



# Segment Reports

## Corporate Customers

Corporate business is an important aspect of Raiffeisenbank's activity, and throughout 2004 the Bank continued active work in this area. A dynamic development of corporate business was based on a successful cooperation with the existing clients as well as on the attraction of new companies.

According to IAS, in 2004 the Bank's credit portfolio increased by 86.5% from USD 1 150.9 mln as of 31 December 2003 to USD 2 146.8 mln as of 31 December 2004. The number of corporate customers increased by 58% and amounted to more than 2 700 companies.

Analysis of growth rates in some other key areas, based on Interfax estimations, also illustrates a positive development. Thus Raiffeisenbank's corporate loans to residents and non-residents grew by 77.9% as of year-end 2004 as compared to a growth of 46.5% for the top 100 banks. Balances and deposits of Raiffeisenbank's corporate clients increased by 95.2% while for the top 100 banks, the percentage was 51.5%.

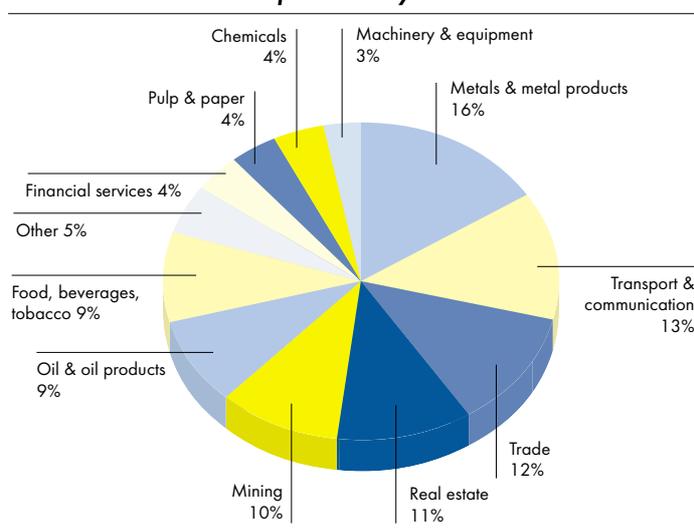
### Diversification by industrial sectors

In order to better answer customers' needs, the Bank offers its corporate clients services diversified by industrial sectors, depending on the client's field of activity. Thus, the clients are serviced by dedicated desks for such sectors as telecommunications, mining & metals, oil & gas, chemicals, pulp & paper, transport, consumer goods. The Bank also employs teams of account managers specifically for servicing German & Austrian and French & Belgian companies.

The structure of Raiffeisenbank's credit portfolio reflects a wide diversification of industries. In 2004 there was an increase in the area of transport and communications (from 7% to 13%) as well as real estate and construction (from 9% to 11%). The share of top 10 borrowers has decreased from 38% as of year-end 2003 to 25% as of year-end 2004 which can be definitely considered as a positive feature. The reporting period also reflects a change in the share of large and medium business in the credit portfolio as the share of medium companies rose from 14% to 21%.

In 2004 Raiffeisenbank continued to provide financial services to consumer goods producers, focussing its efforts on companies in the food industry. A flexible approach to financing arrangements and use of different types of collateral enhanced Raiffeisenbank's reputation as a universal bank providing a diverse range of lending products, including financing of liquidity gaps and arrangement of investment medium- and long-term finance.

**Raiffeisenbank's credit portfolio by industries**



Raiffeisenbank's regional expansion policy fostered further development of relations with enterprises whose assets are located not only in the Central and North-West Federal Districts, but also in other regions of the Russian Federation.

Apart from direct finance to food companies, the Bank co-financed a syndicated loan organised by the European Bank for Reconstruction and Development to one of the leading meat processing enterprises in Russia. In 2004 Raiffeisenbank participated as an arranger in a syndicated loan for trade house Perekriostok which became the first international public deal for one of the leading retailers in Russia organized by a number of large private Western financial institutions.

In the transport sector, Raiffeisenbank developed expertise in providing finance to airfreight companies, and also continued close involvement with car importers through several financing programmes for their Russian dealers.

