



VOZROZHDENIYE
BANK

Annual Report 2000

V.V. Gerashchenko

**Chairman of the Central Bank of the
Russian Federation**

Dear Mr Orlov,



My sincerest congratulations on the tenth anniversary of your Bank!
In Russia, ten years is more than just an anniversary date. In a certain sense, it is a whole era.
Founded at the onset of reforms in the already distant 1991, the Bank has put together the broad professional experience, deep banking traditions of a former state organization and best world banking practices. This has allowed it to occupy a leading position in the Russian banking industry since the first years of activity.
Your Bank passed the development phase together with Russia's banking system. Vozrozhdeniye, like the domestic banking industry as a whole, experienced hard trials not only to have stood its ground, but also to have become more flexible and stronger. In the difficult period of market reforms, your Bank contributed heavily to the development of the country's financial system.
Thanks to the professionalism, expertise and the creative approach to implementing its tasks, Vozrozhdeniye Bank can look into the future with confidence.
I sincerely congratulate you and the employees of Vozrozhdeniye Bank on the anniversary and wish you all further prosperity and luck.

A. Gordeyev

**Vice-Premier of the
Russian Federation Government**

Dear Mr Orlov,



I congratulate you and the Vozrozhdeniye Bank's team both on behalf of the Russian Federation Government and personally on the remarkable jubilee - the tenth year jubilee since its foundation.
Vozrozhdeniye Bank, with its rich traditions inherited from the Moscow Regional Department of the Agroprombank of the USSR, has managed to position itself among the major domestic financial institutions.
We are glad that the Bank focuses on giving support for the development of the nation's agricultural sector. With an extensive branch network in Russia and the Moscow Region in particular, the Bank for the ten years of its existence has provided financing to thousands of enterprises involved in agricultural goods manufacturing and processing.
Over a number of years, the Bank has participated as an agent in the government programme of preferential lending to the agro-industrial sector. The experience gained as the former state-owned bank has enabled Vozrozhdeniye to effectively implement its tasks.
I would like to thank the Bank's management and staff for the large contribution being made by them to developing the agricultural sector and wish them prosperity and new achievements in strengthening the real sector of Russia's economy.



Dear shareholders, Dear friends and colleagues,

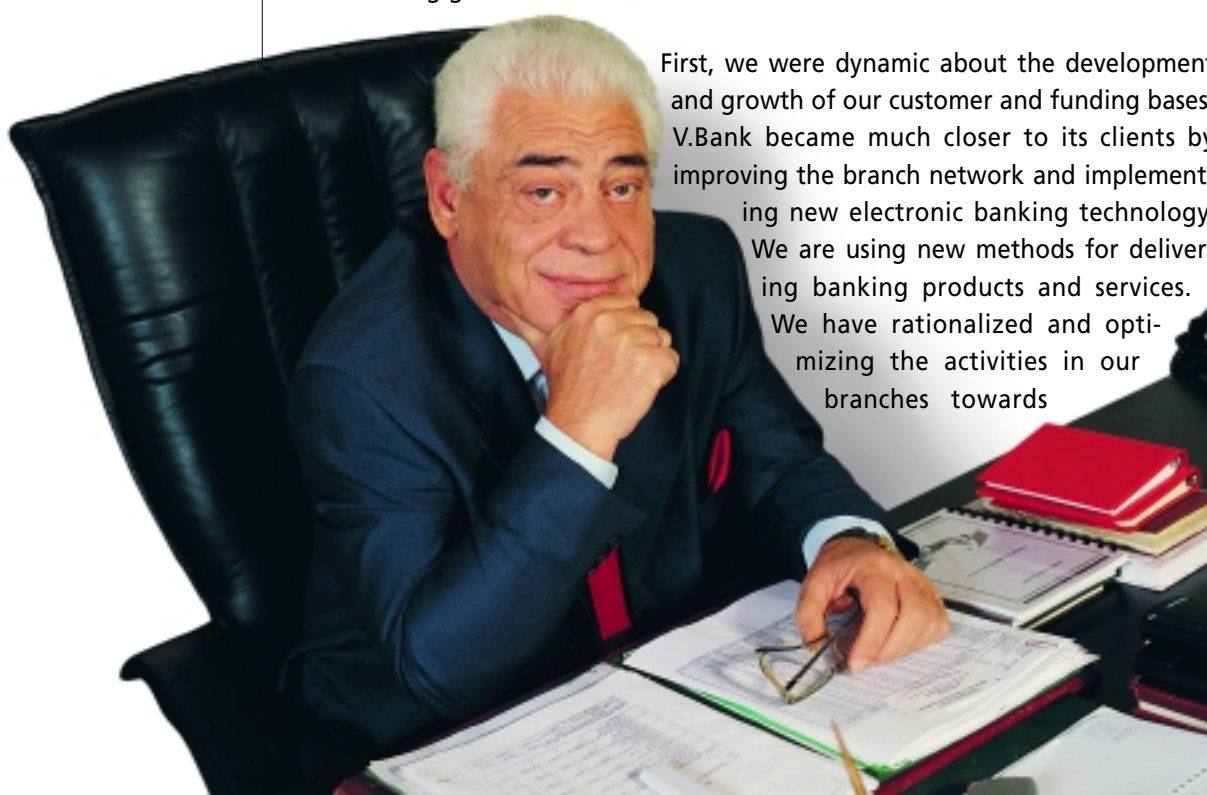
The old Century and the Millennium have gone and new ones arrived, but this didn't effect our daily work. In the same vein, steady and unwaveringly, Vozrozhdeniye Bank has passed through its tenth year of operations. Such jubilees should not be only occasions for praising past achievements. Nor should they be merely a time for accepting compliments. At such times, it is more important for us to weigh our results, to look objectively at the future and to set new objectives and goals.

In fact, 2000, the year under review, was one of preparing for the future. The year's eve was marked by concerns over the Year 2000 bug. That issue arose because some software developers had not considered the simple fact that time never stops, it moves steadily on, and we have to prepare in advance to meet the future. We must not repeat their mistake. We are creating the future today. Throughout the year, it seems to me, our work was guided by a forward looking perspective. We have learned to develop a clearer and more integral strategic vision.

However, 2000 was critical to us. We restored ourselves, first regaining, and then increasing, the level of our business activities after the difficulties we faced, together with all of Russia, in 1998. But in the year under review we also prepared the basis for the bank's progress in our next decade and the new century. Critically, we are ready for the future in terms of technology, economics and enthusiasm.

Overall, we are satisfied with last year's performance. V.Bank's capital grew significantly, as did our assets and funding base. This was attained at a time of general economic uncertainty with the help of a number of positive factors including the more active real sector of the economy and increased production. However, our confidence in the future is more a reflection of the qualitative steps in the Bank's evolution and those projects and initiatives that provide for further strong growth.

First, we were dynamic about the development and growth of our customer and funding bases. V.Bank became much closer to its clients by improving the branch network and implementing new electronic banking technology. We are using new methods for delivering banking products and services. We have rationalized and optimizing the activities in our branches towards





improving the customer focus of our activities. Thanks to the extension of our branch network, we are better positioned to provide assistance to our customers in developing their economic and financial relations throughout the country. We are changing the content of our branches' activities to relieve them of technical work and enabling them to focus more attention on improving customer relationships. Finally and, perhaps, most importantly, we significantly increased the range of banking products and services by adding a number of new, convenient and high-technology products and some more complex services to meet the differing needs of our partners and clients. Our payment card programme best illustrates how we use our capabilities to combine different activities, including lending to improve service to individuals and corporate customers.

Another example of our integrated approach is our work in the Moscow Region which is our priority. This is where the Bank was created and first developed. We have advanced furthest in the Moscow Region in implementing a comprehensive programme for promoting banking products and realizing projects which supply service packages to clients. However, developing our business in other Russian regions is also important. Our Moscow Region experience shows that our approach could also bring significant results in other geographic areas. We have already identified our priority super-regions for branch expansion: the South of Russia, the Northwest and the Volga Region. We intend that these areas will become new examples of applying our integrated approach as we develop across Russia.

We still have much to do, improve and correct in our well-established areas. But the foundations of success are well prepared. Ten years ago, at the first General Shareholders' Meeting we were speaking about the Bank's establishment. Today, summarizing the results of the past year and the whole decade, we can say that our expectations of ten years ago were not wishful thinking. We are growing, developing and progressing steadily into the future.

I am grateful to the shareholders for their contribution to the Bank's success and thank our clients and partners for their confidence, understanding and co-operation. I would like to express my gratitude to my colleagues and Bank employees for their work and thought for our common benefit.

I wish you all, as individuals, health, energy, and joy. I hope that your business efforts will be successful. And I wish all of us to continue our fruitful co-operation. We expect continuous progress towards achieving our common goal - the prosperity of Russia.

Dmitry ORLOV

Chairman of the Managing Board and President



Vozrozhdeniye: a brief ten-year history

1990

■ Founders of the Bank announce their intention to create the Joint-Stock Commercial Bank Vozrozhdeniye Moscow.

1991

■ The Central Bank of Russia approves the establishment of Vozrozhdeniye and grants a banking license. At inception the Bank has 34 branches in Moscow and the Moscow Region. ■ Branches in Barnaul, Nadym and Volgograd and two other branches in the Moscow Region's cities, Elektrostal and Pouchchino, are established. ■ Vozrozhdeniye begins private customer business. The first personal deposit accounts are opened.

1992

■ A general banking license for conducting operations in foreign currencies is granted by the Central Bank to Vozrozhdeniye. ■ Coopers and Lybrand are appointed as the Bank's external auditors. ■ Vozrozhdeniye becomes a member of the Moscow Interbank Foreign Currency Exchange (MICEX). ■ Vozrozhdeniye shares are approved for listing on major Russian stock exchanges. ■ The Information Technology Department is organized.

1993

Vozrozhdeniye opens branches in St. Petersburg, Nizhny Novgorod, Yekaterinburg, Kaliningrad, Magadan, Makhachkala, Novorossiysk, Saransk, Khabarovsk, and Yaroslavl. Three more branches are opened in the Moscow Region - in Krasnogorsk, Podolsk, and Ramenskoye. ■ The Cash Collection and Transportation Department created.

1994

Vozrozhdeniye joins the Society for Worldwide Interbank Financial Telecommunications (S.W.I.F.T.). ■ Branches in Murmansk, Petrozavodsk, Stavropol and Volgograd are opened.

1995

Vozrozhdeniye starts to provide services to Visa and Eurocard/MasterCard cardholders through the Most Bank's processing facilities. STB payment cards are offered to private customers. ■ V.Bank launches promissory note programme.

1996

The Russian Government authorizes Vozrozhdeniye to act as an agent bank under several federal programmes. ■ The Moscow Region Administration approves Vozrozhdeniye as its authorized agent. ■ The Central Bank of Russia names Vozrozhdeniye a socially significant credit institution.

The US Securities and Exchange Commission (SEC) approves first level ADRs for the Bank's ordinary shares. ■ The bank participates in the Housing Project and the Enterprise Support Project funded by the World Bank and the European Bank for Reconstruction and Development (EBRD). ■ Associated membership in Visa International is obtained. ■ The first Visa-V.Bank payment cards are issued through the London-based Moscow Narodny Bank Limited. ■ A Trading Desk is established. ■ V.Bank provides special financing facilities to the RF Ministry of Defense, issuing 7,500 promissory notes under this facility.

1997

Credit ratings by Thomson BankWatch and Standard & Poor's are assigned to Vozrozhdeniye. ■ Foreign banks provide a syndicated loan to V.Bank. ■ Vozrozhdeniye joins the Financial Institutions Development Project funded by the World Bank and EBRD. Canadian Imperial Bank of Commerce (CIBC) is selected as Vozrozhdeniye's "twinning" partner under this project. ■ Vozrozhdeniye Bank shares enter international capital markets in the form of ADRs. ■ The Moscow City Government authorizes V.Bank to act as its agent. ■ The bank is



The standard of V.Bank conveyed by the ice-breaker Soviet Union to the North Pole.



appointed as an agent bank for preferential lending to the agro-industrial sector from the special purpose government fund. ■ V.Bank works as the RF Government's agent for federal budget execution.

1998

Vozrozhdeniye joins Visa International and Europay International as an active member. ■ V.Bank's Card Processing Centre is established and certified by Visa International. Processing of card transactions is transferred to Vozrozhdeniye from Moscow Narodny Bank Limited. ■ The first 18 ATMs installed and connected to the Bank's Card Processing Centre. ■ The Central Bank of Russia provides loans to V.Bank to support its liquidity in the crisis environment.

1999

The Central Bank of Russia ranks V.Bank among financially stable credit institutions. ■ Branches in Dmitrov and Khimki opened. ■ The Bank establishes more than 100 cash advance outlets in the Moscow Region and other parts of Russia. ■ Payroll services through the Bank's payment cards are created in the Moscow Region and other parts of Russia.

2000

The Bank's 14th share issue completed. The Bank's share capital triples. ■ CIBC becomes the Bank's largest shareholder. ■ Branches in Krasnodar and Rostov-on-Don opened. ■ Europay International certifies the Bank's Card Processing Centre. ■ A strong card issuing and processing infrastructure is built in the Moscow Region. ■ The "Moscovia" Programme is launched in the Moscow Region with the aim of promoting the Bank's payroll services for the region's business customers and expanding card-based, cashless intra-regional payments.





A banking system can develop normally only given the normal development of the economy, the real sector and production. Our Bank has always attached particular significance to co-operation with domestic manufacturers in creating material wealth for the nation. Indeed, Vozrozhdeniye, with its broad branch network, established financial relations, customer and funding bases, a wide array of products and services, is one of the centres for crystallization of economic relationships.

Lending is the core of our activity. In our lending business we are most closely linked to the real sector of the country's economy. We extend credits using both our own funds and those provided under special government lending programmes. And, as experience shows, we are rather successful in this area. For example, all loans provided under the special government funding of the agro-industrial complex were paid off at maturity. This is evidence of our prudent approach to helping selected borrowers to meet their needs, while taking into account their capabilities. We have put much effort into increasing the variety of our lending products and designing comprehensive package solutions which are convenient and manageable for our customers. Our system of relationships is built on the commonality of interests between our clients and the Bank. In all ten years of its existence and operation Vozrozhdeniye has remained, above all, a customer-oriented bank



Lyudmila A. GONCHAROVA

Deputy Chairman of the Managing Board

The recent history of the Russian banking system has made it distinctly evident that only a bank with sound policies and positively defined strategies has a good chance of success. In an unstable economic and financial environment, only such a bank - a conservative bank delivering a progressive array of products and services to a wide range of customers - can cope with the severe challenges and overcome recurring crises. The clearly defined strategy of Vozrozhdeniye Bank, based on professional approaches and innovative solutions, combined with the profound expertise and conservative banking traditions, has secured our Bank an eminent position among the top-tier Russian banks.

Founded in 1991 on the basis of a specialized state institution - the Moscow Regional Department of the Agroprombank of the USSR, Vozrozhdeniye started its commercial banking business with 7 thousand corporate customers, mostly from the agro-industrial sector. Since that time the Bank has been transformed into a company that services more than 30 thousand companies, representing various sectors and operating in eighteen geographical regions of the Russian Federation.

Responsiveness to the needs of its customers, maintenance of a careful balance between their and its own interests and openness for dialogue are paramount in all V.Bank's activities.

Lending to corporate and private customers is the Bank's core businesses. The broad customer base, combined with a strong capital position and ability to raise funds under various development programmes, provides reliable sources to fund the Bank's expanding loan portfolio. Over the last ten years our loan portfolio, adjusted for rede-



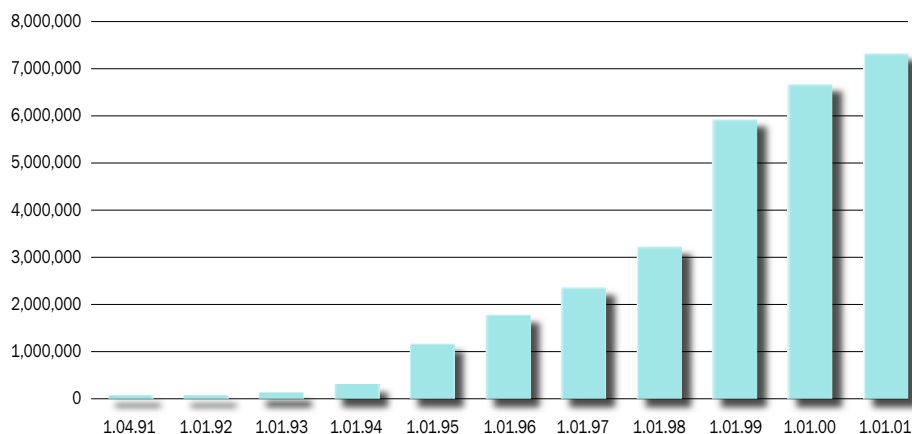
nomination, has multiplied by many times, growing from RUR 1.5 million at the end of 1991 to RUR 7.3 billion at year-end 2000.

Quality secured lending and the application of sound and consistent credit standards are the main pillars of the Bank's credit strategy. Continuously creating new lending products and improving credit processes and procedures, the Bank strives to maintain a healthy diversity of good quality loans in the asset portfolio. A variety of mechanisms are used by the Bank to control and minimize credit risks. One example is the Customer Credit File. Developed at an early stage of V.Bank's operation as a routine tool for collecting credit-related data, this document has been transformed into a comprehensive source of up-to-date information about the borrower's current financial status and repayment history over a long time horizon. Another example is the Bank's system for credit risk analysis and monitoring, designed in compliance with internationally recognized standards.

