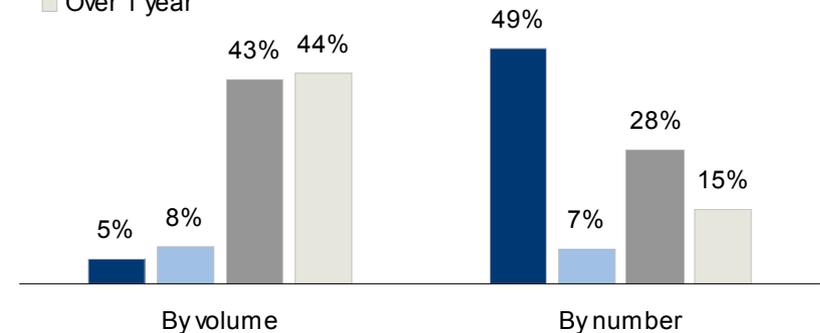
Retail funding

- Current Accounts
- Term Deposits



Retail deposits by original term

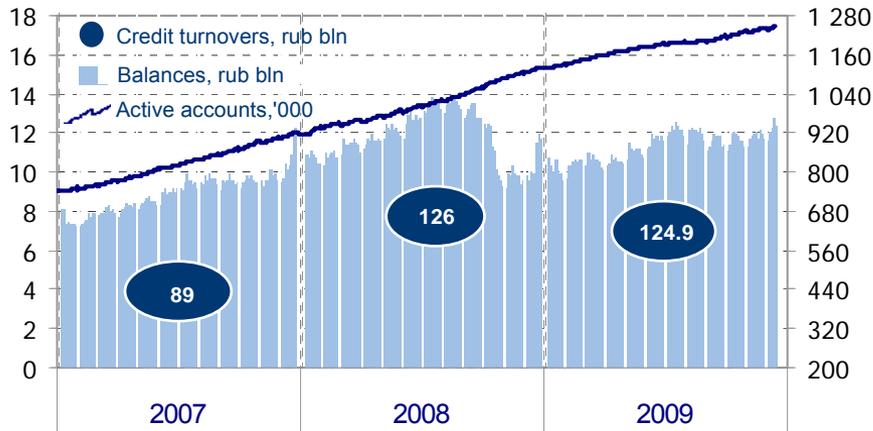
- 3 months
- 6 months
- 1 year
- Over 1 year



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Card business

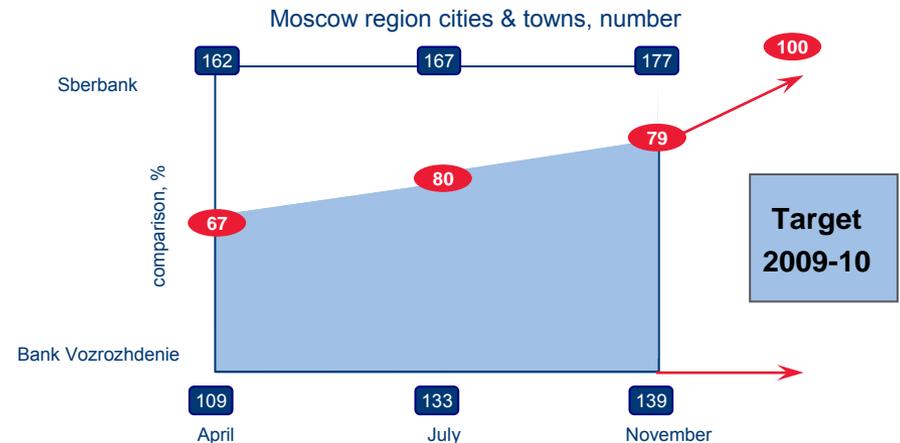
Number, turnover and balances



Card business expansion

	Q4 2008	Q1 2009	Q2 2009	Q3 2009
Payrolls	7,400	8,000	8,500	9,000
Debit cards	1,189,621	1,233,384	1,269,263	1,351,803
Credit cards	99,414	91,740	81,150	61,254

