

# CHAIRMAN'S ADDRESS

## Dear Shareholders, Clients and Partners of Promsvyazbank,

2008 was undoubtedly one of the most difficult years in the past decade. However, Russia's banking system, which was first to face the shock of the international financial crisis, stood the test and avoided high-profile bankruptcies and wide-scale retail deposit outflow.

PSB has not been spared by the crisis: in October, the Bank experienced a deposit outflow (at rates comparable with the market average). However, we soon overcame the situation and were able to reverse the trend through increased engagement with customers and improved product range. Despite difficult market environment, we managed to meet our key targets, stabilize our liquidity position and ensure a significant growth of the deposit base.

In 2008, PSB not only honored all its obligations to customers and partners but also became the first privately owned bank to provide financial support to several troubled regional banks, and acquire stakes in their capital. With the support of the Bank of Russia and the Deposit Insurance Agency, PSB participated in the financial rehabilitation of Yarsotsbank and Nizhny Novgorod Bank. The two banks were subsequently consolidated into the Banking Group Promsvyazbank; this will undoubtedly produce positive synergies for the Group members.

PSB mission and goals remain unchanged: we strive to become the number one privately-owned bank in Russia. However, realistically assessing the difficult economic situation, we have updated our plans and moved the time horizon for achieving this goal by two to three years. Nonetheless, in 2008, we took another step forward by moving up yet again in the rankings of major Russian banks.

In spite of all the measures being taken, 2009 will indeed be a difficult year for the national and global economies alike, as well as for PSB. Both the Bank and our clients will face limited funding availability in Russia and abroad, as well as fewer opportunities for investment in business development. We will need all our strengths to get through the current crisis with as little damage as possible. However, the times of crisis also create new opportunities, including for our organization. By shifting focus from growing our business to strengthening our position, we will centre on improving the quality and consistency of our services and efficiency of internal procedures, as well as on enhancing corporate governance, whose high standards have already been recognized by financial market participants.

We greatly value our cooperation with international financial institutions, which is of

particular importance during the global crisis. To a considerable extent, our confidence in PSB's ability to overcome the current turmoil is based on our successful partnership with Commerzbank, one of the leading European financial institutions. Since becoming a PSB shareholder, Commerzbank has participated in all PSB additional share issues on a pro-rata basis, including two share issues in 2008.

I would like to thank all PSB clients and partners for their trust and cooperation, and assure you that the Bank will do everything it can to facilitate successful development of your business, which, in turn, will contribute to Russia's revival and prosperity.

Chairman of the Board of Directors  
A.N. Ananiev