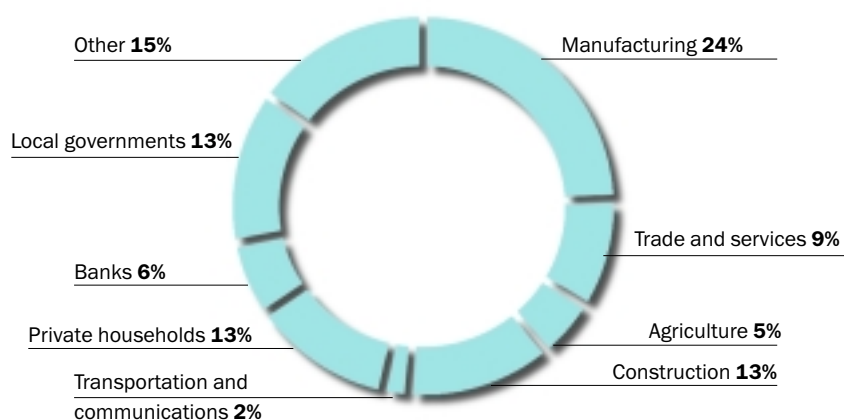
We remain committed to the real sector of Russia's economy. At the end of 2000 lending to this sector accounted for about 60% of the Bank's total assets. In the loan origination process, we give priority to financing projects that are developed by our strategic customers and expected to generate sufficient profits and cash flows. The borrower's financial standing is also taken into consideration.

By expanding lending across a variety of economic sectors and customer groups, we have significantly changed our loan portfolio mix. However, industrial loans have traditionally represented the majority of the Bank's portfolio - at the end of 2000 they accounted for 24% of the total lending. At the same date, loans to the construction sec-

Lending to customers and banks (gross)
RUR '000



Loan portfolio by sector
% of total at 2000 year-end





tor amounted to 13% of the total loan portfolio, loans to private customers represented further 13%, and the remaining part of the portfolio was split between loans to retailers (9%) and agricultural loans (5%).

Since its foundation Vozrozhdeniye has acted in concert with Russian authorities to advance the country's economic and social development.

The experience gained as the former state-owned bank has enabled Vozrozhdeniye to effectively participate in a variety of government-supported programmes. In the mid-nineties, V.Bank successfully worked as the RF Government's agent for federal budget execution. In 1996-97 Vozrozhdeniye counter-cleared federal budget receivables and payables. We also participated in the large-scale programme for financing the RF Ministry of Defence under a State Purchase Order. To fund that programme, 7.5 thousand promissory notes guaranteed by the RF Ministry of Finance were issued by the Bank. Over a number of years, Vozrozhdeniye has been an agent bank for preferential lending to the agro-industrial sector from the special Fund established by the RF Government. Last year the Bank arranged about RUR 1 billion of preferential loans to more than 300 enterprises involved in agricultural goods manufacturing and processing. Since 1996 the Bank has acted as a guarantor for export-import operations. Today, Vozrozhdeniye is authorized by the State Customs Committee to issue up to USD 25 million of guarantees in favour of the regional and local customs units.

Providing financial support for a variety of regional and local initiatives is another important area of V.Bank's activities. About RUR 1 billion was raised in 2000 to fund these undertakings.

Since its inception Vozrozhdeniye has been actively involved in the economic development of Russia's capital, and in 2000 the Moscow City Government reaffirmed the Bank's position as its authorized bank.

Over the last five years the Bank has acted as the principal financial backer of food supply. The special programme, jointly developed by Vozrozhdeniye and the City of Moscow Department of Food, is aimed at providing uninterrupted financing for food supply through the Bank's extensive branch network. This financing is provided both from the fund established by the RF Ministry of Agriculture and Food and out of the Bank's own resources. The Moscow City Government appointed Vozrozhdeniye to finance the reconstruction and modernization of the city's industrial enterprises. The total amount of Vozrozhdeniye's resources committed for these purposes exceeds RUR 1 billion.

In 1996, among other leading domestic banks, Vozrozhdeniye was accredited by the World Bank and the European Bank for Reconstruction and Development (EBRD) to participate in the Enterprise Support Project with a total participation amount of USD 10 million. The Bank also became a participant in implementing the Housing Project under World Bank and EBRD support. To fund this project, a USD 50 million credit line was committed to the Bank.

The construction of several highly comfortable multi-storey buildings with underground parking sites and a total housing space of 52,000 square meters was financed by Vozrozhdeniye under the Housing Project supported by the World Bank and EBRD. Within the framework of the project we are currently funding construction works of Moscow homes with a total space of 47,800 square meters.

In the Moscow Region we provide financing for the construction of Knyazhichi cottage village and rehabilitation and modernization of building materials manufacturing enterprises based in the two Moscow Region cities: Mytyshchy and Odintsovo. These projects are being implemented under programmes developed by supranational institutions.



A.V. Tourbanov

**General Director,
The State Agency for
Credit Institutions Restructuring**

Dear Mr Orlov,

The State Agency for Credit Institutions Restructuring congratulates you and Bank staff on the 10th anniversary of its activity.
We sincerely wish you stability, prosperity and further dynamic development.



A.I. Goyev

**General Director, OAO S.A. Zverev Engineering, Krasnogorsk;
Chairman of the Board of Directors of the Moscow Region
Defense Industry Complex**

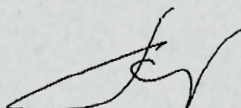


Dear Mr Orlov,

I congratulate the personnel of the Moscow Joint Stock Commercial Bank "Vozrozhdeniye" on behalf of the several thousand staff of the OAO S.A. Zverev Engineering, Krasnogorsk on the jubilee.

During our long-term co-operation, particularly in the difficult time for the military-industrial complex - in the period of its conversion your Bank was a reliable partner of our enterprise, which made it possible for us to retain our staff and research potential for the benefit of the defense power of Russia.

Dear Mr Orlov, I personally congratulate you and your closest companions-in-arms: Liudmila A. Goncharova, Svetlana V. Maslova, Irina L. Zlenko and all Bank staff on the jubilee and express my confidence that the ten-year successful experience, high technological potential, professionalism of your team, and sound financial decisions will allow Vozrozhdeniye to remain one of the leading Russian banks and to expand long-term relationships.

Yours truly,



R.M. Usmanov

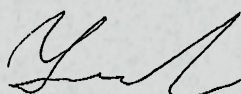


**Acting General Director,
Almazjuvelirexport**

Dear Mr Orlov,

My heartiest congratulations to you and all Vozrozhdeniye staff on the jubilee.
For us, Vozrozhdeniye Bank is far more than just a financial institution. It is our bank where we always find an understanding and support.

Over the seven years of our co-operation the Bank has used a careful and weighted approach to solving all problems, while satisfying the interests of our enterprise at the highest level.
I sincerely believe in the success of your big business initiated ten years ago for the benefit of Russia.

Yours faithfully,





The Moscow Region is an area of V.Bank's strategic interests. Over a number of years Vozrozhdeniye, as an agent of the Government of the Moscow Region, has actively participated in carrying out regional social sector development programmes. It should be noted that lending to enterprises located in this region represents almost 90% of the Bank's total loan portfolio.

Last year Vozrozhdeniye and the Moscow Regional Division of the RF Pension Fund entered into a general co-operation agreement aimed at accelerating and simplifying the delivery of benefits to the older generation through using V.Bank cards. The Bank also established working relations with the Moscow Regional Health Insurance Fund.

To expand the range of its products and services, V.Bank last year worked closely with a number of insurance companies.

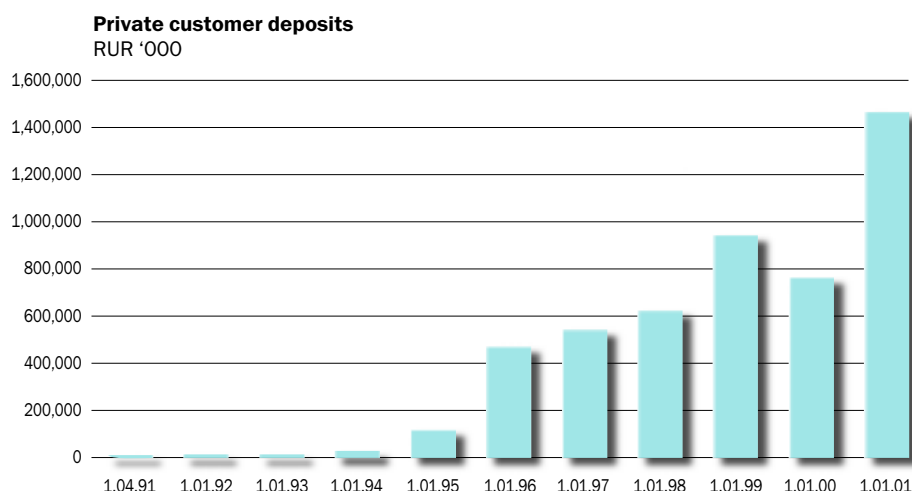
Vozrozhdeniye has developed long-term relationships with partners from the CIS and Baltic states. Under an intergovernmental programme for developing trade in the next five years between the Russian Federation and the Republic of Belarus, the Bank signed a co-operation agreement with the Bank for Foreign Trade and Investments of the Republic of Belarus. This close link with Belarus' Mezhtorgbank enables Vozrozhdeniye to offer exclusive services to its customers working with entities from that country. Examples include accelerated cross-border payments, import and export guarantees, and helping our clients find appropriate business partners.

Under our relationship management concept, Vozrozhdeniye serves customers according to their business profiles and specific needs, offering flexible tariffs and providing a package of advisory services under the brand name, "Your Bank Is Your Financial Advisor". Through its multi-branch network the Bank helps customers find business partners, provides innovative financial instruments to optimize payment transactions and reduce their costs, and supports their business in the target regions.

V.Bank's deposits, promissory notes and certificates of deposit are considered by our clients as a convenient and safe way to lodge their temporarily free funds.

The Bank's promissory notes have been time-tested. As a "universal" financial instrument, promissory notes may be used as a short-term investment vehicle, as a means of payment for goods and services, or as an instrument for paying off indebtedness and counter-clearing of mutual debts. Promissory notes are also used in lending operations and are eligible as security collateral.

Launched in 1995, V.Bank's promissory notes programme has developed from a combination of "simple" sales of notes to the comprehensive structured solutions being pro-





vided in large-volume lending transactions. Today, Vozrozhdeniye is one of the leaders in the Russian debt market, and quotations of its promissory notes are regularly published by the major domestic information agencies.

V.Bank was one of the pioneers of retail banking in Russia and for many years has been ranked among the top ten Russian financial institutions having the strong retail franchises.

Many new products were developed in 2000 to meet the requirements of the Bank's private customers. Examples include the Community Deposit - similar to a current account - enabling customers to pay utility bills; the Junior Deposit account that may be opened by parents on behalf of their children or by minors themselves; and the Solidarity Deposit that allows its holders to contribute to the business development of their employers and provides additional security for their savings.

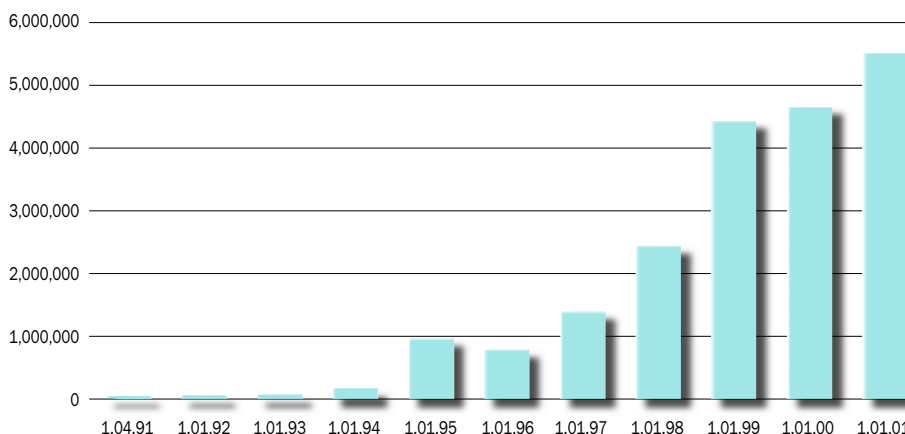
Since its inception the Bank has attached considerable attention to the needs of older citizens and developed a comprehensive programme for this customer group, incorporating standard accounts, a variety of banking cards, the special Pension Plus deposit account, and delivery of pensions. The services are offered on preferential terms and conditions, including higher interest rates paid on deposits.

Vozrozhdeniye has been constantly strengthening its positions in the banking industry. The increase in new customers is a clear confirmation. In 2000 alone, 5,000 companies and 15,000 private individuals joined the Bank's customer base. Private customers' rouble deposits doubled last year, and corporate current account balances grew by 1.5 times.

In the coming years the Bank will continue to expand the range of its products and services and to align them as closely as possible to the customers' needs. As in previous years, the Bank will pay special attention to developing its private customer business. V.Bank will be delivering traditional banking services and designing innovative structured financial products and exclusive services. To enhance the customer service system, the Bank will concentrate on reviewing and analyzing the customers' requirements and developing their needs and introducing products and services tailored to better suit each client. As before, lending will remain the Bank's principal business area. Here Vozrozhdeniye focuses on building lending schemes under payroll facilities, providing conventional and card-based overdrafts and financial support to small businesses. Lending to the real sector of the economy, participation in government programmes and co-operation with regional and local authorities will continue to develop. The Moscow Region will remain the area of the Bank's strategic interests. As earlier, special emphasis will be placed on financing the region's enterprises in order to support domestic manufacturers and to secure its economic stability.

Corporate accounts and deposits

RUR '000





Our primary objective is to protect our customers' interests. Though we concentrate mainly on Russia, we are also involved to a significant extent in the system of international financial relations. In this area, we have a variety of targets and have completed a significant number of tasks. During the years of our development, Vozrozhdeniye has built a strong infrastructure for optimizing international payments. We maintain stable business-tested correspondent relationships with several major international banks, which are the basis for delivering quality payment services to our customers.

Vozrozhdeniye continues to maintain a high level of service in foreign exchange and asset management on behalf of our clients. We are also effectively managing the Bank's own capital through taking proprietary and arbitrage positions on the money and capital markets.

Unfortunately, the 1998 financial crisis considerably worsened the investment climate in Russia and decreased confidence in the domestic banking system as a whole. Our Bank was no exception, hence the volume of services to our clients engaged in foreign trade is lower than it has been in past years. Today, we are working hard to restore the previous trading, documentary and deposit limits set for Vozrozhdeniye by the international correspondent banks. As an integral part of our activity, we maintain co-operation with foreign bankers and international financial institutions and participate in a number of Russia-focused programmes. Vozrozhdeniye has co-operated closely with the World Bank and the European Bank for Reconstruction and Development under the Financial Institutions Development Project and the Enterprise Support Project. This experience has allowed us to start to implement new types of services, including financial leasing.

Co-operation with the Canadian Imperial Bank of Commerce within the framework of the Financial Institutions Development Project developed into their purchase of an 8 per cent interest in Vozrozhdeniye. Thus, CIBC turned from a partner in this project into one of our major shareholders today. Notably, this is still the only instance in Russia that a western bank clearly showed its confidence in its partner's business reputation and management capacity by assisting its recovery from the severe financial crisis by becoming a shareholder. I think both our Canadian partners and other shareholders and customers of V.Bank are glad to realize that they have not been mistaken in their choice.



Nikolai D. ORLOV

Deputy Chairman of the Managing Board

From 1991 to date, Vozrozhdeniye has maintained its positions as one of the most active players in Russia's money and capital markets and demonstrated its ability to operate smoothly even under stressed market conditions.

Almost all of the Bank's trading activities are conducted through the Dealing Centre which is equipped in compliance with the strictest standards applied to professional market operators.



In its trading activities, the Bank has been continuously developing and strengthening business relations with the principal market participants and widening the list of its counterparties. At the same time, V.Bank follows a conservative and balanced approach to evaluating the counterparty banks' financial position. The evaluation process encompasses several stages and results in the establishment of a counterparty's credit exposure limit. Last year the Bank signed over 40 new co-operation agreements with domestic and foreign banks, covering various areas of market activities. In addition, a number of credit exposure limits were established or renewed with the Bank's principal counterparties.

V.Bank's
Dealing Centre



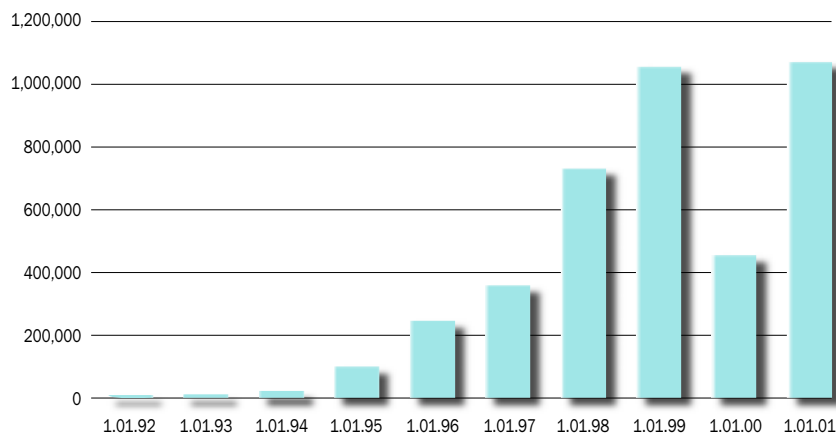
Correspondent banking is one of the Bank's top priorities. In this area, the Bank provides its correspondents with "loro", or current account facilities and a comprehensive range of related services. State-of-the art technology, coupled with a flexible pricing system, enables V.Bank to maintain competitive positions in the correspondent banking business and to offer a whole array of clearing services in roubles and foreign currencies to correspondent banks.

