Raiffeisen BANK

# Annual Report 2009

## *Survey of Key Data*

| **ZAO Raiffeisenbank**<br>Monetary values are in RUR mln | **2009** | **2008** | **Change** |
|---|---|---|---|
| **Consolidated Income Statement** | | | |
| Net interest income after provision for loan impairment | 15 468 | 22 014 | –30% |
| Net commission income | 6 538 | 5 441 | 20% |
| Trading profit | 1 163 | 5 385 | –78% |
| Administrative and other operating expenses | –16 676 | –17 197 | –3% |
| Profit before tax | 6 607 | 15 670 | –58% |
| Profit | 5 423 | 11 198 | –52% |
| **Balance Sheet** | | | |
| Due from other banks | 30 553 | 7 426 | 311% |
| Loans and advances to customers | 244 529 | 364 540 | –33% |
| Due to other banks | 20 800 | 60 275 | –65% |
| Customer accounts | 259 129 | 259 402 | –0.1% |
| Total assets | 512 656 | 619 320 | –17% |
| **Capital adequacy in accordance with the Central Bank of Russian Federation requirements** | | | |
| Capital | 62 080 | 63 519 | –2% |
| Actual capital adequacy ratio | 17.03% | 13.42% | 27% |
| Required minimum capital adequacy ratio | 10.0% | 10.0% | 0% |
| **Performance** | | | |
| Return on average equity (ROE) before tax | 8.71% | 25.6% | –66% |
| Return on equity (ROE) after tax | 7.15% | 18.3% | –61% |
| Cost/income ratio | 42.7% | 43.3% | –2% |
| Return on assets (ROA) before tax | 1.2% | 3.0% | –61% |
| **Resources** | | | |
| Number of staff as at 31 December | 9 403 | 10 731 | –14% |
| Business outlets as at 31 December | 211 | 233 | –9% |

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# Statement by the Supervisory Board

While 2008 was an "extraordinary" year for the Raiffeisen International Group as a whole, 2009 will be remembered for being "extreme" and "challenging". The global economic crisis and its effects on the comparatively young market economies of Central and Eastern Europe presented our banking group with completely new challenges. We were able to cope with them well thanks to our business model, which is geared to the real needs of businesses and private individuals in 17 countries in the region and has proved sustainably robust even in these difficult times. Obviously, the record result we achieved in 2008 could not be sustained in an environment that was without doubt the worst in many decades and lead to many banks posting losses and being sold off. While our consolidated profit (after tax and minorities) dropped significantly to EUR 212 million, this result still underlined the strength of our business model and clearly exceeded the market's expectations.

We made good use of the crisis year 2009, adjusting the parameters of our strategy to the difficult conditions and making our organization even fitter for the times and tasks that lie ahead. While growth and earnings were previously in the foreground, we focused in 2009 on strengthening capital, managing liquidity and risk, raising efficiency, and lowering costs. Unsurprisingly, the year was also shaped by the sharp rise of non-performing loans and related increase of provisioning for impairment losses. However, the upward momentum of non-performing loans slowed down in the second half of the year, and overall economic conditions improved. Many market observers share our view that this trend will continue in 2010. We may have passed the worst point of the economic crisis, but the current year will be another one of great challenges. We therefore consider it extremely important that we continue to focus fully on the agenda set in 2009.

We are firmly convinced that CEE will prove to be the driving force in Europe again after the crisis. The region as a whole obviously suffered a setback last year. In some CEE countries, this setback was more severe than in Western Europe, in others it was much less so. But the convergence process that started more than two decades ago is still far from over. The continuing need to catch up after about five decades of communism will, according to practically all forecasts, see to it that the region again undergoes stronger growth than Western Europe in the years ahead. Added to that is its comparatively lower penetration rate with respect to banking products. All that should be a solid basis of renewed successful development for banks operating in the region. Speaking of success: the confidence of our customers has been and remains our most important indicator in that respect. The increase in the number of our customers during the year from 14.7 million to 15.1 million documents that we enjoy this confidence despite, or even because of, the extraordinarily difficult times.

Regarding ZAO Raiffeisenbank (Raiffeisenbank), I am proud to say that it not only stood firm during the difficult economic period but also maintained its strong position on the Russian banking market. Raiffeisenbank ranked ninth among Russian banks in assets as of year-end 2009, according to Interfax-CEA, was fifth in local retail deposits and eighth in retail loans. As of yer-end 2009, Raiffeisenbank's assets amounted to more than RUR 512 billion, and its after-tax profit exceeded RUR 5.4 billion.

Raiffeisenbank's reliability has been confirmed by international rating agencies. According to Fitch Ratings, its long-term issuer default rating in foreign currency was BBB+ (forecast stable), the short-term rating in foreign currency was F2 (support rating 2), individual rating D, and the national scale rating AAA(rus), (forecast stable). Standard & Poor's gave the Bank a long-term rating in foreign and local currency of BBB-(forecast stable), a short-term rating of A-3, and a national scale rating of ruAAA. Moody's Interfax Rating Agency gave the Bank a long-term national scale credit rating Aaa.ru, and Moody's Investors Service rated the Bank Baa3 (long-term, forecast negative), Prime-3 short-term for deposits in foreign and local currency, and awarded a financial stability rating of D+.

To increase access to commercial financing from banks in the Raiffeisen International Group in Central and Eastern Europe, Raiffeisenbank joined the international commercial financing programme of the International Finance Corporation in October 2009. This greatly expanded its ability to offer commercial loans in the region, especially to SMEs, and gave the Bank access to the funds of other programme participants.

In May 2009, Raiffeisen International Bank-Holding AG (Raiffeisen International) sponsored the 54th Eurovision Song Contest held in Moscow. The Bank began supporting this festival, which is very popular in Central and Eastern Europe, in 2008, and I am particularly pleased that our sponsorship has continued in Russia, one of Raiffeisen International's most significant markets (e.g., Raiffeisenbank issued credit cards with the Eurovision 2009 logo).

The Bank's business model confirms that it can work successfully in difficult economic conditions, and I am certain that our strong development strategy and high service quality will allow us to maintain our clients' trust as a reliable partner. Today, as never before, clients demand high professionalism from their banks which depends greatly on the staff's efforts. I am grateful to our staff for their important contribution to the Bank's development in Russia and their responsible approach to the conduct of business.

Herbert Stepic
CEO of Raiffeisen International Bank-Holding AG
Chairman of the Supervisory Board
of ZAO Raiffeisenbank

On behalf of the Supervisory Board, which includes:
Heinz Wiedner
Martin Grüll
Aris Bogdaneris
Peter Lennkh

# Statement of the Chairman of the Board

Raiffeisenbank, just like the entire Russian banking industry, experienced serious challenges to the strength of its business model in 2009. I am proud to say that we showed our mettle as a solid financial institution and used the economic crisis to make the Bank even more efficient and competitive, as well as more convenient and attractive for our clients. We also strengthened the foundation for Raiffeisenbank's further successful development on the Russian market.

Our stability and financial strength are based on many factors, particularly the Raiffeisen Group's deep commitment to the Russian market, the well-considered nature of our financial strategy, our highly rational approach to risk evaluation, the Bank's ability to quickly adapt to changing market conditions and, of course, the high professionalism of our staff. We moved rapidly to adjust our approach to collecting overdue loans. Our work in 2009 received significant accolades from market observers, who awarded Raiffeisenbank the National Banking Prize for "Banks with Foreign Ownership Making a Notable Contribution to Russia's Economic Development."

Our reliable communicativeness, the attractiveness of our services and products, and our clients' great trust allowed the Bank to strongly enhance its brand identity. According to GFK FMDS, in February 2010 Raiffeisenbank's brand recognition among middle-class Russian consumers over the age of 16 was 59% (compared to 34.8% as of end-2008).

Despite the difficult situation on debt markets through 2009, Raiffeisenbank experienced no difficulties with liquidity and, thanks to active measures to strengthen its deposit base, created a significant volume of liquid resources, allowing the Bank to return ahead of schedule a syndicated loan of USD 1 billion taken in April 2008. Last year the Bank reported net income of RUR 5.4 billion, very close to the result achieved in 2007 (RUR 6.7 billion) despite the need to significantly increase its loan loss provisioning to RUR 16 billion.

In 2009, Raiffeisenbank solved the complex problem of optimizing its asset structure, which significantly improved the Bank's capital adequacy (19% as of end-2009, Basel II). Despite the weaker market and the significant fall in demand for loans in the corporate segment, the Bank preserved its main asset: its clients' trust. Keeping our long-term clients has always been the main priority in our work.

In 2009, Raiffeisenbank organised 20 corporate bond issues for a total of RUR 105 billion, again confirming its strong position among Russian corporate bond leaders. Last year we continued the active bond restructuring begun in late 2008 with the first-ever public restructuring transaction of a rouble bond issue on the Russian market. As a result, last year the Bank was named the best bond restructuring agent by Cbonds.

In the retail segment in 2009 our priority was launching new products and loyalty programmes. The Bank offered clients the Austrian Airlines-Raiffeisenbank MasterCard, the MTS-Raiffeisenbank VISA card and Multicurrency deposits which protect funds against currency fluctuations without loss of interest. In December, the Bank was included in the state's special car loan programme which compensates interest rates on loans for the purchase of locally produced automobiles.

Confirmation that the quality of our services meets global standards came in the form of the Global Finance awards "Best Retail Bank" and "Best Internet Bank for Retail Clients". The Bank was also named the "Best Retail Bank" by Retail Finance Awards 2009.

Another important event was the inclusion of insurance services in the Bank's product line. In October, the Bank offered clients new life insurance services developed by Raiffeisen Life, a subsidiary of the Austrian group UNIQA. New insurance programmes for retail clients include life insurance for borrowers and credit card holders, as well as special accrual programmes.

To improve the quality of its services to retail clients, in March 2009 the Bank launched Premium Banking, thereby expanding its Premium Banking client base to over 4 000 by the end of the year.

During the year we devoted considerable attention to major internal organisational changes aimed at improving business processes and technologies. The Bank introduced the Capstone automated system for processing and approving applications for consumer loans. In 2009, the Bank took major steps towards introducing Basel-standard risk management systems; another important achievement was the successful transition to the new MidasPlus technology platform.

A more deeply developed conception for the network's new operational model was created. As a result, in the fall of 2009 the Bank entered a key phase of its operational integration with Impexbank, begun in 2007, following the merger — transformation of the regional network. By mid-2011 Raiffeisenbank will consist of a central office, hub branches usually located in the main cities of federal districts, and a network of operational offices expanding the Bank's footprint in the regions.

Raiffeisenbank subsidiaries, Raiffeisen-Leasing, Raiffeisen Capital Asset Management Company and Raiffeisen Non-State Pension Fund continued to work successfully and strengthened their positions on the Russian financial market. Last year was the most successful in Raiffeisen Capital's five-year history; the company was the only major player on the local collective investments market to achieve a positive result in attracting funds to open unit investment funds. The company's market share in terms of open unit funds under management more than doubled to 6.4%. Raiffeisen Leasing maintained its leadership among universal leasing companies with foreign ownership, closing new transactions worth over RUR 480 million. In 2009, Raiffeisen Non-State Pension Fund's assets under management surpassed RUR 2.3 billion, and the client base grew to more than 38 000 individuals and 110 corporate clients.

As a subsidiary of Raiffeisen International and a leading Russian financial organisation, Raiffeisenbank traditionally devotes attention to corporate responsibility programmes. In 2009, the Bank supported major projects in the areas of charity, culture and sport. Social responsibility is a priority value for the Bank's management and staff. In 2009, we successfully continued developing our Helping Together charitable programme, in which the Bank's staff participates.

I would like to take this opportunity to welcome Arndt Roechling, the Head of the Financial Directorate, to Raiffeisenbank's management team. I am certain that his professionalism and knowledge will strengthen the team and help promote the Bank's further development on the Russian market.

We believe the path we have chosen to improve the Bank's work and business processes is the right one, and we intend to continue our efforts along these lines in the new year. I am sincerely grateful to all our staff for their professionalism and tireless exertions. Please allow me to express my gratitude to all our clients and partners for the trust they have shown, and I am certain that our work together will be just as rewarding as we go forward.

Pavel Gurin
Chairman of the Board
ZAO Raiffeisenbank

# Managing Board of ZAO Raiffeisenbank

**Andrey Stepanenko**

Member of the Board,
Head of Retail Private Individuals Directorate

**Arndt Roechling**

Member of the Board,
Head of Financial Directorate

**Sergei Monin**

Member of the Board,
Head of Treasury Directorate

**Pavel Gurin**

Chairman of the Board

**Dirk Hinze**

Member of the Board,
Head of Retail Business
Optimization Directorate

**Oxana Panchenko**

Member of the Board,
Head of Corporate Banking
and Corporate Finance
Directorate

**Christoph Schoefboeck**

Member of the Board,
Head of Operations
and IT Directorate

**Alexandre Ouchakov**

Member of the Board,
Head of Information Security
and Compliance Control
Directorate

Only with the help of a horse could firewood be brought from the forest or a house be built. For this reason, horses were honoured, drawn on cakes, embroidered on clothing, and carved on spinning wheels. The roofs of houses were decorated with the wooden head of a stallion. To this day, the apex of a roof is called the "stallion" in Rus.

# Russia: Economic Prospects

In early 2009, the Russian economy was still suffering the negative trends observed at the end of 2008. However, what followed was a gradual improvement in the economy and financial markets on the back of favourable external conditions: stabilization of global financial markets, stronger commodity prices and faster growth of the Chinese economy. Nonetheless, along with many developing and developed economies, Russia's post-crisis recovery has been slow and has only made up a small part of the previous decline.

## Financial Sector

The stock market was the first segment to recover due to its forward-looking nature. After the deep downturn in Q3–Q4 2008, the stock market began to rise in mid-February and continued to move upward quite steadily throughout the remainder of the year. In 2009, the stock market surged 220% and the bond market also posted large gains. This growth was aided by a turnaround for the rouble which began to rise, as well as the stabilisation of banking sector liquidity and cuts in key interest rates by the Central Bank of Russia (CBR). The result was that bond yields shrank back to levels acceptable to corporate issuers who responded with a large volume of new placements. In 2009, the bond market offered a favourable alternative to bank lending for many high quality borrowers. The main buyers of the new issues were banks, since in the new environment it was easier for them to buy bonds than expand loan portfolios.

Overall, the credit market only showed extremely gradual improvement. Although banks actively invested in bonds, corporate loan portfolios stagnated for most of the year with only weak growth in the final months.

Amid rising loan defaults, reduced capital adequacy and unclear economic prospects, banks became more cautious in assessing credit risks. The majority of banks had to divert considerable resources to restructuring problematic debt, which increased the durations of loan portfolios and reduced the funding available for new loans.

Retail loan portfolios fared even worse with an annual contraction of over 10%. Household borrowing was weak due to high interest rates and uncertainty on labour markets. Meanwhile, banks were faced with rising levels of NPLs and a shortage of long-term funding which made them unwilling to offer more attractive terms to retail borrowers.

It is important to point out the sharp variance in lending activity between state and private banks. In 2009, state banks managed to ramp up lending while loan portfolios shrank substantially across the private sector.

The state provided major support to the banking industry in the form of direct loans (injections of second-tier capital in the form of subordinated loans, unsecured loans from the CBR, broader refinancing opportunities for equity and loan portfolios), as well as indirect assistance (easing of regulatory requirements and incentives for the wider distribution of liquidity on the interbank lending market). The integrated set of state measures implemented to date, have stabilised the nation's banking system and enabled the short-term liquidity situation to return to normal. However, a serious problem remains in the form of large volumes of NPLs in commercial banks' loan portfolios.

## Currency Market

On 23 January the CBR announced the end of its rouble devaluation policy and set the upper limit of the bi-currency basket at RUR 41. By mid-February, the currency market had calmed considerably. At that point, the CBR began using the flexible limits of the currency corridor to reduce volatility in the rouble exchange rate while maintaining the overall trend. From March onwards, the recovery in oil prices pushed up the rouble sharply and, despite a lengthy period of high volatility, it continued to appreciate for most of the year. From March-December 2009, the rouble gained 14% against the bi-currency basket, but in annual terms it weakened by 1.8%. After halting its policy of gradual rouble devaluation, the CBR went from being a net seller of foreign currency to a net buyer. From February to December 2009, the CBR bought USD 54 billion and the net purchase for the year was USD 20 billion.

## Economic Growth

In Q1 2009, the economic downturn that had begun at the end of 2008 intensified. However, GDP then bottomed out in Q2 2009 and in the second half, the economy pulled out of recession. Initially, the main source of growth was higher exports and a recovery in inventories, but by late 2009 we saw modest growth of investment and consumer demand. In 2009, GDP contracted by 7.9%, which is a bigger drop than in 1998.

The economic crisis caused a significant rise in unemployment. However, thanks to a wide range of state measures, unemployment levels remained at a reasonably low level, considering the sharp drop in GDP, and had levelled off at around 8% by the end of the year.

Measures taken by the government and state banks averted a significant number of corporate bankruptcies. In particular, the government drew up a list of 300 so-called "strategically important" companies which were provided with state assistance in the form of interest rate subsidies, state guarantees and capital injections. This, combined with the CBR's strong support for the financial sector, significantly reduced the risk of a second wave of the economic crisis.

## 2010 Forecast

In 2010, the economic recovery continues, albeit at a slow pace due to the sluggish recovery in consumer demand and investment.

We forecast that banks will gradually increase lending to the real sector and consumers but see no indicators for a sudden upturn. Growth is restrained both by weak demand, as consumer confidence remains jittery, and by supply due to unresolved problems in the banking sector.

As in the past, the condition of the Russian economy and banking sector remains largely dependent on external factors, specifically, global commodity prices.

The budget sphere should remain a stabilizing factor for the economy and the banking sector. As in 2009, a significant budget deficit is expected in 2010, which could potentially exhaust the Reserve Fund. However, in response the government is planning a wide-scale program of internal and external borrowing this year. In view of the extremely low level of sovereign debt, the government has plenty of room for manoeuvre.