In 2004 Raiffeisenbank continued active involvement with telecommunication companies. A syndicated loan to Mobile TeleSystems (MTS), arranged, among others, by ZAO Raiffeisenbank Austria and Raiffeisen Zentralbank Österreich AG, was declared the EEMEA Emerging Market Loan of the Year by International Financing Review magazine.

### ***Crediting: structured trade and project finance***

Raiffeisenbank is acknowledged as one of the leaders in the sector of structured trade and project finance and actively provides its services as creditor.

The main focus of Raiffeisenbank's trade finance, as before, is on servicing oil and gas, petrol products, metals, coal, wood processing and pulp industries. Trade finance services mainly include organising structured finance: pre-export finance, financing raw materials and equipment imports using various financial instruments (letters of credit, bank guarantees, etc.), financing domestic sales, loans for production needs, etc. The Bank also arranges structured investment loans for major transport companies.

Since 2001 Raiffeisenbank has actively developed project finance and is now a recognised player in the Moscow real estate market. The Bank is steadily increasing its credit portfolio in this segment, and at the end of 2004, had reached USD 260 mln, 44% more than at the end of 2003.

The year 2004 witnessed the active development of storage and logistic services, as Raiffeisenbank financed several related projects, such as:

- ZAO Belaya Dacha Market — a loan of USD 25.2 mln over six and a half years for construction of a warehouse facility;
- ZAO Kulon Development, ZAO Kulon Estate – a loan of USD 7.5 mln over five years for the co-financing of construction of warehouse terminals jointly with the International Finance Corporation (IFC).

Significant new transactions in the real estate (office premises) sector include:

- OOO Parus Estate — a loan of USD 20 mln over eight years for construction of the second term of Aurora Business Park;
- OOO Capital Group — a loan of USD 16.3 mln over seven years for financing of the construction of office and trade centres.

A loan to ZAO Rolf Estate of USD 10 mln for six years deserves a special mention. This loan was provided for construction of a car sales and service centre.

Apart from strong positions in project finance in the commercial real estate sector (office premises, warehouses, stores and supermarket chains), Raiffeisenbank has promising projects in industry.

The demand for project finance products and individual transaction volumes is growing steadily. In light of this, it was necessary to attract other participants in syndicated loans. Raiffeisenbank is one of the leaders in this type of banking services.

### Scope of services

As a universal bank, apart from financing Raiffeisenbank offers its corporate clients a wide range of modern banking services, including account and payment services (current accounts in RUR and FCY, domestic and international funds transfers, electronic payments systems "Bank-Client", cash collection/cash delivery), payroll projects, crediting (trade and project finance, structured loans), documentary business, etc.

Raiffeisenbank continues to steadily develop its medium business support programme. In 2004 the credit products previously approved within this programme (working capital financing, bank loan refinancing, and investment loans) were supplemented by documentary credit operations.

Apart from credit products, Raiffeisenbank's services relating to the centralisation of the cash flows of corporate clients were in high demand. These services enable the centralised treasury of companies with a multi-branch structure to control settlement compliance in branches, participate in settlement authorisation procedures and achieve maximum efficiency in the group's liquidity management through financing certain group companies through the re-allocation of other group companies' surpluses.

### International and documentary business

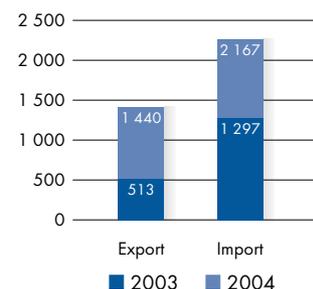
During 2004, Raiffeisenbank signed about 2 200 new import passports, with a total value of USD 5.3 bln. The total value of import passports in the Bank's books as at 31 December 2004 was USD 16.8 bln. In 2004 payments under import contracts executed through Raiffeisenbank amounted to USD 2.4 bln, a 60% increase on 2003, representing 2.15% of Russia's total imports<sup>1</sup>.

