

H1 2009 IFRS Results

Mr. Artem Konstandian, First Vice-President

Ms. Alexandra Volchenko, Senior Vice-President

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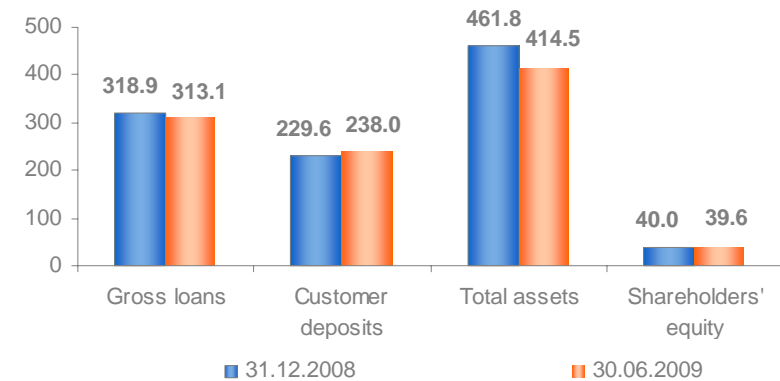
- PSB continues to develop as a universal institution, adapts strategy to the crisis environment

- Focus on customer deposits and commission-based products as well as shorter-term / lower-risk loans
- Credit procedure revamped
- Maintaining leadership in international trade finance and factoring, potential for expansion in SME lending

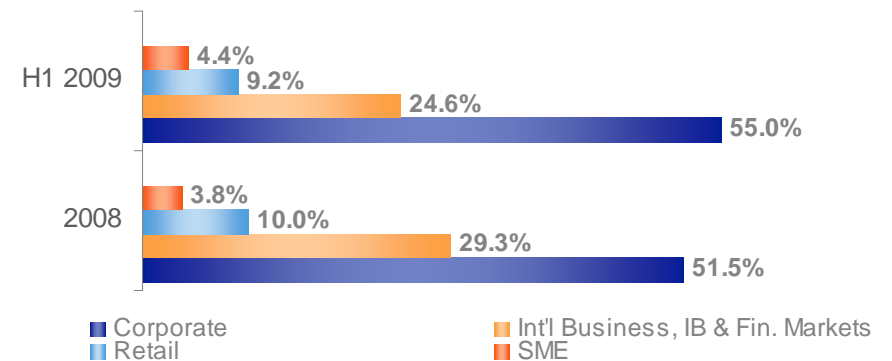
- Proved ability to repay debt without refinancing

- Prepaid 2 syndicated loans due in 2009
- Passed through two put options on domestic bonds
- Prepaid anti-crisis funding from CBR
- Very modest amount of outstanding public debt is due in 2009-2010
 - In 2009, there is only a put option on a domestic bond issue (RUB 1.3 bn)
 - Public borrowings due in 2010 total ca. US\$ 530 mln (less than 5% of PSB's total liabilities (as of 30/06/2009))

