



Promsvyazbank

2007 results under IFRS

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SECTION 1

PSB corporate developments



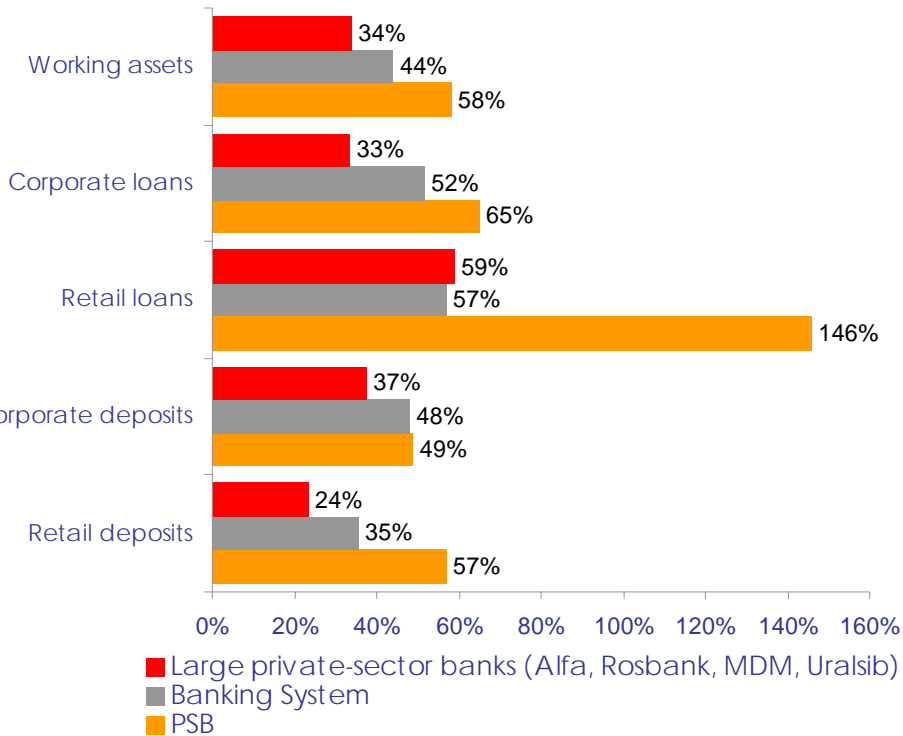
2007 corporate highlights

- A new strategy is being developed in co-operation with a leading external consultant (BCG)
- A new business line – SME – was formed and SME lending programme launched
- Retail expansion began to bring results
- Thanks to its increased size and continuous commercial dynamism, the bank has become attractive to top-tier Russian corporates
- The number of outlets in the distribution network grew by over 40% to 255 as at YE07
- Administrative reform created several blocks within the organizational structure and introduced matrix-based management system
- Risk management and control department was formed, centralising most of the risk functions
- PSB changed the type of joint-stock company from a closed to an open company; measures were taken to enhance corporate governance (expected to be finalized by 2008)
- All the shareholders showed continuous commitment to support the Bank's growth through the policy of full profit retention and regular equity contributions



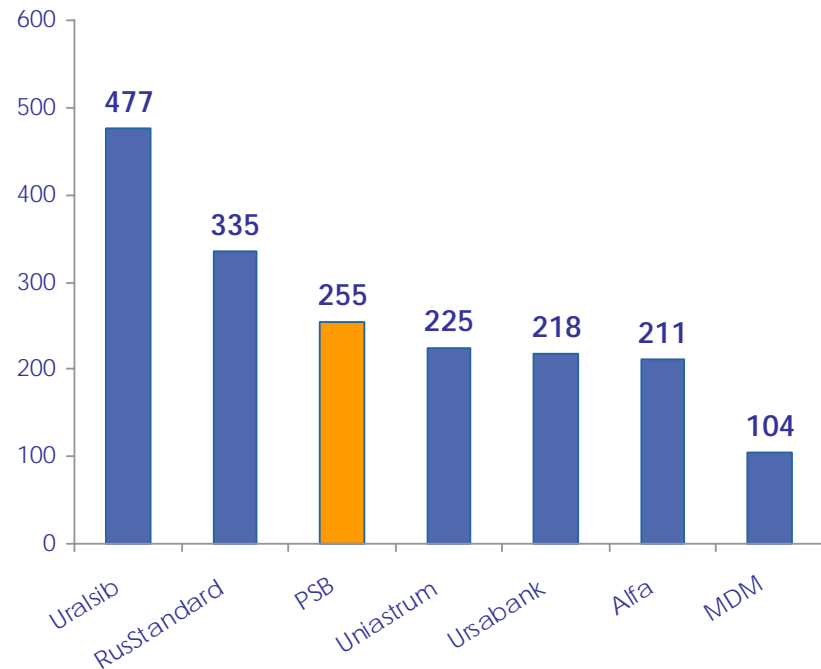
PSB in comparison

PSB's growth vs sector 2007 (CBR data)



Source: CBR

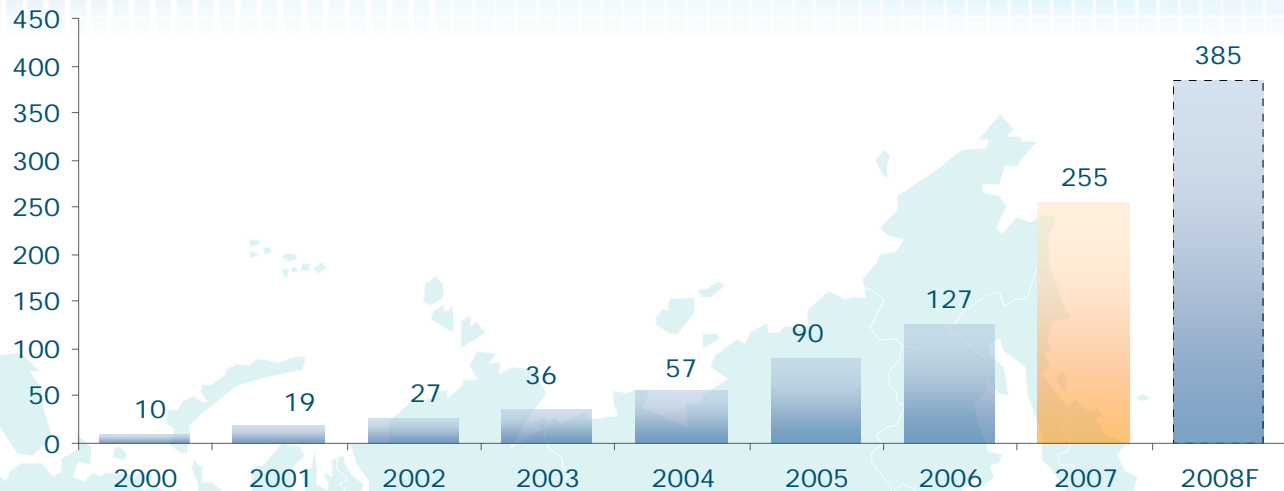
Branch network private-sector banks (total number of outlets, YE 2007)