Raiffeisenbank signed about 1 500 export passports with a total value of USD 17.2 bln. The total value of export contracts in the Bank's books as at 31 December 2004 was USD 38.5 bln. In 2004 export revenues credited to Raiffeisenbank client accounts was USD 8.41 bln, 4.6% of Russia's total exports<sup>1</sup>.

In 2004 an increase in credit lines opened to the Bank's clients-importers ensured 25% growth of import letters of credit compared with 2003. Number of guarantees issued in 2004 increased by 22%, and the total amount of guarantee transactions grew by 57%.

Documentary business revenues grew 22% in 2004, and commission charged by the Bank as a currency control agent increased by 32% in 2004.

**Graph 2. Passport dynamics**



<sup>1</sup> Total export/import volume according to statistics of Bank of Russia.



## Corporate Finance and Investment Banking

Corporate finance and investment banking includes finance arrangement services both in the Russian and international capital markets.

### Corporate bonds

In the domestic Russian market Raiffeisenbank has targeted arranging bond loans for major corporations. In 2004 the Bank arranged five bond issues with a total value of RUR 7 bln by placing bond issues of a leading automotive corporation Severstal-avto, a telecommunications operator MGTS, a bank Home Credit and Finance Bank (second by transaction volume in the Russian consumer lending market) and a major Russian beer producer Baltika brewery.

The Baltika bond placement deserves a special mention. Raiffeisenbank was the first in the history of the Russian market to use an innovative bond issue structure close to international bond placement standards. As a result, the demand for Baltika bonds exceeded the issue's volume threefold, and the interest rate (9% p.a. for 3 years) was the lowest ever for private companies outside of the oil and gas sector.

In 2004, Raiffeisenbank also participated in syndicates for primary placement of major bond issues, including such issuers as Gazprom, Lukoil and Vneshtorgbank.

Raiffeisenbank received an award from the Professional Institute of Placement and Circulation of Stock Instruments, an association of leaders on the Russian bond market, recognition for the high level of professionalism of staff and the high quality of services offered in arranging and placement of bond issues. Pavel Gourine, Member of the Managing Board, Head of Corporate Banking, Corporate Finance and Investment Banking Division and Roman Zilber, Head of Corporate Finance and Investment Banking Department, ranked first and second respectively in the nomination Best Manager in the Bond Market. Raiffeisenbank is among the top three companies in the nomination Best Loan Arranger.

### Syndicated loans

Raiffeisenbank arranged eight transactions in the syndicated loans market in 2004, acting as facilities arranger for international market transactions jointly with Raiffeisen Zentralbank Österreich AG, the parent bank of Raiffeisen Group.

International syndicated loans arranged by Raiffeisenbank in 2004 include a three-year loan to MTS of USD 600 mln, recognised as EEMEA Emerging Market Loan by International Financing Review magazine, and a two-year loan of USD 75 mln for the Perekriostok supermarkets chain that became the first transaction of this type for the Russian retail chain.

Raiffeisenbank also acted as arranger of Russia's first international syndicated loan for construction of a class-A office building. The loan of USD 43 mln was issued to the Romanov Development Group for over six years, a term unique for the Russian market.

Raiffeisenbank arranged five transactions in the international banking syndications market, including a USD 80 mln loan to Uralsib.

### **Other Activities**

In addition to debt capital market operations to organise client financing, Raiffeisenbank also provided advisory services on attracting equity capital and services on merger financing to its clients. To maximise the Bank's efficiency in this area a group specialising in equity financing and advisory services was set up within the investment banking division. This Group works in close contact with Raiffeisen Investment AG, a specialised company and a member of Raiffeisen Group.





## Treasury Operations

In 2004 Raiffeisenbank was highly active in nearly all segments of the Russian finance market, including currency and money markets, and stock and bond markets. A widened range of finance products, combined with high quality services stimulated activity by the Bank's clients, raised the volume of client transactions.

During 2004 an area where Raiffeisenbank developed its presence in the Russian market was active growth of repurchase transactions with shares and bonds of Russian issuers and of currency hedging instruments.

Future plans envisage further development and expansion of transactions with derivatives and various structured products.

