

COMPOSER

WOLFGANG AMADEUS MOZART



One of the greatest composers of all time, Mozart had a phenomenal ear for music, an ability to improvise and a unique talent for working across musical genres and mastering each. As Mozart composed operas simultaneously with symphonies during his creative life, his instrumental music is distinguished by the melodiousness of opera combined with a dramatic propensity toward conflict. Mozart is regarded as the father of the classical concerto, and his works greatly facilitated the development of different genres of symphonic music.



CONDUCTOR

IGOR STRAVINSKY

Stravinsky is unique and one of the most illustrious representatives of the musical culture of the 20th century. Although he lived most of his life in Europe, his creative works are organically linked to the traditions of Russian musical culture: in his works, he reworked traditional themes from Russian folklore, and he created the three most famous ballets for Sergei Diaghilev's *Ballet Russe*. Working as a composer, Stravinsky highly appreciated the new Vienna school and the young European avant-garde. His most distinctive feature and genius is distinguished by the fact that his creative work was imbued with virtually every trend and style of his era.



Treasury

Financial Market Operations

Financial market in 2010 was characterized by a level of volatility which was no lower than that of 2009. The principal factors that created the conditions for this were as follows:

- tense situation surrounding sovereign debt of the eurozone countries;
- localized geopolitical tensions;
- attempts by some countries to weaken their own currencies to raise exports;
- the poor appetite for risk on the part of large institutional investors;
- and several other factors.

Domestic financial market in 2010 was influenced by countervailing factors. These were, on one hand, the fairly high oil prices and excess rouble liquidity, and on the other hand, the outflow of capital from Russia. The domestic market model became much more complicated. From the single-factor, largely isolated linear model dependent on energy prices, the market model has become multifactorial, depending not only on the current hydrocarbon prices and the exchange rate policy of the Central Bank of Russia, but also on the global financial trends and global economic conditions.

Bank's main operating strategy for 2010 in the financial markets was the reappraisal of risk in line with new realities. As a consequence, the Bank took a more conservative approach to speculation on the the foreign exchange market, hedged the interest rate risk in the banking book from possible increases in the rates of the major global currencies, and created and maintained a balanced portfolio of securities. For example, interest rate hedging enabled the bank in 2010 to significantly reduce the sensitivity of its financial results to interest rate changes.

2010 was very much a successful year for Raiffeisenbank in terms of operations on the capital and foreign currency markets. The Bank increased its presence in the markets, both quantitatively and qualitatively. During the year the Bank continued to build up its own bond portfolio, while paying considerable attention to balanced risk management. As a consequence, the financial performance from operations with securities proved to be one of the most significant in the history of the Bank.

The Bank remains one of the leading market-makers on the corporate bond market, and the authorized dealer of government securities transactions for the Bank of Russia, as well as an active participant in the repo market. The Bank performed well on the foreign exchange market and in interest rate trading. Given the high level of volatility on the market and the reduced liquidity in the domestic foreign exchange market, it was decided to diversify risks. In connection with this, in the second half of 2010, Treasury reduced its exposure to the rouble, whilst increasing its exposure to a number of major global currencies.

This strategy allowed the Bank to obtain substantial profits from transactions on the foreign exchange market. It is worth noting once again that throughout the history of Raiffeisenbank it has always been and remains one of the leading operators on the foreign exchange and money markets. Its position as a market-maker on the domestic foreign exchange market helps the Bank to conduct its own operations and gives it a competitive advantage in terms of offering its customers the best market prices.

In addition to its operations in financial markets in 2010, special attention was paid by the Bank to the issue of liquidity management. The structural transformation of the Bank's assets and liabilities was completed in order to create a more liquid balance. This has been done to ensure the sustainable and organic growth of the banking business throughout all of the phases of the economic cycle. The share of customer deposits increased, as did the average maturity of interbank liabilities. Both of these factors contributed to the increased stability of the liability base. In the assets structure, in turn, the proportion of high-quality bonds included in the Lombard List of the Central Bank increased. This increase, which was made possible by reducing the number of placements on the

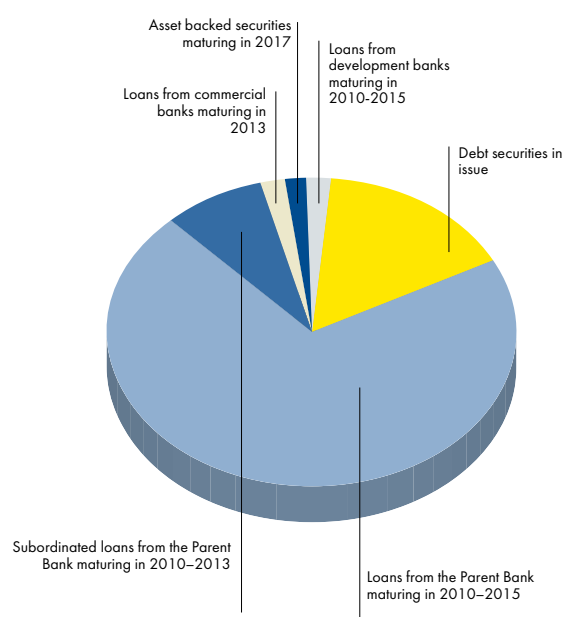
interbank market, led to an increase in the yield of the bank's investments, whilst the Bank was able to maintain an adequate level of liquidity.

Raiffeisenbank is actively participating in the formation of the MosPrime indicator, one of the main indicators of the Russian money market, as well as the NFEA SWAP indicator. Raiffeisenbank has a productive partnership with the National Foreign Exchange Association, and actively assisted in the promotion the new Ruonia indicator.

One of the priorities of Raiffeisenbank on the financial markets was the sale of Treasury products to its customers. For these purposes a sales unit was separated from trading department, and work is continues to develop this further. The Bank is promoting new technologies for servicing clients in the financial markets. In 2011 plans are in place to launch a new e-commerce platform, which will enable the Bank to further enhance its customer service, to build both its client and product base, and to create the conditions for stable earnings growth from the sales of its Treasury products.

Funding and Capital Management

Structure of long-term wholesale funding, IFRS 2010



Source: Raiffeisenbank

The target funding structure of Raiffeisenbank is realized through the full diversification of both the markets and financial instruments. In the volatile market of 2010, this strategy once again proved its viability, allowing the Bank to meet the challenge of attracting middle-and long-term resources, whilst maintaining its attractive financing rates in various currencies.

Despite the revival of the global debt market (compared to the post-crisis year of 2009), the situation on the domestic rouble market was more stable and attractive in terms of rates, thanks to the generally positive dynamics of the rouble against the currency basket, and the of favourable liquidity environment in the Russian financial sector.

Raiffeisenbank made full use of these market conditions: it registered commercial stock exchange bonds totaling RUR 74 billion, and successfully placed the first issue of 3-year stock exchange bonds in the total amount of RUR 5 billion. Amid the dominance in 2009-10 of book-building placements, the Bank took the decision to conduct

a true market auction, and as a result, the rate of the first and subsequent coupons was fixed at 7.5% per annum.

This financial instrument is new for the Bank, and it has complemented its portfolio of registered financial instruments which can be promptly implemented.

Given the ambiguous situation in the international capital markets in terms of foreign currency financing, the Bank followed a conservative strategy by utilizing the resources of the parent company, and by signing a club deal with the banks of the Group.

This was a further illustration of the level of support that the Group gives its Russian business unit.

Thus, long-term wholesale funding, which at the end of 2010 made up 24.4 % of the total liabilities of the Bank was represented by a wide variety of instruments, and was based on the principle of the maximum efficiency of the funding portfolio as a whole.

Financial Institutions

Foreign Banks and International Financial Organizations

In 2010, Raiffeisenbank continued to develop its contractual framework, which enabled Treasury to carry out fixed-term operations in international money markets. This time the focus was not only on attracting new counterparties, but also on expanding the possibilities for cooperation with existing partners, including through the use of risk mitigation instruments such as variable margin agreements.

It is worth noting that after the negative events which occurred in the financial world in 2008–2009, more and more foreign banks are showing interest in making such agreements with Russian banks. This enabled the Bank to sign these agreements with key partners.

Also, 2010 was marked by new successes for Raiffeisenbank in its partnerships with foreign banks for documentary operations. In particular, in June it signed an agreement with the International Finance Corporation (the World Bank Group) under the Global Trade Finance Program, through which the IFC guarantees the risk of Raiffeisenbank to certifying and financing foreign banks. Work on this agreement was also initiated in 2010.

Russian Banks and Non-bank Financial Institutions

Last year Raiffeisenbank worked with an increasing number of Russian banks. During the year the Bank added ten new counterparties on the Russian interbank exchange and money markets. Thus, the number of Russian counterparties reached 290.

The Bank also continued to provide Russian banks with short-term interbank loans as part of its participation in the project to implement the federal law of 13.10.2008, № 173-FZ "On Additional Measures to Support the Financial System of the Russian Federation".

Raiffeisenbank was able to reaffirm its position as a leader in the field of syndicated loans and bond issues for Russian financial institutions. Amongst the bank's clients who used its services, were Vnesheconombank, VEB-Leasing, Nomos-Bank, The International Bank of Azerbaijan — Moscow, TransCreditBank, Bank Zenit, Home Credit and Finance Bank, Bank Uralsib and MDM Bank.

