

1H 2011 IFRS Results

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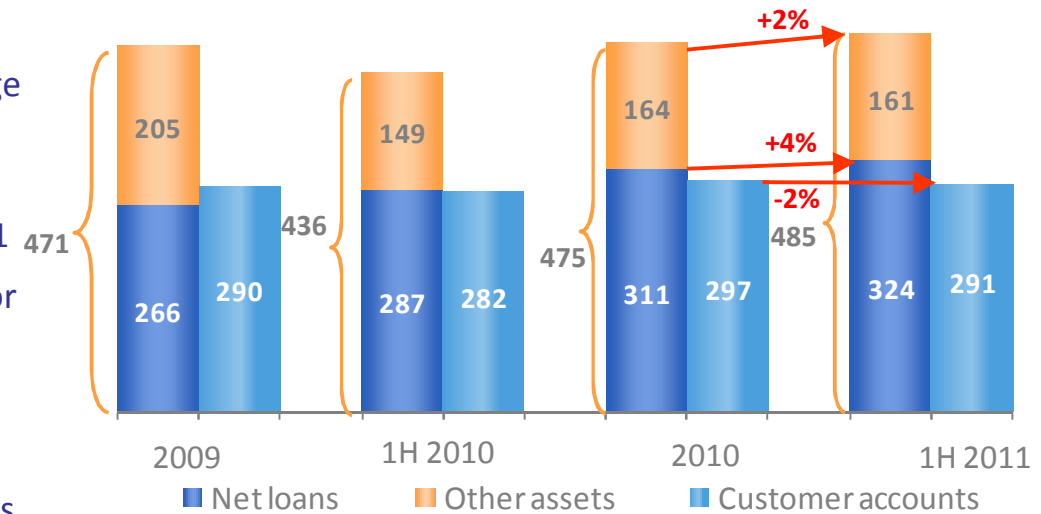
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Business overview

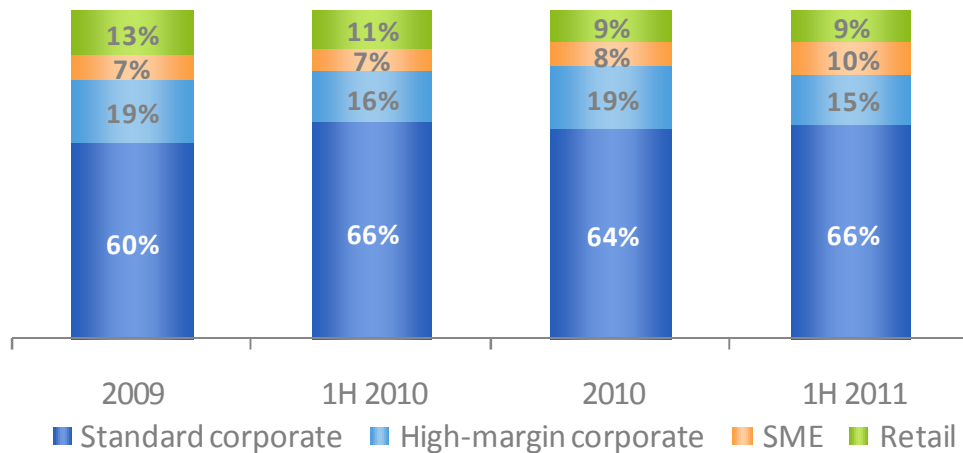
Key events Jan-Aug 2011

- PSB demonstrates its operating efficiency, showing net profit in 1H 2011 in the amount of RUB 1.2 bn, representing two fold y-on-y growth
- PSB resumed mass retail lending in 2H 2010 and launched a mortgage programme in 1H 2011. For the first time since the beginning of the financial credit crunch in 2008 retail loans grew by 5%, in Q2 2011
- The NPL level declined further, from 9.2% in 2010 to 8.1% in 1H 2011
- In April 2011 the bank placed a US\$500 mln debut 144A/Reg S senior Eurobond issue maturing in 2014 with coupon of 6.2%
- In July PSB completed the purchase of Trust bank's RUB 5.6 bn SME loan portfolio
- In August 2011 PSB received a EUR 65 mln subordinated loan from its majority shareholders