Broker and market-making activities, active participation in organising and underwriting bonds of Russian issuers, together with a broad base of large corporate clients, create the prerequisites and a powerful impetus for further development of treasury products created to satisfy our clients' needs in financial services.



## Correspondent Banking – Financial Institutions

Work with Russian and foreign financial institutions remains a strategically important business direction for Raiffeisenbank. As at 31 December 2004, Raiffeisenbank had correspondent relations with over 500 banks in 45 countries.

Consolidating partnerships with foreign banks and international financial institutions enables Raiffeisenbank to not only support its core activities and satisfy growing client needs but also to expand its resource base. By the end of 2004, total credit lines opened by foreign banks to the Bank exceeded USD 380 mln. Among other transactions of 2004, the following are worth mentioning:

- ten-year loan of USD 10 mln attracted from International Finance Corporation (IFC) to expand its retail lending programme;
- two-year syndicated loan of USD 180 mln, arranged by Deutsche Bank AG London, Sumitomo Mitsui Banking Corporation Europe Limited and WestLB AG. In addition to the arrangers of the loan, sixteen other international banks joined the syndicate.

In 2004 Raiffeisenbank continued cooperation with Russian banks as well. The number and volume of mutual credit lines used for transactions in currency and money markets increased simultaneously with the number of documentary transactions.

Jointly with Raiffeisen Zentralbank Österreich AG Raiffeisenbank arranged for syndicated loans for major Russian banks: Promsvyazbank, Eurofinance Mosnarbank, Industry and Construction Bank (Saint Petersburg), Ural-Siberian Bank, Absolut Bank.

An important event in developing relationships with Russian banks was opening a two-year RUR 200 mln credit line for NBD-Bank (Nizhny Novgorod), which is to develop the Regional Small and Medium Business Credit Programme and is secured by a guarantee provided by the US Agency for International Development (USAID).

In the non-banking financial institutions segment Raiffeisenbank actively works with insurance, finance, investment and brokerage companies, pension and unit funds, and management companies. By the end of 2004, the Bank had over 200 such clients. Considering the specifics of servicing these clients, Raiffeisenbank continues to successfully develop and adapt its internal operating systems in order to better satisfy their needs.

On the basis of last year's results and the trends in the banking system of the Russian Federation, Raiffeisenbank plans to further broaden its cooperation with banking and non-banking financial institutions.

### Custody

Raiffeisenbank's depository had a very successful year in 2004. Intensified activities in the area of client work during the year increased client base and expanded the range of services, partly due to an improved mechanism of structured transactions.

Obtaining a license to act as a specialised depository is an important step in developing fund administration, one of the most promising areas of Raiffeisenbank's activities in Russia, and a priority for the entire Raiffeisen Group. Last year the Bank put special effort into implementing advanced technological developments oriented to provide high quality services to the clients and reduce the Bank's costs.

The depository's plans in this area for the near future include further improvement of its operations and movement towards its goal to become the leading depository in the Russian market. To meet these objectives Raiffeisenbank intends to further enhance the quality of services and to continue investments into new technologies taking into account the requests and needs of its clients.



## Retail Customers

Last year marked the fifth year of successful development of Raiffeisenbank's retail operations in the Russian Federation. In this area the Bank was significantly ahead of the entire market.

During 2004 the number of individual customers grew by 112% at over 132 000 to bring the total number of individuals' accounts to over 365 000 by 31 December 2004.

The amount of individual deposits in 2004 grew by more than 63.7%, while overall growth in the Russian Federation was 30.1%.

During 2004 the consumer loans portfolios of Russian banks increased by 106.5%, while in Raiffeisenbank it grew by 163.0%, from USD 142.3 mln to USD 374.2 mln.

Raiffeisenbank's principal strategic tasks in retail banking for 2004 were:

1. Improving customer service quality;
2. Increasing the number of delivery channels (establishment of new branches, expanding ATM network, etc.);
3. Expanding list of services and products (mainly by introducing new credit and investment products);
4. Seeking strategic partners to facilitate further stable growth.

