

Investor Bulletin, December 2011

International Credit Ratings

Moody's: Ba2 (Outlook: Stable)

Fitch: BB- (Outlook: Stable)

Ranking Positions

#11 by assets¹

#9 by corporate loan portfolio¹

#1 by factoring market share (21%)²

#4 by SME loans issued³

#11 by deposits¹

PSB Awards in January – November 2011

In May, PSB received the Financial Olympus National Award, as 2010 Market Leader (Factoring)

In June, PSB received Deutsche Bank's STP Excellence Award 2010, for excellent quality of international settlement operations

In July, PSB received the Commerzbank STP Award 2010 Excellent Quality, for excellent quality of international settlement operations

In August, World Finance Magazine recognized PSB as Russia's Best Bank

In November, PSB received J.P. Morgan Chase Bank's Elite Quality Recognition Award, for high quality of payment operations in 2011

In November, PSB received a National Award "Company of the Year" as "The Most Client-oriented Bank"

Key P&L Items

RUB bn	9M 2011	9M 2010	% change
Net interest income	15.2	14.3	6%
Net fee & commission income	5.3	4.3	24%
Net loss on securities	(0.3)	(0.3)	(11%)
Net foreign exchange gain	0.8	0.5	78%
Operating income	21.1	19.3	10%
Provision charge	(6.3)	(6.5)	(2%)
General & administrative expenses (GAE)	(12.0)	(10.0)	21%
Net profit	2.1	2.2	(2%)

Operating Efficiency and Profitability

	9M 2011	9M 2010	2010
GAE/Operating income,%	56.9	52.2	52.6
Commission income/Operating income,%	24.9	22.0	21.4
Operating income/Employees, RUB mln	2.9	2.8	3.0
GAE/Average assets,%	3.3	2.9	3.2
Net interest margin, %	4.4	4.4	4.7
Return on equity (ROE), %	6.2	6.9	5.8

¹ Source: RBC Rating as at 1 October 2011

² Source: Association of Factoring Companies as at 1 October 2011

³ Source: RBC Rating for 1H 2011

PSB's 9M 2011 profit was RUB2.1 bn, supported by almost twofold growth in Q3 2011 vs. Q2 2011.

Q3 2011 net interest income was up 22% compared with Q2 2011 results, driven mainly by a 10% increase in interest income on the back of loan portfolio growth and lending rates stabilization. As a result, PSB significantly improved its net interest margin up to 5%, which also benefited from a lower cost of funding. PSB's policy of shifting to high-margin products is expected to further boost net interest margins going forward.

9M 2011 net fee and commission income increased by 24% year-on-year. Net fee and commission income as a percentage of operating income rose to 25% in 9M 2011, from 22% in 9M 2010.

A conservative approach to securities portfolio structure and timely reduction of specific positions in Q2 and Q3 2011 prevented material losses in a highly volatile securities market in August-September 2011. Moreover securities market losses were fully offset by a positive financial result from foreign exchange operations. Consequently, PSB's 9M 2011 combined net gain from forex and securities operations was approximately RUB518 mln, while a limited loss resulting from revaluation of securities in Q3 2011 was almost fully offset in October 2011.

PSB posted a 52.1% CTI (cost-to-income) ratio in Q3 2011, a significant improvement from 62.4% in Q2 2011 and 56.3% in Q1 2011. The improvement resulted mainly from a reduction in staff costs, as unused vacation accruals went down after the summer months.

A slight increase in provisioning charges (approximately RUB400 mln) in Q3 2011, compared with Q1 and Q2, was driven by an increase in provision charge for foreign currency denominated loans, as the rouble weakened vs. the key currency pair.

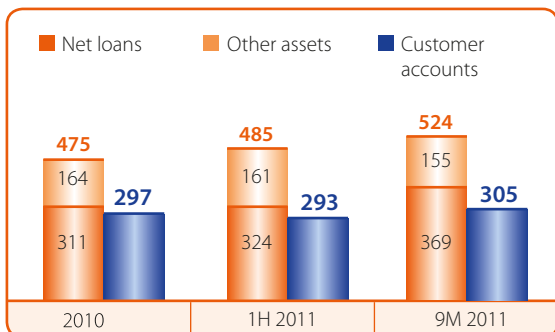
As at 1 October, 2011, PSB total loan portfolio stood at RUB405 bn. PSB achieved 12.3% total portfolio growth in Q3 2011, having outperformed the market by 150 bps. For 9M 2011 the loan portfolio grew by 16.1%, expanding across all PSB's business segments: +15% in the corporate segment, +37% in the SME segment (+21% excluding the effect of PSB's acquisition of Trust Bank's SME loan portfolio), and +13% in the retail segment.

The retail loan portfolio showed the largest growth rate among all business segments in Q3 2011 vs. Q2 2011 (+18% and +11% excluding and including the sale of non-performing loans, respectively). Indeed, PSB has been delivering strong results in the segment for the second quarter running. Further branch network development in Q4 2011 and in 2012 is expected to significantly boost retail business volumes.

