

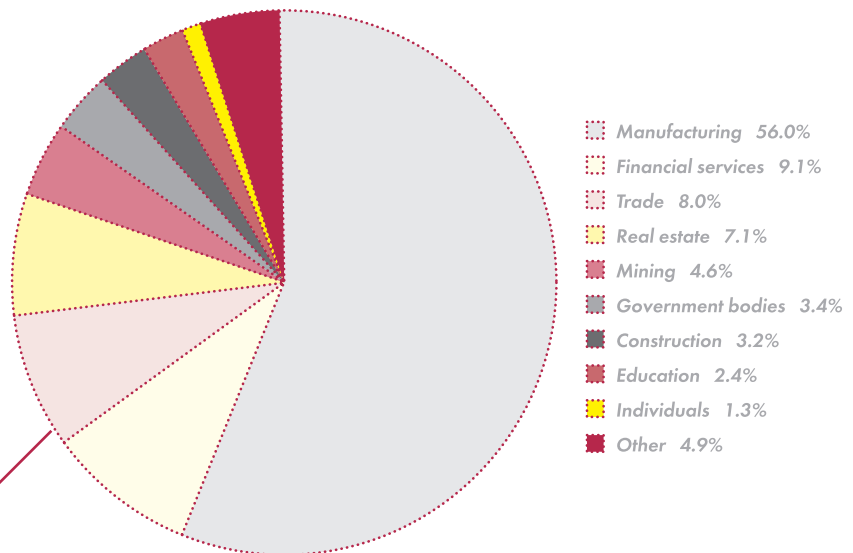
Corporate Banking

Dynamics

● The Bank's activities in the area of Corporate Banking are focused on:

- ▣ traditional lending activities;
- ▣ structured trade finance;
- ▣ project finance;
- ▣ leasing.

● The economic sector risk concentration of the Bank's Corporate Banking customer portfolio at 31 December 2001 was as follows:



Economic sector risk concentration at 31 December 2001

● Lending facilities of the Bank are up from USD 249 million as at the end of 2000 to USD 500 million as at the end of 2001.

Trade finance

● Trade financing activities are primarily directed towards providing clients with structured facilities such as pre-export finance for commodities, of which the main concentrations are crude oil, oil products, ferrous and non-ferrous metals, petrochemicals, pulp and paper. In addition, these finance activities are associated with financing of the import of marketable goods, primarily tea, pharmaceuticals, raw sugar, and automobiles, as well as the financing of the import of equipment for domestic produc-

ers, warehouse finance and local sales finance. These facilities are generally provided for terms of 1 to 3 years, and at USD 307 mln account for 61% of the Bank's lending portfolio as at 31 December 2001.

Project finance

● Project financing activities are primarily directed towards the financing of real estate activities, and are generally structured over 5 to 7 year terms, and at USD 73 mln account for 15% of the Bank's lending portfolio as at 31 December 2001.

Other lending activities

● General lending activities are focused on the provision of working capital facilities to the Russian operations of multi-nationals and to large Russian clients, and account for 24% of the Bank's lending portfolio as at 31 December 2001.

Leasing

● Lease based financing offered by the Bank is focused on the financing of larger sized equipment and motor vehicles to leading corporates in the Russian Market amounting in total to USD 23 mln as at 31 December 2001.

General activities and key highlights

● During 2001 the Bank's Corporate Banking Division continued a pattern of strong growth, witnessing a 40% growth in its client base and further increasing the diversity and number of products offered to the Bank's clients. Examples of new products offered to the Bank's corporate clients during 2001 include advanced software products designed to monitor and optimize liquidity positions ("Uni-Cash" and "Regional Cash Management").

● Increasingly, Russian and foreign corporates are turning to Raiffeisen as their preferred banker – leveraging on the stability, quality of services and state of the art banking technologies offered by the Bank. In response to these demands, and so as to facilitate further diversification in the Bank's corporate client



*Statue of Gagarine,
Moscow centre*

base, a new Project Finance Department was recently formed within the Bank's Corporate Banking Division.

● The Bank has continued its practice of close co-operation with Raiffeisen Zentralbank, the head institution of the Raiffeisen Group, and with other banks within the Group network. These initiatives have been aimed at the facilitation of the issuance of joint financing and seamless banking services to global clients of the Group. Participation in tenders announced by the Russian operations of multinational companies for the right to become their principal banker has also continued to be a priority for the Bank.

● During 2001 the Bank witnessed substantial growth in trade finance activities. The number of export and import letters of credit issued by the Bank was up by 160% in comparison to the prior year, and volumes were up 76% year on year. At the end of 2001 Raiffeisenbank was included in the list of banks authorized by the State Customs Committee to issue payment guarantees in favor of customs authorities.

● The opening of a branch in St. Petersburg heralded the commencement of an active marketing drive for the Bank directed towards the North-West Region of Russia. The Bank has been able to offer a comprehensive range of products to potential clients in this region.

● The Bank has significantly increased the number of financing arrangements entered into with the end consumers of western suppliers in a variety of industry sectors, and there have been significant expansions in financing programs directed towards automobile dealers and towards the provision of consumer financing to the employees of larger corporate clients of the Bank.

