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17 Additional Paid-In Capital

Additional paid-in capital represents the excess of contributions received over the nominal value of equity units issued.

On 4 August 2000 Raiffeisen Zentralbank Österreich contributed RR 440 637 thousand of additional paid-in capital to increase the capitalisation of the Bank.

18 Accumulated Deficit

In accordance with the Russian Law on Banks and Banking Activity, the Bank must distribute all profits as dividends or transfer them to reserves (fund accounts) on the basis of financial statements prepared in accordance with Russian Accounting Rules. The Bank's reserves under Russian Accounting Rules as at 31 December 2000 are RR 2 485 690 thousand.

19 Interest Income and Expense

2000

| Interest income | |
|---------------------------------|------------------|
| Loans and advances to customers | 595 039 |
| Due from banks | 428 716 |
| Securities | 178 988 |
| Total interest income | 1 202 743 |
| Interest expense | |
| Term deposits from banks | (298 431) |
| Term deposits of legal entities | (136 751) |
| Current/settlement accounts | (98 052) |
| Term deposits of individuals | (22 861) |
| Bills of exchange | (9 262) |
| Total interest expense | (565 357) |
| Net interest income | 637 386 |

20 Provision for Losses on Loans and Advances

| | Note | 2000 |
|--|------|-----------------|
| Recovery of amounts due from banks which were previously provided against | 7 | 15 312 |
| Charge against provision on losses on loans and advances to customers | 8 | (26 333) |
| Net provision for losses on loans and advances | | (11 021) |

21 Fee and Commission Income and Expense

| | Note | 2000 |
|--|------|------------------|
| Commission on cash operations | | 43 923 |
| Commissions on export operations | | 41 838 |
| Documentary business commissions | | 38 117 |
| Commissions on operations with plastic cards | | 33 653 |
| Commission on settlement transactions | | 30 903 |
| Loan issuance commissions | | 27 553 |
| Commission transactions with securities | | 4 515 |
| Other | | 12 525 |
| Total fee and commission income | | 233 027 |
| Standby facility fees | 25 | (130 159) |
| Commission on currency conversion | | (54 057) |
| Documentary business commissions | | (26 896) |
| Commission transactions with securities | | (5 254) |
| Commissions on settlement transactions | | (3 975) |
| Other | | (23 730) |
| Total fee and commission expense | | (244 071) |
| Net fee and commission expense | | (11 044) |



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22 Operating Expenses

| | 2000 |
|--|------------------|
| Staff costs | (278 770) |
| Taxes other than on income | (55 002) |
| Other expenses related to premises and equipment | (31 358) |
| Administrative expenses | (30 746) |
| Professional services | (19 056) |
| Depreciation | (16 616) |
| Advertising and marketing | (16 373) |
| Travelling and accommodation | (8 415) |
| Other operating expenses | (47 870) |
| Total operating expenses | (504 206) |

23 Income Taxes

Income tax expense was comprised of the following:

| | 2000 |
|---|----------------|
| Current tax charge | 73 545 |
| Deferred tax expense relating to the origination and reversal of temporary differences | 100 659 |
| Deferred tax expense relating to the change in tax rates | 609 |
| Income tax expense for the year | 174 813 |

The income tax rate applicable to the majority of the Bank's income is 38 percent. The tax rate decreased from 43 percent to 38 percent as of 1 April 1999. Effective 1 January 2001, the tax rate has been increased to 43 percent. A reconciliation between the expected and the actual taxation charge is provided below.

| | 2000 |
|--|----------------|
| IAS profit before taxation | 461 638 |
| Theoretical tax charge at 38% | 175 422 |
| Tax effect of items which are not deductible or assessable for taxation purposes: | |
| ■ Income on government securities taxed at different rates | (28 049) |

| | |
|---|-----------|
| ■ Non deductible provisions for losses on loans | (22 692) |
| ■ Non deductible expenses recorded in reserves | (6 567) |
| ■ Non temporary elements of monetary gains and losses | 80 005 |
| ■ Other non deductible expenses | 106 754 |
| ■ Other non temporary differences | (6 292) |
| Tax losses not utilised | 73 242 |
| Effect of the change in tax rate | 609 |
| Non-recognised net deferred tax asset movement | (197 617) |

| | |
|--|----------------|
| Income tax expense for the year | 174 813 |
|--|----------------|

