

1H 2010 IFRS Results

Mr. Artem Konstandyan, President

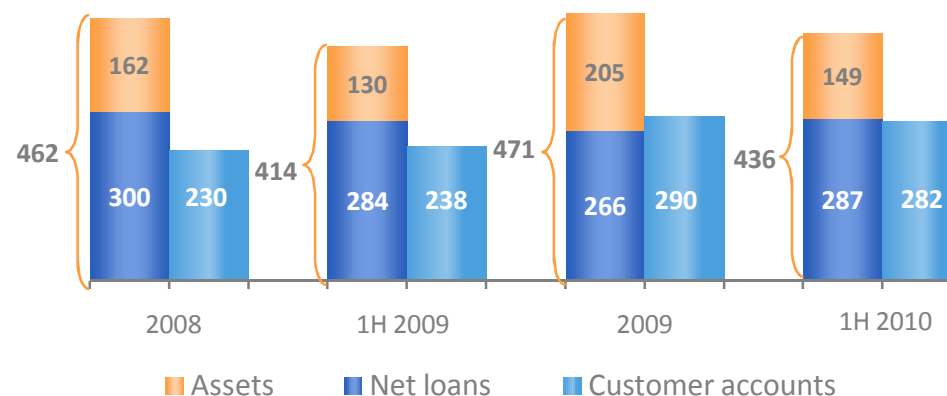
Ms. Alexandra Volchenko, First Vice-President

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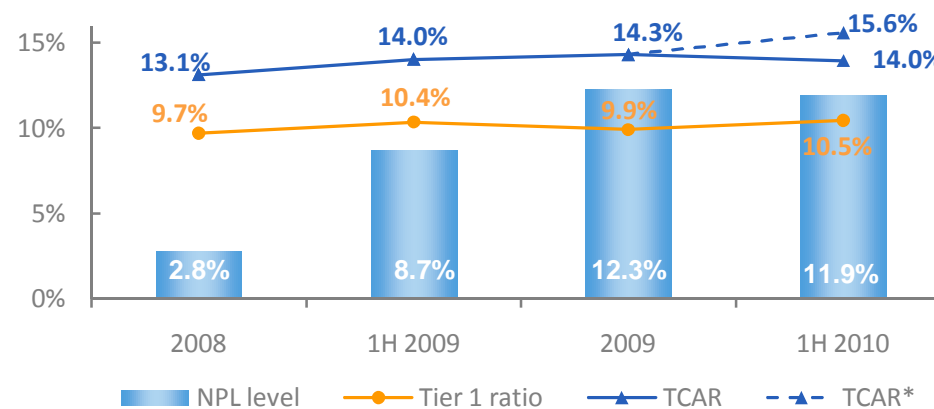
Key events Jan-Sep 2010

- Customer loyalty and “looking through the cycle” approach displayed by PSB in 2009 yielded in higher than system average (3.9% y-t-d) corporate loan portfolio growth in 1H’10 fully funded by customer deposits
- The level of NPLs has flattened out, capital adequacy remains stable and the fresh Tier 2 capital issue of US\$200 mln in July allows for further balance sheet expansion
- Bottom line result for 1H’10 is back to “black”, while winding-up of excessive liquidity cushion released potential for profitability growth in 2H’10
- In Feb 2010 EBRD became an 11.75% stakeholder of PSB having paid approx. RUB 4.6 billion, which is the largest EBRD equity investment in a Russian bank to date
- New President on PSB has a 10 years track record with the bank and will lead it in a previously defined strategic direction focusing more on profitability and cost efficiency
- Retail and SME lending programmes already revamped based on lessons learned in 2009 and are expected to deliver strong growth and wider margins in 2H’10
- Consolidation of 3 regional banks acquired during the crisis is finalized strengthening PSB’s franchise (albeit acquired costs optimization is still under way)

Key balance sheet items (RUB bn)