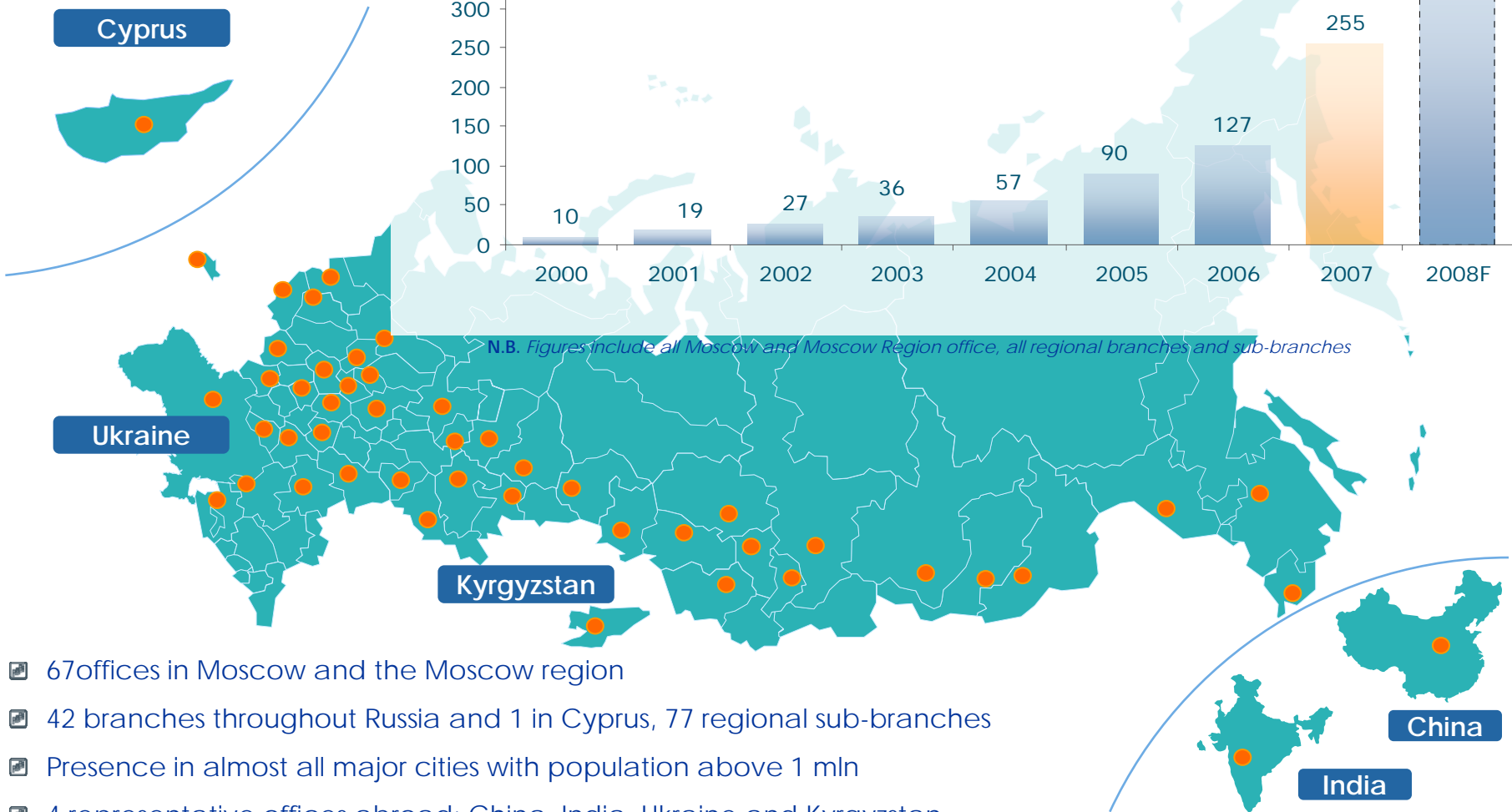
Source: RBC Ratings for 2007



Established National Presence



N.B. Figures include all Moscow and Moscow Region office, all regional branches and sub-branches

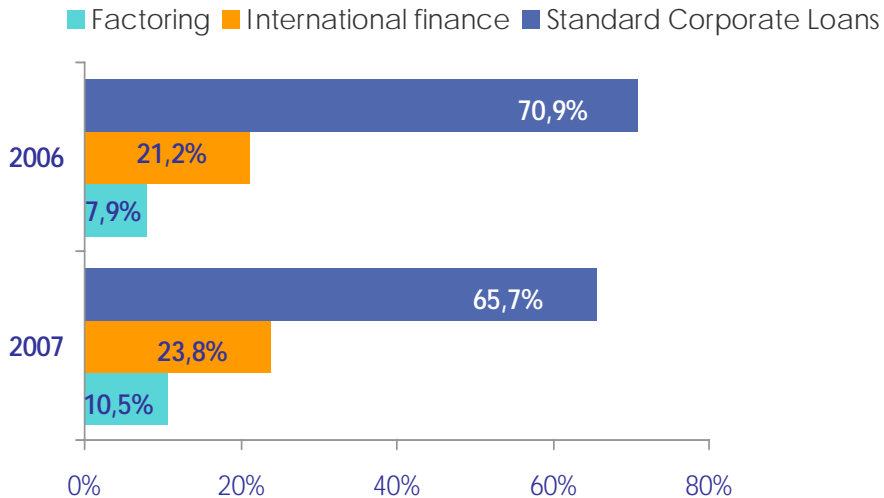


- ☑ 67 offices in Moscow and the Moscow region
- ☑ 42 branches throughout Russia and 1 in Cyprus, 77 regional sub-branches
- ☑ Presence in almost all major cities with population above 1 mln
- ☑ 4 representative offices abroad: China, India, Ukraine and Kyrgyzstan
- ☑ More than 700 ATMs all over Russia

