

Social responsibility, charity and social activities

Sponsorship and charity

Promsvyazbank undertakes multi-faceted sponsorship and charity activities, including financing of socially important projects and support for major economic initiatives, patronage in the cultural sphere and sponsorship of sports events, as well as participation in charitable projects. Our charitable aid is always directed towards clearly specified recipients. By rendering diverse support to the Russian society, Promsvyazbank contributes to the revival and consolidation of Russia.

The Bank does not stand back from supporting veterans of the World War II, with branches rendering assistance to individual veterans. Promsvyazbank helped the charitable foundation "My home Balashikha" to organise a trip to Germany for war veterans. Financial help was provided to the Nakhodka City Veterans' Council. On May 9, the Tomsk branch of the Bank gave souvenir booklets "Victory Wisdom" to the depositors — war veterans.

The Bank also recognises the need to support the most vulnerable strata of the population, particularly children. Through the St. Petersburg branch, assistance was provided to the Medical institution "Children's Hospice". The staff of the Irkutsk branch of the Bank collected children's items and toys for the children in the Shelekhov Children's Home No. 1. The Bank allocated funds for the public charitable foundations "Parents' Bridge" (St. Petersburg) to arrange summer holidays for orphaned children and children from deprived families, as well as for the foundation "Lion's Commonwealth" (Moscow) to organise holidays in Cyprus for children from deprived families.

In co-operation with the specialists from the Centre for Economic and Financial Research and Development of the Russian School of Economics, the Bank has launched a pilot programme for supporting big families, especially in rural areas and small towns. The purpose of the programme is to help families not simply in resolving their daily material problems, but also in attaining economic independence. Another objective of the

programme is to involve regional social networks as much as possible in rendering assistance.

Spiritual revival and restoration of moral values are vital to the development of society. Traditionally, one of the priority spheres of the Bank's charitable works consists in support for the Russian Orthodox Church, assistance to churches, monasteries and spiritual educational institutions. Funds are allocated for building and repairing churches and purchasing literature. In 2007, financial help was granted to the Svyato-Uspenskiy Pskovo-Pechorskiy male monastery, the Spaso-Preobrazhenskiy Valaamskiy monastery, the Savvino-Strozhevskiy monastery in Zvenigorod, the Church of the Life-giving Trinity in Serebryaniki, and others. Funds were allocated to the Chita and Zabaikalsk dioceses to build a spiritual college in the city of Chita.

The main element of the Bank's charitable works consists in patronage. The St. Petersburg branch became the general sponsor of the international music festival "Dedication to the Maestro", organised in the State Hermitage with the participation of well-known Russian and foreign performers.

The Bank supports the organisers of various sporting events. In 2007, Promsvyazbank became the general partner of the national women's football team and the official partners of the Russian Football Union.

The Bank traditionally organises and supports events promoting the Russian banking sector. In July 2007, in St. Petersburg, the twelfth North-Western Banking Conference was held. The organisers of the conference, in addition to Promsvyazbank, included: the Association of Russian Banks, the Chief Department of the Bank of Russia for St. Petersburg and other organisations. The over 450 participants in the Conference came from Russia, Middle Eastern and other countries. Promsvyazbank sponsored the annual Russian CFO Summit — 2007, held in October in the Marriott Grand Hotel in Moscow. The Summit, which is a significant event for financial heads of all branches of the Russian economy, was held for the fourth time.

Environmental policy of the Bank

Within the scope of credit risk management, the Bank focuses attention on the environmental risks associated with the activities of the Bank's borrowers. Assessment is based on the recommendations of the European Bank for Reconstruction and Development (EBRD). To this end, Promsvyazbank has developed the necessary procedures for managing environmental risk and, when extending loan products, it assesses the borrowers' risk level, particular attention being focused on borrowers engaged in spheres with a raised and critical environmental risk (such as those listed on the EBRD Environmental Exclusion and Referral List).

For the purpose of implementing the EBRD environmental protection recommendations, the Bank has appointed staff responsible for monitoring the environmental risk of borrowers, has developed and approved an Environmental Protection Policy, including analysis of the relevant documentation and, if necessary, visits to the borrower's facilities by representatives of the Bank. On 1 January, 2007, in accordance with the EBRD recommendations, a procedure was introduced in the Bank for assessing the environmental risks of all corporate borrowers.

When considering the possibility of lending to a borrower, the Bank compiles a special file of information needed for analysing the level of primary environmental risk. If a high environmental risk level is determined, closer attention is focused on studying the transaction and more detailed information is requested from the borrower regarding potential environmental risks and accidents, as well as the existence of environmental certificates and special permits.

The staff of the corporate lending subdivisions of the Bank possess the necessary basic knowledge for assessing environmental risks.

Some of the key parameters for assessing environmental risks of a borrower are: the industry and the nature of its business, the purposes of the loan and the nature of collateral.

Assessment of the environmental risk of a borrower at the stage of consideration of the application is carried out by the staff of the credit subdivisions. Information about any environmental risks of the borrower is included in the credit conclusion, in the section devoted to environmental risks. The credit conclusion is forwarded for consideration to the members of the Credit Committee. Throughout the period of its work under the EBRD programme, the Bank has not registered any cases when borrowers have disagreed with its effective Environmental Protection Programme.

The Risk Management and Control Department prepares an annual environmental report on the EBRD lending programme, which contains an analysis of the environmental risk of the portfolio of loans extended to small and medium-sized business participating in this programme.

Since its inception, the Bank has always worked to protect the natural environment and minimise any harmful environmental impact. Nature protection documentation has been drawn up and approved, in accordance with which banking activities are conducted and quarterly calculations of charges for negative environmental impact are made and agreed, and payments are made in compliance with these. Agreements have been concluded with licensed organisation for removal of hard domestic waste and disposal of production waste. A project has been drawn up for arrangement and equipping of a sanitary buffer zone.