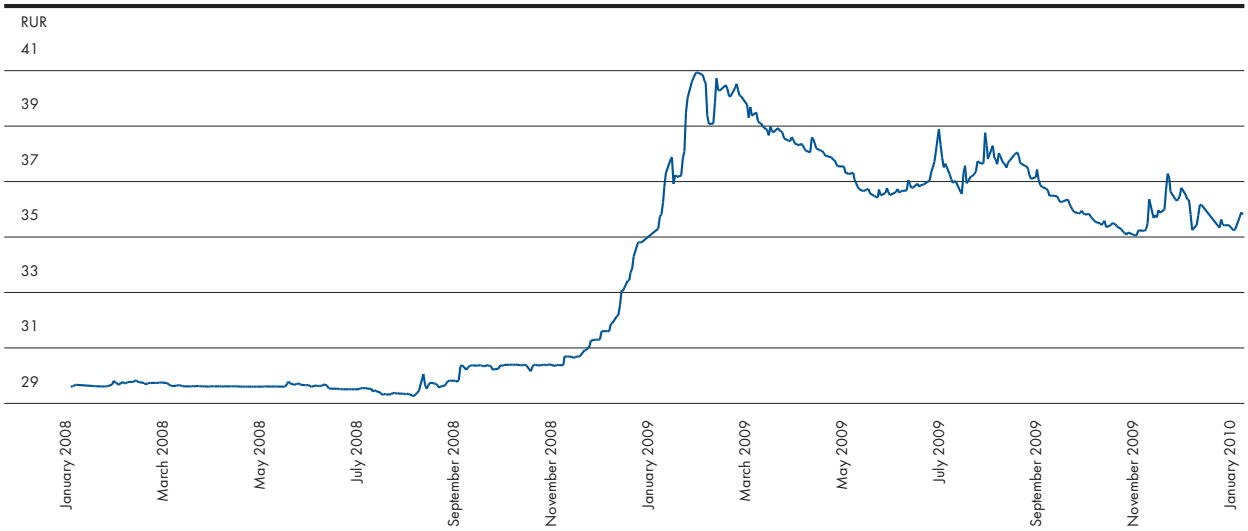
Although, in the event of another wave of serious economic problems, the ability of the state to provide a fiscal stimulus would be considerably less than it was at the end of 2008.

### *Basic macroeconomic indicators, results and forecasts*

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 forecast | 2011 forecast |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GDP, EUR billion | 280.8 | 342.1 | 364.4 | 383.3 | 476.3 | 614.8 | 779.9 | 920.6 | 1140.8 | 881.6 | 1126.8 | 1370.7 |
| GDP, % yoy | 10.0 | 5.1 | 4.7 | 7.3 | 7.2 | 6.4 | 7.4 | 8.1 | 5.6 | –7.9 | 5.0 | 4.5 |
| Industrial production, % yoy | 11.9 | 4.9 | 3.1 | 8.9 | 8.0 | 5.1 | 6.3 | 6.3 | 2.1 | –10.8 | 6.0 | 5.0 |
| Unemployment, average % | 10.6 | 8.9 | 8.0 | 8.6 | 8.2 | 7.6 | 7.2 | 6.2 | 6.4 | 8.4 | 7.9 | 6.8 |
| Producer prices, average % yoy | 46.9 | 18.2 | 10.5 | 16.5 | 23.4 | 20.7 | 12.4 | 14.2 | 21.4 | –7.2 | 18.1 | 9.6 |
| Inflation, average % yoy | 20.8 | 21.6 | 16.0 | 13.6 | 11.0 | 12.5 | 9.8 | 9.1 | 14.1 | 12.6 | 6.9 | 7.8 |
| Consolidated budget surplus, % GDP | 1.9 | 3.0 | 0.9 | 1.3 | 4.5 | 8.1 | 8.4 | 6.1 | 4.8 | –6.2 | –4.5 | –3.0 |
| Current account balance, % GDP | 18.1 | 11.1 | 8.4 | 8.2 | 10.0 | 11.0 | 9.6 | 6.2 | 6.1 | 3.9 | 6.0 | 5.6 |
| CBR's international reserves, EUR billion | 25.8 | 36.6 | 42.0 | 58.0 | 88.9 | 149.1 | 223.7 | 318.0 | 296.0 | 283.4 | 335.1 | 404.0 |
| External debt, % GDP | 61.6 | 47.8 | 44.2 | 43.1 | 36.0 | 33.7 | 31.6 | 36.7 | 28.8 | 38.8 | 33.2 | 31.9 |
| RUR/USD exchange rate, eop | 28.5 | 30.5 | 31.9 | 29.2 | 27.7 | 28.7 | 26.3 | 24.6 | 30.5 | 30.3 | 28.8 | 29.0 |
| RUR/EUR exchange rate, eop | 26.8 | 27.1 | 33.5 | 36.9 | 37.7 | 33.9 | 34.7 | 35.8 | 42.4 | 43.4 | 38.8 | 37.7 |

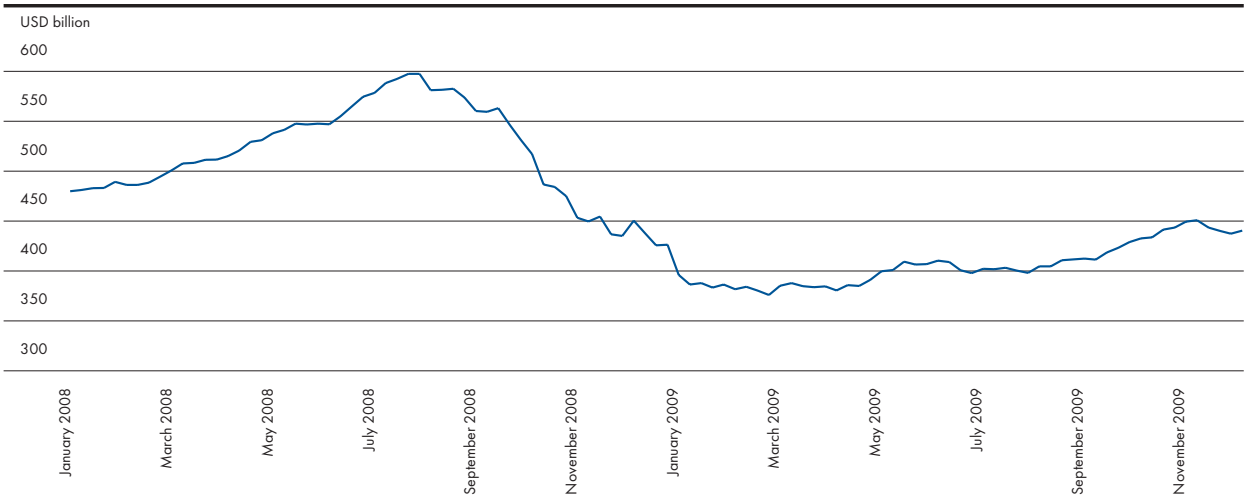
*Source: Thomson Financial Datastream, wiiw, Raiffeisen RESEARCH*

### *Bi-currency basket (0.55 USD/0.45 EUR)*



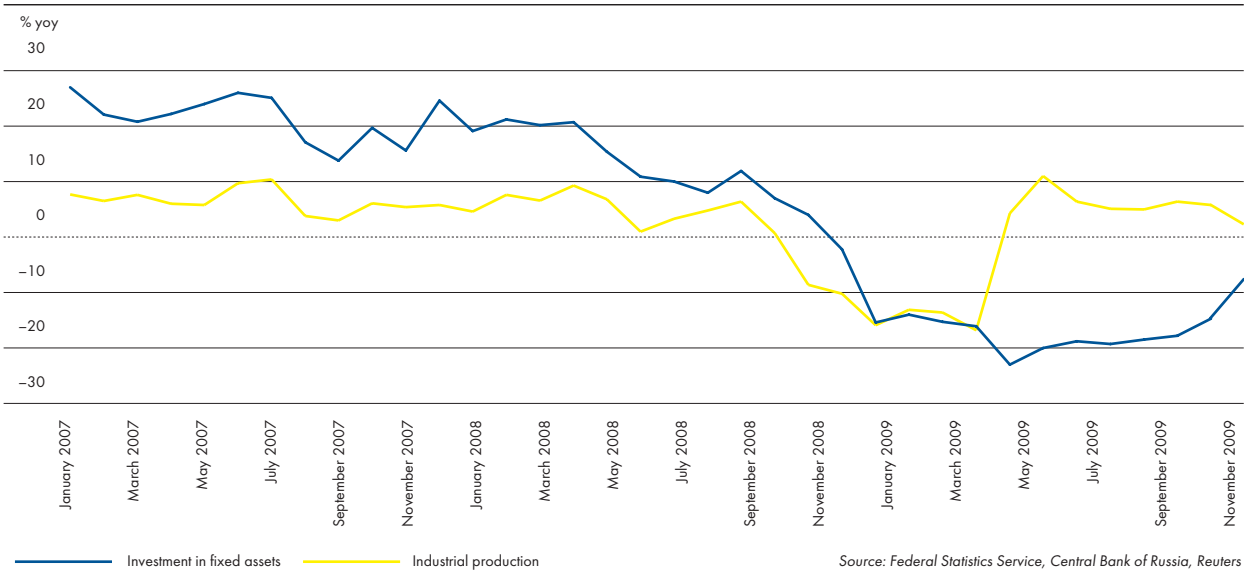

*Source: Thomson Financial Datastream, Raiffeisen Group estimates*

## International reserves of the Central Bank of Russia



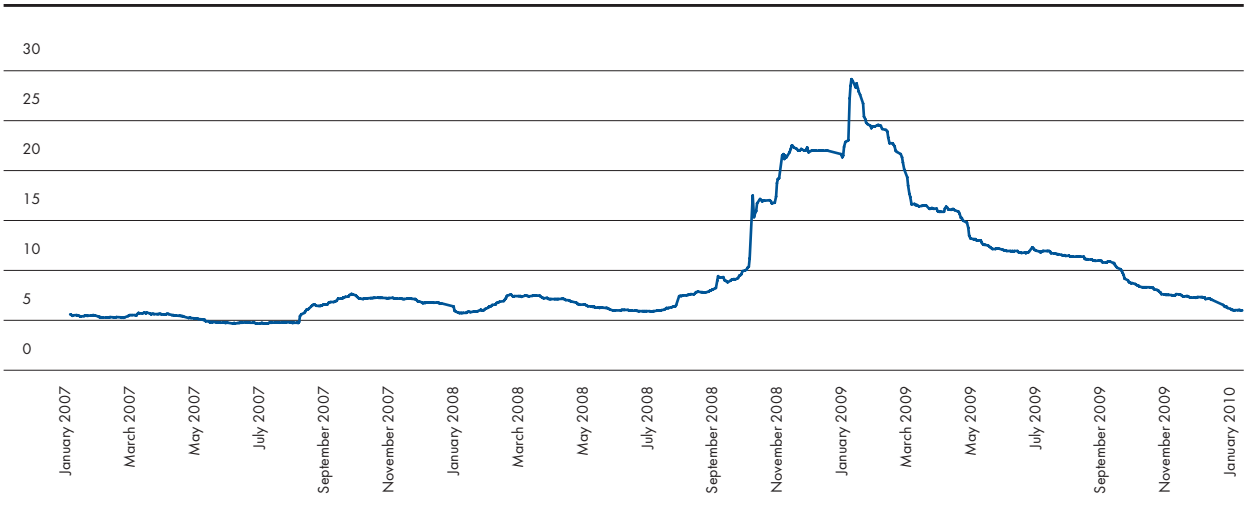

*Source: Federal Statistics Service, Central Bank of Russia, Reuters*

## Real sector of the economy




*Source: Federal Statistics Service, Central Bank of Russia, Reuters*

## MosPrime three-month rate




*Source: Federal Statistics Service, Central Bank of Russia, Reuters*

A carved figure of a bird on the roof shielded and protected a person's home like a bird watching over its nest. It promoted happiness and peace in the home and preserved the hearth and home. The image of a dove served as a symbol of conjugal fidelity, or the devotion of the beloved.

02

# Raiffeisen International and the RZB Group at a glance

ZAO Raiffeisenbank is a subsidiary of Raiffeisen International Bank-Holding AG, which in turn is a fully consolidated subsidiary of Vienna-based Raiffeisen Zentralbank Österreich AG (RZB). Founded in 1927, RZB is Austria's third-largest bank and the central institution of the Austrian Raiffeisen Banking Group, the country's largest banking group by total assets with the widest local distribution network.

RZB and Raiffeisen International have time and again underpinned their reputation as early movers and pioneers in CEE, having founded the first subsidiary bank in Hungary already in 1986, three years prior to the fall of the Iron Curtain. In more than 20 years of market presence, ten banks were founded and another ten were acquired. The resulting network covers the region with universal banks in the following 15 markets, servicing more than 15 million customers in over 3 000 business outlets.

| | |
|---|---|
| • Albania | Raiffeisen Bank Sh.a. |
| • Belarus | Priorbank, OAO |
| • Bosnia and Herzegovina | Raiffeisen Bank d.d. Bosna i Hercegovina |
| • Bulgaria | Raiffeisenbank (Bulgaria) EAD |
| • Croatia | Raiffeisenbank Austria d.d. |
| • Czech Republic | Raiffeisenbank a.s. |
| • Hungary | Raiffeisen Bank Zrt. |
| • Kosovo | Raiffeisen Bank Kosovo J.S.C. |
| • Poland | Raiffeisen Bank Polska S.A. |
| • Romania | Raiffeisen Bank S.A. |
| • Russia | ZAO Raiffeisenbank |
| • Serbia | Raiffeisen banka a.d. |
| • Slovakia | Tatra banka, a.s. |
| • Slovenia | Raiffeisen Banka d.d. |
| • Ukraine | VAT Raiffeisen Bank Aval |

Raiffeisen International acts as these banks' steering company, owning the majority of shares (in most cases 100 or almost 100%). Furthermore, many finance leasing companies (including one in Kazakhstan and in Moldova) are part of the Raiffeisen International Group. RZB owns about 70% of Raiffeisen International's common stock. The balance is free float, owned by institutional and retail investors. The company's shares are traded on the Vienna Stock Exchange.

The Raiffeisen International Group posted a consolidated profit (after tax and minorities) of EUR 212 million in 2009. While this marks a decrease of 78% against the preceding year, the result nevertheless underlines the strength of the company's operative business and business model when seen in light of the sharply deteriorated economic environment and the record result the Group achieved in 2008. Raiffeisen International's balance sheet total declined by 11% to EUR 76.3 billion, reflecting both currency effects and the reduction in lending business on account of the economic crisis.

The RZB Group's balance sheet total amounted to EUR 147.9 billion as of year-end 2009, down 6% year-on-year. The Group achieved a pre-tax profit of EUR 824 million in 2009, up 38% against the preceding year. This result represents a significant accomplishment when seen against the backdrop of world-wide crisis and the fact that most of the countries in the RZB Group's home market experienced recession in 2009. At the reporting date, the Group employed a staff of 59 800 worldwide.

In addition to its banking operations — which are complemented by a representative office in Russia (Moscow) — RZB runs several specialist companies in CEE offering solutions, among others, in the areas of M&A, real estate development, fund management and mortgage banking.

In Western Europe and the USA, RZB operates a branch in London and representative offices in Brussels, Frankfurt, Madrid, Milan, Paris, Stockholm, and New York. A finance company in New York (with representative offices in Chicago and Houston) and a subsidiary bank in Malta complement the scope. In Asia, RZB runs branches in Beijing (with representative offices in Harbin and Zhuhai), Xiamen and Singapore as well as representative offices in Ho Chi Minh City, Hong Kong, Mumbai and Seoul. This international presence clearly underlines the bank's emerging markets strategy.

RZB is rated as follows (as of March 2010):

| | | |
|---|---|---|
| • Standard & Poor's | Short term | A–1 |
| | Long term | A |
| • Moody's | Short term | P–1 |
| | Long term | A1 |

In Russian houses, elements of décor were requests and wishes directed toward the gods or forces of nature. The god of the Sun was called Dazhdbog, which means "the God who gives" or "the giver of all good". The Slavs believed that Dazhdbog rode through the daytime sky on a chariot pulled by four winged stallions, while at night he crossed the Ocean-Sea on a boat drawn by ducks and swans. For this reason, special powers were attributed to amulets in the form of ducks with stallion heads.

03

# Vision and Mission

## Vision

We are the leading universal bank across Russia for all customers caring for quality.

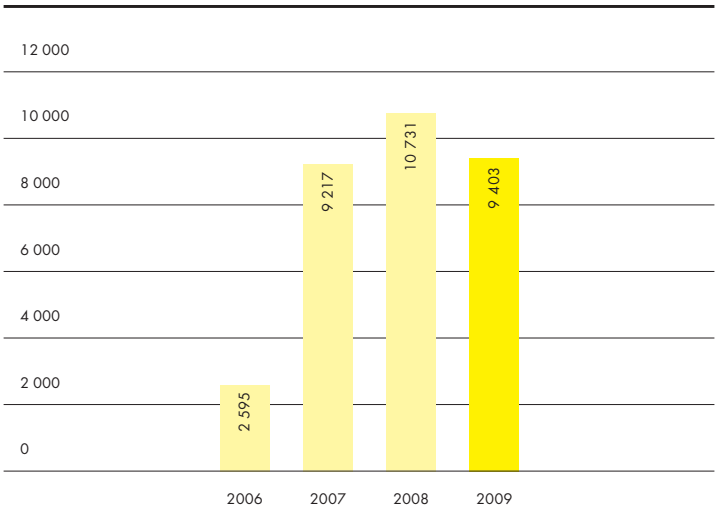
## Mission

- We seek long-term customer relationships.
- We provide a full range of high quality financial services throughout Russia.
- We co-operate closely with all members of RZB Group.
- We achieve sustainable and above-average return on equity.
- We empower our employees to be entrepreneurial and foster their development.

# Human Resources Policy

The year 2009 was quite challenging in all respects, including for Raiffeisenbank's HR division. The division's efforts throughout the year were aimed at supporting the changed business priorities, focusing on retention the maximum number of jobs and key employees and supporting the Bank's business divisions to optimize their work amid market instability.

