

A man in a dark suit and glasses is pointing at a whiteboard. The whiteboard has a grid and a line graph with a solid line and a dashed horizontal line. A vertical yellow bar is overlaid on the whiteboard. The text 'EUROPEAN QUALITY, RUSSIAN FLAIR' is written in bold black letters on the yellow bar.

**EUROPEAN
QUALITY,
RUSSIAN FLAIR**

Segment Reports

Corporate Customers

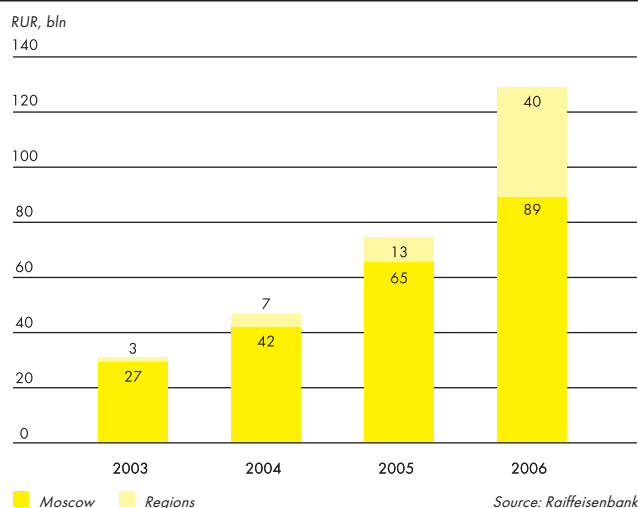
In 2006 Raiffeisenbank had a banner year in its core corporate business, providing services and financing to its growing portfolio of corporate clients. The strict implementation of detailed planning has been the key to cementing the Bank's leadership in the sector.

By the end of 2006 Raiffeisenbank was providing services to more than 5 370 companies, an increase of almost 48.88% on a year earlier. The combined total of deposits and account balances on the Bank's corporate client accounts swelled 88% over the year.

On 2006 results, the size of Raiffeisenbank's corporate credit portfolio was the ninth largest for a Russian bank, according to the Interfax Centre for Economic Analysis. In 2006 the portfolio of loans granted to corporate clients grew from RUR 77.3 bln to RUR 129.3 bln, an increase of 67% from 2005. Meanwhile the increase in the volume of loans granted to corporate customers on the Russian market as a whole was 39%, according to Raiffeisenbank's estimates, based on Interfax-CEA data.

Raiffeisenbank's sharp growth rate in providing corporate credit was to a large extent fuelled by the expansion of its regional branch network. The Bank rapidly opened new regional offices and strengthened its business in existing branches. On 2006 results, the share of regional branches in the Bank's total corporate loan portfolio reached 31%.

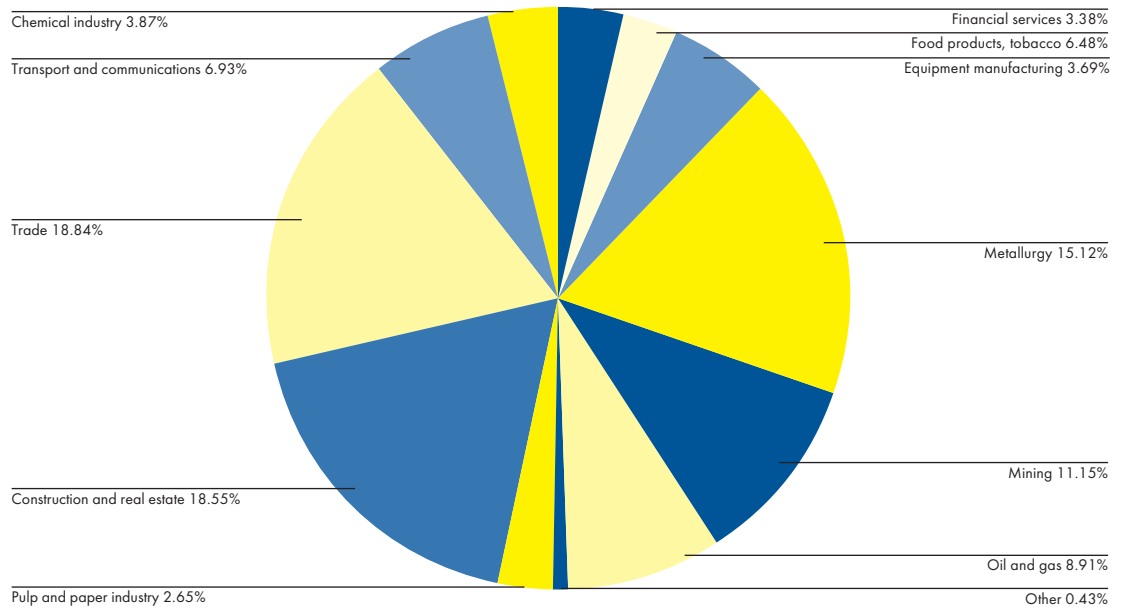
Development of the Bank's Corporate Loan Portfolio



In all the regions it is represented, Raiffeisenbank has successfully cooperated with local enterprises in a broad spectrum of industries, including chemicals, mining, transport and communications, metallurgy, pulp and paper, trade and others.

Over the year the Bank's corporate loan portfolio underwent strong diversification by industry. The share occupied by construction companies increased considerably, from 12% in 2005 to 18.55% in 2006, while the proportion of retail companies climbed from 14% to 18.84% — a result of high demand and the increasing shares of these industries in the economy as a whole.

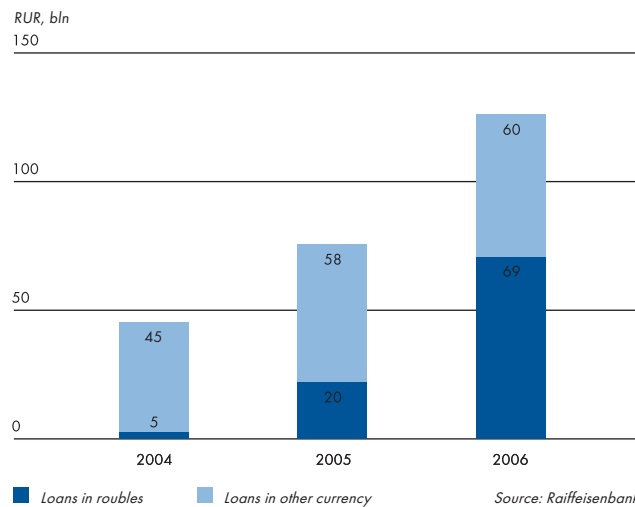
Diversification of the Bank's Corporate Loan Portfolio by Sector (year-end 2006)



Source: Raiffeisenbank

In view of the continued stabilization of the rouble's value in 2006 the share of rouble loans in the Bank's corporate loan portfolio increased significantly. Thus, in 2006 the volume of loans issued to corporate clients in roubles was more than RUR 68.7 bln, an increase of two and half times from 2005.

Structure of Corporate Loan Portfolio: Roubles vs Foreign currency



Source: Raiffeisenbank

The dynamic development of medium-sized businesses — those with an annual turnover of between EUR 8 mln and 25 mln — as a proportion of the Bank's client base is clear in the most recent reporting period. The total number of medium-sized business clients in 2006 has passed 3 000.

