

General information about the Bank

The mission of Promsvyazbank

Our mission is to contribute to revival and further prosperity of Russia, to help propel the country's economic growth by supporting development of local businesses, active involvement in development of the financial sector,

duly representing Russia on international capital markets, and providing our customers with the best opportunities for leveraging their economic potential.

The corporate values of Promsvyazbank

OPENNESS AND TRANSPARENCY

We follow the principles of honest business, observing the rules of ethics and business as the basis for our relations with our customers' partners, and society as a whole.

INDEPENDENCE AND HARMONY

In distinguishing clearly between business and active political activities, we deliberately distance ourselves from participation in any forms of political struggle and defend the material interests of the Bank in a harmonious combination with the interests of society.

SCALE AND TRADITIONS

Maintenance of traditions is a guarantee of our success in the future. We are moving steadily forward, using the experience we have gathered over the years to expand business in Russia and on the international markets.

CONTINUOUS IMPROVEMENT AND EFFICIENCY

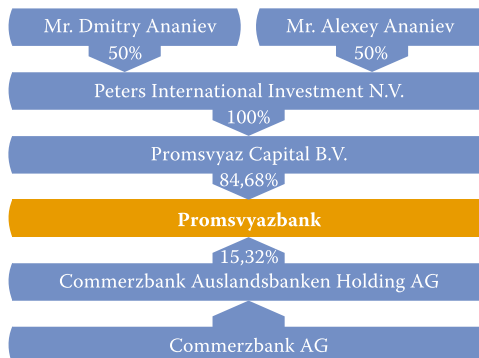
The continuous improvement of business solutions and processes and growing efficiency of the activities of our personnel ensure our competitiveness. In awareness of the need for further development, we encourage innovation and a creative approach. We find optimal ways of fulfilling any tasks, irrespective of their scale and complexity.

TEAM SPIRIT AND UNITY

We are a united team pursuing a single goal. We support and respect each other. We share common values, thereby achieving unity and mutual understanding in our work. We combine the efforts of individuals into the energy of the Team to the benefit of our customers, partners, and society as a whole.

Our shareholders

Promsvyazbank strives to meet the most stringent demands on information transparency. To this end, in 2007, the ownership structure of the Bank was substantially simplified and as of 31 December 2007, took the following form:



Key financial indicators of the Bank according to the International Financial Reporting Standards (IFRS)

	31 December 2003	31 December 2004	31 December 2005	31 December 2006	31 December 2007
Total assets, RUB '000	41,867,472	58,169,909	110,937,971	180,536,943	293,245,399
Net loans to customers	24,993,933	34,368,473	64,428,745	116,471,777	208,425,336
Current accounts and deposits from customers	16,743,548	24,454,755	53,245,141	85,349,915	141,000,963
Total capital, RUB '000	6,091,717	8,914,034	15,171,817	25,892,532	36,362,013
Net profit, RUB '000	735,974	1,267,974	1,709,935	2,595,475	3,704,523
Return on assets, %	1.76	2.43	1.95	1.78	1.63
Return on equity, %	15.40	18.52	17.16	17.27	17.35
Total capital adequacy ratio, %	16.58	16.82	16.54	16.38	13.51
Cost-to-income ratio, %	36.35	38.93	52.93	55.29	51.29
Number of branches	16	22	31	38	43
Number of sub-branches	18	43	66	92	110
Including in Moscow and the Moscow Region	17	33	36	38	44
Number of bank cards	108,823	218,793	275,740	325,905	433,468
Number of ATMs, units	90	164	325	508	706
Aggregated volume of credit lines established for PSB by foreign banks, US\$ million	249	471	730	1,139	1,883

Participants in the consolidated group

The participants in the consolidated group of Promsvyazbank include a number of companies whose financial results are consolidated

in the Bank's financial reporting in accordance with the International Financial Reporting Standards (as of 31 December 2007).

Name	Country of registration	Type of activity	% consolidation
Promsvyaz Finance S.A.	Luxembourg	Company set up for issue purposes (SPV)	100%
Promsvyaz Finance PLC	Ireland	Company set up for issue purposes (SPV)	100%
PSB Finance S.A.	Luxembourg	Company set up for issue purposes (SPV)	100%
LLC UK Promsvyaz	Russia	Asset management	100%
Atna Capital Management Investments Limited	Cyprus	Activities on the securities market	100%
OOO "Association of Leasing Companies"	Russia	Leasing	100%
OOO "Open Leasing Company"	Russia	Leasing	100%

Key events of 2007

Among the Bank's various spheres of activity during 2007, several key events may be identified:

Special attention was devoted in 2007 to attracting funding. During the year, the total sum of funds raised by the Bank on the international capital markets (without taking into account trade and project financing) amounted to approx. 1.5 billion US dollars. On the Russian market, another issue of Promsvyazbank's bonds was successfully placed. The volume of the issue amounted to 4.5 billion roubles with a maturity of 5 years.

The Bank consolidated its reputation as a reliable borrower. The confidence in the Bank was confirmed by the inclusion of Promsvyazbank's bonds on the Lombard List of the Bank of Russia. In addition, two leading international rating agencies Moody's and Fitch improved their outlooks on Promsvyazbank's ratings.

The list of services rendered by the Bank to its customers was expanded. A new programme for lending to small and medium-size enterprises was successfully started up. In all the Moscow and Moscow Region sub-branches of Promsvyazbank the new PSB-Retail system has been introduced for remote servicing of individual customers. The Bank has started issuing credit cards with a grace period. Services have been introduced for redeeming loans through ATMs and "card-to-card" money transfers. New standards have been introduced for lending to individual customers under guarantees from legal entities ("Secured credit").