A reduction in NPLs from 8.1% in Q2 to 7.4% in Q3 2011 was essentially driven by non-performing loan disposals and write-offs. PSB intends to further reduce the share of NPLs in Q4, mainly through non-performing loan disposals in the retail and SME segments.

PSB has been maintaining a conservative provisioning policy: the 9M 2011 NPL coverage ratio was 118%, against 117% in 2010. PSB does not intend to release its provisions before year-end 2011 or in 2012, thereby creating an effective safety cushion throughout a favorable economic cycle, to address potential declines in profitability in the case of a new downturn.

Key BS Items (RUB bn)



Loan Portfolio

RUB bn	9M 2011	1H 2011	2010	% change for 9M 2011
Corporate loans	331,5	291,3	289,4	15%
SME loans	36,6	35,9	26,7	37%
Retail loans	36,7	33,2	32,5	13%
Total loans	404,8	360,4	348,6	16%

Loan Portfolio Quality

%	9M 2011	1H 2011	2010
Non-performing loans / Loan portfolio	7,4	8,1	9,2
Provisions / Loan portfolio	8,8	10,2	10,8

Securities Portfolio

RUB bn	9M 2011	1H 2011	2010
Russian Government Federal bonds (OFZ), municipal bonds, CBR bonds	13	20	23
Corporate bonds	22	16	22
Bank promissory notes	6	5	5
Shares and fund investments	2	3	2
Total securities portfolio	42	45	52

Funding

RUB bn	9M 2011	1H 2011	2010
Corporate deposits	200	189	189
Retail deposits	105	102	108

Liquidity

	9M 2011	1H 2011	2010
Liquid assets, RUB bn	89	98	100
Liquid assets/Total assets, %	17	20	21
Net loans/Customer deposits, %	121	111	105

Capital Adequacy

%	9M 2011	1H 2011	2010
Tier I capital adequacy ratio (Basel Accords)	9,2	10,1	10,0
Total capital adequacy ratio (Basel Accords)	13,3	13,9	14,4

- Given the strong volatility of financial markets in Q3 2011, PSB reduced its securities portfolio to 8.1% as at 1 October, 2011, from 11.0% as at 1 January, 2011. However, the share of securities included in the CBR Lombard List remained at a solid level of 65%.
- With 64% as at October 1, 2011, PSB continues to maintain a stable share of customer accounts in the structure of its liabilities (2010: 69%). A minor reduction was due to a new Eurobond issue in April 2011 and a subordinated loan from majority shareholders received in August 2011. At the same time, the share of retail deposits in the total PSB customer base remained virtually unchanged at 35%, against 36% in 2010. In Q3 2011, retail and corporate deposits were up 3% and 6%, respectively.
- PSB has a strong liquidity position and does not plan to use its limits from the CBR or from the Ministry of Finance. In October, 2011 PSB received a large syndicated loan from a number of foreign banks which proved PSB's capability to raise market funding besides the internal market capacity.

- Q3 Tier 1 and total capital adequacy ratios were 9.2% and 13.3%, respectively. A reduction from Q2 levels was mainly due to an increase in risk-weighted assets, driven by significantly stronger lending activity.

Key events in July – November 2011

- With regard to total number of clients, at 1 October, 2011, legal entities exceeded 103 000, while the number of retail customers approached 1 million. The number of active bankcards in Q3 increased to more than 1 million, from 990 000 previously.
- In July, PSB completed the acquisition of Trust Bank's SME loan portfolio in the amount of RUB5.6 bn.
- In August, PSB received a €65 mln subordinated loan from its majority shareholders.
- In October, PSB repaid a US\$225 mln Eurobond issue.
- In October, PSB raised a US\$350 mln LIBOR+1.9% syndicated loan from a number of foreign banks maturing in October 2012.
- In October, PSB opened a representative office in Almaty (Kazakhstan). The office will assist PSB's corporate customers in developing cooperation with Kazakh partners, and will facilitate further development of PSB's interbank business with Kazakh credit institutions.
- In November, Fitch Ratings affirmed Promsvyazbank's Long-term Issuer Default Rating (IDR) at "BB-" with a Stable Outlook.

Planned events in December 2011

- In December, PSB plans to increase its share capital by RUB4 bn (with conversion of the €65 mln subordinated loan received from majority shareholders in August 2011, into new equity). PSB majority shareholders and the EBRD will participate in the additional share issue. Commerzbank, PSB's second minority shareholder, will not participate in the transaction, due to its ongoing policy of reducing its presence outside of Germany. Therefore, the share of the Bank's majority shareholders post transaction will stand at 73.9%, with the share of EBRD remaining flat at 11.7%, and the share of Commerzbank declining by less than 1% to 14.4%.
- In December, PSB plans to receive a RUB3.5 bn subordinated loan from the EBRD, due in 2018.

Both deals are in the process of CBR approvals.