*Number of employees*




*Source: Raiffeisenbank*

Following the rapid growth of the banking sector in 2008 and the hiring of a significant number of new staff, in 2009 HR had to suspend new hirings for most of the Bank's divisions. In some, the workload fell noticeably, and certain functions were temporarily not carried out, causing a considerable amount of released personnel. Management resolved to retain the maximum number of staff and jobs, so HR faced the difficult task of reallocation of staff within the Bank. Personnel from various divisions participated in the internal reallocation process, and although many people's qualifications differed from the strict functional requirements, most of the released staff, following retraining, moved to other divisions and learned new skills, expanding their professional horizons. For many, this difficult period was a time of new opportunities, enabling the Bank to eliminate 250 vacancies in Moscow alone.

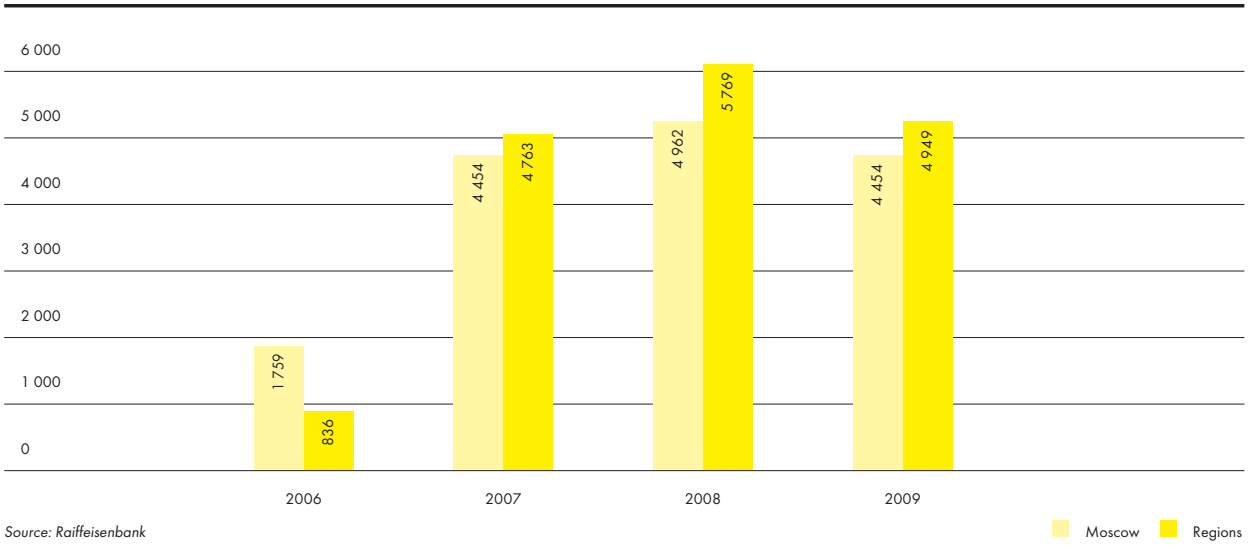
The retail segment also experienced significant changes. Although several Moscow branches were closed, 2009 saw the opening of seven new branches. In Q3 2009 the situation began to stabilize, leading to new hirings.

Last year the Bank optimized costs, including those in its branch network. Branch staff quality improved, and several new offices were opened in the regions without an increase in total local staff number. Successful staff reallocation was part of the effort to optimize the branch network. Branch integration, launched in 2008, continued, leading to branch unification in Krasnoyarsk, Nizhny Novgorod, Perm and Chelyabinsk; a branch in Yessentuki was closed, but an operational cash office was opened in Pyatigorsk.

During the year, the newly created structure of operational offices in the regions was launched in two formats, and efforts were begun to transform the entire regional branch network in the South and a branch in the Central Region.

In the area of Personnel development in 2009, particular attention was paid to the quality of targets setting in the frames of Performance management process both in Moscow and the regional offices. The process involved lower-level managers in the head office and mid-level managers in the regions. Another key area was creating instruments for the systematic development of managers at all levels. Using the Lominger Competency Model, HR created a new system of management development. Each manager receives access to various instruments for developing managerial and leadership skills. The system incorporates best global practice, offering equal opportunity for managerial development in the head office and the regions. In 2010, our goal is to combine all the instruments for evaluation as well as the development and advancement of managers to create the highest possible standard of manager development and organisation in the medium-to-long term, while promoting the development of Raiffeisenbank's corporate culture.

*Number of employees in Moscow and the regions*




*Source: Raiffeisenbank*

In 2009, staff training reached a qualitatively new level. In June, a fully equipped training centre was opened at a new business centre in Moscow, featuring 10 training rooms, two computer classrooms, a large meeting hall, cloakrooms, and a kitchen to ensure effective, comfortable staff training. Trainings, seminars, conferences and meetings now occur at four in-house training centres in Moscow and the regions, allowing the Bank to reduce training costs.

Training centre staff devoted considerable effort to personnel retraining during the reallocation of employees among the Bank's divisions to optimize resources and retain jobs. Last year, the training centre also endeavoured to improve efficiency and cut costs, mainly by using internal resources for most training events and using the least costly training methods (E-learning, coaching, short training sessions, etc.). In 2009, over 200 new distance courses and tests were developed, over 20 of which were multimedia courses using interactive exercises, animation and video. For the first time, the multimedia courses were created by Bank staff without external providers. Last year also saw the successful launch of a new training instrument: online conferences, which provides considerable savings of time and money by reducing the number of business trips for trainers and participants. Over 8 500 staff made active use of the training portal, with an average of 500 users per day.

In response to limited resources, the Bank focused on improving each employee's efficiency, and one of the training centre's main projects in 2009 was training in personal efficiency: Organizing and Conducting Business Meetings, Time Management, Presentation Skills and Effective Business Writing. Over 700 employees in Moscow and the regions took part in these trainings. Last year, the training centre provided a record number of training events for Bank staff: over 5.5 days per employee; 1 500 employees participated in external trainings in Russia and abroad.

The year 2009 was very intensive for Compensation and Benefits area, largely due to instability on the financial markets. Changes on the labour market were monitored on a nearly monthly basis, as were compensation policies amid the crisis via participation in reviews of anticrisis measures for HR in the banking sector organised by independent consulting agencies. The results of the reviews enabled management early in the year to increase, amid "Social Responsibility", compensation for staff hard-pressed financially during the crisis.

In 2009, the review of current, and the implementation of new, incentive systems continued for various business divisions to boost individual and team sales volumes, improve client service quality and increase staff motivation.

Despite the banking sector's difficulties, and the efforts to optimize costs in all areas, employee benefits were unchanged. During the year, the Compensation and Benefits Group continued to actively oversee insurance programmes, provide support to employees upon their requests, and worked closely with partner companies offering special terms for services to Raiffeisenbank staff (sports programmes, insurance, etc.).

In 2009, the Compensation and Benefits Group significantly increased its reports volume, focusing on improving data quality, reporting centralization and optimization which resulted in better quality of the data presented to the Bank's various divisions.

Although 2009 was an unusual and very difficult year, HR successfully completed all its tasks, contributing significantly to process optimization, improved efficiency, and better client service.

In the past, the Sun was believed to be an all-seeing eye that strictly watched over people's morals and the correct observation of laws. It was thought that the great Sun god illuminated a person's entire route from Yav to Prav. Prav was the higher, heavenly world; Yav was this world, and Nav was the underworld. The façade of a house symbolized the sky, over which hung the sun, which protected the house.

04

# Anti-Money Laundering Policy. Compliance Control

Raiffeisenbank greatly values its reputation and its clients' trust. Trust is particularly important in banking, so the Bank's services and operations must be based on honesty and fairness not only to clients, but also to other market participants.

Unfortunately, despite the measures taken by many countries and governments, financial crime is spreading, taking various forms. Criminalization of the banking sector is especially dangerous, as it has a destabilizing effect on the entire money and loan system, influences key market segments, and promotes corruption within governments.

We see our business reputation as a key value crucial to the Bank's further improvement, the strengthening of its market position, and the development of its relations with clients. To defend its reputation, Raiffeisenbank takes measures to reduce reputation risk*, including combating money laundering and terrorist financing.

The Bank faithfully honours the Corporate Conduct Code of Raiffeisen Zentralbank Österreich AG, which contains rules regulating day-to-day business practices, defines the Bank's basic values, and establishes ethically-based principles of corporate culture.

Our business principles conform to the standards and are based on values including:

- Client orientation;
- Professionalism;
- Quality;
- Mutual respect;
- Initiative;
- Teamwork;
- Honesty.

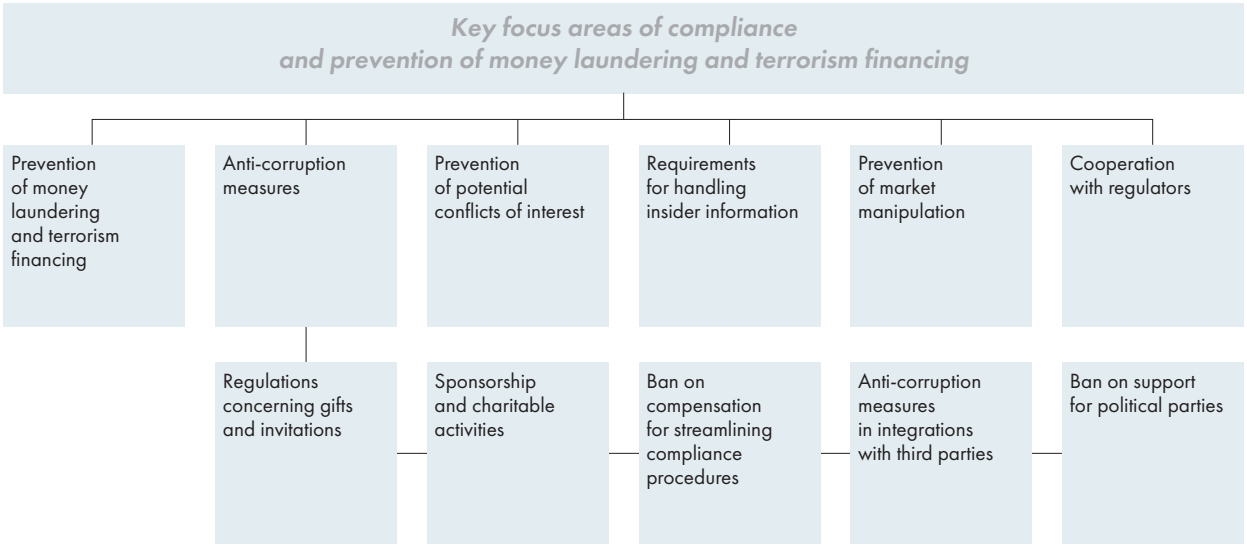
These values allow the Bank to provide effective corporate management while maintaining and enhancing its reputation and that of RZB as a whole. Raiffeisenbank conforms strictly to the law of the Russian Federation and all standards of the Raiffeisen Group regarding combating money laundering and terrorist financing, as well as compliance control.

In 2009, the Bank upgraded a number of procedures related to the rules for combating money laundering and terrorist financing as well as the standards and rules of behaviour protecting employees against unintentional violations of the law of the Russian Federation and RZB's standards. The Bank and its staff commit no acts that might have a negative impact on client interests, negatively affect capital markets, or harm the Bank's reputation. The Bank holds regular trainings for employees on combating money laundering and terrorist financing, as well as compliance control, including through innovative technologies such as the Internet, multimedia, and interactive communications.

*Reputation risk: the risk of loss lenders face from various factors including ineffective efforts to combat money laundering and terrorist financing.

Raiffeisenbank is a member of the Association of Russian Banks and the Committee on Combating Money Laundering and Terrorist Financing.

In its day-to-day business practice Raiffeisenbank strictly conforms to Legislation requirements on client identification, maintaining confidentiality, protecting clients' personal data and using accepted international practices (Customer Due Diligence, Know Your Client, Risk Based Approach), which allows the Bank to play a key role in combating money laundering and terrorist financing in Russia.




*Source: Raiffeisenbank*

According to legend, the Swan was a holy, godly bird. In northern Rus, there was a story about the selection of a Tsar-Bird, which was the White Swan. The beauty of this bird gave rise to many legends about the Maiden-Swan. They possess a secret immortality potion: the White Swan of legend was the owner of the Water of Life and the Apples of Youth. A wooden “bird of happiness” amulet hung in the entryway of nearly every house so that anyone who came in would only bring good things.

# 05

# Treasury

## Financial Market Operations

In 2009, the financial markets were highly volatile*, several times more so than in previous years, which reduced overall market liquidity, decreased the volume of speculative positions, and led to greater caution in assessing financial market risks. Nevertheless, the dominant tendency last year was post-crisis recovery.

Last year was successful for Raiffeisenbank in terms of financial market operations. Increasing risk exposure on the debt market in 2009 allowed the Bank to cover losses from bond portfolio revaluation due to the 2008 results and recoup them significantly. In 2009, the debt market showed impressive recovery rates after the worst phase of the crisis in 2008. The CBR's reduced rates, better Russian macroeconomic indicators, and the stronger rouble boosted investor demand. The most active participants on the local debt market are large Russian banks, including Raiffeisenbank, a leading corporate bond player authorized by the CBR for state securities operations and an active repo market participant.

For the past 10 years the Bank has been a leading market maker on the local currency market, the Bank took strong steps in 2009 to enhance its role on external trading platforms. Raiffeisenbank continues to develop and promote its financial products for hedging of interest and currency risks and structured products, constantly improving its services to clients on financial markets.

Raiffeisenbank is one of the major trend-setting banks, whose quoted rates and products can serve as key money market benchmarks. MosPrime has been an important benchmark for the Russian money market for the past five years, and Raiffeisenbank played an important role as one of its creators. The Bank was also an active developer of the new NFEA Swap benchmark in 2009, designed to improve the transparency of the derivatives market; the NFEA Swap should help bring about a widely-recognized long interest-rate curve for the local debt market and serve as the basis for new derivatives. This benchmark should take the Russian derivatives market to a new level, a market where Raiffeisenbank expects to be a leader.

* Volatility: a financial indicator showing the tendency of market prices or income over time. It is an important financial indicator and idea in financial risk management, showing the risk of using a financial instrument during a given period of time. Usually average annual risk is calculated; volatility is expressed in absolute terms (USD 100 ± USD 5) or relative (100% ± 5%).

# *Funding and Capital Management*

Raiffeisenbank's funding strategy is based on the principle of maximum diversification of funding sources, with preference given to this or that instrument depending on the current market situation. The general composition of attracted resources is determined depending on the target structure of the Bank's assets and liabilities, as well as currency and interest risks. This approach has allowed the Bank to create a high quality system aimed at optimization of its resource base and close a number of public funding transactions over the past several years. For this purpose, the Bank used classic debt instruments such as syndicated loans and rouble bond issues as well as instruments innovative for the Russian market, such as assets securitization.

The Bank is an integral part of Raiffeisen International, and as such a significant portion of its long-term financing has been historically attracted through the loans of the parent company. During credit crunch these loans have helped to strengthen the stability of the Bank's resource base, serving as a buffer against potential outflows of Russian clients' deposits and destabilization of the interbank market. Raiffeisen International Bank-Holding AG has always been committed to the Russian market, as reflected by the significant volume of long-term loan resources provided by the Group to the Bank in 2008–2009 (USD 1.3 billion and USD 300 million respectively).

The anti-crisis funding management strategy allowed Raiffeisenbank to accumulate a significant amount of liquid funds in 2009 by means of optimizing the assets structure as well as strengthening the deposit base. Despite the difficult situation in the debt markets throughout the previous year, the Bank did not face any problems with honouring its debt obligations in a timely manner. In particular, in Q4 2009 the Bank repaid a USD 625 million syndicated loan and prepaid a USD 1 billion syndicated loan attracted in April 2008.

In last year's challenging economic climate, capital management became one of the key issues for the Bank's strategy. Despite the absence of additional inflows, the average level of capital adequacy under RAS in 2009 was 15%, which confirms the correctness of Raiffeisenbank's approach to equity management.

# Financial Institutions

## Foreign Banks and International Financial Organizations

In 2009, the Bank's work with foreign banks was mainly aimed at strengthening relations which allowed to maintain established unsecured credit lines for trading and documentary operations. Last year's efforts allowed the Bank not just to avoid any difficulties with confirmation and financing of LCs issued by clients' orders, but also to expand the range of counterparties by banks in Egypt, the UAE, Argentina, Vietnam and South Korea.

To meet corporate clients' import-export financing needs in 2009, the Bank joined trade facilitation programs, offered by EBRD and IFC. The signing of a framework agreement with one of the largest global banking groups gave Raiffeisenbank a possibility to organize long-term financing of foreign trade activities of its clients, covered by export agencies in exporter countries.

Last year brought an increase in the total volume of lines for trading operations established by leading Western banks for Raiffeisenbank. These lines allowed the Bank to avoid any difficulties with the servicing of its own requirements in derivatives operations, as well as with the servicing of clients' needs. Raiffeisenbank intends to further develop its infrastructure for trading operations in financial markets by means of new counterparties, new trading platforms and floors.

## Russian Banks and Non-bank Financial Institutions

The main goal of our work with Russian banks in 2009 was maintaining our position as a leading market maker on the local currency market. Under the agreement signed in December on guaranteed interbank operations for participation in the Law No. 173-FL "On Additional Measures for Supporting the Financial System of the Russian Federation", the Bank provided local banks with interbank loans partially guaranteed by the CBR. In Q1 2009, the number of counteragents working with the Bank under this program reached 75. Last year's risk management policy did not allow the Bank to increase its medium-term loan portfolio using credits from Russian banks and non-bank financial institutions. At the same time, as a result of our work with non-bank institutions, as of end-2009, time deposits from clients in this segment had increased by 9.2%.

# Public Sector Department

Last year, the Bank was an active participant in auctions and tenders for the right to lend to regional and municipal governments in Russia. As of 1 January 2010, the Bank's state loan portfolio was RUR 3.2 billion, and the volume of loans issued to state organization exceeded RUR 2.6 billion.

