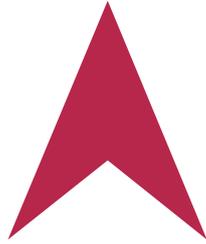




Board of Directors Report



Sustained growth and increased market penetration

● The year to 31 December 2001 heralded continued pleasing results for Raiffeisenbank, with total assets at USD 824 million (RR 24.8 billion) up 43% on the previous year, and equity at USD 89 million (RR 2.7 billion) up 40%. Market penetrations and growth in the Bank's customer base continued across all sectors and the Bank is currently ranked amongst the top 20 Russian banks in terms of its asset base, and within the top 7 retail banks. Raiffeisenbank is clearly recognized as a major and reliable business partner in the Russian financial markets.

Michel Perhirin
Chairman
of the Board



Reliability, openness and strategic vision

● Raiffeisenbank remains fully committed to the continued development of its banking operations in Russia and on the provision of direct input to the strengthening of the general business environment in Russia.

● A focused business strategy and vision founded on the development of long-term customer relationships; on the provision of high quality services; on the maintenance of high ethical standards; and on empowering our employees and fostering their development continue to pay dividends in terms of building shareholder value and stimulating the development of best banking practice and activities with the Russian capital markets.

Key highlights

- ▶ The Bank has continued to expand its retail network, another branch was opened in Moscow during the year, with additional branches to be commissioned in the near future, and further regional penetration planned.
- ▶ The Bank's lending facilities at USD 500 million are up by over 100% year on year.
- ▶ The Bank's leasing business continues to grow its market share.
- ▶ Trade finance activities are up substantially on the prior year.
- ▶ Retail customer accounts at USD 200 million have grown by 300% by comparison to the prior year.
- ▶ Raiffeisenbank is currently responsible for 5% of the VISA interchange transaction turnover in Russia.
- ▶ Key correspondent relationships continue to grow.
- ▶ The Bank is currently positioned as one of the market leaders in the areas of local bond issuance facilitation, investment banking advisory services, and has been instrumental in the development of the local market for loan syndications.
- ▶ The Bank has continued its investments into information technologies and into the implementation of procedures



Eugene Toutkevitch
Deputy Chairman
of the Board

Alexandre Ouchakov
Member of the Board





designed to streamline processing routines and to further enhance the level of customer service.

► The Bank's treasury team continue to provide market leading services, and were awarded the titles of "Best Dealing Desk 2001" and "Best Dealer of 2001" by MICEX.

Alexandre Kolochenko
Member of the Board

Sergey Monin
Acting Director
Investment Banking
and Treasury



Human Resources

● Our people are one of our greatest assets and the Bank's HR policies are designed and continually reviewed to ensure that we never lose sight of this – structured to ensure that the Bank develops and retains a highly skilled and dynamic team of professionals who are ready to respond to key market challenges. Average staff numbers are up 25% year on year, in direct response to the continual expansion in the Bank's activities across all service lines, and the Bank has made further enhancements to its management board by the promotion of skilled young professionals.

Looking forward

● Over the last 6 years in Russia we have managed to build good relations with our customers, based primarily on trust. We also see our strength in treating each and every client individually with the greatest attention to their needs and always coming up first with the product or offer they expect. Looking ahead, we are determined to enhance and foster our relationships by always "being there" and encouraging our clients to come to us for any banking service they might need.

Appreciation

On behalf of the Board of Directors, management and all of the staff at Raiffeisenbank Austria, I would like to express my sincere appreciation to all of our valued customers and business partners for the continued support that you have demonstrated to us through 2001 and continuing on in to 2002, and I look forward to continuing to build upon these business relationships.



Pavel Gourin
Head of Investment
Banking and Corporate
Finance

The Board of Directors would also like to extend its warmest gratitude to our Austrian colleagues, to our colleagues throughout the RZB network, and to all of the staff in Russia for your continued support, commitment and demonstration of excellence throughout the last year.

On behalf of the Board of Directors
of Raiffeisenbank Austria

Michel Perhirin
Chairman of the Board

Konstanze Thym
Head of Corporate
Banking, Structured Trade
& Project Finance