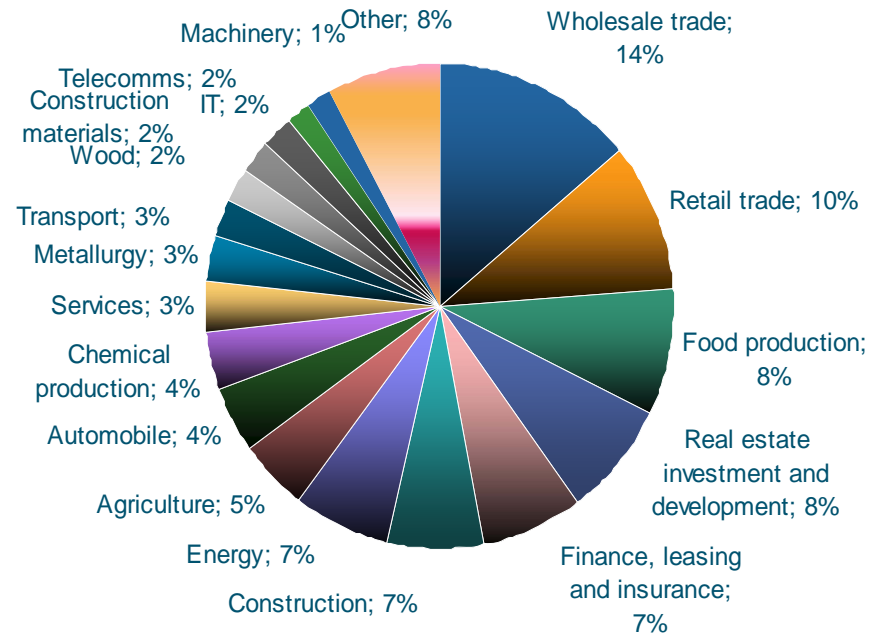


Corporate lending structure

Corporate Lending- loans breakdown



Corporate Lending- loans breakdown



- ☑ Maintaining a well-diversified corporate loan portfolio is a strategic goal.
- ☑ The proportion of products with relatively high margins (international trade finance and factoring) is increasing, supporting the Bank's net interest margin (which increased from 5.9% in 2006 to 6.2% in 2007).
- ☑ The average effective rate in lending across the currencies was approx. 12% p.a. in 2007, and is expected to raise in 2008, reflecting the increase in cost of funding and backed by growing relative importance of retail and SME lending where rates are higher compared to corporate banking.
- ☑ 10.23% market share of documentary transactions in Russia in 2007 (source: SWIFT)
- ☑ EBRD awarded PSB the title of "The most active trade finance bank in Russia in 2007"
- ☑ #2 player in the Russian factoring market (source: Expert RA, a Russian rating agency)

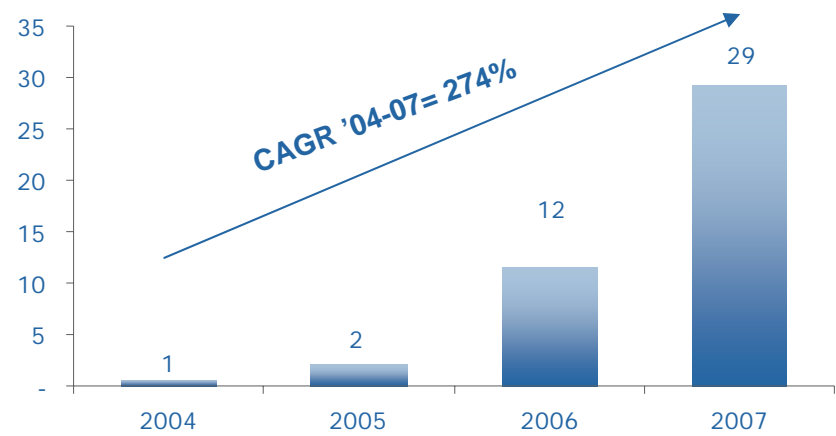


Retail Banking: Managing Expansion

Overview

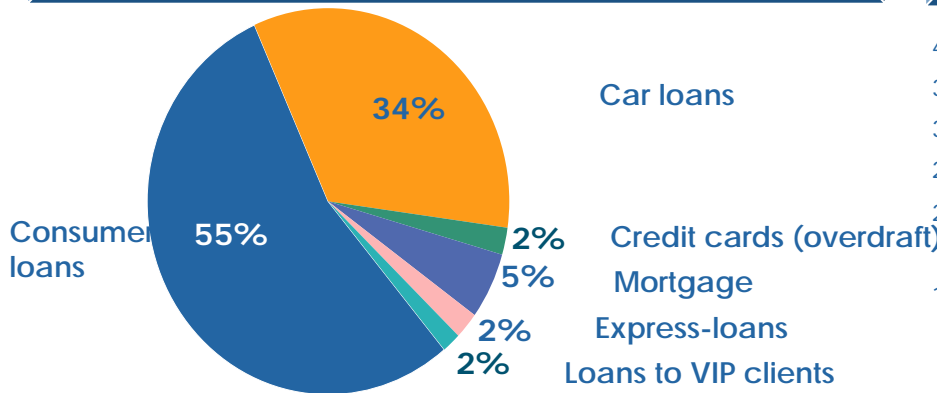
- More than 525,000 retail clients as of January 01, 2008
- One of the first banks admitted to the State Deposit Insurance System
- Strategic goal to expand retail banking operations:
- Services targeted at middle class: differentiation through high-quality service (e.g. PSB-retail and mini-offices)
- Further products marketing: mortgage, car and express loans, credit cards etc.
- Development of the retail franchise is underpinned by distribution network expansion

Retail loans, RUB bln.

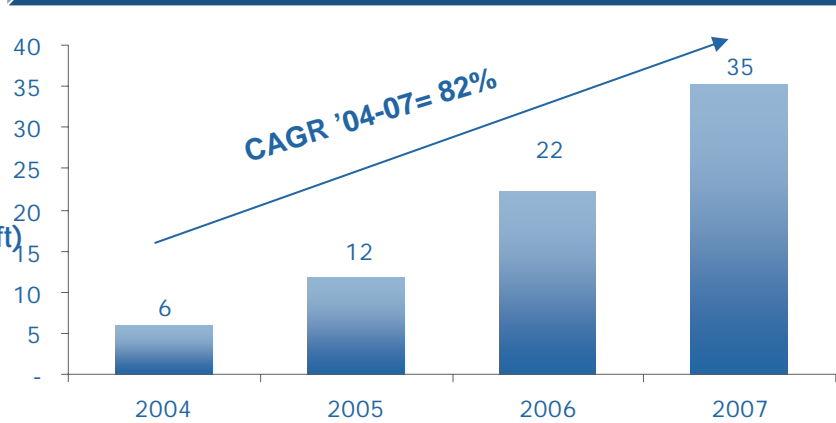


Source: PSB

Retail Loans by Product, YE2007



Retail term deposits & current accounts, RUB bln.