In 2009, the Bank continued working with the liabilities of state organizations; successful programmes included:

- Extending the authority of a credit organization using Russian federal budget funds and the State Housing Reformation Fund;
- Receiving the status of authorized bank for using fund of the Vologodsk and Krasnoyarsk regions;
- As of end-2009 deposits with the Bank from the Housing Reformation Fund were over RUR 11.4 billion.

One key aspect of our work with state institutions in H1 2009 was preparing new standards for the financial analysis of Russian regions and municipalities considering the situation on financial markets, which made it possible, combined with our individualized approach, to repay RUR 7.2 billion on time and maintain relations with clients on the proper level. In tandem, steps were taken to restructure debt of RUR 0.4 billion.

Using the experience gained, the Bank in Q4 2009 expanded its loan portfolio thanks to work with current clients and new clients with strict requirements. By early 2010 our loan profile was more diversified and profitable.

The Bear is the most honoured Slavic beast. The Bear is the embodiment of the god Veles, god of success, protector of household livestock and wealth, patron of traders, ranchers, hunters, and farmers, and the lord of the forest. Domestic outbuildings were fumigated with bear fur, and magic amulets were made from their fangs and claws. Bear dens were considered one of the entrances to the Underworld, and their owners were the guards of the kingdom of Nav.

# 06

# Corporate Customers

In 2009, the Russian banking system faced serious challenges:

- The higher cost of financial resources due to sharply reduced liquidity and increased financial risks led to a significant drop in corporate loan demand;
- The weaker market and the higher cost of debt servicing cut into borrower loan quality, putting the brakes on lending;
- The growth of overdue loans forced banks to increase provisioning significantly, which seriously limited their ability to additional products and services.

In these extremely difficult and unfavourable conditions, Raiffeisenbank remained faithful to its strategy and main priorities when working with corporate clients.

## Our Priorities

### Reliability and Stability

Even in the worst moments of the crisis, we maintained the Bank's current liquidity at a level that allowed us to meet all operational obligations to clients in a timely manner.

Throughout the year, we invested additional resources to improve the procedures and technologies of loan portfolio quality control and risk management which strengthened our ability to develop client relations based on stability and highly disciplined execution.

Our efforts along these lines were greatly appreciated by clients: deposits remained stable, a testimony to the high level of client trust.

### Responsibility

Our willingness to support clients in difficult times is a key element of our strategy in developing relations with partners. From the beginning of the crisis and throughout the year, we worked actively to restructure loans and other client debt obligations. We view optimization of the debt burden during the crisis as a bilateral process with partner banks, corporate bond market participants and investors.

We expect our restructuring efforts with clients to make it possible to overcome the negative consequences, leading to the stabilization and development of our clients' business.

### Service Quality

High service standards, gradual expansion and improvement of the product and service line have always been Raiffeisenbank's top priorities when working with clients in Russia.

Our willingness and ability to adapt to client's needs during the crisis were the driving principles of the Bank's efforts in 2009. Our individual approach to developing and structuring the terms, sources, and instruments of finance used with clients during the year helped many raise funds on more favourable terms despite the sharp supply deficit.

Despite the challenges faced by the Bank and its clients in 2009, the year saw significant achievements. Our business model's strength was tested as was our ability to manage risk in difficult financial and economic circumstances; we retained our main asset, client trust, and increased our knowledge, allowing us to move forward with confidence, boosted by our results for 2009.

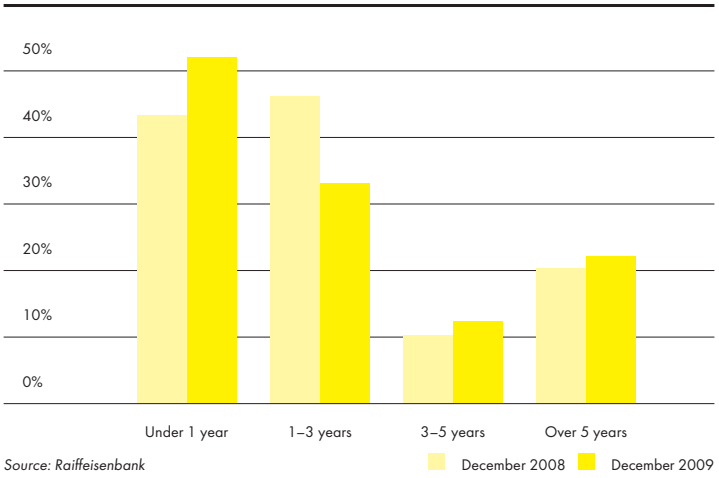
In 2009, our branches devoted considerable attention to service quality for small and micro businesses. Our studies show that client satisfaction with service to a large extent depends on the specific city and office in which the services are rendered. Each professional on our team must capture a client's interest with a specially tailored package, making staff work with clients a key factor in our work with small business and entrepreneurs. We believe our efforts to improve staff professionalism will keep branch service for this segment high in 2010.

## Assets

The influence of the global economic crisis and the sharp drop in the pace of Russian economic growth in 2009 had an impact on the Bank's results. For the first time in the Bank's 13-year history in Russia, the corporate loan portfolio contracted due to reduced lending amid sharply higher credit risks, lower collateral quality, and various other factors:

- As the cost of borrowing significantly rose, many clients modified their financing strategies, switching from borrowed to own funds to reduce their debt burden and servicing costs;
- The higher cost of loans in foreign currency due to the stronger USD and EUR vs. the RUR reduced demand for foreign-currency resources and/or refinancing hard currency loans in roubles from the public debt market. The stabilization of liquidity in H1 2009 allowed borrowers to raise funds on the corporate bond market to refinance bank loans, which had an impact on the Bank's loan portfolio in Q2–Q3 2009.

*Corporate loan portfolio by loan period*

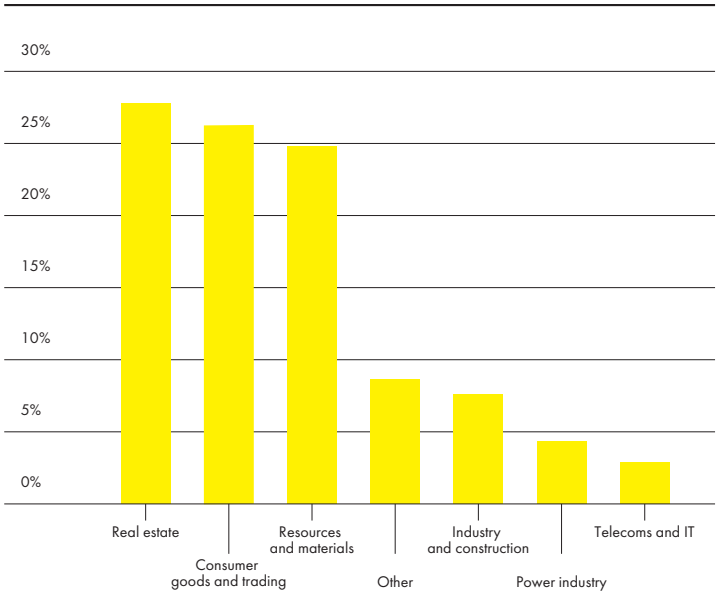



*Source: Raiffeisenbank*

Last year saw a reduction in the pace of corporate asset contraction, beginning in H2 2009, and several large loan transactions allowed us to break the negative trend. In December, we signed an RUR 3.5 billion loan agreement with Detsky Mir, Russia's largest retail chain for children's goods, allowing the company to fully refinance its debt due in 2010 and increase its working capital; additional products provided under the agreement allow the company to finance its trading activity more effectively.

A USD 100 million deal with Polymetal was a major event for the Bank's regional network, confirming that clients were returning to the local debt market. The funds were used to refinance the group's loan portfolio to improve its quality (including longer payback periods). In Q4 2009, we managed to significantly stabilize our loan book, remaining one of Russia's Top 10 banks by this measure. Overall, we see last year as successful on the loan market, which we believe should promote more debt consolidation transactions with clients under larger loan agreements on a bilateral and syndicated basis.

*Structure of the loan portfolio by sector*




*Source: Raiffeisenbank*

Amid the uncertainty about financial markets' prospects and the exchange rates for key currencies, clients were increasingly interested in short-term resources, including refinancing long currency liabilities. Nevertheless, the Bank's loan portfolio by loan period did not change significantly.

The share of loans due in more than one year in the total corporate loan portfolio was over 56%, showing the stability of the client base. We are pleased to note that most clients continue to work with the Bank on a long-term basis. The Bank's industrial loan portfolio was also stable, supporting the directions and priorities of our financing for the corporate sector. The share of the three main business segments was virtually unchanged yoy at over 75%.

The impact of the crisis varied by industry: some segments of the loan book experienced significant contraction, particularly machine building, automotive and construction. The share of industry and construction fell 40% from 12.3% in 2008 to 7.3% in 2009, due in part to some clients' desire to refinance using funds from state programmes supporting large and strategic companies with money from authorized financial institutions. We fully understand why some of our clients made this choice and expect our work together to resume as conditions improve.

## Project Finance

Project finance is a priority area for Raiffeisenbank, representing over 19% of the loan portfolio. Traditionally, most corporate finance deals (over 93%) relate to commercial real estate. Despite the negative tendencies in this segment, Raiffeisenbank continued to support its regular clients, providing finance for several major projects:

- Marr Plaza: a class A office building with total space of 34 000 sq.m in Moscow, the market's largest at the dawn of the crisis;
- Znamenka II: a class A office building with total space of 6 000 sq.m with apartments, an interesting Moscow project downtown near the Kremlin with exceptional views.

The Bank's participation in the development of the Russian real estate market totals over USD 2 billion, with dozens of completed projects and projects under construction in the warehouse, logistics, commercial and office segments.

## Restructuring

Raiffeisenbank has also supported clients in other segments hit harder by the crisis, using partner bank resources as well as its own.

One example is the restructuring of a two-year USD 70 million syndicated loan organized by the Bank in 2008 for the Independence group. When auto sales began to fall sharply in 2009, the company asked the Bank, as the syndicate organizer, to restructure the loan. Together with our syndicate partners, we agreed new terms allowing the client to stabilize its financial position and current operations; the loan period was increased to over three years, and additional requirements (covenants) regarding the borrower's financial indicators were introduced. The client also provided the banks with additional collateral.

In 2009, Raiffeisenbank restructured about RUR 25 billion in loans to help protect and develop our clients' businesses, and we sincerely hope that these funds will be used to help these businesses overcome the consequences of the crisis with greater confidence.

## Documentary Operations

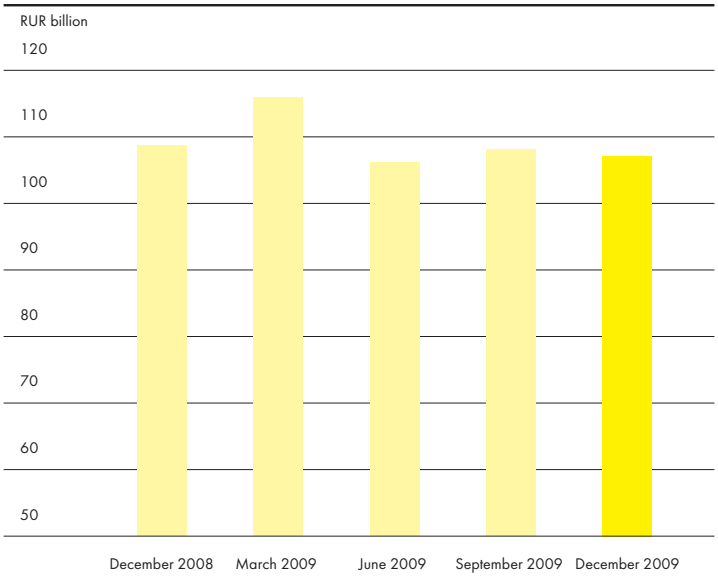
Last year brought steady growth in corporate demand for documentary products and services, mainly bank and payment guarantees due to the reduction in trust among counterparties amid rising risks and uncertainty. The total volume of guarantees issued by the Bank for clients in 2009 rose 27% yoy.

In 2009, Raiffeisenbank signed an agreement with the EBRD as part of the International Trade Assistance Programme. The programme included EBRD guarantees for international banks to cover country and regional risks, enabling commercial banks to use the EBRD's high credit rating (AAA) when financing clients' trading operations.

We intensified our work with medium and small companies on documentary operations in many regions, with the share of LCs and guarantees in the documentary asset portfolio rising over 2X to 8.7%. Export LCs also rose sharply (up 60% yoy).

## Servicing Corporate Clients

*Changes in the Bank's liabilities: payment and deposit accounts*




*Source: Raiffeisenbank*

The stable client base and high client trust were important achievements for the Bank in 2009.

The average balances on clients' payment and deposit accounts were virtually unchanged last year despite the crisis pressure on the market and most companies' business, a strong indicator of the quality and reliability of our processes and technologies for risk management and payment/cashier service, our competitiveness, and the demand for our products and services.

The stability of corporate liabilities in 2009 shows that clients appreciate our efforts to improve, giving us confidence in the further strengthening of client relations in 2010.

## Distance-Banking Services

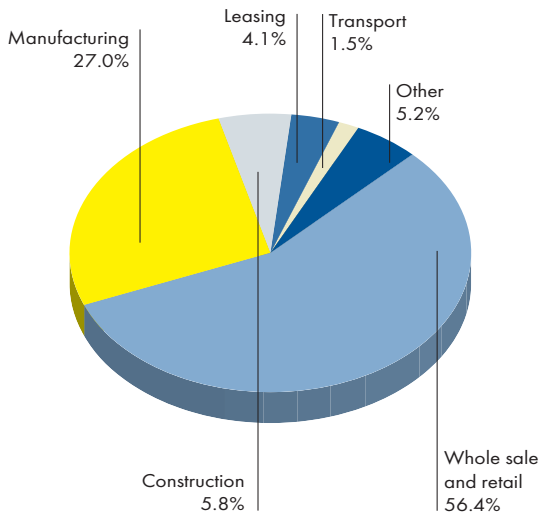
Our Bank-Client payment systems for companies offer a wide range of services (the systems processed over five million payment documents in 2009).

Last year, to develop these systems, we closed the outmoded Client-Bank Express system, and launched a modern distance service platform for corporate clients.

Thanks to steps taken to optimize costs in 2009, the main expenditures on supporting the Client-Bank systems fell 35% (a saving of over EUR 100 000).

## Loans to Medium-Sized Business

*Sector structure of loan portfolio for medium-sized business in 2009*




*Source: Raiffeisenbank*

Financing medium-sized business remained a key area for the Bank in 2009. The financial crisis led to changes in the approach to financing medium-sized companies, including higher loan security and shorter loan periods. The new approaches allowed us to maintain the loan book quality despite the instability, with loan risks at an acceptable level.

The number of medium-sized companies using our credit products rose to over 230 last year, with the greatest concentration, as in 2008, still in wholesale and retail (56.4%) and manufacturing (27%).

In 2009, we expanded the limits of our lending to medium-sized business (annual revenue from RUR 300 million to RUR 2 billion). The new limits expand the Bank's ability to offer mutually beneficial, effective lending and services, with the programme among the most attractive and competitive on the Russian market, allowing clients to expand and develop their businesses.

# Corporate Finance and Investment Banking

In 2009, Raiffeisenbank continued its successful work in corporate finance and investment banking. The Bank served as Lead arranger and book-runner for 20 corporate bond issues with a total par value of over RUR 105 billion (up 35% yoy), allowing the Bank to maintain its position as a local corporate bond market leader. Major rouble bond issues included:

- The placement of two EBRD bond issues for a total of RUR 8 billion, a debut after-crisis transaction in 2009. The coupon was MosPrime minus 25bp for five years for the fifth issue and MosPrime minus 55bp (five years) for the fourth; this was the first time an issuer raised funds for less than the base market indicator;
- VimpelCom's second bond issue (RUR 10 billion), a major H1 2009 transaction;
- The second bond issue for the Agency for Mortgage Lending (RUR 9.4 billion) with record terms of 8, 13 and 19 years;
- A debut issue by the Eurasian Development Bank for RUR 5 billion (10.5% annual for a two-year offer, the lowest post-crisis level for bank bonds);
- The second bond issuance for X5 Group N.V. (RUR 8 billion in June 2009) the largest issue of the year in FMCG. Over 240 investors participated in the deal, the widest investor base in the after-crisis period;
- In September 2009, for Severstal's second bond issue (RUR 15 billion) demand exceeded the par value nearly 4X at RUR 55 billion, one of the best results of the year;

In late 2008, Raiffeisenbank served as a consultant for the rouble bond market's first-ever corporate bond restructuring, successfully completed by Top Kniga. Working actively in this area in H1 2009, the Bank strengthened its leading position in terms of the number and size of successful deals. In 2009, Raiffeisenbank was named the Restructuring house of the year by the Russian bond market rating agency Cbonds.

CHELYABINSK TUBE ROLLING PLANT

*ChTPZ*

*Bond issue*
*RUR 5 billion*
*Arranger*
*December 2009*

ACRON

*Acron*

*Bond issue*
*RUR 3.5 billion*
*Arranger*
*November 2009*

*AHML*

*SPO*
*RUR 9.4 billion*
*Arranger*
*October 2009*

Eurasian Development Bank

*EDB*

*Bond issue*
*RUR 5 billion*
*Arranger*
*October 2009*

ACRON

*Acron*

*Bond issue*
*RUR 3.5 billion*
*Arranger*
*September 2009*

Severstal

*Severstal*

*Bond issue*
*RUR 15 billion*
*Arranger*
*September 2009*

North-West Telecom

*NWT*

*Bond issue*
*RUR 3 billion*
*Arranger*
*August 2009*

Beeline®

*VimpelCom*

*Bond issue*
*RUR 10 billion*
*Arranger*
*July 2009*

X5 RETAIL GROUP

*X5 Finance*

*Bond issue*
*RUR 8 billion*
*Arranger*
*June 2009*

*Wimm-Bill-Dann*

*SPO*
*RUR 3 billion*
*Arranger*
*May 2009*

European Bank for Reconstruction and Development

*EBRD*

*Two bond issues*
*RUR 8 billion*
*Arranger*
*April-June 2009*

# Syndicated Loans

In H1 2009, Russian borrowers had virtually no access to syndicated loans, as the global recession dictated conservative lending rules, cutting deep into loan market volumes. In the summer, however, investors began returning to the Russian market where the economic situation allowed the most financially stable and reliable corporate borrowers to raise diversified financing from banks. Most of these transactions were club loans with a small number of lenders.