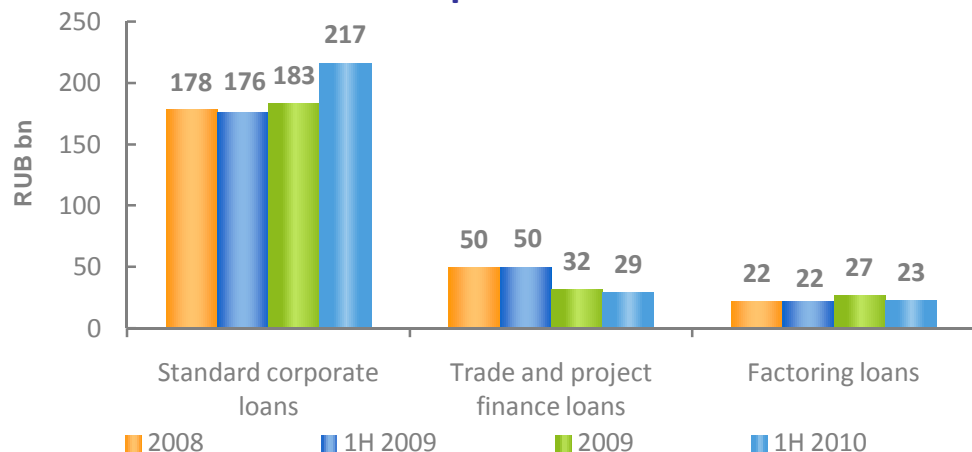


Capital adequacy and NPL level

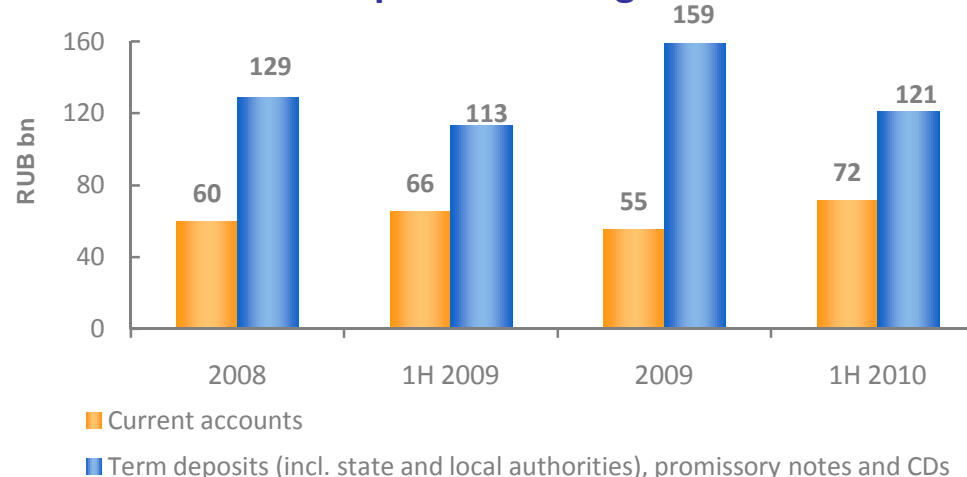


* if subordinated eurobond issue were to take place in 1H’10

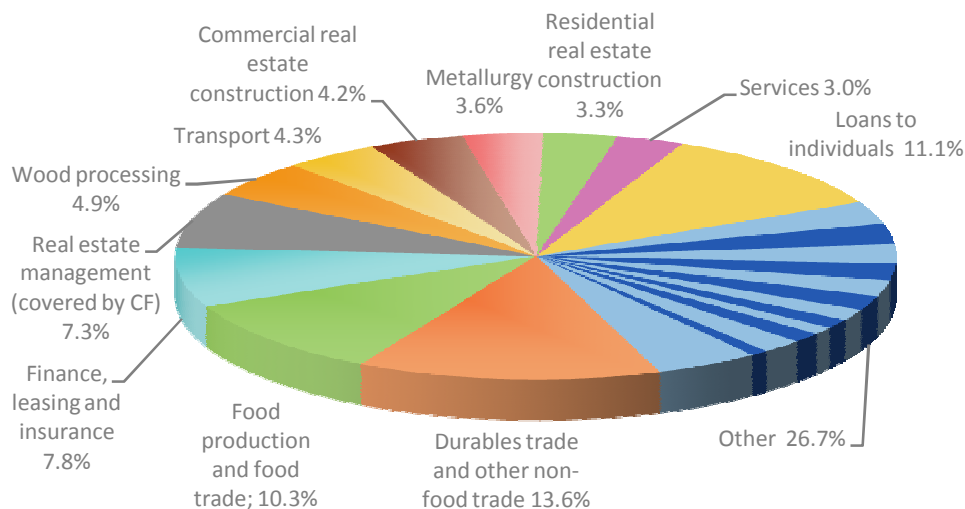
Corporate loans



Corporate funding

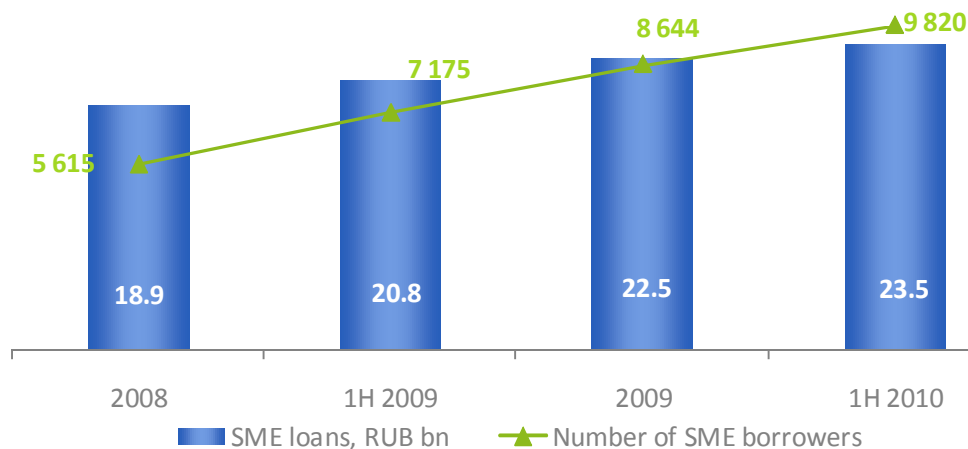


Diversification by industry (% of gross loans)

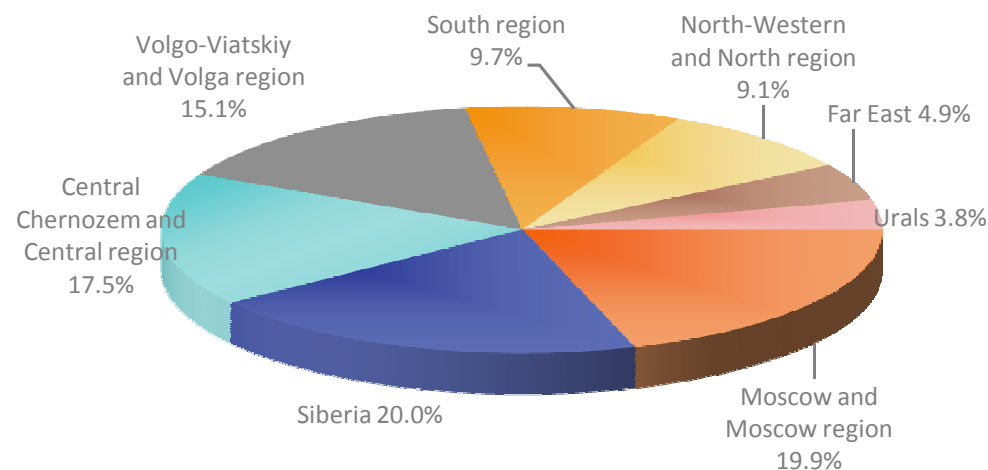


- § Accelerating pace of loan portfolio growth: Q1'10 – 4%, Q2'10 – 7% à 1H'10 – 11%
- § Strong rebound in Russia's imports (50% y-t-d) is extremely positive from the loan book growth prospective given PSB clientele specifics
- § PSB Management expects 15% corporate loans growth for 2010
- § Net interest margins in corporate business have stabilized (about 5% is expected in 2H'10 vs. 4.3% in 1H'10) and are supported by the high margin factoring business

