

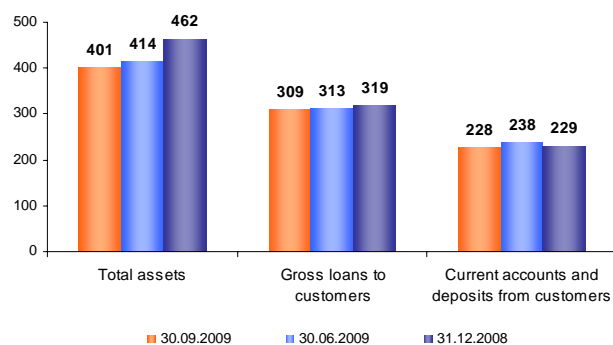
Key P&L Data*

(RUB bn)	9M 2009	9M 2008	Change, %
Net interest income	19.6	15.5	26.5
Net fee & commission income	4.3	3.3	30.3
Operating income	25.4	20.0	27.0
General and administrative expenses	(9.7)	(8.7)	11.5
Provision charge for impairment	(16.2)	(7.0)	131.4
Income tax	0.4	(1.2)	n/a
Net profit/(loss)	(0.1)	3.1	n/a

Key Financial Ratios*

(%)	9M 2009	9M 2008
ROAA	n/a	1.2
ROE	n/a	12.9
Net interest margin	6.9	6.5
Net fee and commission income (%) operating revenue	16.9	16.2
Cost-to-income ratio	38.2	43.5
Operating income per employee (RUB mln)	2.8	2.4
Impairment allowance / Gross loans	11.0	3.7
Tier I ratio (Basel Accord)	10.3	8.9
Total capital adequacy ratio (Basel Accord)	13.8	12.2

* Source: PSB IFRS consolidated financial statements (unaudited interim data), PSB calculation

Key Balance Sheet Indicators

Positive P&L trends

- Solid net interest income growth despite loan portfolio contraction. This was driven by increase in lending rates that outpaced growth in the cost of funding. Accordingly, operating revenue strengthened and net interest margin increased.
- Increased share of fees & commissions in operating revenues, mainly driven by commissions on documentary operations (up 83% YoY) and commissions on foreign currency operations (up 148% YoY).
- Significant improvement of the cost-to-income ratio on the back of a strong growth in operating income and effective cost controls within the framework of a cost optimization programme.
- Higher operating income per employee as a sign of improved efficiency.

Main Challenges – P&L

- Significant increase in non-performing loans amid a deep economic crisis drove provisioning charge for impairment up x2.8 (by RUB 21.9 billion) as compared to 30/09/2008, to RUB 34 billion.
- In 9M 2009, provisioning charge consumed 64% of PSB operating income, compared with 35% for 9M 2008.
- NPL are expected to peak in Q2 2010.
- 9M 2009 net loss of RUB 111 million, down from RUB 384 million in H1 2009.

Key Balance Sheet Drivers

- Assets were down mainly due to the repayment of CBR deposits raised at uncollateralized auctions in December 2008. Asset contraction also led to a higher proportion of shareholders' equity on the balance sheet.
- The decline in gross loans was mainly driven by (1) suspension of several retail lending programs; (2) overall tightening of underwriting criteria under the revised credit policy; and (3) lower international business volumes due to the global economic crisis (however, PSB share in the S.W.I.F.T. letters of credit market remained unchanged at about 11%).
- NPL tripled from their YE 2008 level, increasing by RUB 21 billion to RUB 30 billion or 9.7% of the total loan portfolio. However, NPL growth slowed down in Q3 2009, when their increase by RUB 2.6 billion translated into a just 1 pp growth compared with 6 pp increase in H1 2009.

Loan Portfolio

(RUB bn)	30.09 09	30.06 09	31.12 08	% change vs 31.12.2008
Corporate loans	244	247	250	-2.4%
SME loans	22	21	19	15.8%
Retail loans	43	45	50	-14%

Loan Portfolio Quality

(%)	30.09.09	30.06.09	31.12.08
Corporate loans			
NPL / Corporate loans	6.9	6.6	1.3
Provisions / Corporate loans	8.6	7.2	4.4
SME loans			
NPL / SME loan portfolio	12.4	9.5	1.9
Provisions / SME loans	14.9	12.1	7.3
Retail loans			
NPL / Retail loans	24.1	20.2	10.6
Provisions / Retail loans	22.8	19.3	12.5
Total loan portfolio			
NPL / Gross loans	9.7	8.7	2.8
Provisions / Gross loans	11.0	9.3	5.8

Funding

(RUB bn)	30.09 09	30.06 09	31.12 08	% change vs 31.12.2008
Corporate deposits	150	165	176	-14.8%
Retail deposits	78	73	53	47.2%
Equity/Total assets	9.9%	9.5%	8.7%	1.2 pp

Liquidity

	30.09 09	30.06 09	31.12 08	30.09 08
Liquid assets (RUB bn)	86	92	127	56
Quick liquidity ratio (N2) – min 15%	50%	54%	76%	44%
Current liquidity ratio (N3) – min 50%	86%	77%	95%	80%
Liquid assets/Total assets	21%	22%	28%	14%
Net loans / Deposits	121%	119%	131%	156%

