

Investor Presentation

IFRS FS 2009

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Background information

Universal Bank

- § PSB is engaged in commercial, retail, private, investment and SME banking
- § Over 370,000 retail borrowers & depositors, over 80,000 corporate clients, more than 1 million cards issued

One of the largest banks

- § Ranks # 10 by assets among Russian banks*, up one place from Q3 2009
- § # 8 in Russia by retail deposits (*1 January 2010***)
- § # 5 in Russia by loans issued in 2009 to SME borrowers (*1 January 2010****)
- § Top player in the Russian factoring market (*1 January 2010****)

Broad distribution

- § 233 outlets (incl. 48 branches) and over 1,200 ATMs across Russia
- § 5 overseas offices, incl. a branch and a retail sub-branch in Cyprus

Transparent

- § Transparent ownership structure, 10 years of international audit («big four»)
- § Commerzbank owns 15.32% since November 2006; EBRD owns 11.75% since February 2010

Ratings

- § Moody's: Ba2, Fitch Ratings: B+

* Source: Interfax-100, 1 January 2010

** Source: RBC.Rating ***Source: Expert RA

PSB structure as of June 2010



§ PSB is majority owned by two individuals:

§ Mr. Dmitry Ananiev

- Member of the Federation Council (“Russian Senate”), Chairman of the Federation Council’s Committee on Financial Markets and Currency Circulation

§ Mr. Alexey Ananiev

- Chairman of the Board of Directors

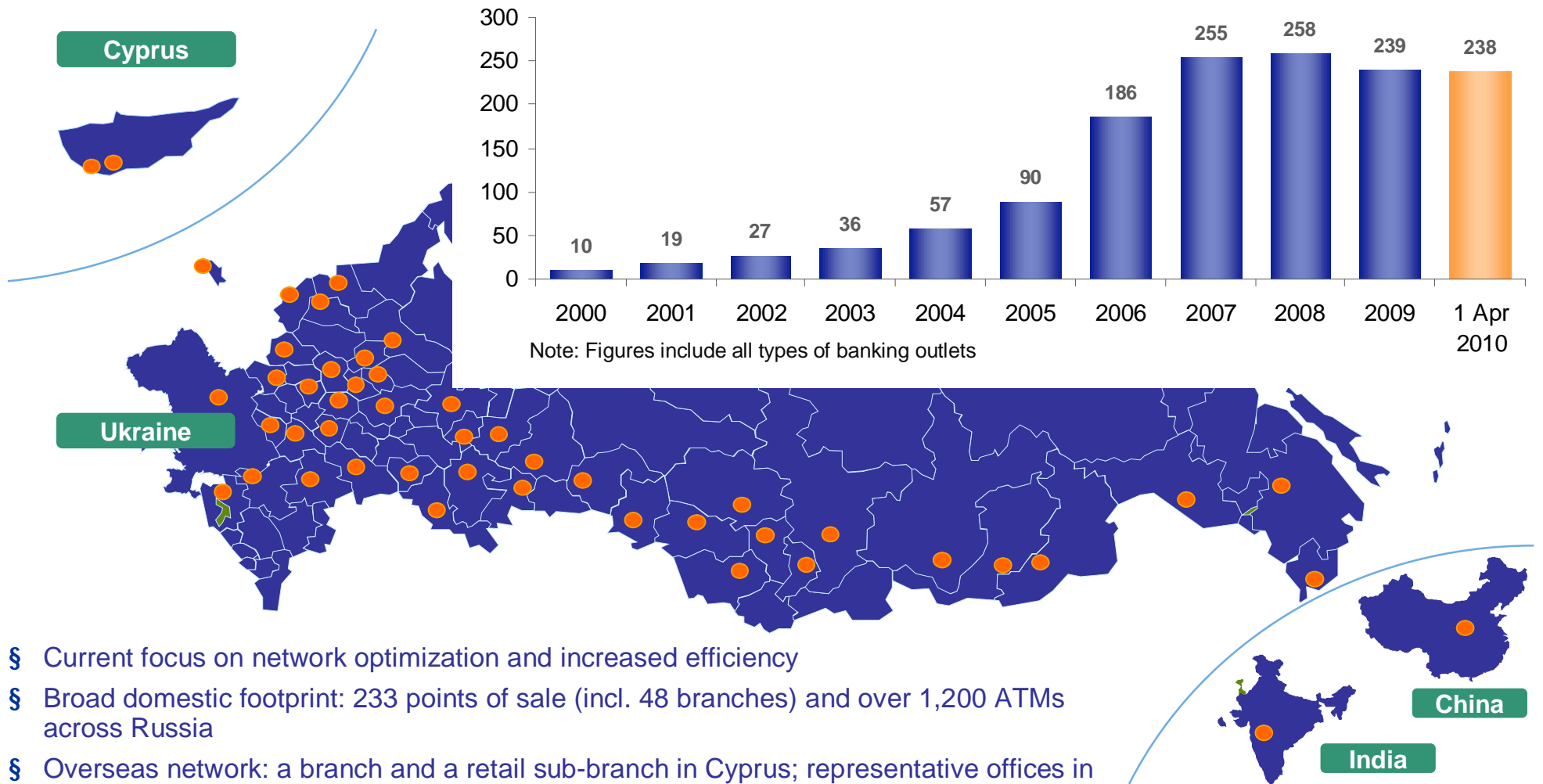
§ Other businesses of Messrs. Ananiev encompass IT, real estate, mass media and publishing

§ Commerzbank has been PSB minority shareholder since Q4 2006

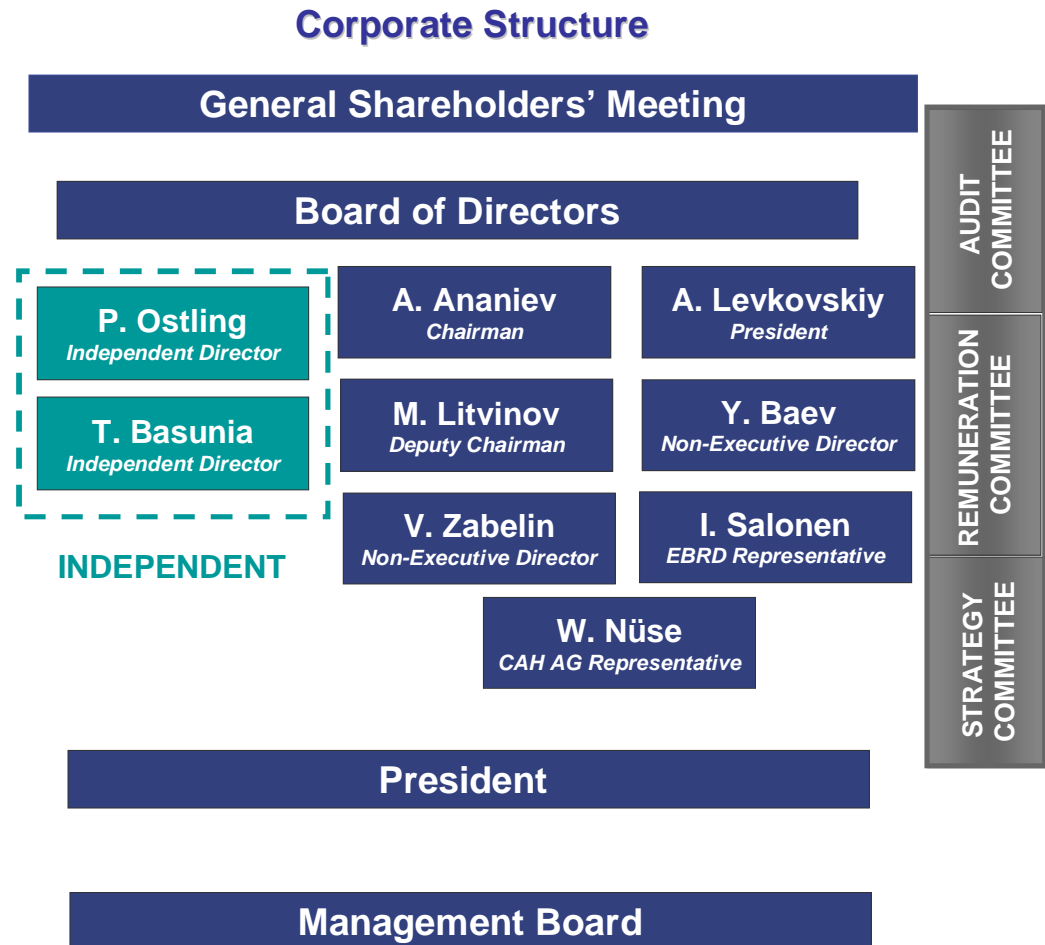
§ EBRD became a new PSB shareholder with an 11.75% stake in February 2010