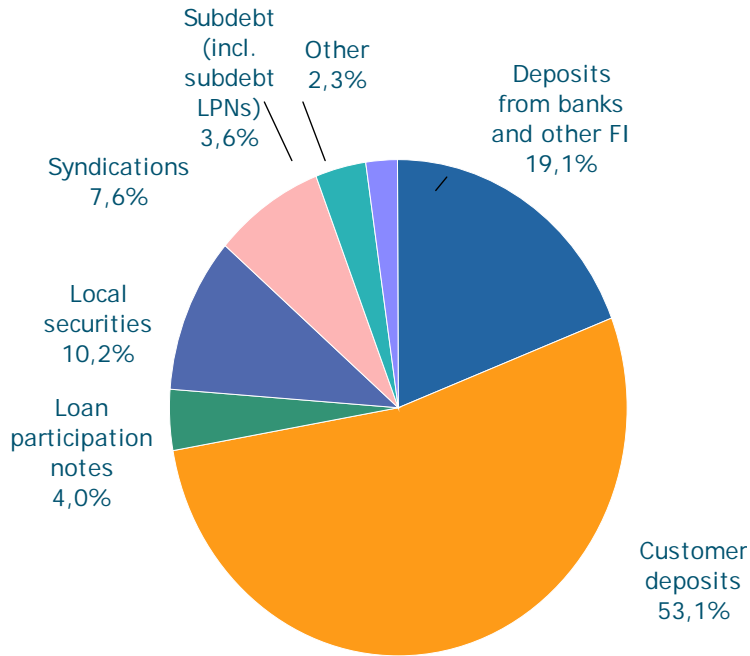


Source: PSB



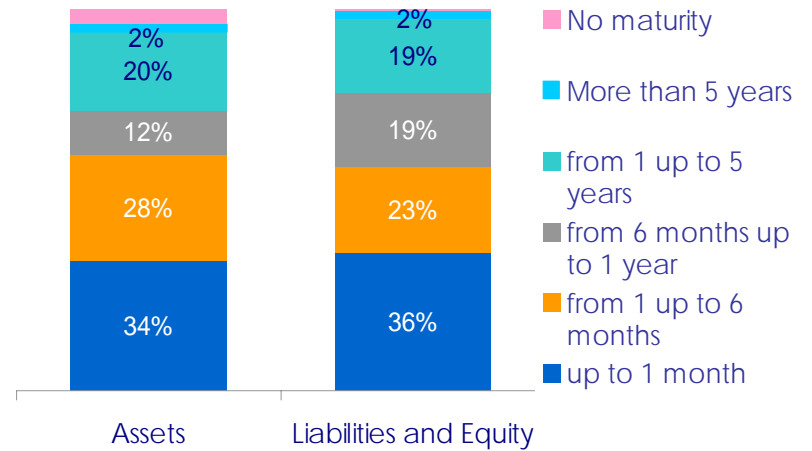
Funding Mix and Maturity Profile

Funding mix YE2007

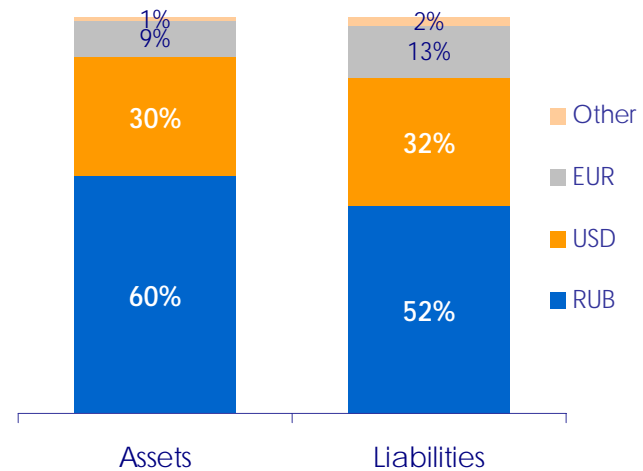


Total funding amount RUB265.3bln

Assets and liabilities maturity breakdown YE2007



Assets and liabilities currency breakdown YE2007





SECTION 2

Financial Performance



Financial Summary

RUB bln.	2004	2005	2006	2007
Total Assets	58.2	110.9	180.5	293.2
Total Loans	34.4	64.4	116.5	208.4
Total Liabilities	50.6	99.2	162.2	265.6
Total Deposits from Customers	24.5	53.2	85.3	141.0
Shareholders' Equity	7.5	11.7	18.4	27.7
Net Profit	1.3	1.7	2.6	3.7

- Total assets grew by 62% to RUB 293 billion (US\$ 12 billion), driven by customer lending activities.
- Net profit rose by 43% to RUB 3.7 billion (US\$ 151 million).
- Operating income grew by 60% to RUB 15.6 billion (US\$ 636 million), driven by a strong growth in net interest income.
- General and administrative expenses increased by 49% to RUB 8.0 billion (US\$ 326 million) following distribution network expansion and active investments in IT systems and human resources; however, overheads remained under control as indicated by a decrease in cost-to-income ratio to 51.3% (YE 2006: 55.3%).
- Asset quality was not compromised by lending expansion as indicated by a low 2.4% impairment charge coverage of gross loans.
- Capitalisation remained sound, with total capital adequacy ratio of 13.5% at YE 2007, thanks to the shareholders' commitment to support the Bank's growth.



