

# ALEXEI ANTROPOV

1716 –1795

One of the pioneers of Russian portrait painting, and a baroque-style artist. As a painter, he took part in the coronation of Empress Elizaveta Petrovna, and later on created a set of official portraits of the Russian empress. Antropov got particularly famous as a result of a series of chamber art portraits of the people who were close to the Empress – Russian aristocrats and waiting-ladies. Antropov's portraits are distinct because of the brevity of their composition, his careful attention to detail, his exquisite skills of observation, and his ability to show the characters' personalities.



Alexei Antropov

**Self-portrait**

1784

*Oil on canvas*

*The State Russian Museum  
St. Petersburg*

# MARTIN VAN MEYTENS

1695 –1770

The most prominent Austrian portrait painter of the Baroque era, Director of the Vienna Academy of Fine Arts. As a painter of the court, Martin van Meytens captured all the major public events and ceremonies of his era, such as the coronation of Emperor Joseph II. Many elegant, ceremonial portraits, monumental multi-figure paintings, and family portraits of aristocratic dynasties were created in the artist's studio.



Martin van Meytens  
**Self-portrait**  
1740  
Oil on canvas  
Museum of Fine Arts  
Budapest

# Russia: Economic Prospects

In 2011 the Russian economy continued to recover. GDP grew at the same pace as in 2010 when it posted growth of 4.3%. A 40% increase in oil prices was the key driver for the Russian economy during this difficult period. Increased consumption was a major contributor to economic growth, while investments came under pressure due to deteriorating global market conditions.

## Financial Sector

In 2011 the Russian stock market was highly volatile. The positive price trend in the first half of the year made a U-turn in the second half. The MICEX stock index suffered the steepest drop among emerging markets (-25% yoy). By year-end local bond market yields had risen by 100 b.p. amid a lack of rouble liquidity caused by capital outflows and a budget surplus. The sovereign yield curve (OFZ) shifted up by 50-100 b.p. and the price correction was more pronounced for bonds with a long maturity. Investor appetite for riskier assets reduced and the spread between corporate bonds and OFZs widened noticeably. The volume of primary placements on the local bond market was slightly above the 2010 figure, reaching RUB 880 billion. The bulk of the transactions came during the first three quarters of 2011 while at the end of the year some of them were of a club-deal nature. Overall, investor demand narrowed to high credit-quality and short-maturity issues. Loan growth accelerated in both the retail and corporate segments, reaching 22% on average. Such strong growth along with tighter statutory requirements lowered the capital adequacy ratio. Along with slower retail deposit growth this will hamper loan growth in 2012. This year started with a hike in retail deposit rates across the entire banking system which is likely to suppress banks' margins.

## Forex Market

During 2011 the forex market moved in opposite directions. In 1H 2011 the rouble strengthened noticeably on the back of an improved balance of payments, following oil price rises. However, starting in August as symptoms of another global economic crisis emerged first in the US and then in the eurozone, capital outflows from Russia accelerated pushing the rouble down. As a result, by early October when capital outflows became acute, the rouble had depreciated by 10%.

The key reason behind yet another flight-to-quality was increased risk aversion as investors' appetite for risky assets (including the Russian rouble) reduced dramatically. During this period, investors virtually ignored the still high oil prices. In the first half of the year, the Central Bank of Russia (CBR) was a net buyer of foreign currency. However, the autumn turbulence forced the regulator to become a seller in order to support the rouble. In addition, in Q3 2011 imports recorded faster growth, which along with the bearish mood of investors resulted in stronger rouble devaluation expectations. Nonetheless, by year-end concerns about the potential fallout from the Eurozone debt crisis had eased. Meanwhile, rouble liquidity on the local money market contracted and the rouble managed to recover slightly from its autumn fall. However, compared to last summer the rouble has only regained 50% of its value. The CBR has continued with its policy of increasing exchange-rate flexibility. The regulator widened the bi-currency basket floating band borders twice in 2011 (to 32.2-38.2 roubles vs. the basket). In spite of increased volatility and on the back of surging growth in the price of Urals oil (up 40% to USD109/bbl) the rouble appreciated in real terms in 2011: up 3.9% versus the foreign currencies of Russia's key trading partners, by 1% to the US dollar and by 1.9% to the euro.