Vozrozhdeniye has been actively developing various collateral-based structures and providing its counterparty banks with a package of facilities allowing them to use promissory notes, MinFin and eurobonds and Federal Loan Bonds (OFZs) as collateral security for interbank market transactions.

Having an extensive branch network, the Bank is well positioned to exploit price differentials in a variety of financial instruments traded in Moscow and in other regions of the Russian Federation. V.Bank is successful in maintaining its strong presence in securities brokerage and intends to preserve it. In the year 2000, the Federal Commission for the Securities Markets granted us an unlimited authorization to act as a broker-dealer, which allows provision of the full spectrum of customer services on the money and capital markets. It is noteworthy that all of the Bank's Treasury specialists have broad expertise in servicing customers and are certified by the relevant supervisory bodies.

V.Bank trading activities are traditionally concentrated on the interbank deposit, foreign exchange and fixed income securities markets. With RUR 17.8 billion placed in the interbank market last year, Vozrozhdeniye was a net lender to the market. Funds were delivered to the interbank market principally in 1 day to 3 months maturity brackets.

Securities holdings
RUR '000





Going into the year 2001, the Bank plans to strengthen its leading positions in the interbank market. The number of counterparty banks in foreign exchange, banknotes and securities will be increased considerably. The Bank will continue to provide brokerage services to its corporate and private customers.

In the market for MinFin and eurobonds, V.Bank delivers a full spectrum of transactional services and searches for further expansion opportunities. At year-end, the Bank's portfolio of RF Government debt securities amounted to RUR 924 million, 2.9 times more than the previous year.

Throughout 2000, Vozrozhdeniye was actively trading in rouble-denominated promissory notes issued by various domestic enterprises with sound credit standing. In the relatively stable RUR/USD rate environment these securities generated attractive profits for the Bank.

In the market for government debt, V.Bank was active in managing its current portfolio of GKO and OFZ holdings rather than on investing excessive liquid funds into this market.

V.Bank pays considerable attention to developing good relations with foreign partners.

The 1998 financial crisis negatively impacted foreign investors' and creditors' confidence in Russia's economy. As a result of the crisis the implementation and financing of a large number of projects were

Dmitry Orlov presents David Robbie with the certificate of acquisition of V.Bank's shares by CIBC.



David V. Robbie
Vice-President, Trade Finance Division
Canadian Imperial Bank of Commerce

Dear Mr Orlov,

On the occasion of Bank Vozrozhdeniye's 10th Anniversary on April 12th 2001, we would like to convey our congratulations on your achievements over the past ten years.

We look forward to a long and fruitful relationship, both as a shareholder in V.Bank and as a business partner, helping your customers and ours to increase trade and business relations between our two countries. We wish you and your colleagues and staff even greater success in the future.

Yours very truly

partially or fully suspended. Vozrozhdeniye and its customers were not excepted. The Bank has successfully survived the consequences of the crisis and fulfilled all its obligations towards non-residents.

At present V.Bank renews the provision of trade finance services and the development of new products and services in the area of long-term trade finance is under way. These products and services are intended to be funded from the Bank's own resources as well as from funds provided by its foreign counterparties.

Taking into account the requirements of domestic enterprises on renovation and modernization, equipment leasing is considered to be a very promising area for Vozrozhdeniye. The Bank is currently preparing several projects for the delivery of imported equipment under its guarantees.

Before the 1998 crisis many customers had benefited from the Bank's ability to raise long-term funds under export insurance coverage of foreign specialized agencies and



corporations. Now we are working on resuming co-operation with these foreign organizations.

It is intended to renew our participation in the Housing Project, the Enterprise Support Project and other undertakings supported by supranational financial institutions. We are also considering the issue of our participation in a number of new projects developed by the EBRD, the USA-Russia Investment Fund, the United States Agency for International Development (USAID) in small businesses financing, mortgage lending, leasing and credit risk insurance.

Since 1996 V.Bank has been successfully involved in the Financial Institutions Development Project. The Bank, in collaboration with the Canadian Imperial Bank of Commerce (CIBC), has made significant steps in improving its organizational structure and internal policies and procedures. Currently, V.Bank, jointly with the CIBC and the Canadian Agency for International Development, is designing a programme for protecting private customers' deposits. This initiative is aimed at creating new safe instruments for private savings and establishing specialized regional development funds financed from these savings. We expect to launch a pilot project in 2001 in the Moscow Region.

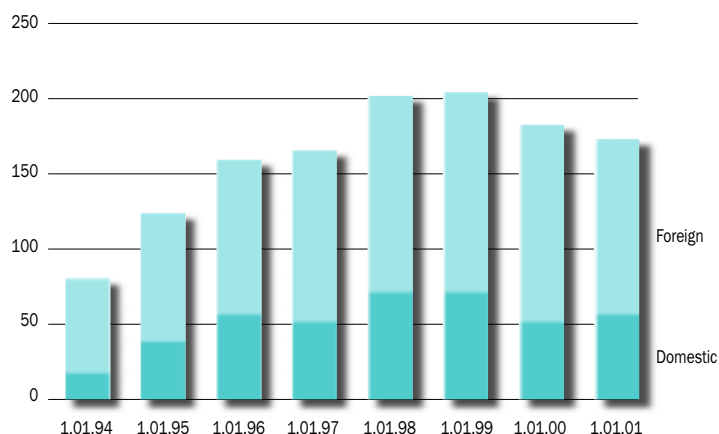
In order to raise long-term resources for financing its customers' investment projects, the Bank has the intention of expanding relations with supranational financial institutions, export insurance government agencies and private corporations.

Since 1992 when the Central Bank of Russia granted us a General Banking License for conducting operations in foreign currencies, significant attention has been paid to establishing and maintaining correspondent relations with foreign banks. In our first year correspondent accounts were opened with ten leading international banking companies. Today, we have an extensive correspondent bank network composed of more than 50 banks in Russia and about 120 banks in 45 countries around the globe, including 12 banking institutions in CIS countries and the Baltic States.

The global financial services industry is changing rapidly today. Deregulation, industry consolidation through mergers and acquisitions, introduction of the single European currency - the Euro - and increased competition have all significantly transformed the correspondent banking marketplace. In this changing environment V.Bank strives to improve its correspondent network. Over the last few years payment flows channelled through the European banks were concentrated to a large degree, enabling us to negotiate more attractive tariffs and to reduce the costs of maintaining our correspondent accounts.

In the years to come we intend to expand our domestic correspondent network principally through establishing relations with regional banks. On the international arena we aim to optimize the network structure so as to further reduce the transactional costs and enhance its payment processing capacity.

Correspondent banks, number





The Bank's development is a difficult and multi-level process consisting of many components. Primarily, it is about exploring new areas of financial activity, expanding the range of banking products, and raising the quality of customer services. To a large extent, this is built on applying advanced technologies and further improving the wide branch network.

The network of Moscow Region branches has always been our most important strategic asset. This distribution network, combined with the modern banking technologies being used by V.Bank, gives us the unique opportunity to deliver quality services to our customers in the Moscow Region. Our steady regional development enables us to create a strong presence in the other largest economic centres of Russia. It has permitted Vozrozhdeniye to become a financial institution of national significance. It is precisely the Bank's local units that help us to be closer to our customers, to know and feel their needs and requirements. We will continue to develop our system of territorial units and transform them from autonomous mini-banks into centres for selling innovative banking products based on our uniform technology.



Aleksandr V. DOLGPOLOV

Deputy Chairman of the Managing Board

The extensive regional branch network is a major factor of the Bank's stable growth and one of its strategic resources.

Having started its business in 1991 with 34 branches located in the Moscow Region, Vozrozhdeniye has successfully transcended its home region boundaries and added new territories to the Bank's marketplace.

By strengthening its presence across Russia, entering new markets and expanding the customer base, Vozrozhdeniye has transformed itself from a regional bank into a major institution of national significance. Today we have 62 branches and 25 sub-branches based in 18 regions of the Russian Federation. With 39 branches located around the Moscow Region, the Bank maintains a strong position there. We aim to maintain our leadership in the regions where we already operate and seek to establish banking outlets at new locations.

Vozrozhdeniye continues to develop its service network: two new branches in Krasnodar and Rostov-on-Don were opened last year.

The broad activities of the branches are strictly controlled at the Head Office level. The centralized branch management model enables V.Bank to implement a uniform financial policy, to exercise control over day-to-day operations of each banking unit, to efficiently allocate the Bank's resources and to react promptly to market changes. Our control system was stress-tested and proven resilient in the course of the 1998 crisis. During those troubled days the operational capabilities and the quality of customer service in each office were maintained at a proper level, and we emerged intact from the crisis - without any branch closures.

The Bank's branches are focused on gaining dominant market positions in their home regions across all products and services provided. The Bank offers more than 50 high-quality banking products and services to corporate and private customers. Each branch provides a full spectrum of products and services, including current account facilities,



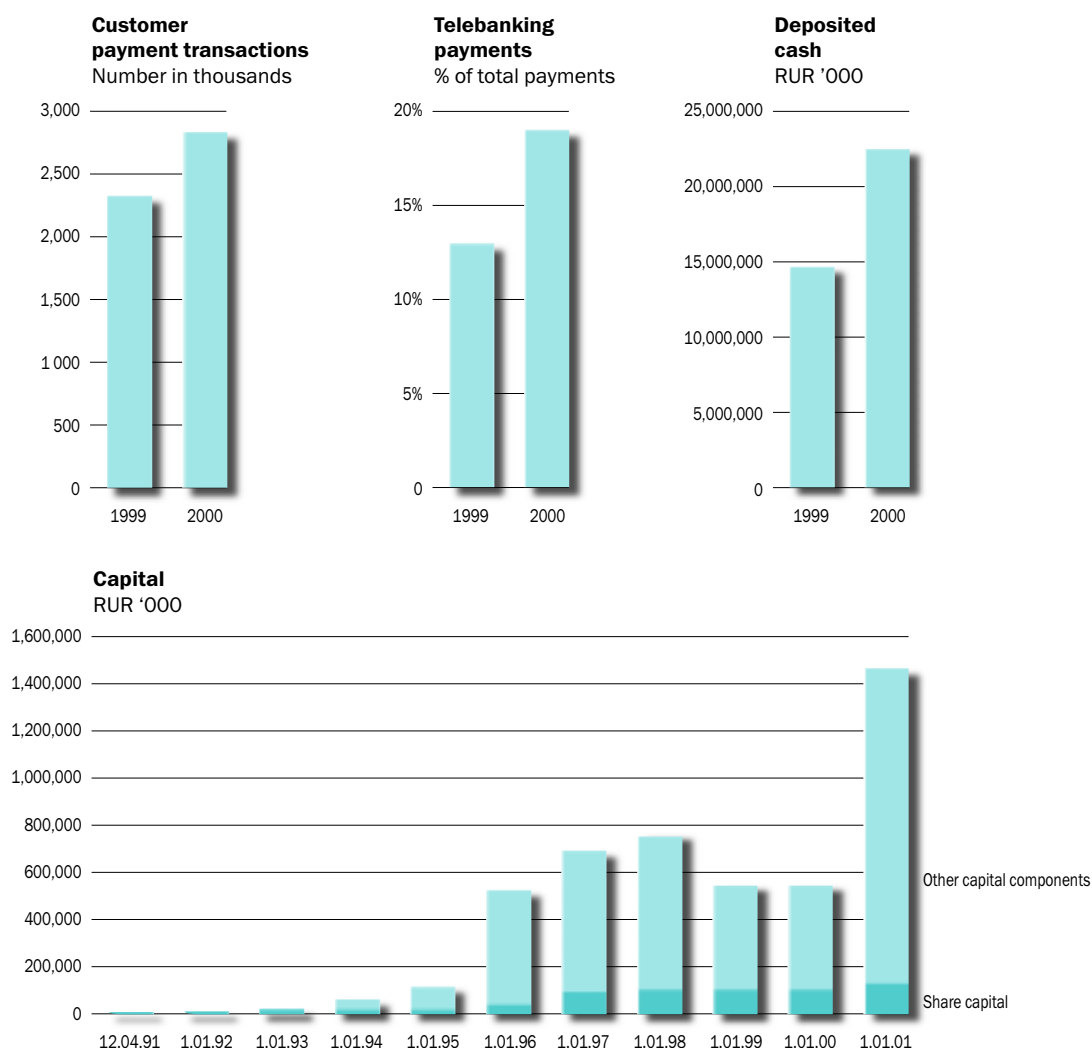
loans, deposits, telebanking services, foreign exchange, a large choice of banking card and card-related services, facilities for paying utility and tax bills, safe deposit boxes, precious metals and coins, and many others.

The enhancement of interaction between the Bank and its clients is our top priority. This is why over the last two years we have been carefully developing a brand-new category of banking officers - relationship managers. The content of our branches' activities is changing rapidly. The majority of administrative functions are now centralized at the Head Office, allowing our sales force more time to focus on serving customers.

In branching, Vozrozhdeniye aims to expand primarily into the major industrial and agricultural regions with strong economic potential. New banking units will be established in existing and new regions. To enhance the range of the Bank's customer service, several new sub-branches and cash operations outlets will be opened in the Moscow Region - the Bank's strategic priority region.

Last year the Bank's web site was launched. At www.vbank.ru clients and other interested persons can find detailed information about the products and services V.Bank offers to corporations, private customers, and financial institutions.

Maintaining the capital base at a level adequate for the nature and scope of Vozrozhdeniye's activities and strengthening its financial position are the major fac-

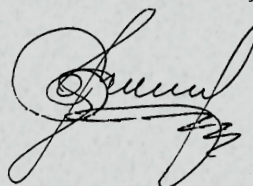


P. I. Chelpan

Head of Stupino District Administration,
the Moscow Region

Dear Mr Orlov,

Let me personally and on behalf of the Stoupinsky Region Authority congratulate you and your personnel on the tenth anniversary of the Bank and wish it prosperity and fruitful work, happiness and health to all of its employees.



S. E. Yegorov

Chairman of the Association of
Russian Banks

Dear Mr Orlov,

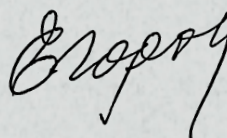
I personally, and on behalf of the Board of the Association of Russian Banks, sincerely congratulate you and the management and staff of Vozrozhdeniye Bank on the tenth anniversary.

Your Bank and the Association of Russian Banks are of the same age. In the past years Vozrozhdeniye has come a long way and become one of the country's major banks, enjoying universal esteem both in Russia and abroad.

Created on the basis of a specialized state bank - the Moscow Regional Department of the Agroprombank of the USSR, Vozrozhdeniye combines the large experience and rich banking traditions of the former government organization with the best of world banking practices.

I wish you and all Bank staff further professional success and prosperity.

Yours respectfully,



tors contributing to the Bank's dynamic growth, and hence one of our principal tasks.

Since its foundation V.Bank has been focused on the constant development of its capital base. During the last ten years, 14 share offerings have been completed by the Bank, bringing the amount of share capital from RUR 200 thousand to RUR 145.4 million at the end of 2000 and increasing the number of shareholders from 13 to 8,390. In the same period, V.Bank's total capital base expanded to RUR 1.5 billion.

Our capital policy is targeted at creating shareholder value, providing liquidity to the Bank's shares and protecting the interests of the minority shareowners.

Our shares were among the first bank shares approved for listing on the major domestic stock exchanges and the Russian Trading System. In 1997, the Bank's ordinary shares were placed in the international capital market through the issuance of 1 level ADRs. Today, we are the only Russian credit institution whose ordinary shares in the form of ADRs are traded on the Berlin and Frankfurt Stock Exchanges.

ADR
of Vozrozhdeniye
Bank





In the year 2000 one of our major achievements was the further development of our Moscow Region branch network. The parallel devel-



opment of leading edge technologies allowed us to become a source of comprehensive solutions for our corporate customers operating in this region.

The year under review marked a turnabout to us. From selling separate services and products - "separate bricks", so to speak, we passed on to offering comprehensive packages and complex tailor-made solutions - combined "building structures" to meet the growing needs of our customers.

Mark M. NAKHMANOVICH

Deputy Chairman of the Managing Board

From 1991 to date, the Bank has been continuously developing its operating systems and platforms, improving internal processes and creating advanced financial solutions for its customers.

Over the last three years, the Bank has achieved significant results in the card business. Our Card Processing Centre was established and has been certified by the leading global payment associations, enabling the Bank to issue its own local V.Bank and Moscovia cards, to offer a full range of Visa and Eurocard products, and to provide merchant services. During this period, we have considerably expanded the network of ATMs and cash advance outlets, increased the number of retailers accepting cards as a means of payment, and extended the list of banks for which Vozrozhdeniye acts as a card issuing and transactions processing agent.

Our card issuing and processing infrastructure continued to develop in 2000. During the year, 55 ATMs were installed and connected to the Bank's Card Processing Centre, 140 cash offices opened, more than 330 retailers and service providers signed agreements with us for merchant services, thousands of new cards were issued. In January 2001, V.Bank topped the 100,000 card level.