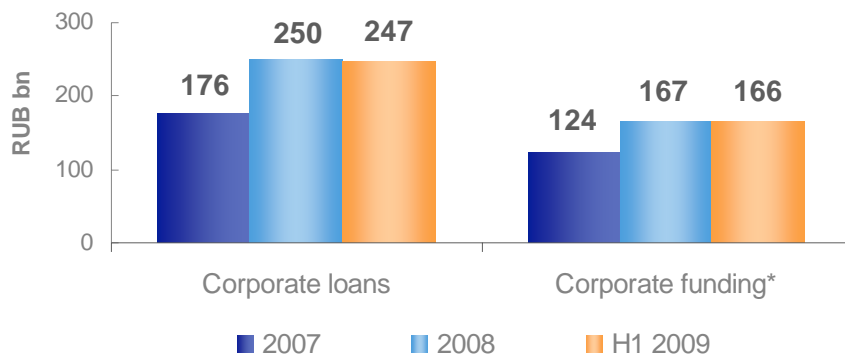
PSB key balance sheet items, RUB mln



Share of business lines in total assets

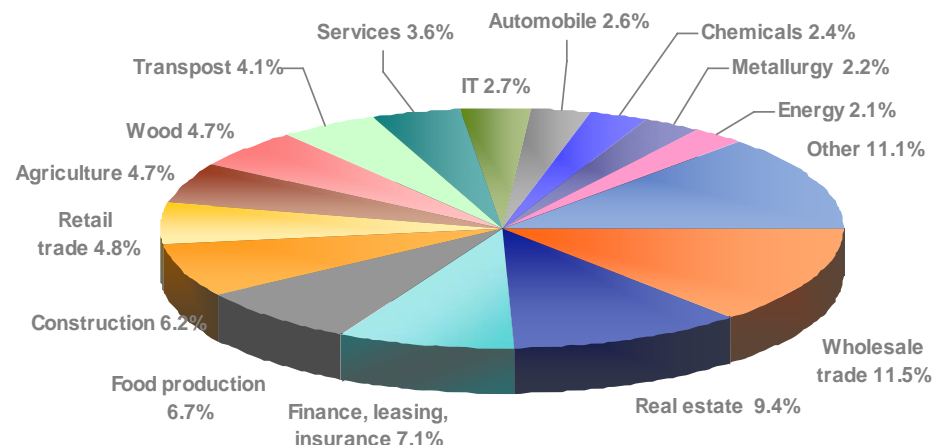


Corporate loans and funding



* incl. current accounts, deposits, promissory notes and CDs

Diversification by industry



Results

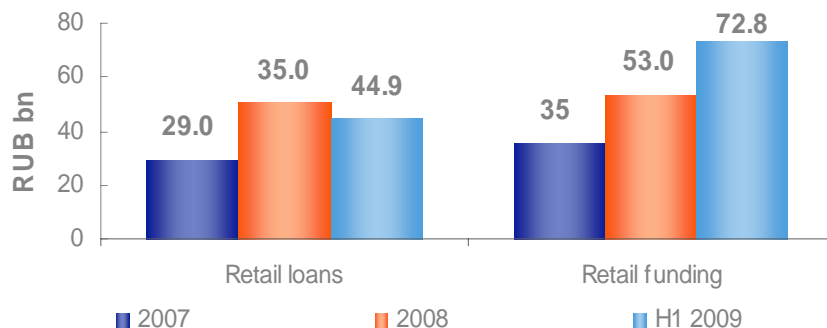
- **Corporate lending:**
 - Backbone of PSB's operating profitability
 - Good diversification by economic sector
 - Maintained leadership in factoring and trade finance despite the crisis
- **Corporate funding:**
 - Shifted client managers' focus from loans to deposits
 - Core funding base comprising customer accounts, PSB own promissory notes and CDs remained stable in crisis
- **24,000 corporate clients as of 01.07.2009***

Objectives

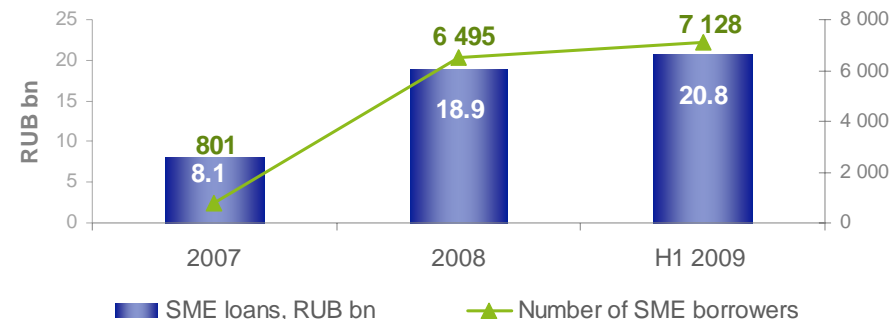
- **Further segmentation of the client base**
- **Restrain growth of impaired loans, improve collection**
- **Focus on commission-based products**
- **Further increase the share of corporate deposits in funding**

*PSB revised client classification in Q2 2009, whereby all companies with turnover of up to RUB 540 mln (that do not use corporate lending products, such as factoring & trade finance) were classified as SME clients.

Retail loans & funding



SME loans



Results

Retail Banking

- Growth in impaired loans leveled off due to centralization of lending process, RM & underwriting; overhaul of internal procedures; improved collection ; mass restructuring of auto loans and consumer loans (about 10% of the portfolio)
- Yet, PSB expects the level of NPL to increase further by YE 2009 on the back of an ongoing contraction in retail loans (by 11% in H1 2009)
- Strong 36% growth in retail deposits in H1 2009, following 51% growth for the full-year 2008 (triple the Russian market average)*
- Ranked #7 in Russia by retail deposits as at 1 July 2009*

SME Banking

- 10% growth of SME loans (PSB is among the top-7 SME lenders in Russia*)
- Increased interest rates, shorter durations, mandatory collateral for newly issued loans
- A total of over 51,000 SME clients** as at end-H1 2009
- Very good quality of SME loans issued since 11/2009 (after the tightening of credit underwriting criteria in October 2008), with NPL level not exceeding 1%