Key Financial Ratios

	2007	2006	2005	2004
Profitability Ratios				
Return on Total Assets*	1.6%	1.8%	2.0%	2.4%
Return on Equity*	17.4%	17.3%	17.2%	18.5%
Net Interest Margin	6.2%	5.9%	5.7%	7.7%
Cost-to-Income Ratio	51.3%	55.3%	52.9%	38.9%
Asset Quality Ratios				
Loan Loss Provision / Gross Loans	2.40%	2.09%	2.50%	5.43%
Net Loans to Related Parties / Total Capital	11%	15%	33%	47%
Top 20 Borrowers / Gross Loans	24%	28%	37%	44%
Liquidity and Funding				
Net Loans / Deposits	148%	136%	121%	141%
Liquid assets / Total Assets	22.69%	30.60%	37.07%	35.31%
Cumulative Gap 6 months/ Total Assets	8.64%	11.09%	9.42%	-1.99%
Top 10 depositors /Total customer deposits	21.6%	24.6%	33.0%	N/A
Capitalisation				
Equity / Total Assets	9.44%	10.18%	11.62%	12.96%
Total Capital Adequacy Ratio	13.51%	16.38%	16.54%	16.82%
Tier I ratio	9.41%	11.10%	12.02%	14.46%

* Calculation is based on the quarterly average for 2007.

Profit calculated as net profit attributable to shareholders of the parent.

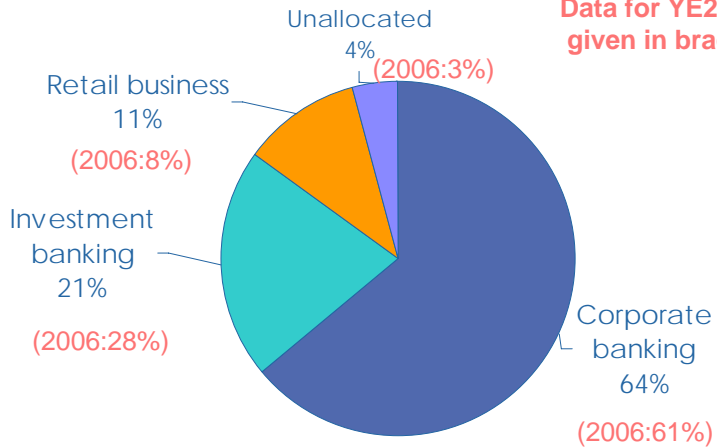


Business segmentation

Assets and liabilities by segment (YE 2007)

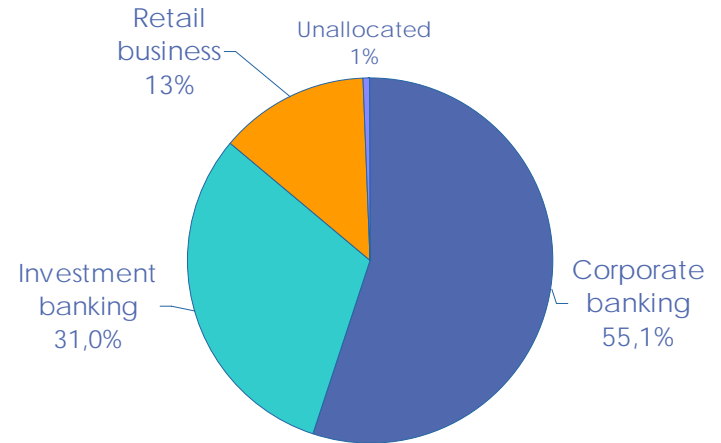
Assets: RUB 293.2 billion

Data for YE2006 is given in brackets

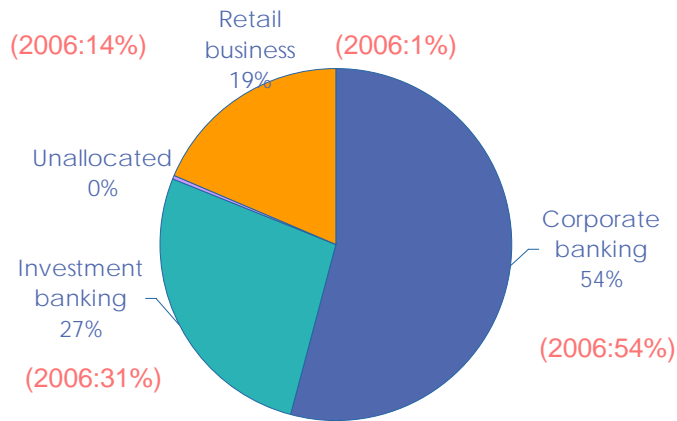


Net operating revenue split

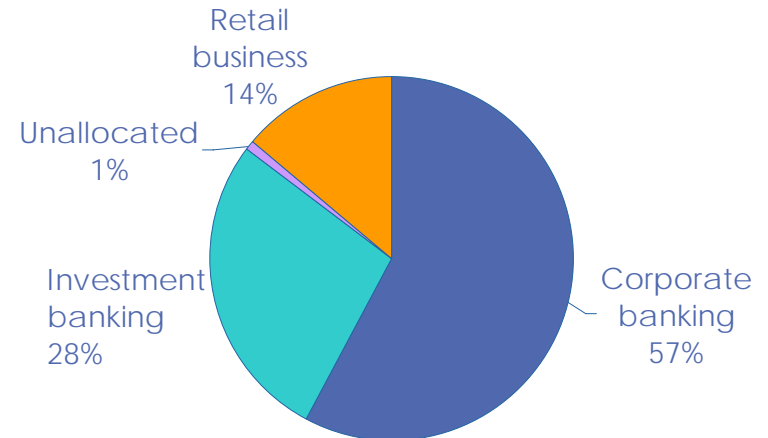
2007: total revenue RUB 27.8 billion



Liabilities: RUB 265.6 billion



2006: total revenue RUB 16.8 billion





Profitability

Summary P&L

(RUB, bln)	2004	2005	2006	2007
Net Interest Income	2,854	3,629	6,921	12,163
Net Commission Income	444	700	1,496	2,373
Operating Income	4,225	5,809	9,746	15,620
Operating Expenses	2,470	3,547	6,289	10,636
Net Profit	1,268	1,710	2,595	3,676

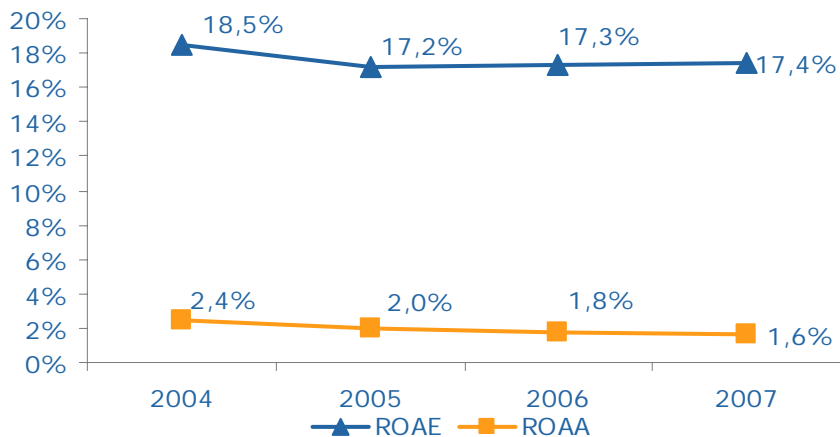
- Despite asset growth constantly well above the market average, all PSB profitability indicators remain sound.