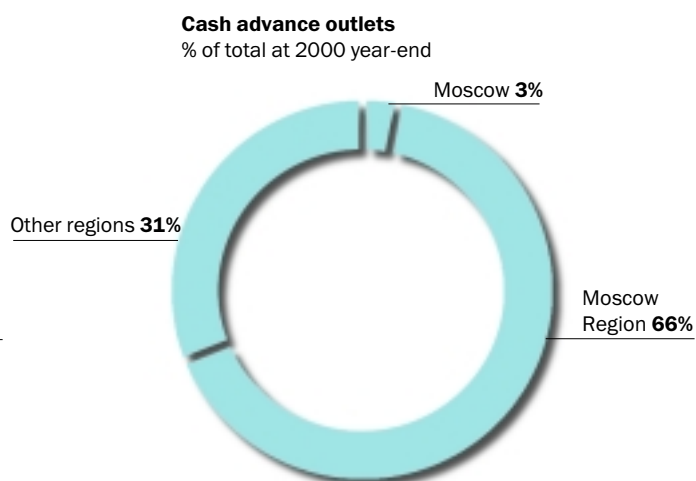
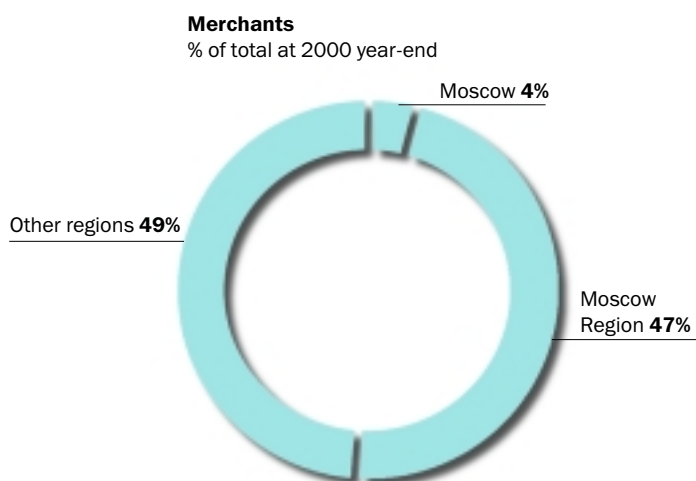
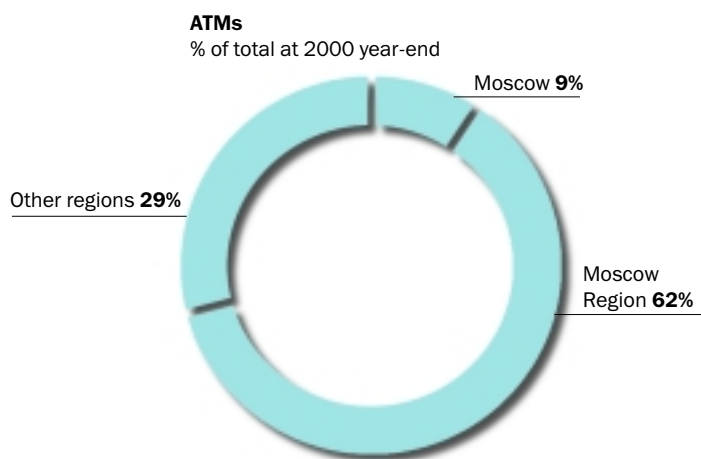
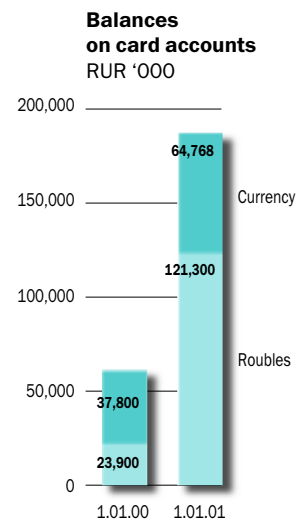
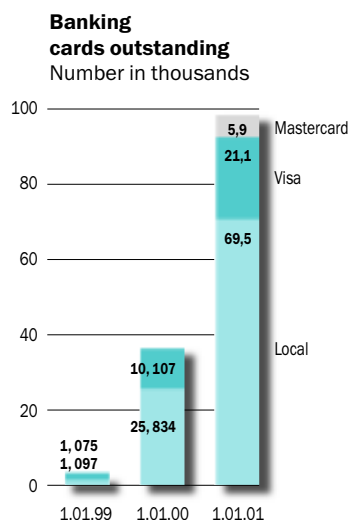
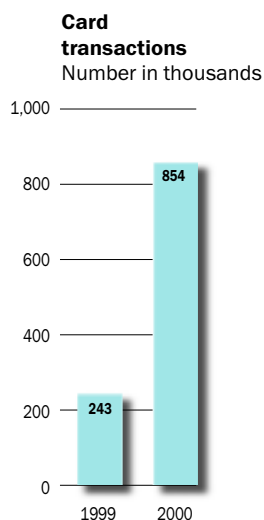
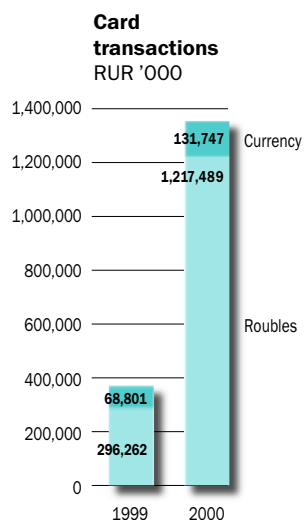
Provision of payroll services for companies and institutions is one of the most promising areas of the Bank's business. Payroll services, based on V.Bank cards, are designed to reduce the costs of processing and paying wage bills as well as to provide an additional level of comfort for business customers' employees. At the same time, by supplying payroll services, the Bank expands its merchant and acquiring network and strengthens its card issuing and processing infrastructure. More than 75,000 special card accounts were opened within the payroll facilities maintained by the Bank for a significant number of large corporate customers.

The Bank attaches considerable importance to servicing pensioners, students and other individuals receiving social benefits. Special terms and conditions have been developed by the Bank for this customer group to enable them to enjoy the advantages of V.Bank cards at no extra cost and to earn additional money from preferential rates applied to their deposits.

The Bank's well-developed technical infrastructure, coupled with the extensive branch network, provides a strong platform for the further expansion of card activities in the



Bank's strategic area - the Moscow Region. Today, Vozrozhdeniye is the only bank in this region that is capable of providing cardholders and merchants with high quality services meeting the requirements of international card associations and compliant with the global card industry standards.





Lou Naumovsky
General Manager of the Moscow
Representative Office,
VISA International Service Association



Dear Mr Orlov,

On behalf of Visa International I would like to express my congratulations to the 10th anniversary of Vozrozhdeniye Bank. During these years the Bank has shown its strong ability to cope with difficulties; and now Vozrozhdeniye is keeping up its successful development and maintaining an eminent place among leading Russian banks. Vozrozhdeniye has been a member of Visa International for five years, and is now participating actively in developing our business in Russia by issuing VISA cards and strengthening the acceptance and processing facilities in your country. We value very much professionalism of your staff members, their knowledge and skills, as well as constructive approach to the solution of all problems. I wish you and your colleagues and staff a further fruitful work, great success in all your endeavours, as well as good health and happiness.

A. Poushko
General Director
Europay International
Russian Members Association



Dear Mr Orlov, Dear colleagues,

Our best wishes on your jubilee - the tenth year since the Bank's creation. Vozrozhdeniye Bank is distinguished by its thoroughness and dynamic development, sustainability of projects, transparency and willingness to co-operate. Let me express the hope that in the next ten years we, together with your Bank, will make Europay International payment cards a necessary attribute to the everyday life of each Russian citizen. We wish you new successful achievements and prosperity for the benefit of your customers!

Yours truly,

In the year under review, the Moscovia Programme was launched in the Moscow Region. This comprehensive project is aimed to promote the Bank's payroll services for the business customers and expand card-based cashless intra-regional payments.

The Bank has been constantly developing new advanced technology-based products and services.

In 2000, the Bank issued its first credit cards and offered a multi-currency card enabling the holder to make payments and withdraw cash either in roubles or in foreign currencies. Special terminals were installed in the Bank's branches to allow customers to pay utility bills electronically by payment card.



To help holding companies monitor account activity and track balances on their subsidiaries' accounts, an Informpotok service package was introduced last year.

The creation of advanced banking products is closely connected with the development of the Bank's information technology platform.

From 1991 to date, the Bank has been continuously designing and upgrading its information technology systems and applications. The Bank's hardware platform had developed from only a few PCs in 1991, to about 2,000 PCs in 1995 - now there is an automated workstation for each appropriate staff member.

Information technology applications are extensively used by the Bank to improve the quality of customer service, to provide support for the resource and risk management activities of the Bank and to design e-document interchange systems. To enhance its IT capabilities, the Bank is currently building an organization-wide integrated information network. In 1995, only 7 branches were connected to this network via digital communications channels. Today, more than 60 percent of the Bank's branches are integrated into it.

In order to create an intra-bank integrated information system, the Bank is developing a corporate database. This will allow the Bank to implement a uniform approach to data collection and processing as well as to generate a variety of external and internal reports and deliver support for the centralized management of the Bank's activities.

The Bank will continue to exploit state-of-the art information technologies to support current banking operations and to introduce new advanced products and services.

As in previous years, the Bank's policy in the banking cards area will be focused on maintaining its competitive edge in the market for card products and on developing new promotion campaigns.

In collaboration with Visa International, the Bank intends to launch in 2001 a new card product - V.BANK-Plus - a local card with the PLUS sign. This card makes it possible for the holders to withdraw cash not only from the Bank's own ATMs, but from any other bank's cash dispensers across the whole country.

For wealthy individuals experienced in the convenience of banking cards, the Bank plans to introduce the prestigious Visa Platinum card.

The Bank will continue to broaden the range of services delivered through its ATMs, such as payment of utility and mobile phone operators' bills, intra-bank account transfers, etc.

Our telebanking services providing access to the customer's account information will be complemented by payment options.

It is intended to expand Vozrozhdeniye's ATM network, principally in the Moscow Region. The ATMs located in each administrative district of the Moscow Region will provide support for the implementation of the Bank's various initiatives, especially in the field of payroll services and, at the same time, will make it easier for cardholders to obtain cash.

The Bank has plans to extend lending payroll schemes, to introduce chip ("smart") cards, and to launch several Internet banking projects.

A modern bank is a complex entity. Its successful performance depends on the quality of its customer services, its organizational structure



and on the extent to which all of its activities are adequately funded. Its development means developing each of these areas.

V.Bank has come a long way in the ten years of operation. In our premises and equipment, we started virtually from scratch. During the ten years we built and reconstructed our branches and the head office. We installed modern telecommunications systems and office equipment for the convenience of our staff and clients. We have accomplished much, but our work is not yet finished as the branch network and the entire

infrastructure continues to develop further.

However, a bank is not only its premises and facilities, but also its business reputation. This is created by the well-organized work of its staff, by strict compliance with legislation and regulations, by maintaining accounting records and presenting financial statements. Such compliance requires continuing effort by our Internal Audit and Control Department and the Audit Committee appointed by our shareholders. As well, independent auditors examine V.Bank's financial statements, while prudential supervision is carried out by the Central Bank of the Russian Federation. Representatives of other government agencies also conduct examinations of our activities. Analysts from international financial institutions with which we co-operate and experts from foreign investment companies have more than once made diagnostic surveys of the Bank's operation as our shares are listed on foreign stock exchanges. Vozrozhdeniye does not lack this kind of attention, but we do not complain, as the Bank is known for its transparency. Our orientation to permanent compliance helps us stay in good shape.

Dmitry A. STRASHOK

Deputy Chairman of the Managing Board

The Bank's accounting system is the basis for management decision-making, preparation of financial statements and maintenance of supporting records. Our specialists have developed a comprehensive methodology that assures the high quality of services and helps implement the tasks related to this area. The designed accounting, reporting and document interchange schemes and the set of internal guidelines are of particular importance for Vozrozhdeniye as a bank with an extensive branch network. In creating new banking products to respond to the needs of our customers, relevant policies and procedures are formulated. At the present time, increasingly sophisticated IT solutions allow us to gradually transfer some technical work to the head office, thus making it possible for the branches to focus more effort on customer services.

The Bank has built a multi-level control structure to ensure accuracy, integrity, and compliance.

The high level of service and high-tech solutions are based on the adequate internal audit and control. The primary task of this function is to ensure protection of the interests of our investors, customers and the Bank itself. For this, the records and accounts of all its branches and accounting units are examined on a regular basis. Internal Audit



and Control examines whether the established rules and procedures, the approved responsibilities and restrictions for carrying out the full spectrum of operations are followed. The department's functions are not limited to conducting examinations and audits as it prepares proposals on further improvement of the existing accounting and control structure.

The Audit Committee elected at our annual shareholders' meetings conducts regular assessments as to the reliability and integrity of the accounts. Since Vozrozhdeniye's inception the Audit Committee has always confirmed the strict compliance of the Bank and its management bodies with legislative and regulatory requirements and the resolutions adopted at the general shareholders' meetings, as well as the appropriate organization of operating activities and the accuracy of the accounting books and reporting documents.

The Bank's accounts are audited in accordance with Russian regulations and International Standards on Auditing.

Our independent auditor is PricewaterhouseCoopers who conduct annual audits and interim examinations.

As in previous years, the 2000 audit of Vozrozhdeniye's financial statements confirmed its compliance with the rules and procedures for preparing financial statements in accordance with Russian regulations and international standards.

One of our major tasks is to maintain the provision of quality customer services in all regions covered by our branches. V.Bank has set up a strong well-equipped network of banking units. The modern IT infrastructure with the advanced telecommunications system enable each unit, irrespective of its location, to offer sophisticated services to the clientele.

Jeremy Foster

Partner,
PricewaterhouseCoopers



V.Bank was the first Russian bank to have a Western audit in 1991, by PricewaterhouseCoopers. The Bank has built solid foundations of strong management, a wide branch network and good customer service to be able to expand its business, in particular to survive the financial crisis in Russia, and to be able to stand proud today on its 10th anniversary. We congratulate the management and staff of the Bank on this significant achievement, and look forward to many more years of cooperation with the Bank.

Sincerely yours,



The financial collapse faced by the country two years ago made us focus more attention on liquidity management.



In the year under review we fully restored the Bank's liquidity. This was possible due to our ten-year experience and last year's successful performance in creating a margin of safety. In the year 2000, our Asset and Liability Management Committee worked actively in a fast paced environment. As evidence of our well co-ordinated effort to minimize liquidity, interest and currency risks, there was almost a 1.5-fold increase in V.Bank's liquid assets, which reached RUR 2.6 billion, while immediately liquid assets almost doubled.

Throughout the year we concentrated on improving our asset and liability, liquidity and risk management systems. We designed an optimal model for managing liquid assets based on an econometric methodology - a system for feeling the "financial pulse" of the Bank. This system enables us to effectively handle the control function and to respond in a timely manner to both internal and market changes.

So we can say that V.Bank entered the new year and century, not only in line with Central Bank regulatory requirements, but also with a significantly higher level of balance sheet management.

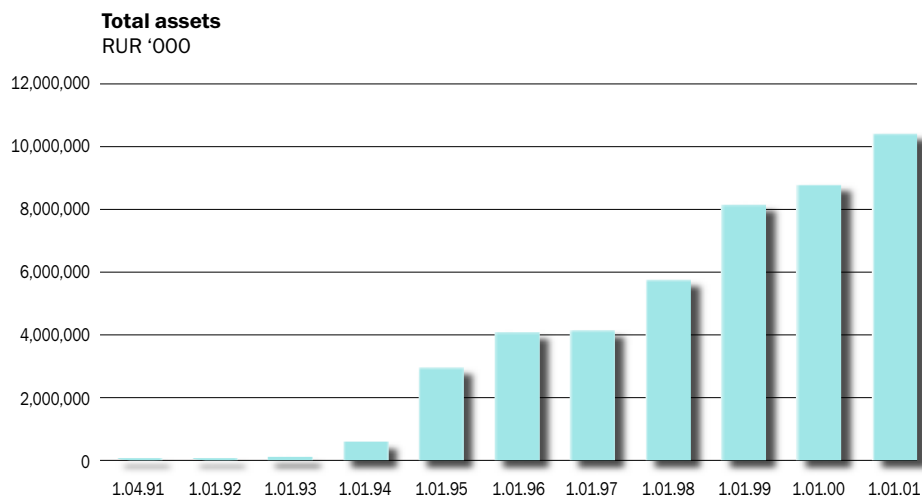
Tatiana F. GAVRILKINA

Member of the Managing Board

Head of the Liquidity Management Department

Successfully managing banking risks is a significant driving force behind our steady progress.

At the start of its activity V.Bank laid the foundations of a risk management system and has developed and improved it over the years of operation. The significance of this system grew in parallel to the growing volume of transactions and the increasingly complex problems that we have faced.





Vozrozhdeniye has created a system of internal procedures for evaluation, control and minimization of banking risks. The Asset and Liability Management Committee regularly analyzes all types of risks inherent in the Bank's activity. The Committee's major objective is to ensure effective management of attendant liquidity, interest, currency, portfolio and other banking risks.

Special attention is paid to maintaining a sound balance between the Bank's earnings and risk profile. The Asset and Liability Management Committee develops policies for managing each type of risk and approves methods for their measurement. The Committee optimizes the asset and liability structure and applies relevant pricing policies. An important area in its work is the control function over the Bank's compliance with the requirements concerning the level of mandatory cash balances with the Central Bank of Russia, established limits on open currency positions, as well as capital adequacy and liquidity requirements.