Raiffeisenbank has also developed a range of loan products targeted at medium businesses, meeting an increase in demand. This was accompanied by the optimization of client service in this area. Keeping credit risks at reasonable levels, the Bank has introduced flexible terms and conditions of financing and principles of analysis. Automation and a decrease in the number of processes have made it possible to guarantee a client's application will be considered within two weeks.

The successful development of the Bank's medium-sized business financing programme resulted in stunning 200% growth in its portfolio of loans to medium businesses in 2006.

Structured Trade Finance

Raiffeisenbank enjoys a leading position in trade finance in Russia, offering services to a wide variety of corporate clients, including the oil and gas, chemicals, metals, coal, wood-processing industries as well as pulp and paper.

In 2006 diversification became a key priority of the Bank's trade finance division, which focused on both attracting new clients and developing a range of corporate services. Key services in the area include pre-export financing services and financing raw-material and equipment imports using various financial instruments (letters of credit, bank guarantees, etc.). The division is also heavily involved in the financing of industrial product sales on the local market, the provision of loans for industrial purposes, financing investments and providing structured financing for major Russian transport companies.

Project Finance

Due to ever-increasing demand for project finance products, Raiffeisenbank continues to improve its range of services in the area, providing financing for commercial real estate construction. Office, warehouse and large business-centre projects were considered, as were developments in various industrial sectors.

In 2006 Raiffeisenbank continued to actively develop partnerships with leading developers in Moscow and the regions, longstanding cooperation that makes it possible to implement long-term and capital-intensive projects all across the country.

The continuous growth of the loan portfolio demonstrates the Bank's successful strategy in this field. By the end of 2006 the volume of loans issued for the construction of commercial real estate reached USD 759 mln, a 250% increase over the reporting period, and a 14-fold increase over the past five years.

Major project finance transactions of 2006 included the financing for Diamant for USD 24 mln for up to seven years for the construction of shopping centres in Volgograd. The MCD Group received credit lines of USD 50 mln and USD 67 mln for 10 years to refinance existing loans and pay for current projects. In 2006 the Bank provided a loan to Utland-Service for EUR 40.5 mln for 10 years to refinance the Marriott Courtyard hotel in Moscow, while also granting USD 55 mln to Horus Capital Group for 10 years to refinance of existing loan portfolio and finance current projects. The TASHIR Group was provided with two credit lines for RUR 1 bln roubles to refinance costs connected with construction of the RIO shopping and entertainment centre, and RUR 820 mln for the construction of the GasOilPlaza office centre.

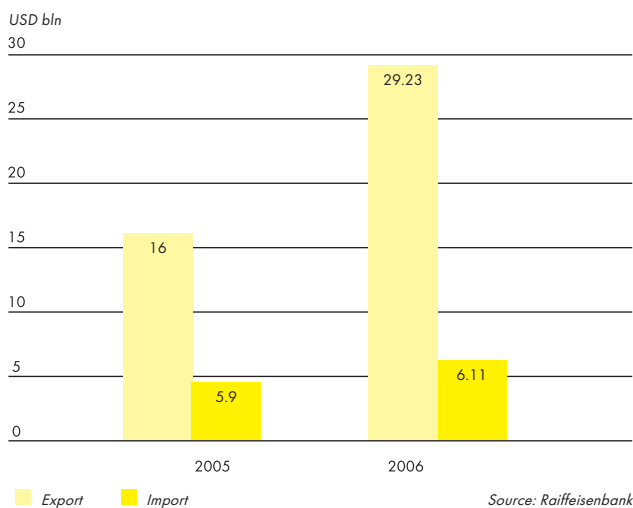
International Settlements and Documentary Business

As part of its international and trade finance operations Raiffeisenbank completed more than 4 000 transaction passports for the import of goods and services worth a total of USD 8.35 bln. The figure for transaction passports for exports of goods and services was 5 500 for trade worth USD 28.2 bln.

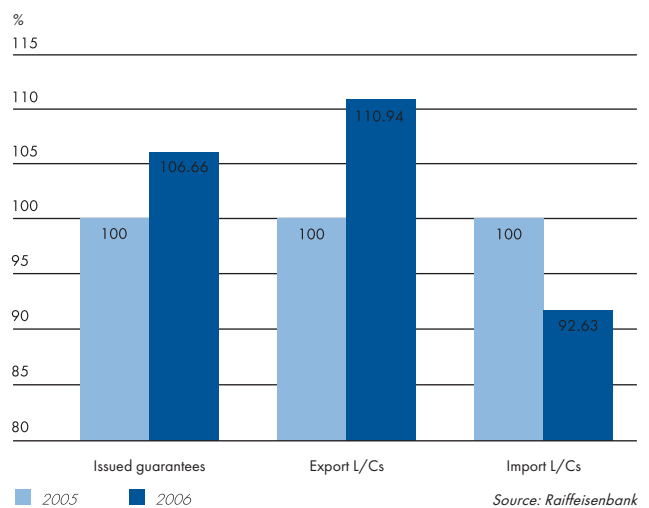
As of December 31, 2006 the total amount of import and export contracts processed by the Bank were worth USD 32.5 bln and USD 94.9 bln respectively. Export proceeds credited to Raiffeisenbank client accounts in 2006 increased by over 180%, reaching USD 29.23 bln. The volume of payments under import contracts from Raiffeisenbank accounts in 2006 was USD 6.11 bln, up from USD 5.9 bln in 2005.

In the field of trade finance the volume of guarantees and export letters of credit issued by the Bank was up 106.6% and 111% respectively. Over the period the income earned by the Bank from these types of operations increased by 39%.

Payments via Import/Export Passports through Raiffeisenbank



Documentary Operations





**LARGE,
MEDIUM,
SMALL... WE
KNOW YOUR
BUSINESS**

Corporate Finance and Investment Banking

Raiffeisenbank pays particular attention to the work of its corporate finance and investment banking divisions, which offer clients financing services on both Russian and international capital markets.

Corporate Bonds

In 2006 Raiffeisenbank underlined its commanding position in corporate bonds to become a true leader among foreign banks on the market. Based on the results for the year the Bank has become one of the three major lead arrangers for the placement of bond issues.

In 2006 Raiffeisenbank arranged 17 issues of corporate rouble bonds for its clients for a total of RUR 49.7 bln, more than 10% of total volume of bonds placed in 2006. Companies from a variety of industries used the Bank's rouble lead arrangement services, including companies in food, metals, coal, machine-building and oil, as well as trade, finance and other services.

Top Russian pharmaceutical company Protec made its debut on the rouble bond market in November 2006, successfully placing bonds worth RUR 5 bln with Raiffeisenbank's help.

Other major debut transactions in 2006 include top dairy company Unimilk, and major Russian oil processing company NK Alliance.

In 2006 Raiffeisenbank again was a lead arranger for the European Bank for Reconstruction and Development with a floating rate linked to the MosPrime rate. During the year two issues for a total of RUR 12.5 bln were placed.

Syndicated Loans

In 2006 Raiffeisenbank consolidated its position on the Russian market for syndicated loans, having achieved unprecedented results in arranging international syndicated loans, as well as local transactions denominated in Russian roubles. In total, Raiffeisenbank acted as arranger for 28 syndicated loans for companies and financial institutions in 2006 for a total of more than USD 5 bln, including seven local transactions. There were a total of 16 transactions concluded on the market in 2006, according to the Cbonds.ru analytical bureau.

