

Statement of the Supervisory Board



Ladies and Gentlemen,

2011 was once again a fairly eventful year. The developments in Europe, and particularly in the peripheral states of the eurozone, left their mark on the group headed by Raiffeisen Bank International AG (RBI), the parent company of Raiffeisenbank. We too were unable to escape the effects of the market environment following the sovereign debt crisis – which is what it really is, rather than a banking crisis.

RBI and banks in general are facing a lot of new rules. From our point of view, however, they are introduced at an unfortunate time and in too much haste. The regulations published by the European Banking Authority (EBA) at the end of October which call for a core tier 1 capital ratio of 9 per cent by the end of June 2012 put pressure on many banks in Europe. However, we – to be more exact, the RZB Group – are well-equipped to handle this. We have put together a comprehensive bundle of measures, consisting of numerous individual measures. We are also in the fortunate position of making profits which are strengthening our equity. As a result,

we can meet the new requirements from our own resources.

Moreover, the Austrian regulators decided to introduce the Basel III rules earlier than previously planned and implemented a ratio system for banks operating in Central and Eastern Europe to bring funding from other sources than the shareholder and loans into balance. By meeting the EBA ratio, RBI is also reaching the Basel III ratio of 7 per cent, which the Austrian regulators have set as mandatory from the start of 2013. We do not regard the guideline that only € 110 should be lent in CEE for every € 100 of deposits (including certain other forms of funding) as a major restriction. As growth in lending is tied to economic growth, it is likely to be moderate in the next few years. Looking at growth rates, we have to distinguish between markets. While in the eurozone we are facing a real systemic and political crisis, in Central and Eastern Europe the economic uptrend is largely continuing. This region is and will continue to be the growth driver for Europe. Even if economic growth in the CEE region slows from 3.7 per cent in 2011 to 2.6 per cent in 2012, this is still higher than in the eurozone. This is not a bad outlook for us.

In this difficult environment, the RBI Group generated a profit before tax of € 1.37 billion, which is a solid result we can rightly be proud of. One thing that made this possible is that the markets in Central and Eastern Europe continued to show comparatively high economic growth, which also resulted in a significant improvement in our risk situation. Our result confirms our sustainable business model, which will continue to keep us very competitive!

Speaking of Raiffeisenbank, we suffered a great loss in 2011 with the untimely death of the Chairman of the Board, Pavel Gurin. He will remain in our memory as a brilliant, outstanding person and an astute and talented leader. In many respects, he can take credit for Raiffeisenbank's achievements.

For many years, Raiffeisenbank has been one of the leading network banks in terms of income. In 2011, it celebrated its 15th anniversary with its most profitable year so far.

At the same time, the Russian economy continued to recover during 2011, and an increase in oil prices was the key driver for it. Moreover, annual inflation turned out to be lower than expected and overall, the Russian economy improved with real GDP growth of 4.3 per cent in 2011.

During 2011, there were quite a few changes to the Management Board of Raiffeisenbank. In September, Sergei Monin was appointed Chairman of the Board. His outstanding professionalism, many years of experience in the Russian banking sector and strong managerial skills will no doubt enable him to achieve all the goals we have set for our largest subsidiary bank, which has a high strategic importance for the RBI Group.

Furthermore, Maria Minayeva, Head of the Risk Management Directorate; Gert Hebenstreit, Head of the Operations & IT Directorate and Nikita Patrakhin, Head of Corporate Finance and Investment Banking Division joined the Management Board. Andrey Stepanenko, Member of the Board and Head of the Retail Private Individuals Directorate, was appointed Deputy Chairman of the Board.

All these changes are a significant step towards strengthening Raiffeisenbank's Management Board as the main governing body, which will help make the bank even more efficient and result-oriented.

The Supervisory Board and I personally congratulate the team of Raiffeisenbank on its success! I also do thank all staff for their invaluable contribution to this success, for their loyalty and trust, professionalism and dedication, which have been the foundation of our success during the 15 years we have operated in Russia.



Herbert Stepic,
CEO of Raiffeisen Bank International AG,
Chairman of the Supervisory Board of
ZAO Raiffeisenbank

Statement of the Chairman of the Board



Ladies and Gentlemen,

when we speak about the results of 2011, we experience mixed feelings: pride for Raiffeisenbank's unprecedented performance results, and at the same time sorrow for the loss of Pavel Gurin, our Chairman of the Board, friend and colleague. Pavel was the ultimate professional. Under his leadership, the bank managed to successfully overcome the difficulties of the crisis, and today's success is largely the result of the choices made then. Pavel Gurin will always be one of the bank's most memorable and successful leaders.

In terms of the performance results, last year was undoubtedly a successful one for Raiffeisenbank. We not only fully recovered from the challenging recent years, but also made record profits in the fifteen-year history. Profits nearly doubled compared to last year, which enabled us, once again, to make a key contribution to the financial results of the entire Raiffeisen Bank International Group in 2011.

Raiffeisenbank is a universal bank for everyone who appreciates quality. Our inspiration is a short motto: "Attitude makes the difference." We are working hard and will continue to do so to ensure that our services are the most accessible and our staff the friendliest. To implement our strategy, we aim to become the primary bank for a variety of clients: retail customers, including premium segment and private banking retail clients, major corporate clients, and small and middle market enterprises. Through our commitment to Western banking standards and ability to offer high quality and efficient financial services, we aim to establish long-term relationships with clients in all of these segments.