In 2010, Raiffeisenbank resumed its cooperation with non-Bank Financial Institutions in lending. Financing was especially in demand amongst companies which provide financial leasing services.

One of the most significant deals was the provision of a revolving credit line to VEB-Leasing worth up to RUR 2.5 billion. The Bank also signed an agreement to provide a revolving credit line to Europlan — the largest car leasing company in Russia.

Public Sector Department

Raiffeisenbank is focusing on its partnerships with public authorities and public institutions as one of its business priorities. In 2010, the Bank confirmed its strong position in the highly competitive market of lending to Russian Federation subjects and municipalities. The low level of credit risk inherent in the public sector led to a sharp increase in competition among credit institutions, the entry of new players onto the market, as well as a steady decline in lending rates

Last year Raiffeisenbank was actively involved in auctions and tenders for the right to provide loans to regional and local authorities. Despite increased competition, the Bank was able to build a diversified profitable portfolio. The volume of lending to the public sector as of January 1, 2011 was RUR 1.6 billion.

In the course of the campaign to resolve the debt problem in 2010, 70% of the portfolio of troubled loans was re-paid (over RUR 400 million). The excellent results of the return of bad debts allowed the Bank to return to the credit markets of regional authorities, including in the Moscow region.

As part of its transition to the electronic trading system, the Bank organized its accreditation on electronic trading platforms.

The Bank continued to cooperate with state and municipal agencies, and participate in the implementation of special purpose programmes, including programmes in housing and communal services, transport and publishing.

In 2010, the Bank continued to work with the liabilities of public institutions, and confirmed its status as an authorized credit institution which raise temporarily free funds from the federal budget and public corporations — the Foundation for Housing Reform and Rusnanotech. By the end of 2010, the deposit portfolio of state corporations placed on accounts at the Bank amounted to RUR 271.8 million.

In addition to servicing public authorities and state corporations, the Bank has stepped up work with small business in the public sector — nonprofit organizations and budgetary institutions. These types of clients do not require lending resources, and are more interested in obtaining high-quality cash and settlement services. The enhanced level of cooperation with these customers has enabled the Bank to improve its passive base and receive a significant commission income.

Corporate Finance and Investment Banking Division

In 2010 Raiffeisenbank continued its success in corporate finance and investment banking.

Corporate Bonds

In 2010 Raiffeisenbank continued to strengthen its leading positions on the rouble bond market having arranged 17 deals with total nominal value of more than RUR 148 billion (a growth of 41% from 2009).

Among landmark 2010 deals the following deals are to be noted:

- Placement of RUR 20 billion bond for VimpelCom-Invest (with a record demand of more than RUR 80 billion);
- First placement of foreign currency bonds on the domestic market - USD 1 billion floating rate bond for Vnesheconombank with secondary trading on MICEX SE;
- Largest bond programme for a non-state company (RUR 24 billion for Wimm-Bill-Dann Foods);
- First public loan for qualified investors (RUR 5 billion bond for VEB-Leasing).

The Bank also arranged secondary placement of a senior tranche of RUR 5 billion mortgage-backed bond for "Mortgage Agent AHML 2008-1", which was placed with a substantial oversubscription among a wide range of institutional investors.

The Bank's performance was appraised by customers, issuers and corporate bond market participants. According to a survey by Cbonds, a leading information and analytical agency on the Russian corporate bond market, the placement of RUR 20 billion bond for VimpelCom-Invest was recognized as the best bond placement in 2010.

Experience and professionalism of our team were also noted in the following Cbonds 2010 nominations:

- Best DCM Team (third place),
- Best Bond Restructuring Agent (first place).

Syndicated Loans

2010 was a recovery year for the syndicated loan market after global financial crisis in 2008. Russian companies and banks began returning to the international syndicated loan market in the summer of 2010. Most of the 2010 transactions were foreign currency (mainly US dollar) syndicated and club loans for natural resources companies and top-30 banks with international banks and their Russian subsidiaries, as well as the largest Russian banks as participants.

In 2010 Raiffeisenbank sustained its leadership positions in the syndicated loan market having lead- and co-arranged loans for Russian retailers, oil and gas companies, energy, chemicals, metals producers and banks used for trade and working capital financing, investments and modernization purposes, whereas the total amount of such loans exceeded USD 8.3 billion.

Strong funding demand from corporate clients aimed at consolidation or streamlining their debt portfolios led to an increased activity of Raiffeisenbank on the syndicated and club loan market.

In July 2010 Raiffeisenbank as part of an international consortium of banks participated in the syndicated loan for Dixy Group, one of the leading Russian retailers of food and everyday goods.

In September 2010 Raiffeisenbank acted as one of the mandated lead arrangers of a USD 800 million club loan for X5 Retail Group N.V., parent company of Russia's largest retail group. Dual currency structure of the 3-year transaction (two facilities in roubles and US dollars of USD 400 million equivalent each) provided the best opportunity to minimize debt cost and mitigate currency risks when refinancing foreign currency loan.

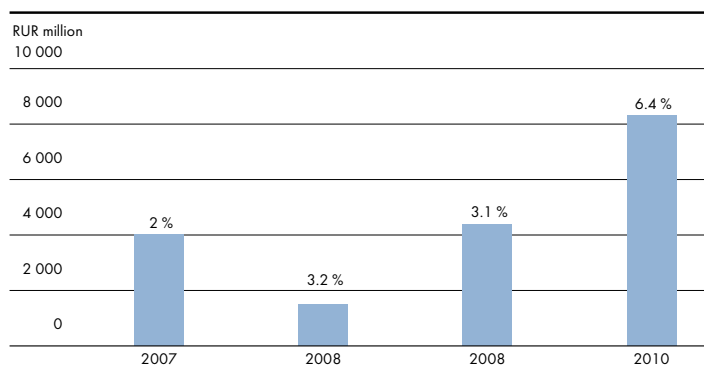
A 2 billion Swiss franc 4-7-year club loan for Renova Group arranged by Raiffeisenbank together with Raiffeisen Bank International AG was a 2010 landmark deal. Consolidation of the loan portfolio under the club loan and such a financing structure with several tranches and varying maturity improved the manageability of the portfolio, lowered costs and enabled additional fund raising opportunities.

According to RBI Credit Markets, USD 900 million pre-export finance transaction for SUEK was declared Emerging Markets Corporate (Loan) Deal of the Year, and USD 325 million term loan for TransCreditBank was granted Emerging Markets Financial Institutions Deal of the Year.

According to Cbonds Information Agency RBI Group ranked 2nd among mandated lead arrangers and bookrunners of syndicated loans for Russian borrowers in terms of the number of deals and 3rd in terms of the volume of deals arranged.

Custody services

NAV of unit investment funds under administration of ZAO Raiffeisenbank in roubles (mln)



Source: Raiffeisenbank

In 2010, the most authoritative magazine in the global custody industry, Global Custodian, confirmed the «Top Rated» status of Raiffeisenbank Custody for the third time. Customers who participated in the Global Custodian survey, appreciated the professionalism of the Raiffeisenbank Custody employees and the high level of personal service. Foreign investors confirmed that the bank fully complies with international standards in the provision of such custody services as DVP and FOP settlement, corporate actions, including participation in shareholders meetings (AGM/EGM), receipt of dividends and income payments on securities, and in custody relationship management.

Over the past year net assets value (NAV) of unit investment funds under administration of ZAO Raiffeisenbank increased dramatically. In 2010, the Bank continued improvement of the technological platform of the specialized depository with a special focus on automatization of the operational processes. These upgrades resulted in a significant service quality increase of the clients. In the near-term Raiffeisenbank specialized depository plans to launch a new product - administration of unit investment funds which assets consist of foreign securities.

Private Banking

In 2010, the Private Banking Division of Raiffeisenbank reached a new level of development:

- the strategic partnership with the consulting firm McKinsey, which ran from July to December 2010, resulted in the creation of the Corporate Handbook, in which the basic principles of the work of the Private Banking Division of Raiffeisen Bank International are described;
- in 2010 a new brand was launched – Friedrich Wilhelm Raiffeisen, Banking Since 1886. In line with the concept of this new brand, the marketing materials were updated, the central office was renovated and a large-scale private event was held for Private Banking clients. This event enabled the conceptual and practical changes in the division's operations to be explained through personal contact in a friendly atmosphere. As the event received a very positive response from Private Banking clients, the decision was made to hold similar "club" meetings with clients on a regular basis. This will maintain and develop the bank's personal approach to its clients as the principal concept of Friedrich Wilhelm Raiffeisen;
- the Private Banking segment was firmly established as a priority area for the Bank;
- a new and effective team was formed of top-managers and product specialists in the field of business technology and investment banking products.

The Private Banking department held a broad qualitative study of the Bank's client base and the wealth market in general, and this enabled us to identify the characteristics of Raiffeisenbank's Private Banking clients as well as the desired customer segment, and to begin actively working on developing our products and services so that they meet the needs and expectations of this particular segment.