Differences between IAS and Russian statutory taxation regulations give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and for profits tax purposes. The tax effect of the movement on these temporary differences is recorded at the rate of 43%, except for income on state securities that is taxed at 15%.

| | 1999 | Movement | 2000 |
|---|-----------------|-----------------|------------------|
| Tax effect of deductible temporary differences | | | |
| Premises and equipment | 4 659 | 3 005 | 7 664 |
| Accruals | – | 20 993 | 20 993 |
| Tax loss carried forward | 348 761 | (102 371) | 246 390 |
| Other | 23 185 | (23 185) | – |
| Gross deferred tax asset | 376 605 | 101 558 | 275 047 |
| Less: non-recognised deferred tax asset | (293 653) | (197 617) | (96 036) |
| Net deferred tax asset | 82 952 | (96 059) | 179 011 |
| Tax effect of taxable temporary differences | | | |
| Accruals | – | (37 218) | (37 218) |
| Revaluation of premises and equipment | (34 614) | (6 361) | (40 975) |
| Mark to market of securities | (4 973) | (5 236) | (10 209) |
| Provision for losses on loans | (10 334) | (181 543) | (191 877) |
| Other | (33 031) | 33 031 | – |
| Gross deferred tax liability | (82 952) | 197 327 | (280 279) |
| Total net deferred tax liability (Note 15) | – | 101 268 | (101 268) |



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The Bank also has available RR 573 million of tax loss carry forwards, which can be utilised in equal parts over the next 3 years. The amount of tax loss, which can be used every year, is limited to 50% of the taxable profit for that year.

Management has reviewed its profit forecast for the next three years and as a result of the limitation on the utilisation of tax loss carry forwards as described above, a net deferred tax asset in the amount of RR 96 036 thousand at 31 December 2000 has not been recorded for the net deductible temporary differences.

24 Geographical Analysis and Currency Risk

Geographical analysis. The geographical analysis of the Bank's assets and liabilities as at 31 December 2000 is set out below:

| | Russia | OECD | Non OECD | Total |
|---|-------------------|------------------|------------------|-------------------|
| Assets | | | | |
| Cash and cash equivalents | 512 044 | 254 558 | 11 | 766 613 |
| Mandatory cash balances with the CBRF | 1 185 454 | - | - | 1 185 454 |
| Securities | 684 099 | - | - | 684 099 |
| Due from banks | 839 484 | 3 769 378 | - | 4 608 862 |
| Loans and advances to customers | 6 997 424 | 15 612 | 2 879 | 7 015 915 |
| Other investments | 6 370 | - | - | 6 370 |
| Accrued interest income | 78 519 | 6 572 | - | 85 091 |
| Other assets | 34 240 | - | - | 34 240 |
| Premises and equipment | 202 315 | - | - | 202 315 |
| Total assets | 10 539 949 | 4 046 120 | 2 890 | 14 588 959 |
| Liabilities | | | | |
| Due to banks | 1 633 660 | 1 911 199 | 349 | 3 545 208 |
| Customer accounts | 8 868 722 | 42 386 | 168 650 | 9 079 758 |
| Bills of exchange | 94 837 | - | - | 94 837 |
| Accrued interest expense | 31 901 | 16 468 | 451 | 48 820 |
| Other liabilities | 203 613 | - | - | 203 613 |
| Total liabilities | 10 832 733 | 1 970 053 | 169 450 | 12 972 236 |
| Net balance sheet position at 31 December 2000 | (292 784) | 2 076 067 | (166 560) | 1 616 723 |

Currency analysis. Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. At year end, the Bank had balances in Russian Roubles and other currencies. Other currencies represent mainly amounts in US dollars and the Euro.