Among the most prominent transactions was an international syndicated loan for USD 800 mln for top Russian retailer Pyaterochka. The loan was arranged by Raiffeisen Group in tandem with other foreign banks to finance the merger of Pyaterochka and Perekrestok Holdings and to refinance existing debt and general financing for the future united company was the largest loan in the retail sector last year. In 2006 Raiffeisenbank was also one of the leading arrangers of a large local syndicated loan for RUR 7.2 bln for Moscow utility Mosenergo for a seven-year term.

Raiffeisen Group (together with ZAO Raiffeisenbank Austria and Raiffeisen Zentralbank Österreich AG) took an active part in the formation of Russia's securitization market. The Group was among the arrangers of the RMBS issue for OOO Gorodskoi Ipotechny Bank for the total amount of USD 72.56 mln. The issue became the first Russian securitization of a mortgage loan portfolio backed by mortgage certificates. At the end of 2006 Raiffeisen Group was appointed lead arranger for the securitization of the mortgage portfolio of Moskommertsbank for USD 200 mln, and also organized pre-financing (warehouse facility) for this issue.

Acquisition Finance

The Russian market for mergers and acquisitions (M&A) continued its dynamic development in 2006. Impressive growth was seen both in terms of the volume of transactions, up 26.4%, and in terms of the total volume of concluded transactions, which swelled 30.2%. The average value of M&A transactions increased by approximately 3%, to USD 122.5 mln.

2006 saw significant changes in the profile of the M&A market:

- for the first time in the past four years the oil and gas sector lost its leadership, giving way to metallurgy, with 20 transactions concluded in the sector in 2006 for a total of USD 16 bln;
- a fourfold increase was seen in the retail sector, with 39 transactions concluded for a total of USD 2.7 bln including the landmark deal (both for the sector and the market as a whole) between Perekrestok and Pyaterochka;
- high activity was seen in the finance sector, with 33 transactions concluded for a total of USD 2.5 bln. The activity was evidence of an increase in interest in the financial services sector from capital and investors. Experts see this sector as determining the development of the M&A market in the near future.

In 2006 Russian companies showed a lot more interest in acquiring foreign assets. The total value of transactions concluded reached more than USD 10.2 bln, 50% more than the same figure for 2005 — and double the value of M&A transactions concluded between foreign companies in Russia.

Raiffeisenbank is actively expanding its range of products and services for entities active in the M&A market. The provision of credit resources and services related to M&A transactions is a priority area for the Bank. In particular the following services are offered:

- loans for the acquisition of assets and/or participatory interests;
- loans for refinancing equity capital previously invested in the acquisition of assets and/or participatory interests;
- provision of payment guarantees or letters of credit for settlements between parties in M&A transactions;
- structuring transactions using special escrow accounts for settlements between the parties in M&A transactions;
- investment consulting in relation to M&A transactions, including the search for investment opportunities (target businesses) or for investors in Russia and abroad; financial analysis and evaluation of a business; development/structuring of key terms in the conclusion of transactions or settlements; the organization and attraction of external financing for a transaction.

Specialists from Raiffeisenbank's equity financing and consulting group, in close cooperation with colleagues from Raiffeisen Centrobank AG and Raiffeisen Investment AG, helped prepare and implement a number of M&A transactions (both inside and outside Russia). The Group offered complex integrated schemes making it possible to fully consider specific characteristics of each transaction and secure the best possible results.

 <p>First Bond Issue RUR 1 000 000 000 Lead Arranger December 2006</p>	 <p>Second Bond Issue RUR 3 400 000 000 Lead Arranger December 2006</p>	 <p>First Bond Issue RUR 5 000 000 000 Lead Arranger November 2006</p>
 <p>First Bond Issue RUR 2 500 000 000 Lead Arranger October 2006</p>	 <p>Fourth Bond Issue RUR 3 000 000 000 Lead Arranger October 2006</p>	 <p>First Bond Issue RUR 3 000 000 000 Lead Arranger September 2006</p>
 <p>First Bond Issue RUR 3 000 000 000 Lead Arranger September 2006</p>	 <p>Third Bond Issue RUR 7 500 000 000 Lead Arranger September 2006</p>	 <p>First Bond Issue RUR 2 000 000 000 Lead Arranger September 2006</p>
 <p>Fifth Bond Issue RUR 1 500 000 000 Lead Arranger September 2006</p>	 <p>Second Bond Issue RUR 4 000 000 000 Lead Arranger August 2006</p>	 <p>First Bond Issue RUR 3 000 000 000 Lead Arranger July 2006</p>
 <p>Fifth Bond Issue RUR 2 250 000 000 Lead Arranger July 2006</p>	 <p>Third Bond Issue RUR 1 000 000 000 Lead Arranger June 2006</p>	 <p>Second Bond Issue RUR 1 000 000 000 Lead Arranger June 2006</p>
 <p>Second Bond Issue RUR 5 000 000 000 Lead Arranger April 2006</p>	 <p>First Bond Issue RUR 1 500 000 000 Lead Arranger March 2006</p>	



Syndicated Loan
USD 92 000 000
 Mandated Lead Arranger
 December 2006



Syndicated Loan
RUR 600 000 000
 Mandated Lead Arranger
 November 2006



Syndicated Loan
USD 52 000 000
 Mandated Lead Arranger
 November 2006



Syndicated Loan
USD 75 000 000
 Mandated Lead Arranger
 November 2006



Syndicated Loan
USD 300 000 000
 Mandated Lead Arranger
 November 2006



Syndicated Loan
USD 40 000 000
 Mandated Lead Arranger
 November 2006



Syndicated Loan
RUR 300 000 000
 Mandated Lead Arranger
 November 2006



Syndicated Loan
RUR 300 000 000
 Mandated Lead Arranger
 October 2006



Syndicated Loan
RUR 1 500 000 000
 Mandated Lead Arranger
 October 2006



Syndicated Loan
USD 400 000 000
 Mandated Lead Arranger
 September 2006



Syndicated Loan
RUR 185 000 000
 Mandated Lead Arranger
 August 2006



Syndicated Loan
USD 300 000 000
 Mandated Lead Arranger
 August 2006



Syndicated Loan
USD 80 000 000
 Mandated Lead Arranger
 July 2006



Syndicated Loan
RUR 490 000 000
 Mandated Lead Arranger
 June 2006



Syndicated Loan
USD 135 000 000
 Mandated Lead Arranger
 June 2006



Syndicated Loan
RUR 231 000 000
 Mandated Lead Arranger
 June 2006



Syndicated Loan
USD 53 000 000
 Mandated Lead Arranger
 June 2006



Syndicated Loan
USD 800 000 000
 Mandated Lead Arranger
 May 2006



Syndicated Loan
USD 4 300 000 000
 Mandated Lead Arranger
 April 2006



Syndicated Loan
USD 1 330 000 000
 Mandated Lead Arranger
 April 2006



Syndicated Loan
USD 91 500 000
 Mandated Lead Arranger
 April 2006



Syndicated Loan
USD 100 000 000
 Mandated Lead Arranger
 February 2006

Treasury Operations

In 2006 the Bank had two main strategies on the financial markets: strengthening its positions in classic instruments like the money, foreign currency, bond, and share markets, while simultaneously putting considerable emphasis on the development of new products.

The Bank's clients continued their wide-ranging activity on the financial markets. As in previous years, the average volume and number of client operations increased along with the Bank's own operations. In the third quarter Raiffeisenbank became the top trader of bonds on the RTS market.

