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Moscow

IFC to Strengthen Russian Banking Sector

The International Finance Corporation, the private sector arm of the World Bank Group, today announced a \$100 million financing package to Russian Standard Bank, a pioneer of consumer finance in Russia and a successfully developing private bank.

The total package includes a \$40 million loan for IFC's own account and a syndicated loan of \$60 million for the account of commercial banks. Mandated lead arrangers on the syndicated loan are Citigroup and Raiffeisen Zentralbank Osterreich AG. It is IFC's first syndicated loan for a Russian bank since 1998 and will be the longest syndicated loan tenor to date for a private sector Russian bank.

The financing will be used to continue the expansion of the bank's consumer finance lending operations and will promote its reach into regions across Russia, where demand for retail banking services is even greater than in Moscow. Through IFC's mobilization umbrella the bank will gain access to the syndicated loan markets for maturities longer than those currently available while broadening its investor base. Linked to Russian rubles, IFC's lending will help the bank manage a foreign currency gap between its loans and borrowings.

Edward Nassim, IFC's director for Central and Eastern Europe, said, "Russian Standard Bank is our long-time partner, and we are pleased to support its further growth. The bank has a successful business model, and we hope that this new financing will help it maintain its market position and extend the tenor of its borrowings."

"We are pleased to continue cooperating with IFC in the market, and this transaction will help us to meet a growing demand from consumer clients," said Dmitry Levin, CEO of Russian Standard Bank.

"IFC's financing package aims to help Russian Standard Bank sustain its growth in a rapidly evolving consumer finance market. It will also broaden the funding base of the bank," said Jyrki Koskelo, director of IFC's Global Financial Markets Department.

Russian Standard Bank (www.bank.rs.ru) was founded in 1999 and in just five years has become the leading operator in Russia's consumer finance market, with more than 10.5 million loan customers and an overall volume exceeding 121.5 billion rubles. It also has issued more than 5.9 million credit cards. It has established national coverage and has a presence in more than 2,000 cities across Russia. IFC is a 6.42 percent shareholder of the bank.

[Citigroup](http://www.citigroup.com) (NYSE: C), the leading global financial services company, has some 200 million customer accounts and does business in more than 100 countries, providing consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, insurance, securities brokerage, and asset management. Major brand names under Citigroup's trademark red umbrella include Citibank, CitiFinancial, Primerica, Smith Barney, Banamex. Additional information may be found at www.citigroup.com.

Raiffeisen Zentralbank Osterreich AG With a balance sheet total of € 79,1 billion as of June 2005, Raiffeisen Zentralbank Osterreich AG (RZB) is the third largest bank in Austria and one of the country's leading commercial and investment banks. RZB was founded in 1927 and is headquartered in Vienna. It is the central institution of the Austrian Raiffeisen Banking Group (RBG) and the core company of the RZB Group.

RZB's strong involvement in Central and Eastern Europe (CEE), the related exceptional growth and its outstanding appeal to customers have made it one of the top players in the region. In addition to Austria.

The International Finance Corporation (www.ifc.org) is the private sector arm of the World Bank Group and is headquartered in Washington, D.C. IFC coordinates its activities with the other institutions of the World Bank Group but is legally and financially independent. Its 178 member countries provide its share capital and collectively determine its policies.

The mission of IFC is to promote sustainable private sector investment in developing and transition countries, helping to reduce poverty and improve people's lives. IFC finances private sector investments in the developing world,

mobilizes capital in the international financial markets, helps clients improve social and environmental sustainability, and provides technical assistance and advice to governments and businesses. From its founding in 1956 through FY05, IFC has committed more than \$49 billion of its own funds and arranged \$24 billion in syndications for 3,319 companies in 140 developing countries. IFC's worldwide committed portfolio as of FY05 was \$19.3 billion for its own account and \$5.3 billion held for participants in loan syndications.

Russia joined IFC in 1993. Since then IFC has invested \$2.4 billion in the country, including \$246 million in syndicated loans, in over 100 projects across a variety of sectors. In FY05 (July 2004-June 2005) IFC's investments reached \$832 million. IFC's investment portfolio in Russia currently stands at \$1.7 billion, making it the largest country exposure for IFC globally. IFC has invested in key sectors including banking, leasing, housing finance, infrastructure, mining, agribusiness, pulp and paper, construction materials, oil and gas, telecommunications, information technologies, retail, and health care.