As part of the development of our investment services as our main specialization, in 2010 the Bank implemented a number of initiatives aimed at improving the efficiency, stability and transparency of private wealth management:

- the team of the division responsible for developing and supporting Private Banking investment products was completely reformed;
- the development was completed of the functionality of the Bank's Investment committee as a body, which supervises the management team with regard to the approval of model strategies, the formation of individual portfolios of funds or securities, and the concordance of the actual yield with the predicted yield;
- the tariff policy was audited and updated regarding consultations on structured products;
- the format for reporting on assets held in trust was modified;
- a new strategy for trust management, entitled "Top 7" was developed. The strategy involves investing in seven of the most promising companies on the Russian stock market, the selection of which is based on a rigorous fundamental analysis. The aim of this strategy is to make a higher return on investments due to greater exposure in selected instruments (low diversification).

The unique payment operations, individually structured to meet client needs are just one of the factors testifying to the changes made in the Bank's approach to its large private clients.

In 2011, the Private Banking Division will continue to work on the introduction of a comprehensive proposal on wealth management for the Bank's most wealthy clients. In particular, in 2011, plans are in place to launch a new client consultation model, to update the tariff policy, and to create a new range of investment and banking products and services, including in lifestyle management.

Syndicated Loans



Renova

Club Term Loan
CFH 2 000 000 000
MLA
December 2010

Enisey

Enisey Oil Company

Syndicated Term Loan
USD 250 000 000
MLA
December 2010



Uralsib

Syndicated Term Loan
USD 275 000 000
MLA
December 2010



Bank Zenit

Club Term Loan
USD 100 000 000
MLA
November 2010



TransKreditBank

Syndicated Term Loan
USD 325 000 000
MLA
October 2010



IBA-Moscow

Club Term Loan
USD 15 000 000
MLA, Agent
September 2010



X5 RETAIL GROUP

Dual Currency Syndicated Loan
USD 800 000 000
MLA
September 2010



SUEK

PFX Loan
Up to USD 900 000 000
MLA
September 2010



Mechel

Club PFX Loan
USD 2 000 000 000
MLA
September 2010



NOMOS Bank

Club Term Loan
USD 100 000 000
MLA
August 2010



Acron

Club PFX Loan
USD 300 000 000
MLA
July 2010



Energoprom

Club Term Loan
USD 80 000 000
MLA
June 2010



Dixy

Club Term Loan
RUR 6 145 340 000
MLA
June 2010



Antipinskiy NPZ

Syndicated Revolving Term Loan
up to USD 200 000 000
MLA, Agent
June 2010

Corporate Bonds



AHML

Bond Programme
RUB 15 000 000 000
Lead Arranger
July-December 2010



RUSSIAN COPPER COMPANY
JOINT STOCK COMPANY

Russian Copper Co.

Bond Issue
RUB 3 000 000 000
Lead Arranger
December 2010



**Raiffeisen
BANK**

Raiffeisenbank

Bond Issue
RUB 5 000 000 000
Lead Arranger
December 2010



EUROCHEM

Eurochem

Bond Programme
RUB 10 000 000 000
Lead Arranger
July-November 2010



VimpelCom

VimpelCom

Bond Programme
RUB 20 000 000 000
Lead Arranger
October 2010



Wimm Bill Dann

Bond Programme
RUB 24 000 000 000
Lead Arranger
July-October 2010



**ALLIANCE
OIL COMPANY**

Alliance Oil Co.

Bond Issue
RUB 5 000 000 000
Lead Arranger
August 2010



ProfMedia

ProfMedia

Bond Issue
RUB 3 000 000 000
Lead Arranger
July 2010

VEBLEASING

VEB-Leasing

Bond Issue
RUB 5 000 000 000
Lead Arranger
July 2010



SUEK

SUEK

Bond Issue
RUB 10 000 000 000
Lead Arranger
July 2010



sollers

SOLLERS

Bond Issue
RUB 2 000 000 000
Lead Arranger
May 2010



Intourist®

Intourist

Bond Issue
RUB 2 000 000 000
Lead Arranger
May 2010



VNESHECONOMBANK

Vnesheconombank

USD Bond Issue
USD 1 000 000 000
Lead Arranger
April 2010

Severstal

Severstal

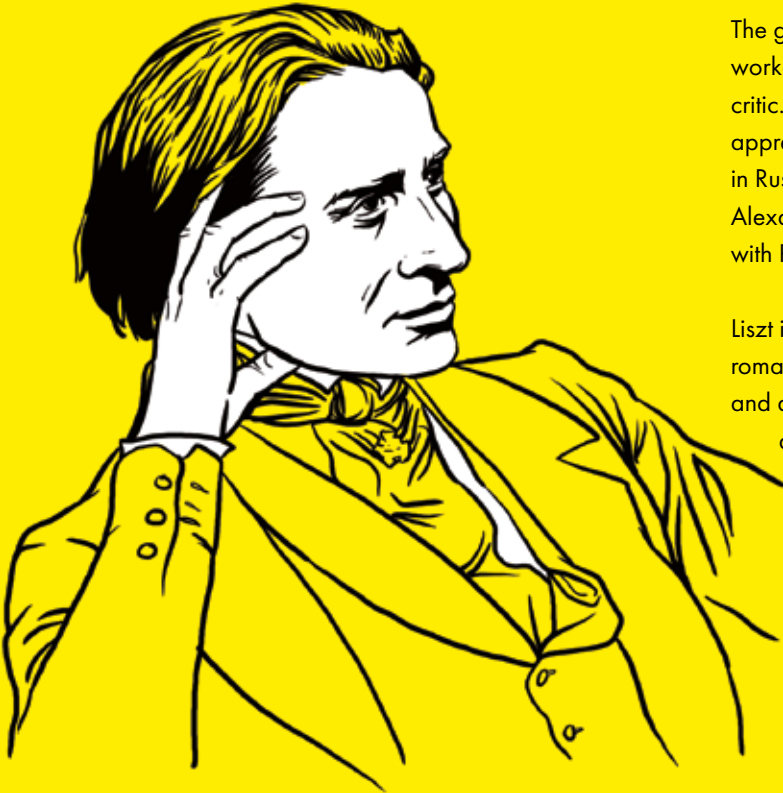
Bond Issue
RUB 15 000 000 000
Lead Arranger
February 2010

COMPOSER

FRANZ LISZT

The greatest pianist of the 20th century, Franz Liszt, worked as a composer, teacher, publicist and musical critic. His name is often linked to Russia: Liszt particularly appreciated the Russian musical school and performed in Russia many times. He transcribed *The Nightingale* by Alexander Alyabyev and maintained friendly relations with Russian creative intellectuals.

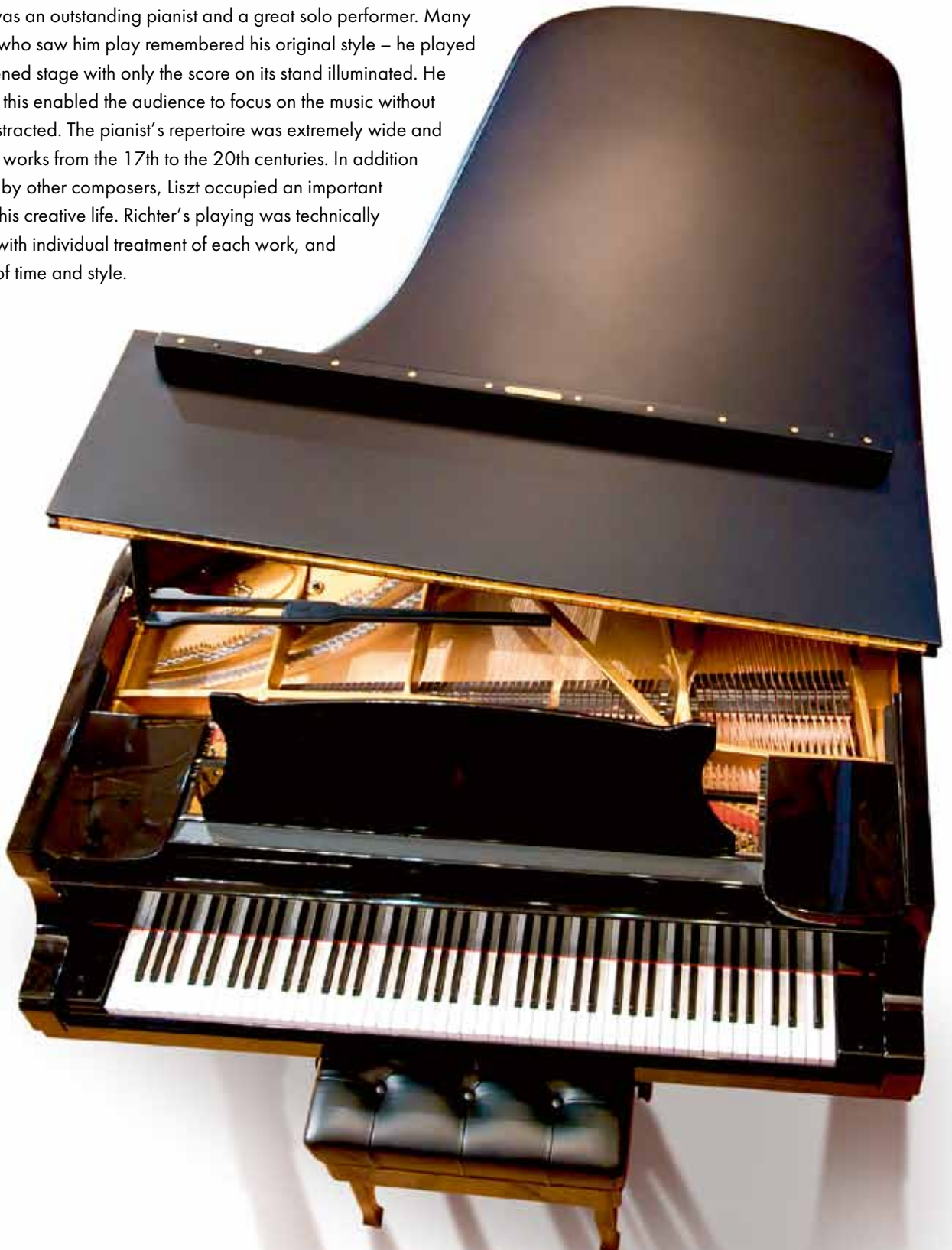
Liszt is regarded as the major representative of musical romanticism; however, he was always very sensitive to, and always supported, everything new and original and contributed to developing the music of many national European schools.