- As at 30 September 2009, NPL coverage by the impairment allowance stood at 114%.
- In Q3 2009 PSB pursued the planned reduction in the volume of liquid assets, which reflected the stabilization of the liquidity situation against the crisis levels of YE 2008. The share of CBR funding in PSB liabilities was down to 3.8% compared with 12.2% as at 31 December 2008.
- Securities portfolio increased mainly due to the purchase of fixed income securities issued by large domestic corporates, which managed to place new issues as of Q2 2009, on the back of gradual capital markets recovery post 2008 collapse. Approximately 75% of PSB trading portfolio and investments held to maturity are comprised of securities included in the CBR Lombard List, which provides an extra liquidity cushion for the Bank.
- Current accounts and deposits of corporate customers were down mainly due to an overall reduction in the lending volumes in the Russian economy, which depressed free cash flows of corporates, resulting in their tapping of all available sources for working capital financing.
- In 2009, retail deposits showed a strong growth, continuing the positive trend of 2008. The growth was driven by PSB's efficient product mix at a time of growing household saving rate amid economic turmoil. Interest rates on retail deposits were in line with those of other large Russian banks.
- Due to the virtual shutdown of international capital markets for Russian banks in 2009, PSB substituted maturing international borrowings (syndicated loans and foreign banks' funding down by RUB 27 billion in 9M 2009) with domestic sources, in particular, retail deposits (up by RUB 25 billion in 9M 2009).

9M 2009 Key Events

- In 9M 2009, the number of PSB corporate clients increased from 70,000 to 77,700 and of SME borrowers from 6,500 to 8,000. The number of retail clients (including cardholders) exceeded 1 million.
- In 2009, PSB significantly increased its share in the domestic factoring market (to 31.3%), and maintained its top ranking.
- In 2009, PSB opened new branches in Murmansk and Lipetsk, increasing the total number of branches to 48. As at 1 October 2009, the number of ATMs totaled about 1,200.

- In May and June 2009, PSB met all its obligations under the two put options for outstanding domestic bonds. The Bank repurchased 48% of the Series 5 bond issue in May and 82% of the Series 6 issue in June. As at 1 October 2009, 99% of the repurchased bonds were re-issued to the market, which is an evidence of a significant investor interest in PSB bonds.
- In 2009, PSB repaid two syndicated loans: a US\$ 175 million loan in March and a US\$ 280 million loan in July.
- In 2009, PSB received an approval for a RUB 4 billion subordinated loan from the state-owned Vnesheconombank (VEB). However, on the back of restored availability of market funding PSB management decided not to take the loan.

Recent News

- On 23 November 2009, PSB signed agreements with EBRD and its existing shareholder Commerzbank, whereby EBRD is to become a new PSB shareholder with a 11.7457% stake, while Commerzbank maintains its existing share. The share of Promsvyaz Capital B.V. will decrease to 72.9344%. The additional share issue is expected to increase PSB equity by RUB 5.4 billion.
- At the end of November 2009, PSB placed a 5.5-year US\$ 200 million subordinated Eurobond issue with a 12.75% coupon, becoming the first Russian privately-owned bank to raise subordinated debt in the public market since the beginning of the crisis.
- If the two abovementioned transactions were included in the capital calculation at the end of September 2009, PSB Tier I and total capital adequacy ratios would have increased by 1.5 pp and 2.8 pp, respectively.

Key Objectives and Measures Taken

PSB main objectives for 2009 included achieving an enhanced operating efficiency, maintaining extra liquidity and sustaining sound asset quality amid difficult market conditions.

Asset Quality

- PSB reviewed its product mix, tightened loan underwriting standards and enhanced monitoring of existing borrowers.
- PSB centralized credit process and limit-setting; shortened loan terms; raised collateral requirements.
- The Bank took a balanced approach to loan restructuring taking into account clients' business prospects.
- In retail segment, PSB suspended lending to new clients and focused on servicing clients with a positive credit history with the Bank. In 2009, PSB overhauled its retail lending process and scoring models. PSB plans to launch new retail lending products targeting a broader customer base in 2010.

Cost-cutting

- PSB reduced its advertizing and office equipment expenses, and optimized transportation expenses. In addition, since Q4 2008 the Bank's administrative expenses have been steadily decreasing by 4-8% quarterly, with total administrative expenses in Q3 2009 18% lower than in Q4 2008.
- As part of the network optimization program, PSB closed a number of smaller outlets specialized in products whose development had been suspended (e.g. auto loans); as a result, the total number of points of sale decreased to 240 from 257 as at 1 January 2009.
- The average staffing number has been reduced by 2% since YE 2008. However, PSB continued to strengthen its positions in selected areas, in particular, in credit risk management, where the Bank hired a number of highly qualified professionals in 2009.

Subsidiary Banks

- As at 1 October 2009, PSB acquired a 100% stake in Nizhny Novgorod Bank, and increased its holdings in Volgoprombank and Yarsotsbank to 96.2% and 51.9%, respectively.

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