At 31 December 2000, the Bank has the following positions in currencies:

| | RR | USD | Euro | Other currencies | Total |
|---|------------------|--------------------|-----------------|------------------|-------------------|
| Assets | | | | | |
| Cash and cash equivalents | 368 351 | 304 401 | 83 509 | 10 352 | 766 613 |
| Mandatory cash balances with the CBRF | 1 185 454 | – | – | – | 1 185 454 |
| Securities | 636 872 | 47 227 | – | – | 684 099 |
| Due from banks | 801 468 | 3 761 741 | 45 653 | – | 4 608 862 |
| Loans and advances to customers | 221 866 | 6 354 937 | 401 091 | 38 021 | 7 015 915 |
| Other investments | 6 370 | – | – | – | 6 370 |
| Accrued interest income | 22 067 | 58 588 | 4 399 | 37 | 85 091 |
| Other assets | 30 709 | 3 477 | 55 | – | 34 240 |
| Premises and equipment | 202 315 | – | – | – | 202 315 |
| Total assets | 3 475 471 | 10 530 371 | 534 707 | 48 410 | 14 588 959 |
| Liabilities | | | | | |
| Due to banks | 1 156 525 | 1 956 565 | 431 956 | 162 | 3 545 208 |
| Customer accounts | 1 898 533 | 7 060 581 | 111 061 | 9 583 | 9 079 758 |
| Bills of exchange | 41 260 | 53 577 | – | – | 94 837 |
| Accrued interest expense | 4 605 | 42 793 | 1 422 | – | 48 820 |
| Other liabilities | 137 129 | 65 465 | 865 | 153 | 203 613 |
| Total liabilities | 3 238 052 | 9 178 981 | 545 304 | 9 899 | 12 972 236 |
| Net balance sheet position at 31 December 2000 | 237 419 | 1 351 390 | (10 597) | 38 511 | 1 616 723 |
| Off-balance sheet notional position | 1 402 071 | (1 365 935) | 2 762 | (38 323) | 575 |
| Credit commitments | 473 851 | 3 151 529 | 358 962 | 25 372 | 4 009 714 |

The off-balance sheet position includes notional positions on foreign exchange forward contracts entered into during 2000.

The Bank has extended loans and advances denominated in foreign currencies. Although these loans are generally funded by the same currencies, depending on the revenue stream



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of the borrower, the appreciation of the currencies against the Russian Rouble may adversely affect the borrowers' repayment ability and therefore increases the likelihood of future loan losses.

25 Interest Rate, Liquidity and Credit Risk

Interest rate risk. A Bank is exposed to interest rate price risk, principally as a result of lending and advances to customers and other banks, at fixed interest rates, in amounts and for periods which differ from those of term deposits and other borrowed funds at fixed interest rates.

In practice, interest rates are generally fixed on a short term basis. Also, interest rates that are contractually fixed on both assets and liabilities are often renegotiated to reflect current market conditions.

The table below summarises the effective average interest rate, by major currencies, for interest-bearing monetary financial instruments outstanding as at 31 December 2000. The analysis has been prepared on the basis of weighted average interest rates for the various financial instruments using year end contractual rates.

| | RR | USD | Euro | Other currencies |
|---------------------------------|--------|--------|-------|------------------|
| Assets | | | | |
| Securities | 26.00% | 3.59% | – | – |
| Due from banks | 22.77% | 6.27% | – | – |
| Loans and advances to customers | 22.98% | 11.40% | 6.73% | 5.58% |
| Liabilities | | | | |
| Due to banks | 22.92% | 10.60% | 5.15% | – |
| Customer deposits | 12.57% | 5.64% | 0.82% | – |
| Bills of exchange | 12.42% | 6.15% | – | – |

Liquidity risk. Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. The liquidity risk is managed by the Credit and Risk management department of the Bank. The table below shows assets and liabilities as at 31 December 2000 by their remaining contractual maturity. Some of the assets, however, may be of a longer term nature; for example, loans are frequently renewed and accordingly short term loans can have a longer term duration.

The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the Management of the Bank. It is unusual for banks ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest and exchange rates.