PIANIST

SVYATOSLAV RICHTER

Richter was an outstanding pianist and a great solo performer. Many of those who saw him play remembered his original style – he played on darkened stage with only the score on its stand illuminated. He believed this enabled the audience to focus on the music without being distracted. The pianist's repertoire was extremely wide and included works from the 17th to the 20th centuries. In addition to works by other composers, Liszt occupied an important place in his creative life. Richter's playing was technically perfect, with individual treatment of each work, and a sense of time and style.



Corporate Banking

The economic recovery and the increased production and consumption levels were the principal reasons for the growth of corporate lending in 2010.

The volume of loans granted by banks to Russian companies in 2010 was twice that of the crisis year of 2009.

An additional impetus for the growth in demand for corporate lending was the fact that banks gradually lowered their lending rates, a move which can be attributed to several factors.

Total Corporate Loan Portfolio

	2009	Change vs. 2008	2010	Change vs. 2009
Total	12 579	0.8%	13 707	9.0%

Source: Central Bank of Russia, Interfax, Raiffeisenbank

As a result of the positive changes in the economy and the financial market conditions, the growth rates of the banking sector in general, and the corporate segment in particular significantly exceeded the growth rates in many other sectors of the economy.

There were changes in the proportion of state and private banks issuing loans – the concentration of assets in the state banks segment, observed in 2009 due to the large-scale distribution of state support and emergency funds to business, fell in 2010. The growth of the loan portfolios of private banks began to overtake the growth of the portfolios of the largest state-owned banks.

	2009	Change vs. 2008	2010	Change vs. 2009
State banks (7)	7 167	6.9%	7 616	6.3%
Private banks (Top-30)	2 944	-7.5%	3 390	15.1%
Other Top-100	1 237	-3.8%	1 311	6.0%

Source: Central Bank of Russia, Interfax, Raiffeisenbank

Along with this, it should be noted that in 2010 the positive developments in the sector and the increased consumer demand for loans were hampered by a number of global and systemic challenges and problems, in particular:

- Uncertainty about the future and the slow pace of growth of the global economy, high dependence on the growth of a limited number of locomotive markets;
- The high exchange rate volatility of the major reserve currencies, and the prices on the raw materials and commodity markets;
- The reduction in the interest margins due to increased price competition;
- The significant volume of problem loans accumulated on the Banks' balance sheets, etc.

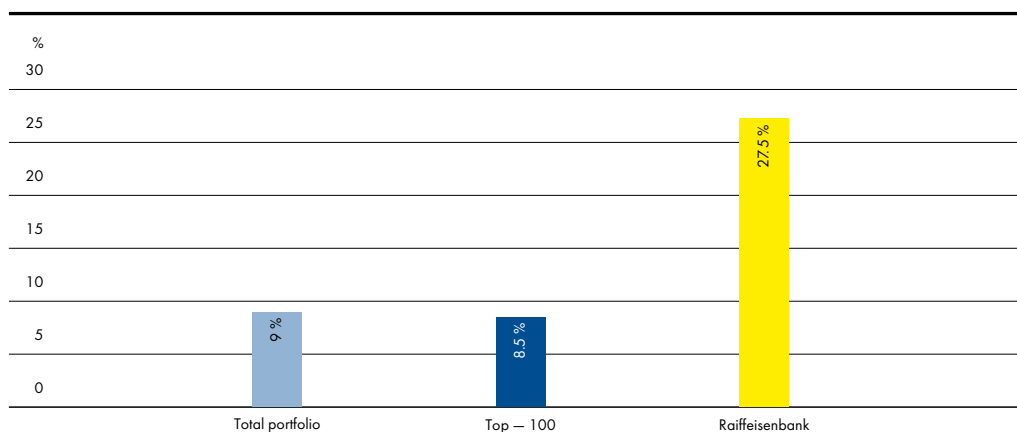
In these conditions, the leading banks enjoyed a number of competitive advantages, which brought them a higher rate of growth, enabled them to strengthen their market position, and open up new opportunities for development. The competitive advantages of these banks are their willingness to share their experience with clients, their openness in talking with clients and their ability to search for joint solutions.

It is gratifying to note that these achievements were the result of Raiffeisenbank's Corporate Banking and Corporate Finance Directorate Team work. In association, no doubt, with many of our clients and partners the Corporate Banking Directorate.

Assets

In 2010, the bank's corporate portfolio grew by 27.5% despite the increased competition. Once again, after the only one assets decrease in 2009, our assets growth rate was higher one of the whole banking system loan portfolio.

Comparative growth dynamics of the corporate loan portfolio



Source: Central Bank of Russia, Interfax, Raiffeisenbank

In absolute terms, the growth in the portfolio for the year amounted to over RUR 48 billion. With the high volatility of exchange rates which persisted throughout the year, the Bank expanded its range of products in roubles. As a result, the growth of the rouble component of the portfolio (+39.7% vs. 2009) significantly exceeded the growth in foreign currency assets (+18%), which reduced the impact of currency risk on the portfolio as a whole.

Composition of the corporate loan portfolio by currency



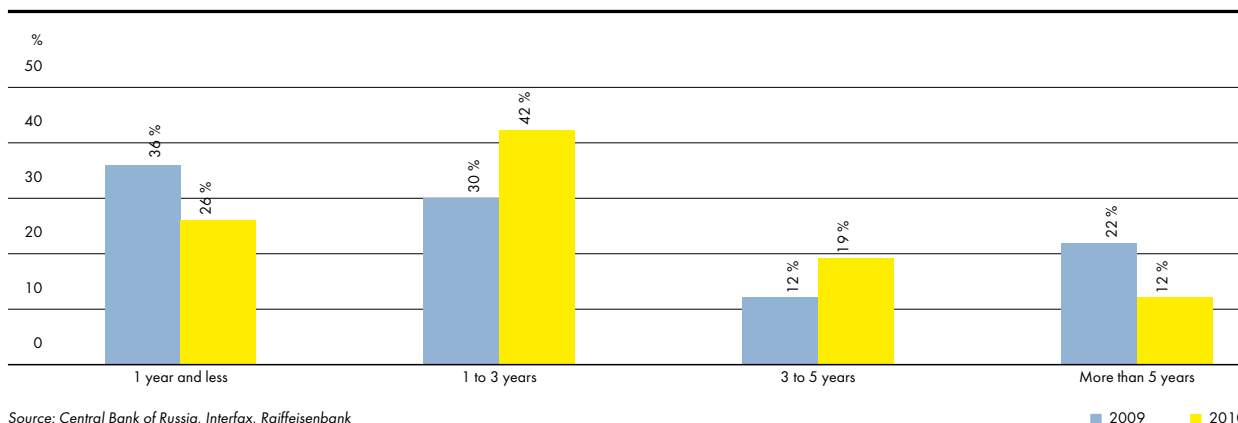
Source: Central Bank of Russia, Interfax, Raiffeisenbank

■ RUR ■ Currency

Notable improvements occurred throughout the year in the portfolio in respect to the loan maturities: the share of longer-term loans (over 3 years) significantly increased, which led to the slow down in portfolio amortization rate and the growth of the average volume of working assets.

Bank's focused efforts in this area led to an increased borrowers' demand for resources. In order to meet the needs of our clients, who in the difficult conditions of 2009 were forced to replace or reduce their liabilities using short-term instruments, we offered solutions that helped increase liquidity and expand business opportunities to speed up recovery and development of business activities. The share of loans with tenor from one to three years increased by 12% vs. 2009, which was the result of our methodical work to increase the average working capital loan term.