● The Bank is becoming increasingly active in the provision of lease finance to corporates, and recent changes in the tax code within the Russian Federation have increased the attractiveness of this type of financing to the Bank's expanding client base.

Consumer Banking

General

● Raiffeisenbank has been active in the consumer banking market since the year 2000, when the Bank, in the wake of the August 1998 banking crisis, and in response to market demands for its services in this area, committed to servicing this market sector.

● The focus of the Bank's activities in this area are on retail banking services which include:

- ▣ operation of customer accounts via the Bank's branch network;
- ▣ bank card services;
- ▣ consumer lending.

Responding to market challenges

● In the aftermath of the August 1998 banking crisis, Russia still remains significantly biased towards cash based transactions and much of the population remains cautious as to the merits of establishing long term relationships with a particular banking institution. In responding toward this challenge, the Bank is working to reversing this sentiment by adhering to Group-wide retail banking principles which focus on the provision of timely and efficient services at competitive rates; permanent customer care; local expertise; the provision of financial advisory services aimed at demonstrating an individual approach to each of the Bank's valued customers.



The results of committed service are evident

- The year ended 31 December 2001 witnessed a 300% growth in the value of customer accounts, which at the end of 2001 totaled USD 200 million. During the same period the number of the Bank's retail customers increased twofold. Despite only being active in this market sector for two years, Raiffeisenbank is now positioned within the Top 7 Retail Banks in Russia.

GUM Store,
Moscow centre



Consumer lending

- Consumer lending activities are focused on the provision of car loans and mortgage finance for the purchase of residential premises over terms not exceeding 10 years. The Bank also provides short to medium term installment loans to employees of selected large corporate clients. These installment loans are provided on the basis of guarantees issued by the employer. The Bank's consumer lending portfolio totaled USD 6 million as at the end of 2001, and the Bank is well positioned for further growth in this area.

Bank cards

- Raiffeisenbank has Principal Membership in both VISA and Europay International. This enables the Bank to offer cards from both systems linked to one account, providing customers

who travel throughout both Europe, where Eurocard/Mastercard are more prevalent, and the US where VISA dominates, with greater flexibility.

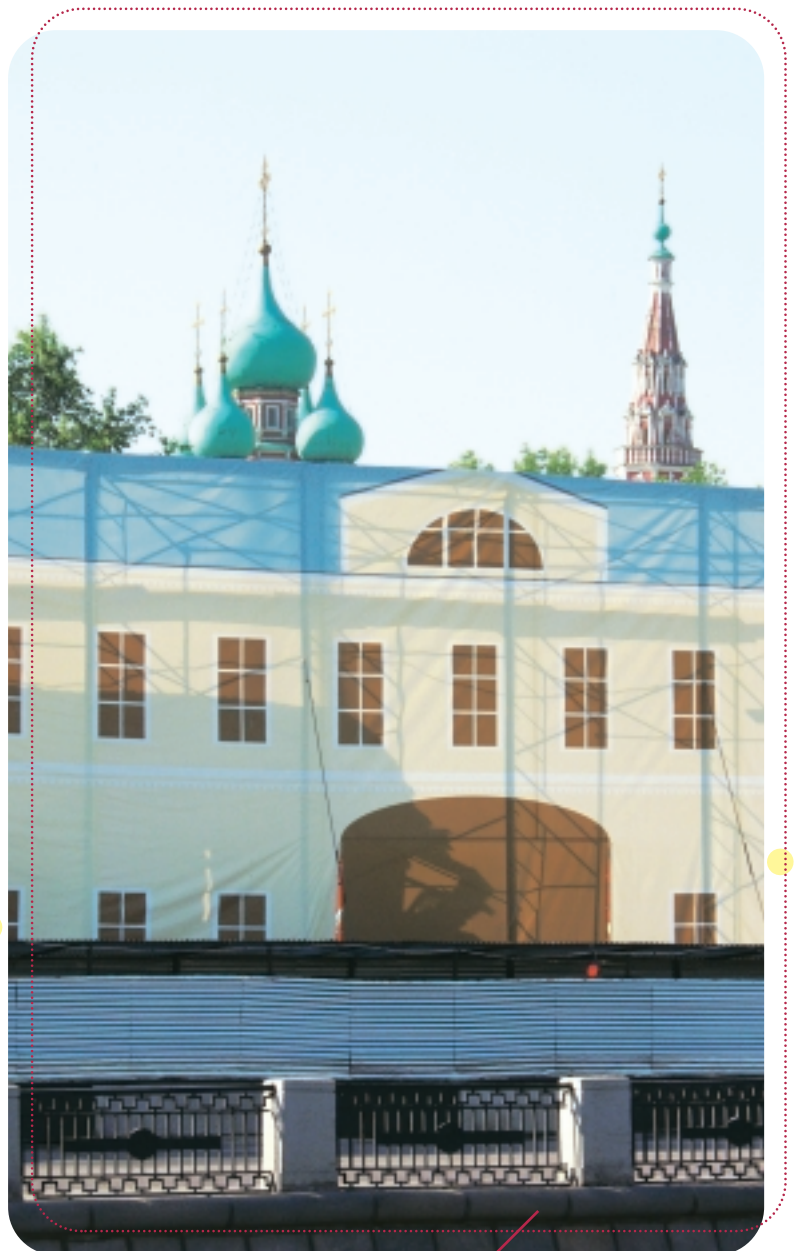
- Raiffeisenbank is currently responsible for 5% of the VISA interchange transaction turnover in Russia, and was the first Bank in Russia to offer cards linked to Euro accounts.