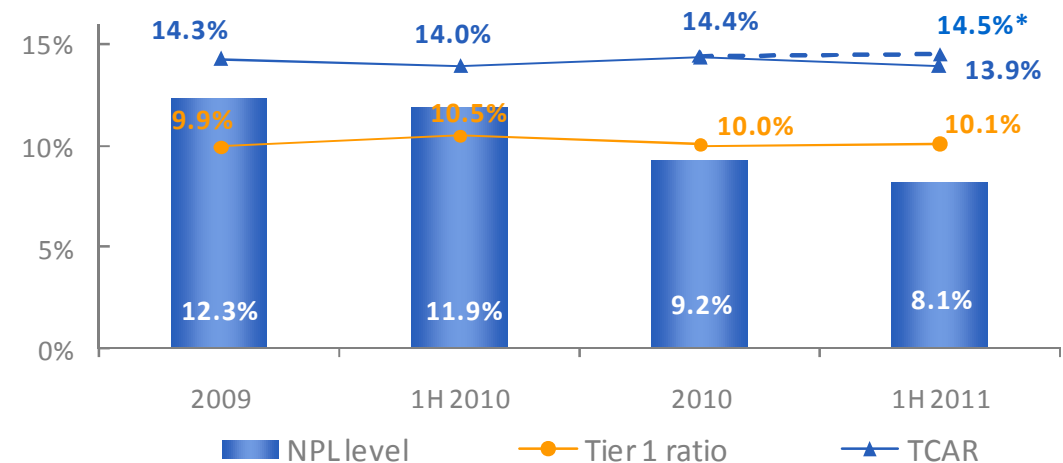
Key balance sheet items (RUB bn)