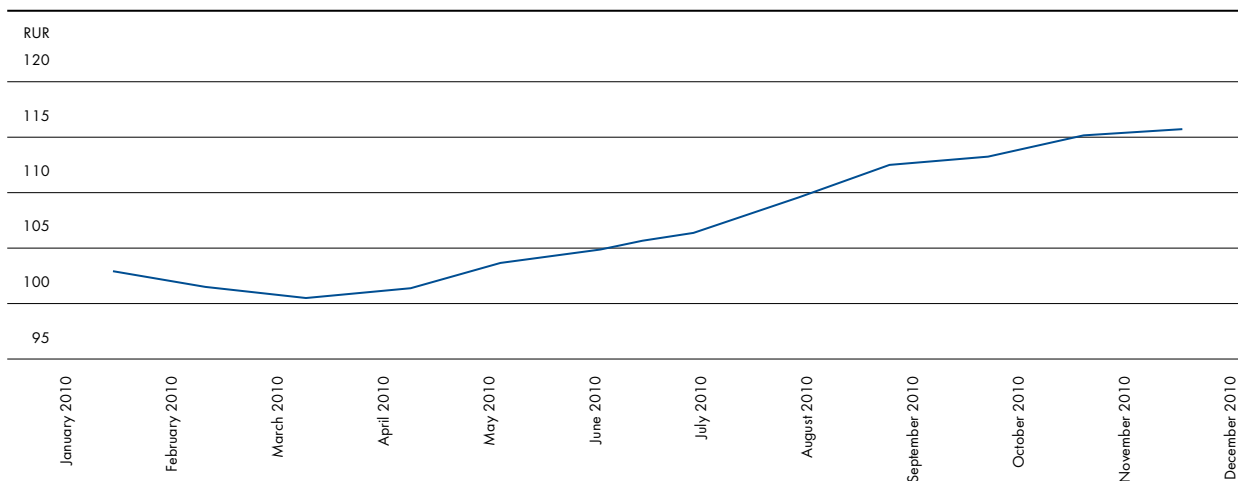
The composition of the corporate loan portfolio by tenor



Client Funds

The resource base for funding active banking transactions remained stable throughout the year, despite the volatility of clients funds on current and deposit accounts, which were under the influence of operational, seasonal, and tax factors. The average volume of corporate liabilities started growing steadily since March 2010 when the economy turned to recovery and growth and economic activities intensified. The increase in clients’ turnovers and earnings resulted in the growing inflow of cash funds onto corporate accounts.

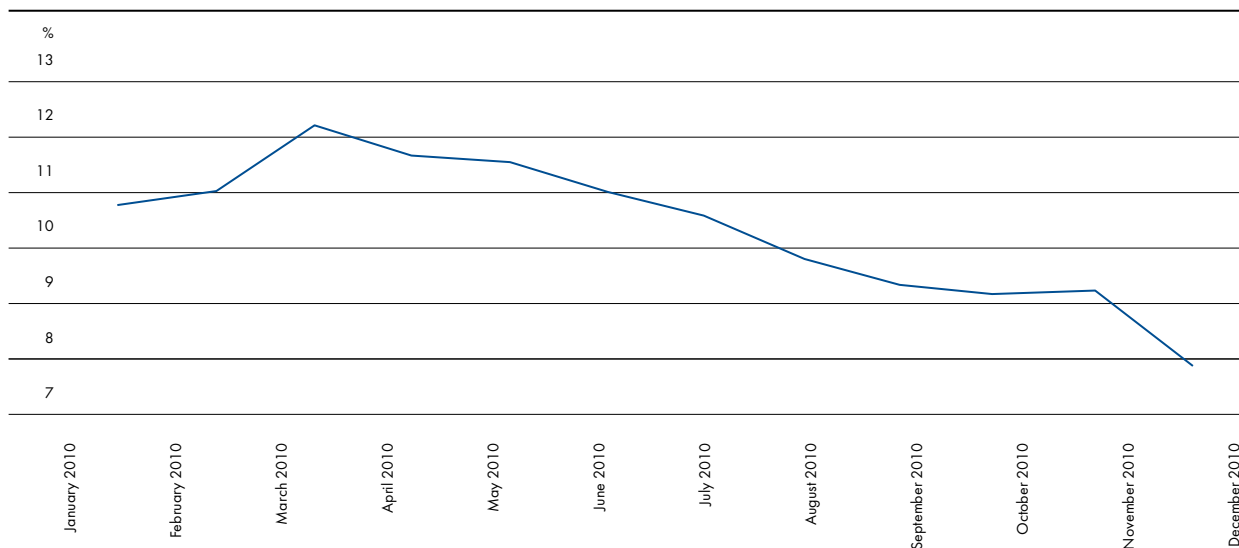
Corporate liabilities development, ZAO Raiffeisenbank



Asset Quality

Along with the stabilization of the funding base, the slowdown in Problem loans dynamics was another powerful argument in favor of resuming lending activities and volumes. The stabilization and gradual improvement in the quality of the loan portfolio in 2010 was achieved as a result of the Bank’s consistent performance and improvement of its compliance, credit analysis and risk management procedures.

NPL share development

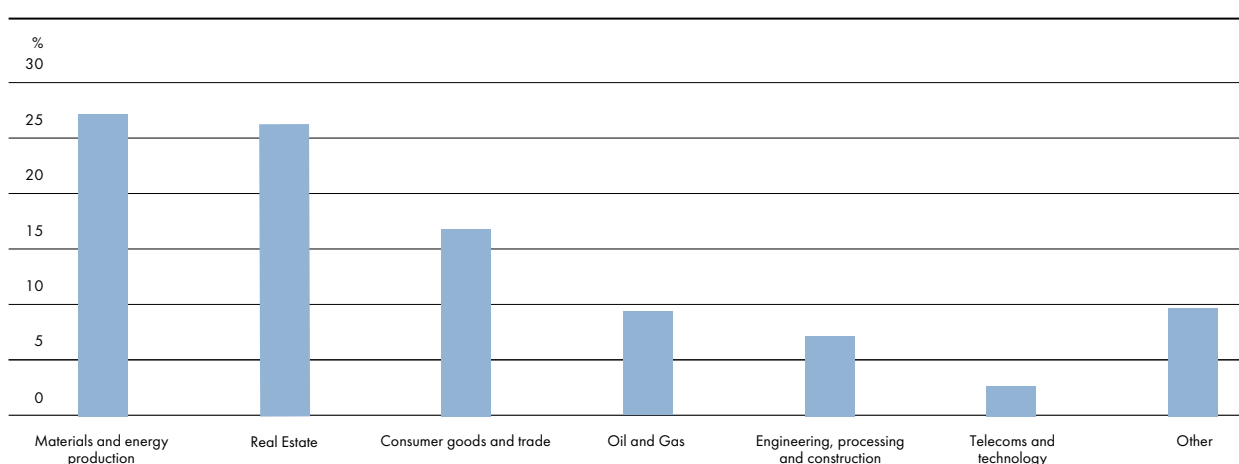


Source: Raiffeisenbank

Efficient risk management has always been and remains one of the most important priorities for the Bank, and is the basis for the development of the long-term trusting relationships which we have with our clients.

In 2010, we concentrated on improving the quality and efficiency of the portfolio in terms of optimizing the balance of industry risks and the prospects for lending growth. This was achieved by expanding our customer base and the scale of operations with existing clients from the most promising industries and segments, which looked set for higher-than-anticipated growth during the economic recovery.

Industrial structure of the portfolio



Source: Raiffeisenbank

In 2010, lending increased to companies engaged in the production and selling of consumer goods. This industry segment maintained its momentum, even during the economic crisis, and it attracted the particular attention of the bank in the year in which economic growth resumed. As a result, in 2010 the share of this sector in the total loan portfolio amounted to about 17%.

In 2010, we significantly expanded and strengthened our position in the natural resource industries. Lending to energy companies increased by more than 60%, and to the metals and mining industries by 35%.

We also significantly stepped up our efforts and expanded the supply of products and services to companies operating in the railways and air transport industries, as well as to providers of logistics services in ports and infrastructure construction companies. We had a sound basis to believe that these industries and sectors of the economy were the growth points where a higher rate of economic recovery and growth would occur.

Diversification

We made the quality improvements not only in the diversification of our credit portfolio in terms of the industry sector, but also in the structure of the assets placed across the business segments (large, medium and small businesses). This as a whole shapes the stability and long-term prospects for earning higher interest and non-interest income in the future.

We were pleased to note that the results achieved by the bank in terms of assets and income growth were, to a large extent, driven by the increased activity of those clients who, who had to or were forced to reduce their debt obligations and/or to use state funds to refinance those in 2009.

The Bank's active promotion of its strategy re: offering integrated and packaged products and service solutions were the key factors that contributed most to the growth in of customers' transactions both in size and number.

The basis of our success: meeting the client halfway

The results that we achieved in 2010 were a further validation of the effectiveness of our strategy to build long-term relationships with our clients on the basis of competitive offering of the most complete and up to date variety of products and services, including financial flow management.

In 2010 the Bank actively worked on the cross-selling of Cash Management products. Dozens of the largest Russian commercial and industrial holdings became our clients that preferred using the comprehensive transactional service package designed to improve efficiency of corporate cash management practice. The commission income in the corporate segment for the year exceeded RUR 3 231 million, reaching 30% of the total corporate banking income.

Whilst providing clients with Cash Management products, the Bank always applied focused approach to finding the best optimal solution to any task set by a client. This approach enabled us to satisfy the needs of the most demanding clientele. The high level of professionalism of our team, our wide and modern product range, our flexible, customer-oriented approach, the reliable and long-term nature of our partnerships, and the security and confidentiality that we provide are the integral components of the service that we provide to the corporate clients of Raiffeisenbank.

When making direct customer sales and when serving our clients, the Cash Management team constantly monitors the needs of our clients, and the level of satisfaction with the products of the Bank. The results of this analysis are used to continually develop new banking products, to automate business processes and to improve the quality of the services we provide to our clients.