In 2006 Raiffeisenbank put particular emphasis on the development of new products in the sector. The Bank became an active participant in the market for derivative financial instruments (futures, options, interest rate swaps). This increased both the efficiency of the Bank's own resource management and the range of services offered to both corporate and individual clients. The Bank paid special attention to the development of instruments and hedging strategies for foreign currency and interest rate risks experienced by the Bank's clients, offering structured products aimed at increasing the profitability of investments.

In view of changes in legislation in late 2006 and early 2007 regarding the liberalization of foreign currency regulation and the legal status of transactions with derivative financial instruments, we see major potential for the evolution of financial markets in Russia in the near-term. Thus, in 2007 and beyond the Bank is planning to take an active part in the formation and development of these markets, with the aim of consolidating its leading position.

While developing new areas of activity Raiffeisenbank will continue to maximize its efforts to improve the quality and increase the volume of operations on its core markets, increasing the efficiency of cooperation with clients.

Correspondent Banking – Financial Institutions

2006 was a particularly fruitful year for Raiffeisenbank in pushing forward the spectrum of banking services provided to Russian and foreign financial institutions.

Russian Banks

Raiffeisenbank maintains correspondence relations with more than 250 Russian banks. The range of services offered by Raiffeisenbank goes beyond the traditional list to include such operations as interbank crediting, conversion operations, operations with derivatives, broker and depository services, documentary operations and average-term crediting. In 2006 the Bank underlined its reputation as a leader in the organization of structured financing for Russian banks. During the year Raiffeisenbank was arranger of 21 syndicated loans issued to Russian banks, including seven rouble loans.

Debut transactions arranged by the Bank included loans for AIKB Taffondbank and OAO NBD-Bank.

In 2006 we actively developed a new instrument focused on financing Russian banks: the securitization of their loan portfolios. ZAO Raiffeisenbank Austria together with Raiffeisen Zentralbank Österreich AG both acted as arrangers of RMBS issues for OOO Gorodskoi Ipotechny Bank and Moskommertsbank, they also arranged pre-financing of both issues.

In 2006 Raiffeisenbank again paid particular attention to the combating of money laundering. When choosing counterparts among Russian banks, we carefully analyzed reputation risks related to each potential partner.

Foreign Banks and International Financial Institutions

Changes in foreign currency regulations and foreign currency controls agreed by the Russian government in July 2006 were an important step towards the full liberalization of the Russian rouble. It led to significant increase of interest from foreign banks in rouble operations. In 2006 alone, seven financial institutions from non-CIS countries chose ZAO Raiffeisenbank Austria as their exclusive settlement bank.

Raiffeisenbank in turn is working hard to increase the line of clearing products it offers such banks. Thus, due to July changes in foreign currency legislation we were able to offer our partner banks loans in the form of account overdrafts.

As the Bank grows, the attraction of medium-term finance from foreign investors via public structured instruments becomes more and more important. Thus, in December 2006 the Bank attracted a syndicated loan for USD 625 mln over a period of three years. ABN Amro Bank N.V., CALYON, the Bank of Tokyo-Mitsubishi UFJ, Ltd., WestLB AG were arranges of the loan, while 25 large foreign banks acted as creditors.

Non-Banking Financial Institutions

The structured financing of non-banking financial institutions is one of the most dynamically developing of Raiffeisenbank's activities. Clients taking loans included companies working in different industries, such as the Agency for Home Mortgage Lending, OAO VTB-Leasing, National Factoring Company, Aton and ZAO FIM Financial Services.

Among the year's benchmark transactions was the provision of both secured and non-secured annual credit facilities to the Agency for Home Mortgage Lending. Financing totalled RUR 2.7 bln.

Developing the market of non-banking financial institutions has increased the demand for financing from clients in the sector, leading to an expansion of credit products. Public transactions organized for these kinds of borrowers began to appear on the market in early 2007.

Depository Services

2006 was a particularly successful year for Raiffeisenbank's depository services. A significant increase in clients of all categories was seen, including both residents and non-residents, corporate entities and individuals, corporations and financial institutions. The number of structured transactions with securities concluded by the Bank also grew significantly. Positive dynamics were also seen in operating data: thus, for example, the volume of assets being stored at the Bank's depository grew 38% from last year.

In 2006 Raiffeisenbank solved a number of issues relating to the development of software and hardware aimed at streamlining the Bank's technological base. Processes across its service spectrum were improved, including the optimization and automation of the Bank's specialized depository and specialized register, enabling the Bank to reduce costs.



**THE BEST
FOR EVERY
CLIENT**

Retail Customers

In 2006 Raiffeisenbank continued to dynamically develop its retail product range. Loans issued to individuals in 2006 swelled to RUR 22.8 bln, while the Bank's loan portfolio had broken through the RUR 28.7 bln barrier by the end of the year. Thus, on 2006 results, Raiffeisenbank was the eighth bank in Russia in terms of the volume of loans issued to individuals, according to the Interfax Centre for Economic Analysis.

After persistent growth through the year, the volume of deposits by individuals reached RUR 53.2 bln, the eighth largest of any bank in Russia, according to Interfax-CEA. The number of individual clients grew 56.28% in 2006 to 356 800.

Customer Communication Channels

Branches

Raiffeisenbank continued the rapid expansion of its branch network, the most important single element in developing its retail banking channels.

Six new branches were opened in Moscow in 2006: three in the city centre and three in outlying areas. The Bank's development plans anticipate further expansion from the city centre to outskirts, into the suburbs and some satellite towns.

In 2006 in the Saint Petersburg branch added three new sub-branches to the existing two: two in the centre of Saint Petersburg and one in the south of the city. Their opening also marked five years of the Bank's operations in Russia's North-West region.

As part of its dynamic regional development, Raiffeisenbank opened branches in Nizhny Novgorod, Chelyabinsk, Krasnodar, Krasnoyarsk and Perm. In 2007 the Bank is planning to open branches in Tyumen and Ufa.

Raiffeisenbank's branches and sub-branches offer a full spectrum of services for both individuals and corporate entities, offering the products of all subsidiaries of Raiffeisen Group in Russia, such as Raiffeisen-Leasing, Non-State Pension Fund Raiffeisen and Raiffeisen Capital Asset Management Company.

Direct Sales Department

In June 2006 the Bank established a group to work on the direct sales of credit products. The group works to attract new clients to increase the Bank's loan portfolio.

The main task of the department is the distribution of information about all credit products among existing clients and the development of contacts with potential customers in retail outlets, the offices of large companies and car dealership partners of the Bank.

In 2006 employees of the group made direct sales of co-branded MALINA™-Raiffeisenbank credit cards. As part of the Mortgage Saturdays programme they provided detailed consultations to clients on the Bank's mortgage programmes at the weekends.

To promote car-loan services in 2006, the Bank's car-loan consultants were switched to flexible working hours to give potential clients access to the Bank's services during the regular working hours of car dealerships.

Corporate Sales Department

In 2006 Raiffeisenbank continued to offer payroll services to Russian and international corporate clients, whose employees are provided with accounts and bank cards to manage their salaries.

In 2006 about 33 000 employees from over 400 companies signed payroll agreements with the Bank. Thus, by year-end the service was offered to 1 700 companies with a total of over 133 000 employees, 33% up from 2005.

Considerable demand for payroll services was also registered in regional centres Nizhny Novgorod, Samara, Ekaterinburg and Novosibirsk. By the end of 2006 135 companies with a total of 12 980 employees were the customers of the Bank's regional branches.

ATMs

In 2006 Raiffeisenbank paid particular attention to the expansion of its ATM network in all cities where branches are located, including Ekaterinburg, Krasnodar, Krasnoyarsk, Nizhny Novgorod, Novosibirsk, Perm, Samara and Chelyabinsk.