In October, Raiffeisenbank was the organizer for a USD 500 million club loan at LIBOR+5% for Gazprom Neft. Other organizers included BTMU (Europe), Nordea Bank, UniCredit Bank and Societe General Vostok. In December, the Bank served as organizer for a USD 150 million club loan for Pokrovsky Rudnik. Other organizers and lenders for the deal included ING Bank N.V. and UniCredit Bank, with Societe General Vostok joining in January 2010.

The positive market trends in late 2009 point to more active syndicated and club lending in Russia in 2010 amid the general stabilization of loan markets.

# Custody Services

According to the annual survey conducted by Global Custodian, the leading magazine covering the international securities services business, in 2009 Raiffeisenbank Custody confirmed its Top Rated status, receiving 5.57 out of a possible 6 points from foreign investors for the quality of its custody services on the Russian securities market.

In late 2009, the Bank's Custody offered its clients Delivery versus Payment Settlement via the Depositary Clearing Company. DCC DVP scheme is designed for one-time transfers of securities to buyers and sale proceeds to sellers, allowing both to avoid counterparty loan risks, which is particularly important during periods of economic instability.

Fund Administration is still one of the Bank's Custody priority areas. In 2009, the Bank started implementation of an electronic document processing system designed to accelerate communication among professional market participants, which should significantly improve the quality of Fund Administration services.

In 2010, Raiffeisenbank plans to extend its product line of Delivery versus Payment services, participate in seminars and panel discussions with representatives of the Central Bank of Russia, the Federal Financial Markets Service, professional society for discussing problems encountered by foreign and domestic investors on the Russian securities market, as well as in the international conferences.

The horseshoe has long been a widespread magic folk amulet. It is placed over the door to a house where it keeps unclean spirits and evil beings from crossing the threshold. For the horseshoe to protect the house, it must be hung with its sharp ends down. To use it as a lucky charm, the ends must point up so that the luck that arrives does not run out.

# 07

# Retail Customers

## Branches

In 2009, Raiffeisenbank continued the successful development of its branch network, opening 17 new sales outlets. To improve client service quality, all branches in Yekaterinburg, Chelyabinsk, Perm, Nizhny Novgorod and Krasnoyarsk were united into a single operational platform.

In Moscow, seven new additional offices were opened: Bolshiye Kamenshchiki, Ryazansky prospekt, Belyaevo, Arbatskoye, Na Myasnitskoi, Prospekt Mira, Mayakovskoye and Voikovskoye.

Last year, the Severnaya Stolitsa branch in St. Petersburg opened new additional offices: Kupchino and Vladimirskaya Ploschad'; in Kaliningrad the additional office, Ploschad' Pobedy was opened.

In the Central Region, a new branch was opened in Kursk.

The Sibirsky branch in Novosibirsk opened an additional office, Na Prospekte, an additional office, Okeansky was opened in Vladivostok and an additional office, Na Kraulya, was opened in Yekaterinburg.

The Yuzhny branch opened two additional offices: Yubileiny in Krasnoyarsk and Zapadny in Rostov-on-Don.

In 2009, the Sales Force Effectiveness project became a key priority of Raiffeisenbank's retail business in Russia. The project involves the active use of global sales management standards and improving sales efficiency and service quality at branches. One of the main goals of the project is creating a manageable network capable of reacting to changes in the market quickly and effectively.

In 2009, the project was implemented at all branches in Moscow and regions, and the results exceeded expectations. Originally, the plan envisaged a 30% increase in sales volume, on average, throughout the network, but in fact a 93% increase was achieved during the implementation period and 108% afterwards, one of the best results in the Raiffeisen International Group. The project also helped improve the knowledge and skills of branch staff and managers. During the launch period 160 branch managers received training in specially developed programmes, along with 540 sales managers and 560 specialists throughout Russia, allowing personnel to grow professionally and develop their leadership qualities.

Last year's launch of the SFE project was a key event in the development of Raiffeisenbank's retail sales culture, and an important task in 2010 is developing and supporting SFE standards, allowing clients to receive proper consulting and quality service in the branches and enjoy using the Bank's services.

## Direct and Corporate Sales

In 2009, to increase the effectiveness of direct and corporate sales, the Bank implemented channel reorganization, created a new organizational structure in Moscow and the regional centres, and launched a new incentive system.

Last year the direct sales group in Moscow sold consumer loans (57% of total sales), credit cards (24% of total sales) and unit investment funds (61% of total funds raised). The share of consumer loans sold by direct sales specialists in the Bank's regional branches was 20%, on average, of total regional sales, and the share of credit sales was 40%.

Last year, the corporate sales group brought in new clients for payroll service projects; in Moscow 388 companies were added with a total workforce of 31 990.

In regional branches, the efficiency of work with payroll customers was improved due to automated process efforts (switching payroll projects to the Electronic Office system). A total of 740 companies with a total workforce of 42 000 were signed on payroll projects.

## Payroll Support Group; Payroll Projects and Direct Sales Administration Group

In 2009, in the payroll accounts segment roughly 40 000 new client accounts were opened, and commissions from the issue of payroll cards was RUR 20 million, up 3.5 times yoy.

The Payroll Project Support Group serviced 300 new companies with a total client base of about 40 000. In H2 2009, group specialists met with key clients to resolve issues related to cooperation on the payroll project and supporting long-term relations and effective cooperation.

## Call Centre

Raiffeisenbank's Information Centre provides twenty-four-hour distant service to clients and works in several areas: card support, retail customer general support and dedicated lines for Private and Premium clients. Information Centre specialists actively offer different bank products and services and also meet clients' needs.

In 2009, Information Centre focused on upgrading quality of service. To improve service, a client survey was conducted. The results revealed the necessity of further improvement and active steps were taken in this direction, in particular, the Information Centre set the task of reducing the volume of client call transfers among Bank staff. It requires the re-engineering of some business processes; the work has been started this year and will be continued next year

For the past several years, the Information Centre in Russia has been a Raiffeisen Group leader in terms of incoming and processed client calls. In 2009, the Centre took roughly 3.5 million calls. 500 000 outgoing calls were made and 30 000 letters were handled.

In 2009, a new service — Raiffeisen Teleinfo — was introduced, an automatic telephone system offering general and individualized information, prompt and secured response.

## Distance-Banking Services

In 2009, Raiffeisenbank's official site, www.raiffeisen.ru, recorded more than 2 million hits a month, roughly the same as the average for 2008, but the number has been growing steadily since late 2009. The site is a leader in Internet ratings among banks, surpassing the sites of the main competitors on total visits for banking service requests in popular search engines.

In 2009, a cartographic service was launched at www.raiffeisen.ru allowing clients to search rapidly for branches and ATMs both visually, on maps of Moscow and St. Petersburg, and contextually by service type in all regions where the Bank operates.

The Fast Mail services site (www.bpochta.ru) and the NPF Raiffeisen site (www.npfraiffeisen.ru) were united into a single web-content management platform where Raiffeisenbank's official site has been working

since 2007. This allows a cross exchange of information among company sites in the banking group, making it possible to inform clients more fully and rapidly about the group's services.

To expand Raiffeisen's MOBILE services, clients can now use a special mobile phone application to easily and conveniently learn their card balance, receive statements, see exchange rates, share prices, and other information.

In 2009, Global Finance deemed Raiffeisenbank the best Internet banking services provider in Russia for private customers in Eastern and Central Europe.

New provider categories were added to payment services, including Internet, telephony, and television. Soon, the Bank will expand its list of access categories and providers, as this service enjoys strong demand among customers. Raiffeisen CONNECT now offers greater security, a personal data change service, and information about operations completed in the system.

In 2009, CONNECT crossed the 300 000 threshold, completing over 1 036 000 operations, up 2 times yoy, thanks to rapidly growing payment services, which took the lead with over 480 000 operations.

In 2009, the Bank sent over 25 million SMS alerts to clients, and the number of cards linked to Raiffeisen MOBILE exceeded 258 000, up 32% yoy, making Raiffeisen MOBILE as popular as Raiffeisen CONNECT.

Efforts to improve the level of call service (both corporate and retail) for clients' electronic banking questions resulted in an 80% increase in H2 2009.

## Cash Loans

Despite the difficult economic situation and decrease in creditworthiness of many clients, Raiffeisenbank continued to provide consumer lending in substantial volumes (over RUR 3 billion). The Bank is mainly oriented towards regular clients who meet their loan obligations conscientiously, and clients making regular non-loan settlements (the share of sales to current clients in 2009 was 35%). Another priority area was the staff of corporate clients — reliable consumer borrowers working in financially stable companies. These clients accounted for 29% of total sales.

In 2009, the Bank worked on optimizing its processing and approving of consumer loan applications. A new system for processing client applications was implemented in most of the Bank's divisions. As a result, the average processing and approval time was cut from five days to less than four.

Given the temporary difficulties some borrowers faced amid the economic downturn, in February 2009 the Bank offered a debt refinancing programme for clients with a good pre-crisis credit history in roubles and other currencies. More than 2 200 clients used this programme in 2009.

## Car Loans

Car loans remain an important part of Raiffeisenbank's retail business. As of 1 January 2010 the share of car loans in the total debt of individual clients was 29.6% (RUR 23.3 billion).

In 2009, over 7 000 car loans were issued, with more than 90% going for the purchase of new foreign-made models.

The development strategy for this product targets the stable client segment, living and working in markets where the Bank operates and buying relatively inexpensive foreign-made models.

In 2009, Raiffeisenbank continued improving its product line, offering various new services: life and health insurance for car loan clients, cost-free early repayment of car loans at any time, and registration of a car in the name of the borrower's spouse.

A key area for the development of this segment was partnership with carmakers and major dealers. Last year, the Bank continued its participation in the Ford by Loan programme and the launch of a new special federal programme GM Finance with General Motors. In December, the Bank joined the state programme of subsidized interest rates for car purchases.

This year, Raiffeisenbank intends to increase its share of the car loan market, working with partners offering competitive products and quality service and simplified loan processing procedures.

## Mortgage Loans

As of end-2009, Raiffeisenbank's mortgage loan portfolio was RUR 27.7 billion. In H1 2009, demand for mortgage loans fell yoy amid the economic downturn. However, despite the higher risks in the segment and the difficulties on the real estate market, the Bank continued its mortgage lending, as it is a strategically important retail product.

In H2 2009, demand for mortgage loans increased, and in late 2009 Raiffeisenbank offered clients new mortgage terms, with lower interest rates and commissions, longer repayment periods, and other more interesting and favourable conditions.

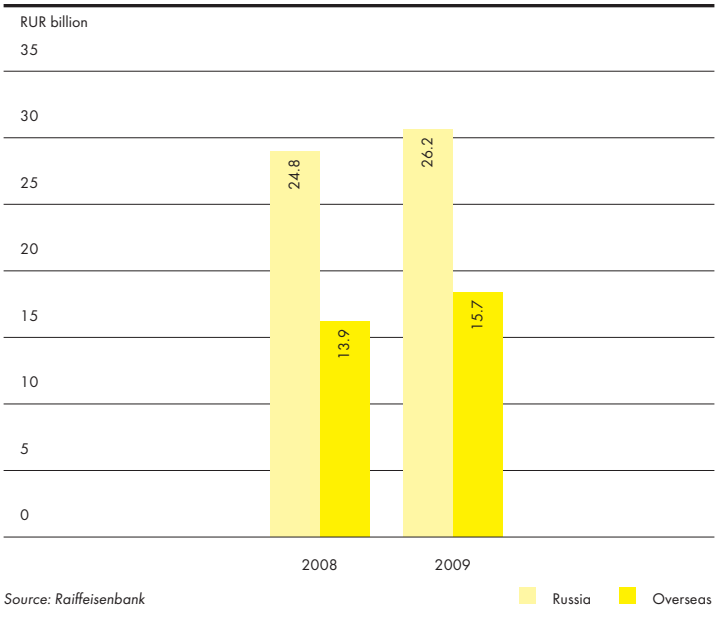
## ATMs

Raiffeisenbank's ATM network expanded by 10% yoy in 2009 to 1 515 units, including 337 cash-in.

The number of transactions at the Bank's ATMs exceeded 4 million, including 5% for payment for mobile communications, Internet, and television (up 38% yoy).

## Debit Cards

*Total purchases at trade and service companies using Raiffeisenbank cards*




*Source: Raiffeisenbank*

In 2009, Raiffeisenbank's total debit card portfolio was about 1.07 million; gold cards rose 15.8% yoy to over 29 950. The main driver of this intensive growth was the bonus system launched in September. The total volume of purchases at trade and service companies using Raiffeisenbank cards was RUR 26.2 billion and RUR 15.7 billion overseas.

In September, Mobile TeleSystems, the Visa global payment system, and Raiffeisenbank launched a new product for clients: the MTS-Raiffeisenbank VISA card, the Bank's first venture into co-brand debit cards.

In April 2009, the Bank completed an important integrating project, linking bank card processing centres and resulting in centralized processing systems for servicing holders of VISA International and MasterCard International for trade acquiring, e-commerce, ATM networks and unifying banking services to holders of Raiffeisenbank's debit and

credit cards. The unification process took 21 months, and the unified processing centres are an important step towards creating a single operational platform for the Bank, promoting effective business development using the bank cards of global payment systems, and offering clients a high level of service, state-of-the art card products, and convenient service channels.

This year the Bank plans to issue chip cards, and hopes to transfer its entire card portfolio to this format by end-2011. Additionally, Raiffeisenbank plans to launch a new bundle on the VISA Platinum platform and a progressive savings accounts for Premium segment clients.

## Credit Cards

In 2009, Raiffeisenbank issued two new co-brand cards Austrian Airlines–Raiffeisenbank MasterCard credit card (Standard and Gold) was launched in February. Cardholders accumulate miles in the Miles & More loyalty programme each time they pay with their credit card. Miles & More miles can re-redeemed for award flights and other rewards.

MTS–Raiffeisenbank VISA card was launched in September. By using the card to pay for goods and services, cardholders accumulate bonus points more quickly, redeeming them for conversations with friends and relatives, SMS packages, and other interesting bonuses. Raiffeisenbank launched the 1st bank card within MTS Bonus programme.

Under Raiffeisen International's sponsorship of the 54th Eurovision Song Contest in Moscow, Raiffeisenbank issued credit cards with the logo of the Eurovision 2009 contest.

The main goal this year was promotional campaigns of its own, and with partners, for the active involvement of cardholders through the whole card life cycle. Despite the difficult market conditions, in late 2009 the Bank began using alternative methods for confirming income when credit card applications are made.

## Deposits

In 2009, Raiffeisenbank took significant steps to develop new deposits: Multicurrency, Growing Income, Replenishment and Investment for the Personal Individuals segment and International, International Plus, Investment Plus and Insurance for the Private and Premium banking segment.

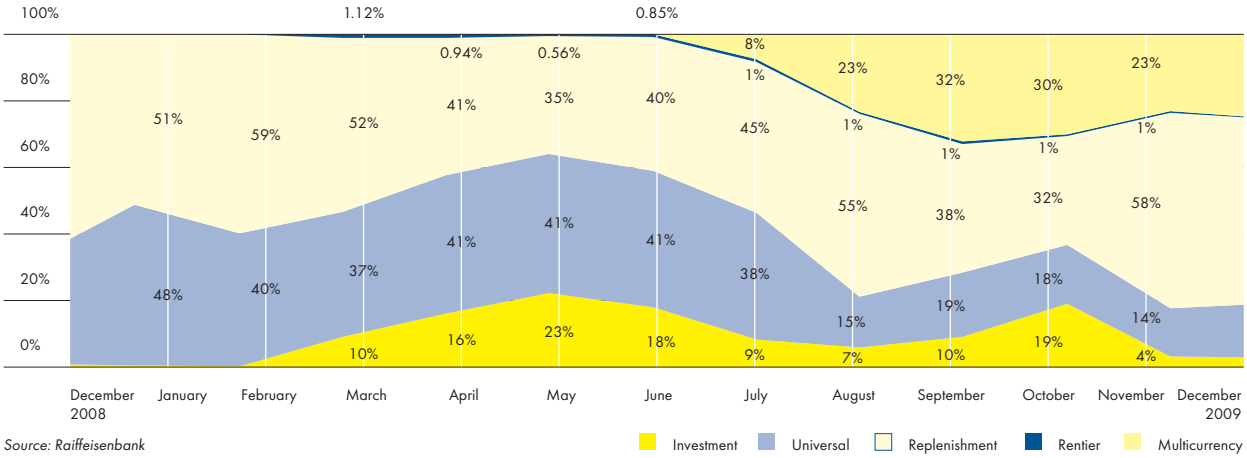
The year 2009 significant marketing efforts targeted on new and current clients, as well as special offers for loyal clients.

Analysis of market movement and efforts to sell deposits while maintaining their profitability, allowed Raiffeisenbank to increase its market share form 1.27% in 1.43% in 2009.

The bank's portfolio of private deposits rose from RUR 63.1 billion to RUR 92.5 billion, with nearly 85 000 clients opening accounts.