Objectives

Retail Banking

- Continue focus on loan portfolio quality
- Priority to commission-based and deposit products
- Launch of (pilot) consumer lending programs planned for Q3 and Q4; focus on loyal clients with proven credit histories at PSB and payroll program members

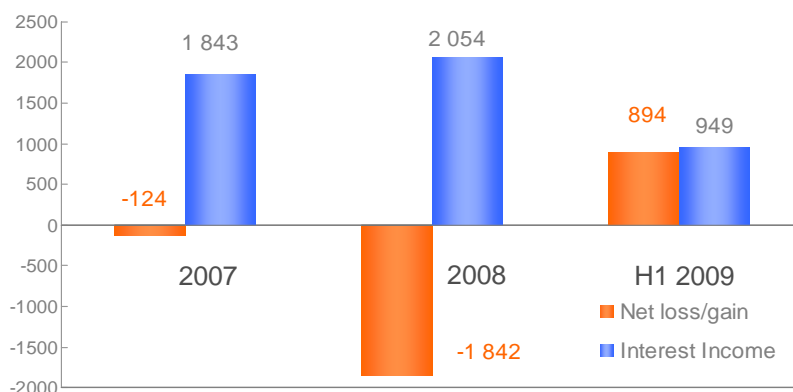
SME Banking

- Further increase the share of SME in PSB loan portfolio
- Focus on risk management and borrowers' monitoring
- Priority to mid-sized companies from relatively low-risk economic sectors
- Increase volume of funding from SME customers, focus on deposits and settlement services

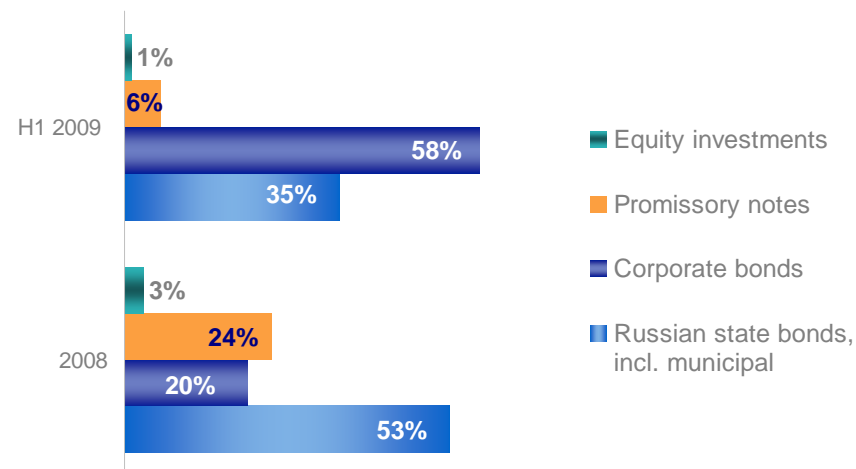
* Source: RBC.Rating

** PSB revised client classification in Q2 2009, whereby companies with turnover of up to RUB 540 mln, which do not use corporate lending products, such as factoring & trade finance, were classified as SME clients.

Securities book: inherent volatility



Securities portfolio split



Results

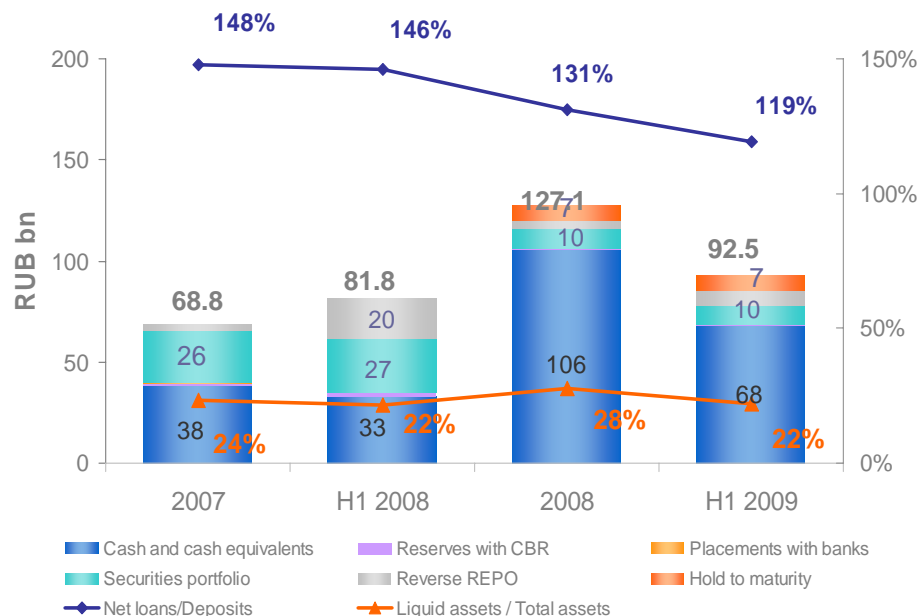
- Leading fixed income house
- Cross-selling with corporate banking
- Efficient risk management function
- Ranked #11 among arrangers of corporate bonds in Russia*
- Brokerage:
 - expanded client base during the crisis
 - fee and commission income doubled thanks to the launch of new products (started operations on FORTS, etc.)