Documentary Business

In 2010 there was a significant strengthening and increase in demand from business for non-monetary financial instruments. We noted the emergence of this trend and its gradual revitalization under the influence of the events of the crisis in 2009, when counterparties were looking for ways to reduce financial risks in the generally unstable conditions, which, in turn, led to an increase in the number of companies using documentary instruments in their financial activities.

In addition to the standard methods of payment for foreign trade transactions, the Bank's clients used the letter of credit method when acquiring real estate, and when purchasing shares (blocks of shares) in merger and acquisition deals.

Raiffeisenbank is an authorized bank with the maximum permissible limit on the issuance of guarantees in favor of the customs authorities of the Russian Federation. In 2010, the Bank issued customs guarantees totaling over RUR 6.5 billion.

In 2010, we expanded our cooperation with the subsidiary banks of the Raiffeisen Group in the CIS and beyond. This enabled us to substantially boost the number of transactions completed between the clients of the banks. In 2010, transactions using letters of credit and guarantees totaling USD 16.3 billion were completed, including guarantees issued in favor of subsidiary banks in Ukraine and Belarus totaling RUR 8 billion, which is more than double that of 2009.

Distance-Banking Services

Raiffeisenbank's Client-Bank payment systems for legal entities provide clients with an essential range of services. In 2010, more than 6 million payment documents were sent through the Client-Bank systems of the merged bank.

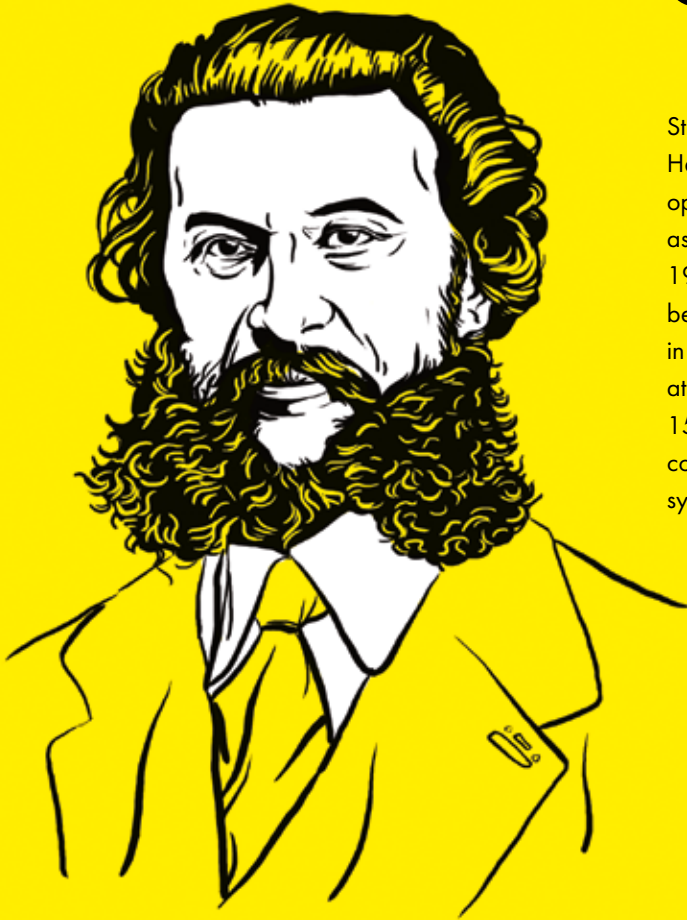
As part of the project to introduce a new modern platform for the remote service of ELBRUS Internet corporate clients, the requirements of the group directive on information security are being implemented, new services are being developed, the procedures by which clients are connected to the system are being optimised and automated, the back-office application is being streamlined. From May 2011, new clients will be connected to the system.

In a series of measures to optimise costs in 2010, there was a 20% decrease in the major expenses related to supporting the Client-Bank systems, and the total savings amounted to about RUR 3 million.

The service indicator of calls from both corporate and retail clients regarding the e-banking service was 85% in 2010.

COMPOSER

JOHANN STRAUSS



Strauss was a great composer, conductor and violinist. He focused on the “light” genres of dance music and operettas. But dance is what made Strauss so popular, as he was known as the “king of the waltz”. Late in the 19th century, Strauss first travelled to Russia, and later became a permanent conductor of summer concerts in Pavlovsk – the center of St. Petersburg’s musical life at the time. Having created more than 150 waltzes, 15 operettas and 250 other works (mazurkas, polkas, cotillions, marches), Strauss brought dance music to symphonic heights.



DIRECTOR YAN FRID

Frid was a well-known director and screenwriter and an important figure in Russian cinema. He was a student of Sergei Eisenstein, from whom he inherited a maniacal ability to work. However, Frid did not go in for "serious" movies and devoted himself to a specific genre – musical comedy. He directed the film *Farewell St. Petersburg* about Johann Strauss' visit to Russia, and in addition, his movie *The Bat* about the Austrian composer enjoyed great success. Frid virtually revived the operetta for a wide range of audiences by turning it into a cinematic genre.



Retail Customers

Branches

In 2010, Raiffeisenbank continued to develop its branch network business outlet network in Moscow and the regions — during the year five new sales outlets were opened. Thus, in Moscow two new supplementary offices were opened: “Nagatino” and “Pyatnickoe.” In February, the PovolzhskyVolga affiliate branch opened the new “Molodyozhny Boulevard” operational office in Togliatti. The Uralsky affiliate branch opened two new operational offices: the “Magnitogorsky” office in Magnitogorsk, and the “Permyakova” office in Tyumen.

In addition to this, to improve the quality of customer service, all the business outlets of the Central Regional Centres, the Southern, the Volga, the Ural and the Northwestern were transferred on to the Bank’s single operating platform.

In mid-September, the Branch Manager School project was launched. The aim of the project was to select candidates for the position of branch managers in Moscow. The project involved the candidates taking a course in the training center to enhance their knowledge in sales and leadership. The candidates also took a number of personal performance courses. The duration of this stage of the project was three months, and then interviews were conducted with the participants and the first interim results were summarized, which resulted in the transfer of two employees to the next stage of the project and their appointment as branch managers in Moscow.

As part of the sales promotion of priority products, from October to December regular credit card and mandatory pension insurance product days were held. The increase in the weekly sales of mandatory pension insurance on the second to third week of December was 200% compared to the most successful week in November.

In order to improve the customer service quality, regular branch meeting sessions were developed, piloted and conducted in tandem with the Training and Staff Development Division of the Bank. The best level of customer service was found in Siberia, where for the fourth quarter it was given a service quality assessment of 89.7% by the “Mystery Shopper” method (out of a maximum 100%), and it also demonstrated growth for the majority of the factors included in the quality Index.

In 15 cities where the Bank operates, a project was launched to attract new customers from the word of existing customers entitled “Gifts for you and your friends!” The main objectives of the project were to increase the customer base and sales of priority products. In order to improve the effectiveness of the campaign, each participant satisfying the conditions of the campaign received a gift from the Bank. . By the end of 2010 the number of participating cities had grown to 37 and a total of 135 business outlets were involved. As a result, in the 6 months in which the project has run, 1 166 new customers have been attracted.

Direct and Corporate Sales

In 2010, the direct sales channel continued to actively develop actively. In large cities with a population of a million or more, special groups of employees were formed, including agents and their supervisors. The total number of direct sales agents was roseincreased from 120 to 342, the proportion share of their sales out from of the total number of credit cards sold was 30%, and of consumer loans issued was 18%.

As part of the development of the payroll programmes, the staff of the Bank attracted 386 new companies, and 24 000 new accounts were opened in Moscow. In the regions, they attracted 765 companies and 46 000 new accounts were opened.

In 2010, the “payroll” companies of the Central, Volga, Southern, Ural and Siberian regional centres were transferred to the single operating platform of the Bank.

In 2010, the payroll programme sales staff worked with counterparties of the Bank, federal companies and corporate clients to promote the payroll programmes to them.

In 2010, the promotion “Bring a company” was held amongst all of the Bank’s employees. As a result, 10 companies were attracted to the payroll project with a total of 1 173 employees.

Also in 2010, the procedure to join the payroll programme was changed in order to make working with companies easier. The requirement to notarize some documents was cancelled, including the following:

- the constitutive documents (for LLC residents only);
- documents confirming the credentials of the Director and the Chief Accountant (for residents only);
- proof of identity of the person(s) authorized to sign and countersign;
- documents confirming the credentials of the persons authorized to sign (for non-residents).

Almost half (159 companies) of the 386 companies involved in the payroll programmes in Moscow are subsidiaries of organizations with which the Bank has worked before, or are part of the group of companies that are clients of the Bank. This points to the Bank’s high level of service and the level of satisfaction of the current partners of the Bank.

In 2010, the number of individuals who receive their wages on a Raiffeisenbank account grew by more than 20%.

In 2011, the Bank will focus on the further development of sales and the continued development of the Bank’s partnerships with current corporate clients.

Payroll Support Group

In 2010, with the aim of improving the quality of service of the payroll programmes and streamlining the existing business processes, two payroll client service sectors were created within the group: The relationship manager sector and the sector for opening accounts for individuals.

Around 70 000 accounts were opened as part of these payroll programmes.

