

Statement by the Supervisory Board



**Herbert
Stepic**
Chairman
of the Supervisory
Board

On behalf of the Supervisory Board, I am proud to present you the 2007 Annual Report of ZAO Raiffeisenbank.

The past year was a very significant one for the Bank, as it brought the legal merger of former ZAO Raiffeisenbank Austria and OAO IMPEXBANK. On 23 November 2007, the Bank was registered in the Unified State Register of Legal Entities under the new name of ZAO Raiffeisenbank. The history of Raiffeisenbank includes many important dates, but this merger is the most important event since Raiffeisen International Group began working in Russia with a subsidiary bank in 1996.

ZAO Raiffeisenbank is the largest foreign-owned bank in Russia. According to Interfax CEA, based on the results for 2007 the unified bank held the seventh place in total assets, the seventh in corporate loan portfolios, the fourth in retail deposits, and the sixth in total retail loans.

Based on the 2007 results, the Bank's assets increased by 48.5% to RUR 444.2 bln, and earnings reached a record high of RUR 6.7 bln, making ZAO Raiffeisenbank once again the most profitable bank in the Raiffeisen International Group.

The bank's strong position on the market, together with its high-quality services and long-term strategy resulted in Raiffeisenbank being named the best foreign-owned bank in Russia for the third year in a row by Global Finance's annual survey. Raiffeisenbank also won the national prize in the area of finance and insurance of Financial Russia 2007 in the category of Best Foreign Bank in Russia in 2007.

Russia is one of the most promising countries for the development of the Raiffeisen International Group, given the strong growth of the

banking industry. In 2007, the sector's assets rose by 44% more than RUR 20 trln. The country's economic growth exceeded even the most optimistic forecasts, with GDP growth reaching 8.1% (up from 6.7% in 2006). Compared to many other countries, the Russian banking market began developing only relatively recently, and demand for banking services in both the corporate and retail segments is on the rise. The main driver of Raiffeisen International's development in Russia is the constant expansion of its nationwide branch network, which now services over 1.4 million clients.

In 2007, Raiffeisenbank also strengthened its leading position in the Russian corporate finance and investment banking segments. The corporate loan profile reached RUR 211.7 bln, showing 53% growth y-o-y. The Bank's impressive results in the development of its corporate segment were due in part to the merger of ZAO Raiffeisenbank Austria and OAO IMPEXBANK, which expanded the new Bank's regional network to 237 offices nationwide and resulted in new financing programs for small and micro businesses. We see great potential in the regions for further growth and believe that, given its clear strength in servicing and financing the corporate sector, ZAO Raiffeisenbank should maintain its leading position in Russia in providing corporate banking services.

Raiffeisenbank's work in 2007 was also notable for an important securitization transaction that included the successful placement of a portfolio of auto loans in the amount of USD 400 mln. This transaction was one of the largest of its kind, allowing Raiffeisenbank to enter the securities market successfully, backed by assets constituting a competitive source of financing.

The retail segment continues to show the most dynamic growth. The unification of the branch network gives us clear competitive

advantages: we have become more accessible to our customers, and we now have a unique opportunity to expand our client base. Using the potential and capabilities of both banks, we plan to strengthen our position in this segment. Raiffeisenbank will continue developing its retail business, which is strategically important for growth in Russia, devoting considerable attention providing client services of highest quality wherever it operates.

ZAO Raiffeisenbank is striving to become the best universal bank, offering services throughout Russia. Among the Bank's highest priorities is providing top-quality services and further expanding its range of products. The professionalism of its team is a vital element in the achievement of this goal, and we are proud of our staff and their invaluable contribution to the Bank's development through their highly productive efforts. I express my sincere gratitude to our clients and partners for their loyalty, and I state with confidence that we will do all we can to strengthen our work together in the future.

Respectfully yours,



Herbert Stepic
Chairman of the Supervisory Board

Supervisory Board members:
Heinz Wiedner
Martin Grüll
Aris Bogdaneris
Peter Lennkh

Statement by the Chairman of the Managing Board



**Johann
Jonach**
Chairman
of the Managing
Board

2007 was an important milestone in the development of ZAO Raiffeisenbank in Russia, thanks not only to our strong financial results, but also to the unification of ZAO Raiffeisenbank Austria and OAO IMPEXBANK as a single credit organization, combining the best traditions and experience of Austria's Raiffeisenbank and the extensive network of offices and branches of Impexbank. The creation of the new bank was one of the most important and notable events on the entire Russian banking market last year.

Over the course of 2007, we actively moved forward with the integration process. A principal step was the legal merger, which took place on November 23. Now, we face the task of operational unification, and are making the maximum effort to complete this process as smoothly and conveniently as possible for clients. I am convinced that we will accomplish this task successfully, thanks to the professionalism and tireless efforts of the Bank's employees.