Due to successful cooperation with several rapidly developing retail networks, in 2006 ATMs were placed in supermarkets run by Perekrestok, Leroy Merlin, Castorama, Media Markt as well as in Rigla pharmacies. By the end of 2006 the Bank's clients had access to more than 460 ATMs across Russia.

As well as the standard functions of checking account balances and withdrawing cash, Raiffeisenbank's ATMs also allow cardholders to pay for mobile phone, Internet and television services. The Bank's clients are eagerly using these services, with operations increasing 60% in 2006 from 52 000 operations in December 2005 to 76 000 a year later.

Cash deposits via specialized ATMs, which allow clients to replenish their current accounts or repay loans, have become more and more popular. The deposit ATMs offer ease of use, multiple locations and 24-hour operations. The monthly number of deposit operations using ATMs has reached 30 000, an increase of 50% from the end of 2005. In 2006 about 40% of deposit operations were made via ATMs, with the remainder processed through branches.

Following the purchase of OAO Impexbank by Raiffeisen International in April 2006, clients of Raiffeisenbank and Impexbank are now able to withdraw cash from ATMs of both banks without commission. As a result, the combined number of ATMs offered by Raiffeisenbank and Impexbank increased by almost 30% exceeding 1 000 in the beginning of 2006.

Call Centre

For almost six years, Raiffeisenbank's Call Centre has been providing services to clients on a 24-hour basis, offering support and information to all cardholders.

In 2006 employees of the Call Centre processed more than 1.8 mln calls, 66% more than the previous year. Operators made about 306 000 calls to clients and processed about 15 500 letters.

Based on Raiffeisen International's research, Raiffeisenbank's Call Centre in Russia is the best among other network banks in terms of incoming calls and the most popular in terms of frequency of clients' references.

The Bank's Call Centre is among Russia's best in all key areas, according to research by the independent company Finist. In comparison with previous studies, the availability of operators increased by nearly 20%. ZAO Raiffeisenbank Austria in Saint Petersburg took the first place for the professionalism of its operators and quality of its technical equipment in research by bank portal FinNews.ru.

Last year the staff of the Call Centre doubled, and two new services were created: the collection and analysis of statistics, and quality control. In December 2006 the integration of the information centres of Raiffeisenbank and Impexbank was completed.

Distance-Banking Services

Up-to-date information about all products and services offered by the Bank, including details of terms and tariffs, is provided on the Raiffeisenbank website www.raiffeisen.ru, which offers other useful details (foreign exchange rates for ATMs and Bank branches). Raiffeisenbank's user-friendly portal is updated several times every day to ensure the latest information is available. In 2006 several interactive services were developed, including surveys, a foreign currency converter and calculators for the main retail products: mortgages, unsecured consumer loans and car loans.

Raiffeisenbank is actively developing its Internet banking system, Raiffeisen CONNECT. At <http://connect.raiffeisen.ru> clients can take advantage of a spectrum of services, from reviewing such information as accounts, cards, deposits, loans and mutual funds to the completion of conversion operations. In 2006 the Bank introduced an option for finding information on trust funds, and transactions with Raiffeisen Capital Asset Management Company.

In 2006 the number of clients using the Raiffeisen CONNECT system broke through the 100 000 barrier, reaching 128 000 by December. In 2006 140 000 active operations were completed — mainly rouble payments and internal transfers — an increase of 220% on a year earlier.

The successful development of Raiffeisenbank's Internet banking system was recognized by the international magazine Global Finance, which for the second year named Raiffeisenbank in Russia the Best Consumer Internet Bank.

In 2006 the Bank continued the development of its SMS-alerting service. New offerings included mini-statements for credit cards, notices about future repayment of loans and overdue payments, as well as notices about the crediting and debiting of funds. Among other things, the service allows clients to receive instant information about salary payments arriving in their account. The Bank sends more than 10 000 SMS-notifications to its clients daily. The number of clients using this service increased more than fivefold in 2006 from 6 000 to 34 000.

Service Quality

During the rapid expansion of the Bank's retail business, one of its priorities has been to maintain the unrivalled client service levels required by the Raiffeisen Group.

Raiffeisenbank's Service Quality Management Department pays particular attention to client opinions about the Bank's products, procedures and quality of service — quickly and effectively responding to any comments. Feedback from clients is greatly valued as it makes it possible to reveal any defects in the Bank's operations. Based on results of their analysis, the Bank can rapidly put in place corrective measures and improve training programmes for both new and experienced employees in the relevant departments.

In 2006 the Service Quality Management Department held a number of exercises aimed at testing the level of services offered to clients and at training personnel in standards of service provision. The department also created a unique database for processing calls and comments from clients in Moscow and other regions.

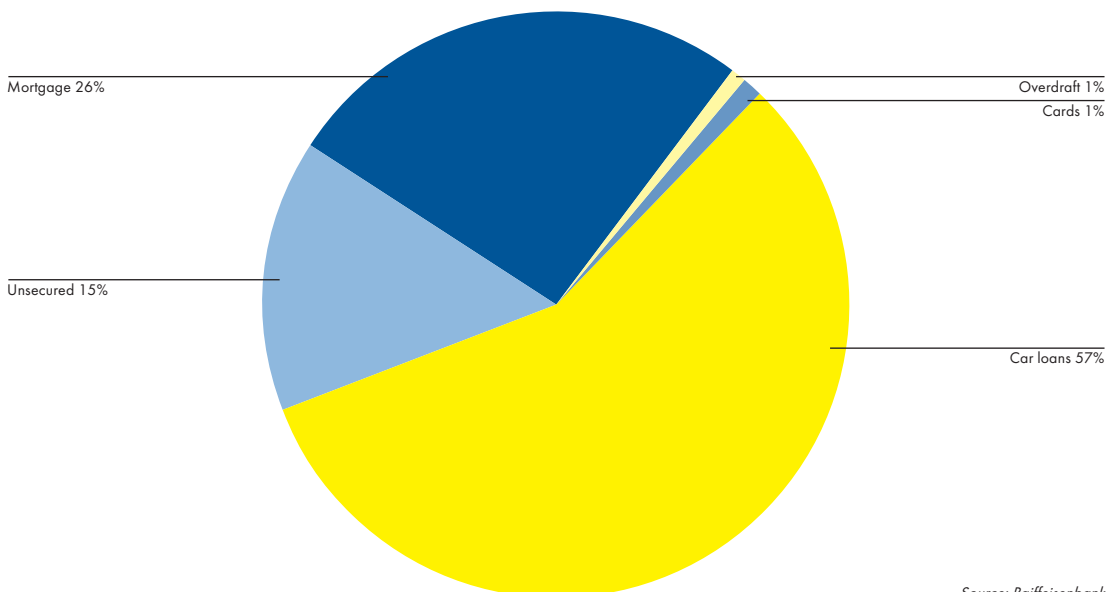
Products

Raiffeisenbank offers its clients a full spectrum of retail services: current accounts, term deposits, debit cards, cash transfers, currency exchange, sale and purchase of travellers cheques, car loans, mortgage loans, unsecured consumer loans, credit cards, investment products, as well as VIP client services.

In 2006 the Bank thoroughly updated and improved several products and services — specifically consumer loans.