Objectives

- Increase securities portfolio with corporate Eurobonds and high-quality RUB bonds
- Offer clients new services
 - restructuring of public borrowings
 - purchase and management of distressed debt
- View state support as contingency funding only

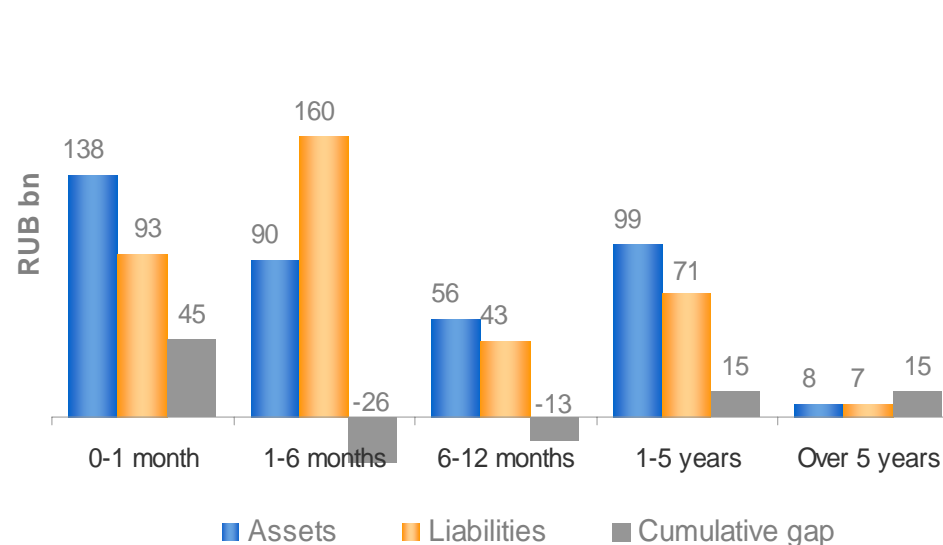
*According to Cbonds.ru

Structure of liquid assets



Note: Liquid assets with maturities of up to one month

Maturity structure of assets and liabilities (as at 30 June 2009)



- Liquidity risk has sharply decreased since Q4 2008, backed by the timely state support for Russian banks
- During H1 2009 PSB repaid CBR deposits of RUB 47.8bn, reducing dependence on CBR anti-crisis funding
- Unutilized credit limits with state bodies as contingency reserve of liquidity (access to unsecured financing obtainable at regular auctions, access to secured borrowings backed by cross-guarantees of other Russian banks, etc.)
- Increasing share of customer deposits in total liabilities (63% at end-H1 2009 vs 54% at YE 2008)

Financial performance

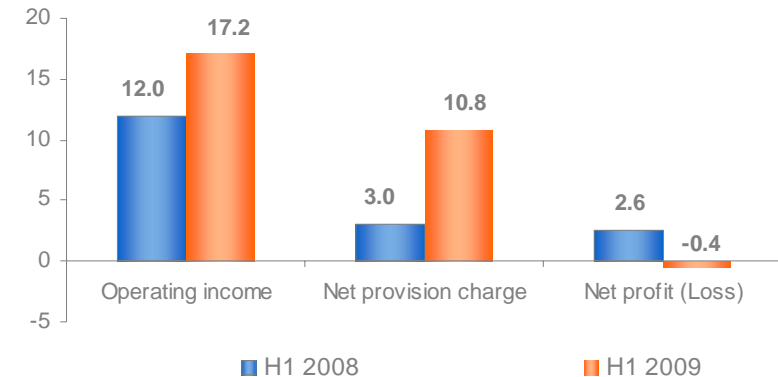
Key positives

- **Strong revenue-generating capacity, operational profitability**
 - Operating income increased by 44% YoY
 - Profit before tax and provisions up by 62% YoY to RUB 10.5 bn
- **Increased share of fees & commissions (by 2p.p to 17% of OI)**
 - Net fees & commissions up by 63% YoY
- **Effective overheads controls**
 - Cost-to-income (CTI) down to 39.0% from 46.1% in H1 2008 and 43.8% for the full year 2008
- **Conservative balance sheet dynamics**
 - Total assets reduced by 10%, equity/assets rose to 9.5% from 8.7%
- **Solid liquidity**
 - Net loan to deposit ratio improved to 119% from 131%
 - Liquid assets made up 22% of total assets
- **Improved capital adequacy**
 - TCAR up by 1p.p. to 14.04%, Tier 1 ratio rose to 10.36%