### Customer Service Quality

On a background of increased interest in Raiffeisenbank's services and a corresponding growth in customers it is critically important to preserve the established level of customer service quality.

In 2004, in accordance with Raiffeisen Group standards and Superior Customer Service Quality methodology, the Bank held regular quality inspections in its branches and Call Centre. Such inspections using mystery shopper and mystery caller techniques, coupled with visits by banking supervisors to branches, are held twice a year, in spring and autumn.

Inspection results and performance trends are evaluated at Raiffeisen Group level, enabling Raiffeisenbank's management to promptly react to any changes. A detailed analysis of the results facilitates the identification of any weaknesses in customer service and for the development of remedial measures.

The success of customer service in Raiffeisenbank branches depends on several factors. There are two agents involved in the process: customers and the employees that provide services to them. Service quality is ensured by successful cooperation between loyal customers and loyal employees. To ensure customer loyalty during 2004, the Bank developed a system of processing customer comments and suggestions, which will enable the Bank to accommodate all comments without leaving out a single customer comment. To ensure employee loyalty the Bank developed a system of public recognition, which will help to evaluate branch employees' performance.





## Delivery Channels

### Branches

Raiffeisenbank continues to successfully develop and improve its banking service channels. In 2004 the Bank opened five new branches: Krasnye Vorota, Rublevskoe, Kutuzovskoe, Soukharevskoe and Smolenskoe. All branches offer the full range of banking services, and some branches offer the services of consultants skilled in mortgage lending and real estate transactions.

In 2004, in order to achieve maximum satisfaction by providing services that completely match customer needs and by offering tailored banking products, Raiffeisenbank established a division that specialises in servicing VIP customers. Each customer has a personal manager with over eight years of banking experience and over three years of service with Raiffeisenbank. Services are provided in specially equipped offices that ensure high confidentiality.

VIP customers are offered a greater range of VISA and MasterCard credit cards, and Raiffeisenbank's Call Centre has a special phone number to resolve urgent issues in connection with their card transactions.

Raiffeisenbank takes into consideration the requests of its clients when developing credit products and also offers special terms and tariffs for placing deposits in different currencies. In addition, customers can get advice on legal issues as well as on tax and currency legislation. Personal managers also offer asset management via Raiffeisen Capital Asset Management Company in the form of trust management or purchasing units of unit investment funds, as well as extended brokerage services.

By the end of 2004, the total funds attracted from VIP customers exceeded USD 110 mln, excluding the funds under management of Raiffeisen Capital Asset Management Company.

In 2004 Raiffeisenbank began establishing an additional office in Saint Petersburg, completed establishing a branch in Ekaterinburg, and was active in entering other regions of Russia.

### Corporate Sales Department

This Department was established in late 2003 to promote retail banking products via Raiffeisenbank's corporate customers. The target group includes both existing and potential corporate customers. The Department is also responsible for payroll projects and for provision of support to the Bank's branches during implementation of such projects.

During 2004 the Corporate Sales Department assisted in signing more than 400 payroll agreements, under which salaries are paid with the use of Raiffeisenbank plastic cards. The Bank attracted 35 000 new individual customers.

Raiffeisenbank supports payroll plans of companies located not only in Moscow and Saint Petersburg, but in the regions of the Russian Federation also. Certain programmes were implemented for companies employing over 10 000 people. As at the year end the Bank provided services to 800 companies with total headcount of 59 000 employees.

## ATMs

All Raiffeisenbank ATMs offer not only cash withdrawal in various currencies (roubles, US dollars and, in some cases, EURO) for all types of VISA and MasterCard cards, but also an option to pay for mobile and satellite TV service charges. Many ATM models, including those installed in the Bank's branches, offer a cash deposit service, and the customers can replenish their accounts 24-hours a day. In 2004, an ATM was activated in Baltshug Kempinski Moscow hotel, the first ATM in Russia that is combined with an automated currency exchange machine. ATM locations were selected primarily on the basis of the principle of cooperation with major retail chains such as Perekriostok. Raiffeisenbank installed over 50 ATMs (most of which operate round-the-clock) within the premises of this dynamic chain of supermarkets and hypermarkets. Several dozen ATMs have been installed in Toyota dealer-centres and in dealer-centres of Rolf Group companies.