§ The EBRD investment in PSB capital totals approx. RUB 4.6 billion, which makes it the largest EBRD equity investment in a Russian bank to date

Countrywide distribution network



- § **The General Shareholders' Meeting** is the senior governing body of PSB, which resolves on the major corporate actions and elects the BoD
- § **The Board of Directors (BoD)** defines the aims and development strategies of the Bank, elects the President (CEO) and the Management Board, and supervises them on the strategic level
- § The BoD consists of 9 members, incl. 2 independent non-executive directors (INEDs) – formerly partners in “big four” audit companies and 2 representatives of the minority shareholders – Commerzbank and EBRD
- § **The Management Board** is the executive body of the Bank and oversees its day-to-day operations. The Bank's President Mr. Alexander Levkovskiy is also the Chairman of the Management Board
- § The Management Board consists of 9 members, all with extensive experience in banking
- § The Management Board has formed the following committees: credit, tariff, budget, problem assets, product and innovation, and asset/liability management committee.



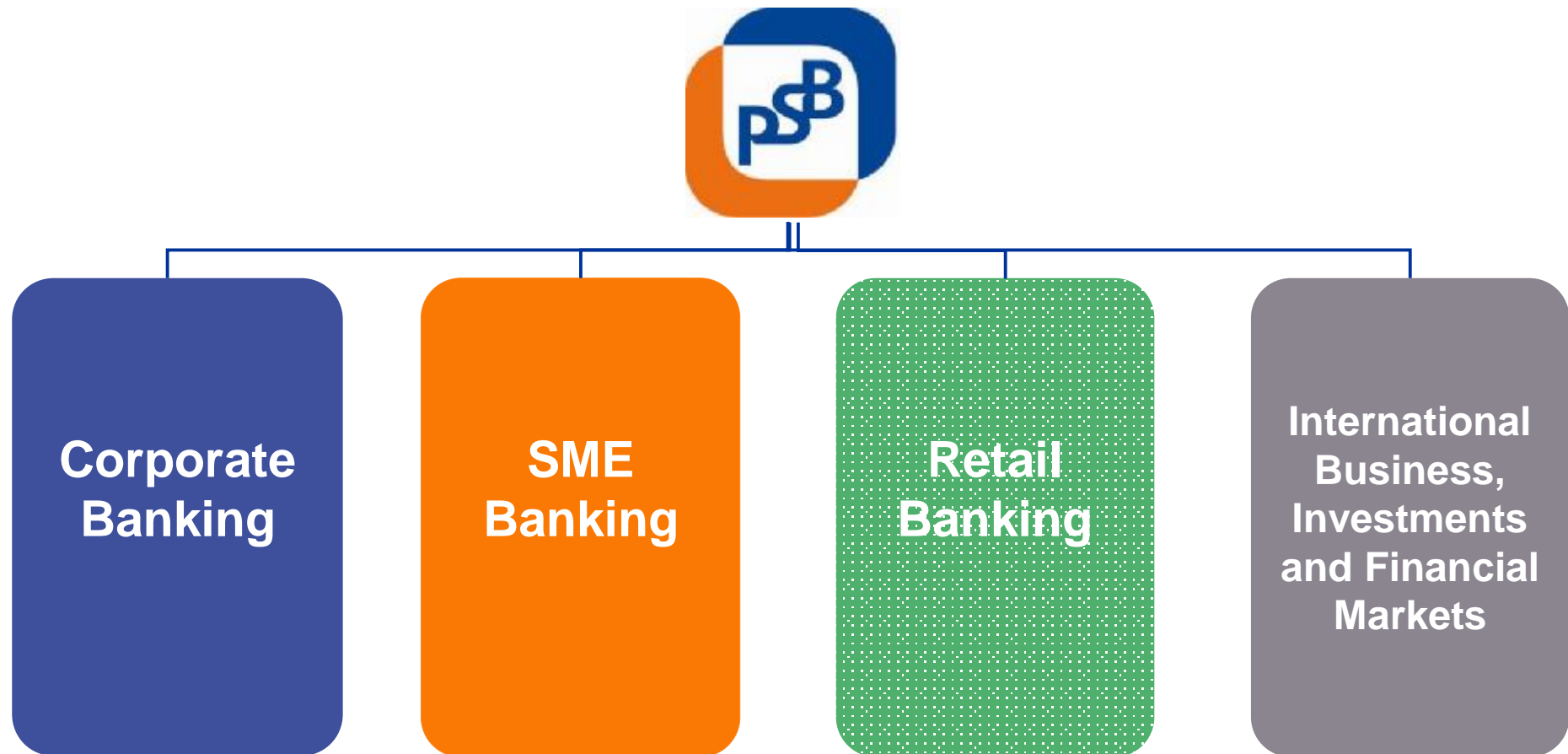
PSB vis-à-vis peers



	Promsvyazbank	MDM Bank URSA Bank	Alfa-Bank
Operating profitability	% change OI YoY +20.6% Net F&C/OI 16.5%	% change OI YoY +26.1% Net F&C/OI 10.0%	% change OI YoY -34.2% Net F&C/OI 17.5%
Cost-to-income ratio	39.0%	40.2%	51.2%
Net profit / (Loss) (RUB mln)	(626)	(1 394)	2 310
Reserves / Loans	12.7%	15.7%	10.1%
Largest industry concentration	12.1%	13.0%	16.0%
Net loans / Deposits	92.0%	121.6%	98.3%
Capital adequacy	Tier 1 ratio 9.9% Total CAR 14.3%	Tier 1 ratio 18.9% Total CAR 21.3%	Tier 1 ratio 13.1% Total CAR 20.0%
Long-term deposit ratings	Moody's: Ba2 Fitch: B+	Moody's: Ba2 S&P: B+ Fitch: BB-	Moody's: Ba1 S&P: B+ Fitch: BB-

Source: PSB, MDM, Alfa IFRS FS as of 31.12.2009. For peers info obtained from the banks' official websites. Ratings as of 18 May 2010
 OI – operating income, F&C – fees and commissions, CAR – capital adequacy ratio