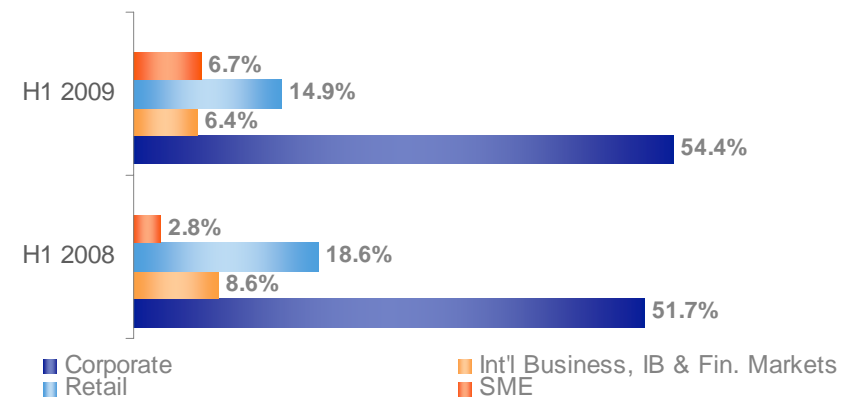
... and main risks

- **Loan quality deterioration**
 - NPL up to 8.7% of gross loans, from 2.8% at YE 2008
 - Burgeoning charges for impairment (63% of operating income in H1 2008, up from 49% for the full-year 2008)
- **Rising single-party concentration in the loan book**
- **Net loss for the period (RUB 384 mln)**

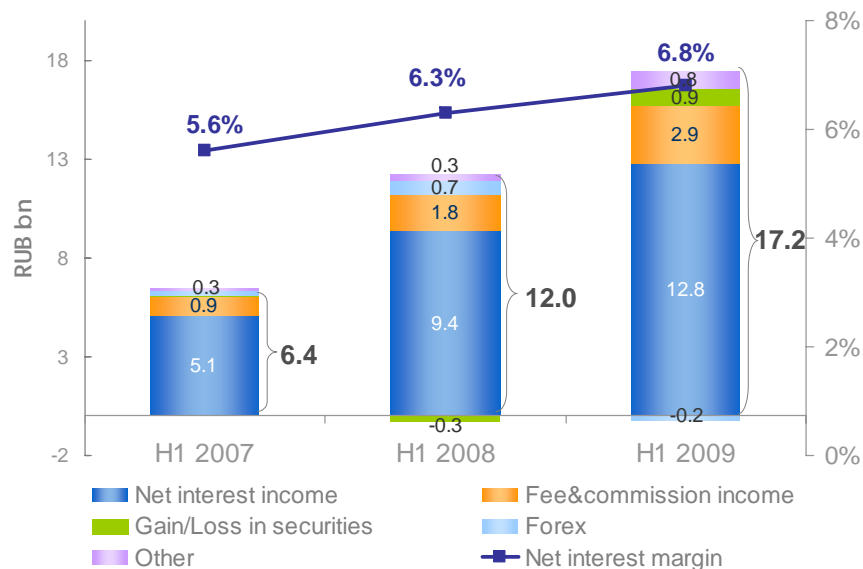
Key profitability indicators, RUB mln



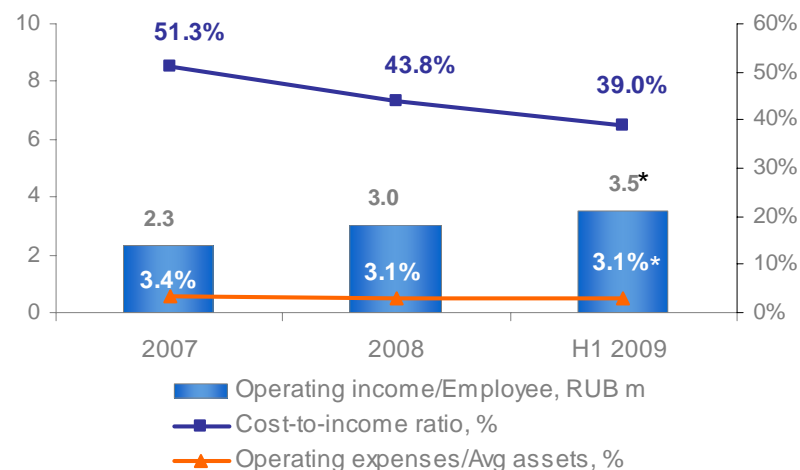
Share of business lines in operating income