Competitive ATM infrastructure



Credit Card development strategy

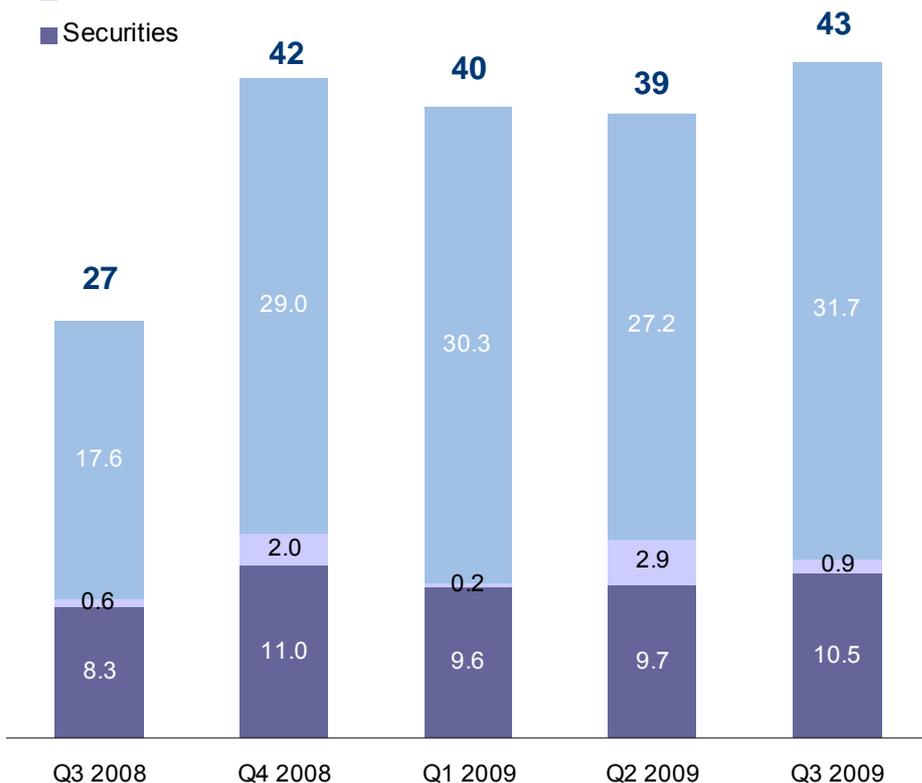
- Offering cards only to existing clients
 - top and mid-level managers and specialists
- Pushing cross-sales between retail and corporate
- More active credit cards
- Exceptionally low loan losses