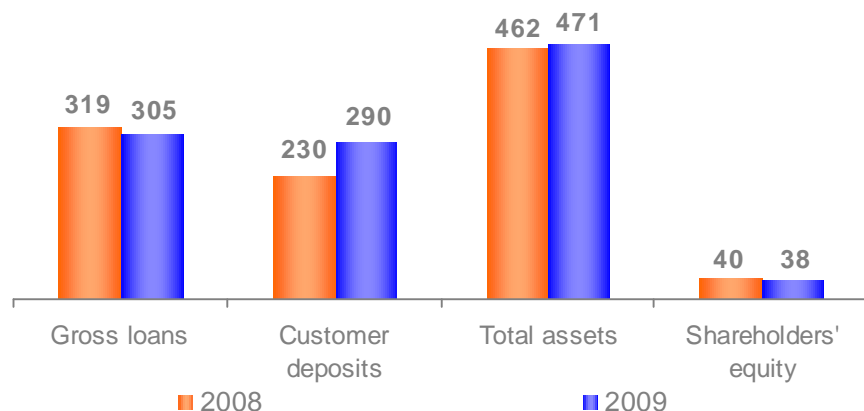
Business overview



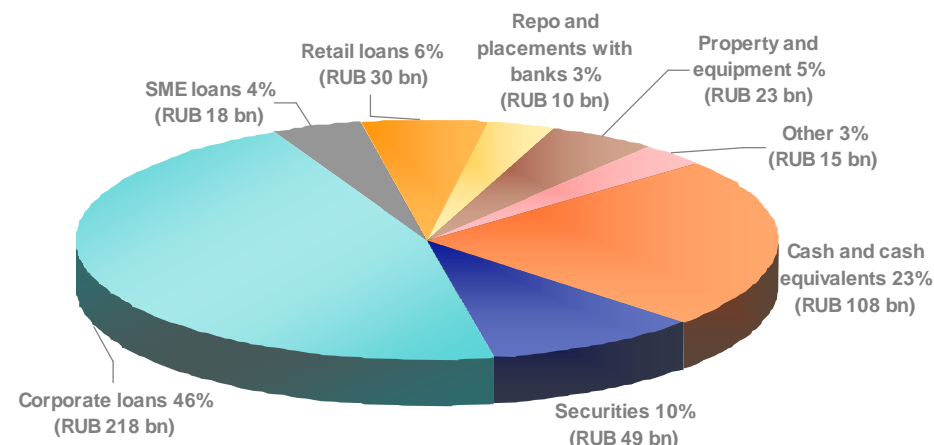
Universal private bank with a comprehensive range of financial services

Key events 2009-early 2010

Key balance sheet items (RUB bn)

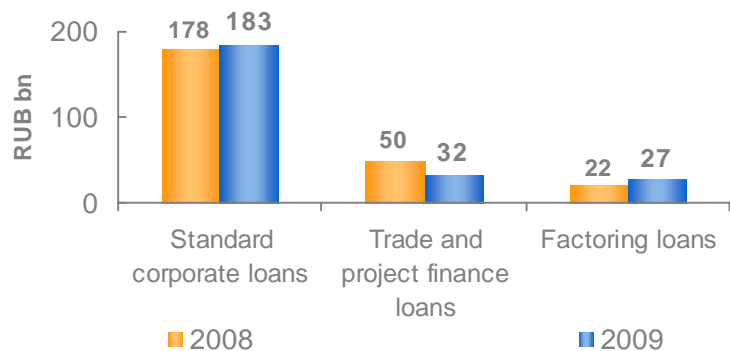


Assets structure

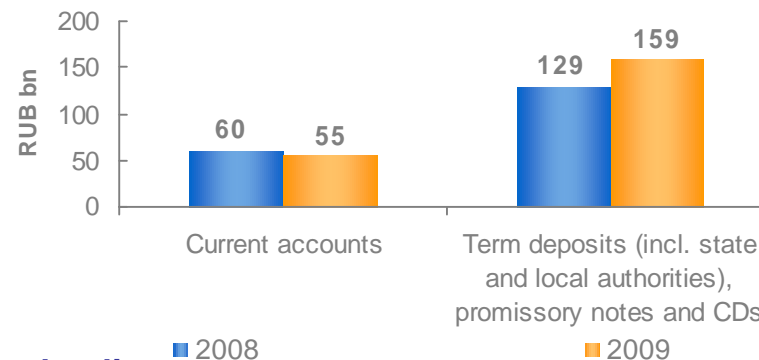


- § PSB became a TOP-10 Russian bank in terms of assets
- § PSB was awarded “Bank of the Year 2009” (Banki.ru*)
- § PSB is # 1 in the Russian factoring market (33.7% market share - "Expert RA"***)
- § Strong liquidity position during 2009:
 - i) prepaid 2 syndicated loans due in 2009
 - ii) prepaid anti-crisis funding from CBR in Q 1 2009
 - iii) passed on 3 put option on domestic bonds
- § PSB received approval for 4 bn RUB subordinated loan from VEB*** but decided not to take it up and remained independent from government
- § PSB was the only Russian bank which was able to place subordinated debt in the public market in 2009 (USD 200 mln)
- § In February 2010 CBR registered new share issue. EBRD became a new shareholder with an 11.75% stake, the share of Commerzbank remained the same - 15.32%

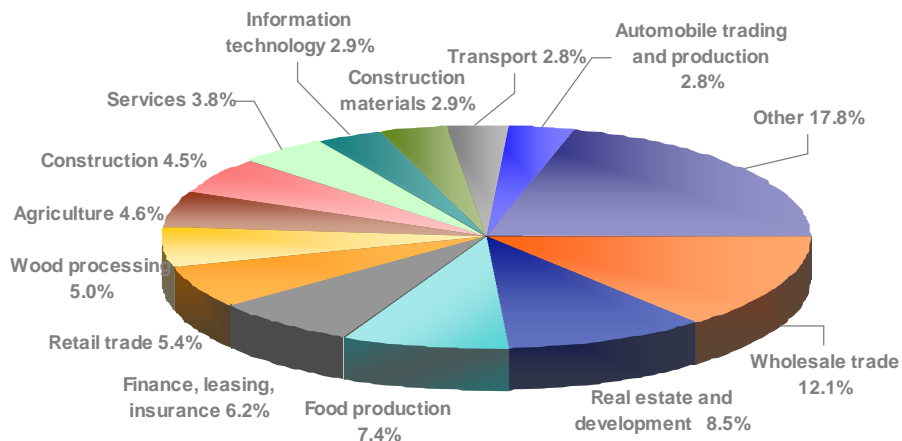
Corporate loans



Corporate funding



Diversification by industry



Corporate lending

§ PSB continues active credit underwriting in factoring - total factoring funding provided was more than 85 bn RUB to customers in 2009

§ Good diversification of the corporate loan portfolio across the economic sector

§ Shift to quality borrowers, new tier 1 customers

§ Decreased share of loans to real estate and development (from 9.3% to 8.5%) and construction industry (from 6.4% to 4.5%)

§ Loan to value ratio* ~ 63%, 40% of loans are collateralized by real estate

§ Rescheduled corporate loans ~ 30%, renegotiated loans (that would otherwise be past due date) ~ 4.5%

Corporate funding

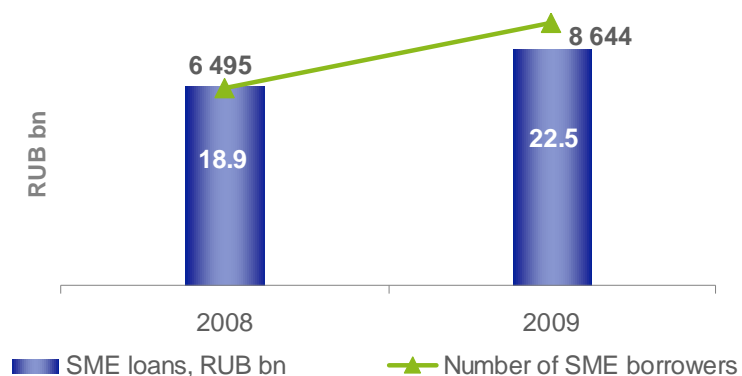
§ Shifted client managers' focus from loans to deposits in 2009

§ In Q4 2009 a large influx of customer deposits

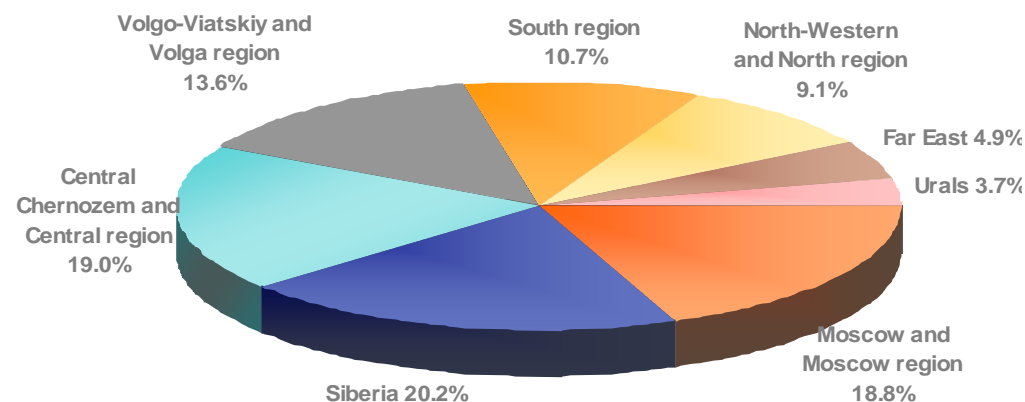
§ Number of corporate deposits – increase from 1,259 to 1,911 (52%)