## Inflation

Annual inflation turned out to be lower than expected by the authorities and experts and hit a record low of 6.1% compared to double-digit CPI for several years previously. The key reason behind lower price growth was the good harvest in 2011 in contrast to 2010 when food prices spiked due to the drought.

Another supporting factor was the government's tighter tariff policy. CBR measures have also become more effective at controlling inflation, as it gradually switches to inflation-targeting.

## Economic Growth

Overall, the Russian economy improved with real GDP growth of 4.3% in 2011. The economic growth in 2010 mainly constituted a recovery, while the positive result for 2011 is primarily due to fundamental issues. In 2011 the development of the eurozone crisis was a major threat to economic growth in Russia and in many other countries. However, since oil prices were far more sensitive to geopolitical factors (Arab spring) than the eurozone debt crisis, they continued to rise. In turn, the relative stability of oil prices provided a basis for the positive development of the Russian economy in 2011.

Fiscal expansion continued in 2011 on the back of high oil prices and led to stronger domestic purchasing power. As a result, investments, which are dominated by large state infrastructure projects, grew for much of the year. During the second half of the year this growth became more pronounced in response to both state and private capital expenditure programs.

In 2011, construction was a major contributor to stronger investment activity. Another driver was the upgrade and replacement of machinery and equipment, both via the expansion of domestic production and an increase in imports. Meanwhile, private investment remained under pressure due to the higher tax burden and uncertainty on global markets. Nonetheless, the pace of growth in total investments rose to 6.2% from 6.0% in 2010. The situation on the labour market also improved last year. Unemployment fell to 6.1% from 7.2% in 2010, and a positive trend for payroll growth raised consumer confidence. Combined, these factors led to high growth rates for retail sales, which were comparable to the record levels seen in October 2008. This outstanding performance was primarily achieved by a reduction in savings and accelerated growth in retail loans, in addition to growth in wages.

All that said, 85% of total GDP growth was the result of a build-up of inventories, which points to limited growth potential. In addition, higher growth rates for imports caused a negative contribution of foreign trade in GDP growth.

## 2012 Forecast

We forecast that real GDP growth will decline to 3.2% in 2012 vs. 4.3% in 2011.

Decelerating growth will be a natural consequence of a gradual recovery in economic activity to a pre-crisis level, amid a lack of new stimuli and higher global economic risks. Nonetheless, stable oil prices (our year-average forecast remains flat to the 2011 figure at USD109/bbl) will be a key positive factor for the Russian economy.

We believe that in 2012 economic growth will continue to rely upon consumer activity and capital formation. But, we do not expect the same pace of growth as in 2011. Investments will be supported by expected high oil prices and fiscal expansion. However, private investment will remain under pressure due to the higher tax burden and global market uncertainty. Meanwhile, increases in consumer demand will be restrained by rouble depreciation and slower loan growth in response to tighter funding conditions for Russian banks.

In our view, economic growth remains unsustainable. Money market conditions have deteriorated, which may cause an easing in monetary policy via a reduction in key lending rates amid slower inflation in 1H 2012. We do not rule out at least one narrowing of the interest rate band (the differential between lending and deposit rates) and a refinancing rate cut of 25 b.p. during this period. As the year-end draws near, yoy inflation will begin to accelerate due to the 2011 lower base effect, which may require a subsequent interest rate increase in Q4 2012.

# DMITRY LEVITSKY

1735–1822

An outstanding portrait painter, one of the most significant Russian artists of the 18th century. It is often said that Levitsky's ceremonial and chamber art captured an entire era of Russian history: emperors, scholars, writers, aristocrats, merchants, soldiers, philosophers and high-class beauties – all of the figureheads of the 18th century. The painter made an enormous contribution to the development of the Russian school of realism. He also taught a portrait painting class at the Academy of Arts.



Dmitry Levitsky  
**Self-portrait**  
1783  
Oil on canvas  
Chelyabinsk Region Picture Gallery

# ANTON VON MARON

1733–1808

A brilliant and proficient portraitist, one of the most prominent exponents of Austrian oil painting from the classical period. Creator of a series of portraits of the Austrian emperor and his family, he lived and worked in Rome for a long time, and played an important role in the development of cultural relations between the artist communities of Vienna and Rome. He held a number of top positions in art academies of both capitals, and he was director of the Roman Academy of St. Luke, where he gave lectures on the theory of painting.