SME loans



Diversification by geographic region



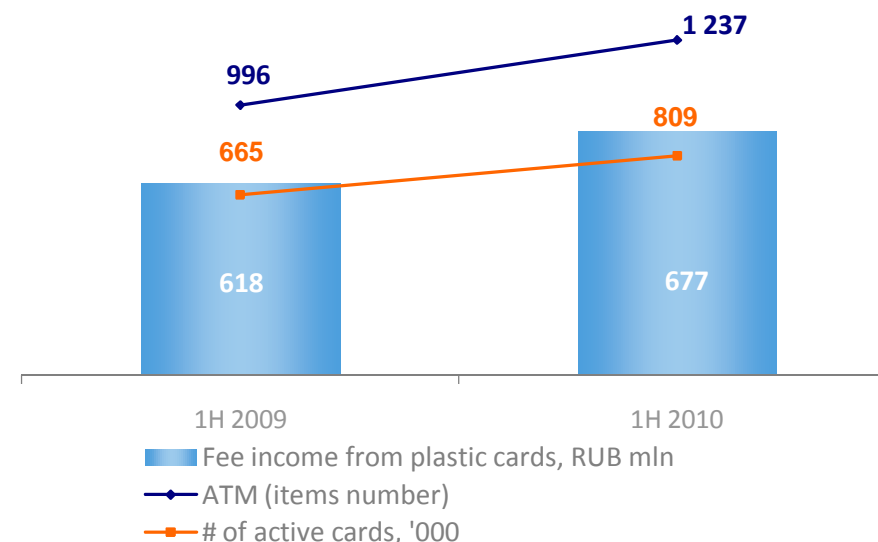
Higher margin business with strong growth potential

- § 20% increase in origination of new SME loans vs. 1H'09
- § 14% growth in number of SME borrowers in 1H'10
- § PSB Management expects up to 25% SME loans growth for 2010
- § Net interest margin in SME business in 1H'10 was 9.3% and is expected at 9.5% for 2H'10

Retail loans & funding



Plastic card business and fee income



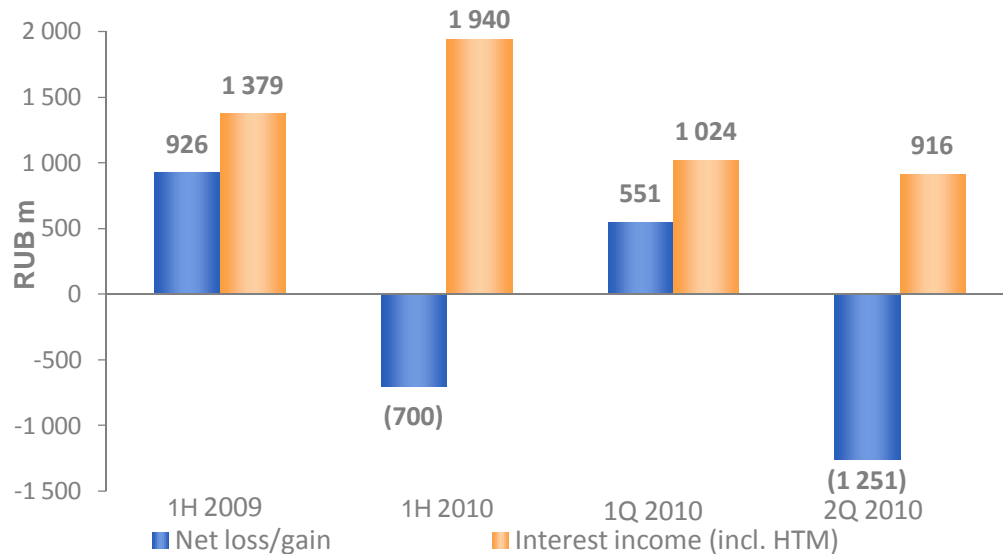
Retail funding – important funding source

- § 8% growth of retail deposits in 1H'10 despite falling interest rates
- § Over 1.2 mln retail accounts as at 1H'10 – 10% increase vs. YE'09
- § Bancassurance (launched in 2H'10) is expected to add strengths to fee&commision income (generated by plastic cards and settlements fees)

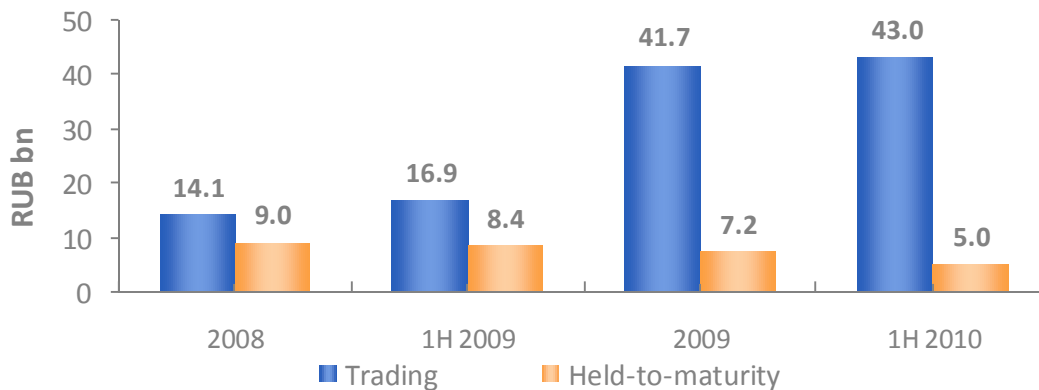
Retail lending

- § Retail lending standards have been tested and calibrated throughout 2009-1H'10
- § The new full scale lending programmes have been already launched; to be supported by widespread marketing campaign

