

Personnel Policy

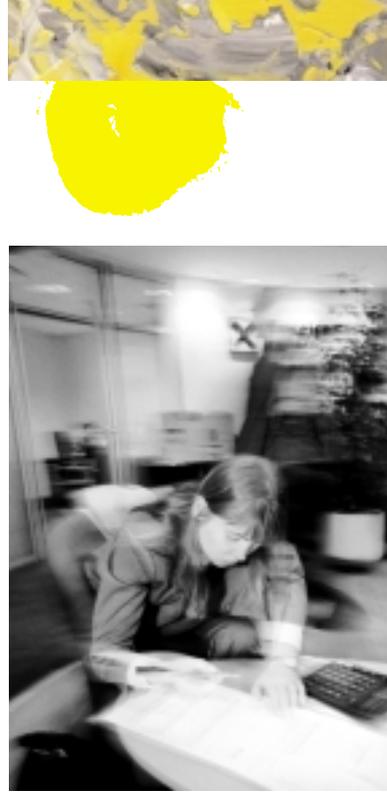
Raiffeisenbank Austria's activities in the Human Resource field during 1999 were mainly targeted towards realizing the Raiffeisen Banking Group's strategic goals. For Russia, this means the ability to offer a wide range of banking services and to develop new products. In practical terms, this also meant a staff increase of 71% in comparison with our 1998 headcount, while still maintaining the average age at a stable 29.

The rapid expansion of Raiffeisenbank Austria in Russia necessitated extensive staff hiring – for both entry level and management positions – and consequent training. All newly-employed people in Raiffeisenbank Austria hold university degrees in finance, economics or banking and have a strong command of English both written and spoken, most of them also having German, French, Italian, Swedish, Finnish or Norwegian as their second foreign language. Another important fact is that most employees have previous work experience in multinational corporations.

Raiffeisenbank Austria's training needs were covered by external providers as well as internally, which included Raiffeisen Zentralbank training programs arranged in several modules for Corporate Banking and Trade Finance-related employment groups in network banks. To ensure smooth cooperation between divisions within the Bank itself, a series of inter-departmental training workshops were carried out.

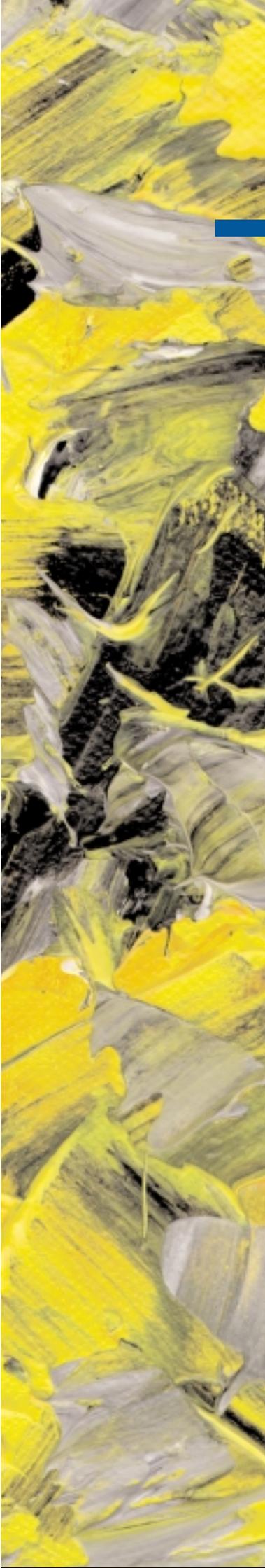
On the whole, personnel policy for the past year consisted in putting significant emphasis on hiring the right staff and providing proper training for them, according to the principle that a company's employees are its most important assets.



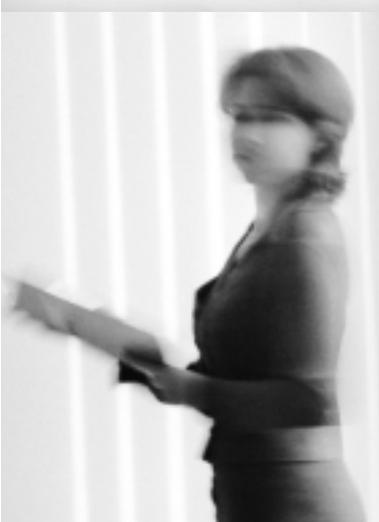




Financial Reporting



Financial Reporting



1. Declaration of Accounting Principles

The Management Board of Raiffeisenbank Austria is responsible for the accuracy of the financial information presented in the Annual Report, as well as the underlying information implied in the consolidated figures.

The Bank's financial statements are based on International Accounting Standards (IAS) taking into consideration the relevant requirements of the Austrian Banking Act as presented in the Raiffeisen Zentralbank Osterreich AG Group schedules of the "Reporting Package for Consolidated Accounts 1999".

(a) Currency of financial statements

Financial statements are presented in US Dollars.

(b) Accounting of income and expenses

Interest income and expenses are recognised on an accrual basis, as earned or incurred.

(c) Fixed assets

Fixed assets are based on the historical rouble exchange rate on the date of purchase. Depreciation of the fixed asset is calculated using the straight-line method in adherence with the norms established by the Ministry of Finance of the Russian Federation. Outlined below are the average depreciation rates by type of fixed asset.

Property	5%
Computer equipment	10%
Furniture	8-13%
Transportation vehicles	11-14%

(d) Foreign currency items

Cash assets and liabilities in currencies other than US Dollars are denominated in US Dollars at the cross rate of the Central Bank of Russia as of December 31st, 1999. Non-cash assets and liabilities are translated into US Dollars at the exchange rate prevailing on the transaction date.