The liquidity position of the Bank as at 31 December 2000 is set out below.

| | On demand | Less than 1 month | From 1 to 6 months | From 6 to 12 months | More than 1 year | No stated maturity | Total |
|---|--------------------|--------------------|--------------------|---------------------|------------------|--------------------|-------------------|
| Assets | | | | | | | |
| Cash and cash equivalents | 766 613 | – | – | – | – | – | 766 613 |
| Mandatory cash balances with the CBRF | – | 1 185 454 | – | – | – | – | 1 185 454 |
| Securities | – | – | – | 122 883 | 561 216 | – | 684 099 |
| Due from banks | – | 4 293 360 | 315 502 | – | – | – | 4 608 862 |
| Loans and advances to customers | 36 454 | 1 097 453 | 2 221 130 | 1 911 020 | 1 749 858 | – | 7 015 915 |
| Other investments | – | – | – | – | – | 6 370 | 6 370 |
| Accrued interest income | – | 53 074 | 28 235 | 3 197 | 585 | – | 85 091 |
| Other assets | – | – | 34 240 | – | – | – | 34 240 |
| Premises and equipment | – | – | – | – | – | 202 315 | 202 315 |
| Total assets | 803 067 | 6 629 341 | 2 599 107 | 2 037 100 | 2 311 659 | 208 685 | 14 588 959 |
| Liabilities | | | | | | | |
| Due to banks | 640 957 | 1 124 629 | 872 843 | 298 943 | 607 836 | – | 3 545 208 |
| Customer accounts | 3 660 927 | 4 086 709 | 1 091 936 | 234 615 | 5 571 | – | 9 079 758 |
| Bills of exchange | – | 47 336 | – | – | 47 501 | – | 94 837 |
| Accrued interest expense | – | 34 631 | 9 235 | 4 954 | – | – | 48 820 |
| Other liabilities | – | 102 345 | – | – | – | 101 268 | 203 613 |
| Total liabilities | 4 301 884 | 5 395 650 | 1 974 014 | 538 512 | 660 908 | 101 268 | 12 972 236 |
| Net liquidity gap | (3 498 817) | 1 233 691 | 625 093 | 1 498 588 | 1 650 751 | 107 417 | 1 616 723 |
| Cumulative liquidity gap at 31 December 2000 | (3 498 817) | (2 265 126) | (1 640 034) | (141 445) | 1 509 306 | 1 616 723 | – |



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Mandatory cash balances with the CBRF are included within less than one month as the majority of liabilities to which this balance relates to are also included within this category. However, these balances could be withdrawn only in the month subsequent to the month of the withdrawal of related customer accounts.

The Bank's interest rate sensitivity analysis based on the re-pricing of the Bank's assets and liabilities does not differ significantly from the maturity analysis disclosed in the table above. However, the major of the loan portfolio is re-priced on a monthly basis.

Management believes that in spite of a substantial portion of deposits from individuals being on demand, diversification of these deposits by number and type of depositors, and the past experience of the Bank would indicate that these deposits provide a long-term and stable source of funding for the Bank.

The Parent Bank has committed to provide financial support to the Bank in the event of a substantial change in market conditions in the Russian Federation via a loan facility of up to USD 300 million (RR 8 448 000 thousand as at 31 December 2000). A substantial change of market conditions is defined as the impossibility for the Bank to borrow monetary funds on the currency market of the Russian Federation at a rate less than LIBOR plus 4%. There were no drawdowns of this facility since the inception date. During 2000 the Bank paid to the Parent Bank a standby facility fee of 1.5% or RR 130 159 thousand with respect to this arrangement. Refer to Note 21 and 28.

Credit risk. The Bank takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits on the level of credit risk by product, borrower and industry sector are approved quarterly by the Board of Management.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed, in part, by obtaining collateral and corporate and personal guarantees.

The Bank's maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets on the bal-

ance sheet. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as a result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The Bank uses the same credit policies in making conditional obligations as it does for on-balance sheet financial instruments through established credit approvals, risk control limits and monitoring procedures.

26 Contingencies, Commitments and Derivative Financial Instruments

Legal proceedings. From time to time and in the normal course of business, claims against the Bank are received from customers. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in these financial statements.