Liquidity management

Liquidity cushion

RUB bln

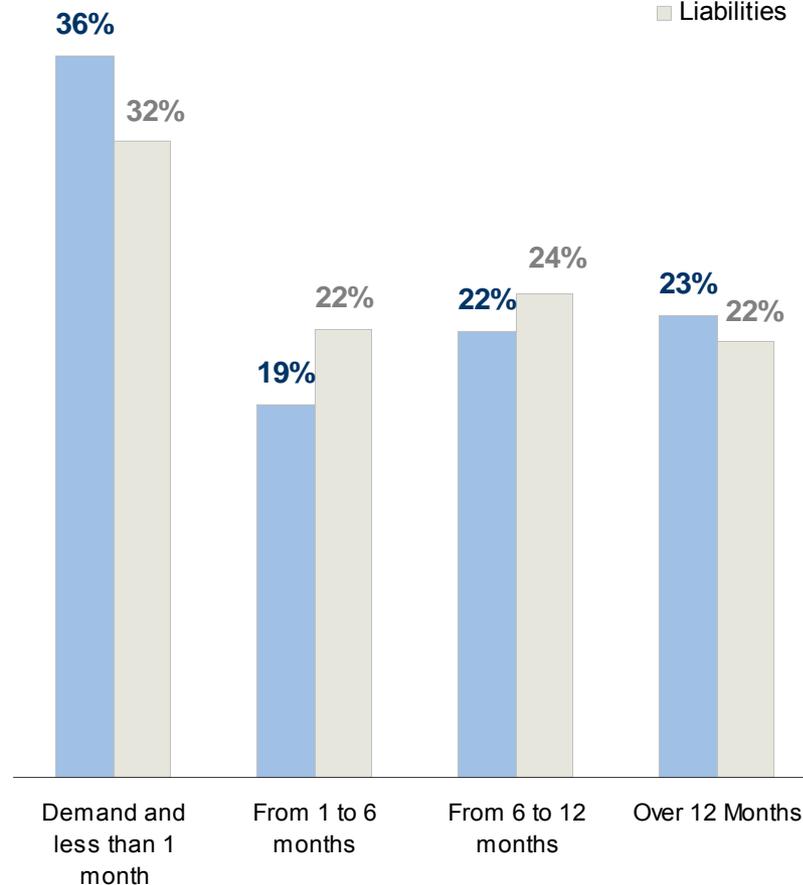
- Cash & equivalents
- Due from other banks
- Securities