Once a quarter V.Bank updates the "Liabilities Management Guidelines" that is followed by all Bank branches and units. This document regulates the performance of transactions both in roubles and foreign currencies.

All transactions are conducted using the system of limits updated regularly in relation to all areas of the Bank's activity, with the risk exposures being monitored to ensure their being in line with the adopted policies and established restrictions.

It is in our plans to continue improving the risk management system, which is especially critical today as V.Bank is strengthening its financial market presence and introducing new banking products.

Yu. S. Osipov
President of the Russian
Academy of Science



Dear Mr Orlov,

Let me, on behalf of the Russian Academy of Science, heartily congratulate you on the remarkable event - the tenth anniversary of your Bank.
Your public activity in providing support to Russia's science and education sector is the best example of service to our society. The future of Russia depends directly on further development of its scientific potential and improvement in our intellectual and educational levels.
We wish you with all our hearts prosperity and further creative achievements.

It is generally known that a modern bank is a very complex structure. Managing a huge number of money flows, mobilizing, allocating and



reallocating funds, financing general development and branching activities, designing telecommunications systems, implementing innovative technologies and practices, conducting performance evaluations and tax planning are only a part of a bank's internal and external functions. These functions must be handled in strict conformity with Russian legislation and taking into account all amendments to the legal and regulatory framework. Over ten years we have developed the Bank's mechanism of financial links between all

structural units to work with the precision of a good clock. The role of the Financial Department within this system is to ensure that accounting records and supporting documents are maintained accurately and to provide favourable taxation solutions. Importantly, we were able to strengthen the ability of all Bank structural units to respond promptly and flexibly to changes in the regulatory framework and technological environment and to provide accounting and control procedures for innovative banking technologies and related products. We optimized our costs, and are seeking to ensure that all expenses are recognized as creating higher quality in our services. We emphasize the implementing of new accounting methods and formats of financial statement presentation, including IAS.

But as the saying goes there is no limit to perfection: we work to learn more and we learn so as to work still better.

Tamara I. LUZHINA

Member of the Managing Board
Head of the Financial Department

Our ten years of existence has coincided with Russia's economic transition. The Bank has experienced periods of both relative economic stability and extreme volatility.

Under such changing conditions it was of particular significance for us to ensure the uninterrupted adequate management of the established system in order to maintain it and advance its development. Within this, forecast, planning, control and analysis have always been the cornerstones for decision-making.

V.Bank implements the tasks arising both from interactions across the units handling different functions and from the constantly changing environments as regards general economic climate, legislation, the level of interest rates, and supply of and demand for various banking products.

Planning is one of our key management instruments that includes implementation of the following tasks: balancing the objectives with the actually existing opportunities, creating a sound asset and liability structure with the prospect of further development, identifying measures to achieve the targets stated in the Bank's development plan.



Planning is an on-going process, and the performance of all Bank units is measured against relevant targets and indicators.

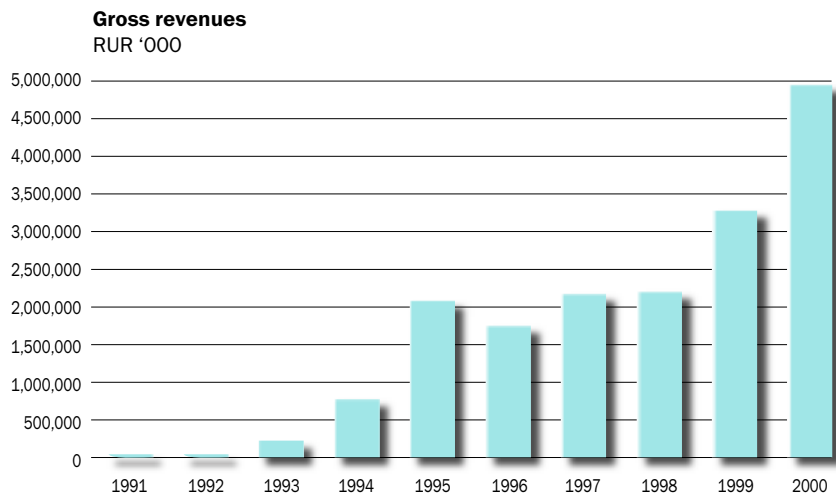
Now that the interest margin environment has deteriorated significantly, much is centred on more cost-conscious and efficient use of all financial resources held by the Bank. Compared to 1999, the share of non-interest expenses in Vozrozhdeniye's total expenses fell by 0.8%.

The stringent cost control at all levels is an area of our primary concern. In this area, a budgeting programme was implemented to make it possible to identify the expense portion of all factors in achieving our strategic goals and to measure the contributions of all banking units to the outcome. This allows the possibility of consolidating a large number of factors influencing management decisions, thus drawing the better picture of the Bank's performance.

Optimization of expenses associated with tax payments impacts directly the Bank's results. Here we strongly emphasize current control, active participation in resolving legal disputes, and provision of assistance to our branches in their communication with the local tax authorities.

Today's fast paced environment implies the constantly growing complexity of banking operations. So, implementing new accounting practices and improving the reporting system is one of our top priorities.

We intend to regularly prepare financial statements both in accordance with Russian regulations and International Accounting Standards for the purposes of annual audits and subsequent submission of reporting documents to interested persons.



Our Bank has gained unique experience in rendering services to its diversified customer segments. I would like to say a few words about the



Bank's relationships with its large corporate clients. This group is represented by demanding and advanced clients developing the most complex areas of business. What helps us work with them are our participation in pilot projects and co-operation with leading international and foreign financial institutions. Under specific joint programmes providing for the establishment of credit lines for eligible disbursements, we extend financing to the agro-industry sector, the housing sector and enterprises to support their production facilities and technology mod-

ernization and development.

Our Central Branch operates in a specific environment. It is in the very heart of events. Our metropolitan status means we have to meet tight competition requirements. The Central Branch is a kind of a proving ground for testing and implementing new ideas and realizing the pilot projects that are based on those ideas.

Time is a ruling factor in our work, both directly and figuratively. Subjectively, it seems we always lack time. Objectively, much time is needed to comply with international standards and practices. Figuratively, we need to learn to work not just in a new environment, but in a 4D space, multiplying everything by the time factor in the broad sense.

Sergey V. LENKOV

Member of the Managing Board
General Manager of the Central Branch

Vozrozhdeniye's branches are oriented towards servicing various client groups from industry, medium and smaller businesses, as well as retail banking sector.

The Bank's relationship managers use an individual approach to each customer, research optimal mutually beneficial solutions. This helps adjust the services portfolio to meet the needs of our customers. Branch managers provide them with information and advice on the full range of services on offer. They identify opportunities for depositing temporarily idle funds and also assist in establishing their commercial relations.

What each client finds in all Bank branches is the high level of service, reliability and strong safety of funds deposited with us.

The Central Branch of Vozrozhdeniye Bank has succeeded in serving customers over the last decade, developing actively and reinforcing its position in the financial market of the Moscow metropolitan area.

Reasonable conservatism, security, and safety of entrusted funds are the major banking principles to which the Central Branch adheres.

Its activity is inseparably connected with municipal programmes and customer-initiated projects. Within the framework of co-operation between the Food Department of the



Moscow City Government and Vozrozhdeniye Bank, the Central Branch provides bank guarantees for the purchase of domestically produced goods. In the year 2000, guarantees of more than RUR 720 million and over USD 700 thousand were granted under this programme.

As a unit of the bank authorized by the State Customs Committee, the Central Branch extends guarantees for customs payments to enterprises and organizations - counterparties of the Food Department. In the year under review, Vozrozhdeniye furnished guarantees exceeding RUR 7 million, USD 350 thousand, and EUR 458 thousand. The Central Branch is going into 2001 with the hope to further expand its activity on the Moscow financial market, being well positioned to offer a full array of modern banking products and services.

N. Ya. Demin
**Chairman of the Board and General Director,
Mikoyanovsky Meat Processing Factory**



Dear Mr Orlov,

The management of AVK "Exima" and the ZAO "Mikoyanovsky Myasokombinat" heartily congratulate you and the personnel of Vozrozhdeniye Bank on the 10th anniversary!

For the ten years of its operation, your Bank, given the most difficult conditions, has ensured the sustainability of many large Moscow-based and regional enterprises. The Bank has become a pillar for them to overcome payment problems and other adversities. Vozrozhdeniye has developed into a leader as far as new banking technology is concerned and deserved the countrywide reputation of a dynamic and reliable financial institution.

The work of your Bank can boast meeting the highest current demands through using an individual customer approach and a range of quality banking services.

Dear Mr Orlov, I wish you further success in successfully developing the Bank for the revival of Russia.

Yours sincerely,

P. D. Katsyv
**General Director,
Mostransavto,
Motor Transport Company**



Dear Mr Orlov,

On the eve of the holiday, I heartily congratulate you and your colleagues on the jubilee!

For the long years of our co-operation, the Moscow Region State-Owned Unitary Enterprise "Mostransavto" has received assistance and support from virtually all Bank branches located in the Moscow Region. Customer focus, convenient first-class banking services, proficiency of the Bank staff have always been the distinctive features of Vozrozhdeniye Bank.

Success, prosperity and happiness to you, to the team you head, and to all your clients.

One of the key banking terms is "trust". It can refer to both finance and human relationships. In banking, it plays a special role in customer relationships



and, most significantly, among those within our team of bank employees. Banking is not limited to finance - it is, after all, people who are the driving force for everything that happens.

In this sense, the major achievement of Vozrozhdeniye over its ten years of its operation is that we have assembled a good team of professionals. An effective mix of expertise and the experience of the older generation of banking specialists combines in our Bank with the energy of the young who have already become familiar with innovative banking practices during their higher school courses. All this, together with the aspirations to learn new things and improve professional skills, and the wish to find a way to fully use the existing potential in the banking profession, have formed the basis of our corporate culture. To add to the above, we have built close friendly relationships, developed willingness to put joint efforts in implementing current and long-term tasks. As a result, we have set up a strong and solid organization, introduced a modern management system and will continue to develop further.

This team spirit unites all of our Bank staff - hundreds of employees working at the head office and branches located throughout Russia.

Oleg V. KHARLAMOV

Member of the Managing Board

Head of the Administrative and Personnel Department

As the successor of the former specialized state-owned organization - the Moscow Regional Department of the Agroprombank of the USSR - Vozrozhdeniye inherited most of its staff: the experienced professional team able to effectively implement innovative tasks. Proficient personnel is Vozrozhdeniye's distinctive feature enabling the Bank to maintain its competitive edge over the last ten years.

In 1992, V.Bank employees numbered a little over 1.7 thousand people, with only 27 per cent with university degrees.

By the start of 2001 the number of employees had doubled, and now Vozrozhdeniye is staffed with 3.5 thousand people, with those educated in higher and vocational schools comprising 96 per cent of the Bank's personnel. Today, the Bank's team is much younger: 36 years of age on average, with 21 per cent being under 30.

Since the beginning, Vozrozhdeniye has developed effective staff selection and training policies. All this time the Bank has been maintaining close contacts with the university and academic profession. To ensure an inflow of young specialists, the Bank, within the framework of a long-term staff training programme, has co-operated successfully with a number of well-known domestic educational institutions, such as the Financial Academy under the RF Government, the Russian Economics Academy named after Plekhanov, Moscow State University, Moscow State Technical Institute named after Baumann, Moscow Institute of Radio Engineering, Electronics and Automatics, Moscow Banking School of the Central Bank of the Russian Federation. Particularly fruitful is our co-operation with the Financial Academy under the RF Government: since 1992 forty academy graduates have come to strengthen the middle and senior levels of V.Bank's management.



In the changing economic environment Vozrozhdeniye Bank faces the need for continuous improvement of its organizational structure based on the clearly defined communication channels within the team of qualified and reliable employees using modern technologies. The extensive network of branch offices requires the Bank to function as a uniform financial mechanism and to treat personnel as the Bank's most significant asset without whom it would have been impossible to make any progress and remain a profit earner. This vital principle applies both to clerical staff and management at the head office and branch levels.

As an integral part of the Bank's strategy, the objectives of our human resources policy for the near future are to improve the planning process in this area and to implement modern personnel management approaches that would enable us to meet the variety of requirements through using the skills of proficient specialists of differing profiles - with strong orientation towards achieving targets, energy, commitment to teamwork, current problem-solving ability and broad vision, and, more generally, adherence to the Bank's corporate culture.

N.S. Mikhalkov
Chairman of the Board of
Film Makers of
the Russian Federation



Dear friends,

My heartiest congratulations to the staff of Vozrozhdeniye Bank on its tenth anniversary. Ten years is a date on which one evaluates the first results and sees clearly what has been achieved in business and contributed for the benefit of society. The name of Vozrozhdeniye Bank is well known not only in the business community, but also by many representatives of the art profession. Providing real support to cultural institutions and helping to preserve Russia's spiritual and cultural heritage, the Bank is a bright example of co-operation between the men of business and art in the area of developing Russia's culture. I wish you well-being, prosperity and success in the restoration of the best traditions of patron of arts support.

Social Involvement

Throughout the entire period of its existence Vozrozhdeniye Bank has addressed the current needs of Russia's society through vigorously supporting numerous charitable and social activities. Our programme of support for cultural and public institutions has contributed to implementing a number of social assistance initiatives.



We take it as our moral duty to give charitable aid to socially unprotected and poverty-stricken groups. Providing financial assistance to orphanages, war and labour veteran associations is our special concern.

The Bank understands that the future of Russia depends to a great extent on the young generation - on intellectual and creative potential of the youth. We extend substantial financial support to schools and gymnasiums, offering gifted children an opportunity to improve their gifts and talents so as to apply them in the future for the benefit of our society.

V.Bank pays special attention to preserving the nation's cultural values. Over the course of many years the Bank, following the traditions of Russian patronage of art, has given subsidies to the State Tretyakov Gallery and assisted in restoring historical and cultural objects in Moscow, the Moscow Region and other parts of Russia.

A specific contribution by Vozrozhdeniye to preserving the country's cultural heritage is the Bank's collection of late 19th and early 20th century Russian paintings. This collection has existed for about ten years - almost as long as the Bank itself.

Collecting and renovating works of Russian artists is one way of preserving them for future generations, another one is to return masterpieces of Russian painters from abroad to the country of their origin by purchasing them at international auctions.

If you are interested to take a look at them we invite you to Bank Vozrozhdeniye's website at: www.vbank.ru, where, in the Gallery Section, we present several pictures from our collection.



Financial Information

KEY FINANCIAL FIGURES

| RUR in thousands | 1999 | 2000 |
|--|-----------|------------|
| Total assets | | |
| At the end of the year | 8,723,555 | 10,343,493 |
| Average for the year | 8,432,650 | 9,831,290 |
| Interest-earning assets | | |
| At the end of the year | 7,024,912 | 8,281,544 |
| Average for the year | 6,536,372 | 7,835,300 |
| Net lending to customers and banks | | |
| At the end of the year | 6,492,332 | 7,066,982 |
| Average for the year | 5,231,259 | 6,882,830 |
| Capital | | |
| At the end of the year | 545,637 | 1,450,089 |
| Average for the year | 554,094 | 1,303,960 |
| Gross revenues | 3,158,803 | 4,911,704 |
| Net profit | 23,714 | 25,082 |
| Capital per Ordinary share (RUR) | 55.5 | 128.9 |
| Financial ratios, % | | |
| Net lending to customers and banks as a percentage of total assets at year-end | 74.4 | 68.3 |
| Gross revenues as a percentage of average total assets | 37.5 | 50.0 |
| Capital as a percentage of total liabilities at year-end | 6.9 | 16.0 |
| Regulatory ratios, % | | |
| Capital as a percentage of risk-weighted assets at year-end (N1 Ratio, min. 8%) | 8.0 | 17.1 |
| Highly liquid assets as a percentage of liabilities repayable on demand at year-end (N2 Ratio, min. 20%) | 25.9 | 51.4 |

Notes:

(a) Average balances were computed using the methodology developed by the Bank.

(b) Interest-earning assets consist of lending to customers and banks, RF Government and other debt securities held for trading purposes.

(c) Capital was calculated in accordance with the Central Bank of Russia Instruction No. 1 and consists of share capital, earnings reserves, share premium, revaluation reserves, subordinated liabilities and general provisions for credit losses less intangible assets and other supervisory deductions.

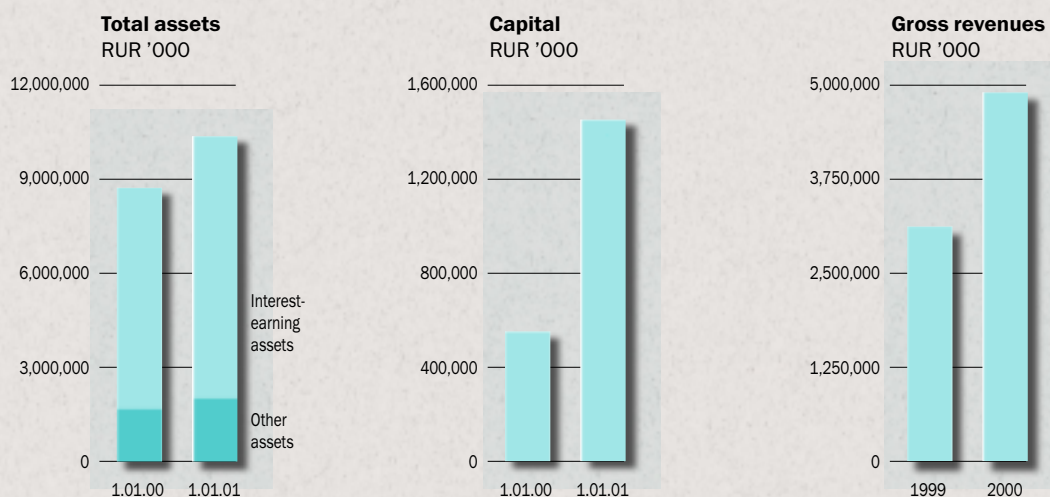
(d) Gross revenues include total interest and similar income, fee and commission income, total other operating income and reversal of provisions for credit losses and write-backs of securities' revaluation reserves.

