

AUDITORS' REPORT

To the Supervisory Council of Vozrozhdeniye Bank:

We have audited the accompanying consolidated balance sheet of Vozrozhdeniye Bank and its subsidiary (the "Bank" as defined in Note 1 to the consolidated financial statements) as at 31 December 2003, and the related consolidated statements of income, of cash flows and of changes in shareholders' equity for the year then ended. These consolidated financial statements are the responsibility of the Bank's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

ZAO PricewaterhouseCoopers Audit

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- 1 We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 2 In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as at 31 December 2003 and the consolidated results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Moscow, Russian Federation
24 May 2004

Vozrozhdeniye Bank
Consolidated Balance Sheet as at 31 December 2003
(in millions of Russian Roubles)

	2003	2002
Assets		
Cash and cash equivalents	5 464	1 452
Mandatory cash balances with the Central Bank of the Russian Federation	1 548	987
Trading securities	325	1 317
Due from other banks	413	1 326
Loans and advances to customers	16 753	8 757
Investment securities held to maturity	-	1 010
Other assets	585	335
Premises and equipment	1 529	1 398
Total assets	26 617	16 582
Liabilities		
Due to other banks	93	1 109
Customer accounts	22 465	11 001
Other borrowed funds	877	2 748
Insurance reserves	328	-
Other liabilities	195	198
	23 958	15 056
Subordinated loans	469	492
Exchangeable convertible preference shares recorded as liabilities	123	122
Total liabilities	24 550	15 670
Minority interest	65	-
Shareholders' equity		
Share capital	4 371	4 316
Share premium	1 610	675
Revaluation reserve	26	-
Accumulated deficit	(4 005)	(4 079)
Total shareholders' equity	2 002	912
Total liabilities and shareholders' equity	26 617	16 582

Approved for issue by the Board of Directors and signed on its behalf on 24 May 2004.

D.L. Orlov
President

A.A. Novikova
Chief Accountant

Vozrozhdeniye Bank
Consolidated Statement of Income for the Year Ended 31 December 2003
(in millions of Russian Roubles)

	2003	2002
Interest income	2 227	1 567
Interest expense	(1 094)	(1 036)
Net interest income	1 133	531
(Provision)/release of provision for loan impairment	(307)	454
Net interest income after provision for loan impairment	826	985
Gains less losses arising from trading securities	119	175
Gains less losses arising from investment securities held to maturity	139	-
Gains less losses arising from trading in foreign currencies	141	87
Fee and commission income	717	490
Fee and commission expense	(49)	(29)
Other operating income	182	127
Operating income	2 075	1 835
Operating expenses	(1 823)	(1 589)
(Losses)/gains resulting from restructuring of other borrowed funds	(149)	162
Monetary gain	-	166
Profit before tax	103	574
Income tax expense	(45)	(1)
Profit after tax	58	573
Minority interest	6	-
Net profit	64	573
Gain per share (expressed in RR per share)		
Basic	4	51
Diluted	4	44

Vozrozhdeniye Bank
Consolidated Statement of Cash Flows for the Year Ended 31 December 2003
(in millions of Russian Roubles)

	2003	2002
Cash flows from operating activities		
Interest received	2 168	1 617
Interest paid	(1 020)	(942)
Income received from dealing in trading securities	117	266
Income received from trading in foreign currencies	141	87
Fees and commissions received	683	490
Fees and commissions paid	(49)	(29)
Other operating income received	86	55
Operating expenses paid	(1 432)	(1 491)
Income tax paid	(2)	(1)
Cash flows from operating activities before changes in operating assets and liabilities	692	52
Changes in operating assets and liabilities		
Net increase in mandatory cash balances with the Central Bank of the Russian Federation	(561)	(254)
Net decrease/(increase) in trading securities	929	(1 350)
Net decrease/(increase) in due from other banks	956	(302)
Net increase in loans and advances to customers	(8 481)	(1 726)
Net (increase)/decrease in other assets	(28)	19
Net (decrease)/increase in due to other banks	(993)	160
Net increase in customer accounts	11 790	3 106
Net (decrease)/increase in debt securities in issue	(384)	594
Net (decrease)/increase in other liabilities	(80)	49
Net cash provided from operating activities	3 840	348
Cash flows from investing activities		
Acquisition of investment securities available for sale	-	(78)
Proceeds from disposal of investment securities available for sale	23	343
Proceeds from disposal of investment securities held to maturity	1 098	-
Acquisition of premises and equipment	(306)	(134)
Proceeds from disposal of premises and equipment	-	6
Dividend income received	4	3
Net cash provided from investing activities	819	140
Cash flows from financing activities		
Issue of ordinary shares	990	-
Repayment of CBRF stabilisation loans	(450)	(373)
Repayment of credit facilities from Ministry of Finance of the RF	(1 098)	(45)
Dividends paid	(9)	(3)
Net cash used in financing activities	(567)	(421)
Effect of exchange rate changes on cash and cash equivalents	(80)	28
Effect of inflation on cash and cash equivalents	-	(208)
Net increase/(decrease) in cash and cash equivalents	4 012	(113)
Cash and cash equivalents as at the beginning of the year	1 452	1 565
Cash and cash equivalents as at the end of the year	5 464	1 452

Note: The effect of the revaluation of foreign currency balances was eliminated from the above consolidated statement of cash flows.

Vozrozhdeniye Bank
Consolidated Statement of Changes in Shareholders' Equity for the Year Ended 31 December 2003
(in millions of Russian Roubles)

	Share capital	Share premium	Revaluation reserve	Accumulated deficit	Total shareholders' equity
Balance at 1 January 2002	4 316	675	-	(4 649)	342
Net profit for the year	-	-	-	573	573
Dividends declared and paid on preference shares	-	-	-	(3)	(3)
Balance at 31 December 2002	4 316	675	-	(4 079)	912
Revaluation of premises and equipment, net of taxation	-	-	26	-	26
Net loss for the year	-	-	-	64	64
Share issue					
- Nominal value	55	-	-	-	55
- Share premium	-	935	-	-	935
Other movements	-	-	-	19	19
Dividends declared and paid on ordinary and preference shares	-	-	-	(9)	(9)
Balance at 31 December 2003	4 371	1 610	26	(4 005)	2 002