ATMs are more and more frequently being used by customers for clearing payments. The monthly number of mobile and satellite TV service charge payments increased from 6 500 in December 2003 up to 16 500 in December 2004. During 2004 the number of cash deposit transactions conducted via ATMs grew from 3 000 to 7 000 per month.

## Internet Banking

In 2004, Raiffeisenbank continued to develop Raiffeisen CONNECT system of on-line banking. To ensure maximum protection of customer funds the Bank offers the choice of information and active modes to use the system.

In the information mode a customer can obtain information on his/her account, on transactions conducted through a bank card, loans balance information, etc. In the active mode, a customer can perform various transactions, including currency conversion, transfer of funds between accounts, transfer to other banks, etc.

## Call Centre

The Bank's Call Centre was established in 2001 and provides round-the-clock assistance to Raiffeisenbank clients.

At the beginning of 2004 the Call Centre moved to new premises which provide better development opportunities, allowing Raiffeisenbank to react to the rapid increase in the number of clients and branches, including those in the regions. The number of Call Centre operators increased more than twofold, which streamlined processing of incoming phone calls and e-mail.

For the convenience of our clients we established toll-free phone lines in Ekaterinburg and Saint Petersburg. Each week the Call Centre processes at least 10 000 calls from clients in different Russian cities.

## Expanding List of Services and Products

By 2004, Raiffeisenbank was able to offer a full range of banking products to individuals, and during the year the Bank continued to offer new services.

Raiffeisenbank introduced a new type of term deposit — a deposit for an individual term. The Bank's customers have the opportunity to determine the duration of the term for depositing their funds to the exact day.

The activities of Raiffeisen Capital Asset Management Company and Non-State Pension Fund Raiffeisen are already under way and significantly expand the range of investment products that are offered by Raiffeisenbank to individuals as the Bank is the agent of these entities and sells their products.

### **Bank Cards**

By the end of 2004, the number of cards issued by Raiffeisenbank grew to 160 000 and monthly volume of card transactions reached USD 100 mln. Customers may choose to have a card in one of the three currencies (roubles, US dollars and EURO), and also have the opportunity to use cards of different payment systems on the basis of one customer account.

Raiffeisenbank worked actively to increase the activity levels of existing card holders. During 2004 the Bank was an active participant of all campaigns organised by VISA and MasterCard aimed at increasing the card use. Raiffeisenbank also organised two unique campaigns of its own with the aim of increasing customer interest in using bank cards for shopping. The first offer was performed jointly with Austrian Airlines, the second was a joint action with Vienna Tourist Council and Austrian Tourist Representative Office in Moscow.

As a result of these campaigns by the end of 2004, the number of card transactions increased by 53% as compared with the end of 2003.

### **Credit Cards**

Within preparations for launching credit cards to the mass market, Raiffeisenbank created a small portfolio of credit cards to research consumer behaviour and to improve the credit valuation model.

### **Acquiring**

In 2004 Raiffeisenbank was granted licenses by VISA and MasterCard payment systems to acquire bankcard transactions from merchants. Its equipment and software was successfully certified and the Bank commenced providing services to customers. The largest user of this service is Perekriostok supermarkets chain. By the end of 2004, Raiffeisenbank serviced 250 POS-terminals in retail outlets.

### **Consumer Lending**

In 2004 Raiffeisenbank retained its leading position in the consumer lending market, 4th in total volume of loans provided to individuals in Russia (Source: Interfax Centre of Economic Analysis, data as at end of 2004, rouble mln).



**Table 2. The largest Russian banks in terms of consumer lending**

1. Sberbank	266 261.1
2. Russian Standard	35 165.0
3. Home Credit & Finance Bank	18 994.3
<b>4. Raiffeisenbank Austria</b>	<b>10 298.3</b>
5. Centralnoe OVK	7 096.2
6. Uralsib	6 787.9
7. MDM Bank	6 704.9
8. Sibirskoe OVK	4 981.5
9. Bank of Moscow	4 836.0
10. Gazprombank	3 939.2

All Raiffeisenbank's principal credit products (car loans, mortgages, personal (consumer) loans) demonstrated stable growth. Car loans were again the fastest growing credit portfolio (from USD 84.8 mln to USD 216.2 mln during 2004). Throughout 2004 Raiffeisenbank continued to be one of the leaders in this segment both in loan portfolio volume and in the number of partners.