The Bank has continued to develop its branch network. During 2007, new branches of the Bank opened up in Blagoveshchensk, Chelyabinsk, Ekaterinburg, Kirov and Tyumen, as well as new representative offices

in Sochi and Tver. Overall, the number of the Bank's sales outlets rose by 41%, and, on the basis of the results for the year, Promsvyazbank was awarded the National Banking Award in the category "For the Development of the Branch Network".

Changes occurred in the internal structure of the Bank. For the purpose of a more efficient management, elements of matrix-based management were introduced — the institution of supervisory control over subdivisions with similar and/or mixed functions. During

the year, new departments were set up in the Bank for crediting of small and medium-sized businesses, private banking, risk management and control, as well as strategy development division and quality management service. A new share issue provided the Bank with an external capital injection of 4.1 billion roubles. The Bank also changed its type of joint-stock company (without changing its legal status) from closed to open joint-stock company — OJSC Promsvyazbank.

The Bank's ratings and positions

As of 1 June 2008 the international rating agencies assigned the following credit ratings to the Bank:

Fitch Ratings:

Short-term Issuer Default Rating in foreign currency	"B"
Long-term Issuer Default Rating in foreign currency	"B+"
Outlook	"Positive"
Individual	"D"
Support rating	"5"

Moody's Investors Service:

Long-term bank deposits in local and foreign currency	"Ba2"
Short-term bank deposits in local and foreign currency	"Not Prime (NP)"
Bank Financial Strength Rating	"D"
Outlook	"Stable"

Standard & Poor's:

Long-term counterparty credit rating	"B+"
Short-term counterparty credit rating	"B"
Outlook	"Positive"

The Russian economy and the banking system in 2007

The year 2007 proved to be far from easy for the Russian banking system. During the first six months of the year, against a background of a growing domestic economy, rising monetary incomes of the population and a rapid inflow of foreign investments, the banking sector demonstrated high growth rates, but in the second half of the year it came up against the crisis that has hit the global finance system.

Largely thanks to the fact that Russian banks continued to lend to the economy actively (total loans had increased year-over-year by more than 50%), as well as to the inflow of foreign direct investments (a total of 47.1 billion US dollars in 2007 against 27.8 billion in 2006), the economic situation in Russia was, on the whole, a positive one.

The GDP rose by 8.1%, which turned out to be higher than in 2006, when the Russian economy grew by 7.8%. The growth of investments in fixed capital reached 21.1%, which is indicative of an investment boom. Against this background and in connection with the specific features of the way the demographic situation is unfolding in Russia, which are leading to a shortage of personnel in virtually all key branches of the economy, as well as in connection with the continuing increase in the proportion of officially declared salaries, 2007 saw a leap in salaries by an average of 16.6%, compared to 13.3% in 2006.

This, together with the development of banking programmes for consumer lending, constituted a key pre-condition for both continuation of the consumption boom and accelerated inflation to 11.9%, which became one of the chief disappointments of the year.

The growth in consumer activity was manifested in an increase in the volume of

retail trade by 15.5%, which contributed to the GDP both directly (according to Rosstat, this contribution amounted to about 31.5%), and through stimulation of manufacturing directly for the consumers, with some sub-industries demonstrating a more than 30% growth.

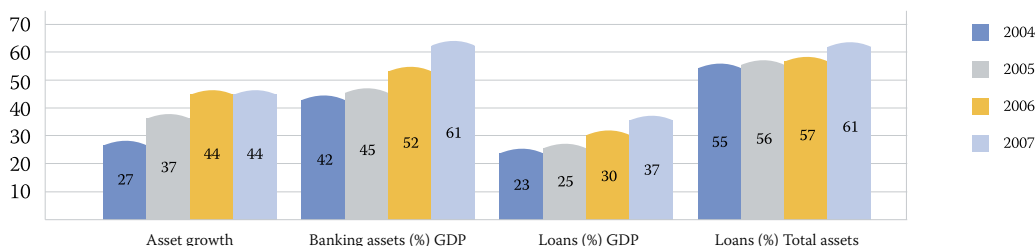
The boom on the consumer market and the investment nature of industrial growth constituted the main factors behind the increase in the banks' funding base while large borrowings also came from abroad.

Banks raised 70.3 billion US dollars, which accounts for over a third of the entire increment in foreign liabilities (according to the Central Bank of the Russian Federation) and was 37% higher than the 2006 figure, in spite of the virtual "close-down" of the international markets for Russian borrowers in the second half of 2007.

At the same time, budget policy remained hard-line, so most of the foreign trade net surplus, formed on the basis of the continuing rise in raw material and energy prices, was sterilised in the federal budget (the net surplus reached 912.5 billion roubles) and the Stabilisation Fund, which increased in 2007 by 64% and amounted, as of 1 January 2008, to 3,849.1 billion in the rouble equivalent (11.7% of the GDP). This constituted a major support for the macro-economic stability of the Russian economy.

Under these conditions, the development of the banking system as a whole was stable and intensive: banking assets exceeded the 20 trillion rouble mark, having grown by 44% in comparison with 2006, and amounted to 61.4% of the GDP.

Key indicators of the Russian banking sector (%)



(Source: Central Bank of the Russian Federation. Overview of the Banking Sector of the Russian Federation. No. 64, February 2008)