Operating revenue



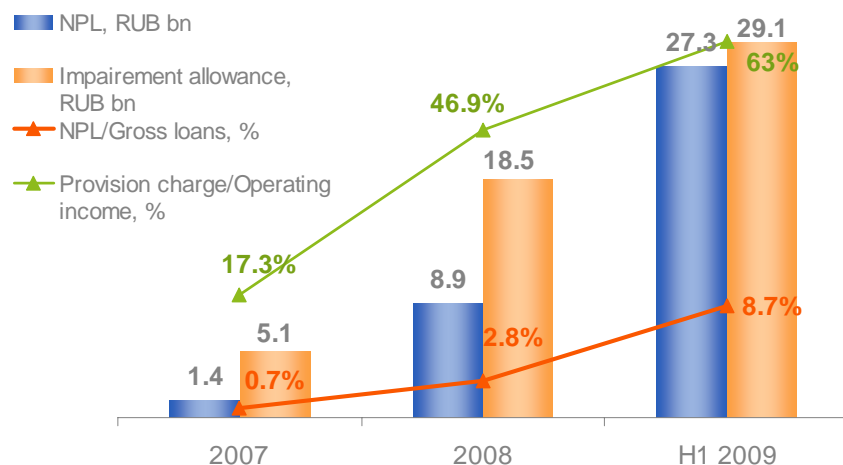
Operational efficiency



*Note: annualized

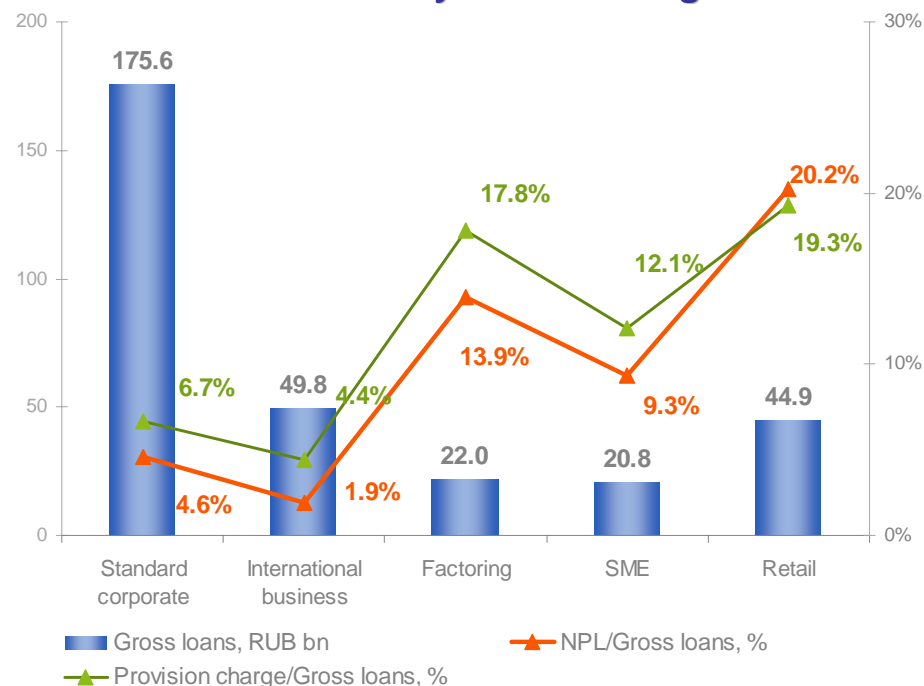
- Good revenue dynamics and increasing net interest margin
- Fee and commission income well-diversified by source and strongly growing
- Overheads tightly controlled, optimization programs in place, however, no massive lay-offs
- Despite the asset contraction, operating expenses as % of average assets did not increase, reflecting cost-cutting measures taken by the management
- Growing operating income per employee ratio indicative of increased efficiency

NPL* and provisioning



* Non-performing loans comprise loans with principal or/and interest overdue by more than 90 days (except for loans to individuals and SME for which partial repayment of overdue principal or/and interest took place during last quarter of the reporting period as at 30 June 2009) and loans restructured as a result of the borrowers' inability to repay which Management consider as non-performing.