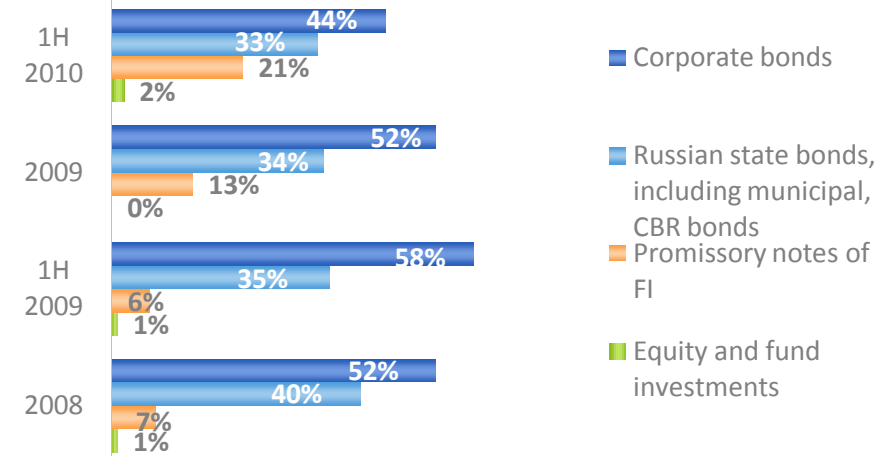
Securities portfolio performance



Trading and HTM securities portfolio



Securities portfolio breakdown

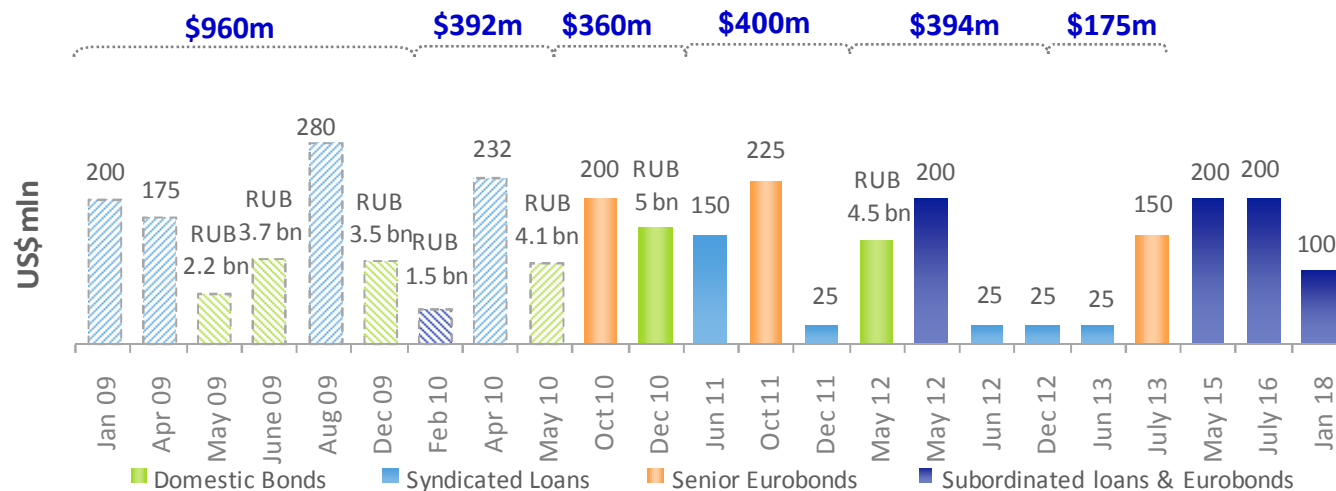


- § Volume of securities portfolio remained flat vs. YE'09
- § Weak Q2'10 results reflect global financial markets turbulence
- § Revaluation and trading losses are only 1.6% of trading securities portfolio
- § Over 95% of promissory notes held are issued by state-owned banks with investment grade ratings and top-tier private banks
- § PSB is ranked among top-10 arrangers of RUB bond issues in 1H'10 and the 3rd largest repo operator for sovereign RUB bonds (Jul'10) on MICEX

Capital markets: reduced dependence on market funding



Redemption schedule of sizable public borrowings



* PSB call option 01/2013

- § In April 2010 PSB prepaid 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
- § In June PSB and IFC, a member of the World Bank Group, signed a US\$50 mln trade finance guarantee facility agreement
- § In July 2010 PSB successfully placed US\$200 mln of subordinated Eurobonds due in 2016
- § Roughly two thirds of current liquidity cushion is sufficient to repay all foreign debt of PSB till 2013