By the end of 2006 the share of various loans in Raiffeisenbank's portfolio was as follows:

Structure of Raiffeisenbank's Retail Loan Portfolio (year-end 2006)



Source: Raiffeisenbank

Continuing a trend seen in recent years, car loans exceeded all other consumer lending at Raiffeisenbank. By the end of 2006 car/motorcycle loans were worth RUR 15.8 bln, representing 57% of all the Bank's consumer loans.

Raiffeisenbank continues to strengthen its partnership with automobile companies to jointly develop new products. Programmes included a regional project with the Rolf dealership from February 2006 to expand the Bank's dealership network to more than 20 auto salesrooms. A new product — refinancing loans for new foreign cars sold by Musa Motors — was launched in June 2006.

In January 2007 car-loan products were restructured allowing for financing of up to seven years, transforming it into a medium-term product.

Raiffeisenbank also posted strong results in mortgage financing, its loan portfolio in the sector growing RUR 4.5 bln to reach RUR 7.3 bln. These figures were achieved through the restructuring of the Bank's products: cancelling maximum limits on loan sizes and decreasing minimum loan sizes to USD 15 000 / RUR 400 000.

The following new programmes were launched: general purpose loans offered with the pledge of already owned dwelling; refinancing loans granted for the purchase of land plots and the renovation of real estate; the opportunity to buy a house under construction with the pledge of already owned real estate. Citizens of cities with a Raiffeisenbank branch now have the opportunity to buy real estate in any other region where Raiffeisenbank has a presence. The introduction of Mortgage Saturdays, allowing clients to receive detailed and professional consultations on mortgages at weekends, has boosted the development of the Bank's mortgage service.

In 2006 Raiffeisenbank purchased several pools of mortgage loans, as of year-end 2006 the total volume of such loans amounted to RUR 532.5 mln. The latest transaction was the purchase by the Kubansky branch of a pool of mortgage loans from the Krasnodar branch of the Moscow Bank for Reconstruction and Development, which included mortgage loans against real estate in Krasnodar for a period of 25 years.

In cooperation with partner insurance companies, Raiffeisenbank held tenders for insurance for its mortgage clients, offering favourable mortgage insurance with any of six companies with federal agreements with the Bank.

Stable growth was seen in unsecured consumer loans with the number of loans issued in 2006 increasing by 52% from 2005. Volumes reached RUR 3.9 bln, a 60% increase on 2005.

Bank Cards

A principal member of international payment systems VISA International and MasterCard International, Raiffeisenbank offers its clients all the core bank cards, from Electron to Gold. In 2006 Raiffeisenbank again posted strong figures for the number of cards issued, a significant improvement on 2005 growth. By the end of 2006, the number of issued cards exceeded 470 000, with operations worth USD 400 mln per month. A year earlier Raiffeisenbank boasted only 290 000 cards and monthly operations of USD 160 mln.

Raiffeisenbank occupies a leading position on the Russian credit card market. In 2005 a revolving credit card with a grace period was launched. Another achievement was Raiffeisenbank's deal to become the exclusive provider of banking services to the popular MALINA™ loyalty programme. Raiffeisenbank was thus able to offer an attractive new product to a great number of clients.

In spring 2006 Raiffeisenbank began to create its own bonus programme, Discounts for You, for holders of Raiffeisenbank debit and credit cards. The scheme has allowed cardholders to use discounts and special offers from a wide range of partners including shops, restaurants and travel companies.

In 2006 the Bank began to issue credit cards directly in all regions where Raiffeisenbank has branches. As a result 40% of the Bank's credit cards were issued in regional branches. The total number of credit cards issued in 2006 was 19 120.

Raiffeisenbank continues to rapidly expand the numbers of retail outlets clearing card payments using the Bank's services (acquiring). In 2006 the Victoria and Media Markt hypermarket chains in Moscow and Saint Petersburg joined the Bank as partners. By the end of the year the number of terminals served by the Bank increased by 50% to 1 059, while its monthly volume of operations hit almost USD 20 mln.

OOO Raiffeisen-Leasing

In 2006 OOO Raiffeisen-Leasing expanded its activities across the Russian market. The Company launched its new micro-leasing product for finance of up to EUR 100 000. The new service offers a favourable leasing period, a minimum advance payment and appreciation. Together with Cisco Systems Capital, a new programme of financing for telecommunications equipment was launched, meeting all international standards and allowing clients to lease necessary equipment and to exchange it for new and more up-to-date alternatives.

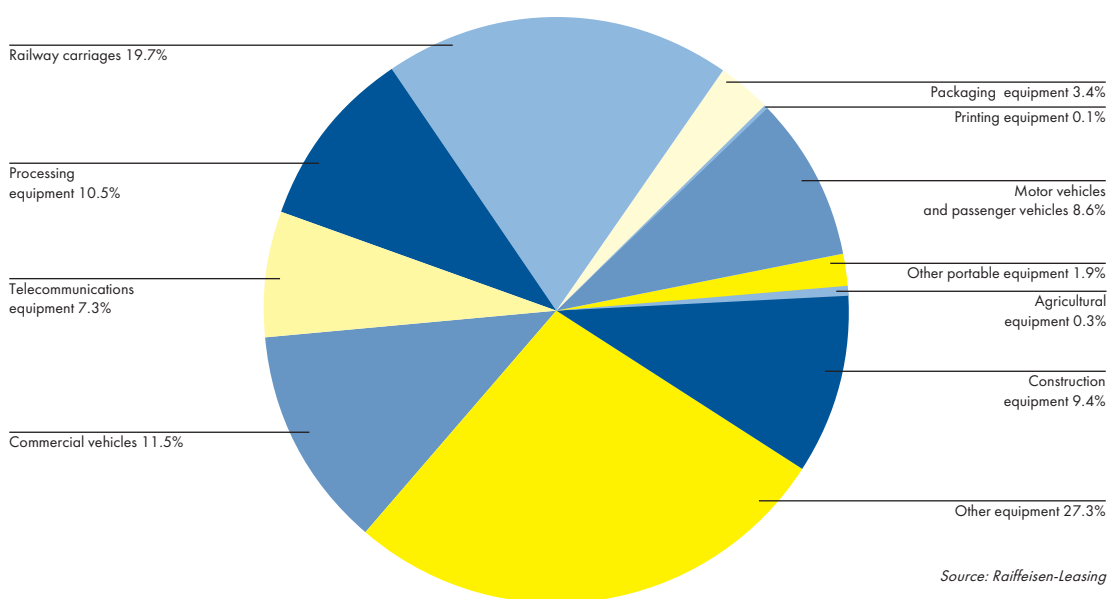
The assets of OOO Raiffeisen-Leasing increased by 30% by year-end, reaching EUR 221 mln. The volume of its leasing portfolio exceeded EUR 162 mln. This was 10% construction equipment, 20% automobiles and road freight transport, 30% railway cars and mobile units and 40% industrial equipment. Overall the Company's business grew 27% as it concluded 533 new transactions worth a total of EUR 116 mln.

In 2006 OOO Raiffeisen-Leasing completed the implementation of a unified automated system for work with documents governing leasing transactions, making possible a considerable increase in the Company's productivity and work efficiency.

The development of the Company also resulted in an expansion of its branch network. Regional branches in Samara, Nizhny Novgorod and Krasnodar were added to existing branches in Saint Petersburg, Novosibirsk and Ekaterinburg, while the number of personnel in the Moscow branch increased by 30%.

In 2007 OOO Raiffeisen-Leasing plans to evolve its range of services, develop and implement new leasing products and actively expand its regional branches. It also plans to organize new channels for sales of leasing services through the expanded network of Raiffeisenbank following the completion of its merger with Impexbank.

