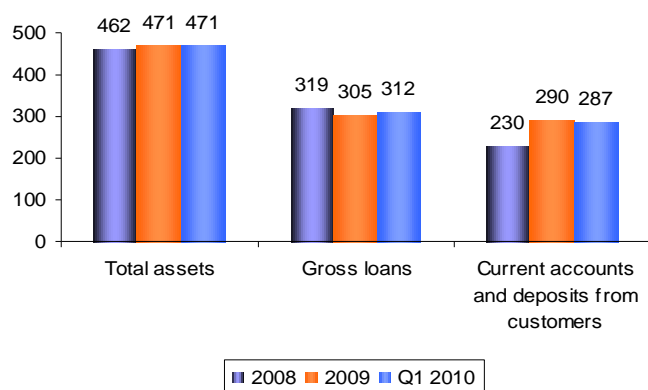


## PSB Rankings

- #10 by total assets<sup>1</sup>
- #8 by corporate loans<sup>1</sup>
- #1 by factoring market share<sup>2</sup>
- #5 by SME loans<sup>2</sup>
- #8 by deposits<sup>1</sup>

## Key BS Items



## Liquidity

(%)	Q1 2010	2009	2008
Liquid assets (RUB BN)	138	154	127
Liquid assets / Total assets	29	33	28
Quick liquidity ratio (N2) – min 15%	43	54	76
Current liquidity ratio (N3) – min 50%	101	126	95
Net loans/ Customer deposits	94	92	131

## Funding

RUB BN	Q1 2010	2009	2008	% change Q1 2010/ FY2009
Corporate deposits	189	194	176	(2.5)
Retail deposits	98	96	53	2.3
Equity/assets	9.0%	8.1%	8.7%	0.9 pp

## Securities Portfolio (Trading and Held to Maturity)

RUB BN	Q1 2010	2009	2008
Russian Government Federal bonds (OFZ), municipal bonds, CBR bonds	19	17	9
Corporate bonds	20	26	12
Bank promissory notes	14	7	2
Shares	-	-	-
<b>Total Securities Portfolio</b>	<b>54</b>	<b>49</b>	<b>23</b>

## Q1 2010 Key Changes

- As in the previous period, Q1 2010 priority areas included (i) stronger operating efficiency and sustainable loan margins, and (ii) lending volume growth and new client acquisition.
- The Russian economy continued to recover in Q4 2009, while interest rates pursued their stable descent amid improving liquidity of the financial system. In this context, PSB reviewed its approach to liquidity management and reduced its liquidity cushion from ramped-up anti-crisis levels to standard levels. In Q1 2010, PSB reduced its liquid assets, including through transformation into higher-yield liquid instruments (the share of cash and cash equivalents in total liquid assets in Q1 2010 was down to 62% from 71%). PSB securities portfolio (trading and held to maturity) expanded by 10% in Q1 2010. The share of bank promissory notes in the portfolio significantly increased (25% as at April 1, 2010 against 13% as at January 1, 2010). PSB invested in promissory notes of major Russian banks, of which 70% are state-owned. The market was attractive in early 2010 due to high liquidity and adequate returns. As in previous periods, approximately 70% of securities held by PSB were highly liquid securities included in the CBR Lombard List.
- To ensure operating efficiency, PSB in early 2010 had been implementing policy of new deposit inflow descent through repeated reduction of deposit interest rates and client-approved early deposit repayments. As a result, client current accounts and term deposits remained at 2009 year-end levels.
- As of April 1, 2010, the share of 10 biggest depositors in total client deposits was 30% against 32% as at January 1, 2010.
- The share of equity was up to 9% from 8.1%, due to a RUB5.4 billion share capital increase in February 2010.
- Interest rates significantly decreased in Q4 2009 and Q1 2010, due to the CBR base rate reductions and stronger competition for quality borrowers in the banking sector. However, this did not affect the ability of PSB to ramp up its loan portfolio and pursue broad-based lending to corporate and SME clients. In Q1 2010, corporate loans were up almost 4%, and loan portfolio showed an even stronger progression in April-May 2010. PSB management expects the loan portfolio to expand by not less than 15% in 2010.

(1) Source: RBC, as of April 1, 2010. (2) Source: Expert.Ra 2009 rankings

## Loan Portfolio

BN RUB	Q1 2010	2009	2008	% change Q1 2010/FY2009
Corporate loans	250.9	242.0	250.2	3.7
SME loans	22.3	22.5	18.9	(1.0)
Retail loans	38.9	40.7	49.8	(4.4)

## Loan Portfolio Quality

(%)	Q1 2010	2009	2008
<b>Corporate loans (CL)</b>			
Non-performing loans (NPL) / CL	9.6	9.6	1.3
Provisions / CL	10.3	9.8	4.4
<b>SME loans (SMEL)</b>			
NPL / SMEL	14.5	13.4	1.9
Provisions / SMEL	18.2	18.1	7.3
<b>Retail loans (RL)</b>			
NPL / RL	33.8	27.7	10.6
Provisions / RL	30.5	27.2	12.5
<b>Total loan portfolio (LP)</b>			
NPL / LP	13.0	12.3	2.8
Provisions / LP	13.4	12.7	5.8