NPL* by business segment



- Provisioning charge for impairment losses was the single largest negative P&L driver in H1 2009
- NPL coverage by the impairment allowance 106%
- Management estimates that virtually all potential problems in the retail loan book have already materialized, but further growth of NPL may be driven by the corporate loan portfolio

Credit Risk Management

- Tightened credit requirements for all types of borrowers
- For corporate clients, set limits for groups of companies, rather than individual group members
- Raised collateral requirements for all clients: increased collateral discounts; personal guarantees (or shares) required as a collateral from principal companies/ group owners
- Completely reviewed credit procedures, incl. review of scoring models for SME and retail borrowers
- Independent analysis of corporate loans by RM before approval

Portfolio quality

- Refined forecasting and stress-testing models for corporate and SME loan portfolios
- Improved collection of SME and retail loans
- Separated credit history check (reports to RM) and collection in Retail banking
- Monthly calculation of provisions for impairment; monthly vintage analysis of overdue SME & retail loans; regular management accounting reports on problem loans
- Total review of the loan portfolio, incl. defining problem loan categories, creating an integrated database of problem and potential problem loans; introducing mechanisms of early detection of potential problem loans

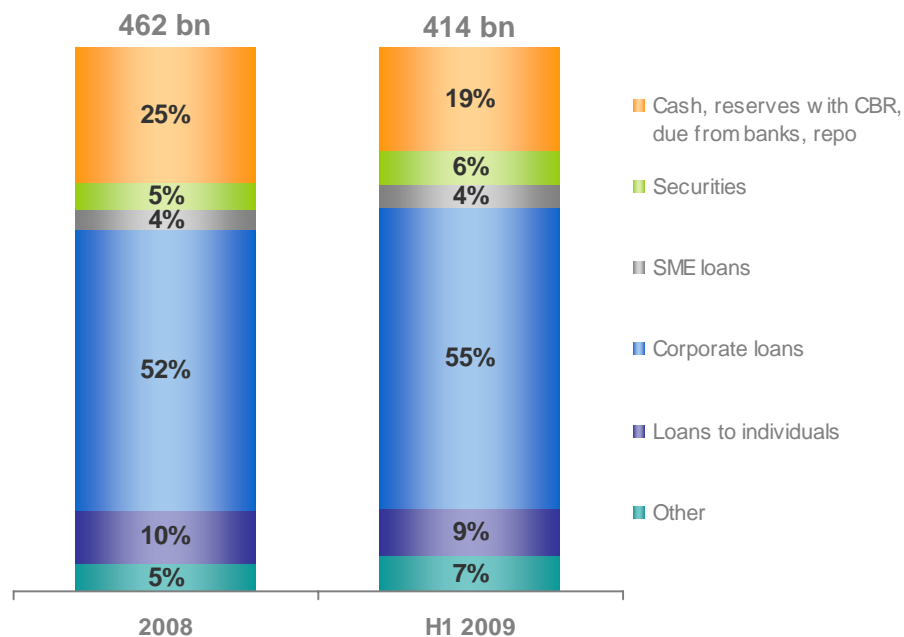
Collateral Management

- Set up new units within the Collateral Department, which monitor collateral in PSB branches and subsidiaries
- Increased frequency of collateral revaluation
- Introduced extrajudicial foreclosure of pledged property (following changes in the Russian legislation)