Maturity structure

Data as of September 30, 2009

- Assets
- Liabilities

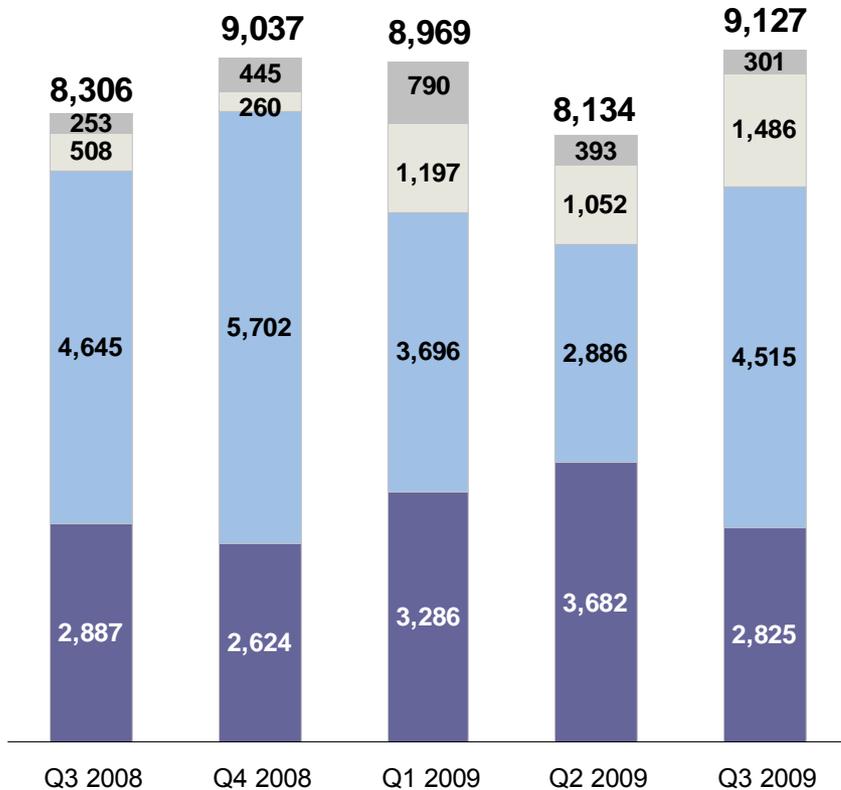


Securities portfolio

Highly liquid securities of Russian issuers

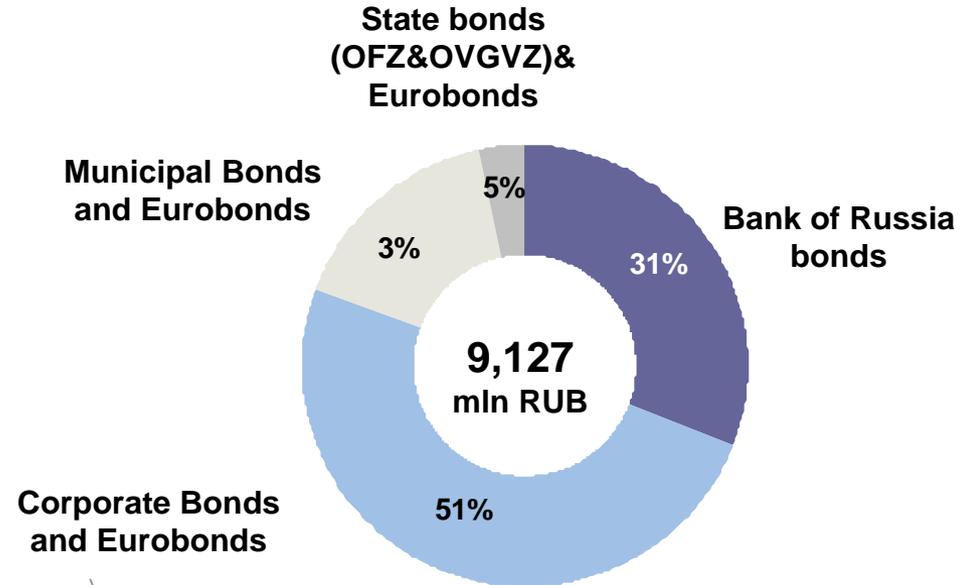
RUB mln

- State bonds (OFZ & OVGZ)
- Municipal bonds & Eurobonds
- Corporate bonds & Eurobonds
- Bank of Russia bonds



Security portfolio structure

Data as of September 30, 2009



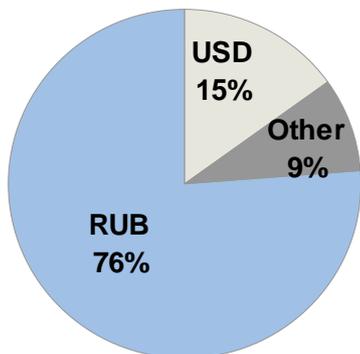
Mostly bonds of Russian quasi-sovereigns. Major part of FX securities portfolio is included into CBR Lombard list