The successful development of car loan activities was possible due to established partnership relationship with such market leaders as Toyota, BMW, Ford, Hyundai, Daimler Chrysler Automotive Russia, Rolf and Kuntsevo Trade Centre among others.

Raiffeisenbank signed partnership agreements with head offices or general representations of car manufacturers, which allowed the Bank to cover a greater number of auto dealers and also to introduce this product to the regions.

For the first time in Russia, financial divisions of international car makers decided to use Raiffeisenbank's services rather than create their own car loan programmes. Under such cooperation Raiffeisenbank's loans may be offered to clients under car maker's brand (e.g. BMW Financial Services).

Mortgage lending was supported by International Finance Corporation (IFC), which earlier had provided Raiffeisenbank with a loan of USD 80 mln for developing its mortgage lending programme in Russia.

Whilst expanding the network of mortgage branches, Raiffeisenbank also constantly sought to improve its mortgage lending programme. In particular, the Bank started to provide loans to purchase residential property that has yet to be constructed. In its attempts to ensure best quality services and maximum reliability of deals the Bank selects partners out of the leading market players, among which we can mention:

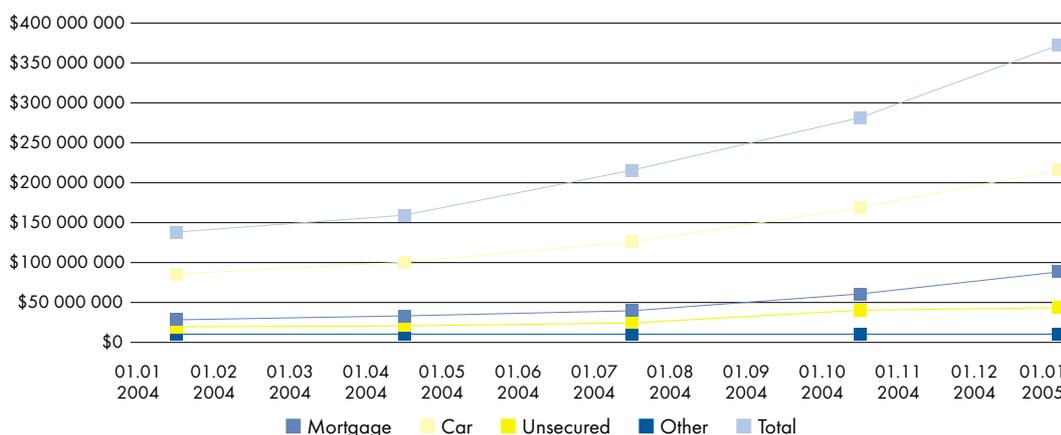
- PIK Group;
- PIK-Region;
- Capital Group;
- MIAN;
- ZAO Peterburgstroy-Skanska.

One of the important areas of Raiffeisenbank's activities was refinancing mortgages extended by other banks as well as purchasing mortgage portfolios formed by other market participants. In particular, at the end of 2004 the Bank purchased a portion of City Mortgage Bank's loan portfolio for about USD 3.3 mln.

During 2004 the total mortgage portfolio grew from USD 28 mln to USD 85.8 mln.

Raiffeisenbank is the first bank in the Russian Federation that was able to offer a so-called “personal” loan in cash and without any guarantor or collateral. The Bank’s active promotion campaign in 2004 saw this loan portfolio grow from USD 17.8 mln as at the beginning of the year to USD 51.5 mln at the year end.

**Graph 3. Loan Portfolio 2004**



Source: ZAO Raiffeisenbank Austria

The fastest growth in demand for all types of loans was observed in the regions. In 2004 the Saint Petersburg branch’s loan to individuals portfolio grew by 375% from USD 22.4 mln to USD 106.4 mln, which at 31 December 2004 was 30% of the Bank’s total loans to individuals.