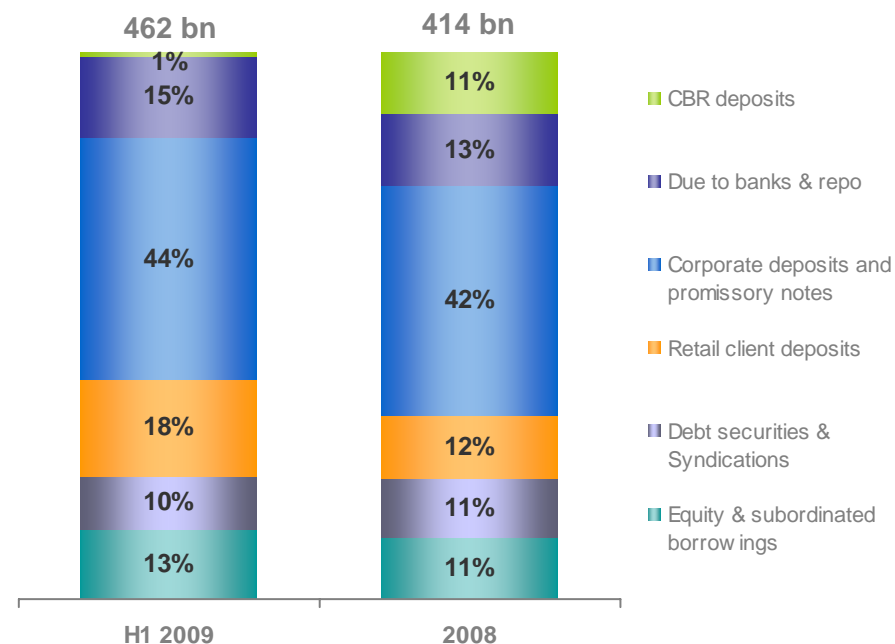
Organizational changes

- Enhanced RM role, whereby new units have been set up (portfolio analysis, individual project analysis, monitoring, methodology); risk managers included in all bodies taking credit decisions
- Centralized credit process
- Reorganized Problem Asset Department (set up separate Project Management Group, Problem Asset Analyst Group, Collateral Sale Unit)
- Introduced new retail IT solutions: Documentum (application processing) and Siebel (collection)

Assets

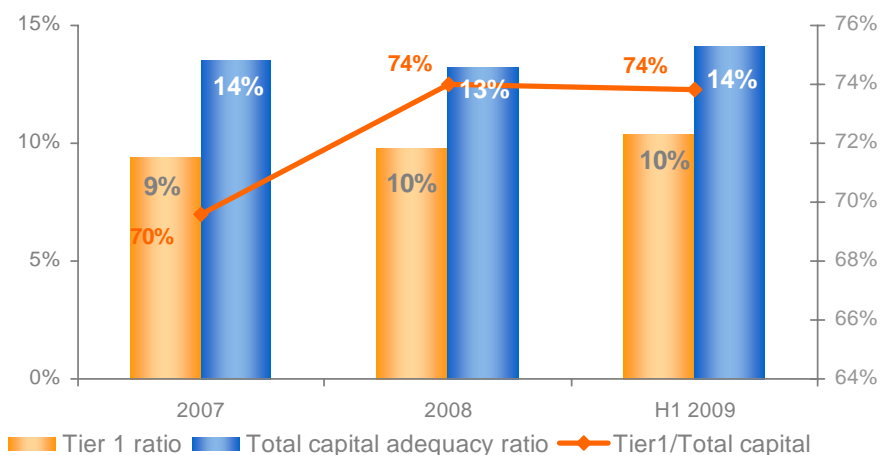


Liabilities

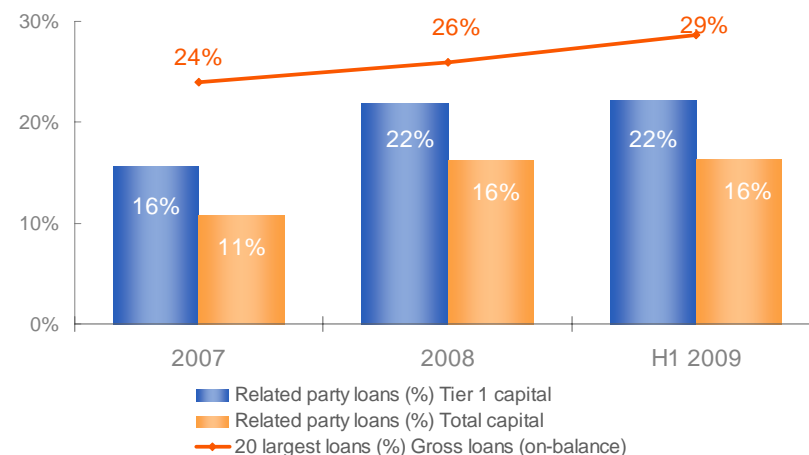


- The proportion of net loans in total assets increased to 69% from 65%, following the reduction in excess liquidity held at YE 2008 (but still below the pre-crisis level of 73% as at end-June 2008)
- Sharp reduction in CBR deposits (i.e. anti-crisis funding from the state) and trade finance related funding from foreign banks (except for long-term facilities)
- Solid growth in retail deposits (36%) significantly exceeded the weakening of the rouble vis-à-vis US dollar (6.5%) and euro (5.7%)
- Increase in the proportion of shareholders' equity and subordinated borrowings was due to the 10% asset contraction

Capital adequacy as per Basel Accord



Related-party loans* and single-party concentration



* net of provision for impairment

- PSB regulatory capital ratio has historically been just relatively modest, maximizing ROE
- RUB weakening in Q1 2009 negatively affected PSB capital adequacy
- High Tier-1/Total capital ratio gives PSB leeway to increase tier-2 capital
- A Eurobond covenant requires PSB to maintain total CAR of no less than 12%
- In crisis times, higher single-party concentration and related-party exposure reflect PSB's increased reliance on familiar borrowers with proved credit histories at PSB

Q&A session

Thank you for your participation!