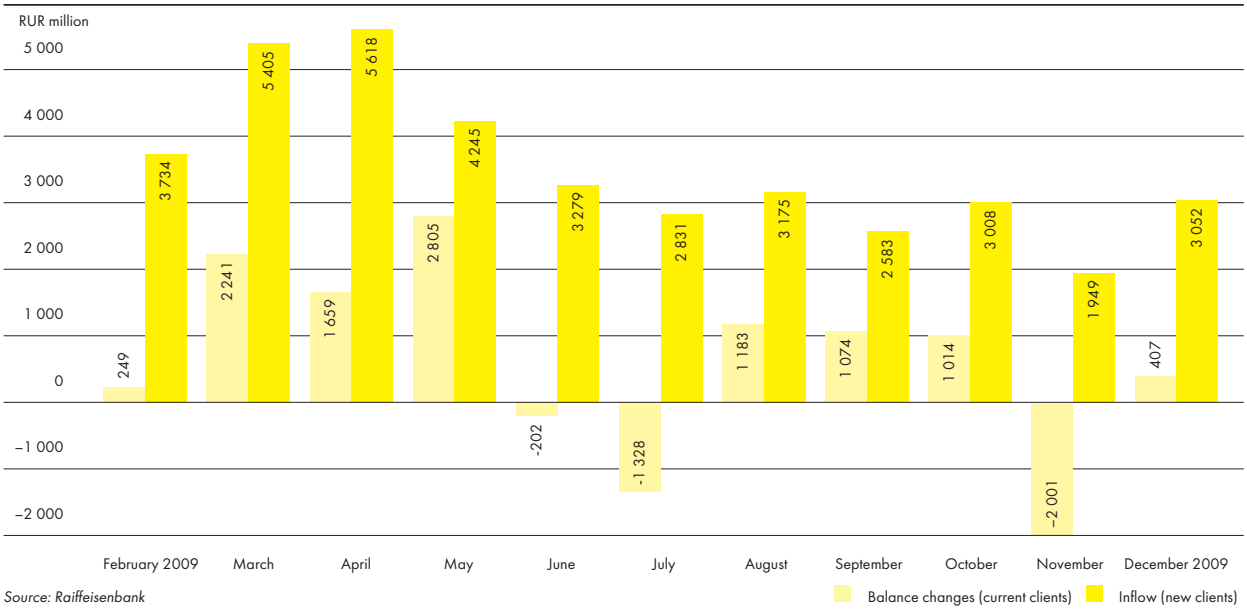
This year, the Bank plans to launch new deposit products: welcome TD (for new clients), Insurance deposits and Binary deposits - for Personal Individuals. Additionally, the Bank intends to improve its deposits and deposit services; this includes adding a new currency to Multicurrency TD, partial withdrawal services, and opening new deposits in the Raiffeisen CONNECT system.

## *Share of new deposits in Raiffeisenbank's total deposits*



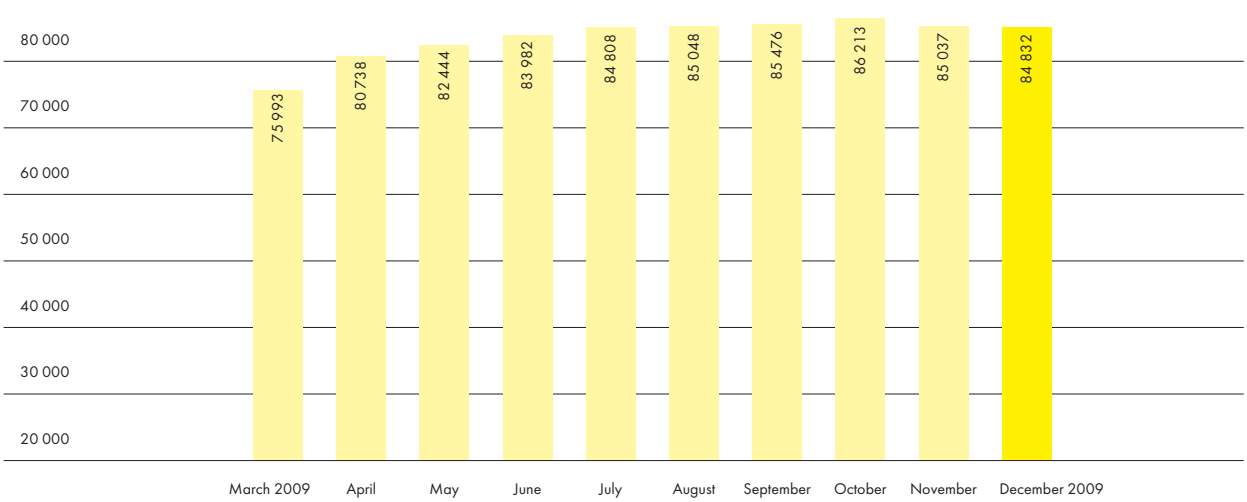

*Source: Raiffeisenbank*

## *New fund flows and changes in the balances of Raiffeisenbank's clients*




*Source: Raiffeisenbank*

## *Number of retail clients with Raiffeisenbank deposits*

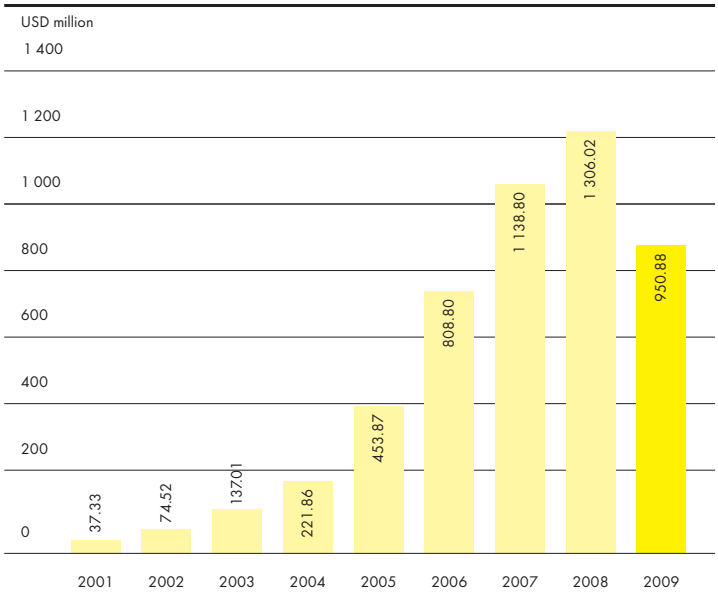



*Source: Raiffeisenbank*

# Fast Mail Money Transfers

The year 2009 was challenging for the money transfer market. For the previous five years Russia had been one of the fastest-growing markets for money transfers, but the global economic downturn changed things dramatically, with transfer volumes dropping significantly. Nevertheless, over 2.5 million clients in Russia/CIS used the Fast Mail system to transfer funds, with turnover exceeding the equivalent of USD 900 million, suggesting a bright future for the system.

*Turnover of Raiffeisenbank's Fast Mail funds transfer system*




*Source: Raiffeisenbank*

Significant changes have occurred in the system's geography. The network now includes over 5 600 sales outlets, up more than 20% yoy. The clients of over 170 partner banks can make transfers from over 1 500 cities and towns in 12 countries. The sales network in Russia grew by more than 50% and now includes over 200 cities and towns with over 1 000 Raiffeisenbank and partner bank offices.

Priority last year included tariff policy, service quality and technological development, always a key element of Fast Mail. To support its clients in difficult times, Fast Mail reduced its tariffs and offered new services intended to improve functionality, and reduce time and money expenditures during transfers. Rouble transfers in the CIS became available in mid-2009, and since December clients can make 24/7 transfers from the self-service terminals of CyberPlat, one of the Bank's partners; this year Fast Mail will be available at retail mobile phone outlets.

# Premium Banking

On 31 March 2010, at its Smolenskaya 28 and Troitskoye branches, the Bank began offering Premium Banking services. The project is very significant for differentiation of retail services, allowing the Bank to qualitatively improve the way it services its most valued clients.

In 2009, Premium Banking was offered in 24 branches in Moscow, St. Petersburg and Yekaterinburg, with about 40 managers working with clients. By end-2009, the Bank had over 4 000 Premium Banking clients.

Premium Banking clients are offered:

- A personal manager — a banking and finance officer chosen from among the most professional and successful bank employees;
- Direct contact with the Bank at any time — the manager is accessible by mobile phone during working hours, and Premium Line operators provide services around the clock;
- Priority, convenient services — the Bank has special service rooms for Premium clients, with separate comfortable conference rooms for meetings with the personal manager;
- Balanced (profitable and productive) individualized investment proposals based on the client's goals and expectations.

In 2009, Premium Banking offered the following initiatives:

- Sales of Premium product packages;
- A modernized discount system for product packages, with discount calculations based on client deposit balances and volume of card cashless transactions;

- Investment Strategy (a unit investment fund plan);
- Insurance products: Endowment from Raiffeisen Life; "Budget Protection" and "Protected Deposit" from CARDIF;
- Special terms for the Bank's loan products, including credit cards with a 40% higher credit limit, personal loans with higher limits and special interest rates, car loans with special rates, and mortgage loans on special terms;
- All Premium Banking VISA and MasterCards are specially designed for highly valued clients;
- Strakhovoi deposit, combining endowment life insurance and term deposit.

## Private Banking

Private Banking division was created in Raiffeisenbank in January of 2007. During the following years the Private Banking infrastructure has been built: classical banking products and services have been adapted for the special needs of high net worth individuals, and also wide range of investment products has been created and has been constantly extended in order to provide full range of wealth management services.

Examples of products and services, exclusively offered, and available only to Private Banking clients are Visa Platinum and Visa Infinite credit cards, with large credit limits and an extensive program of additional services and privileges (cards were launched in February 2009); investment strategies which include global funds and structured notes, executed using the Raiffeisen Group's partner network, and much more.

In the wealth management product range the Bank's team of professional portfolio managers provides a wide range of standard and individual investment strategies. Portfolio management is performed with consideration of a client's risk profile, individual requirements and goals. Combined with a profound knowledge of the market, this provides strong portfolio management results.

In 2009, the team of Private Banking personal managers and financial consultants increased considerably. These are highly qualified specialists who carry out any client's request and respond rapidly to market changes for prompt adjustment of the investment portfolio. Currently, the team includes 18 people in three branches in Moscow and St. Petersburg. All managers and financial consultants regularly complete additional trainings, including certification by Russian Federal Financial Markets Service.

One of the rapidly growing activities of Private Banking is Lifestyle management, which includes providing clients special service conditions and privileges from the Bank and it's partners, and also event management (entertaining events, investment seminars, etc).

In 2009, Private Banking participated in projects initiated by Raiffeisen International. One such project was the development of a distinctive brand name for private banking divisions across Raiffeisen International network: "Friedrich Wilhelm Raiffeisen, banking since 1886," It will be implemented in 2010 at all the group's banks in Central and Eastern Europe. The re-branding project was successfully implemented in Russia in 2009, the brand will be presented to clients in second quarter of 2010. One of Private Banking events planned for 2010 will be specially dedicated to the new brand presentation to clients along with discussion of future plans and developments of Private Banking of Raiffeisenbank.

## Service Quality

Last year's Client Impression Index 2009 study, conducted jointly by PricewaterhouseCoopers and Senteo Gmbh, analyzing the results of the branches of 38 Russian banks, showed Raiffeisenbank as the leader in the Brand and Culture categories.

According to regional studies by NEXTEP, Raiffeisenbank branches were the leading service providers in Yekaterinburg and the Siberian Federal Region. We endeavour to achieve sustainable high service quality at all branches in the network, and in 2009, prepared far-reaching changes in our approach to managing service quality. We defined quantitative customer service quality indicators, which will be constantly monitored in 2010, allowing branches, in healthy competition with one another, to maintain and improve their level of client service, expand the client base, and increase client loyalty.

Sunlight comes from the flaming shield that Dazhdbog carries with him. By day, the Sun is in the real world, Yav, while at night, Nav, is in the underworld. An amulet in the form of two stallions' heads represented the daily and nightly movements of the celestial light, and protects a house day and night.

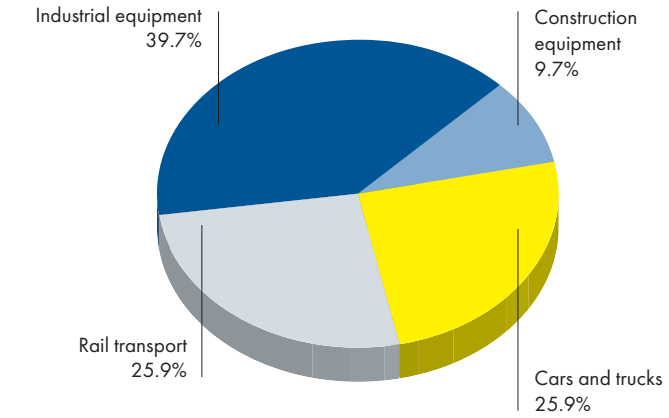
08

# Subsidiary Companies

## OOO Raiffeisen-Leasing

Last year tested the strength of Russia's leasing market. Raiffeisen-Leasing maintained its leading positions among universal leasing companies with foreign ownership thanks to sound solutions, a solid development strategy, and a strong safety margin accumulated during 10 years of successful operations.

*Raiffeisen-Leasing's portfolio structure as of 31 December 2009*




*Source: Raiffeisen-Leasing*

In 2009, Raiffeisen-Leasing completed new deals for a total of RUR 481 million, with funds going toward asset purchases by key clients with whom the company has worked successfully for many years. As of end-2009, the leasing portfolio stood at RUR 7.6 billion.

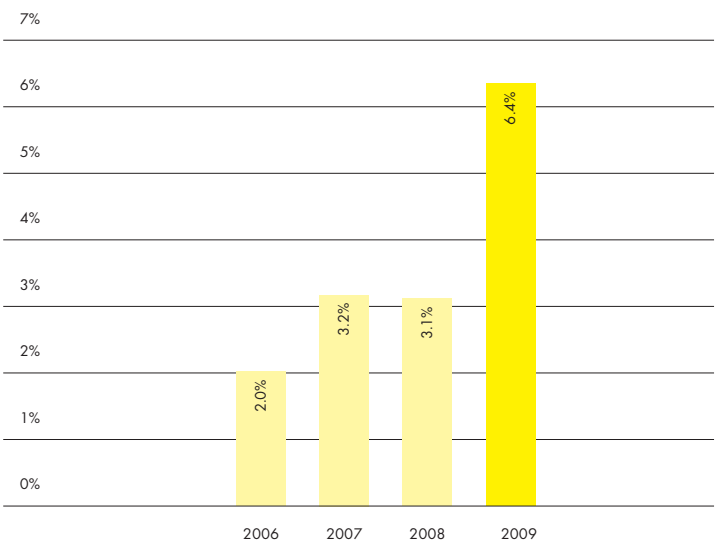
Raiffeisen-Leasing has always focused on portfolio quality and liquidity, and successfully incorporates the experience of Raiffeisen Group amid rapidly changing external factors, allowing the company and its clients to greatly reduce the impact of economic downturn on their business activity.

Raiffeisen-Leasing's 2010 strategy included expanding new business, increasing its market share, and further improving its service to clients.

## Raiffeisen Capital Asset Management Company

The year 2009 was the most successful in Raiffeisen Capital's five-year history. Although the Russian asset management market experienced serious difficulties reflected in significant outflows from open unit investment funds, the company more than doubled its client base and outpaced its main competitors in the growth rate of assets under management.

*Market share of Raiffeisen Capital, %*




*Source: Investfunds.ru*

** Among open unit investment funds*

Last year, Raiffeisen Capital was the only major Russian collective investments market player to achieve a positive result in attracting money to open funds. Raiffeisen Capital took four of five first places in the unit investment fund ratings for money raised in 2009, when open funds raised roughly RUR 1.3 billion compared to an outflow of RUR 11.6 billion. The success was due to high-quality funds management, with profitability generally above that of competitors throughout the year, and higher than comparison group indices, as well as to improved sales channel efforts and new products jointly with Raiffeisenbank. Last year, the qualifications and competence of Bank staff selling investment products improved significantly, contributing greatly to our overall success.

The company also achieved strong results managing the funds of institutional clients, particularly non-state pension funds: over the past two years the profitability of these funds' reserves exceeded 30% annual, one

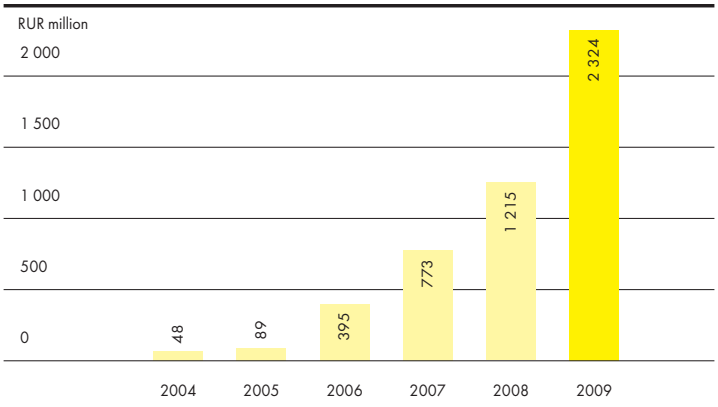
of the best results among Russian management companies during the period. In 2009, the volume of institutional client assets under management by Raiffeisen Capital rose 50%. Raiffeisen Capital also showed its investment strength at the global level: equity fund Raiffeisen-Russland Aktien, co-managed by RCM, Austria with Raiffeisen Capital achieved the highest yield in 2009 among funds registered in Austria — 168.1%.

These achievements boosted Raiffeisen Capital's share of the local collective investment market: in 2009, the company's market share among open unit investment funds managed rose over 2X to 6.4%, as it moved from 8th to 6th place among major operators.

This year Raiffeisen Capital hopes to increase its market share to 7.5% by expanding its product line for individual clients as well as working more closely with institutional clients. Last year's strong results and its desire to further develop them allow Raiffeisen Capital to look to the future with confidence.

# Non-State Pension Fund Raiffeisen

*Total assets managed by NPF Raiffeisen*




*Source: NPF Raiffeisen*

In 2009, the Russian government continued to pursue pension reform. A number of legislative acts were passed, significantly changing the Russian pension system from 1 January 2010. The changes affect employers as well as current and future retirees. A key element is valorising citizens' pension rights and adding social payments for non-working retirees, increasing pensions to more attractive levels. Employers' unified social tax will be replaced by insurance payments to the Russian Pension Fund, the Russian Social Insurance Fund and the Mandatory Medical Insurance Fund, with administrative responsibility transferred from the tax authorities to the funds themselves.