Anton von Maron  
**Self-portrait**  
1794  
Oil on canvas  
Art Gallery of Fesch  
Ajaccio

# Raiffeisen Bank International AG at a glance

## A leading bank in Central and Eastern Europe

ZAO Raiffeisenbank is a subsidiary of Raiffeisen Bank International AG (RBI), which regards Central and Eastern Europe (including Austria), as its home market. For nearly 25 years, RBI has been operating in the Central and Eastern Europe (CEE) region, where today it maintains a closely knit network of subsidiary banks, leasing companies and numerous specialized financial service providers in 17 markets. As a universal bank, RBI ranks among the leading banks in the region. The powerful role played by the bank is supported by the Raiffeisen brand, which is one of the most widely recognized brands in the region. Following its strategic realignment in 2010, RBI has positioned itself as a fully integrated corporate and retail banking group in CEE. The bank not only has good access to retail and corporate customers, but also a comprehensive product offering. At the end of 2011 around 56,000 staff served approximately 13.8 million customers in around 2,915 business outlets in CEE.

In Austria, RBI is one of the top corporate and investment banks. It primarily serves Austrian customers but also international as well as major multinational clients operating in CEE. Moreover, RBI is represented in the world's financial centers and operates branches and representative offices in Asia. All in all, RBI employs about 59,000 staff and has total assets of approximately € 147 billion.

RBI operates subsidiary banks in the following CEE markets:

|                          |  |
|--------------------------|--|
| • Albania                | Raiffeisen Bank Sh.a.                    |
| • Belarus                | Priorbank, OAO                           |
| • Bosnia and Herzegovina | Raiffeisen Bank d.d. Bosna i Hercegovina |
| • Bulgaria               | Raiffeisenbank (Bulgaria) EAD            |
| • Croatia                | Raiffeisenbank Austria d.d.              |
| • Czech Republic         | Raiffeisenbank a.s.                      |
| • Hungary                | Raiffeisen Bank Zrt.                     |
| • Kosovo                 | Raiffeisen Bank Kosovo J.S.C.            |
| • Poland                 | Raiffeisen Bank Polska S.A.              |
| • Romania                | Raiffeisen Bank S.A.                     |
| • Russia                 | ZAO Raiffeisenbank                       |
| • Serbia                 | Raiffeisen banka a.d.                    |
| • Slovakia               | Tatra banka, a.s.                        |
| • Slovenia               | Raiffeisen Banka d.d.                    |
| • Ukraine                | VAT Raiffeisen Bank Aval                 |

As the parent company of these banks, RBI's shareholding in them is at or near to 100 per cent in most cases.

## RBI's development

RBI was established in October 2010 through the merger of Raiffeisen International with the principal business areas of Raiffeisen Zentralbank sterreich AG (RZB). RBI's position as one of the leading banks in CEE (including Austria) was further reinforced by the merger. RBI has been listed on the Vienna stock exchange since 25 April 2005 (until 12 October 2010 as Raiffeisen International). It is represented in several leading national and international indices, including the ATX and EURO STOXX Banks. RZB

remained the majority shareholder following the merger, holding approximately 78.5 per cent of the shares. The remaining 21.5 per cent of RBI's shares are in free float.

RZB was formed in 1927 as "Genossenschaftliche Zentralbank" (GZB). Raiffeisen gained its first foothold in Central and Eastern Europe back in 1987, when it established its first subsidiary bank in Hungary. Other own subsidiaries have since been established; from 2000 onwards, Raiffeisen's expansion in the CEE countries has mainly been achieved by acquiring existing banks, which were combined into a holding company that from 2003 until October 2010 operated under the name Raiffeisen International. Raiffeisen International was listed on the stock exchange in April 2005 in order to finance its future growth as efficiently as possible. RBI was subsequently established in 2010 through the merger of Raiffeisen International with the principal business areas of RZB.

## ***125 years of Raiffeisen in Austria***

Raiffeisen's strong roots in Austria date back more than 125 years. Raiffeisen's first Austrian credit cooperative was founded in Mühldorf, a village in Lower Austria, in 1886. Local cooperatives soon started working together and, in turn, founded regional cooperatives marking the beginning of the multi-tiered structure of the Raiffeisen organization. This not only helped to strengthen their position in the market, but also enabled better management and risk control. Numerous product and service cooperatives were founded on the back of increasing specialization and market integration. In mid-2011, the Raiffeisen Banking Group Austria (RBG), the country's largest banking group, managed € 83.8 billion in Austrian customer deposits (excluding building society savings), of which around € 50.3 billion was held in savings deposits; with a market share of 32.2 per cent, RBG has continued to expand its role as market leader among Austria's banks. RBG has achieved its strong market position through healthy organic growth.