We took the first steps to unify the banks in 2006, and continued our active efforts in 2007, when the first results were achieved: ZAO Raiffeisenbank Austria's and OAO IMPEXBANK's offices in Krasnodar were successfully united, giving us invaluable experience to use in the future when carrying out operational unification; rebranding has been successfully completed throughout Russia; many offices of Impexbank have begun operations with shares in open-ended mutual funds managed by Raiffeisen Capital Asset Management Company; since mid-year, the services of NPF Raiffeisen for non-state pension funds have been available to clients in a number of Impexbank's branches. During the year, Raiffeisenbank and Impexbank participated in jointly providing credit to partner companies both in Moscow and other regions where the Bank works.

After studying the preferences of Impexbank and Raiffeisenbank customers, we created a new line of retail products, which, in our view, fully satisfy all our clients' needs. Since November 26, 2007, the Bank has offered new types of deposits, expanded its range of consumer loans, and new car-loan programs have been implemented.

One confirmation of Raiffeisenbank's leading position in retail services was its success in winning the Big Money award, founded jointly by leading business magazine Itogi and Fitch rating agency, for "Bank of the Year in Retail Services."

In 2007, Raiffeisenbank continued its success in financing corporate business. We not only strengthened our position in the provision of banking services to large corporate clients, but we also significantly expanded our client base in the SME segment, one of our most important strategic areas. We see great potential in this segment, thanks to our extensive network of branches. We are already seeing a significant contribution from our regional branches in the servicing of the Bank's corporate clients. By the end of 2007, the regions accounted for 41% of Raiffeisenbank's corporate credit portfolio.

In 2007, Raiffeisenbank confirmed its leading position on the Russian corporate bonds market, serving as the organizer of 16 issues worth a total of RUR 46 bln. In 2001-2007 the bank was the organizer and co-organizer of 129 corporate bond issues with a total nominal value of nearly RUR 400 bln. Raiffeisenbank also strengthened its position in the area of syndicated lending last year, organizing 28 loans for companies and financial institutions for a total of more than RUR 53 bln.

In 2007, Raiffeisenbank continued to implement the strategic development of its regional network. At the end of last year, ZAO

Raiffeisenbank was represented in 45 regions of the Russian Federation. During the year, 29 branches. October 24 saw the opening of the 3 000th branch of bank holding Raiffeisen International in Central and Eastern Europe, with the opening of ZAO Raiffeisenbank's branch in Tyumen.

Important components of our strategy in 2008 include the further development and strengthening of our regional network, the improvement of our overall standards of doing business and serving clients, and the enhancement of the efficiency of the work of our network of offices and branches.

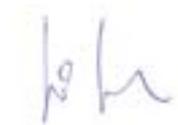
Among the important events of the year, we should also note Raiffeisenbank's receipt of the following ratings from international ratings agency Fitch: Long-Term Default Rating A- ; Short-Term Default Rating F2; Support Rating 1; Individual Rating C/D; and Long-Term National Scale Rating AAA(rus). For its Long-Term Default Rating and national long-term rating, Fitch's forecast for the Bank was Stable.

Raiffeisenbank's subsidiaries OOO Raiffeisen Leasing, OOO Raiffeisen Capital Asset Management Company, and NPF Raiffeisen continued their rapid development and made a significant contribution to the Bank's overall achievement. Raiffeisen Capital offered new investment products, creating six funds: Raiffeisen Consumer Sector, Raiffeisen Resources Sector, Raiffeisen Electric Utilities, Raiffeisen Telecommunications, Raiffeisen Index MICEX, and Raiffeisen Corporate Investments. The first five of these were set up for private investors, while Raiffeisen Corporate Investments was created for corporate clients. OOO Raiffeisen Leasing expanded its area of operations, signing cooperative agreements with a large number of companies, while NPF Raiffeisen is one of the most dynamically developing open non-state pension funds. As of end-2007, NPF Raiffeisen's list of corporate clients

included 100 Russian and international companies, as well as over 32 000 individuals.

Much of the Bank's success is due to our staff, so one of our most important tasks is creating comfortable working conditions for our employees and giving them opportunities for advancement and development. Given the rapid growth of our workforce and our geographic expansion, particular attention is devoted to training and development programs. This includes corporate trainings and open seminars, personnel evaluation centers, and professional internships. In 2007, Raiffeisenbank was among the winners of the National Business Competition "Captains of Russian Business" in the category "Best Employers in Moscow," held by the magazine Personnel Management. This is the second year in a row Raiffeisenbank has won the prize.

On behalf of the managing board of ZAO Raiffeisenbank, I would like to express my sincere gratitude to all the Bank's employees for their professional and responsible approach to their work, thanks to which we confirmed Raiffeisenbank's status as a reliable financial representative of the interests of our partners and clients in 2007. We are grateful to our clients for the trust they have shown and for our work together, and feel certain that 2008 will bring us all success.



Johann Jonach
Chairman of the Managing Board