- Competitive pressure did not affect PSB's profitability, as evidenced by the evolution of interest margin, supported by our Bank's strategic focus on higher margin corporate loan products as well as by our expansion in SME and retail lending.

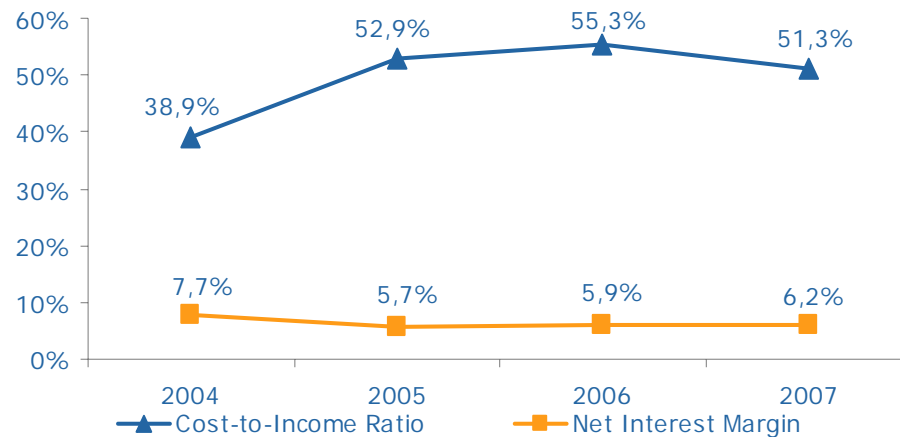
- Despite investments in regional development and human resources, operating expenses remained under control, as indicated by the relatively low 51.3% CTI ratio.

- In 2007, Net interest income grew strongly by 76%, Net fees and commissions grew by 55% and Operating income rose by a solid 60%. This was achieved despite a net trading loss of RUB 124 million.

RoAE & RoAA



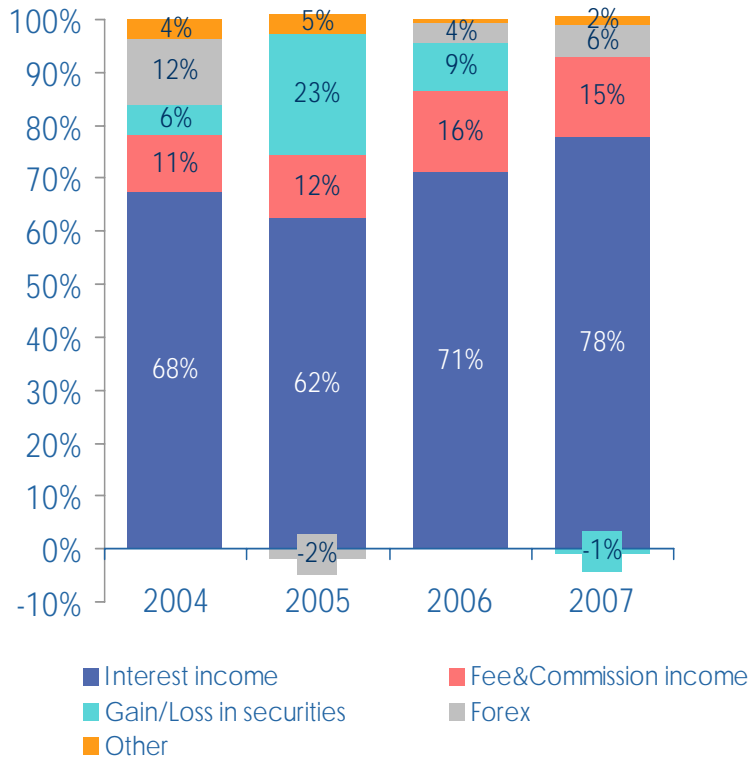
Cost/Income Ratio and Net Interest Margin





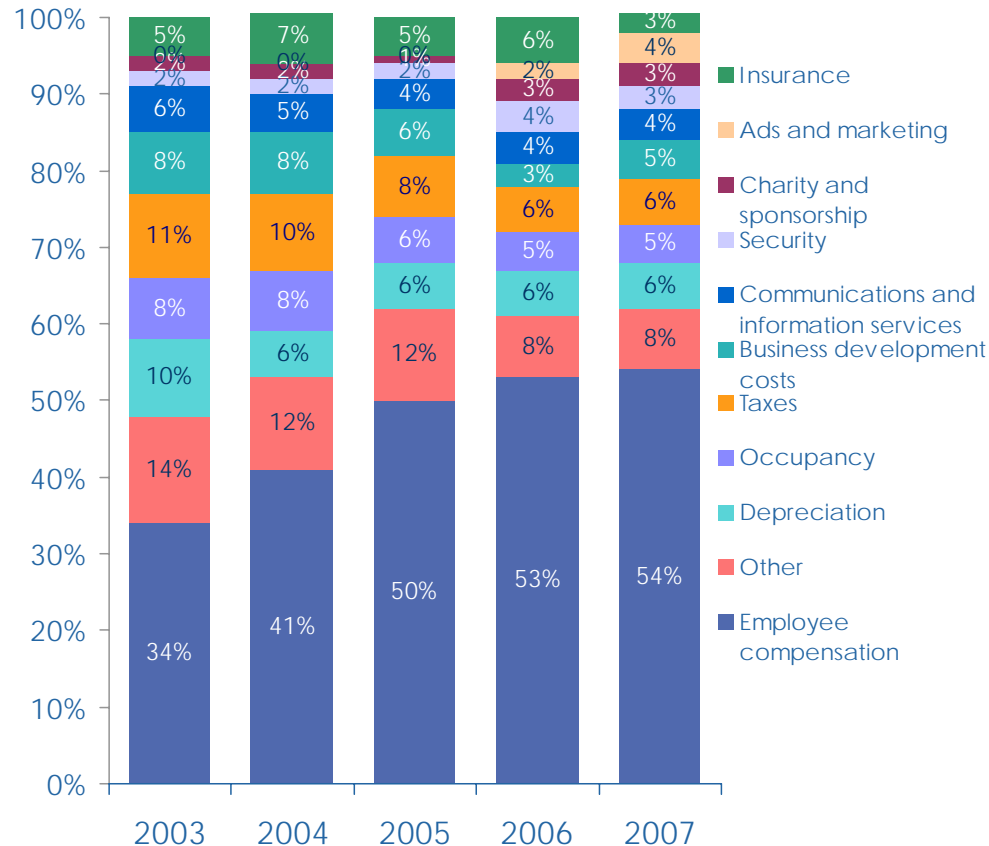
Revenues and expenses split

Revenue split , net amounts (%)