## Key P&L items

BN RUB	Q1 2010	Q4 2009	% change
Net interest income	4.7	6.0	(23.0)
Net commission income	1.3	1.3	(2.4)
Net income from securities	0.6	0.4	56.7
Operating income	6.7	8.6	(22.6)
Provisions	(3.0)	(4.7)	(36.4)
General & administrative expenses	(3.6)	(3.6)	0.2
Profit/(loss)	0.05	(0.5)	-

## Capital Adequacy Ratios

(%)	Q1 2010	2009
Tier I capital adequacy ratio (Basel Accords)	11.0	9.9
Total capital adequacy ratio (Basel Accords)	14.7	14.3

- PSB intends to pursue intensive development of its SME business, by gradually increasing the share of SME loans in the total loan portfolio.
- As the launch of mass retail products is scheduled for Q4 2010, Q1 2010 was still characterized by a retail loan portfolio reduction. PSB already launched a number of pilot consumer lending projects in certain regions of Russia, and has been considering new credit products and finalizing its revamped lending process.
- Non-performing loans (NPLs) grew at a significantly slower rate: Q1 2010 growth in absolute terms was 61% lower than in Q4 2009. The share of corporate NPLs remained unchanged, while a small increase in SME and retail NPLs was essentially due to a slight reduction of the two portfolios. NPLs are expected to peak at not more than 15% at the end of 1H2010.
- PSB continues to adhere to the policy of maintaining its NPL coverage ratio at the level of at least 100%.
- Net interest income declined due to lower net interest margins in the broader market and higher interest expenses driven by a strong liquidity cushion policy, which had been in place until the end of 2009 and had also affected Q1 2010
- Despite a significantly smaller number of business days in Q1 2010 against Q4 2009, Q1 2010 net commission income remained unchanged, which reflects a strengthening of the indicator (adjusted for seasonality).
- General and administrative expenses also remained at the Q4 2009 level as PSB continued to pursue its G&A control policy as part of a cost optimization program.
- Consolidation of 2 subsidiary banks (VolgopromBank and Nizhny Novgorod Bank) in May 2010 enabled PSB to strengthen its presence in the cities of Volgograd and Nizhny Novgorod, as well as to optimize the existing infrastructure by closing the two banks' unfavorably located and inefficient offices. The optimization is expected to improve the network profitability and reduce administrative costs in 2H2010.
- A significant slowdown of the NPL growth rate resulted in lower provisioning charges in Q1 2010.
- PSB ended Q1 2010 with a net profit of RUB 48 million.

### April-July 2010 Milestones

- The number of PSB corporate clients in Q1 2010 increased by 1,000. The number of active bankcards was up to 771,000 from 739,000.
- In April 2010, PSB increased its participation in YarsotsBank to 98.5% from 61.9%, as part of the integration of YarsotsBank.
- In April, Standard and Poor's revised its outlook on PSB rating from Stable to Positive, leaving the long- and short-term credit ratings at the B level (in May PSB decided to terminate its S&P services)
- In May 2010, PSB completed consolidation of its two subsidiary banks VolgopromBank and Nizhny Novgorod Bank.
- In May, PSB fully met its obligations in relation to its Series 5 bond buyback offer.
- In May, Fitch Ratings revised its outlook on PSB rating from Rating Watch – Developing to Rating Watch – Positive, leaving the long-term rating at the B+ level.
- In early June 2010, PSB raised a US\$250 million syndicated loan. On the back of a significant oversubscription, PSB chose the structure of a club deal with the participation of EBRD and 11 international banks.
- In June, PSB launched a pilot network-restructuring project envisioning transformation of its Tula branch into an operating office. The project is aimed at higher efficiency and cost optimization.
- In June, PSB signed a trade finance guarantee facility agreement with IFC (International Financial Corporation), the member of the World Bank Group.
- In the beginning of July PSB placed a 6-year US\$ 200 million subordinated Eurobond issue with a 11.25% coupon.

### PSB 2010 Awards

- In January, Banki.ru, the information portal, announced results of its 2009 remote banking service user opinion poll. PSB and its Internet-based PSB-Retail service were among the leaders of the User Ranking.
- According to January 2010 Moscow International Currency Association (MICE) Annual Bank Dealer Survey, PSB Interbank Loan Dealing was recognized as a TOP 5 platform.
- In March, PSB received Banki.ru headline award as Bank of the Year.
- In May, for the sixth time, PSB received Deutsche Bank 2009 STP Excellence Award recognizing the quality of PSB international settlement processes.
- In May, PSB received the EBRD award as The Most Active Factoring Bank in Russia in 2009 under the Trade Facilitation Program (TFP).
- In June, Trade & Forfeiting Review, the dedicated magazine, recognized PSB as the Best Local Trade Bank in Russia.

### Corporate Governance

- PSB AGM held on June 25, 2010, elected 9 members of the Board of Directors, including the President of the Bank, 4 representatives of majority shareholders, 2 independent directors and 2 representatives of minority shareholders (EBRD and Commerzbank).
- A TOP 10 Russian bank, PSB adheres to best international practice in corporate governance, envisioning, among others, periodic replacement of auditors. Accordingly, the AGM resolved to retain PriceWaterhouseCoopers as a new auditor which was chosen from among «the Big Four» companies based on the results of a duly held competitive process.

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