Currency and capital management

Start of RUB balance recovery

Data as of September 30, 2009

Assets



Foreign currency assets

- Correspondent accounts
- Cash
- Eurobonds of best Russian corporates

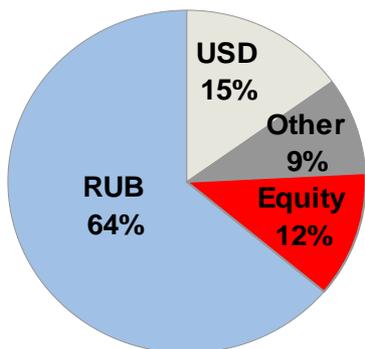
Reduction in line with FX liabilities

Foreign currency liabilities

- Retail deposits
- Corporate funds

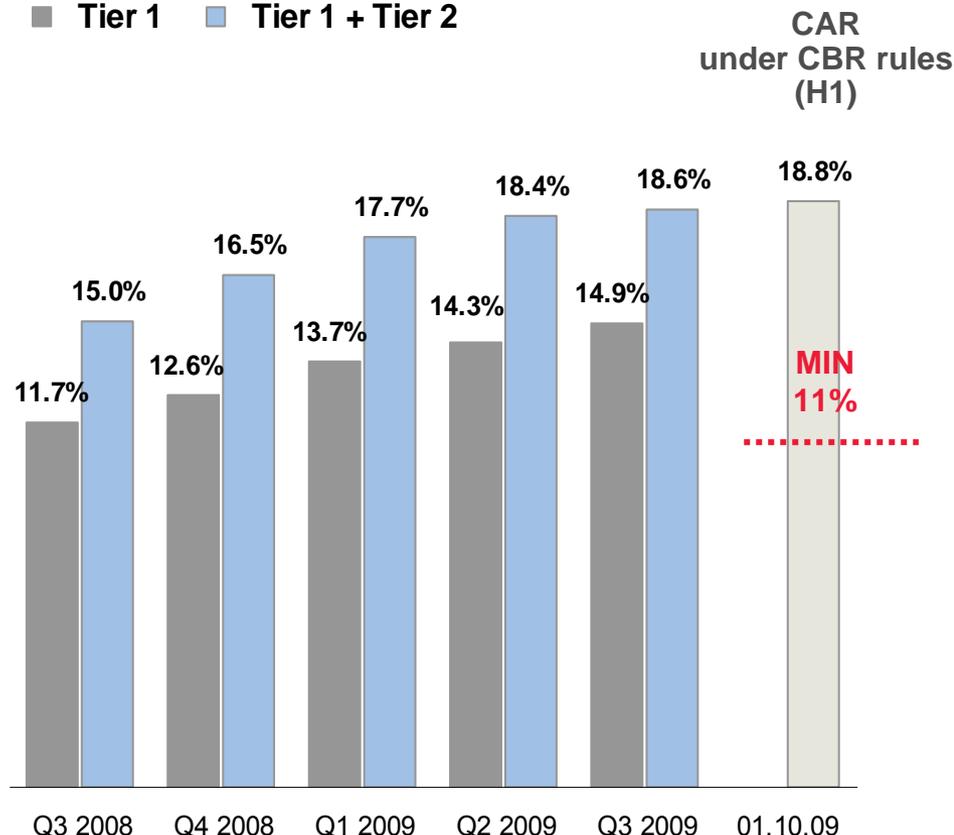
Mostly Rub inflow since Q2 2009

Liabilities (less capital)



Sound capital position

■ Tier 1 ■ Tier 1 + Tier 2

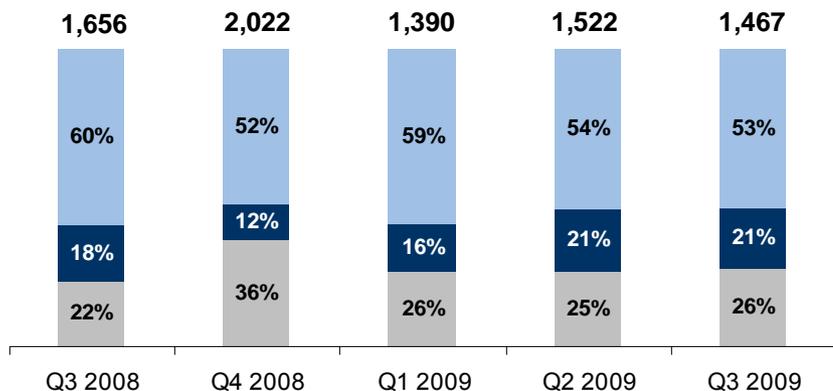


VOZROZHDENIE
BANK

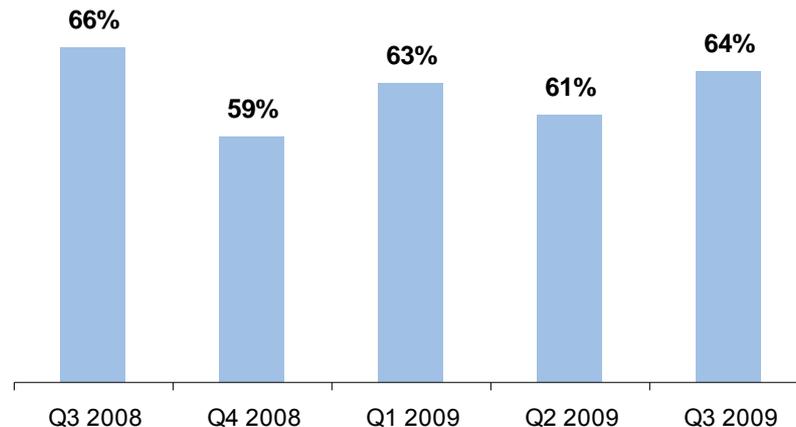
Moderate cost growth due to tight control