* LTV = loan amount divided by the collateral value (valuations are based on market prices prevailing during the financial crisis)..Max LTV could be 100%

SME loans



Diversification by geographic region



§ 19% growth of SME loans

§ Amount of SME loans granted in Q 4 2009 more than doubled compared to Q 4 2008

§ PSB is among the top-5 SME lenders in Russia based on the loans issued in 2009 (Expert RA)

§ Total SME loans issued in 2009 were nearly 22 bn RUB, PSB strengthened its market position in this segment

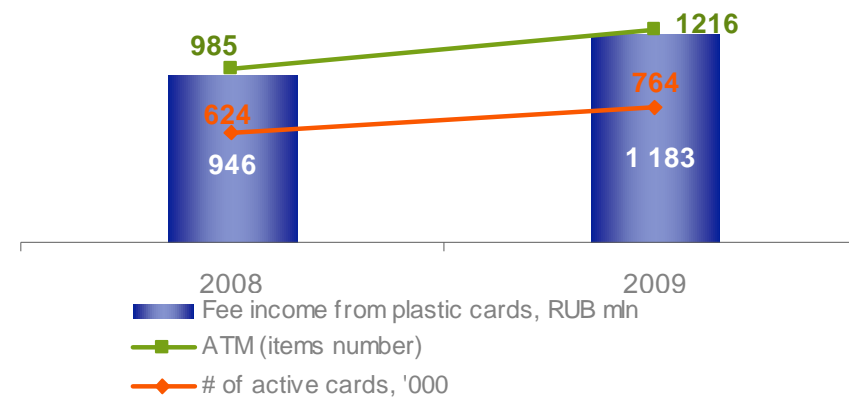
§ Increased share of SME business in PSB operating income (from 3.2% to 8.6%)

§ Strong geographic diversification of SME loan portfolio

§ Strategic focus on SME business, especially on medium sized companies



Plastic card business and fee income



Retail lending

§ Continuing shrinkage of retail lending due to the stopping of mass market lending programs and limited volumes of new retail loans granted to existing customers (loyalty program)

§ Centralization of (i) lending process, (ii) risk-management, and (iii) underwriting, and improvement in the collection process

§ Effective restructuring program for retail customers (near 11% of retail loan portfolio)

§ Fully reorganized credit procedures for mass retail lending program targeted for resumption in the H2 2010

Retail funding

§ 80% growth in retail deposits during 2009, the highest growth rate among Russian banks

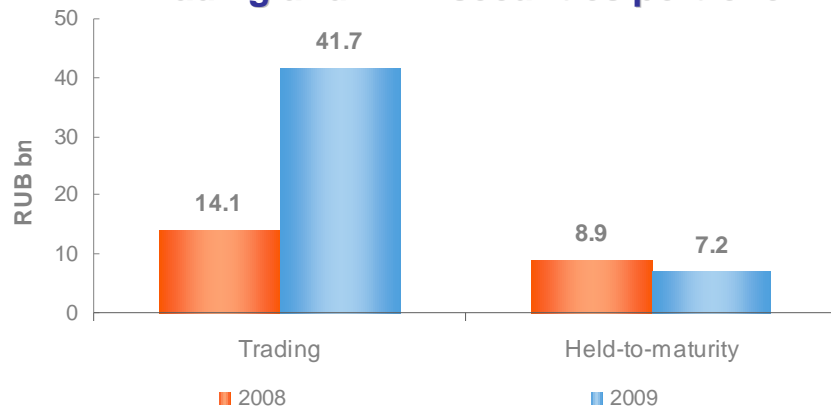
§ The growth was driven by the (i) efficiency of PSB deposit products, (ii) wide branch network, (iii) active marketing in 2008, and (iv) increase in brand recognition

§ Over 1.1 million retail customers

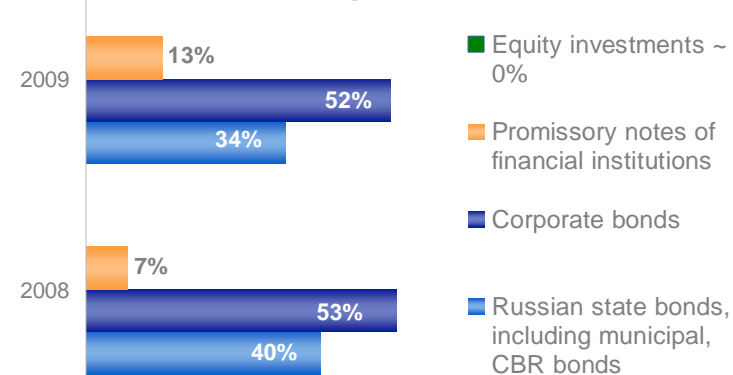
§ Share of private banking in retail deposits ~ 40% (36% at the YE 2008)

§ Ranked # 8 in Russia by retail deposits as of 1 April 2010 (RBC.Rating)

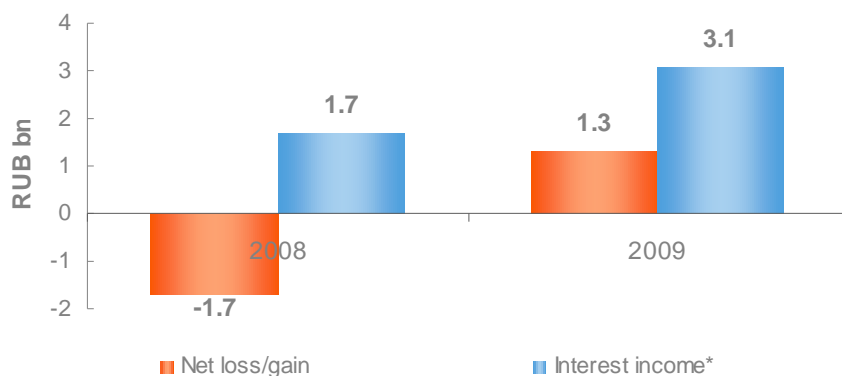
Trading and HTM securities portfolio



Securities portfolio structure

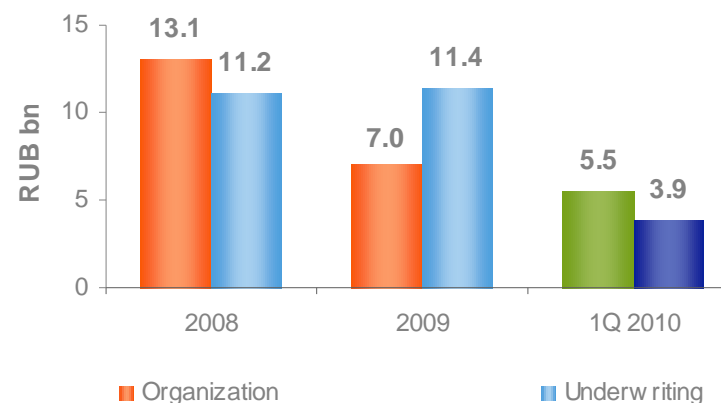


Securities book: inherent volatility



* - including interest income of HTM securities

Underwriting activity



§ Ranked # 4 in Russia in IB dealing 2009 (MICA*)