### **Investment products for individuals**

In 2004 Raiffeisenbank significantly increased the range of investment products for individuals:

- individual brokerage services;
- unit investment funds;
- products of Non-State Pension Fund Raiffeisen.

Being one of the leading professional participants of the Russian stock market, the Bank offers its clients a comprehensive securities portfolio maintenance package. The package includes brokerage and depositary services, financial advice and information and analytical services. In 2004 the Bank managed to increase its client base by more than twice.

From September 2004 Raiffeisenbank’s clients have been able to invest in unit investment funds (UIF) managed by Raiffeisen Capital Asset Management Company. Raiffeisen Capital Asset Management Company is a 100% subsidiary of ZAO Raiffeisenbank Austria and is engaged in managing assets of three mutual unit investment funds: Raiffeisen-Equities, Raiffeisen-Bonds and Raiffeisen-Balanced.

Intense interest of private investors in UIF is confirmed by the growth of UIF net assets value. Since its formation to 1 January 2005, the value of net assets of Raiffeisen-Equities increased by 660%, Raiffeisen-Balanced by 400%, and Raiffeisen-Bonds by 150%.

In 2005 the Bank plans close cooperation with leading investment companies to offer its clients a broader range of investment products for individuals, including mutual and interval UIF and custody serv-





ices. In particular, in 2004 the Bank signed an agreement on cooperation with ZAO UK Troika Dialog. During 2004 Raiffeisenbank developed a retail banking segment, completely new on the Russian market. The Bank offered brand new products, such as supplementary non-state pension security programmes and obligatory pension insurance programmes.

On the 15th of September 2004, ZAO Raiffeisenbank Austria and the Pension Fund of the Russian Federation signed an agreement on mutual confirmation of signatures. Under this agreement ZAO Raiffeisenbank Austria was authorised to confirm insureds' applications on selection of investment portfolio (or a managing company) and transfer from the Pension Fund of the Russian Federation to the non-state pension fund engaged in mandatory pension insurance as an insurer.

Since October 2004, Raiffeisenbank has been offering individual pension plans in Non-State Pension Fund Raiffeisen.

In any of the Moscow branches of Raiffeisenbank it is possible to sign a non-state pension security agreement with NPF Raiffeisen and transfer pension contributions in your favour or in favour of a third person to a personal pension account with NPF Raiffeisen. Upon retirement (or on the basis of other pension grounds set by the Russian legislation) NPF Raiffeisen pays non-state pension benefits, the size depending on the amount accumulated on the personal pension account and the selected pension programme.



**Raiffeisen**



**BANK**

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# Northern Capital Branch in Saint Petersburg

The Northern Capital Branch in Saint Petersburg was founded in 2001 as part of extending Raiffeisenbank's branch network. In 2002 the Branch started to provide services to individuals. It offers a full range of corporate and individual banking services and possesses an extensive client base (approximately 16 000 private and 300 corporate clients as at the end of 2004).

In 2004 the Branch's corporate loan portfolio grew by 169% to USD 256 mln, and the loan to individuals portfolio grew by 375% to USD 106 mln. As of 31 December 2004 Branch's total assets amounted to USD 385 mln, which represents 13,1% of ZAO Raiffeisenbank Austria total assets.

Being the leader in the area of car loans, the Saint Petersburg Branch works with 70 official dealers offering a broad range of cars.

In autumn 2004, the Branch (jointly with ZAO Peterburgstroy-Skanska and ZAO UIT Lentek) for the first time launched a programme of mortgages in the new housing market.

The Branch concentrates on extension of activities in Saint Petersburg. As part of this programme it completed preparations to open the new Sennaya Ploschad Branch. The Branch's team is ready and includes 27 staff.

According to the established tradition, in 2004 Raiffeisenbank sponsored the Arts Square winter festival organised by the Saint Petersburg State Shostakovitch Philharmonic Hall and other important events in the life of the city.