Composition of costs

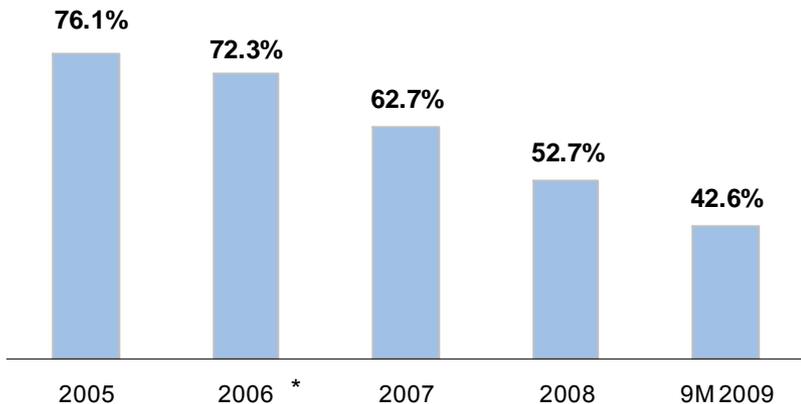
■ Personnel expenses
■ Fixed assets related
■ Other



Fees & Commissions / Operating costs



Great progress in C/I ratio, %



*2006 - less extraordinary items

Cost summary

Fees and commissions income covers operating expenses by 64%

Operating expenses fell by 3.6% Q-o-Q due to tight cost management measures

Personnel expenses shrank by 4.7% caused by lower charges to single social tax

Target C/I ratio 40-50%

High level of corporate governance

- Board of Directors consists of 12 members including 9 non-executive members (6 independent)

Independent directors head Audit & HR Committees

- Timely information provision to investors

Full disclosure on web-site

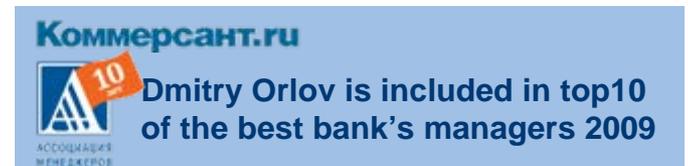
Quarterly IFRS financial reporting with web-cast presentations

- Financial reports under IFRS audited from 1991
- Comprehensive system of internal audit
- Solid and professional team
- Continuing excellent reputation recognition

TOP - 5 Russia's best governed companies - 2007



STANDARD & POOR'S The most shareholder transparent bank in Russia – 2006, 2007



“... the Bank is well informed on the principles of corporate governance and proves to be very much interested in the future improvement of the practice of corporate governance...”
2004



Investment Summary: Bank Vozrozhdenie

- **Sound long-term strategy**
 - Proved in a challenging environment
 - High profitability on any size of the balance sheet
 - Sound efficiency
- **Current Challenges**
 - Credit quality
 - Limited demand from key client sector - SME
- **Personal Bank for individuals and corporate clients**
 - 60% of client base concentrated in Moscow region
 - Corporate focused on SME – wholesale and retail trade, food processing, light industry, local utilities etc.
 - Business diversity and flexibility
- **High risk management and corporate governance standards**
 - № 1 in Information Transparency to Shareholders by S&P (2007&2006)
 - Moody's Ba3 just confirmed in Mar'09, S&P sticks to B+ assigned in Sep'09
 - Positive track-record of communication with investors
 - Recent Board of Directors meeting held according to best practices
 - Active HR& Compensation and Audit Committees

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