For more information please refer to [www.rbinternational.com](http://www.rbinternational.com) and [www.rzb.at](http://www.rzb.at).

# Vision and Mission

## **Vision**

We are the leading universal bank across Russia for all customers caring for quality

## **Mission**

- We seek long-term customer relationships
- We provide a full range of high quality financial services throughout Russia.
- We co-operate closely with all members of RZB Group.
- We achieve sustainable return on equity.
- We empower our employees to be entrepreneurial and foster their development.

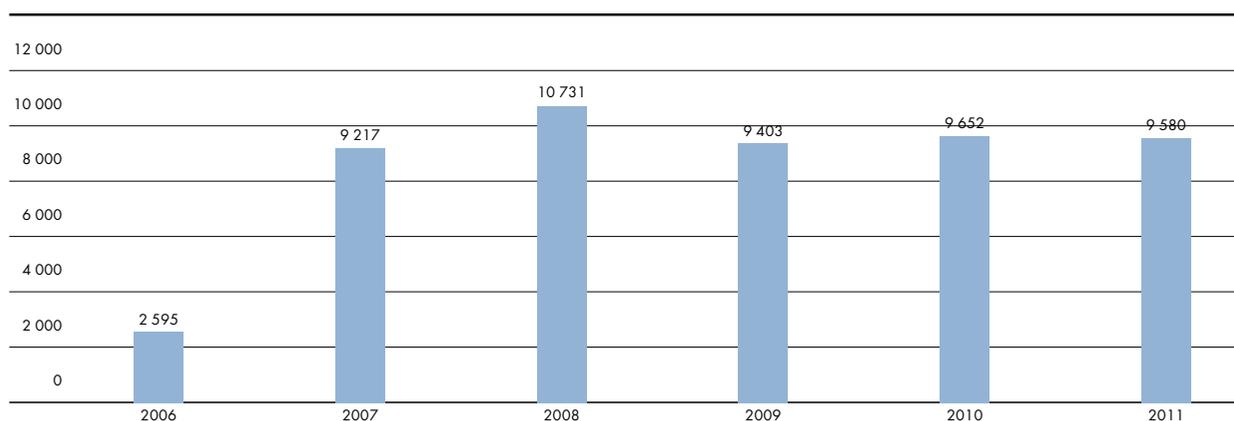
# Human Resources Policy

Raiffeisenbank continued its course of strengthening its position as one of the best employers in Russia in 2011. According to global research conducted by two leading world consulting agencies in the sphere of human resource management – AonHewitt and RBL Group – RBI Group was included in the list of top -10 companies in the nomination “Best Company for Leaders”. The influence of investments into personnel development on Raiffeisenbank’s financial indicators was analyzed in this research. Furthermore, the results of the program “Talent management and leadership development” were estimated. The jury of independent judges/experts selected the best companies from more than 470 participants, and Raiffeisen Bank International AG became one of the few banks which was included in the rating.

According to all RBI Group standards, the activity of ZAO Raiffeisenbank’s HR division is directed at increasing the qualitative component in the bank employees’ work, and at their professional development.