Tax legislation. Due to the presence in Russian commercial legislation, and tax legislation in particular, of provisions allowing more than one interpretation, and also due to the practice developed in a generally unstable environment by the tax authorities of making arbitrary judgement of business activities, Management's judgement of the Bank's business activities may not coincide with the interpretation of the same activities by tax authorities.

If a particular treatment was to be challenged by the tax authorities, the Bank may be assessed additional taxes, penalties and interest, which can be significant. Tax years remain open to review by the tax authorities for three years.

Operating lease commitments. Where the Bank is the lessee, the future minimum lease payments under non cancellable building operating leases are as follows:

| | 2000 |
|--|---------------|
| Not later than 1 year | 11 520 |
| Later than 1 year and not later than 5 years | 38 250 |
| Total operating lease commitments | 49 770 |

Credit related commitments. The credit related commitments comprise loan commitments, letters of credit and guar-



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antees. The contractual amount of these commitments represents the value at risk should the contract be fully drawn upon, the client defaults, and the value of any existing collateral becomes worthless. In general, all the Bank's import letters of credit are collateralised with cash deposits or collateral pledged to the Bank and accordingly the Bank normally assumes minimal risk. Outstanding credit related commitments are as follows:

| | 2000 |
|---|------------------|
| Undrawn credit lines | 2 215 284 |
| Guarantees issued | 1 567 164 |
| Import letters of credit | 227 266 |
| Total credit related commitments | 4 009 714 |

The amount of undrawn credit lines issued by the Bank as at 31 December 2000 was RR 2 213 381 thousand. The Bank however has the right to renegotiate the terms of some credit line agreements. At 31 December 2000, the probability of losses arising in connection with these undrawn credit lines is considered remote and accordingly no provision has been established.

The total outstanding contractual amount of guarantees, letters of credit, and undrawn credit lines does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

Derivatives. As at 31 December 2000, the Bank had outstanding contracts with Russian and foreign banks whereby it had agreed to buy or sell Russian Roubles in exchange for another currency at an exchange rate agreed to at the date of the contract. Some of these contracts were entered into prior to 17 August 1998 and matured during 1998 but have not yet been settled as at 31 December 2000.

The Bank has been able to settle outstanding contracts with several counterparties during 2000 and resultant gains of RR 79 865 thousand have been recorded as the balances had been previously provided against in past years. At 31 December 2000 the Bank had outstanding contracts, that were entered into during 1998, with five domestic counterparties with a nominal value of RR 728 923 thousand for the purchase of foreign currency. The calculated net gain on these transactions, based on contractual rates, as at 31 December 2000 is RR 1 256 289 thousand. Management has fully provided against this gain in these finan-

cial statements as it is likely that collectability of the receivables from the counterparties is doubtful.

At present there is also uncertainty in Russia with respect as to how, and on which basis, the derivative contracts will be settled; only a small proportion of outstanding domestic index forward contracts have been settled in the market. Such settlements have been made at rates substantially below the contractual rates. Management believes that it is possible that contracts between Russian banks may become void or other remedial measures may be available. In the event the outstanding contracts are declared void or settled at an amount different than the amount called for in the contract, the losses and gains would be adjusted and the difference would be recognised in the statement of operations in the period that the settlement occurs.

The Bank also engages in transactions with other off-balance sheet financial instruments.

Foreign exchange off-balance sheet financial instruments are generally traded in an over-the-counter market with professional market counterparties on standardised contractual terms and conditions. The nominal amounts for off-balance sheet financial instruments are not reflected in the balance sheet.

The following table provides an analysis of the principal or agreed amounts and loss or gain arising on contracts outstanding at the year end with a maturity date subsequent to 31 December 2000. This table reflects gross position, before the netting of any counterparty position, by type of instrument. These deals were entered into in December 2000 and are short term in nature.

| | Domestic | | | Foreign | | |
|---|----------------------------|----------------|--------------|----------------------------|--------------|----------|
| | Principal or agreed amount | Loss | Gain | Principal or agreed amount | Loss | Gain |
| Deals entered into in 2000: | | | | | | |
| Deliverable forwards | | | | | | |
| ■ purchase of USD against JPY | 39 424 | – | 1 101 | – | – | – |
| Spot | | | | | | |
| ■ purchase of RR against foreign currency | 65 865 | (1 097) | – | 1 438 976 | – | – |
| ■ sale of RR against foreign currency | 64 110 | – | 1 031 | 34 694 | (456) | – |
| ■ sale of USD against Euro | | | | 2 619 | (5) | – |
| Total | 169 399 | (1 097) | 2 132 | 1 476 289 | (461) | – |



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For these deals the Bank has recorded a net gain of RR 574 thousand within gains less losses arising from dealing in foreign currency.