- ✓ Interest income is the single largest revenue component
- ✓ Stable fee and commission income

General administrative expenses composition (%)

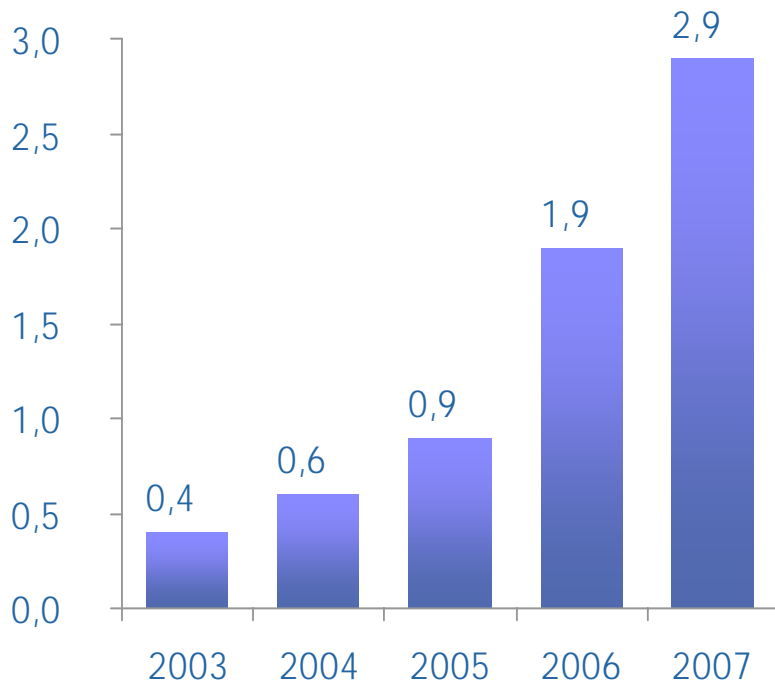


- ✓ Employee compensation traditionally accounts for about a half of total operating expense
- ✓ Expenses for ads and marketing are caused by promotion programme launched by the Bank: mass-media, outdoor advertising etc.

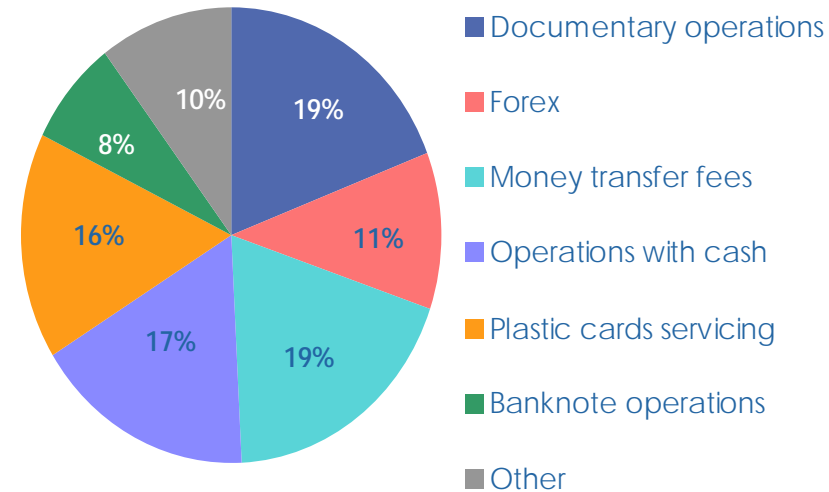


Fee and commissions income

Fee and commission income, RUB bln.



Fee and commission income structure YE2007



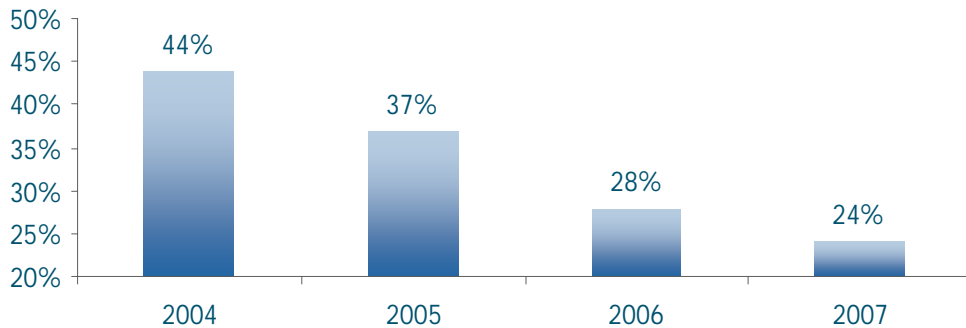
"Other" are represented by fees from:

- securities trading – 2.68%;
- agent activity – 2.44%;
- investment banking – 1.68%;
- cash collection – 1.67%;
- other - 1.80%.