Returning to the last year's results, I will now focus on our major achievements.

The traditional synergy of the corporate and investment segments has resulted in a steady growth in corporate loans with a significant improvement in their quality. We managed to support not only clients who needed traditional banking products, but also borrowers interested in structured financial solutions. In 2011, Raiffeisenbank confirmed its position as one of the leaders in investment banking in a highly competitive environment by organizing 23 syndicated loans totalling over USD 8.7 billion and 26 bond issues totalling RUR 144 billion (countervalue of approximately USD 4.9. billion) for companies with average level of capitalization as well as prime borrowers. We particularly value the fact that in 2011 the experience and professionalism of our staff were recognized in the nominations "Best bond market in Russian market" and "Best DSM team in Russian market", according to Cbonds.

In 2011, the development of investment banking business was supplemented by the launch of a new business arm, namely "Raiffeisen Investment" LLC, which specializes in equity markets for public offerings as well as mergers and acquisitions.

When speaking about the growth of the retail sector, the first thing to highlight is the significant increase in the loan portfolio, which is largely due to the fast-paced market growth and the timeliness of our offers, especially with regard to consumer loans and credit cards. By the middle of the year, sales of these products reached a record high in the history of the bank's performance.

In addition, particular emphasis was put on the development of the product line through innovative and integrated products for private clients. For example, Raiffeisenbank was the first Russian bank to issue MasterCard World Black Edition credit card with its innovative one-touch payment system PayPass™. The popularity of this card amongst our clients led to record sales in 2011: by the end of the year, more than 150,000 of these cards had been issued.

The comprehensive package proposal for Premium clients is rapidly growing as well: Premium package conditions were improved, and the new Golden package was launched. The products and services for Private Banking clients have

reached a new level. The range of investment and banking products was significantly expanded, and a new solution for remote account services was launched. Now, the Friedrich Wilhelm Raiffeisen services are available to wealthy clients in all regions of Russia where the bank is located. The rapid growth of the retail deposit base deserves a special mention, since this attests to the high level of consumer confidence in our bank. Our clients' deposits have been growing steadily, despite the fact that the bank's interest rates remained some of the lowest on the market, which points to the power of our brand and the bank's reputation.

The high degree of reliability of the bank was reflected in most favorable ratings repeatedly awarded to the bank by leading international rating agencies.

In 2011, we continued to develop our regional branch network by opening four new offices in Moscow and other regions. In order to provide better service to our clients, we continued to transfer the network of regional offices onto a single operating platform, and this process is almost complete.

Speaking of success, it is imperative that I mention our subsidiaries, which complement the universal offer for private and corporate clients.

In 2011, Raiffeisen Capital Asset Management Company ranked third in the collective investment market in terms of assets in public funds. For the third consecutive year, the company remains an unchallenged leader as "The most popular asset managing company in 2011" according to RBC.Rating.

Raiffeisen-Leasing, which is a leader among local universal leasing companies with foreign capital, also made record profits in 2011. These results are due to the significant growth of the portfolio as well as a further improvement in its quality.

Whilst implementing its strategy of qualitative growth, NPF Raiffeisen managed to increase its assets under management by 1.5 fold which reflects the very high consumer confidence in this fund. The fund's high level of reliability is the basis of its reliability rating, reaffirmed at A+ by rating agency (Expert RA).

In 2011, Raiffeisen Life Insurance Company maintained the strong growth rates of 2010. Having substantially increased its client base, the company showed an increase in insurance premiums an almost 2.5-fold growth in insurance premiums.

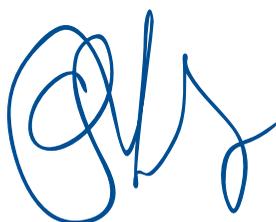
In recent years, the market has presented us with complex challenges, which the bank overcame whilst building a very stable business model. The loans to deposits ratio is below 100 per cent, which demonstrates the bank's complete self-sufficiency in its own refinancing. In addition, the assets and liabilities of the bank are quite diversified

All this gives us hope that the good results we achieved in 2011 are stable, and we are confident that we can continue to grow.

Our solid foundation as well as the experience and professionalism of our team mean that we can enter 2012 with confidence.

On behalf of the bank, I thank our clients and partners for their trust, cooperation and support!

We believe that together we can make 2012 a successful year for all of us!



Sergei Monin,
Chairman of the Board
ZAO Raiffeisenbank

Managing Board of ZAO Raiffeisenbank

Nikita Patrakhin

Member of the Board,
Head of Corporate
Finance and Investment
Banking Division

Mariya Minaeva

Member of the Board,
Head of Risk and Credit
Management Directorate

Gert Hebenstreit

Member of the Board,
Head of Operations & IT
Directorate



Andrey Stepanenko

Member of the Board, Deputy Chairman of the Board; Head of Retail Private Individuals Directorate

Arndt Roechling

Member of the Board, Head of Financial Directorate

Oksana Panchenko

Member of the Board, Head of Corporate Banking&Corporate Finance Directorate

Sergei Monin

Chairman of the Board