FINANCIAL SUMMARY

Vozrozhdeniye Bank's balance sheet-total continued to expand last year. Total assets increased by 19 % from RUR 8,723,555 thousand at 1999 year-end to RUR 10,343,493 thousand at the end of 2000. Average total assets rose by 17 % to RUR 9,831,290 thousand. Average interest-earning assets grew by 20 % from RUR 6,536,372 thousand to RUR 7,835,300 thousand in 2000. The principal reason for this improvement was the further expansion of lending to customers and banks, the average volume of which increased by 32 % over the previous year.

Gross revenues rose from RUR 3,158,803 thousand in 1999 to RUR 4,911,704 thousand in the reporting year. The increase in revenues resulted primarily from the higher net fee and commission income and foreign exchange revenue.

The Bank's total capital, calculated in accordance with the Central Bank of Russia Instruction No. 1 amounted to RUR 1,450,089 thousand at the end of 2000, up RUR 904,452, or by 165.8 %, on the previous year. The Bank's capital base strengthened by the new share issue completed in the first quarter of 2000 and through raising subordinated debt in the form of long-term deposits. These deposits qualify for regulatory capital calculation under the Central Bank of Russia Circular Letter No. 31-P, dated 31.06.1998. With a capital ratio of 17.1 % at year-end 2000, the Bank comfortably meets the capital adequacy standards set by the Central Bank of Russia.



**BALANCE SHEET**

RUR in thousands

31 Dec. 1999

31 Dec. 2000

ASSETS

| | | | |
|-------|---|------------------|-------------------|
| 1. | Cash and balances with the Central Bank of Russia | 760,247 | 959,364 |
| 2. | RF Government debt securities | 321,660 | 924,362 |
| 3. | Due from banks on current accounts | 129,282 | 327,521 |
| 4. | Securities available for sale, net of allowance | 11,212 | 29,666 |
| 4.1. | Securities available for sale, at cost | 14,713 | 39,162 |
| 4.2. | Valuation allowance | 3,501 | 9,496 |
| 5. | Lending to customers and banks | 6,688,539 | 7,318,020 |
| 6. | Accrued interest | 174,401 | 224,273 |
| 7. | Leased assets | 0 | 0 |
| 8. | Allowance for credit losses | 196,207 | 251,038 |
| 9. | Lending to customers and banks, net of allowance | 6,492,332 | 7,066,982 |
| 10. | Premises, equipment, intangible and other fixed assets | 618,198 | 607,211 |
| 11. | Investment securities and participating interests, net of allowance | 94,559 | 87,674 |
| 11.1. | Investment securities and participating interests, at cost | 110,249 | 102,584 |
| 11.2. | Valuation allowance | 15,690 | 14,910 |
| 12. | Prepaid expenses | 72,367 | 66,673 |
| 13. | Other assets | 49,297 | 49,767 |
| | TOTAL ASSETS | 8,723,555 | 10,343,493 |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | | |
|------|---|------------------|-------------------|
| 1. | Loans from the Central Bank of Russia | 1,233,706 | 1,231,680 |
| 2. | Liabilities to banks | 505,139 | 476,352 |
| 3. | Liabilities to customers | 5,337,173 | 6,923,601 |
| 3.1. | of which private customer deposits | 742,107 | 1,425,910 |
| 4. | Deferred income | 34 | 38 |
| 5. | Certificated liabilities | 641,057 | 394,482 |
| 6. | Other liabilities | 239,962 | 50,977 |
| 7. | Provisions for contingent liabilities and other banking risks | 0 | 0 |
| 8. | Total liabilities | 7,957,071 | 9,077,130 |
| 9. | Share capital | 111,251 | 145,432 |
| 9.1. | of which Ordinary shares | 98,306 | 112,487 |
| 9.2. | of which Preference shares | 12,945 | 32,945 |
| 10. | Treasury shares | 0 | 0 |
| 11. | Share premium account | 9,020 | 483,691 |
| 12. | Statutory reserves and retained earnings | 205,576 | 210,378 |
| 13. | Fixed assets revaluation reserve | 298,109 | 296,858 |
| 14. | Profit for the year | 43,883 | 25,246 |
| 15. | Dividends paid from current year profit | 0 | 0 |
| 16. | Appropriation of profit (excluding dividends) | 33,184 | 22,511 |
| 17. | Profit attributable to shareholders | 10,699 | 2,735 |
| 18. | Deferred items - lending and securities business, net | 131,829 | 127,269 |
| 19. | Total shareholders' equity | 766,484 | 1,266,363 |
| | TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 8,723,555 | 10,343,493 |

**PROFIT AND LOSS ACCOUNT**

RUR in thousands

1999

2000

Interest and similar income

| | | | |
|-----------|--|------------------|------------------|
| 1. | Interest income on loans and advances to banks | 753,143 | 371,243 |
| 2. | Interest income on loans and advances to customers | 1,012,470 | 789,661 |
| 3. | Interest income from leasing | 0 | 0 |
| 4. | Interest income from securities | 66,632 | 53,196 |
| 5. | Other interest and similar income | 1,660 | 2,556 |
| 6. | Total interest and similar income | 1,833,905 | 1,216,656 |

Interest and similar expenses

| | | | |
|------------|--|------------------|------------------|
| 7. | Interest expenses on liabilities to banks | 974,801 | 514,183 |
| 8. | Interest expenses on liabilities to customers | 706,995 | 667,125 |
| 9. | Interest expenses on certificated liabilities | 97,962 | 55,041 |
| 10. | Rental costs | 22,743 | 27,506 |
| 11. | Total interest and similar expenses | 1,802,501 | 1,263,855 |
| 12. | Net interest and similar income (loss) [line 6-line 11] | 31,404 | (47,199) |
| 13. | Fee and commission income | 157,973 | 242,351 |
| 14. | Fee and commission expenses | 14,512 | 16,648 |
| 15. | Net fee and commission income [line 13-line 14] | 143,461 | 225,703 |

Other operating income

| | | | |
|------------|--|------------------|------------------|
| 16. | Income from foreign exchange, including currency translation gains | 472,069 | 2,581,149 |
| 17. | Income from securities and precious metals, gains on disposal of fixed assets, positive mark-to-market adjustments to securities and precious metals | 687,094 | 299,261 |
| 18. | Dividends | 75 | 50 |
| 19. | Sundry operating income | 7,687 | 6,635 |
| 20. | Total other operating income | 1,166,925 | 2,887,095 |
| 21. | Net operating income [line 12+line 15+line 20] | 1,341,790 | 3,065,599 |

Operating expenses

| | | | |
|------------|---|------------------|------------------|
| 22. | Personnel expenses | 44,225 | 72,889 |
| 23. | Occupancy and maintenance, depreciation of fixed assets and other administrative expenses | 165,548 | 196,786 |
| 24. | Expenses on foreign exchange, including currency translation losses | 365,924 | 2,534,038 |
| 25. | Expenses on securities and precious metals, losses on disposal of fixed assets, negative mark-to-market adjustments to securities and precious metals | 406,587 | 42,954 |
| 26. | Other operating expenses | 162,844 | 127,752 |
| 27. | Total operating expenses [sum of lines 22 to 26] | 1,145,128 | 2,974,419 |
| 28. | Net operating income before provisions and extraordinary items [line 21-line 27] | 196,662 | 91,180 |
| 29. | Provision for credit losses, net | 144,156 | 60,718 |
| 30. | Value adjustments to securities, net | 8,623 | 5,216 |
| 31. | Other provisions, net | 0 | 0 |
| 32. | Net operating income before extraordinary items [line 28-line 29-line 30-line 31] | 43,883 | 25,246 |
| 33. | Extraordinary items, net | 0 | 0 |
| 34. | Gross operating profit [line 32+line 33] | 43,883 | 25,246 |
| 35. | Tax on profit | 20,169 | 164 |
| 36. | Deferred tax on profit | 0 | 0 |
| 36a. | Extraordinary expenses, net of tax | 0 | 0 |
| 37. | Profit for the year [line 34-line 35-line 36-line 36a] | 43,883 | 25,246 |
| 38. | Net profit for the year | 23,714 | 25,082 |



COMMENTS ON THE FINANCIAL STATEMENTS

Accounting and valuation principles. The Bank's accounting and valuation principles are in compliance with Russian Federation legislation. The Bank prepares and publishes its financial statements in roubles. As used in this Annual Report, "RUR" refers to roubles, "USD" refers to US Dollars and "DEM" refers to Deutsche Marks.

Foreign currency translation. Assets and liabilities denominated in foreign currencies are translated into roubles at the official exchange rates fixed by the Central Bank of Russia at respective year-ends. Translation differences are taken into Profit and Loss Account under "Income from foreign exchange" or "Expenses on foreign exchange". Income and expense items denominated in foreign currencies are translated into roubles on the basis of the exchange rate as of the transaction date. The key foreign exchange rates were:

| | 31 Dec. 1999 | 31 Dec. 2000 |
|---------|--------------|--------------|
| RUR/USD | 27.00 | 28.16 |
| RUR/DEM | 13.92 | 13.37 |

Fixed assets. Premises, equipment and intangible assets are stated at cost less accumulated depreciation. Depreciation of these assets is provided on a straight-line basis at the rates which are permissible for tax purposes. All other fixed assets (construction-in-progress, stationery, etc.) are carried at cost.

Profit and Loss Account overview. The year 2000 was successful for the Bank: ending up with a profit of RUR 25,246 thousand before taxes. Net profit improved from RUR 23,714 thousand in 1999 to RUR 25,082 thousand in 2000.

Both interest revenues and interest expenses decreased following the decline in the Central Bank of Russia's refinancing rate. This rate averaged 33.1% in 2000, which was below the 1999 level of 57.2%.

A strong increase in other operating income and operating expenses is due primarily to the results from foreign exchange following the implementation of the new accounting rules for recording foreign currency translation differences.

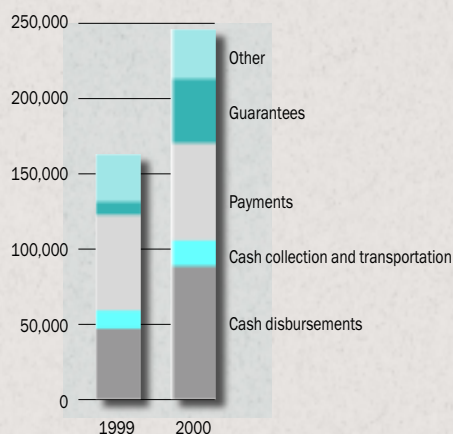
At RUR 225,703 thousand net fee and commission income reached a record level. The expansion of the Bank's customer base and the extension of its products and services range contributed to this remarkable result.

In 2000 the Bank continued to address various risks by establishing appropriate allowances. RUR 60,718 thousand of net provisions for credit losses and RUR 5,216 thousand of net value adjustments to securities were charged to the Profit and Loss Account in 2000.

CBR's refinancing rate % per annum



Fee and commission income
RUR '000





ASSET QUALITY AND CREDIT RISK MANAGEMENT

The management of the Bank's assets is aimed to provide sufficient returns, while maintaining high solvency and liquidity ratios. The asset composition is also determined by current market conditions. As these conditions change, the Bank strives to adjust basic parameters of its assets' portfolio to the changing market environment.

Representing 71 % of the balance-sheet total at year-end 2000, the loan portfolio is the largest asset of V.Bank. Therefore, management of risks inherent in this portfolio is crucial for the Bank. Credit risks also exist in a number of its non-lending activities of and financial instruments other than loans. The Bank has established a set of comprehensive guidelines for measuring, monitoring and controlling credit risk. These guidelines cover the policies and procedures for conducting credit granting activities, loan approval authorities and exposure limits for all areas of those operations that involve credit risks.

Credit and Investment Committee is responsible for the formulation and implementation of the Bank's credit policy and for the management of credit risks. All credit risk-related issues are subject to detailed analysis and approval by the Committee.

The Bank's asset management policy is determined by the composition and cost of its funding base, financial strength of the borrower, amount, tenor and structure of transaction, purpose of the loan, type and amount of collateral provided by the borrower.

V.Bank consistently applies the principles of safe and sound lending to its credit granting process: all loans are extended on a compensated basis for a specified purpose and for a specified period of time. It is also the Bank's policy to grant loans secured by realizable and liquid collateral, which provides additional guarantee for the repayment of principal and interest.

In order to minimize credit risk, priority is given by the Bank to the customers with a stable financial position, sufficient cash flows, positive repayment history and sound business reputation. The significance of the borrower's activity in the economic development of its local business area is also taken into consideration. Foreign currency loans are extended in US Dollars and other currencies primarily to finance foreign trade business. These loans are matched with the funding available in the respective currency and maturity.

As part of its lending activities, the Bank provides project financing. Project finance deals are tailored to each project specifics.

To avoid excessive concentration of credit risks, the Bank limits its exposures to a single borrower and/or a group of inter-connected borrowers. At 2000 year-end the aggregate amount of large credit exposures represented 285 % of the Bank's capital, which was significantly lower the minimum 800 % limit set by the Central Bank of Russia. The "large credit exposures" ratio set by the Central Bank of Russia is also applied by Vozrozhdeniye to its credit granting process.

Credit risk ratios

| | Required Ratio | Actual Ratio | |
|--|-------------------|---------------------|---------------------|
| | | at 31 December 1999 | at 31 December 2000 |
| Aggregate amount of large credit exposures as a percentage of capital (N7 Ratio) | max. 800.0 | 745.2 % | 285.0 % |
| Aggregate amount of exposures to insiders (including 50 % of off-balance sheet positions) as a percentage of capital (N10 Ratio) | min. 2.0 | 0.2 % | 0.3 % |

**Interest-earning assets**

| RUR in thousands at 31 December | 1999 | | 2000 | |
|--|------------------|--------------|------------------|--------------|
| | Amount | % of total | Amount | % of total |
| Lending to corporate customers | | | | |
| Short-term loans, including discounted bills and notes | 3,806,962 | 54.2 | 3,808,891 | 46.0 |
| RUR | 1,881,517 | 26.8 | 2,403,931 | 29.0 |
| Foreign currency | 1,925,445 | 27.4 | 1,404,960 | 17.0 |
| Long-term loans | 2,211,663 | 31.5 | 2,065,183 | 24.9 |
| RUR | 302,333 | 4.3 | 281,448 | 3.4 |
| Foreign currency | 1,909,330 | 27.2 | 1,783,735 | 21.5 |
| Past due loans | 73,104 | 1.0 | 83,994 | 1.0 |
| RUR | 73,104 | 1.0 | 83,994 | 1.0 |
| Foreign currency | 0 | 0.0 | 0 | 0.0 |
| Total lending to corporate customers | 6,091,729 | 86.7 | 5,958,068 | 71.9 |
| Lending to private customers | | | | |
| RUR | 435,153 | 6.2 | 872,302 | 10.5 |
| Foreign currency | 16,785 | 0.2 | 45,442 | 0.6 |
| Past due loans in RUR | 130 | — | 235 | — |
| Total lending to private customers | 452,068 | 6.4 | 917,979 | 11.1 |
| Lending to banks | | | | |
| RUR | 103,789 | 1.5 | 131,985 | 1.6 |
| Foreign currency | 40,953 | 0.6 | 309,988 | 3.7 |
| Past due loans in RUR | 0 | 0.0 | 0 | 0.0 |
| Total lending to banks | 144,742 | 2.1 | 441,973 | 5.3 |
| Debt securities | | | | |
| RUR | 59,639 | 0.8 | 73,388 | 0.9 |
| Foreign currency | 276,734 | 4.0 | 890,136 | 10.8 |
| Total debt securities | 336,373 | 4.8 | 963,524 | 11.7 |
| Total interest-earning assets | 7,024,912 | 100.0 | 8,281,544 | 100.0 |
| RUR | 2,855,665 | 40.6 | 3,847,283 | 46.5 |
| Foreign currency | 4,169,247 | 59.4 | 4,434,261 | 53.5 |

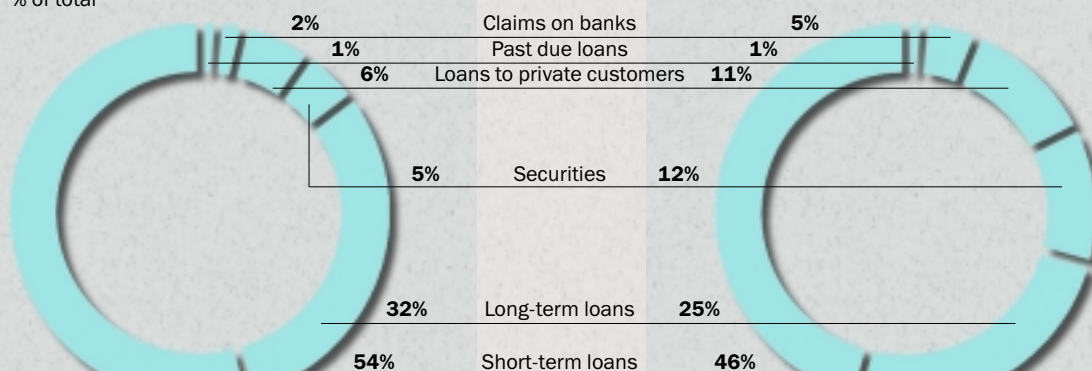
The Bank strives to diversify and improve the structure of its interest-earning assets. Their composition was changed in the course of the last year. Debt securities increased by 186.5 %, lending to private customers and banks rose by 103.1 % and 205.1 %, respectively, while lending to corporate customers decreased slightly from RUR 6,091,729 thousand at year-end 1999 to RUR 5,958,068 thousand at the end of 2000, or by 2.2 %. The decrease in corporate lending was attributable primarily to the lower volumes of both short-term and long-term foreign currency lending.

