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## Board of Directors Report

OOO Raiffeisenbank Austria, established in 1996, is a wholly-owned subsidiary of Austria's Raiffeisen Banking Group. It is the first Russian bank with 100% Austrian capital to have been granted a General License by the Central Bank of the Russian Federation. This license entitles Raiffeisenbank to provide resident and non-resident entities and private clients with a full range of banking services.

Since its foundation, Raiffeisenbank Austria has dynamically expanded its presence in Russia's challenging markets. The main achievements in 2000 are summarised below.

### Highlights

- Raiffeisenbank's total assets increased 78% in 2000 (compared to 1999 results) – to Euro 579 mn. The Bank is rated among the top 20 Russian banks in terms of equity and assets and ranks #2 among foreign subsidiaries in terms of net assets.
- Raiffeisenbank presently runs four business locations in Moscow (an increase of three from last year: two new branches and a 24-hour currency exchange office with a POS-terminal).
- Growth in productivity and efficiency generated an 82% increase in Raiffeisenbank Austria's operating profit, to Euro 33.1 mn compared to 1999 results. This was achieved by a relatively insignificant staff increase (18%).
- Raiffeisenbank Austria is rated #1 among foreign affiliates in terms of consolidated payment volume.
- In 2000, Raiffeisenbank Austria maintained its leadership role in foreign trade, servicing more than 4% of total Russian exports and slightly less than 1% of total Russian imports. Among foreign subsidiaries, Raiffeisenbank Austria is also the leader in terms of export contract volumes. The Bank continues to service 7 Russia's top oil majors.
- The Bank's market share of Russia's total Forex Market turnover is estimated at 15%, and Money Market turnover – at 10%, making Raiffeisenbank Austria one of the largest and most robust market makers.
- The Bank's corporate loan portfolio increased 100% compared to 1999 and is up 350% compared to 1998.
- The client deposit ratio exhibited stable growth in 2000, providing Raiffeisenbank Austria with a sustainable leadership position among all foreign-owned banks.
- Raiffeisenbank Austria's corporate client base has risen 50% since 1999.
- After receiving a banking license to service individual retail customers only in July 1999, Raiffeisenbank Austria successfully launched a consumer banking program and as of December 31, 2000 was rated the #2 bank among foreign bank subsidiaries in terms of retail deposits (Euro 65 mn on 20,000 retail accounts). By April 1, 2001 the total amount of retail deposits exceeded Euro 119 mn.

- Raiffeisenbank Austria has been involved in most RUR corporate bond issues placed since the start of 2000 in the capacity of underwriter, financial advisor, paying agent, market-maker.

## Personnel policy

Raiffeisenbank devotes special attention to its team, according to the principle that the bank's employees are its core asset. In 2000, the staff turnover was reduced to 8.6%. In a major staff development an in-house training center was set up in order to meet training needs internally, while outsourcing "Effective Consumer Care" to a training provider. Raiffeisenbank takes pride in its young and dynamic team, which is capable of delivering innovative solutions.

## Outlook

Raiffeisen Banking Group remains committed to the Russian market on a long-term basis, as evidenced by the recapitalisation of OOO Raiffeisenbank Austria in spring 1999 to cover the consequences of the 1998 financial crisis, the establishment of OOO Raiffeisen-Leasing, the launch of consumer banking and opening of branches.

Looking at 2001 and beyond, the Bank has ambitious plans for its strategic market development. The first Raiffeisenbank branch in the Russian regions was officially opened in St. Petersburg on June 23, 2001. The bank will become operational in the Q3 2001. Other official openings in Moscow and other Russian cities are in the pipeline.

## Gratitude

On behalf of the Board of Directors, management and staff of Raiffeisenbank Austria, we would like to take this occasion to extend our heartfelt thanks to all our customers and partners for their continued trust in the Bank; our Austrian colleagues and colleagues from the network banks for their support and co-operation; and Raiffeisenbank's team for their outstanding efforts and commitment shown over the past year.

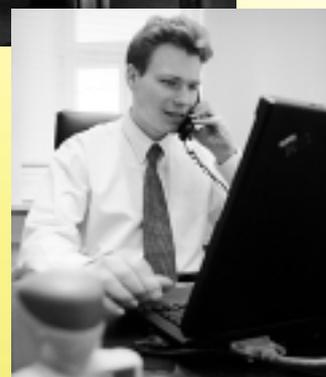
On behalf of the Board of Directors of  
OOO Raiffeisenbank Austria

Michel Perhirin,  
Chairman of the Board

**Michel Perhirin**  
Chairman  
of the Board



**Eugene Toutkevitch**  
Member of the Board



**Alexandr Oushakov**  
Member of the Board



**Levan Zolotarev**  
Member of the Board





# 1

## Corporate profile

OOO "Raiffeisenbank Austria" is a 100 percent-owned subsidiary of the Austrian Raiffeisen Banking Group, offering its corporate and private clients a full range of services in roubles and foreign currency. The Bank combines western standards of service, state-of-the-art technology and profound expertise in the local market, and offers a customized approach to each of its clients.

### Shareholders

Raiffeisen Zentralbank Österreich AG 99%  
Raiffeisen International Beteiligungsgesellschaft mbH 0.5%  
Raiffeisen Investgesellschaft mbH 0.5%

### Raiffeisen Banking Group in Russia

1989 – representative office of Raiffeisen Zentralbank Österreich AG  
1996 – OOO "Raiffeisenbank Austria"  
1998 – OOO "Raiffeisen-Investment"  
1999 – OOO "Raiffeisen-Leasing"  
1999 & 2000 – bank branches "Taganskoye" & "Romanov Dvor" in Moscow, sales point in Renaissance Penta Hotel  
2001 – opening of St. Petersburg branch on June 23<sup>rd</sup>  
2001 – two more branches open in Moscow

### Achievements

2000 – "Best international bank in Russia" – Central European  
2000 – "Best foreign bank in Russia/highly commended" – Euromoney  
1999 – "Best foreign bank in Russia" – Euromoney

### RZB in CEE

RZB-Austria (Raiffeisen Zentralbank Österreich AG) is the parent institution of Austria's Raiffeisen Banking Group, the largest wholly Austrian-owned banking group in terms of total consolidated assets (approx. EURO 96 bn as of June 2000). Founded in 1927, RZB-Austria provides a full range of commercial and investment banking services in Austria and world-wide.



RZB-Austria has been a pioneer in Central and Eastern Europe (CEE) and today ranks among the leading banks in the region covering the following countries: Hungary, Slovakia, Poland, Czech Republic, Slovenia, Croatia, Bulgaria, Russia, Ukraine, Romania and Bosnia and Herzegovina. These RZB Group network banks have combined assets of approx. EURO 6.7 bn and operate in over 200 business locations throughout the region. The Group employs a staff of some 5,100 in the CEE region, and nearly five times that in Austria.

In addition to banking operations, RZB-Austria runs several specialist companies in CEE offering innovative solutions in the areas of mergers & acquisitions, real estate development, fund management, leasing, mortgage banking, trade (counter-trade), etc.

In 2000, the RZB-Group again succeeded in expanding its balance sheet by double digits, with year-on-year growth of 28.7%, and with total assets amounting to EURO 37.2 bn. The Group's operating profit reached an all-time-high of EURO 295 mn.

RZB-Austria operates branches in London, Singapore and Beijing as well as a finance company in New York and a subsidiary in Malta. Representative offices are located in Brussels, Milan, Paris, Moscow, New York, Hong Kong, Ljubljana, Ho Chi Minh City, Mumbai (Bombay) and Tehran.