Loan portfolio structure

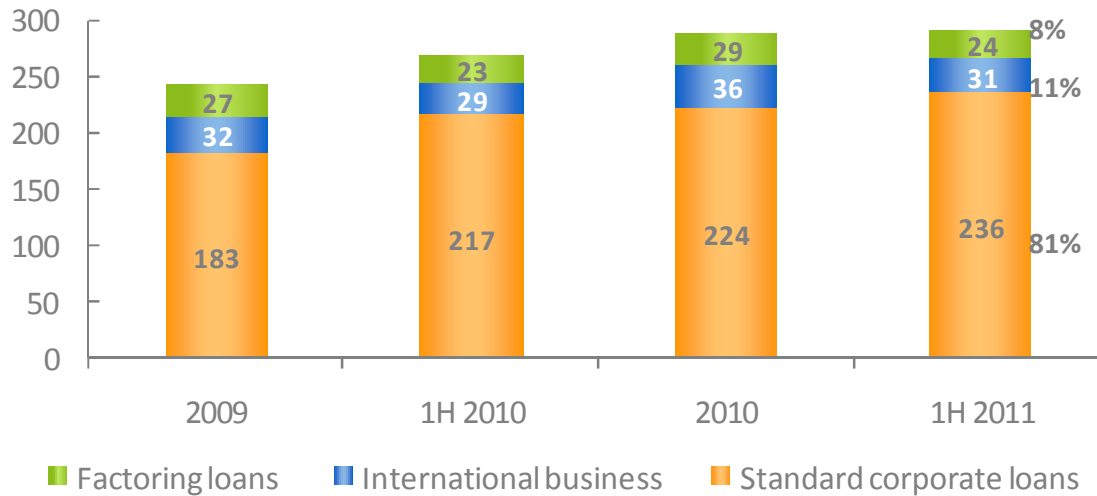


Capital adequacy and NPL level

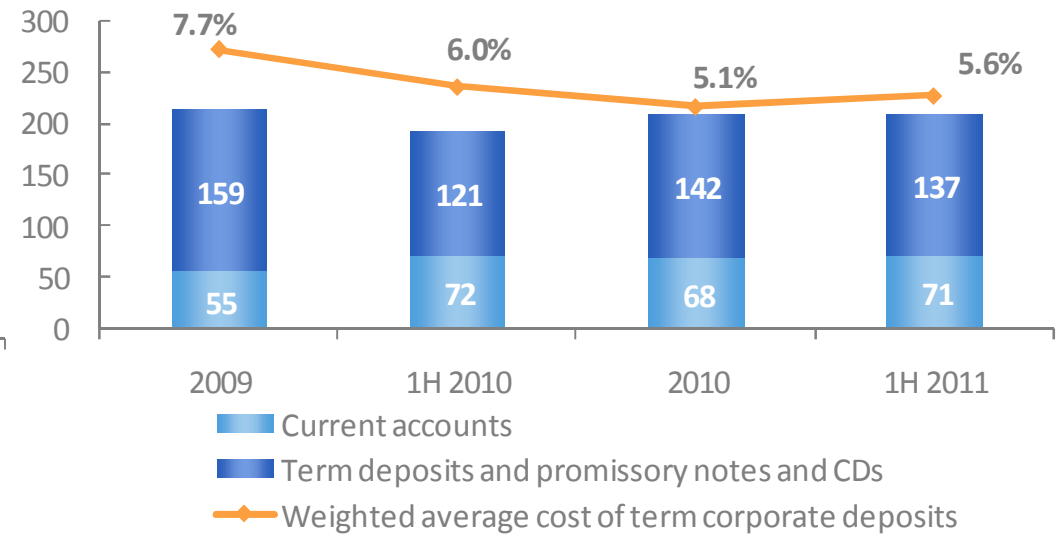


* If the subordinated loan were issued in 1H 2010

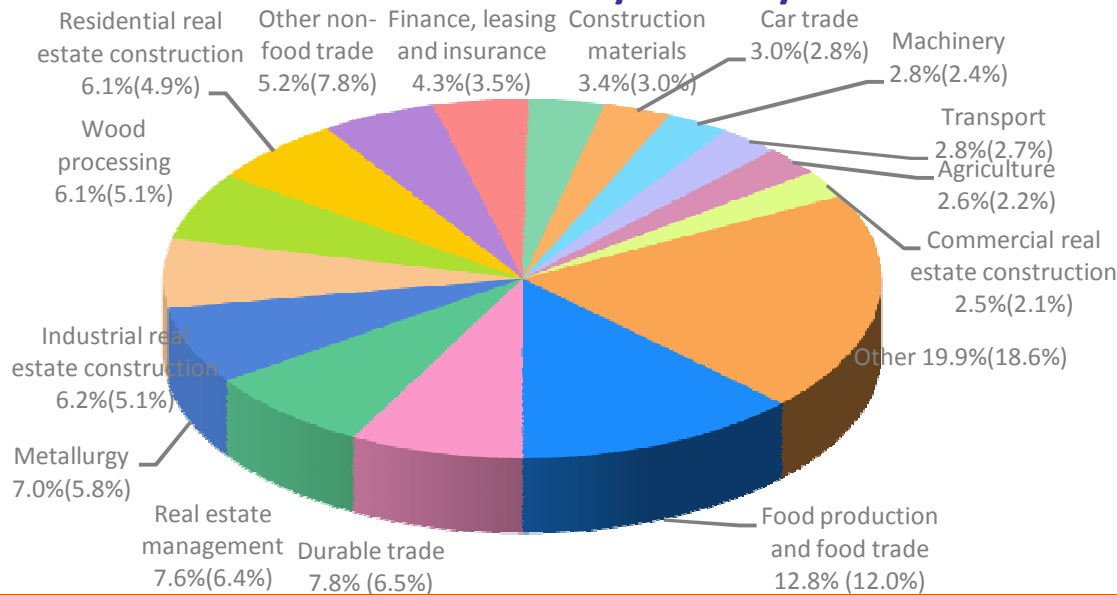
Corporate loans (RUB bn)



Corporate funding (RUB bn)