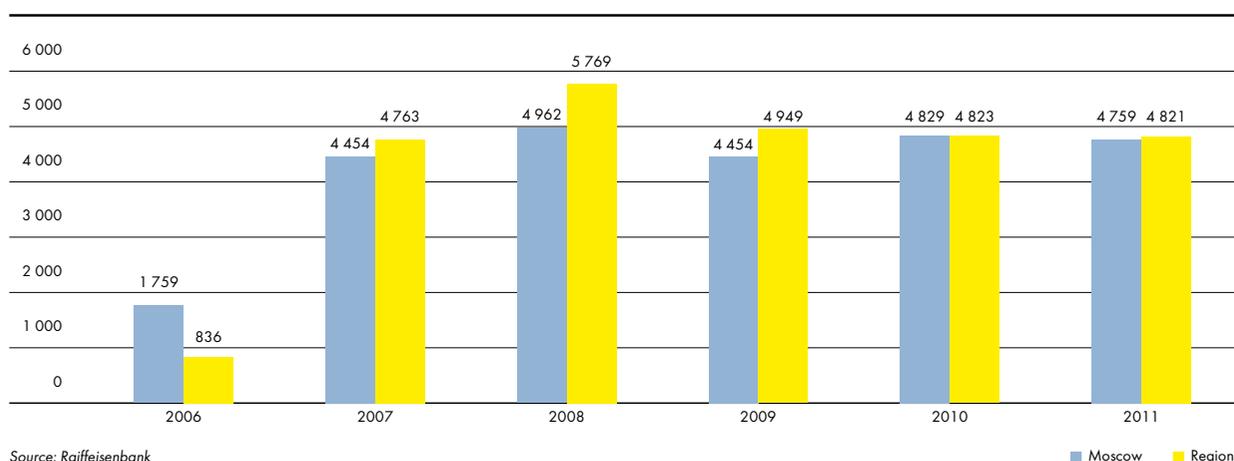
The number of bank’s employees was stable throughout the year, except for insignificant seasonal fluctuations.

## Number of employees



Source: Raiffeisenbank

## Number of employees in Moscow and Regions

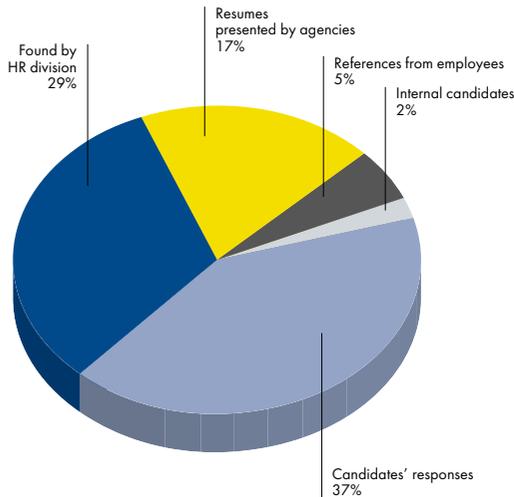


Source: Raiffeisenbank

■ Moscow ■ Regions

Showing complete recovery of the labor market, the year 2011 made a record for the quantity of candidate responses received from different sources by the Human Resource Department of the bank's headquarters. A total of 31 500 candidates applied to headquarters, and about 5% of them received offers and took positions opened in the bank. In total, more than 1 600 new employees were accepted for employment in the headquarters and Moscow branches.

*Sources of resume reception*



Source: Raiffeisenbank

It's noteworthy that an internal rotation program was further developed in 2011. About 100 employees took new positions in Moscow alone under this program.

Great attention was paid to improving the quality of recruitment and appraisal of candidates. For this reason HR business partners for recruitment, in active interaction with the Training and Development Center, elaborated and introduced an internal training entitled "Recruitment. Effective interview" as well as an interactive course on how to work with the recruitment data base "Recruitment DB" for internal users.

The year 2011 became one of further business growth for the bank's retail segment, which required hiring a considerable quantity of young specialists. In total, over 400 new employees were hired in 2011 in retail business subdivisions, and about 100 of them passed our traditional internship program. Special attention was given to development of direct

channels of sales. The program for new employee training was changed in 2011. A total of more than 400 new employees took part in this training in 2011.

Special attention was paid to the developing of retail segment employees. A number of special projects were implemented to this aim. About 400 branch employees took part in annual personnel certification. The project named Branch Manager School was successfully completed as a result of which 5 participants were appointed to the positions of directors of Moscow branches. The year 2011 was also one for launching a project on personnel reserve(successors pool) for the most critical positions in subdivisions of retail business.

Optimization of subdivisions focused on design and productivity connected with organizational regulation and efficiency management was successfully carried out in 2011. The essence of the given project consisted in the analysis of current activity of the given subdivisions which structurally were in different business segments and sometimes duplicated each others' functions. Two strategically important divisions have been created as a result of the performed analysis: Project, Portfolio and Demand Management Division and Organization, Process and Efficiency Management.