Financial performance

1H 2010 Financial Results

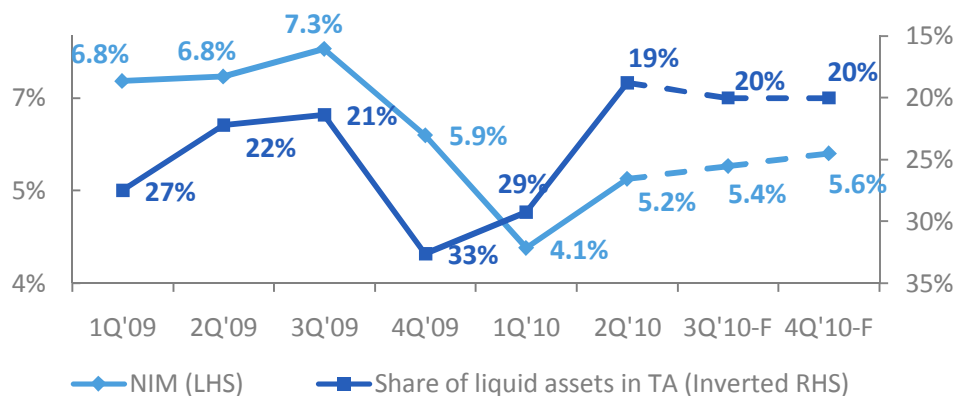
1H 2010 financial highlights



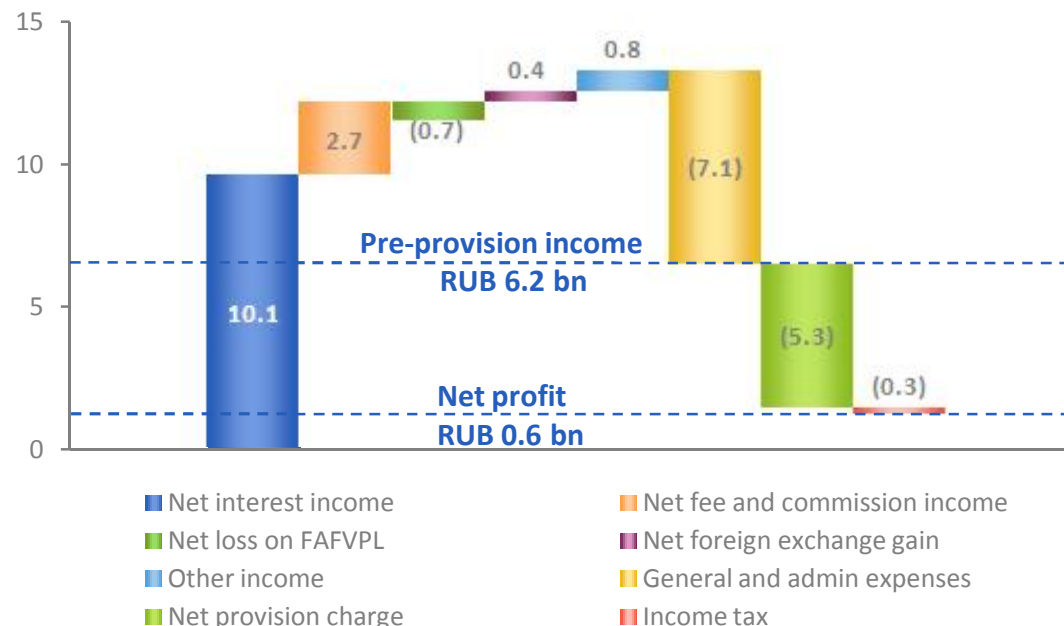
Key developments

- § Net profit of RUB562 mln reported for 1H'10 vs. a net loss a year before largely due to ongoing moderation of NPL growth and considerably lower provisioning charges (over 50% down vs. 1H'09)
- § Operating income is down by c.a. 20% vs. 1H'09, but is considerably stronger in Q2'10 vs. Q1'10 (+5%) supported by resilient net F&C income (only 7% down vs. 1H'09 and 12% up Q2'10 vs. Q1'10)
- § Net interest income declined by 21% in 1H'10 vs. 1H'09 due to maintenance of excessive liquidity cushion and rapidly falling lending rates with liabilities repricing lagging somewhat behind
- § Following the unwind of excessive liquidity cushion NIM widened to 5.2% in Q2'10 from 4.1% in Q1'10, while net interest income grew by 24% in Q2 vs. Q1'10. NIM is expected to widen further in 2H'10
- § Corporate and international business generate the core of PSB profits, whilst retail is expected to recover starting from Q4'10

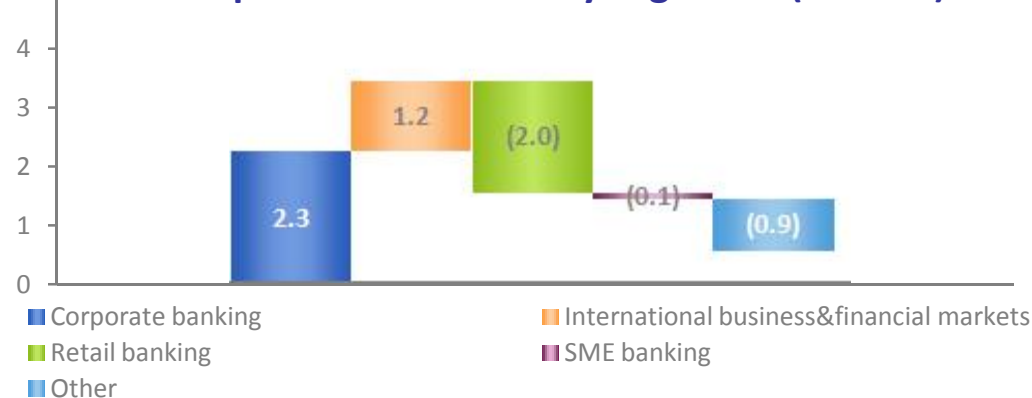
Liquid assets and NIM



Income statement for 1H 2010 (RUB bn)



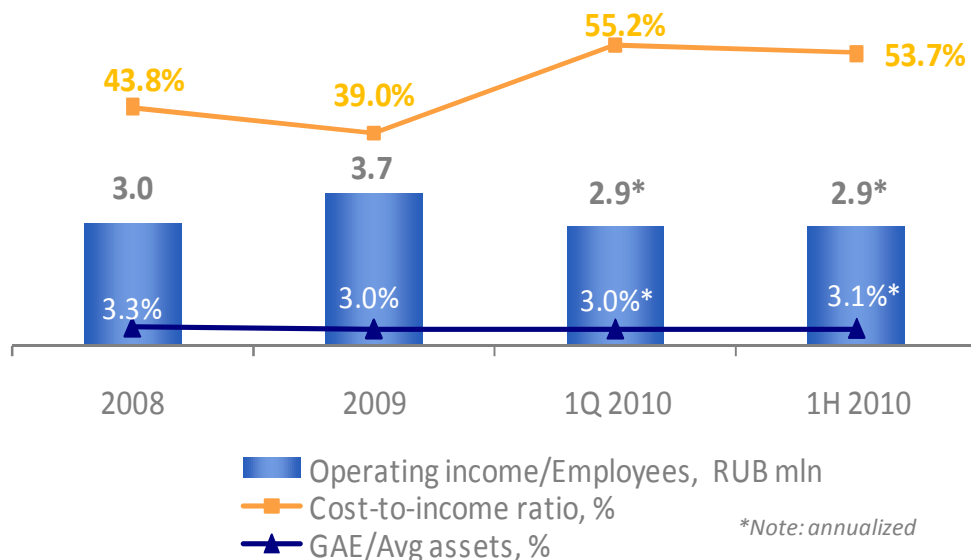
Net profit for 1H 2010 by segments (RUB bn)