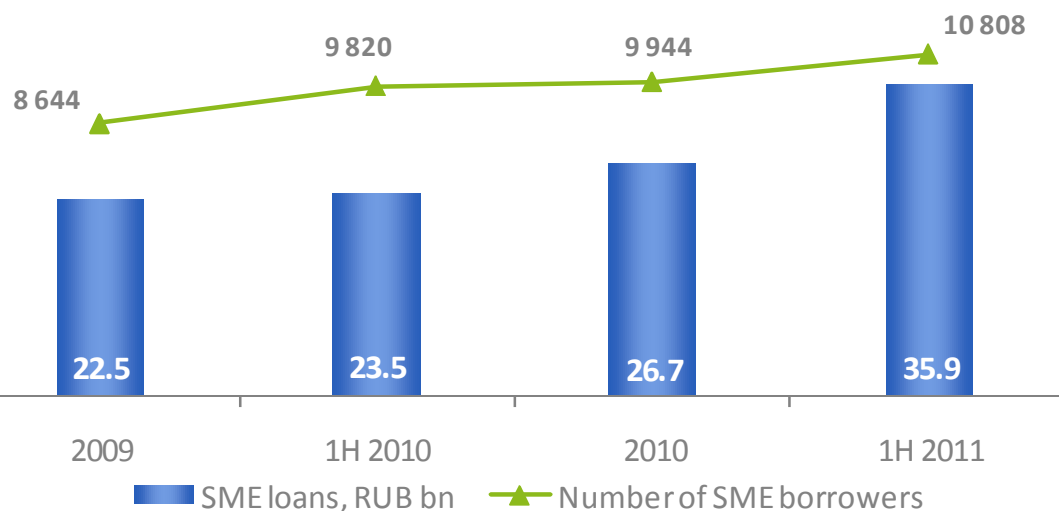
Diversification by industry*



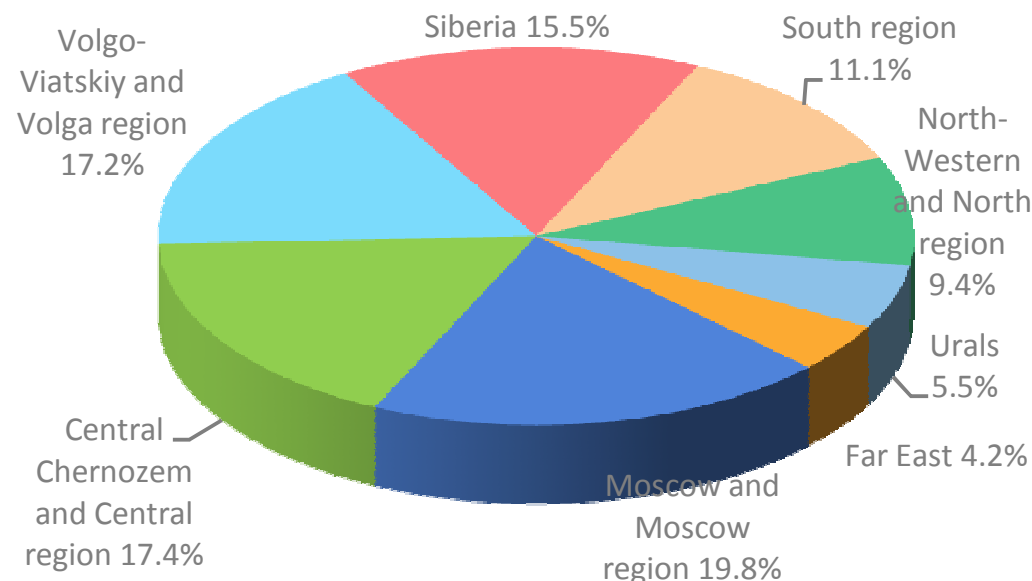
- § The corporate loan portfolio remained almost flat in 1H 2011 mainly due to seasonal declines in trade finance and factoring operations. All trends in the corporate loan portfolio were in line with budgeted figures for 1H 2011
- § PSB confirmed its leading positions in the factoring market in 1H 2011. The volume of factoring finance grew by more than 40% in 1H 2011 compared with 1H 2010
- § Strong portfolio diversification by sector (no particular industry exposure exceeds 12% of the gross loan book) reflects the bank's focus on mid-sized corporates
- § Pressure on the net interest margin continues in the Russian economy, pushing down the net interest margin for corporate products. NIM in corporate banking decreased from 4.2% in 2010 to 3.6% in 1H 2011