In 2011, the major aims of the group are to:

- maintain the long-term relationships and effective partnerships with the payroll clients of the Bank;
- participate in the transformation process of the relationship manager sector in the Moscow business outletbranch network, with the payroll programmes being implemented on the business outlet operating system “B”.

In 2010, the group served more than 300 new companies with a total of about 28 000 customers. The commission fees received from legal entities for the issuance of payroll cards amounted to about RUR 18 million.

Call Centre

Raiffeisenbank’s Information Centre provides round-the-clock remote services to the Bank’s clients and works in several ways:

- provides round-the-clock support for cardholders and merchants;
- provides information support for the bank's private clients;
- it promotes the products and services of the Bank;
- provides specialized services for Private and Premium clients.

The Raiffeisen Teleinfo service is also available to clients. This an information system that meets security and confidentiality requirements, and which allows general and specific information to be automatically received. In 2011, work will continue to expand the capabilities of this service for the Bank's clients.

In recent years, the main priority of the Information Centre has been to provide quality customer service. Surveys are regularly conducted of clients who have contacted the Information Centre, and areas requiring improvement are identified. The work in this field is ongoing at the Centre. In 2010, action was taken to allocate client inquiries within the Information Centre more efficiently. The result of this was an increase in the speed of service for the Banks' clients.

In 2010 a new project was launched, under which the client, upon contacting the Information Centre, is invited to take advantage of customized proposals from the Bank, or to choose a product or service that best meets the client's current needs and interests. For the convenience of the client, full and accurate information about the applicable fees and the terms and conditions of service are given remotely. The relevant calculations are made and an appointment with an agent from the Bank is set up for the processing of documents without the client having to visit one of the Bank's branches.

The Information Centre of Raiffeisenbank in Russia continues to maintain its leading position in the Raiffeisen Group in terms of the number of client inquiries received and processed. Over 300 professionals are employed in the Information Centre. They have a wide range of professional experience and skills. In 2010, the Information Centre received about 4.3 million inquiries, made more than 800 000 outbound calls and handled 40 000 letters.

Distance-Banking Services

The development of distance banking is an important priority for Raiffeisenbank in its work with retail clients. We are closely monitoring customer feedback, we are conducting research aimed at evaluating customer service satisfaction, and we are striving to offer services which meet all key customer requirements and which are as convenient as possible for our customers.

In 2010, the number of Raiffeisen CONNECT Internet Banking users increased by 37% to 462 thousand people. Two services were especially popular amongst Internet bank users. These were the online purchase of mutual funds, which grew by 109% in 2010, and the payment of services (mobile operators, ISPs, etc) which grew by 97%.

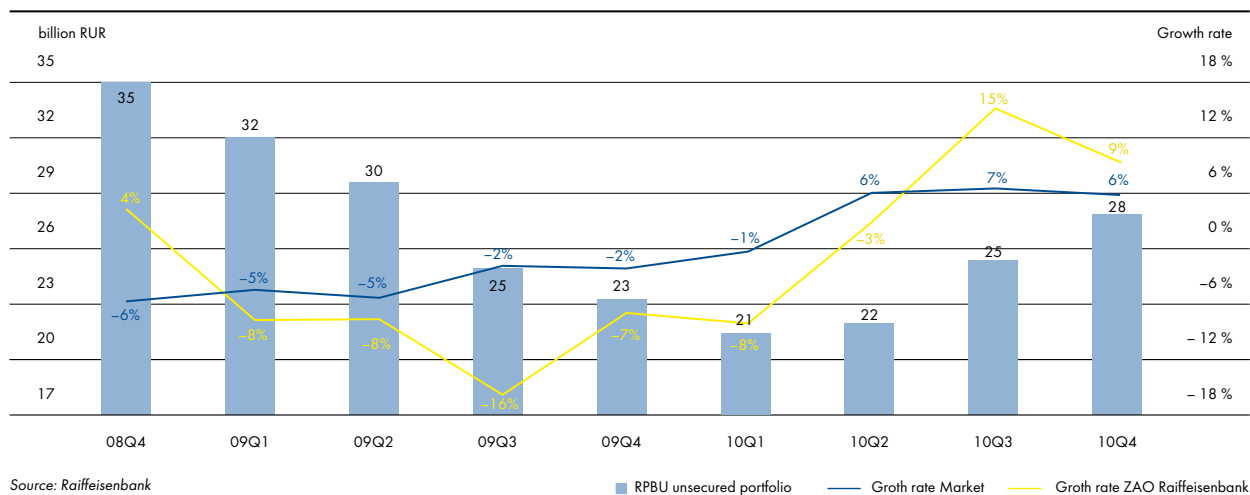
475 thousand people are now connected to the Raiffeisenbank Mobile SMS service, and this represents a growth of 40% in 2010.

Cash Loans

- New loans totalling RUR 17.6 billion were issued.
- The portfolio grew by 28%: from RUR 21.8 billion to RUR 28 billion.
- The level of overdue loans in the portfolio returned to the pre-crisis level.
- The product was the main driver of the portfolio growth out of all the retail lending products of the Bank.

For consumer lending, 2010 was the year in which the Bank saw the return to “pre-crisis” conditions. The product underwent significant changes: the monthly commission was abolished, the maximum period for which loans are granted was raised to the previous level of 60 months, and a bank form was created to verify the income level of customers.

Product Performance, ZAO Raiffeisenbank



The risk-based pricing programme was introduced for “walk-in” customers — a pricing system in which the rate is determined based on an assessment of the risk level of the client. The Bank is justifiably and truly proud of this system, as the Bank was one of the top three leaders in the implementation of such an approach in the market. This system was then implemented or will shortly be implemented by many other market players. In developing this approach, in late April the Bank significantly improved the terms of consumer lending, lowering the interest rates. The Bank is offering new customers consumer loans at a rate from 14.9% per annum. Over time, every new customer who wants to cooperate with the bank on a long-term and mutually beneficial basis can expect the interest rates on their loans to decrease.

A special programme for the employees of the Bank’s corporate clients was developed further on. Thus, the proportion of loans provided under this programme (in the portfolio of all new consumer loans) increased from 28% to 36% over the year.

But still the main driver of growth of consumer loans was, as in 2009, loans to the existing customers of the Bank. According to the revised terms for the Bank’s customers, the loan rate was 13.9% per annum. Such rates were offered to the Bank’s existing and long-term customers, who had already proven that they were reliable borrowers. The number of clients receiving pre-approved consumer loan offers, increased during the year from 176 thousand to 545 thousand. The proportion of such loans in the portfolio of all new loans increased from 38% to 46% over the year.

The Bank introduced a new product aimed at rewarding the loyalty of top managers who are partnering with the Bank — general purpose consumer loans guaranteed by the company of the borrower.

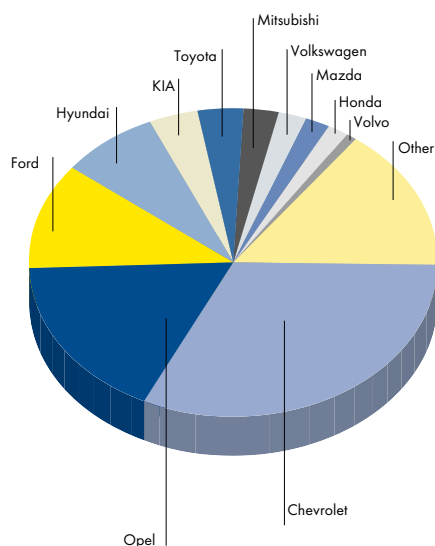
The loan-approval process was streamlined. As a result, the time taken to approve a loan was reduced to 2 working days.

Car Loans

Throughout 2010 the rouble-denominated auto loan portfolio grew. In the beginning of the year this growth was not significant, but in the second half of 2010 there was a steady growth in the rouble-denominated portfolio, which for the year amounted to 30%. New lending increased by almost 3 times as

compared to 2009 and reached RUR 8 891 million. This result was achieved through our diverse and competitive product offering and the promotion of new loans.

Car Loans by brands



Source: Raiffeisenbank

In 2010, Raiffeisenbank continued to create joint programs with automobile manufacturers, representatives and key partners. In addition to the joint program with the concern General Motors and Ford Motor Company, Raiffeisenbank developed a joint proposal with the manufacturer Volvo Car Russia, the general distributor of Mitsubishi Motors in Russia, and the representative of Hyundai.

Intensive work in the product segment enabled Raiffeisenbank to hold a leading position and to bring truly unique lending offers to the market, which included loans for motorcycles, snowmobiles and quad-bikes. Also, the Bank launched a special lending programme at a rate of 7.5% per annum with an initial payment of 40% of the total loan amount, which included an optional health and life insurance programme for the borrower.

The past year was marked by increasing loyalty to the borrower and the considerable simplification of the documentation requirements of a loan application. We plan to continue working on this in 2011, because a simple and fast auto loan application process is always of great benefit to the customer.

The principal, and most promising areas of focus are the development of joint programmes with automotive manufacturers and representatives, the development of programmes to strengthen the position of the Bank in the lending market for second-hand vehicles, the launch of express loans and the active participation in government subsidy programmes.