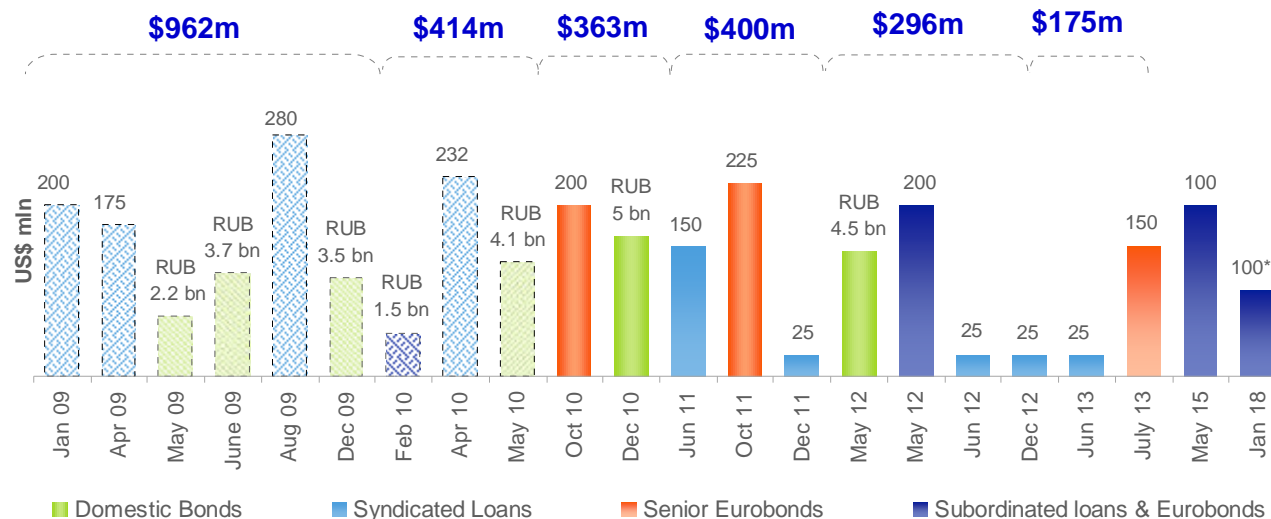
§ PSB ranks among TOP-10 fixed income operators (YE 2009) and 3rd largest OFZ repo operator (MICEX, March 2010)

* MICA – Moscow International Currency Association

Capital markets: reduced dependence on market funding



Redemption schedule of significant public borrowings



2009 Results

* PSB call option 01/2013

- § Despite difficult markets in 2009, PSB was able to conclude international funding deals (US\$ 30 mln loan from KfW, guaranteed by VEB, and US\$ 60 mln loan from EBRD)
- § In November 2009 PSB issued US\$ 200 mln subordinated Eurobond due in 2015
- § In February 2010 PSB prepaid subordinated loan in the amount RUB 1.5 bn

2010 Results

- § In April 2010 PSB repaid Tranche B of syndicated loan
- § In June 2010 PSB raised US\$ 250 mln syndicated loan - due to substantial oversubscription the deal was closed as a club deal involving EBRD and 11 international banks

Financial performance

2009 Financial highlights



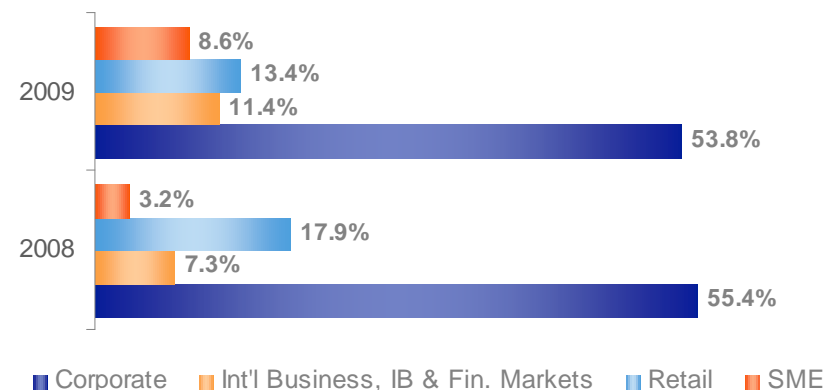
Positive trends

- § **Strong revenue-generating capacity, operational profitability**
 Operating income increased by 20.6% YoY
 Profit before tax and provisions up 31.8% YoY to RUB 20.3bn
 Net interest income up 16.5% YoY
 Net fees & commissions up 18.6% YoY
 Net interest margin remains at the level of 2008 - 6.5-6.6%
- § **Effective control of overheads**
 Cost-to-income (CTI) down to 39.0% from 43.8% at YE 2008
- § **Solid liquidity**
 Net loans to deposits improved from 131% to 92% at YE 2008
 Liquid assets made up 33% of total assets
- § **Improved capital adequacy**
 TCAR up by 1.2 p.p. to 14.3% from 13.1% at YE 2008, Tier 1 rose to 9.9%.

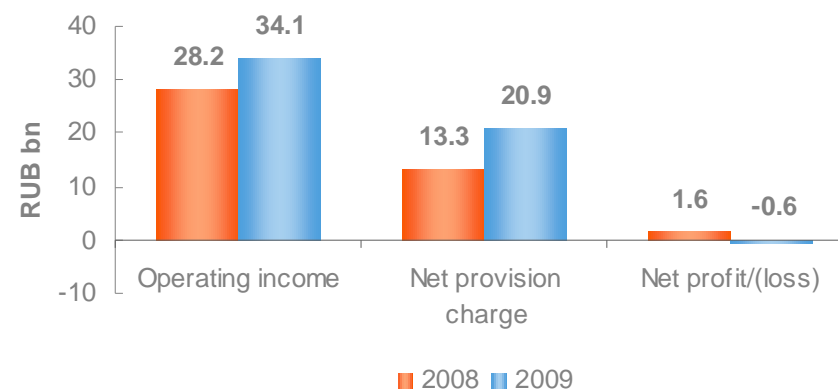
Negative trends

- § **Loan quality deterioration**
 NPL up to 12.3% of gross loans, from 2.8% at YE 2008; however the rate of growth has significantly slowed down – in 2nd H 2009 NPL growth was 45% less than in 1st H 2009 (in absolute amounts)
 Impairment charges made up 61% of operating income against 47% in 2008
- § **Increased pressure on NIM in 4Q 2009 will continue in 1st H 2010**
- § **Net loss for the year (RUB 626 mln)**