Operating efficiency



Operating efficiency



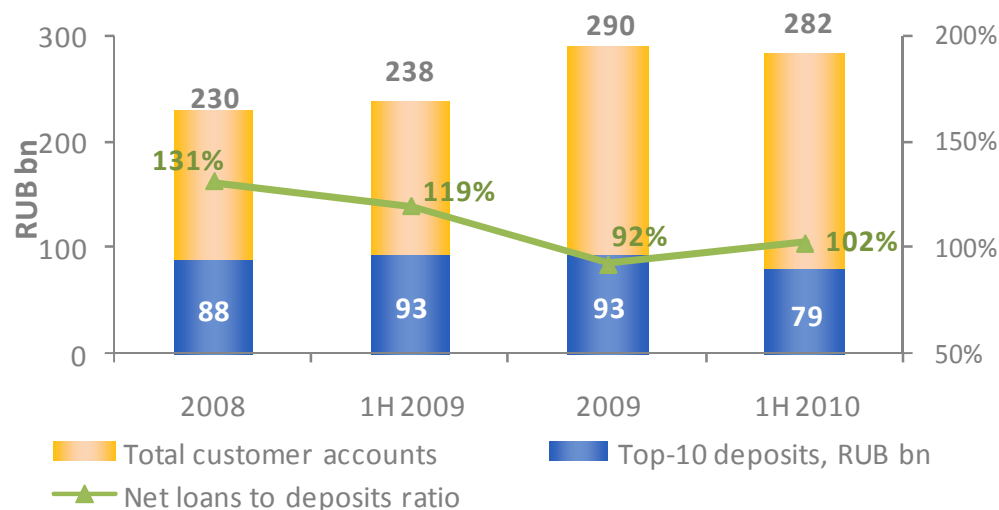
Peer comparison (1H 2010)

CTI	CTCI*	Cost/Average Assets**
Alfa-Bank 40.4%	VTB 44.7%	VTB 2.4%
TCB 47.5%	Alfa-Bank 51.2%	Alfa-Bank 2.8%
Raif 53.1%	PSB 55.7%	PSB 3.1%
PSB 53.7%	TCB 59.7%	TCB 3.4%
VTB 57.4%	V-Bank 69.2%	V-Bank 4.4%
V-Bank 66.7%	Raif n/a	Raif n/a

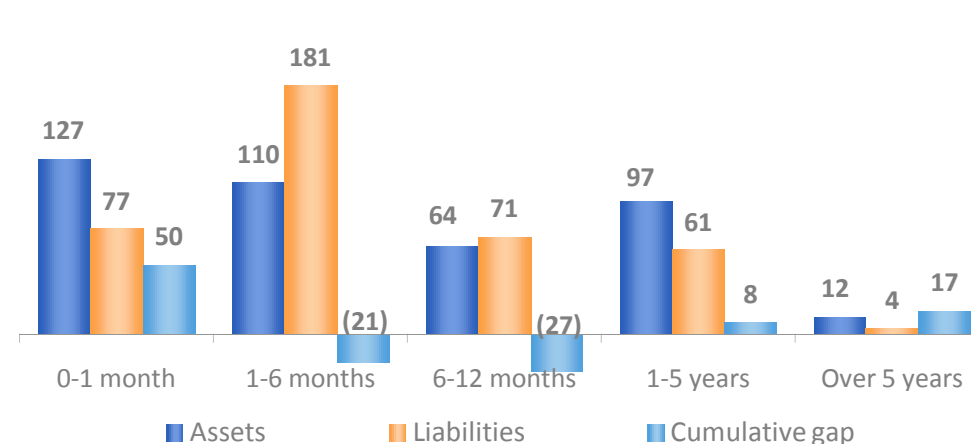
*CTCI -- cost to core income which is a sum of net interest income and net fee&commission income ** Annualized

- § General and administrative expenses increased by 6.7% in 1H'10 vs. 1H'09 largely as a result of new highly paid professionals in risk and debt collection areas hired during the 2H'09
- § Operating costs in relation to average assets remain stable, while gradual improvement of cost-to-income ratio is observed after a sharp rise in Q1'10 (52% in Q2'10 vs. 55% in Q1'10)
- § Despite certain deterioration of cost efficiency in 1H'10 PSB remains in the midst of the peer group by various dimensions
- § Costs of acquired banks together with the broader branch network expenses are subject to pending cost optimization in 2H'10 (shifting full-scale branches to operating offices)
- § Ongoing SAP implementation is an additional source of better efficiency

Deposits concentration

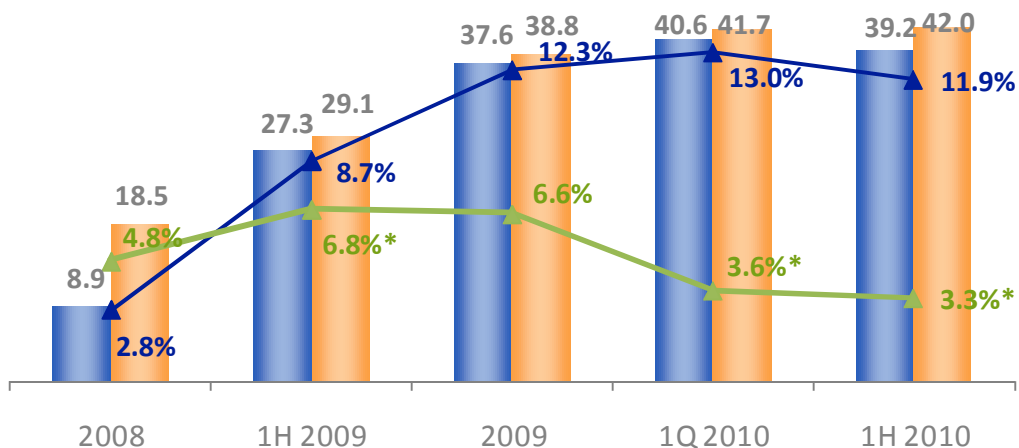


Maturity structure of assets and liabilities (1H 2010)



- § PSB set stricter controls over deposits inflow and decreased liquidity cushion back to a pre-crisis level
- § Cumulative liquidity gap amounts to 6% of total assets in up to 1 year time bucket, which is 200% covered by unused committed credit lines
- § Growing share of customer deposits in total liabilities (71% at 1H'10 up from 67% at YE'09)
- § Net loans to deposits ratio moderately grew from 92% at YE'09 to 102% at 1H'10, nearing the optimal range
- § The share of 10 largest depositors decreased during the past 2.5 years from 38% in 2008 to 28% in 1H'10
- § Share of retail funding in customer accounts increased from 33% to 37% for 1H'10