Mortgage Loans

In 2010, Raiffeisenbank issued 1 126 mortgage loans totaling more than RUR 3 billion. More than 70% of these loans were granted in the second half of 2010. By the end of 2010, the mortgage portfolio of Raiffeisenbank totaled RUR 27 billion. The key growth drivers were the post-crisis recovery of the most promising and active points of sales throughout Russia, a general lowering of interest rates, as well as the full streamlining of the current product line of the bank. To improve the mortgage products, new loan programmes with optional life and disability insurance have been launched. The difference in interest rate growth for this is uniquely low on the Russian mortgage market.

Raiffeisenbank has also introduced variable interest rates depending on the size of the downpayment on the loan. The successful launch of a special incentive promotion for the Bank's customers in December 2010 was an important factor in the growth of mortgage business.

In 2011, Raiffeisenbank will continue to develop its most effective sales channels and will further improve its business processes and product solutions. The result of this development strategy will be a significant growth in lending, while we will maintain our usual high level of customer service.

ATMs

According to the results of 2010, Raiffeisenbank has 1 651 ATM's in 7 regions across the Russian Federation including Moscow. This represents an increase of 9% from 2009.

385 of these ATMs have a cash-in function.

More than 5 million transactions a month were conducted at the Bank's ATMs. More than 15% of these were cash deposit transactions and 8% of them were mobile phone, Internet and cable television payment transactions.

Raiffeisenbank continued to improve the network and functionality of its ATMs. In 2010, the Bank received a certification from the VISA and MasterCard international payment systems to accept VSDC/MChip chip cards. As part of the certification, the software on all the ATMs was updated, which has enabled VISA and MasterCard chip card transactions to be processed.

Debit Cards and Deposits

In 2010, the Premium Package, which brought together the best products and the most desired retail services, was launched in the retail segment for wealthy clients. This Package is of great interest to the clients, and sales figures and a large number of our clients who have benefited from this package prove this. The high level of popularity of the Premium Package forced the Bank to rethink its strategy, and in 2011 we plan to launch at least two other package offers.

The demand for deposits decreased in 2010. Taking into account the development in the plastic cards sector, we saw that there were good perspectives in providing customers with a new deposit product, which would on one hand allow the customer to have access to cash at any time, and on the other hand would give the customer an opportunity to receive higher interest rates. In our opinion, we created the product, meeting exactly these criteria — the Progressive Savings Account, which is included in the Premium Package. This account enables our customers to earn a higher interest rate on their account balance.

Commitment to new technologies has always been an integral hallmark of Raiffeisenbank. In confirmation of this fact, in 2010 the Bank launched its VISA chip cards and additional protection for online payments via the system "Verified by Visa" and "MasterCard secure code". Transition to chip cards is scheduled for the first half of 2011 for MasterCard. We are the first Russian Bank to fulfil a revolutionary launch of new cards with contactless payment technology (MasterCard PayPass), payments between cards and other innovations. This should, according to the Bank's strategy, make the Bank an undisputed leader in the plastic cards market.

The market is becoming more and more diverse, and in order to meet the needs of the different customer segments, the recent trend has been to launch highly targeted products. Thus, our Bank launched the co-branded ELLE cards, and this move proved to be successful, as a large number of customers have expressed their satisfaction with this product.

Credit Cards

2010 saw the introduction of new benefits and services for credit cards.

Credit card sales grew steadily throughout the year and in the fourth quarter monthly sales reached the pre-crisis level.

During the year the Bank worked on relaxing the requirements for borrowers, simplifying the process of applying for a credit card, and increasing the number of alternative income verification methods. It also worked on the complex assessment of individual solvency and customer needs.

As a result of this work, it is now possible for the client to obtain a credit card in addition to the principal loan (cash loan, car loan), as well as a customized proposal at the opening of a deposit account and when investing in mutual funds.

Together with ELLE magazine and the MasterCard payment system, on March 8, 2010 a co-branding card was launched for women. This card has all the benefits of the Raiffeisenbank credit and debit cards, as well as some additional offers: discounts, special offers, the Concierge lady service and others.

In the 3rd quarter of 2010, the VISA Platinum credit card was launched as part of the Premium package. This high-status card has a credit limit of up to RUR 600 000, and also one of the lowest rates for retail customers, at 22%.

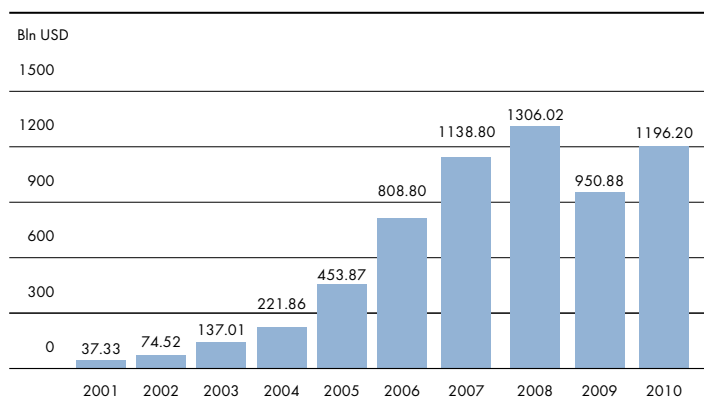
In 2010, there was a significant increase in the number of participants benefiting from the Raiffeisenbank credit and debit cards discount programme "Discounts for You."

The number of partners exceeded 2 700 companies, specializing in leisure and entertainment, cosmetics, clothing and footwear, jewelry, household services, tourism, home furnishings and interior design, health and beauty, cafes and restaurants, and many others. The programme is widespread across the country and is represented in 59 cities.

Thanks to these changes, the Bank's work with its current clients and the marketing support for the product as a whole, Raiffeisenbank has maintained its high quality credit card portfolio. This strategy will also be applied in 2011.

"Bystraya Pochta" Money Transfers

Money transfers services "Bystraya Pochta"



Source: Raiffeisenbank

For the "Bystraya Pochta" express money transfer system, 2010 saw the continued strengthening of its position in the money transfer market on the backdrop of the revival of this market after the significant drop seen in 2009. The Bank focused on the development of this service, and this enabled it to maintain and strengthen the position which it had achieved in the previous year in what is a highly competitive market.

Significant changes occurred in the geographical scope of this service. The "Bystraya Pochta" network now has more than 6 500 sales points, which is a one-year increase of 20%. The customers of more than 180 partner banks can transfer money to more than 2 500 locations in 12 countries. The number of sales points in Russia grew by more than 50%. This service is available in more than 400 locations in

Russia, where more than 1 500 Raiffeisenbank offices and partner banks are located.

In 2010, more than 2 million customers in Russia and the CIS benefited from the "Bystraya Pochta" service. The financial turnover of this system amounted to the equivalent of USD 1.2 billion.

Considerable attention was paid to factors such as the improvement of the service quality and technological advancement. Customers were offered new services enabling them to make transfers remotely, which were aimed at improving functionality and reducing the costs and time taken for customers to make a transfer.

Functionality and reducing the costs and time taken for customers to make a transfer.

Premium Banking

In 2010, the Premium Banking programme was offered in 51 business outlets in Moscow, St.Petersburg, Yekaterinburg, Samara, Novosibirsk, Nizhny Novgorod, Chelyabinsk and Krasnodar. By the end of the year, the total number of clients in the Premium Banking programme had reached over 17 600.

Raiffeisenbank's Premium Banking programme brings the following benefits to its clients:

- the services of a personal manager — an expert in banking and consumer financial products, selected from among the most competent and successful retail bank staff;
- free financial planning;
- the ability to contact the Bank directly at any time: the manager is accessible by mobile phone during working hours, and clients can call the special Premium Line telephone service around the clock;
- priority banking services in a comfortable environment: Premium clients have access to special private rooms for meeting with the personal manager, which ensure confidentiality and client comfort;
- well-balanced individual financial proposals based on the client's goals and expectations, individual financial counseling, special product offerings.

Here are the particularly interesting product offerings for clients of the programme:

- The best consumer loan rates;
- The maximum limit on consumer loans of RUR 1.5 million;
- The maximum credit card limit of RUR 600 000;
- 12 mutual funds managed by our partner — Raiffeisen Capital Management;
- Savings programmes with financial protection from our partner — Raiffeisen Life;
- Retirement programmes with Non-State Pension Fund Raiffeisen.

In 2010 there were some special achievements in Premium Banking customer service:

- Throughout the year, the clients assessed the quality of Premium Banking and gave it the highest rating, and this was primarily due to the careful selection of staff and high quality training;
- The Premium product package was introduced based on Platinum credit cards with chip technology, which enable clients to connect to the Premium Banking programme;
- During the year, events were held for Premium Banking clients, including a conference entitled "Investing in the Russian Stock Market Today. What's Next?", a conference entitled "The "Premium Design" Apartment: the Scope for Mortgage Lending," and events at the Fashion Week.

Service Quality

In 2010, we successfully introduced an integral customer satisfaction index, calculated on the basis of objectively measured parameters and indicating the quality of customer service in all the business outlets of the network, from Kaliningrad to Vladivostok and Kamchatka.

The index is a versatile tool which enables both the overall level of customer service of the Bank and — in near future — the quality of service provided by each individual employee to be assessed. Our plan is to move away from the monitoring and assessment of units directly involved with customers towards the establishment of the job performance criteria for employees who are involved in customer service, but who do not interact directly with customers.