*Share of industries to corporate loan portfolio (to gross loans)

SME loans (RUB bn)



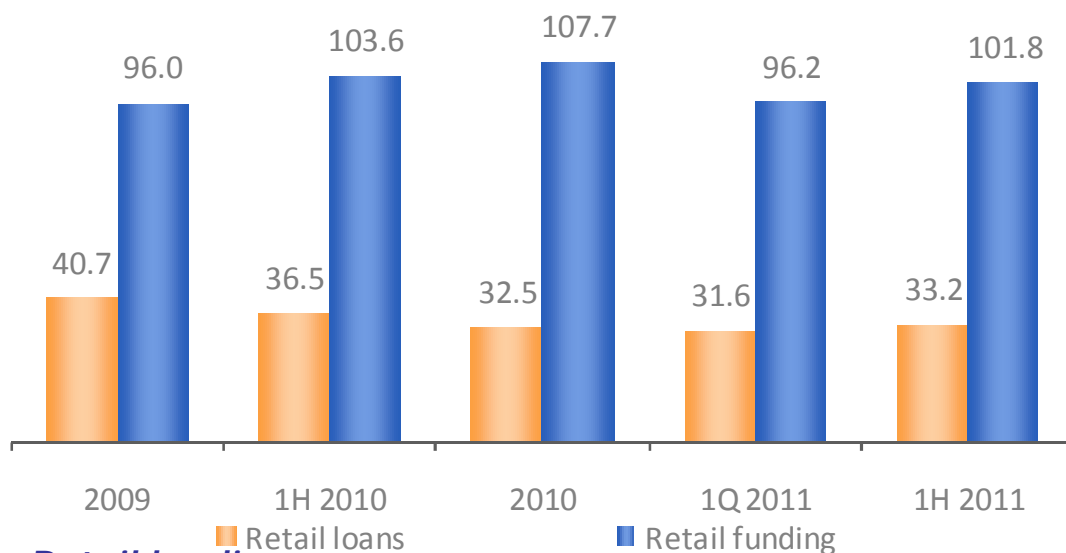
Diversification by geographic region



Higher-margin business with strong growth potential

- § A 34% increase in the SME loan book vs. YE 2010 (or 17% without the effect of the deal on the purchase of Trust Bank's SME loan portfolio)
- § The SME loan portfolio growth rate exceeded the market average more than twofold (17% vs. 8%)
- § PSB completed the deal purchasing Trust Bank's RUB 5.6 bn SME loan portfolio in July 2011 (over RUB 4.6 bn was acquired in 1H 2011)
- § The growth rate of the volume of new SME loans issued during 1H 2011 equaled 27% y-o-y
- § For the third time, PSB became the official bank-partner of the RosBR SME financing programme. In 2011 PSB received another RUB 1.7 bn tranche for SME lending
- § Over 80% of the portfolio is outside Moscow – the most competitive region