As in previous years, long-term loans were financed principally from the funds provided under various projects of the World Bank.

The currency composition of the Bank's earning assets was changed in 2000. At the end of 2000 rouble denominated assets represented 46.5 % of the Bank's total earning assets as compared with 40.6 % at the beginning of the year, thus improving its currency risk profile.

Interest-earning assets

% of total





Allowance for credit losses

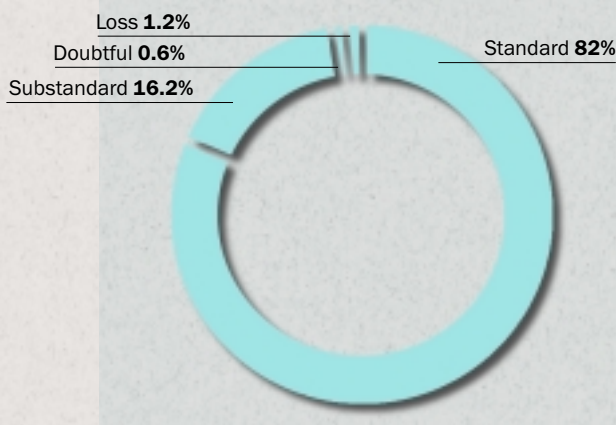
| RUR in thousands | 1999 | 2000 |
|--|-----------|-----------|
| Allowance for credit losses at the beginning of the year | 74,900 | 196,207 |
| Allowance for credit losses at the end of the year | 196,207 | 251,038 |
| Lending to customers and banks at the end of the year | 6,688,539 | 7,318,020 |
| of which past due loans | 73,234 | 84,229 |
| <i>Past due loans as a percentage of gross lending at year-end</i> | 1.1 | 1.1 |
| <i>Allowance for credit losses as a percentage of gross lending at year-end</i> | 2.93 | 3.43 |
| <i>Allowance for credit losses as a percentage of past due loans at year-end</i> | 267.9 | 298.0 |

The quality of the loan portfolio is good, a fact confirmed by the Bank's external auditors. As in previous years, allowances for credit losses did not exceed 3.5 % of gross lending. In addition, "standard", or practically risk-free loans, as per the Central Bank of Russia classification criteria, prevail in the overall loan portfolio.

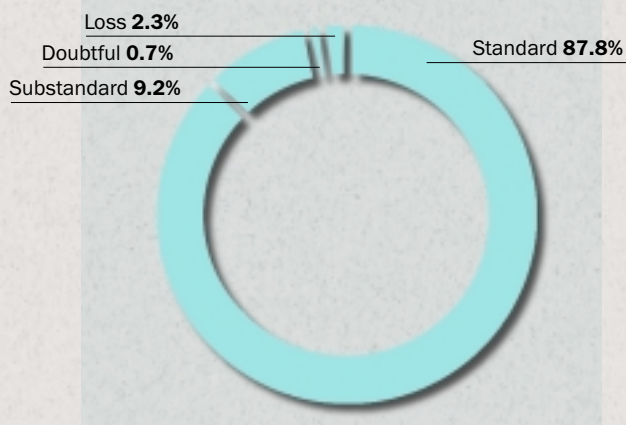
The loan loss provisioning method employed by the Bank involves an internal review of the quality of each loan within the entire portfolio. Under the CBR's requirements all loans and similar exposures are classified into "standard", "substandard", "doubtful" and "loss" categories which carry allowances for credit risks of 1 %, 20 %, 50 % and 100 % of the principal amount outstanding, respectively.

The share of past due loans in total gross loans to customers and banks remained unchanged and stood at 1.1% at the year-end of 2000, thus reflecting the Bank's continuous efforts to control credit risks. It should be noted that the majority of past due loans are fully secured, and loan delinquencies were caused by the borrowers' temporary financial difficulties. For these reasons, only a small fraction of past due loans was classified by the Bank as "loss" loans.

Loan portfolio by risk ratings
% of total at 1999 year-end



Loan portfolio by risk ratings
% of total at 2000 year-end



FUNDING AND LIQUIDITY RISK MANAGEMENT

The Bank's ability to raise deposits and borrow funds is largely dependent upon its reputation as a stable and reliable credit institution which is able at all times to honor its financial commitments. Therefore, managing liquidity is one of the most important activities of V.Bank.

The objective of liquidity management is to ensure the availability of sufficient cash flows to timely meet customers' deposit withdrawal and payment requirements both in roubles and foreign currencies, to repay borrowings and to fund the Bank's own operations.

In formulating its funding policy, V.Bank takes into consideration current market conditions, as well as anticipated changes in the financial markets environment. The funding and interest risk management instruments used by the Bank are designed to balance its own interests and the interests of its customers.

The Bank's liquidity improved thanks to its ability to raise funds in the foreign exchange and capital markets, where Vozrozhdeniye is an active player, and to obtain financings from its correspondent banks in the form of interbank deposits.

Based on their remaining maturities, all deposits and borrowed funds are divided into short-term (up to one year), medium-term (from one to three years) and long-term (more than three years). Rates paid on deposits and the cost of borrowed funds are periodically adjusted in line with movements in the CBR's refinancing rate and market rates.

Strengthening the funding base is a key element of the Bank's business strategy, as the volume of entrusted funds determines to a greater extent its financial strength and rankings among other banks in terms of total balance sheet, liquidity, profitability and stability.



Deposits

| RUR in thousands at 31 December | 1999 | | 2000 | |
|---|------------------|--------------|------------------|--------------|
| | Amount | % of total | Amount | % of total |
| Customer accounts and deposits | | | | |
| Corporate customers | 4,595,066 | 59.6 | 5,497,691 | 60.9 |
| RUR | 2,883,439 | 37.4 | 4,394,611 | 48.7 |
| Foreign currency | 1,711,627 | 22.2 | 1,103,080 | 12.2 |
| Private customers | 742,107 | 9.6 | 1,425,910 | 15.8 |
| RUR | 307,456 | 4.0 | 631,480 | 7.0 |
| Foreign currency | 434,651 | 5.6 | 794,430 | 8.8 |
| Total customer accounts and deposits | 5,337,173 | 69.2 | 6,923,601 | 76.7 |
| Deposits by banks | | | | |
| Current/clearing accounts | 192,745 | 2.5 | 122,583 | 1.4 |
| RUR | 2,602 | - | 122,341 | 1.4 |
| Foreign currency | 190,143 | 2.5 | 242 | - |
| Time deposits | 1,546,100 | 20.0 | 1,585,449 | 17.5 |
| RUR | 1,295,276 | 16.7 | 1,307,717 | 14.4 |
| Foreign currency | 250,824 | 3.3 | 277,732 | 3.1 |
| Total deposits by banks | 1,738,845 | 22.5 | 1,708,032 | 18.9 |
| Other deposits | | | | |
| Certificates of deposit | 93,255 | 1.2 | 133,406 | 1.5 |
| RUR | 93,255 | 1.2 | 133,406 | 1.5 |
| Promissory notes | 547,802 | 7.1 | 261,076 | 2.9 |
| RUR | 279,875 | 3.6 | 198,748 | 2.2 |
| Foreign currency | 267,927 | 3.5 | 62,328 | 0.7 |
| Total other deposits | 641,057 | 8.3 | 394,482 | 4.4 |
| Total deposits | 7,717,075 | 100.0 | 9,026,115 | 100.0 |
| RUR | 4,861,903 | 63.0 | 6,788,303 | 75.2 |
| Foreign currency | 2,855,172 | 37.0 | 2,237,812 | 24.8 |

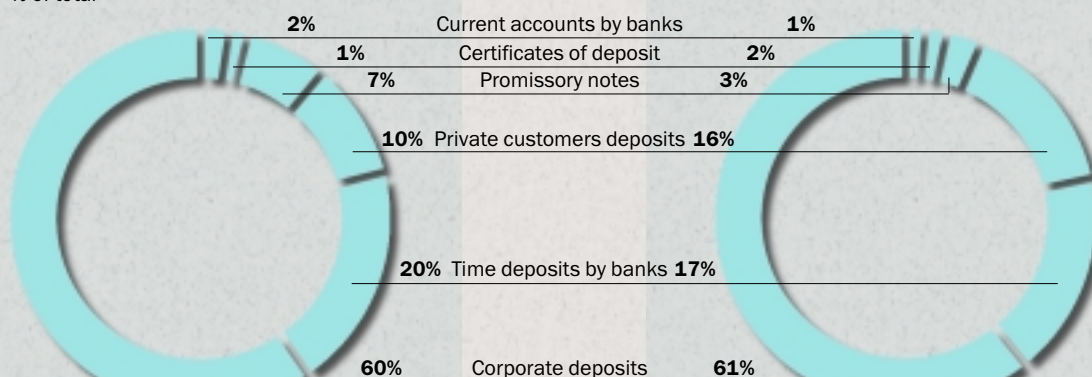
The volume of funds deposited with the Bank increased significantly in 2000, primarily as a result of the expanded client base and the improved quality of services. The aggregate amount of deposits and borrowings grew by 17 % to RUR 9,026,115 thousand at the end of 2000. The share of foreign currency-denominated deposits in total funding fell from 37.0 % to 24.8 % at 2000 year-end, thus reducing the Bank's exposure to interest rate risk.

In order to minimize liquidity risk, Vozrozhdeniye maintains a well-balanced portfolio of liabilities diversified by product, currency and maturity. A substantial proportion of the Bank's funding is made up of corporate current accounts and private customer deposits which have traditionally formed a stable deposit base due to the large number of depositors.

Total customer accounts and deposits showed an increase of RUR 1,586,428 thousand, or 30 %, to RUR 6,923,601 thousand at 2000 year-end. Within this broad category, corporate current accounts and deposits increased by 20 %, and private customer deposits grew by 1.9 times. Outstanding certificates of deposit went up 43 % to RUR 133,406 thousand at the end of 2000.

Deposits

% of total



1.01.00

1.01.01



The Bank manages liquidity by controlling the maturities of assets and liabilities and by monitoring the actual and expected inflows and outflows of funds. Liabilities with stated maturities are matched with assets having similar maturities. For the purposes of liquidity management, customer funds placed on demand deposits and similar accounts are divided (based on the statistical analysis of past experience) into "core", or stable deposits, and "hot", or volatile funds, and are used in financing the Bank's operations within the limits established by the Asset and Liabilities Management Committee of V.Bank.

To provide a cushion against liquidity risks, the Bank holds a portfolio of liquid assets. Immediately liquid resources represented by cash on hand and balances with the Central Bank of Russia increased in 2000 by 26 % to RUR 959,364 thousand at the end of the reporting year.

Liquidity ratios

| | Required Ratio | Actual Ratio | |
|--|-------------------|---------------------|---------------------|
| | | at 31 December 1999 | at 31 December 2000 |
| Highly liquid assets as a percentage of liabilities repayable on demand (N2 Ratio) | min. 20.0 | 25.9 % | 51.4 % |
| Liquid assets as a percentage of aggregate amount of liabilities repayable on demand and liabilities with a remaining term to maturity of less than 30 days (N3 Ratio) | min. 70.0 | 46.9 % | 72.4 % |
| Loans and guarantees with a remaining term to maturity of more than one year as a percentage of aggregate amount of capital and liabilities with a remaining term to maturity of more than one year (N4 Ratio) | max. 120.0 | 59.0 % | 39.1 % |
| Liquid assets as a percentage of total assets (N5 Ratio) | min. 20.0 | 21.2 % | 25.3 % |

CAPITAL

| RUR in thousands at 31 December | 1999 | 2000 |
|---|----------------|------------------|
| Capital | 545,637 | 1,450,089 |
| Capital per Ordinary share (RUR) | 55.5 | 128.9 |
| Market price/Capital per Ordinary share | 0.27 | 0.19 |
| Market capitalization | 151,618 | 272,489 |
| Share capital | 111,251 | 145,432 |
| Number of shares outstanding: | | |
| Ordinary shares (RUR 10 face value) | 9,830,572 | 11,248,753 |
| Preference shares (RUR 1 face value) | 12,945,041 | 12,945,041 |
| Convertible preference shares (RUR 10 face value) | 0 | 1,999,941 |

The Bank's capital position continued to strengthen during 2000 primarily due to an increase in the shareholders' equity.

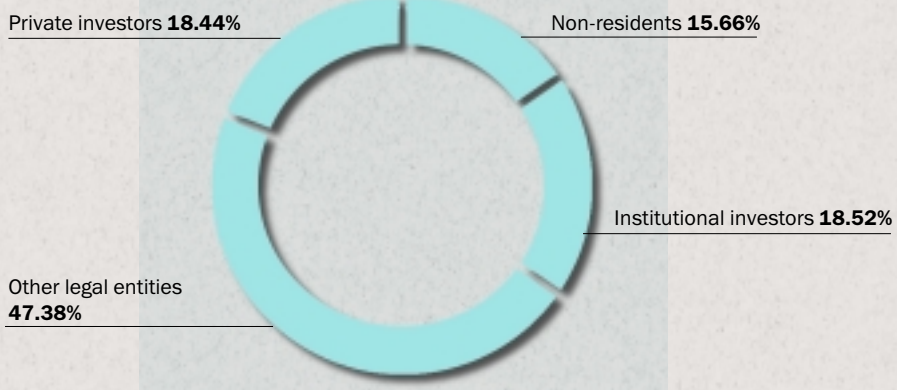
On 29 March 2000 the Central Bank of Russia approved the results of the Bank's new share issue. Vozrozhdeniye issued 1,418,181 Ordinary shares of RUR 10 face value and 1,999,941 Convertible preference shares of RUR 10 face value each with an aggregate face value of RUR 34.2 million.

Ordinary shares were offered at USD 5.5 per share in cash and Convertible preference share at USD 5.1 per share. The proceeds from the share issue were denominated entirely in US dollars. All shares were placed among foreign and Russian institutional investors. As a result of the share issue, shareholdings of non-residents increased to 15.7 % of the total share capital.

At the end of 2000 the Bank had 8,390 shareholders, including 1,120 institutional investors which hold 81.6 % of the Bank's share capital in aggregate.



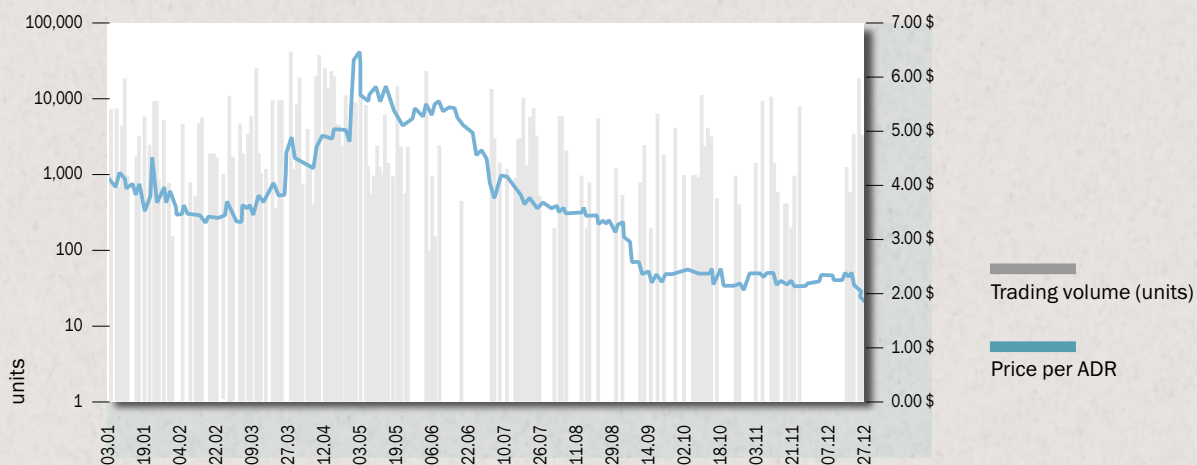
Distribution of share capital % of total at 2000 year-end



During 2000 V.Bank's shares were quoted on the Russian Trading System (RTS). As from October 2000 the Bank's shares were also quoted on the National Quotation System - the new market for Russian stocks established by the National Association of Stock Market Participants (NAUFOR).

The Bank's Ordinary shares in the form of American Depositary Receipts (ADRs) were listed on the Berlin and Frankfurt Stock Exchanges. The aggregate number of the Bank's ADRs traded there in 2000 exceeded 700 thousand. The fluctuation range in the V.Bank's ADR price widened significantly during the last year, varying between USD 1.68 and USD 6.56. The average price was USD 4.15 per ADR. Holders of ADRs owned 3.8 % of the Bank's share capital at 2000 year-end.