In addition, 2011 was devoted to the problem of decreasing staff turnover in those bank's subdivisions (such as the Call Center, Retail Lending) in which the given indicator was high enough in comparison with common banking. The Human Resources division carried out large-scale work at analyzing the principal causes of employee dismissal on the basis of data from questionnaires and group trainings for the purpose of revealing employees' satisfaction level. On the basis of the received data together with the heads of business subdivisions, a series of measures has been developed making it possible to lower the quantity of employees leaving the company on their own accord. The steps carried out have raised the overall performance of the given subdivisions and have shown positive change.

Cameral tax inspections by the Social Security Fund of the Russian Federation were conducted in the bank during 2011, by which results the Social Security Fund reimbursed expenditures in excess paid insurance for a total amount more than RUR 38 million to the bank.

Furthermore, tax inspections by the Social Security Fund on subject to compliance with the current legislation regarding payments of social security benefits (maternal benefits and temporary disability benefits), correctness and timeliness of payment by the employer of insurance security payments to the SSF were carried out in 2011. Eight branches and operational offices were inspected. No infringements by the bank were found during the inspections. Moreover, inspections by the Pension Fund on the correctness of tax base formation and payment of insurance security payments to the Pension Fund and regarding observance of individual personified accounting were conducted. Inspections were carried out in 4 branches and operational offices. No infringements by the bank were found.

The federal pilot project on modernization of the social insurance system was started in Russia in July, 2011. The primary goal of the project is allocation and payment of benefits directly to local branches of the Social Security Fund of the Russian Federation. The Povolzhskiy Branch of the Volzhskiy regional center became the first participant of the given project. In this branch the employer pays insurance security payments in full, without reducing them by the sum of benefits. Thus, benefits are calculated as before by the employer, and the sums which are necessary to pay are subject to notification to the Social Security Fund for further transfer of funds to personal accounts of employees. The given project was launched successfully, and work with the Social Security Fund was implemented. All liabilities are carried out in time and in full by the bank. During the period of 2012-2013 years the list of territories where the given project is launched will be extended until the entire country is covered with the new system of social security insurance.

The project of regional network transformation was continued in 2011. Due to centralization and transfer of the basic functions of the accounting department to the regional centers, the position of the chief accountant was abolished in cases when the branch was transformed into an operational office. This position remained only in main branches of the regional centers.

The project of System Evaluation of Employee's Activity (assessment) of retail front-office employees was successfully implemented in all regional centers. The project started in September 2010, and the first regional center which passed this assessment was the North West regional center. Another five regional centers joined the project in 2011, and two cycles of assessments were carried out.

The participants of the performance management process were significantly expanded. New priorities for qualitative goals were established, including quality of service to internal and external clients (projects, initiatives), career planning and personnel development, optimization processes with use of technologies, and improvement of quality and management efficiency projects.

The possibility of internal personnel rotation was supported throughout the bank in 2011. A page was created on the bank's internal website where the vacancies of all regional centers are displayed. Any employee of the bank considering the possibility of moving to another region can come to this page and see all available vacancies. The program of internal personnel rotation provides the opportunity for both vertical and horizontal professional growth. Thanks to this program we keep the best experts and give them new possibilities for development.

Our bank continues to support employees at achieving good work results by means of various tools of training and development. The possibility of choosing the format of training (in-class or e-learning, external or internal) allows for maximum employee flexibility.

The advancement of the programs "Competency corporate model" and "Architecture of leadership" were one of the basic priorities in development of management skills and competencies in 2011. As a result the model has been integrated into the majority of the bank's HR processes, and has become the base for the Assessment Centers. Individual development plans are worked out on the base of this model, and

the assessment of various levels of leaders and profiling of positions with unique functions takes place. The personnel reserve (successors pool) for regional retail generated in December, 2011, became a main achievement in talent management process. The candidates for key managerial positions underwent a competitive procedure, and a qualitative pool of successors was formed as a result.

The 4-modules program "Compass for a new reality" of the Moscow School of Management SKOLKOVO was finished in autumn 2011 for the first group of participants, and was begun for the second. The "Compass" is a 10-day modular program for the company's leaders. It forms a new generation of top managers who are armed with up to date management tools and who look at business reality in a new light.

When working out new internal trainings in the bank, focus is placed on programs of leadership development. A new unusual training format - business simulation - has been implemented. The simulation format combines the practice and the theory of organization management, gives the chance to predict company development for some years in advance, traces the dynamics of financial indicators, and estimates the consequences of this or that decision made.