## NPF Raiffeisen — Highlights

In 2009, the number of participants in NPF Raiffeisen's private pension programmes rose to 38.8 thousand people. The number of corporate clients servicing their pension programmes with the Fund reached 111.

In 2009, a total pension payouts were RUR 12.8 million; 371 people received private pensions from NPF Raiffeisen.

In 2009, more than 9 thousand insured people transferred the accrued portion of their labour pension to NPF Raiffeisen, and the total number of insured people choosing the Fund as insurer reached 34.7 thousand people.

NPF Raiffeisen founder's contribution rose to RUR 313 million in 2009.

By the end of 2009, the total assets under management of NPF Raiffeisen increased 2 times and reached more than RUR 2.3 billion, including RUR 1.2 billion in pension reserves and RUR 1.1 billion in pension accumulations.

NPF Raiffeisen received the following ratings:

- AA– (very high reliability, level 3) from the National Rating Agency (NRA) for its Q2 2009 results;
- A (high level of reliability) from Expert RA for its Q2 2009 results.

## *Managing Pension Reserves and Pension Accumulations*

In 2009, the Fund continued to work with asset management companies chosen to invest pension accumulations and reserves in 2008.

For investment of pension accumulations NPF Raiffeisen worked with Alianz ROSNO Asset Management OJSC, ZAO UFG INVEST, Kapital Asset Management LLC and JSC URALSIB-Wealth Management.

Investment of the Fund's pension reserves was handled by Raiffeisen Capital LLC Asset Management Company, Kapital Asset Management LLC, ZAO UFG INVEST and RENAISSANCE CAPITAL ASSET MANAGEMENT COMPANY LTD.

## *Regional Development*

In 2009, new software was installed in ZAO Raiffeisenbank's branches to sell pension products including private pensions and mandatory pension insurance, and handled documentation for the state co-financing programme.

As of end-2009, NPF Raiffeisen's agent network included 182 sales outlets for pension products at Raiffeisenbank branches in 47 regions of Russia.

# Regional Development

Last year, Raiffeisenbank continued developing its Russian regional network to improve client service quality, increase profitability and its share of main market segments, and improve the efficiency of regional divisions. Network development included:

- Opening new branches;
- Expanding existing facilities;
- Moving to new offices.

Last year, a total of 28 projects were implemented:

- Ten new additional offices were opened in Vladivostok, Kaliningrad, Kursk, Novosibirsk, Krasnodar, St. Petersburg, Yekaterinburg and Rostov-on-Don;
- Seven additional offices were opened in Moscow;
- Office space was increased in Perm, Volgograd and Yekaterinburg;
- Eight regional offices moved to new premises in Nizhny Novgorod, Ivanovo, Izhevsk, Omsk, Novorossiysk, Volzhsk, Chelyabinsk and Belgorod.

The Bank also worked to improve network efficiency by modernizing a number of sales outlets, and either closing less productive outlets or moving them to new premises.

As of end-2009 Raiffeisenbank was present in 47 regions, 71 towns and cities, and had 211 sales outlets (including 88 in Moscow).

The Bank intends to further develop its regional network over the long term. Development plans for 2010 include about 10 projects nearing completion and 20 at the development stage. These efforts should enhance the Bank's regional operations and promote long-term relations with clients desiring quality banking services.

# Corporate Responsibility

Corporate responsibility is an inalienable part of Raiffeisenbank's corporate culture. As a participant in the sustainable development of society the Bank adheres strictly to the principles of responsible business conduct:

- Openness and transparency when working with partners, clients, staff and the government; strict observance of Russian law;
- Creating good work conditions for staff; providing social benefits and opportunities for development;
- Participation in public life through charitable programs which provide support for less privileged members of society, as well as initiatives in the areas of sport and culture.

## Charitable Programmes

The Bank is developing an extensive charity programme at the federal level, and in the regions The main areas of development in 2009 were: assistance to handicapped people of all ages; help for the elderly and war veterans; assistance for orphans; social adaptation and schooling for homeless children; and medical aid for children with serious illnesses.

Last year, the Bank supported a number of charities and non-profit organisations in Moscow, and the regions where it operates:

- Raiffeisenbank was general partner for the SMS marathon "You are not Alone!" with the funds collected going to UNICEF to equip a special facility for deaf and blind children from a children's home in Sergiev Posad;
- The Bank continued to support "Children's Villages SOS," financing the maintenance of a home in the Tomilino children's village;
- The Bank provided support for a social adaptation and educational programme "ROOF Educational Centre for Orphans," which provides children out of orphanages with a decent basic education while motivating them to learn and helping them to overcome psychological barriers and complexes;
- Raiffeisenbank provided assistance for the creation of family-oriented arts and craft workshops for disabled children and their parents under the "New Opportunities" project in Orenburg;
- The Bank supported the renovation of premises provided by the Orenburg government for special workshops where disabled children and their parents can acquire new work skills; purchases included sewing and plumbing equipment;
- We provided support for disabled athletes at the Wheelchair Sport Dance World Cup in the Netherlands;
- We also provided material assistance for the "Illustrated Books for Small Blind Children" fund's publication of a series of special books for blind and sight-impaired children using three-dimensional illustrations;
- We helped fund the Central Writers' Home's meeting between Moscow children and WWII veteran authors to celebrate the 64th anniversary of the end of World War II;
- We helped the charitable organization EveryChild buy special rehabilitation equipment for disabled children;
- As official partner of the 54th Eurovision competition we organised access for over 500 children from orphanages to visit rehearsals and performances of the show, which was held for the first time in Moscow;
- We participated in the charitable fundraising cycling event "Red Square" to help Russian children with Down syndrome;
- We supported an art studio for disabled children run by the St. Petersburg charitable organization "Prospects" helping young people with cerebral palsy develop their creative talents through art, theatre and music;

- Our assistance included purchasing Adeli suits used for resistive exercises and to promote mobility;
- We participated in a charitable mini-football tournament, with the funds going to assist Russian children with Down syndrome;
- We provided material support to the Samu Social, which helps young children and teenagers left to fend for themselves on the streets of Moscow.

In 2009, Raiffeisenbank again took part in the programme "Charity instead of gifts." The Bank reduced its purchases of New Years gifts, allocating the funds saved to the "Children's Villages SOS" fund.

We believe it is very important to involve our staff in our charitable work, and our "Together We Can Help!" programme gives each employee the opportunity to contribute to the common cause. Under the programme employees make personal financial contributions and the Bank doubles the total amount raised.

An important aspect of the programme is that employees are expected to participate in the selected project as volunteers. So far, three projects have been realised, and in each case the funds raised significantly exceeded the initially required amount.

In 2009, staff collected funds for the children's division of the Tuberculosis Dispensary in Saransk to supply schoolrooms and playrooms with new furniture. Once again, the funds collected more than covered the costs, so it was decided to replace the dispensary's windows; the premises are under renovation and, in October-November, 15 windows were replaced. In December, the facility received the new class and recreational furniture.

## *Cultural Initiatives*

In the area of arts sponsorship, Raiffeisenbank seeks to promote a common cultural space between Russia and Europe, and to support outstanding initiatives that are innovative in the Russian cultural context.

In 2009, the Bank sponsored a number of significant cultural projects:

- International musical festival "Mozart in Moscow" in the Rachmaninoff Hall of the Moscow Conservatory;
- "KomMissiya," a cartoon festival bringing together over 500 artists working in the genre from various countries;
- Eurovision 2009, held for the first time in Moscow at the Olympic Sports Complex;
- "Usad'ba Jazz", a large open-air jazz festival at Archangelskoe outside Moscow;
- "Euroreadings", a special project of the 4th Moscow International Book Festival:
- "Jazz in the Provinces" in Voronezh, Stary Oskol, and Kursk:
- Moscow international children's theatre festival "Big BreakFest":
- The "New European Theatre" festival, the theme of which was the 20th anniversary of the fall of the Berlin Wall:
- 1st Russian-European festival of short films "27+ One".

One of the main Slavic gods, the lord of the heavens and the god of Storms and Lightning, was Perun. According to legend, his chariot rattles, bumping over the uneven surfaces of the clouds, and the people on Earth hear the thunder "rolling" across the sky. The symbol of Perun is the thunder mark. It was affixed to a house for protection from lightning and fire.

09

# Financial Statements

## Consolidated statement of financial position

| In thousands of Russian Roubles | Note | 31 December 2009 | 31 December 2008 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | 7 | 145 233 969 | 153 372 810 |
| Mandatory cash balances with the Central Bank of the Russian Federation | | 2 608 971 | 484 645 |
| Trading securities | 8 | 39 334 913 | 14 495 678 |
| Repurchase receivables as trading securities | 12 | – | 4 405 733 |
| Other securities at fair value through profit or loss | 9 | 12 414 264 | 12 534 378 |
| Due from other banks | 10 | 30 553 396 | 7 426 118 |
| Loans and advances to customers | 11 | 244 528 529 | 364 540 357 |
| Investment securities available for sale | | 578 745 | 337 162 |
| Premises and equipment | 15 | 9 336 095 | 9 224 923 |
| Intangible assets | 16 | 11 617 573 | 11 305 949 |
| Current income tax asset | | 1 101 964 | 1 419 431 |
| Deferred income tax asset | 30 | 24 246 | 156 731 |
| Investment securities held to maturity | 13 | 137 256 | 3 960 068 |
| Repurchase receivables as investment securities held to maturity | | – | 298 195 |
| Derivatives and other financial assets | 17 | 12 522 507 | 33 619 496 |
| Investment in associate | 14 | 937 932 | 606 935 |
| Other assets | 18 | 1 726 001 | 1 130 971 |
| **TOTAL ASSETS** | | **512 656 361** | **619 319 580** |
| **LIABILITIES** | | | |
| Due to other banks | 19 | 20 799 752 | 60 275 109 |
| Customer accounts | 20 | 259 128 882 | 259 402 419 |
| Term borrowings from the Parent Bank | 22 | 123 036 036 | 121 439 321 |
| Term borrowings from other financial institutions | 22 | 7 975 641 | 63 754 028 |
| Debt securities in issue | 21 | 10 078 975 | 10 076 515 |
| Derivatives and other financial liabilities | 23 | 9 570 910 | 27 270 016 |
| Other liabilities | 24 | 2 960 157 | 2 665 826 |
| **TOTAL LIABILITIES** | | **433 550 353** | **544 883 234** |
| **EQUITY** | | | |
| Share capital | 25 | 43 268 888 | 43 268 888 |
| Share premium | | 591 083 | 591 083 |
| Additional paid-in capital | | 1 520 016 | 1 520 016 |
| Retained earnings and other reserves | | 33 726 021 | 29 056 359 |
| **TOTAL EQUITY** | | **79 106 008** | **74 436 346** |
| **TOTAL LIABILITIES AND EQUITY** | | **512 656 361** | **619 319 580** |

Approved for issue and signed on behalf of the Managing Board on 22 March 2010.

Pavel Gurin
Chairman of the Board

Arndt Roechling
Chief Financial Officer

## *Consolidated statement of comprehensive income*

| In thousands of Russian Roubles | Note | 2009 | 2008 |
|---|---|---|---|
| Interest income | 27 | 46 252 006 | 44 824 401 |
| Interest expense | 27 | (15 489 089) | (16 044 629) |
| **Net interest income** | | **30 762 917** | **28 779 772** |
| Provision for loan impairment | 11 | (15 294 609) | (6 765 556) |
| **Net interest income after provision for loan impairment** | | **15 468 308** | **22 014 216** |
| Fee and commission income | 28 | 7 739 652 | 6 798 900 |
| Fee and commission expense | 28 | (1 201 553) | (1 357 794) |
| Gains less losses/(losses, net of gains) from trading securities | | 1 789 609 | (3 093 788) |
| Gains less losses/(losses, net of gains) from other securities at fair value through profit or loss | | 213 613 | (224 581) |
| Gain from redemption of investment securities available for sale | | – | 422 092 |
| Gains less losses from trading in foreign currencies | | 4 160 207 | 2 995 881 |
| Unrealized losses, net of gains/(gains less losses) from derivative financial instruments | 36 | (2 420 000) | 9 545 864 |
| Realized gains less losses from derivative financial instruments | | 2 433 702 | 202 121 |
| Foreign exchange translation losses, net of gains | | (4 753 004) | (4 453 160) |
| Ineffectiveness from hedge accounting | 36 | (260 630) | (9 225) |
| Provisions for credit related commitments | 35 | (510 131) | (160 063) |
| Provision for investment securities held to maturity | 13 | (2 836) | – |
| Gains from the sale of loans | | 457 079 | 41 467 |
| Other operating income and expenses | | 128 054 | 76 712 |
| Share of profit of associate | 14 | 40 997 | 67 995 |
| **Operating income** | | **23 283 067** | **32 866 637** |
| Administrative and other operating expenses | 29 | (16 676 112) | (17 196 899) |
| **Profit before tax** | | **6 606 955** | **15 669 738** |
| Income tax expense | 30 | (1 183 875) | (4 472 228) |
| **Profit for the year** | | **5 423 080** | **11 197 510** |
| Revaluation of investment securities available for sale | | 241 583 | 759 254 |
| Redemption of investment securities available for sale | | – | (422 092) |
| Income tax (expense)/credit | 30 | (154 410) | 265 692 |
| Valuation reserve due to cash flow hedge | 36 | 530 463 | (1 764 749) |
| **Other comprehensive income/ (expense) for the year, net of tax** | | **617 636** | **(1 161 895)** |
| **Total comprehensive income for the year, net of tax** | | **6 040 716** | **10 035 615** |

## *Consolidated statement of changes in equity*

| In thousands of Russian Roubles | Note | Share capital | Share premium | Additional paid-in capital | Retained earnings | Other reserves | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2008** | | **28 386 596** | **591 083** | **1 520 016** | **20 986 984** | **11 574** | **51 496 253** |
| Total comprehensive income/(expense) recognized for the year | | – | – | – | 11 197 510 | (1 161 895) | 10 035 615 |
| Share issue | 25 | 14 882 292 | – | – | – | – | 14 882 292 |
| Dividends declared | 31 | – | – | – | (1 977 814) | – | (1 977 814) |
| **Balance at 31 December 2008** | | **43 268 888** | **591 083** | **1 520 016** | **30 206 680** | **(1 150 321)** | **74 436 346** |
| Total comprehensive income recognized for the year | | – | – | – | 5 423 080 | 617 636 | 6 040 716 |
| Dividends declared | 31 | – | – | – | (1 371 054) | – | (1 371 054) |
| **Balance at 31 December 2009** | | **43 268 888** | **591 083** | **1 520 016** | **34 258 706** | **(532 685)** | **79 106 008** |

## Consolidated statement of cash flows

| In thousands of Russian Roubles | Note | 2009 | 2008 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Interest received | | 45 213 081 | 43 620 119 |
| Interest paid | | (12 527 714) | (9 925 852) |
| Fees and commissions received | | 7 739 652 | 6 798 890 |
| Fees and commissions paid | | (1 186 350) | (1 339 070) |
| Realized losses, net of gains from trading in trading securities | | (436 938) | (145 236) |
| Realized losses, net of gains arising from other securities at fair value through profit or loss | | (518 717) | (224 581) |
| Realized gains less losses/( losses, net of gains) from financial derivative instruments | | 3 381 059 | (2 066 776) |
| Realized gains less losses arising from trading in foreign currencies | | 4 160 206 | 2 995 881 |
| Gains arising from sale of loans | | 457 079 | 41 467 |
| Other operating income received | | 312 754 | 76 722 |
| Administrative and other operating expenses paid | | (15 786 538) | (15 024 165) |
| Income tax paid | | (888 333) | (3 064 197) |
| **Cash flows from operating activities before changes in operating assets and liabilities** | | **29 919 241** | **21 743 202** |
| Net (increase)/decrease in mandatory cash balances with the Central Bank of the Russian Federation | | (2 124 327) | 5 728 013 |
| Net (increase)/decrease in trading securities | | (22 301 296) | 3 658 223 |
| Net (increase)/decrease in other securities at fair value through profit and loss | | 1 231 602 | (9 091 343) |
| Net increase in due from other banks | | (22 466 099) | (3 296 869) |
| Net (increase)/decrease in loans and advances to customers | | 108 613 600 | (44 370 713) |
| Net decrease in securities held to maturity and repurchase receivables held to maturity | | 4 100 396 | 408 591 |
| Net decrease in repurchase receivables | | 4 405 733 | – |
| Net (increase)/decrease in derivatives and other financial assets | | (87 311) | (137 319) |
| Net (increase)/decrease in other assets | | (578 329) | (378 075) |
| Net increase/(decrease) in due to other banks | | (39 008 061) | 12 219 286 |
| Net increase/(decrease) in customer accounts | | (6 300 882) | 36 766 698 |
| Net increase/(decrease) in debt securities in issue | | (1 260) | 10 022 030 |
| Net increase/(decrease) in derivatives and other financial liabilities | | (57 985) | (1 089 761) |
| Net increase in other liabilities | | 784 364 | 1 013 090 |
| **Net cash from operating activities** | | **56 129 386** | **33 195 053** |
| **Cash flows from investing activities** | | | |
| Acquisition of premises and equipment and intangible assets | | (2 044 178) | (2 903 122) |
| Investment in associate | 14 | (290 000) | – |
| Proceeds from disposal of investment securities available for sale | | – | 422 092 |
| **Net cash used in investing activities** | | **(2 334 178)** | **(2 481 030)** |
| **Cash flows from financing activities** | | | |
| Proceeds from term borrowings from the Parent Bank and other financial institutions | | – | 38 733 638 |
| Repayment of term borrowings from the Parent Bank and other financial institutions | | (59 693 742) | (21 130 797) |
| Interest paid on term borrowings from the Parent Bank and other financial institutions | | (3 981 175) | (4 770 862) |
| Share issue | 25 | – | 14 882 292 |
| Dividends paid | 31 | (1 371 054) | (1 977 814) |
| **Net cash from/(used in) financing activities** | | **(65 045 971)** | **25 736 457** |
| Change in accrued interest on cash and cash equivalents | | 15 806 | (15 618) |
| Effect of exchange rate changes on cash and cash equivalents | | 3 096 116 | 14 946 660 |
| **Net increase/(decrease) in cash and cash equivalents** | | **(8 138 841)** | **71 381 522** |
| Cash and cash equivalents at the beginning of the year | | 153 372 810 | 81 991 288 |
| **Cash and cash equivalents at the end of the year** | 7 | **145 233 969** | **153 372 810** |