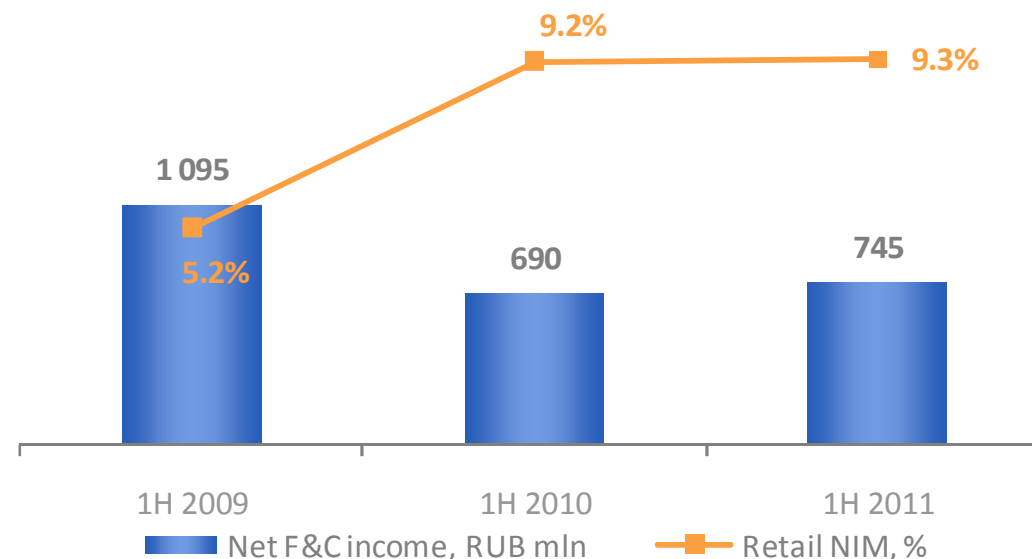
Retail loans & funding (RUB bn)



Retail lending

- § Since the re-launch of retail lending in July 2010, the retail loan portfolio had grown by more than 5% in Q2 2011, demonstrating the stable monthly positive dynamics of new loans issued
- § RUB 5.8 bn of new retail loans were issued during 1H 2011 (RUB 4 bn in Q2 2011). Since the beginning of 2011, the lending dynamics have been growing by an average 1.2x times each month
- § In June 2011, PSB outran the market in terms of its retail loan portfolio growth rate: 5.8% vs. 3%
- § The Bank's wide branch network (250 points of sale) is supportive of further retail lending development. In Q2 2011 PSB opened 5 new offices. 33 and 15 new offices are to be opened in 2H 2011 and Q1 2012, respectively.

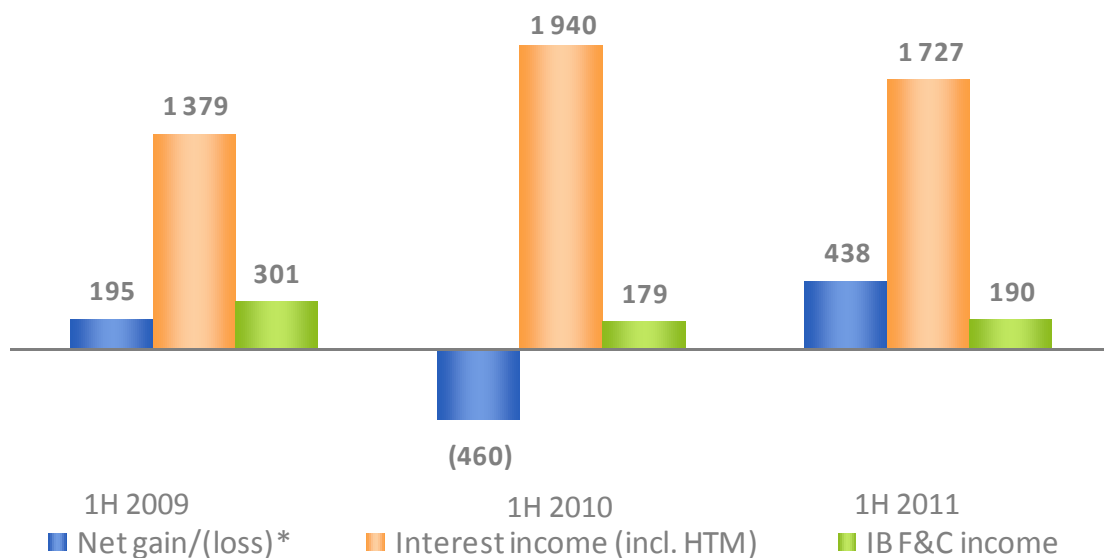
Net F&C income and NIM of retail business