ADRs market statistics 2000





Corporate Data

SUPERVISORY BOARD

Yury M. Marinitchev

Chairman of the Supervisory Board
Chairman of the Board
The Moscow Regional Consumer
Co-operatives Union

Dmitry L. Orlov

Deputy Chairman of the Supervisory Board
Chairman of the Managing Board and
President Vozrozhdeniye Bank

Viktor A. Afonin

Deputy Chairman of the Supervisory Board
Deputy General Director
Almaziuvirexport Foreign Trade Society

Pavel I. Chelpan

Head of the Stupino District
Administration, Moscow Region

Nikolay Ya. Demin

Chairman of the Board and
General Director
Mikoyanovsky Meat Processing Factory

Aleksandr V. Dolgoplov

Deputy Chairman of the Managing Board
Head of the Development Department
Vozrozhdeniye Bank

Lyudmila A. Goncharova

Deputy Chairman of the Managing Board
Vozrozhdeniye Bank

Valentina M. Kabanova

General Manager of the Volokolamsk branch
Vozrozhdeniye Bank

Piotr D. Katsyv

General Director
Mostransavto Motor Transport Company

Yury V. Korablin

Head of the Khimki District
Administration,
Moscow Region

Konstantin V. Kunitzky

General Director
Ramensky Agro-Industrial Complex

Igor V. Lavrik

Member of the Supervisory Board

Tamara I. Luzhina

Head of the Financial Department
Vozrozhdeniye Bank

Vladimir G. Malinin

Member of the Supervisory Board

Valery A. Miroshnikov

Deputy General Director
The State Agency for Credit Institutions
Restructuring

Mark M. Nakhmanovich

Deputy Chairman of the Managing Board
Vozrozhdeniye Bank

Inessa V. Nikolayeva

Member of the Supervisory Board

Nikolay D. Orlov

Deputy Chairman of the Managing Board
Vozrozhdeniye Bank

Aleksey V. Semin

General Director
Belaya Dacha Agricultural Company

Dmitry A. Strashok

Deputy Chairman of the Managing Board
Vozrozhdeniye Bank

Nikolay S. Zatsepin

General Director
Mozhaisk Wholesale and
Retail Trade Company

Marina A. Zinovina

Financial Director
The State Agency for
Credit Institutions Restructuring

MANAGING BOARD

Dmitry L. Orlov

Chairman of the Managing Board and
President

Tatiana F. Gavrilkina

Head of the Liquidity Management
Department

Lyudmila A. Goncharova

Deputy Chairman of the Managing Board

Aleksandr V. Dolgoplov

Deputy Chairman of the Managing Board
Head of the Development Department

Oleg V. Kharlamov

Head of the Administrative and Personnel
Department

Gleb A. Kostin

Deputy Chairman of the Managing Board

Sergey V. Lenkov

General Manager of the Central Branch

Tamara I. Luzhina

Head of the Financial Department

Mark M. Nakhmanovich

Deputy Chairman of the Managing Board

Nikolay D. Orlov

Deputy Chairman of the Managing Board

Dmitry A. Strashok

Deputy Chairman of the Managing Board

AUDIT COMMITTEE

Vladimir P. Rassadnikov

Chairman of the Audit Committee
Economy and Marketing Director
Electrostal Engineering Plant

Tamara N. Lapinskaya

Deputy Head of the Financial Department
Vozrozhdeniye Bank

Svetlana A. Markina

Chief Internal Ledger Accountant of the
Financial Department
Vozrozhdeniye Bank



BRANCH DIRECTORY

Moscow

| | | | |
|-------------|---|----------------|-------------------------|
| Central | Luchnikov Pereulok 7/4, 103696 Moscow, Russian Federation | (095) 929 1882 | Sergey V. Lenkov |
| Ilyinsky | Leningradsky Prospekt 7, 125040 Moscow, Russian Federation | (095) 946 1908 | Vakhtang Y. Djariani |
| Ostankinsky | Obraztsova Street 31, Building 2, 127018 Moscow, Russian Federation | (095) 289 1166 | Natalia V. Barkhotkina |
| Ulyanovsky | Vesiolaya Street 33, Block 4, 115541 Moscow, Russian Federation | (095) 321 1311 | Aleksandr V. Bolhovitin |

Moscow region

| | | | |
|-------------------|--|----------------|-------------------------|
| Bronnitsy | Novo Bronnitskaya Street 52, 140170 Bronnitsy, Russian Federation | (095) 923 1946 | Zinaida N. Shepeleva |
| Chekhov | Chekhova Street 22, 142300 Chekhov, Russian Federation | (095) 546 8510 | Raisa P. Petrykina |
| Dmitrov | Sovetskaya Square 1, 141800 Dmitrov, Russian Federation | (095) 993 9342 | Vitaly M. Soloviov |
| Domodedovo | Kashirskoye Shosse 54a, 142040 Domodedovo, Russian Federation | (095) 546 8750 | Tatiana A. Fomicheva |
| Egorievsk | Sovetskaya Street 106/5, 140300 Egorievsk, Russian Federation | (240) 4 3392 | Lyudmila V. Baykova |
| Elektrostal | Pobedy Street 16, 144007 Elektrostal, Russian Federation | (257) 7 0845 | Natalia A. Gnedkova |
| Istra | Lenina Street 81, 143500 Istra, Russian Federation | (095) 994 5441 | Vera A. Ulitina |
| Kashira | Sovetskaya Street 12, 142900 Kashira, Russian Federation | (269) 3 1984 | Tatiana A. Murashkina |
| Khimki | Moskovskaya Street 22/1, 141400 Khimki, Russian Federation | (095) 572 2466 | Sergey S. Pushkin |
| Klin | Karla Marksa Street 8, 141600 Klin, Russian Federation | (095) 539 8049 | Olga N. Kalenova |
| Kolomna | Oktyabrskoy Revolyutsii Street 340, 140408 Kolomna, Russian Federation | (261) 2 5523 | Lev N. Primov |
| Krasnogorsk | Golievo Town, 143400 Krasnogorsk 5, Russian Federation | (095) 743 8447 | Irina L. Zlenko |
| Kurovskoye | Sorok Let Oktiabria Street 52, 142640 Kurovskoye, Russian Federation | (241) 1 6212 | Marina S. Okuneva |
| Lotoshino | Pochtovaya Street 2, 143800 Lotoshino, Russian Federation | (228) 1 0164 | Aleksandra P. Vasiukova |
| Lukhovitsy | Gorkogo Street 4, 140500 Lukhovitsy, Russian Federation | (263) 2 3903 | Viktor V. Goncharov |
| Lyubertsy | Krasnoarmeyskaya Street 3, 140005 Lyubertsy, Russian Federation | (095) 559 9472 | Lydmila B. Edykova |
| Mikhnevo | Gorkogo Street 1, 142840 Mikhnevo, Russian Federation | (264) 7 1937 | Galina V. Sapronova |
| Mozhaisk | Krasnyh Partizan Street 4, 143200 Mozhaisk, Russian Federation | (238) 4 4144 | Evdokia I. Kovbasenko |
| Naro-Fominsk | Marshala Zhukova Street 9, 143300 Naro-Fominsk, Russian Federation | (095) 592 1809 | Nadezhda V. Morozova |
| Noginsk | Rogozhskaya Street 81, 142400 Noginsk, Russian Federation | (095) 524 5258 | Olga F. Slyshankova |
| Odintsovo | Marshala Zhukova Street 16, 143000 Odintsovo, Russian Federation | (095) 593 5629 | Rimma N. Pankova |
| Podolsk | Kirova Street 11, 142100 Podolsk, Russian Federation | (095) 333 8401 | Valentina A. Rylkova |
| Pushkino | Moskovsky Prospekt 11, 141200 Pushkino, Russian Federation | (095) 993 5859 | Tatiana V. Miklyaeva |
| Pushtchino | Mikrorayon G, 142290 Pushtchino, Russian Federation | (095) 795 2029 | Olga P. Beletskaya |
| Ramenskoye | Krasnoarmeyskaya Street 3, 140100 Ramenskoye, Russian Federation | (095) 556 6994 | Nina E. Yudina |
| Ruza | Sotsialisticheskaya Street 27, 143100 Ruza, Russian Federation | (095) 598 0409 | Irina G. Potapova |
| Sergiev Posad | Krasnoy Armii Proezd 52, 141300 Sergiev Posad, Russian Federation | (095) 921 0158 | Tamara D. Teslya |
| Serebryanye Prudy | Yubileiny Mikrorayon 4, 142940 Serebryanye Prudy, Russian Federation | (095) 220 4710 | Valentina E. Agapova |
| Serpukhov | Gorkogo Street 3b, 142203 Serpukhov, Russian Federation | (277) 5 0085 | Tatiana S. Shvab |
| Shatura | Sportivnaya Street 6, 140700 Shatura, Russian Federation | (245) 2 1709 | Yekaterina N. Tarasova |
| Shakhovskaya | Pervaya Sovetskaya Street 36, 143700 Shakhovskaya, Russian Federation | (237) 3 3441 | Svetlana V. Kashina |
| Shchiolkovo | Lenina Square 5, 141100 Shchiolkovo, Russian Federation | (095) 526 9341 | Sergei N. Nikolaev |
| Solnetchnogorsk | Baranova Street 1, 141500 Solnetchnogorsk, Russian Federation | (095) 994 0756 | Nina P. Aksionova |
| Stupino | Prospekt Pobedy 26, 142800 Stupino, Russian Federation | (264) 4 2475 | Zinaida G. Kulikova |
| Taldom | Krasnoarmeyskaya Street 2, 141900 Taldom, Russian Federation | (220) 2 0031 | Lydia V. Sderzhikova |
| Volokolamsk | Oktyabrskaya Square 10, 143600 Volokolamsk, Russian Federation | (236) 2 2472 | Valentina M. Kabanova |
| Voskresensk | Pobedy Street 34, 140200 Voskresensk, Russian Federation | (244) 2 7177 | Tamara P. Matvienko |
| Zaraisk | Uritskogo Square 1, 140600 Zaraisk, Russian Federation | (266) 2 2832 | Galina N. Shmatkova |
| Zvenigorod | Pochtovaya Street 10, 143180 Zvenigorod, Russian Federation | (095) 992 5467 | Tamara N. Starostina |

Other regions

| | | | |
|-----------------|--|----------------|--------------------------|
| Barnaul | Avtotransportnaya Street 43a, 656064 Barnaul, Russian Federation | (3852) 35 2291 | Tatiana V. Malakhova |
| Kaliningrad | Sovetsky Prospekt 12, 236000 Kaliningrad, Russian Federation | (0112) 55 4831 | Tamara N. Konopkina |
| Khabarovsk | Dikopoltseva Street 10, 680013 Khabarovsk, Russian Federation | (4212) 21 2252 | Gleb E. Klimenko |
| Krasnodar | Severnaya Street 324, 350000 Krasnodar, Russian Federation | (8612) 64 3370 | Irina G. Chudinova |
| Magadan | Portovaya Street 3, 685024 Magadan, Russian Federation | (41322) 2 2811 | Aleksandra A. Usacheva |
| Makhachkala | Pushkina Street 4, 367012 Makhachkala, Russian Federation | (8722) 67 8459 | Natalia B. Pavlova |
| Murmansk | Kolsky Prospekt 110a, 183008 Murmansk, Russian Federation | (8152) 56 5624 | Valery F. Lysenkov |
| Nadym | Zvereva Street 10, 629736 Nadym, Russian Federation | (34595) 3 3991 | Bentsion Y. Rakhmimov |
| Nizhny Novgorod | Strazh Revolyutsii Street 9a, P.O. Box 318, 603014 Nizhny Novgorod, Russian Federation | (8312) 74 2148 | Vadim V. Nigritsky |
| Novorossiysk | Kunikova Street 47b, 353900 Novorossiysk, Russian Federation | (8617) 23 7813 | Igor L. Evteyev |
| Petrozavodsk | Andropova Street 15, P.O. Box 29, 185028 Petrozavodsk, Russian Federation | (8142) 77 9858 | Valery P. Volkhov |
| Rostov-on-Don | Chekhova Street 56, 344006 Rostov-on-Don, Russian Federation | (8632) 65 5111 | Liubov D. Bakholdina |
| St. Petersburg | 9 Liniya 60, Vasilievsky Ostrov, 199004 St. Petersburg, Russian Federation | (812) 328 0068 | Vladimir V. Gladtschenko |
| Saransk | Gagarina Street 99, 430027 Saransk, Russian Federation | (8342) 33 5025 | Sergey V. Naumkin |
| Stavropol | Karl Marx Street 3/1a, 355008 Stavropol, Russian Federation | (8652) 28 2222 | Aleksey N. Chashchikhin |
| Volgodonsk | Velikoy Pobedy Boulevard 38a, 347340 Volgodonsk, Russian Federation | (86392) 2 8175 | Alexey D. Petrakov |
| Volgograd | Nevskaya Street 11, 400087 Volgograd, Russian Federation | (8442) 32 1253 | Natalia I. Shabunina |
| Yekaterinburg | Khokhriakova Street 104, 620144 Yekaterinburg, Russian Federation | (3432) 22 0462 | Valery G. Serov |
| Yaroslavl | Pushkina Street 2, Block 2, 150000 Yaroslavl, Russian Federation | (0852) 72 7635 | Aleksandr S. Khabarin |



BANK'S SHARES

| | Ordinary shares | Preference shares with fixed dividend | Convertible preference shares |
|---|---------------------|--|----------------------------------|
| Face value | RUR 10 | RUR 1 | RUR 10 |
| Number of shares outstanding at 2000 year-end | 11,248,753 | 12,945,041 | 1,999,941 |
| Type of issue | documentary | documentary | book-entry |
| State registration number | 10101439B | 10201439B | 10311439B |
| Listings: | | | |
| Russian Trading System | since May 1997 | since July 1997 | not listed |
| Moscow Interbank Foreign Currency Exchange | since February 1998 | since February 1998 | not listed |
| National Quotation System | since October 2000 | since October 2000 | since October 2000 |

Transfer of shares

All the Bank's shares are registered shares. Instructions concerning transfers of ownership rights, change of address and other shareholders' details must be submitted to the Transfer Agent and Registrar or authorized Depositary.

Information for shareholders

The Bank's Statute, financial statements, the AGM's resolutions and other documentation may be inspected by shareholders at the offices of the Transfer Agent and Registrar.

TRANSFER AGENT AND REGISTRAR

OA O Avista Specialized Registrar
Luchnikov Pereulok 7/4, Building 6
103696 Moscow
Russian Federation
Telephone: (7 095) 929 1861
Fax: (7 095) 929 1861

AMERICAN DEPOSITARY RECEIPTS

The ordinary shares of the Bank are available on the international capital market in the form of American Depositary Receipts (ADRs), each ADR representing one ordinary share. ADRs were issued by the Bank of New York under a sponsored Level I Depositary Receipt programme. 550,000 ADRs were outstanding at 31 December 2000, corresponding to 3.78% of the Bank's share capital.

Listings

ADRs have been listed since July 1997 on the Berlin Stock Exchange and since August 1997 on the Frankfurt Stock Exchange.

Additional information

To obtain more information about ADRs, please visit The Bank of New York at www.bankofny.com/adr.

DEPOSITARY

The Bank of New York
101 Barclay Street, 22nd Floor
West New York, NY 10286
USA
Telephone: (1 212) 815 2077
Fax: (1 212) 571 3050

Moscow Representative Office

Posledny Pereulok 17, Office 4
103045 Moscow
Russian Federation
Telephone: (7 095) 967 3110

CUSTODIAN

ING Bank Eurasia ZAO
Krasnaya Presnya 31
123022 Moscow
Russian Federation
Telephone: (7 095) 755 5400
Fax: (7 095) 755 5499

AGENT

C.T. Corporation Systems
111 Eighth Avenue
New York, NY 10011
USA
Telephone: (1 212) 894 8500
Fax: (1 212) 894 8590



Founded in 1991 on the basis of the specialized state institution - the Moscow Regional Department of the Agroprombank of the USSR, the Vozrozhdeniye Moscow Joint-Stock Commercial Bank is one of the largest Russian credit institutions.

The Bank has General Banking License No. 1439, and is authorized by the Federal Commission for the Securities Market to carry out securities business.

V.Bank provides diverse financial products and services to individuals, businesses, government agencies, and financial institutions, including current account services, deposits and loans, funds transfer and documentary payments, foreign exchange and precious metals trading, securities brokerage and custody services, payment and credit cards, and other products and services.

The Bank's products and services are delivered through a network of 62 branches, 26 sub-branches and 58 ATMs operating in 18 geographical regions of the Russian Federation.

HEAD OFFICE

Vozrozhdeniye Bank

Luchnikov Pereulok 7/4

103696 Moscow

Russian Federation

Telephone: (7 095) 923 1888

Fax: (7 095) 929 1999

Telex: 414680 VBNK RU

Internet: www.vbank.ru

E-mail: vbank@co.voz.ru

Swift: VBNKRUMM

Reuters: VOZM

Sprint: VOZROGD.MOSC/cea

INDEPENDENT AUDITORS

ZAO PricewaterhouseCoopers Audit

Kosmodamianskaya Nab. 52, Building 5

113054 Moscow

Russian Federation

Telephone: (7 095) 967 6000

Fax: (7 095) 967 6001