Kaliningrad
Saint Petersburg
Petrozavodsk
Cherepovets
Smolensk
Tver
Bryansk
Kaluga
Yaroslavl
Zheleznogorsk
Moscow
Ivanovo
Kursk
Syktyvkar
Belgorod
Nizhny Novgorod
Gubkin
Lipetsk
Kirov
Stary Oskol
Voronezh
Sovetsk
Saransk
Kazan
Izhevsk
Anapa
Taganrog
Saratov
Perm
Rostov-on-Don
Togliatti
Surgut
Novorossiysk
Volzhsky
Samara
Krasnodar
Volgograd
Ufa
Yekaterinburg
Nefteyugansk
Sochi
Zlatoust
Stavropol
Tyumen
Miass
Chelyabinsk
Pyatigorsk
Omsk
Tomsk
Novosibirsk
Berdsk
Barnaul

7
regions
211
outlets
Nikolskoye
Yelizovo
Vilyuchinsk
Petropavlovsk-
Kamchatsky
Magadan
Yakutsk
Bratsk
Krasnoyarsk
Angarsk
Irkutsk
Chita
Khabarovsk
Blagoveshchensk
Artyom
Vladivostok

# Addresses and Contacts

## Raiffeisenbank in Moscow

*Arbatskoye branch*
Arbat str., 1

*Avrora branch*
Sadovnicheskaya str., 82, bld. 2

*Bagrationovskoye branch*
Barklaya str., 16, bld. 1

*Belyaevo branch*
Profsoyuznaya str., 104

*Bol'shie Kamenschiki branch*
Bol'shie Kamenschiki str., 6, bld. 1

*Varshavskoye branch*
Varshavskoe shosse, 64, bld. 1

*Voikovskoye branch*
Leningradskoe shosse, 16A, bld. 1

*Dmitrovskoye branch*
Butyrskaya str., 77

*Kolomenskoye branch*
Andropova prospekt, 42, bld. 1

*Krasnye vorota branch*
Orlikov lane, 8

*Krylatskiye Kholmy branch*
Krylatskaya str., 17, bld. 1

*Kutuzovskoye branch*
Kutuzovsky prospekt, 34, bld. 14

*Leningradsky prospekt branch*
Leningradsky prospekt, 39A

*Leninsky 32 branch*
Leninsky prospekt, 32

*Lyublino branch*
Krasnodarskaya str., 48

*Marksistskoye branch*
Marksistsky lane, 3

*Mayakovskoye branch*
Bol'shaya Sadovaya str., 1, bld.1

*Mozhayskoye branch*
Mozhayskoe shosse, 2

*Moscow-City branch*
Testovskaya str., 10

*Mytishchi branch*
Moscow region, Mytishchi, Komarova str., 2, bld. 3

*Na Myasnitskoy branch*
Myasnitskaya str., 22/2/5, bld. 1

*Novy Arbat branch*
Novy Arbat str., 36/9

*Odintsovo branch*
Moscow region, Odintsovo, Mozhayskoye shosse, 112A

*Ostozhenka branch*
Ostozhenka str., 27, bld. 1

*Otradnoye branch*
Khachaturyana str., 20

*Petrovka branch*
Petrovka str., 5

*Petrovsky park branch*
Petrovsko-Razumovskaya alleya, 10, bld. 3

*Ploschad' Ilicha branch*
Sergiya Radonezhskogo str., 8, kvartal 1132

*Podolskoye branch*
Moscow region, Podolsk, Revolyutsionny prospekt, 62, bld. A

*Polyanka branch*
Bol'shaya Polyanka str., 3/9, bld. 1

*Preobrazhenskoye branch*
Preobrazhenskaya str., 2, bld. 1

*Profsoyuznoye branch*
Profsoyuznaya str., 20/9

*Rechnoy Vokzal branch*
Leningradskoe shosse, 68

*Romanov Dvor branch*
Romanov lane, 4, bld.1

*Rublevskoe branch*
Rublevskoe shosse, 22, bld. 1

*Ryazansky prospekt branch*
Ryazansky prospekt, 24, bld. 2

*Sadovo-Triumfalnoye branch*
Malaya Dmitrovka str., 20

*Semenovskoye branch*
Semenovskaya square, 21

*Smolenskoye branch*
Smolensky boulevard, 13, bld. 1

*Sukharevskoye branch*
Prospekt Mira, 3/1

*Sushchevsky val branch*
Obraztsova str., 3

*Taganskoye branch*
Nikoloyamskaya str., 13/2

*Tverskoye branch*
1st Tverskaya-Yamskaya str., 5/2

*Tishinskoye branch*
Tishinskaya square, 6, bld. 1

*Troitskoye branch*
Troitskaya str., 17, bld. 1

*Universitet branch*
Michurinsky prospekt, 7

*Tsarev Sad branch*
Bolotnaya str., 10

*Tsentralnoe branch*
Leninsky prospekt, 15A

*Shmitovsky branch*
Shmitovsky prospekt, 19

*Bakuninskaya 10/12 additional office*
Bakuninskaya str., 10-12, bld. 5

*Volgogradsky prospekt 9 additional office*
Volgogradsky prospekt, 9, bld. 1

*Zhulebino additional office*
Lermontovsky prospekt, 6

*Zelenogradsky additional office*
Zelenograd, Tsentralny prospekt, bld. 435A

*Zemlyanoy val additional office*
Zemlyanoy Val str., 7/1-2, bld. 1

*Kosmonavtov 4 additional office*
Kosmonatov str., 4, bld. 1

*Leninsky prospekt 66 additional office*
Leninsky prospekt, 66

*Leninsky prospekt 148 additional office*
Leninsky prospekt, 148

*Marii Ulyanovoy 9 additional office*
Marii Ulyanovoy str., 9, bld. 4

*Na Novopeschanoy branch*
Novopeschanaya str., 20/10, bld. 1A

*Prospekt Mira additional office*
Banny lane, 3

*Smolenskaya 28 additional office*
Smolenskaya-Sennaya square, 28

*Tallinskaya 26 additional office*
Tallinskaya str., 26

*Altufievskoye 40 operational cash office*
Altufievskoe shosse, 40D

*Balchug operational cash office*
Balchug str., 1

*Borovskoye 6 operational cash office*
Borovskoe shosse, 6

*Vargi 8 operational cash office*
Akademika Vargi str., 8, bld. 1

*Vidnoe operational cash office*
Moscow region, Leninsky district, Vidnoe, Solnechny microdistrict, 10

*Gorki-2 operational cash office*
Moscow region, Odintsovo district, Gorsky rural district, Gorki-2, bld. 23

*Volgogradsky 11 operational cash office*
Volgogradsky prospekt, 11

*Volgogradsky 73 operational cash office*
Volgogradsky prospekt, 73, bld. 1

*Isakovskogo 6 operational cash office*
Isakovskogo str., 6, bld. 2

*Komsomolskaya 6 operational cash office*
Komsomolskaya square, 6, bld. 1

*Mitinskaya 53 operational cash office*
Mitinskaya str., 53

*Mokhovaya operational cash office*
Vozdvizhenka str., 4/7, bld. 2

*Odintsovo operational cash office*
Odintsovo, Mozhayskoye shosse, 159

*Shirokaya 31/5 operational cash office*
Shirokaya str., 31/5

## Raiffeisenbank in Anapa

*Anapsky branch*
Grebenskaya str., 3

*Anapsky branch*
Gorkogo str., 7

*Novorossiysky additional office*
Novorossiysk, Rubina str., 1

## Raiffeisenbank in Barnaul

*Barnaulsky branch*
Prospekt Lenina, 163

## Raiffeisenbank in Belgorod

*Belgorodsky branch*
Knyazya Trubetskogo str., 28

## Raiffeisenbank in Blagoveshchensk

*Blagoveshchensky branch*
Pionerskaya str., 32/2

*Operational cash office*
Zaburkhanovskaya str., 100

## Raiffeisenbank in Bryansk

*Bryansky branch*
Krasnoarmeyskaya str., 65

## Raiffeisenbank in Chelyabinsk

*Yuzhny Ural branch*
Karl Marx str., 38

*Severo-Zapadny additional office*
Molodogvardeyskaya str., 53

## Raiffeisenbank in Cherepovets

*Cherepovetsky branch*
Sovetsky prospekt, 105

## Raiffeisenbank in Chita

*Chita credit-cash office*
Krasnoyarskaya str., 31

## Raiffeisenbank in Ivanovo

*Ivanovsky branch*
Palekhskaya str., 10

## Raiffeisenbank in Irkutsk

*Irkutsky branch*
Rabochaya str., 2A

*Additional office №1*
Furie str., 16

*Angarsky additional office*
Irkutsk region,
Angarsk, 7A microdistrict, 6

*Bratsky additional office*
Irkutsk region, Bratsk,
Komsomolskaya str., 38B

## Raiffeisenbank in Izhevsk

*Izhevsky branch*
Gorkogo str., 156

*Additional office*
Vorovskogo str., 172

## Raiffeisenbank in Kaliningrad

*Kaliningradsky branch*
Kirova str., 1

*Ploschad' pobedy branch*
Teatralnaya str., 30

## Raiffeisenbank in Kaluga

*Kaluzhsky branch*
Tulskaya str., 15

*Ploschad' Mira additional office*
Mira square, 2

## Raiffeisenbank on Kamchatka

*Kamchatsky branch*
Petropavlovsk-Kamchatsky,
Artilleriyskaya str., 5/1

*Nikolskoye additional office*
Kamchatka region,
Aleutsky district,
Nikolskoye village,
Gagarina str., 4

*Yelizovo additional office*
Yelizovo, Pogranichnaya str., 1

*Vilyuchinsk-3 additional office*
Vilyuchinsk-3, Gusarova str., 37

## Raiffeisenbank in Kazan

*Kazansky branch*
Nikolaya Ershova str., 35A

## Raiffeisenbank in Khabarovsk

*Khabarovsky branch*
Turgeneva str., 96, bld. 4

## Raiffeisenbank in Kirov

*Volgo-Vyatsky branch*
Engelsa str., 66

*Centralny additional office*
Oktyabrsky prospekt, 125

*Sovetsk additional office*
Kirov region, Sovetsk,
Kondakova str., 24

*Operational cash office*
Prudnaya str., 51

## Raiffeisenbank in Krasnodar

*Uzhny branch*
Severnaya str., 311/1

*Krasnodarsky branch*
Krasnaya str., 155/1

*Ubileyny additional office*
70-letiya Oktyabrya str., 15

## Raiffeisenbank in Krasnoyarsk

*Krasnoyarsky branch*
Prospekt Mira, 74A

*Mira, 5 additional office*
Prospekt Mira, 5, liter A

*Na Vzletke additional office*
78 Dobrovolcheskoy brigady str.,
14, bld. A

## Raiffeisenbank in Kursk

*Kursky branch*
Dzerzhinskogo str., 90B

## Raiffeisenbank in Lipetsk

*Lipetsky branch*
Oktyabrskaya str., 1

*Na Pervomayskoy branch*
Pervomayskaya str., 101

## Raiffeisenbank in Magadan

*Magadansky branch*
Parkovaya str., 6A

## Raiffeisenbank in Nizhny Novgorod

*Povolzhsky branch*
M. Gorkogo str., 117

*Avtozavodsky additional office*
Vedenyapina str., 1B

*Nagornaya additional office*
Belinskogo str., 61

## Raiffeisenbank in Novosibirsk

*Sibirsky branch*
Uritskogo str., 20

*Centralny additional office*
Ordzhonikidze str., 23

*Studenchesky additional office*
Karl Marx str., 47/2

*Na Prospekte additional office*
Krylova str., 28/
Krasny prospekt, 66

*Novosibirsky branch*
Dusi Kovalchuk str., 258/1

*Berdsk additional office*
Novosibirsk region,
Berdsk, Lenina str., 89/8

*Na Krasnom additional office*
Krasny prospekt, 28

## Raiffeisenbank in Omsk

*Omsky branch*
Marshala Zhukova str.,
77, bld. 1/8

*Tsentralny additional office*
Karl Marx prospekt, 16

## Raiffeisenbank in Oryol

*Orlovsky branch*
Moskovskaya str., 17

## Raiffeisenbank in Perm

*Kamsky branch*
Ordzhonikidze str., 101

*Permsky branch*
Sovetskaya str., 72

## Raiffeisenbank in Petrozavodsk

*Petrozavodsky branch*
Prospekt Lenina, 26

## Raiffeisenbank in Pyatigorsk

*Pyatigorsky additional office*
Lenina square, 2

## Raiffeisenbank in Rostov-on-Don

*Rostovsky branch*
Kirovsky prospekt, 40A

*Zapadny additional office*
Kommunistichesky prospekt, 27

## Raiffeisenbank in Saint Petersburg

*Severnaya Stolitsa branch*
Moyka emb., 36

*Avstriyskaya ploschad' branch*
Kamennoostrovsky prospekt, 13/2

*Vasileostrovskoye branch*
Sredny prospekt V.O., 35

*Vladimirskaya ploschad' branch*
Bol'shaya Moskovskaya str., 1-3, liter A, room 2H

*Kirochnaya ulitsa branch*
Kirochnaya str., 24, liter A, room 21H

*Komendantsky prospekt branch*
Komendantsky prospekt, 13, bld. 1, liter A

*Kupchino branch*
Malaya Balkanskaya, 26, liter A, room 17H

*Leninsky prospekt branch*
Novatorov boulevard, 11, liter A

*Ligovsky prospekt branch*
Ligovsky prospekt, 105, liter A

*Maly prospekt branch*
Maly prospekt V.O., 22

*Moskovsky prospekt branch*
Moskovsky prospekt, 216, liter A

*Sadovaya ulitsa branch*
Sadovaya str., 10, liter A

*Sennaya ploschad' branch*
Efimova str., 4A

*Staronevskoye branch*
Nevsky prospekt, 137

*Tekhnologichesky institute branch*
Bronnitskaya str., 2/70, liter A

*Park Pobedy branch*
Mosckovsky prospekt, 186A

*Primorskoye branch*
Savushkina str., 127A

*Nevsky additional office*
Nevsky prospekt, 102, liter A, room 2H

*Volynsky additional office*
Volynsky lane, 3A

## Raiffeisenbank in Samara

*Samarsky branch*
Molodogvardeyskaya str., 180

*Volzhsky branch*
Novo-Sadovaya str., 10

*Molodezhny boulevard additional office*
Togliatti, Tsentralny region, Molodezhny boulevard, 6

## Raiffeisenbank in Saransk

*Saransky branch*
Prospekt Lenina, 7

*Additional office*
Prospekt 60 let Oktyabrya, 117

## Raiffeisenbank in Saratov

*Saratovsky branch*
Chernyshevskogo str., 60/62

*Additional office*
Prospekt Kirova, 1

## Raiffeisenbank in Smolensk

*Smolensky branch*
Industrialnaya str., 2

*Nikolskiye vorota additional office*
Marshala Zhukova str., 9

## Raiffeisenbank in Sochi

*Sochinsky additional office*
Kurortny prospekt, 73

## Raiffeisenbank in Stary Oskol

*Starooskolsky branch*
Komsomolskaya str., 61

*Gubkinsky additional office*
Gubkin, Kosmonavtov str., 10

## Raiffeisenbank in Stavropol

*Stavropolsky branch*
Mira str., 237

*Additional office*
Mira str., 355/
Lomonosova str., 38

## Raiffeisenbank in Surgut

*Surgutsky branch*
Profsoyuzov str., 18

*Operational cash office*
Nefteyugansk, microdistrict 14, 9

## Raiffeisenbank in Syktyvkar

*Syktyvkarsky operational office*
Pervomayskaya str., 62

## Raiffeisenbank in Taganrog

*Taganrogsky branch*
Petrovskaya str., 88

## Raiffeisenbank in Tomsk

*Tomsky branch*
Berdskaya str, 23

*Frunzensky additional office*
Prospekt Frunze, 40

## Raiffeisenbank in Tula

*Tulsky branch*
Friedrich Engels str., 6

## Raiffeisenbank in Tyumen

*Tyumensky branch*
Kholodilnaya str., 114

## Raiffeisenbank in Ufa

*Bashkortostan branch*
Karl Marx str., 20

## Raiffeisenbank in Vladivostok

*Vladivostoksky branch*
Prospekt Ostryakova, 8

*Okeansky branch*
Okeansky prospekt, 8

*Additional office*
Primorsky Kray, Artyom, Frunze str., 51

## Raiffeisenbank in Volgograd

*Volgogradsky branch*
Prospekt Lenina, 35

*Volzhsky additional office*
Volgograd region, Volzhsky, Olomoutskaya str., 31A

*Park House additional office*
30-letiya Pobedy boulevard, 21

## Raiffeisenbank in Voronezh

*Voronezhsky branch*
Svobody str., 14

## Raiffeisenbank in Yakutsk

*Yakutsk credit-cash office*
Dzerzhinskogo str., 23

## Raiffeisenbank in Yaroslavl

*Yaroslavsky branch*
Sobinova str., 15/14

## Raiffeisenbank in Yekaterinburg

*Uralsky branch*
Krasnoarmeyskaya str., 10

*Plotinka additional office*
Malysheva str., 31K

*Na Radicsheva additional office*
Radicsheva str., 12

*Na Kraulya additional office*
Kraulya str., 9A

## Raiffeisenbank in Zheleznogorsk

*Zheleznogorsky branch*
Lenina str., 13

*Additional office*
Lenina str., 16

## Raiffeisenbank in Zlatoust

*Zlatoustovsky branch*
Kirova str., 1

*Additional office*
40 let Pobedy str., 2

*Additional office*
Chelyabinsk region, Miass, Prospekt Oktyabrya, 72

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