Portfolio structure of OOO Raiffeisen-Leasing (year-end 2006)



**VIRTUOSITY
BY DESIGN**

Raiffeisen Capital Asset Management Company

In 2006 Raiffeisen Capital Asset Management Company continued its strong growth, securing 8th place on the Russian market in volumes of sales of open unit investment funds on 2006 results, according to www.investfunds.ru.

Assets under management grew more than fourfold from RUR 990 mln to RUR 4 230 mln. Its market share of open funds increased from 1.6% to 2.5%, an impressive achievement considering the rapid growth of the industry as a whole.

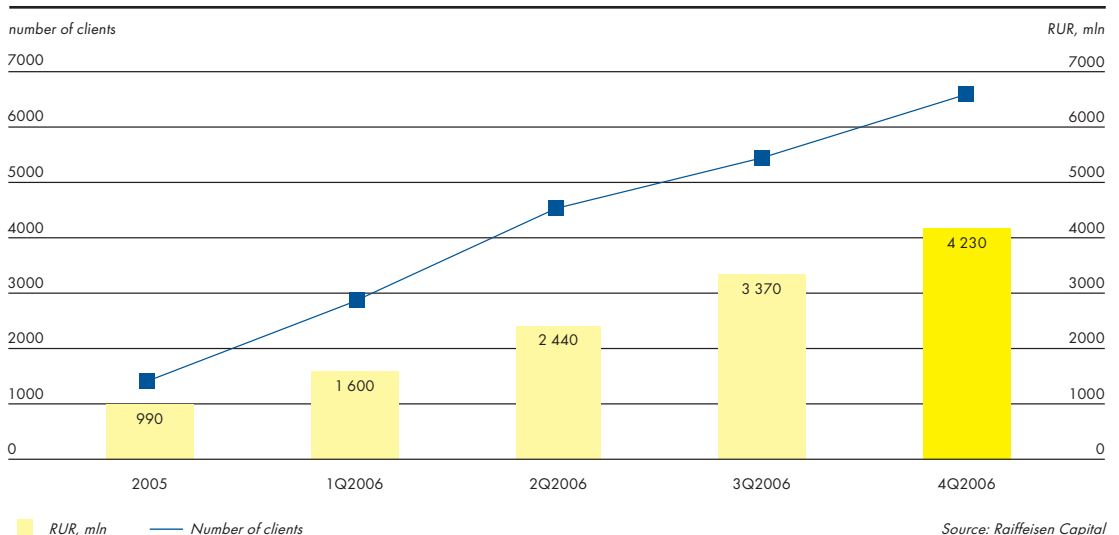
In 2006 Raiffeisen Capital Asset Management Company attracted a large number of private and corporate clients: retail clients increased from 1 500 to 6 500, corporate clients from 5 to 10 and individual portfolios from 25 to 70, relative to 2005. The Company also won two open tenders for the placement of pension and insurance reserves and a new open unit investment fund was added to its product line: Raiffeisen Fund of Funds.

Following the opening of new Raiffeisenbank branches in Moscow and the regions, the distribution network of the Company was greatly expanded. Furthermore, following the purchase by Raiffeisen International of OAO Impexbank, Raiffeisen Capital Asset Management Company and Impexbank concluded an agency agreement to allow private clients of the Bank's Moscow branches to use the services of the Asset Management Company in individual trust management. An agreement was also prepared and sent for the approval of the Federal Financial Markets Service to allow OAO Impexbank to fulfil agent functions for the sale of shares of private equity funds under the management of Raiffeisen Capital Asset Management Company. The relevant software was also developed.

The success of Raiffeisen Capital Asset Management Company in 2006 was boosted by an advertising campaign that was named The Best Advertising Campaign in the Insurance and Financing Sector by the League of Management Companies of Russia.

In 2007 Raiffeisen Capital is planning to further increase its sales volumes by improving the quality of services offered and by expanding the number of outlets where its services are available via the large network of branches of Impexbank in Moscow and beyond.

Assets under Management by Raiffeisen Capital Management Company against Growth in Private Customer Numbers



Non-State Pension Fund Raiffeisen

The Fund's Activity

NPF Raiffeisen is among the most dynamically developing non-state pension funds in Russia today. The fund offers non-state pension coverage to individuals and corporate entities, and handles the formation and payment of the part of labour pension funded through Russia's mandatory pension insurance.

In 2006 pension assets — pension reserves and pension stocks — under management of Raiffeisen Non-State Pension Fund increased more than fourfold to RUR 394.3 mln.

In 2006 the Raiffeisen Non-State Pension Fund added 16 corporate clients. By the end of 2006 its total portfolio included 85 corporate entities, of which 21 were international companies, and over 23 200 individuals.

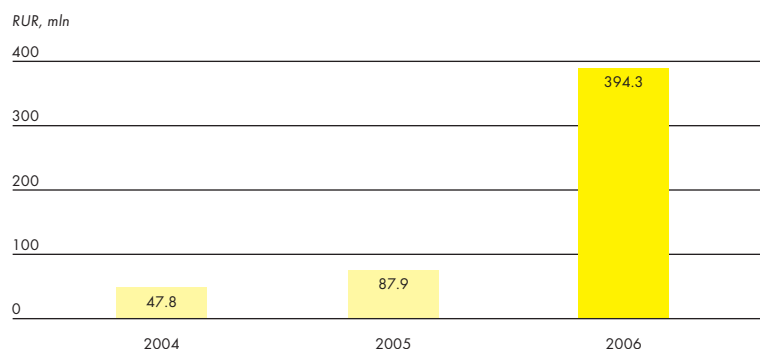
At the end of 2006, Raiffeisen Non-State Pension Fund was paying pensions to 1 420 pensioners living in Russia and in former CIS countries. The total volume of pensions paid in 2006 amounted to RUR 1.4 mln.

In 2006 the Raiffeisen Non-State Pension Fund continued to actively participate in pension reform. The number of insured individuals who concluded agreements for mandatory pension insurance with NPF Raiffeisen doubled, exceeding 7 446 by year-end.

Arrangements for the transfer of the funded part of work pensions were made both in the offices of corporate clients and in all branches of ZAO Raiffeisenbank Austria.

From mid-2006 Raiffeisen Non-State Pension Fund's services in non-state pension insurance became available to clients at several branches of OAO Impexbank in Moscow.

Assets under Management of NPF Raiffeisen



Source: NPF Raiffeisen

Management of Pension Reserve Funds and Pension Stock

In 2006 the list of management companies providing investment for the funds of pension stock and placement of pension reserves of Raiffeisen Non-State Pension Fund were expanded. Presently, the investment of pension funds is undertaken by the Capital Management Company, United Finance Group INVEST and Alliance ROSNO Asset Management. The placement of pension fund reserves is carried out by the Raiffeisen Capital and Renaissance Capital Asset Management Companies, and by United Finance Group INVEST. Daily control over the composition and structure of placement of funds of pension reserves and pension stock is made by the United Depository Company.

Regional Development

Services for the Fund's clients are provided through branches and sub-branches of ZAO Raiffeisenbank Austria. From 2006, representatives of Raiffeisen Non-State Pension Fund began to work in both Saint Petersburg and Syktyvkar.

2006 saw wide-ranging advertising campaigns of the Fund in Ekaterinburg, Novosibirsk, Krasnodar, Chelyabinsk and Syktyvkar. In Ekaterinburg and Krasnodar there were conducted seminars devoted to corporate and individual pension programmes, in which representatives of Russian and international companies took part.



