

Vozrozhdenie Bank**Balance Sheet as at October 01, 2006**

(in million of Russian Rubles)

1 USD = 28.79 Russian Ruble as at January 01, 2006

1 USD = 26.7799 Russian Ruble as at October 01, 2006

	October 01, 2006	January 01, 2006
Assets		
Cash and cash equivalents	4 482	8 478
Mandatory cash balances with the Central Bank of the Russian Federation	1 191	923
Trading securities	3 372	2 342
Due from banks	3 879	3 078
Loans and advances to customers	46 672	30 774
Premises, equipment and intangible assets	1 385	1 972
Other assets	2 330	1 542
Total assets	63 611	49 109
Liabilities		
Due to banks	240	113
Customer accounts	51 629	40 112
Debt securities in issue	4 322	4 131
Long-term subordinated loans	1 488	1 223
Other liabilities	309	257
Total liabilities	57 988	45 836
Shareholders' equity		
Share capital	4 397	4 377
Share premium	3 162	1 735
Accumulated deficit	(2 236)	(2 839)
Revaluation reserve for investment securities available for sale	-	-
Total shareholders' equity	5 323	3 273
Total liabilities and shareholders' equity	63 311	49 109

Vozrozhdenie Bank**Statement of Income as at October 01, 2006**

(in million of Russian Rubles)

1 USD = 26.7799 Russian Ruble as at October 01, 2006

1 USD = 28.4989 Russian Ruble as at October 01, 2005

	October 01, 2006	October 01, 2005
Interest income	4 380	2 943
Interest expense	(2 028)	(1 465)
Net interest income	2 352	1 478
Provision/Recovery of provision for loan impairment	(503)	(164)
Net interest income after provision for loan impairment	1 849	1 314
Gains less losses arising from trading securities	21	93
Gains less losses arising from trading in foreign currencies	33	101
Foreign exchange translation gains less losses	119	(12)
Fee and commission income	1 639	1 071
Fee and commission expense	(93)	(57)
Losses from loans disposal	(76)	-
Dividends received	12	12
Other operating income	51	54
Operating income	3 555	2 576
Operating expenses	(2 761)	(2 048)
Profit before taxation	794	528
Income tax expense	(179)	(60)
Net profit	615	468
Basic earnings per share (expressed in RR per share)	32	26
Diluted earnings per share (expressed in RR per share)	32	26

Vozrozhdenie Bank reports 9 months Net Income of 615 million rubles, under International Financial Reporting Standards.

Moscow, 8 November 2006. Vozrozhdenie Bank (VZRZ) today reported nine months 2006 IFRS financial results:

- **Net income 615 million rubles (\$23.0 million), up 31% compared to 2005**
- **Return On Equity (ROE) at 21.7%, above 2005 average of 18.8%**
- **Nine month earnings per share increased to 32 rubles from 26 rubles in 2005**
- **Equity grew by 67%, assets by 45%, compared to October 1, 2005**
- **Market capitalization has risen to 20 billion rubles (\$750 million)**

The financial and business results of Vozrozhdenie Bank continue to be strong as we have put the new capital recently raised to good use during the quarter to support the continuing growth of SME and retail customer business. The new issue of 2 million common shares was fully subscribed by international and Russian investment funds and was registered on August 11, allowing us to employ the capital and leverage it during the second half of the third quarter.

“The successful conclusion of our new issue of shares allows us to pursue our strategy of building a personal bank for corporate and individual clients more rapidly,” commented Dmitry Orlov, president of Vozrozhdenie Bank. “Our task is to help our clients improve their standards of living and effectively develop their businesses. Our branch network expansion of our network is very important to provide better service for our clients - in the first nine months of 2006 we have opened 13 new sales offices and added 47 new ATMs.”

Net income for the nine months was 615 million rubles (\$23.0 million) significantly above the same period of last year. Return on equity for the nine months, at 21.7% was within our target range of 20 to 25% and well above last year’s average of 18.8%. This increase came despite the increase in capital due to the share issue during the third quarter. Earnings per share rose to 32 rubles in the nine months compared to 28 rubles for the first nine months of 2005.

Net Interest Income grew 59% comparing to the first nine months of 2005 exceeding that of average assets of 46%. Margins on lending business increased slightly, mainly due to the effect of reducing deposit rates earlier this year. Although the level of problem loans in both the retail and commercial portfolios remained very low, 1.6% of total loans, we have been increasing provisions for potential losses on a regular basis. In the first nine months we expensed 503 million rubles, or 1.3% of average loans, bringing total provisions to over 2 billion rubles to provide a cushion of more than 2½ times the volume past due loans.

Operating income grew 38% to 3,555 million rubles (\$133 million) as transaction volume increases provided a continuing improvement in fee and commission revenue from bank's core business. Non-interest revenue provided 48% of total operating revenue in the first three quarters of 2006 and net fees and commissions comprised 91% of non-interest revenue for 9 months of 2006 up from 80% in the same period of last year.

Operating expenses grew only 35% as volumes increased and the branch network expanded. The bank's operating expenses have grown less rapidly relative to assets or revenues, thus demonstrating our ability to service higher volumes of customer business without greatly increasing the number of employees or administrative expenses. The bank's efficiency has increased, measured by a drop in the cost to income ratio to 68% from an average last year of 76%.

Pre-tax income in the nine months of 2006 increased 50% to 794 million rubles. After tax net profit of 615 million rubles (\$23 million) compares to 468 million rubles (\$16 million) in the same period of 2005.

Assets increased during the past nine months at an annual rate of 40% to reach 63,311 million rubles. In dollar terms, assets reached \$2.4 billion. Loans to individuals and families continue to grow rapidly, particularly mortgages. More than 3.2 billion rubles of new mortgages were issued in the first nine months of 2006, more than twice as many mortgages than during the whole period of 2005. The volume of mortgages outstanding tripled, to over 3 billion rubles (\$112 million), plus an additional 1.1 billion rubles (\$40 million) which we have refinanced through the Federal Housing Financing Agency. Not only have we financed more than 4,000 new purchases of homes so far this year, but Vozrozhdenie Bank provided the third largest number of mortgages in the first half of the year according to statistics published by RosBusinessConsulting. There are no past due or problem mortgages in the bank's portfolio. Our car and consumer loans also increased about 40% and credit card use has continued strong with 74% growth in balances.

Equity increased by 2 billion rubles or 63%, rising to 5,323 million rubles (\$199 million) at the end of September 2006. This includes the addition of 1,458 million rubles (\$54 million) from the issue of 2 million shares completed on August 11th.

Vozrozhdenie Bank provides personal banking and business services to clients throughout the Russian Federation. Vozrozhdenie Bank had 145 branches and sales outlets and operated 448 ATMs at the end of September 2006. The bank serves more than 40,000 corporate clients, and over 900,000 individuals, with a range of services from savings accounts, payment handling and payroll management to mortgages, bank cards and business and consumer loans.

The bank's full IFRS reports are available at: www.vbank.ru

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