Share of business lines in operating income

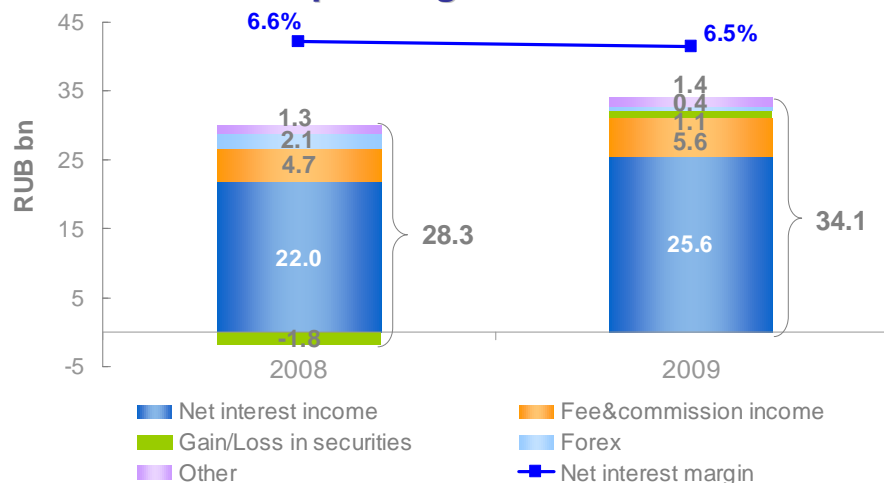


Key profitability indicators

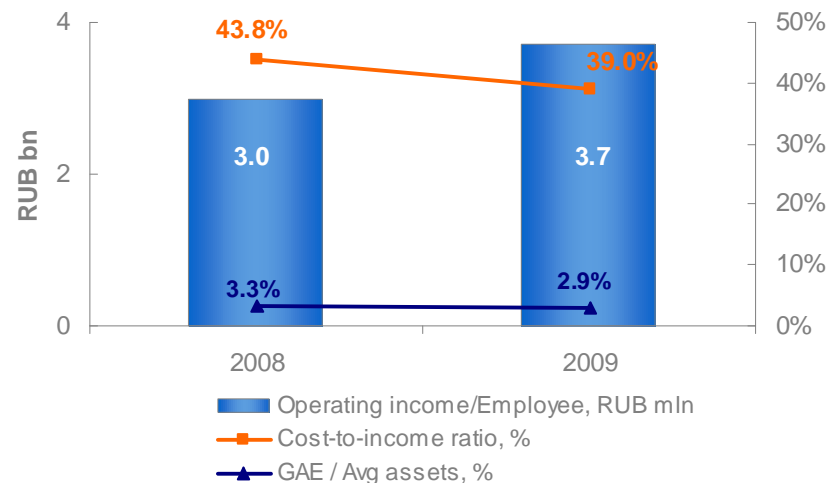


Profitability and efficiency

Operating revenue



Operating efficiency



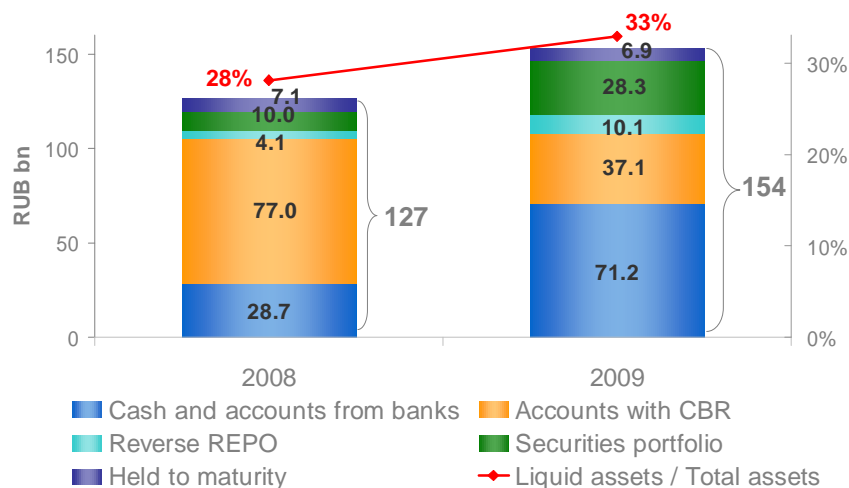
- § Good revenue dynamics and relatively stable level of net interest margin
- § Fee and commission income are well-diversified by source and shows strongly growth
- § During 2009 PSB significantly improved securities trading financial results compared to losses in 2008
- § General and administrative expenses (GAE) tightly controlled despite a slightly increased number of staff at YE 2009, optimization programs are in place
- § Staff productivity significantly improved
- § 2/3 increase in general and administrative expenses was attributable to the consolidation of subsidiary banks (which were not included in the consolidated 2008 P&L)

GAE analysis



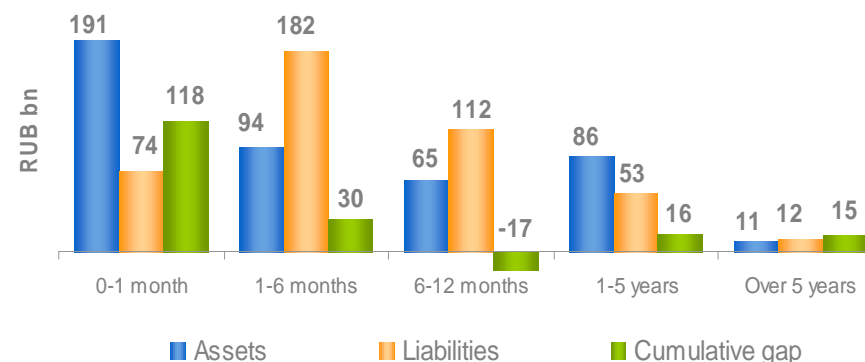
* GAE net of consolidated banks effect

Structure of liquid assets



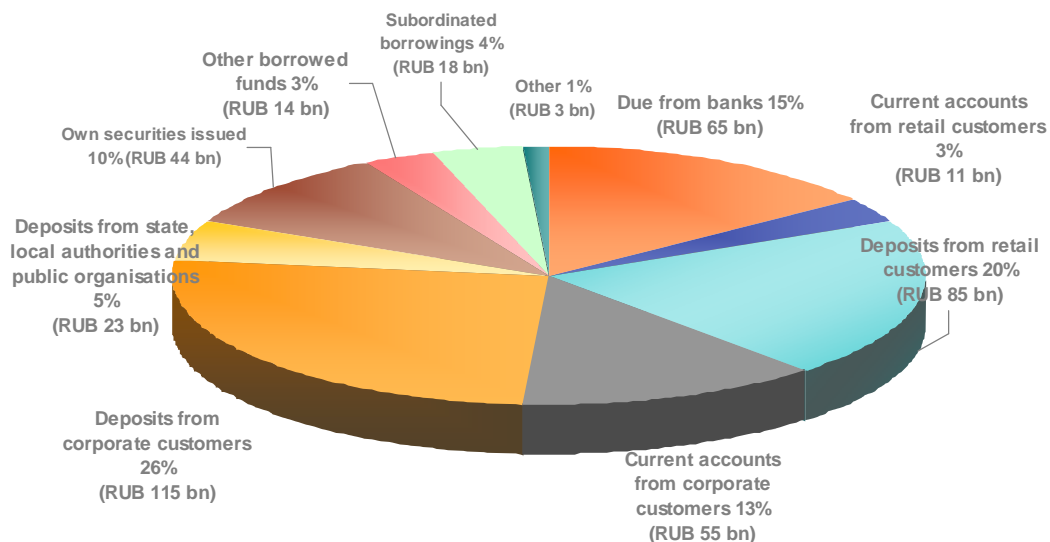
Note: Liquid assets with maturities of up to one month

Maturity structure of assets and liabilities (at the year end 2009)

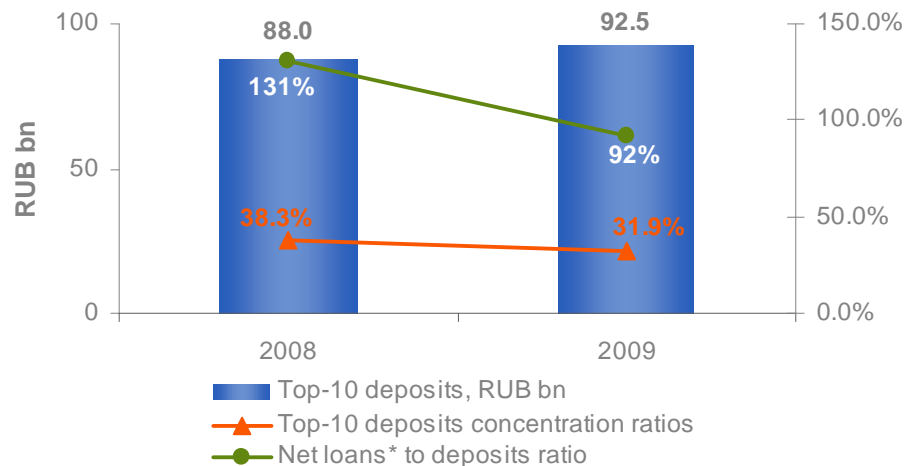


- § Liquidity risk has sharply decreased since Q 4 2008, backed by timely state support for the banking system
- § Since Q1 2009, PSB has not been using anti-crisis funding from the state; unutilized credit limits with state bodies represent a contingency reserve of liquidity
- § Increase in liquid assets due to a large inflow of customer deposits in Q4 2009 caused by excess liquidity in the Russian economy
- § Maintenance of adequate liquidity – main issue for 2009
- § From Q1 2010 focus will change to strengthening of profitability