The list of personal efficiency trainings for all employees has also been replenished with new programs. Special attention is deserved for the "Project Management" training. The training program fully takes into account those goals which are to be solved by our project teams. The training will allow participants both to get acquainted with the standards of project management of the Project Management Institute, and to introduce new practical tools of project activities.

In total the program of the Training and Development Center has more than 50 various internal trainings and seminars for all employees of the bank at present. Programs are carried out in regional subdivisions of the bank that give equal possibilities for training and development to all employees.

The basic changes in distant-learning in 2011 concerned the corporate portal of the Training and Development Center: The appearance and technical parameters were changed, giving new possibilities to portal visitors, while department heads got the chance to participate more actively in employee training.

Qualitative growth allowed the bank to win some prizes on the Russian market in the field of corporate training, such as the prize nomination "For the best e-learning solution in the corporate sector", and several nominations in the competition organized by WebSoft for the best production of e-learning courses.

The DSA Academy was opened in 2011. This is a joint project of the Human Resources Division and Delivery Channels Division. A scheme for career and professional growth of direct sales group employees was developed as part of this project. Under this project an individual set of training actions is created for employees of each level. A program of managerial skills development was started for supervisors in the given group.

The year 2011 was marked by changes in the training program for managers on work with clients of the "Premium" segment: a new "Financial album" with a "portfolio" approach at its core was introduced, which will allow making financial planning for clients more integrated, and advance its quality.

The new corporate project "Workshops" was started in the summer of 2011. The project's main objectives are improvement of internal communications among colleagues, and to give the possibility to communicate outside of the daily working environment. The bank's leading top managers shared their success stories in "open collar" meetings.

In continuation of the development of corporate creative projects, the first "Business simulation" game – the business game "Bank market" – was issued. More than 100 new and skilled employees plunged into the nuances of the banking business, while colleagues from different subdivisions tested themselves in various roles and posts, forming in a game format an effective strategy of development for their imaginary banks. Special attention is deserved by the project "Raiffeisen-Land", developed by employees of the North West

regional center. The given team-building program includes a set of dynamic exercises directed at building stronger teams. The particularity of the program is that it gives one general goal, the achievement of which is carried out through exercises testing basic competencies.

The year 2011 was very productive in the field of compensation and benefits. Special attention was paid to an audit of fringe benefits. As a result, a number of demanded additions in the benefits package of the bank's employees were made. The beneficial lending programs for the bank's employees depending on their level of efficiency and length of service, which has been functioning successfully since March 2011, was developed. It proved itself as an extremely effective instrument of motivation, and also for increasing employee loyalty, and as a stimulus retaining the best employees.

We strive for the bank's personnel to consist of effective and loyal employees who are motivated for long-term work in the company in particular, therefore some benefits are focused on increasing our employees' well-being in long-term prospect, and are calculated based on long-term granting, such as, for example, our corporate pension plan. Starting from 2011, the sum of the maximum contribution made by the bank has been raised by 25% (upto 5% of an employee's salary).

A tender for rendering services of voluntary health insurance in which the largest and most well-known insurance companies in Russia took part was organized and held in March, 2011. The continuation of partner relations with the company Rosgosstrakh, which has allowed our employees to keep the full spectrum of the usual medical institutions and a high level of health services, was achieved as a result of the given tender.

The program of preferential mobile telephone communications offered by MTS was added to the corporate package of social benefits for the bank's employees. The given services have been used by more than 4 000 subscribers already, among them the bank's employees and their relatives.

Preferential tariffs for Raiffeisen CONNECT Internet bank are provided to company employees.

Under the unstable economic situation, incentive schemes continue to be developed taking into account the current conditions and considering the influence of international practice, which has become indicative for Russia. The main change which may be noted as a trend for the whole world financial community is the use of key risk indicators among the basic indices of a company's efficiency, besides income and profit. The employees of the compensations & benefits department make monthly calculations of the bonuses rewarded, and also develop instruments allowing employees to predict the sum of bonus, and carry out consulting and explanatory work for principles of action of incentive schemes. Furthermore, analytical materials are regularly prepared for department heads, making it possible to trace the efficiency of action of the given systems, and supervise deviations from target indicators which need adjustments both in the sums of rewards and establish planned indicator values.