Assets pledged. As at 31 December 2000, the Bank has cash assets in the total amount of RR 196 859 thousand pledged as collateral against guarantees and letters of credit issued in favour of its customers.

27 Fair Value of Financial Instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price.

The estimated fair values of financial instruments have been determined by Management using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. As described in more detail in Note 2, the Russian Federation has shown signs of an emerging market and has experienced a significant decline in the volume of activity in its financial markets. While Management has used available market information in estimating the fair value of financial instruments, the market information may not be fully reflective of the value that could be realised in the current circumstances.

Management considers that it is difficult to estimate the fair value of loans and advances to customers and term deposits. These instruments are not currently traded in the Russian financial markets, and an objective estimate of their fair value is not available. The instability of the interest rate and exchange rate environment significantly affects the fair value of these financial instruments. Some financial institutions have been unwilling to lend to or invest in Russian companies, thus limiting information which might otherwise be available to Management to assist in estimating fair values. Because of these factors, Management does not believe that an objective basis for the fair value of loans and advances to customers and term deposits can be obtained with sufficient reliability to provide meaningful information to users.

The following methods and assumptions were used to estimate the fair value of the Bank's other financial instruments.

Financial assets. For monetary assets, excluding the assets described above, fair value approximates the carrying value.

The fair values of certain financial assets carried at cost, including cash and cash equivalents, due from banks and other financial assets are considered to approximate their respective carrying values due to their short-term nature.

The fair values of securities are determined by reference to market value. The fair values of securities sold under repurchase agreements were estimated based on market prices available at the balance sheet date. The fair value of the OFZ securities portfolio is RR 598 949 thousand as at 31 December 2000.

Financial liabilities. For monetary liabilities, excluding the liabilities described above, fair value approximates the carrying value.

The fair value of deposit liabilities without a stated maturity is assumed to be the carrying amount (nominal amount). The Bank's bills of exchange are carried at nominal value. As a result of the general market conditions, Management does not believe it is practical to estimate the fair value of these instruments.

28 Related Party Transactions

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Banking transactions are entered into in the normal course of business with significant shareholders, directors, subsidiaries and companies with which the Bank has significant shareholders in common.

The Bank enters into a number of banking transactions with related parties in the normal course of business. These include settlements, loans, deposit taking, trade finance and foreign currency transactions. These transactions are priced predominantly at market rates. The outstanding balances at the year end and in-



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terest expense and income as well as other transactions for the year with related parties are as follows:

| | 2000 |
|---|------------------|
| Due from Banks | |
| Loans and advances outstanding as at year end | 592 008 |
| ■ including deposits pledged | |
| as collateral with the Parent Bank | 144 291 |
| Interest income | 249 196 |
| Due to Banks | |
| Outstanding balance as at year end | 1 878 316 |
| Interest expense | 12 216 |
| Guarantees issued by the Bank | 32 384 |
| Guarantees received by the Bank | 4 174 735 |
| Losses on foreign exchange trading | 13 582 |
| Fees and commissions paid | 159 821 |

Included in the amount of fees and commissions paid is RR 130 159 thousand of commitment fees paid to the Parent Bank for maintenance of the loan facility guarantee. Refer to Note 25.

29 Subsequent Events

On 9 February 2001 the Bank changed its legal form from a limited liability partnership to a closed joint stock company. The units of the partners were converted into shares. During this process the charter capital was reduced to RR 1 004 000 thousand to absorb losses of prior years and without any change to the total equity of the Bank. The participation percentage of the shareholders in the charter capital remained unchanged.



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