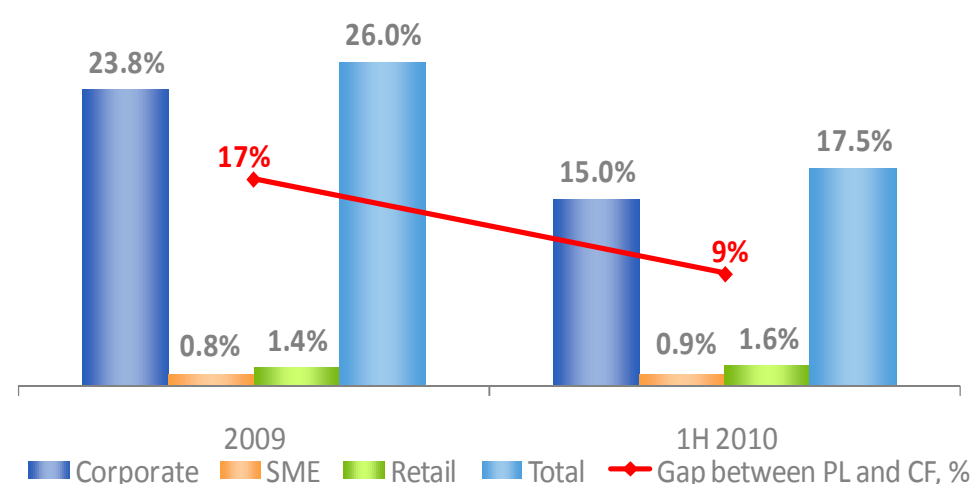
NPL and provisioning



■ NPL, RUB bn
■ Impairment allowance, RUB bn
▲ NPL/Gross loans, %
▲ Loan impairment charge/Average gross loans, %

**Note: annualized*

Loans with revised original terms

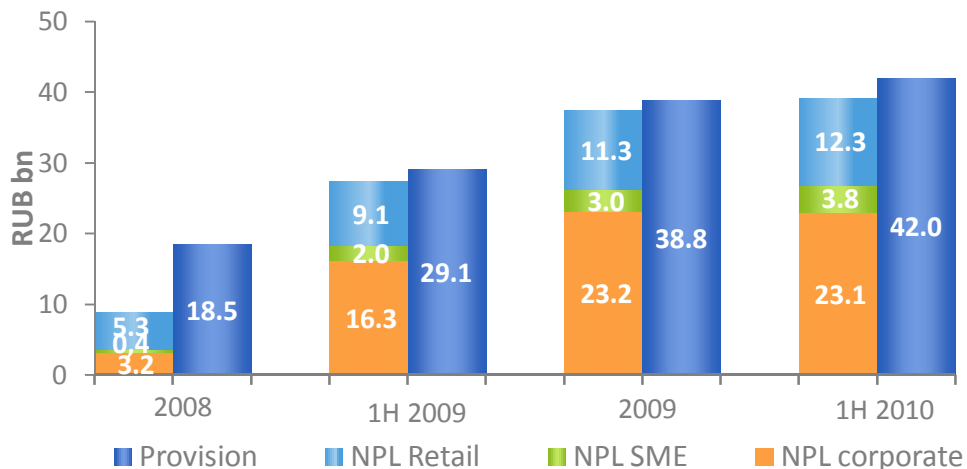


- § Share of non-performing loans (NPLs) decreased largely due to growing denominator (loan portfolio)
- § In absolute figures NPLs grew at a considerably lower pace than in 2009
- § The peak of NPLs level was passed in Q1'10 – earlier than it was previously expected by management
- § The greater part of problem loans was identified during 2009, while further growth in absolute amount of NPLs is under control as newer loan generations are of a good quality
- § PSB remains committed to maintain its NPL coverage ratio at the level exceeding 100% (107% at 1H'10)
- § Share of loans with revised original terms decreased by one third in 1H'10
- § The gap between interest accrued and actually received (P&L vs. CF statement) almost halved during 1H'10

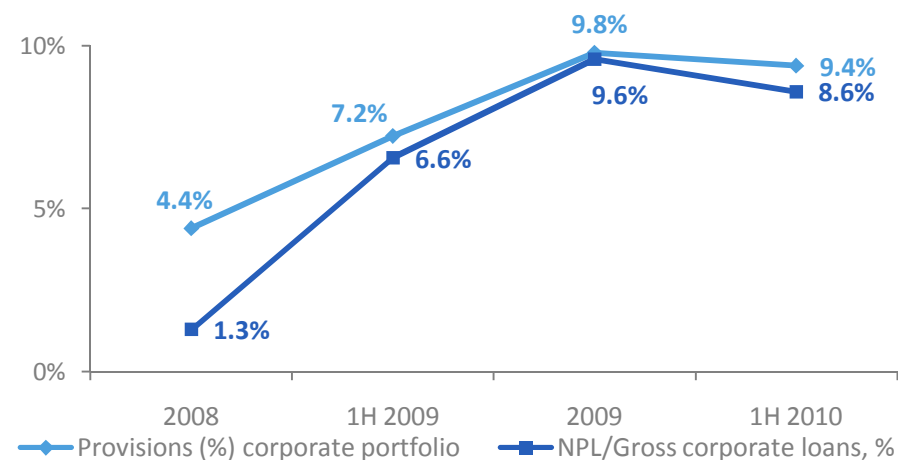
Loan portfolio quality (2/2)