Funding mix 2009



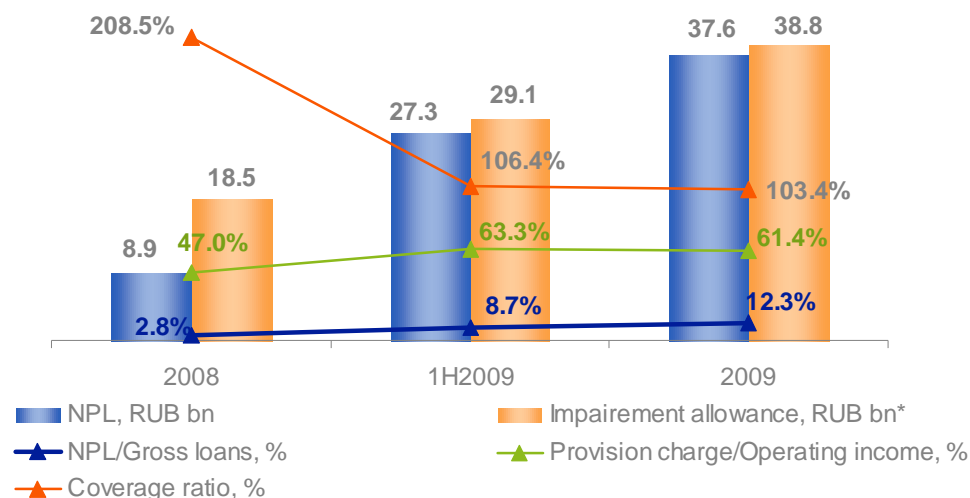
Deposits concentration



* Net loans – Loans to customers net of impairment allowance

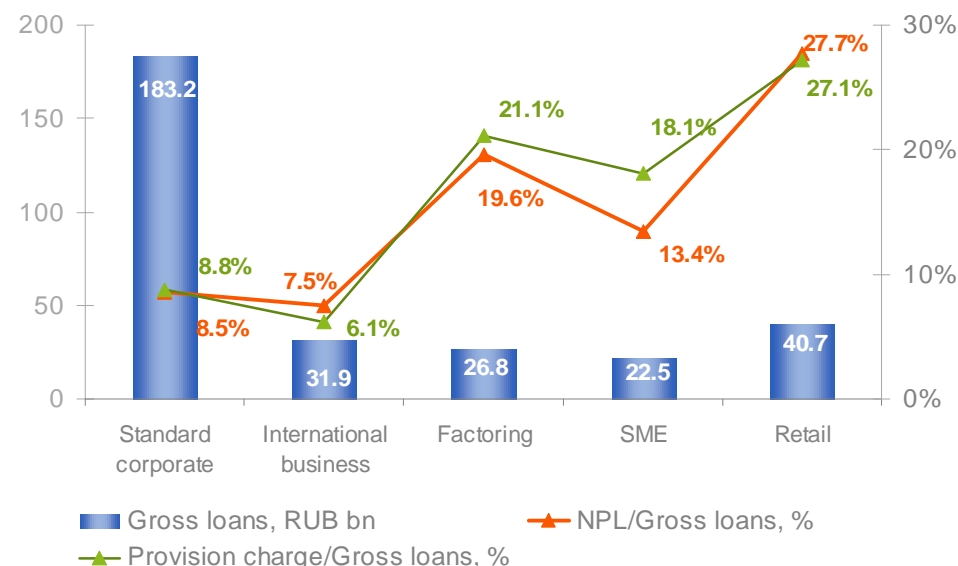
- § Improvement of diversification of funding sources, more balanced funding structure
- § An increasing share of customer deposits in total liabilities (67% at YE 2009 vs. 54% at YE 2008)
- § An increasing share of retail depositors in total liabilities from 13% at YE 2008 to 22% at YE 2009
- § Decrease of 10 largest depositors concentration
- § Significant improvement of Net loans to customer deposits ratio
- § Reduced dependence on funding from foreign markets (23% at YE 2009 vs. 27% at YE 2008)

NPL* and provisioning



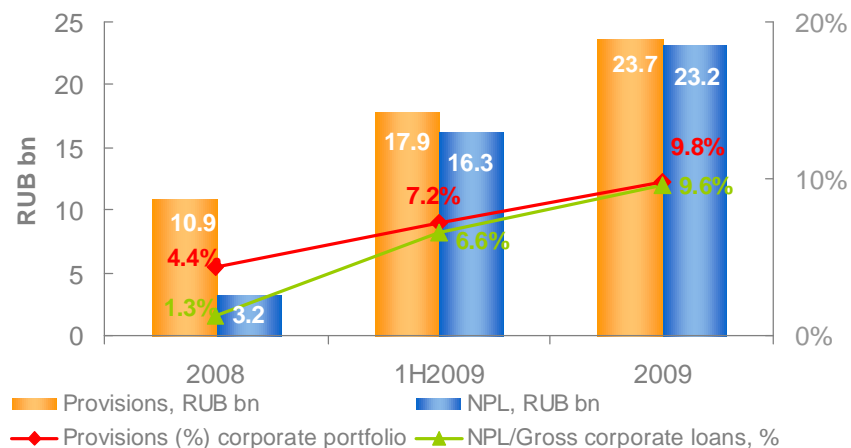
*Collateral is included in the calculation of impairment allowance level

Breakdown by loan category (by the end 2009)

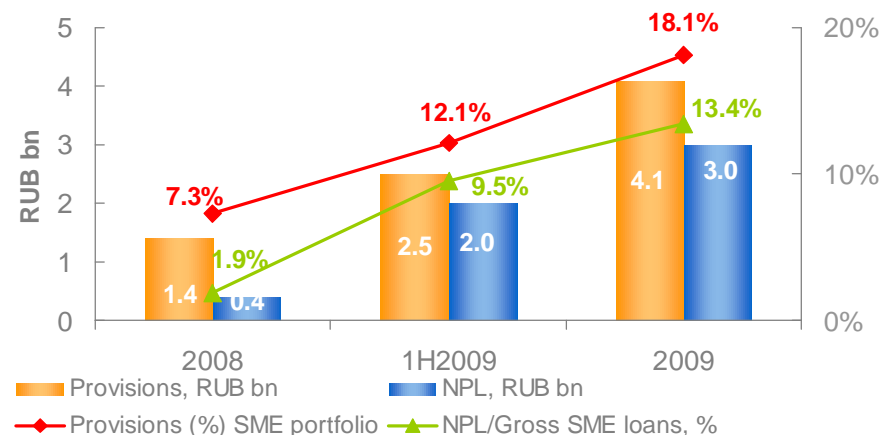


- § Provisioning charge for impairment losses was the single largest negative P&L driver in 2009
- § NPL growth decelerated in 2nd H 2009 - growth was 37% in the 2nd half 2009 vs. 3 times increase during the 1st half 2009. In absolute terms the growth in 2nd H 2009 was 45% less than in 1st H 2009
- § Most problems in the SME and retail loans book have already materialized
- § PSB management expects further slight NPL growth driven by corporate loans with peak at the end of 1st H 2010
- § PSB maintains NPL coverage over 100%, conservative provisioning in crisis times may result in potential write-backs/recoveries when the economy improves
- § Recovery rates: corporate loans ~ 20%, SME ~ 14% (expected level 20%) , Retail ~ 10% (area for further improvement)