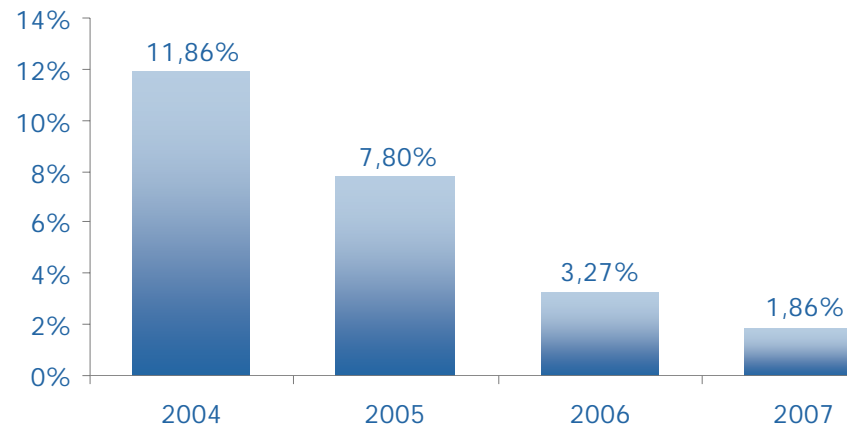


Loan Portfolio Quality Indicators

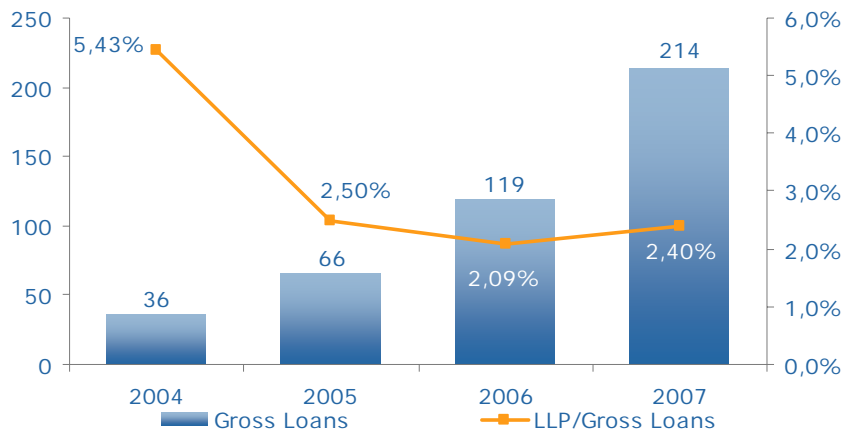
20 Largest Borrowers (% of Gross Loans)



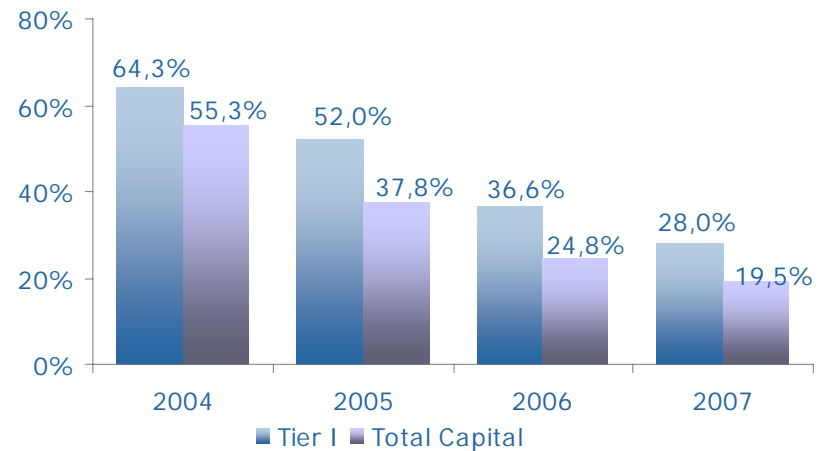
Related Party Lending (% of Gross Loans)



Impairment Allowance as % of Gross Loans (RUB bln)



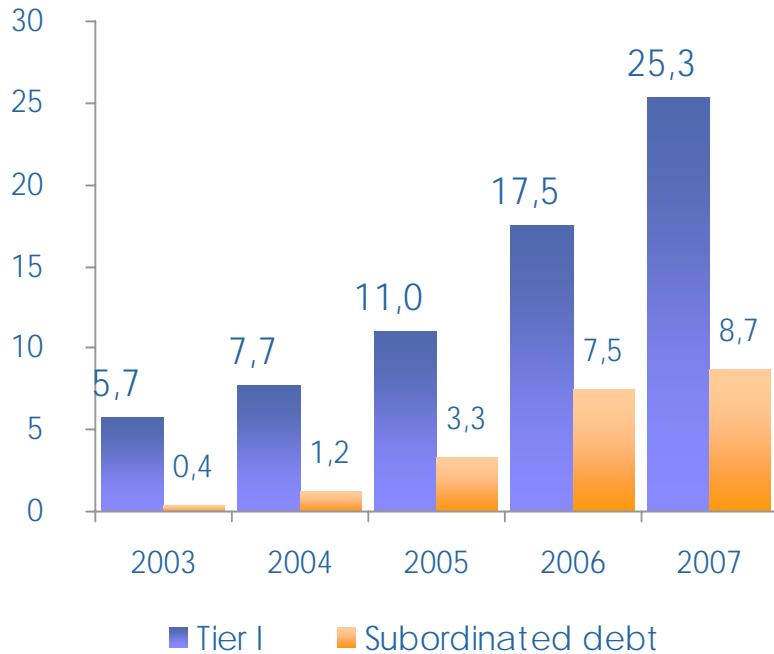
Related Party Exposures (% of Capital)



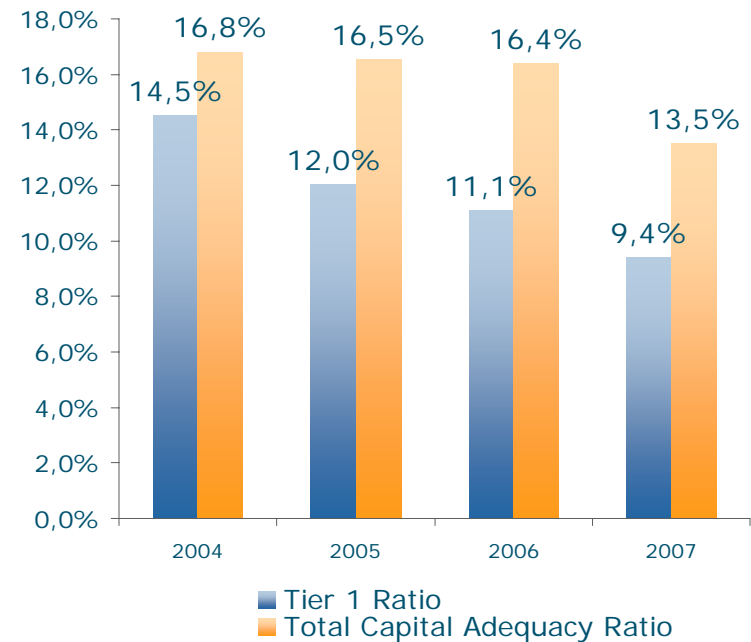


Equity and capitalization

Tier 1 Capital vs Subdebt, RUB bln.



Capital Adequacy Ratios





Investment Highlights