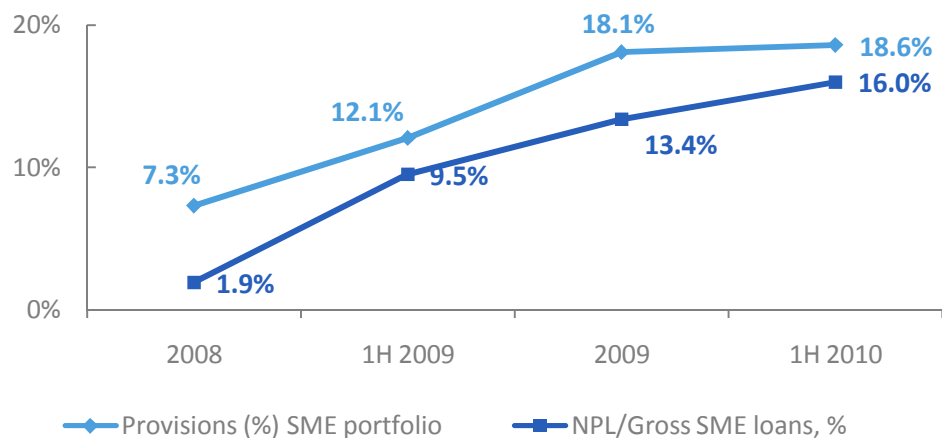
NPL and provisioning



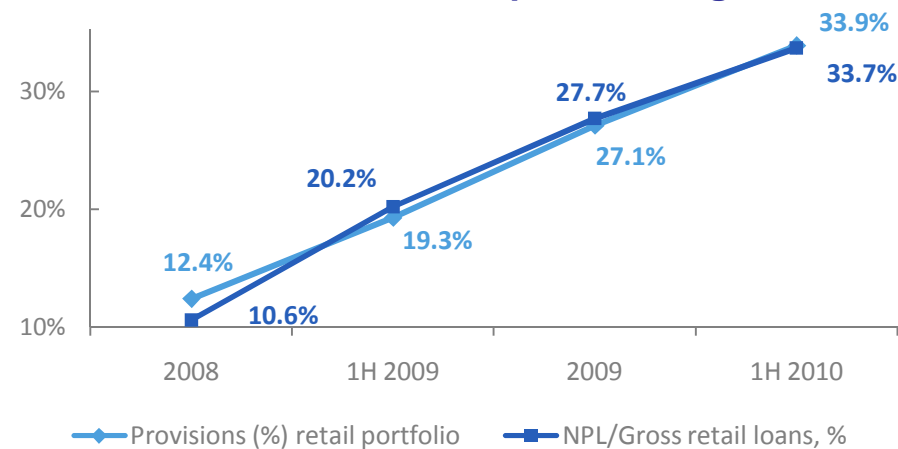
Corporate NPL and provisioning



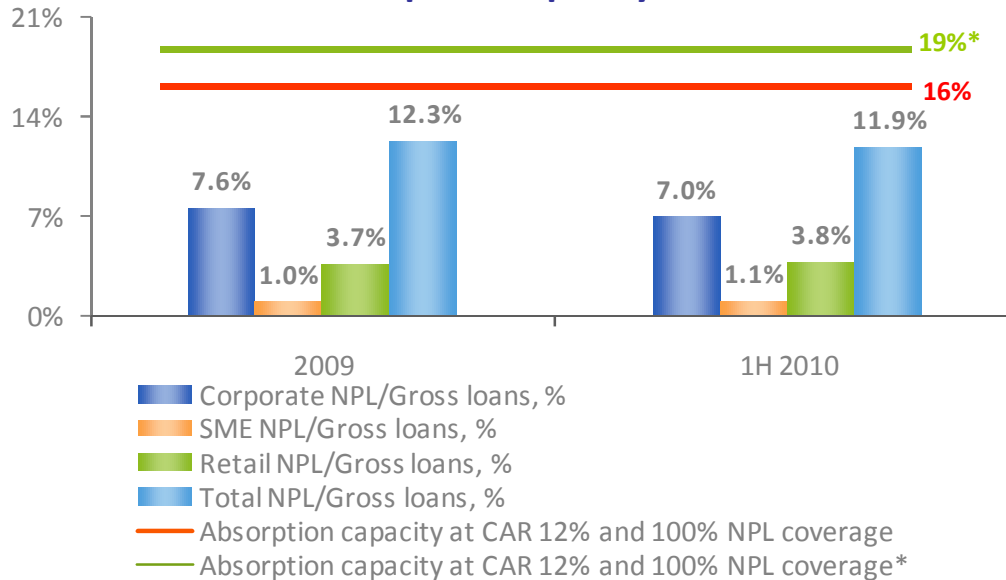
SME NPL and provisioning



Retail NPL and provisioning

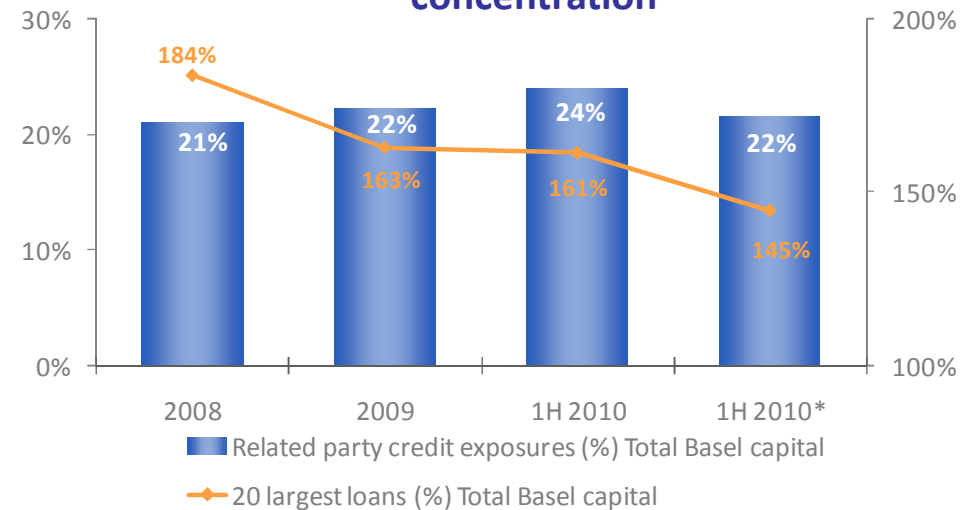


Loss absorption capacity at CAR 12%



* if subordinated eurobond were to take place in 1H'10

Related-party exposures and single-party concentration



- § As at end of 1H'10 PSB was in position to absorb the theoretical level of NPLs up to 16% of gross loans whilst keeping the TCAR in excess of 12% (or 19% should the subordinated Eurobond issue took place at the end of 1H'10)
- § The share of RP lending slightly increased but remains within a prudent threshold of 25% of total capital. Capital growth in 2H'10 should bring the ratio somewhat down
- § The level of top 20 exposures in relation to capital continues to decline
- § Current capital level and loss absorption capacity are viewed as adequate and sufficient by PSB's management and shareholders

Thank you for your attention

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