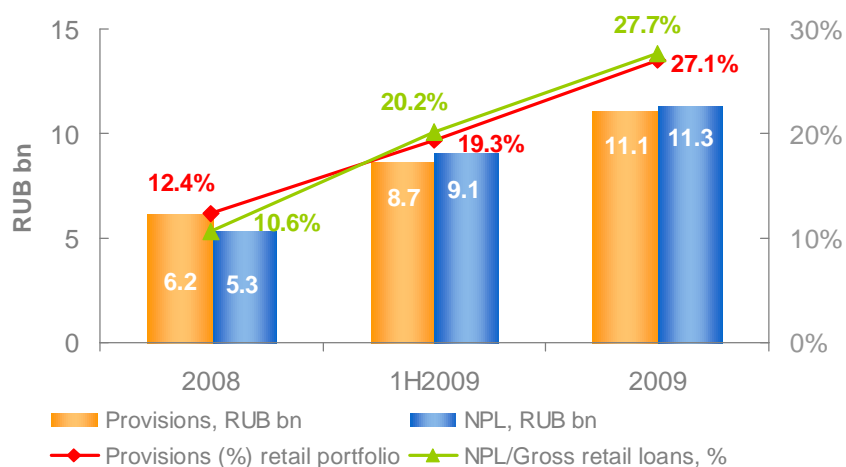
Corporate NPL and provisioning



SME NPL and provisioning



Retail NPL and provisioning

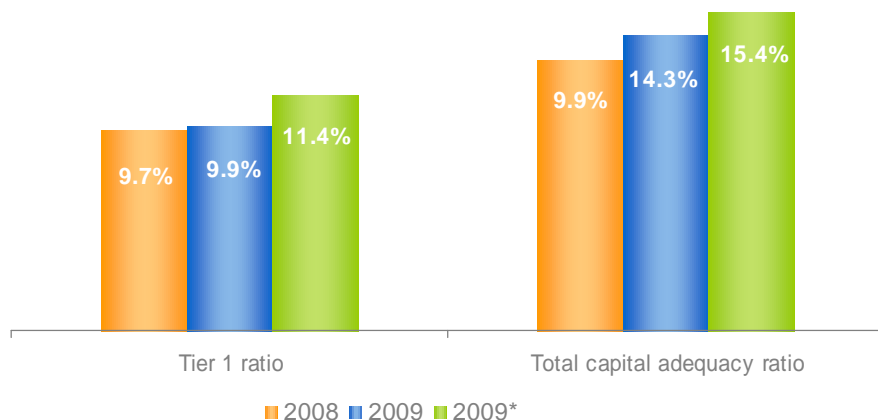


- § Main part of problem loans were identified during 2009 but further slight growth of NPL in corporate loans is expected in 1st H 2010
- § Growth of NPL and provisioning has significantly decelerated in 2nd H 2009 (both in % and in absolute amounts)
- § NPL level in new SME loans issued after November 2008 is below 3%

Equity/Capital Management



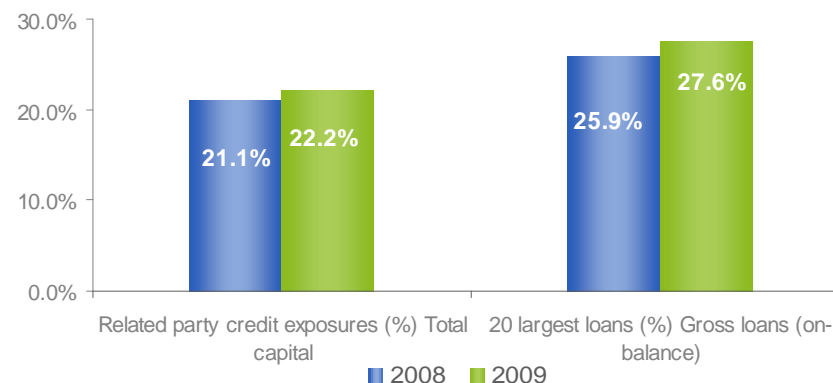
Capital adequacy as per Basel Accord



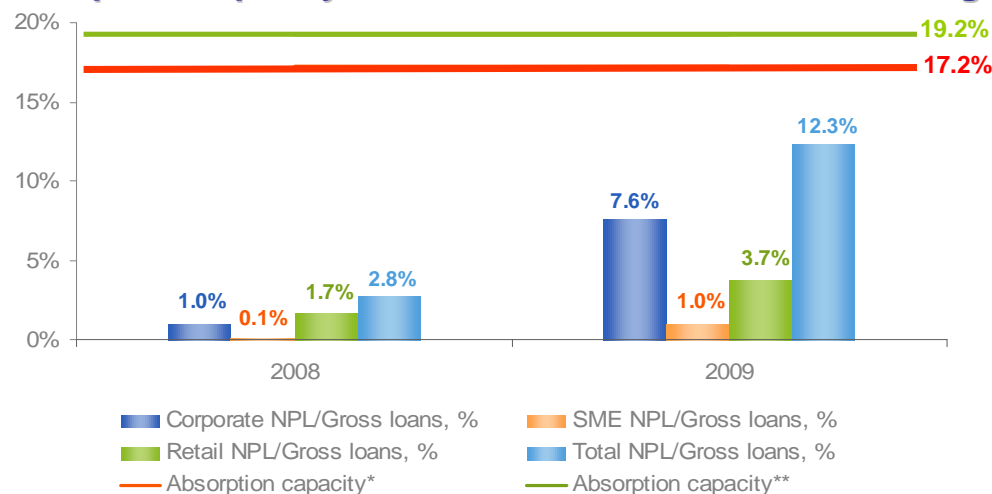
* If the February 2010 share issue took place at YE 2009

- § At YE 2009, 90% of balance sheet equity was core capital (share capital + share premium + retained earnings)
- § High Tier-1/Total capital ratio gave PSB leeway to increase tier-2 capital
- § The new share issue, placed with EBRD and Commerzbank, provides for an increase in tier 1 capital in the total of RUB 5.4 bn (completed in February 2010)
- § PSB could absorb 17.2% level of NPLs while keeping TCAR above 12% (or 19.2% if the February share issue took place at YE 2009)

Related-party loans and single-party concentration



Absorption capacity at CAR 12% and 100% NPL coverage



* Absorption capacity at TCAR at YE 2009

** Absorption capacity at TCAR at if the February share issue took place at YE 2009

Balance sheet dynamics



<i>RUB mln</i>	YE 2008	YE 2009
ASSETS		
Cash and cash equivalents	105 723	108 323
Obligatory reserves with central banks	993	3 150
Placements with banks and other FI	2 427	5 076
Securities portfolio (incl. HTM and AFS)	23 448	48 917
Amounts receivable under reverse repo	4 574	10 080
Loans to customers	300 413	266 422
Other assets	24 224	29 243
Total assets	461 801	471 211
LIABILITIES		
Financial liabilities at fair value through profit or loss	615	1 252
Deposits and balances from banks and other FI	111 275	64 780
Amounts payable under repurchase agreements	856	61
Current accounts and deposits from customers	229 611	289 549
Own securities issued and OBF	63 379	57 474
Subordinated borrowings	12 594	17 748
Other liabilities	3 497	2 142
Total liabilities	421 826	433 006
Equity	39 975	38 205

Profit and loss



<i>RUB mln</i>	2008	2009	% change
Net interest income	21 970	25 602	16.5%
Net fees and commissions income	4 724	5 605	18.6%
Net (loss)/gain on financial instruments at fair value through profit or loss	(1 843)	1 114	-
Net foreign exchange gain	2 143	376	(82.5%)
Other net income	799	915	14.5%
Provision for impairment	(13 266)	(20 935)	57.8%
Administrative and general expenses	(12 385)	(13 302)	7.4%
Profit/(Loss) before tax	2 142	(626)	-
Income tax expense	(581)	-	-
(Loss)/profit for the period	1 562	(626)	-

Balance sheet ratios	2008	2009
Tier 1 ratio	9.7%	9.9%
Total CAR (Basel)	13.1%	14.3%
ROE (annualized)	4.6%	-
ROA (annualized)	0.4%	-
Net loans / Customer deposits	130.8%	92.0%
Top 10 loans / Gross loans	17.2%	17.4%
Top 10 deposits / Customer deposits	38.3%	31.9%
Profit and loss ratios	2008	2009
Net fee & commission income / Operating income	16.7%	16.5%
CTI	43.8%	39.0%
Net interest margin*	6.6%	6.5%
Net interest spread**	6.8%	6.6%

*NIM = Net interest income / Avg interest-bearing assets

** NIS = (Interest income / Avg interest-bearing assets) – (Interest expense / Avg interest-bearing liabilities)