Regional Expansion

In 2006 ZAO Raiffeisenbank Austria continued its rapid regional expansion, pinning new flags on the map of Russia. At the start of 2006 we already had branches in Saint Petersburg, Ekaterinburg, Samara, and Novosibirsk. These were joined by the branches opened in Chelyabinsk in March, and in Nizhny Novgorod in April. In June the Bank moved south to Krasnodar Territory, where the Kubansky branch rolled out its offerings to corporate and individual clients. In October Raiffeisenbank opened its branch in Krasnoyarsk, and in November a new branch was open to clients in Perm. In Russia's imperial capital Saint Petersburg the Northern Capital branch also saw a major expansion with the opening of three new sub-branches: Nevskoe and Avstriyskaya Ploshchad in downtown, and Park Pobedy in the south of the city.

As Raiffeisenbank's Russian expansion continues in 2007, new branches in the regional cities of Tyumen and Ufa are planned to open. Following Raiffeisen International Group's acquisition of OAO Impexbank and its integration into ZAO Raiffeisenbank Austria, the network of the unified Bank will be further developed by opening new branches and sub-branches and by strengthening the position of the already existing regional divisions. At the end of 2006 Impexbank and Raiffeisenbank combined had branches in 44 regions across the country.

In 2006 all Raiffeisenbank's branches succeeded in meeting or beating their targets, showing growth in every business segment. And all of the branches have quickly established themselves on the local financial services market.

Raiffeisenbank's regional branches offer a full range of services to corporate clients — from cash management to daily financing operations and business development. Due to the Bank's wide regional presence, it is able to cooperate not only with companies located in various regions of the country, but also with major Russian companies with extensive networks of subsidiaries. At the end of 2006, Raiffeisenbank's regional branches were serving over 1 270 companies, 24% of the Bank's total corporate clientele.

Raiffeisenbank's branches have already gained a reputation as reliable partners and rank as leaders in corporate lending in several regional markets. In 2006, Saint Petersburg's Northern Capital branch showed growth of 75.5% in its corporate loan portfolio, which exceeded RUR 11.5 bln by the end of the year. In terms of corporate loans, the branches in Novosibirsk and Ekaterinburg are second only to the country's dominant bank, Sberbank. The corporate loan portfolio of Novosibirsk's Sibirsky branch reached RUR 11 bln at the end of 2006. The portfolio of loans made by Uralsky branch to companies in Ekaterinburg totalled more than RUR 7.1 bln. Samarsky branch also showed growth in the corporate loan portfolio, with total loans to corporate clients exceeding RUR 3.7 bln by the end of December 2006. Yuzhny Ural branch in Chelyabinsk also achieved impressive results. In 10 months of operations, over 126 companies became clients of the branch, with loans to corporate clients reaching some RUR 3.2 bln.

Raiffeisenbank has established a firm position in financing commercial property construction and is considered one of the leaders in that area on the national level. In 2006 the Bank's branches provided financing for the construction of commercial property, including major business and shopping centres. One of the latest transactions in this sector was concluded by Chelyabinsk branch, which made an eight-year loan of over RUR 1.2 bln to finance the construction of the largest business centre in the Urals Federal District. The Bank's regional loan portfolio in this segment alone reached RUR 592 mln by the end of the year.

Raiffeisenbank's regional branches are making a major contribution to the development of corporate business with the percentage of loans made by regional branches to legal entities rising last year from 17% to 31% of the Bank's total portfolio in the sector to climb over RUR 39.9 bln.

In the retail sector, considerable progress was achieved in 2006 at the regional level as part of the promotion of the lending products. The Mortgage Saturdays programme was successfully launched in Novosibirsk, Ekaterinburg, Samara, Nizhny Novgorod, Krasnodar, Perm and Chelyabinsk, thanks to which hundreds of clients have been able to receive individual advice on mortgage lending and filling out loan applications. The initiative has provided a significant boost to mortgage loan applications since the beginning of 2007.

In Saint Petersburg the Bank continued operating in the primary real estate market, designing a joint programme with the city's largest luxury housing developer. This was the first experience of a highly specific partnership for the Bank in the elite real estate market that has enabled the Bank to offer its clients a new mortgage-lending programme.

The successful development of the retail operations of Raiffeisenbank branches can be seen in the steady growth in the volume of private loans. Thus, in 2006 the portfolio of loans made to private clients of Saint Petersburg's Northern Capital branch exceeded RUR 6.3 bln, while Ekaterinburg branch reached RUR 1.5 bln. One of the leaders among the Raiffeisenbank regional branches in terms of the volume of private loans was Chelyabinsk branch whose portfolio exceeded RUR 541 mln. Novosibirsk branch also saw a considerable increase in the volume of private loans to climb over RUR 507 mln at the end of 2006.

The regional network is playing an increasingly important role in building the Bank's total private loan portfolio. 35% of private loans were issued by regional branches by the end of 2006.

Raiffeisenbank offers the services of Raiffeisen Group subsidiaries in practically every city it operates, including those of Raiffeisen-Leasing, Non-State Pension Fund Raiffeisen, and Raiffeisen Capital Asset Management Company. Acting as specialized agents, regional branches offer services related to the acquisition of unit investment funds as well as the provision of mandatory pension insurance as part of the state pension scheme.

Raiffeisenbank's branches have continued to play an active role in the business and cultural life of the regions. For example, Ekaterinburg and Chelyabinsk branches acted as the general sponsors of the tour of the Vienna Johann Strauss Chamber Orchestra to those cities. The Kubansky branch was honoured with a letter of thanks for its support of the 5th International Economic Forum, Kuban-2006. It also took part in the New Year's Sports Ball, The Olympic Hopes of Kuban. Saint Petersburg's Northern Capital branch continued cooperation with the largest real estate exhibition of Saint Petersburg, acting as an official sponsor of the 12th and 13th Municipal Real Estate Fairs. During the year, the Saint Petersburg branch acted as a partner to the Financial Enlightenment programme, Finprosvet, organized by the Association of North-western Banks, aimed at popularizing and improving the quality of publications produced by regional media on economic subjects. It also participated in the work of the following major economic and industrial forums: Russia's Commercial Real Estate, Petersburg Real Estate and Construction, and The Lumber Industry Forum.

Raiffeisenbank's branches received several honorary awards for their success in local banking services markets. According to the results of the Financial Petersburg contest ZAO Raiffeisenbank Austria was named Best Foreign Bank in Saint Petersburg for 2006. The contest was organized by the Committee of Economic Development, Industrial Policy and Trade of the Government of Saint Petersburg, the Centre for Control of the Quality of Goods and Services of the Administration of Saint Petersburg, the marketing company Petrobalt, and with the aid of the Saint Petersburg Union of Entrepreneurs. The Kubansky branch was awarded a diploma For the Superior Quality of Exhibited Products at the 11th Automobile Forum Mobi-2006. In Ekaterinburg the branch was awarded a Silver Medal II of the Eurasian Investment & Innovation Forum and a Gold Medal of the Urals Real Estate Exhibition.

Across the country the regional expansion programme is enabling Raiffeisenbank to secure an unrivalled position on the national level, applying Raiffeisen Group's expertise to Russia's largest regions. The key task that the Bank has set for 2007 is to enhance the Bank's position in those regions where branches of Raiffeisenbank and Impexbank are already operating.