The department of compensation and benefits traces the situation on labor market on a constant basis, taking part in Reward Policy surveys. A balanced approach to sharp fluctuations in setting employee salary ranges has proved to be effective, considering the change from somewhat of a market revival stage to a predicted downturn. Nevertheless, the decision to carry out two planned review of salaries towards an increase taking into account the differentiated approach was accepted, wherein the size of the allocated budget was defined as a comparable value on volume with sums necessary for a concrete structural subdivision for correcting salary sizes concerning market values.

The salary review matrix is successfully used for front-office employees in the bank's additional branches. This tool makes it possible to objectively transfer the results of the System Evaluation of Employee's Activity (assessment) into corresponding levels of employee salaries. This is a clear, transparent, convenient and effective tool of human resource management which, on the one hand, guarantees a certain salary at the market level at the minimum set of knowledge and skills, and also gives possibilities for highly professional and effective employees to earn more. Besides the front-office employees of additional branches, the employees working in the Premium segment and DSA's supervisors have also joined the assessment.

# VASILY PEROV

1833–1882

A Russian painter, founder and member of the "Itinerants" community, he was one of the most popular country-wide favourites among Russian artists. Perov painted a large number of remarkable genre paintings: humorous ones (*The Bird Catcher*, *The Hunters at Rest*), strongly satirical ones (*A Governess Arriving at a Merchant's House*, *Tea Party at Mytishchi*), and deeply tragic ones (*Seeing off the Dead Man*, *Troika*). Depicting the lives of ordinary people, the artist gazes into their faces with close attention and sincerely sympathizes with their joys and sorrows.



Vasily Perov  
**Self-portrait**  
1851

*Oil on canvas*

*Kiev National Museum of Russian Art  
Kiev*

# FERDINAND WALDMULLER

1793–1865

One of the most famous Austrian painters of the first half of the 19th century, a prominent exponent of the artistic style, he is known as the "Viennese Biedermeier." Waldmüller's paintings are realistic and somewhat sentimental, which is quite typical for paintings of this style. The artist is mostly known for depicting scenes from peasant life. His genre paintings are realistic, full of critical observations, and at the same time filled with a large sense of deep respect for ordinary people. In his theoretical essays, which had great influence on Austrian artists of that time, Waldmüller wrote: "The mirror of truth – nature – is eternally clear and is an inexhaustible source of creativity."



Ferdinand Waldmüller  
**Self-portrait**  
1828  
Oil on canvas  
Belvedere Gallery  
Vienna

# Compliance Control Anti-Money Laundering Policy

Compliance control and anti- money laundering, which are intended to enhance the bank's business reputation, strengthen the confidence of clients and counteragents in the bank, ensure strict compliance with the requirements of the Russian legislation and the Bank of Russia, are some of the most important bank's activities.

The word "compliance" is rather new in Russia, and may be a bit unusual to many people. This term implies the observance of laws, rules and ethic standards that govern the bank's operations.

This definition is very broad, so it needs further specification and formalization in order to be used in practice.

RZB Group Code of Conduct is the main guiding document which defines the bank's basic values and sets such ethical business principles as customer focus, professionalism, quality, mutual respect, integrity, etc. It is available on our website.

Compliance with the Code of Conduct is a mandatory requirement for each and every employee.

All the bank's officials shall guarantee that their private interests do not collide with their duties, the bank's objectives, and clients' interests.

Following the accepted customer service standards, the bank seeks to exceed the expectations of its clients by providing the best service possible. When advising a customer, the bank gives fair and just recommendations exclusively in the interests of the client, keeping him fully informed of possible risks.

False or confusing consultations are totally unacceptable to us.

The bank has developed and implemented a package of measures to prevent the misuse of inside information and market manipulation. We take an approach which allows us to be free of any taint of corruption.

The main corporate document regulating the bank's anti-money laundering activities is the Rules of Internal Control for Preventing Money Laundering and Financing of Terrorism.

These rules are binding upon each bank official directly involved in operating processes.

Regular anti-money laundering trainings, timely updated corporate procedures complying with legal and regulatory requirements, and the use of modern software ensure adequate control in this field.

The ancient Romans said that «money has no smell». Such words are not acceptable for our bank. We put an emphasis on measures aimed at preventing collaboration with any shadowy clients and contractors.

These measures are also aimed at preventing any bank's involvement in suspicious transactions.