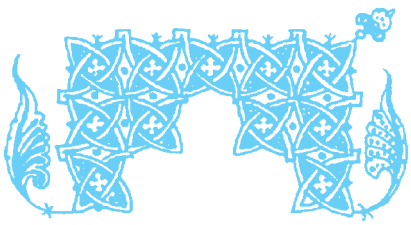
5. Bank Activities Results

Basic Financial and Quantitative Performance Indicators in 2002 through 2006 (IFRS)

	01.01.2002	01.01.2003	01.01.2004	01.01.2005	01.01.2006
Total Assets, RUR'000	14,158,834	24,479,922	41,867,472	58,169,909	**110,937,971**
Net loans to customers, RUR'000	8,140,394	13,484,011	24,993,933	34,368,473	**64,428,745**
Current accounts and deposits from customers, RUR'000	6,336,953	10,132,321	16,743,548	24,454,755	**53,245,141**
Net income, RUR'000	246,136	483,699	735,974	1,267,974	**1,709,935**
Total capital, RUR'000	2,872,728	3,740,611	6,226,456	8,914,034	**15,171,817**
Number of corporate clients	5,428	8,872	13,126	19,094	**32,440**
Number of branches	9	11	16	22	**31**
Number of representative offices	1	2	2	3	**3**
Number of additional offices	9	14	18	43	**66**
Including Moscow and Moscow region	8	13	17	33	**36**
Number of plastic cards	22,401	44,848	108,823	218,793	**372,106**
Number of ATM	30	50	90	164	**325**
Volume of facilities established by foreign banks, US$ million	15	84	249	471	**730**

Rostislav, the prince of Great Moravia, sent legates to Constantinople in 863 asking the Emperor Michael to send teachers to preach in the recently baptized land. "Our land is baptized, but we don't have the teacher to catechize us holy books. We don't know Greek, neither Latin; some people try to teach us in one way and the others teach the other. Hence, we don't know the letters and the meaning of the letters. Thus, send us teachers who could tell us about the learned words and the meaning of them".



6. Financial Analysis of the Activities

In 2005, Joint-Stock Commercial Bank "Promsvyazbank" (Closed Joint-Stock Company) has significantly increased its operation volumes along various lines of business. The Bank has been developing at a faster pace than the Russian banking system in general, which enabled it to boost its competitiveness and strengthen its positions on the market.

Bank's assets as of January 1, 2006 amounted to RUR 110.9 billion, which means a 90.7 % increase as compared to the beginning of 2005. That result was attained thanks to the balanced growth of main sources of the resource base. Opportunities for arranging the financing of core activities with the funds raised from international markets have expanded considerably. Thus, in March 2005 the Bank additionally issued Eurobonds to the value of US$ 100 million and in October issued a Eurobond transaction to the value of US$ 200 million maturing in 2010. Access to international markets allowed the Bank to reduce risks inherent to the Russian financial system and to extend active operations maturity terms without prejudice to liquidity.

On the whole, the resource base of Promsvyazbank is characterized by sufficient diversity of source types. Supporting the adequate level of obligations maturity terms had positive influence on the financial stability of the Bank; the share of term resources made up almost 60 % of the aggregate funds that had been raised from corporate bodies at the end of 2005.

Throughout the reported period Promsvyazbank strictly complied with all economic norms set by the Central Bank. Capital adequacy ratio (average value for the past period was equal to 11.29 %) was secured not only by internal sources, but also by an increase in the registered capital. Additional shares issue to the value of RUR 2 billion was registered in July. In addition, the transaction regarding the sale of 3.65 % of Promsvyazbank shares to Nova Ljubljanska Banka (Slovenia) was closed in November. In general, the total capital as per IAS increased during the year by RUR 6.26 billion (by 70 %) and reached the amount of RUR 15.2 billion. During 2005, the average current liquidity ratio exceeded 75 %.

In 2005, the credit portfolio of Promsvyazbank grew by 87 % – up to RUR 64.4 billion. Promsvyazbank maintains the risk diversified loan portfolio by establishing risk concentration levels with respect to industry sectors, regions within the Russian Federation, its largest borrowers and lending to related parties.

Balanced structure of the borrowings portfolio regarding maturity terms (more than 60% of all loans were granted for a period of up to 1 year) reduces the Bank's sensitivity to the general risks of operational environment in Russia. During 2005, level of overdue loans decreased from 2.04 % to 0.36 % of total loan portfolio.

Financial result of Joint-Stock Commercial Bank "Promsvyazbank" (Closed Joint-Stock Company) by the year results made up RUR 1,709.9 million. Interest income constituted the major part of revenues, but we should underline the sure growth of the bank commission component.

Rome pretended to have world-wide dominance and banned all the dependent countries to practice own writing and culture. Rulers in Rome believed the religion should be single and thus language and culture should be the same. Byzantium did not ban other peoples to use own writing. What's more, Byzantium assisted other countries to develop national writing. Prince Rostislav made the important choice for all Slavic peoples when he chose Constantinople – he gained strong and wise allies.