- Bank card customers are now able to receive monthly statements via email and customers and prospective customers are able to order bank cards from the Bank's website www.raiffeisen.ru.

Expansion of retail network – branching out

- The Bank's St. Petersburg branch is now fully operational and is accumulating a strong customer base. In addition, in the later part of 2001 the Bank opened its another Moscow based branch, located at Tsarev Sad.

- All of the branches within Raiffeisenbank's Russian network comply with the Group's Model Branch Concept – making the Bank recognizable throughout its network, both physically and in



*Restoration,
Moscow centre*

terms of service. The Model Branch Concept revolves around a principle of making the branches as convenient, comfortable, and ergonomic as possible so that the interior and optimized workflow contributes to an efficient and high standard of service.

- In the short to medium term, the Bank plans to commission another 3 to 4 branches within Moscow and to open a branch in another city identified by the Bank's management to be of strategic importance.

Customer care counts

- Systems and procedures within Raiffeisenbank's Call Centre, which was established during 2000, and is dedicated to the provision of round the clock assistance to Raiffeisenbank cardholders, were further enhanced during 2001 and the Bank is now even better equipped to offer superior quality telephone advice to its customers in the event of emergency or to handle routine requests.

Financial Institutions Activities – Correspondent Banking

General market trends and activities

- Correspondent banking activities have historically been focused on settlements and documentary transactions. Increasing levels of competition in world financial markets, banking sector consolidation, reduced clearing costs, the creation of the European Union, technological advances, and customer demands are some of the key variables that have combined to force a change in the face of correspondent banking. Financial Institutions Units are increasingly becoming business generating units with their own marketing and sales forces charged with the responsibility of promoting the products and services of their bank to other financial institutions, and with the responsibility of utilizing the capacities of other banks in fulfilling the needs of their own organization.

- Asset levels and capital bases within the banking sector in Russia are up, and there have been positive initia-

tives designed to: enhance the level of transparency in the banking sector, tighten up regulatory controls, and strengthen the controls aimed at fighting money laundering. These positive trends have stimulated the volume of activity of Russian financial institutions and highlighted the need for the presence of dedicated financial institutions units, and presented them with a number of new challenges.

- Raiffeisenbank was one of the pioneers in the Russian banking market, creating a modern and advanced approach to financial institutions business. The Bank's Financial Institutions Unit acts as an intermediary between the Financial Institutions Unit's clients and other departments of the Bank, summarizing the product base and experience profile of the Bank and presenting this information to the client. The Unit is also responsible for the aggregation, analysis and communication of information received from other financial institutions, and for the communication of this information to the Bank's departments, management, and shareholders of the Bank. The continuous monitoring of the requirements of local financial institutions with respect to Raiffeisenbank products and services by this unit positions the Bank well to respond rapidly to changing market demands, and to identify new opportunities.

Business activities

- The Bank's Financial Institutions Unit currently interacts with in excess of 370 correspondent banks. Ongoing interaction with the Bank's expanding client base has enabled the Bank to successfully market a number of new products such as corporate bonds and loan syndications.

- Throughout 2001 the Financial Institutions Unit continued to focus on expanding the Bank's correspondent network, aimed at ensuring the presence of a stable local current funding base for the Bank, independent of the small circle of big industry players. Raiffeisenbank's capabilities in this area are currently in excess of USD 200 million. During 2001 another priority for this unit was the diversification of foreign currency funding sources for the Bank. The Bank currently has access to foreign currency credit lines from over 10 foreign banking houses, including banks from Finland, Germany, and the US, amongst others.





New construction,
Strogino area

Customer referrals are a valuable source of business to the Bank

● The tendency for a number of reputable banking organizations from Finland, Germany and Sweden, which do not have their own operating units in Russia, to recommend Raiffeisenbank to their Russian clients and counterparties speaks highly of the Bank's performance and international reputation.

Marketing initiatives

● During 2001 the Financial Institutions Unit organized a number of seminars for its correspondents, aimed at promoting areas of the Bank's operations such as local fixed income, treasury products and other services. One of the Bank's seminars with a theme dedicated to the local foreign exchange and capital markets was attended by in excess of 100 representatives from local banks. Significant efforts were also directed towards the main-

tenance of existing, and the promotion of new partnerships, with financial institutions in the regions of Russia and in CIS countries. The Bank also actively participated in a variety of important banking events organized and hosted by other banks, such as the Annual Yalta Conference and the International North-West Banking Conference in St. Petersburg. These initiatives are important in fostering the sharing of ideas, dissemination of best banking practices, and facilitating discussions on the banking environment and in gaining the perspectives of other market participants on doing business in Russia.