Retail funding – an important funding source

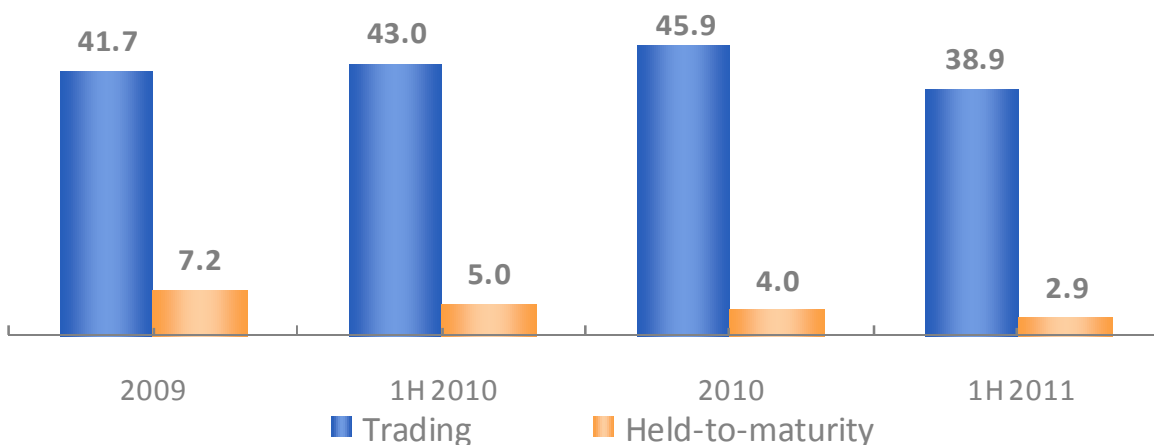
- § 6% growth in retail deposits in Q2 2011 (higher than the market average) due to a widening product mix and an increase in interest rates at the beginning of 2011
- § The share of retail current accounts and deposits to customer accounts remained stable at 35%
- § PSB-Retail is ranked 2nd among top “e-banks” (according to Finance magazine) with c.a. 540 mln subscribers as at 1 July 2011 (25% growth in 1H 2011)

Securities portfolio performance (RUB mln)

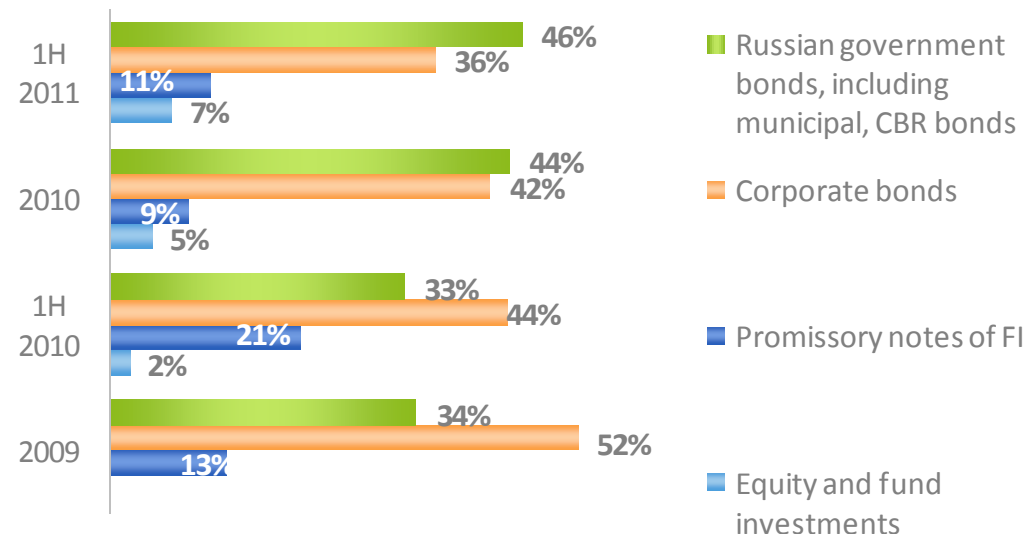


*excluding net gain/(loss) on early redemption of senior LPN

Trading and HTM securities portfolio (RUB bn)



Securities portfolio breakdown



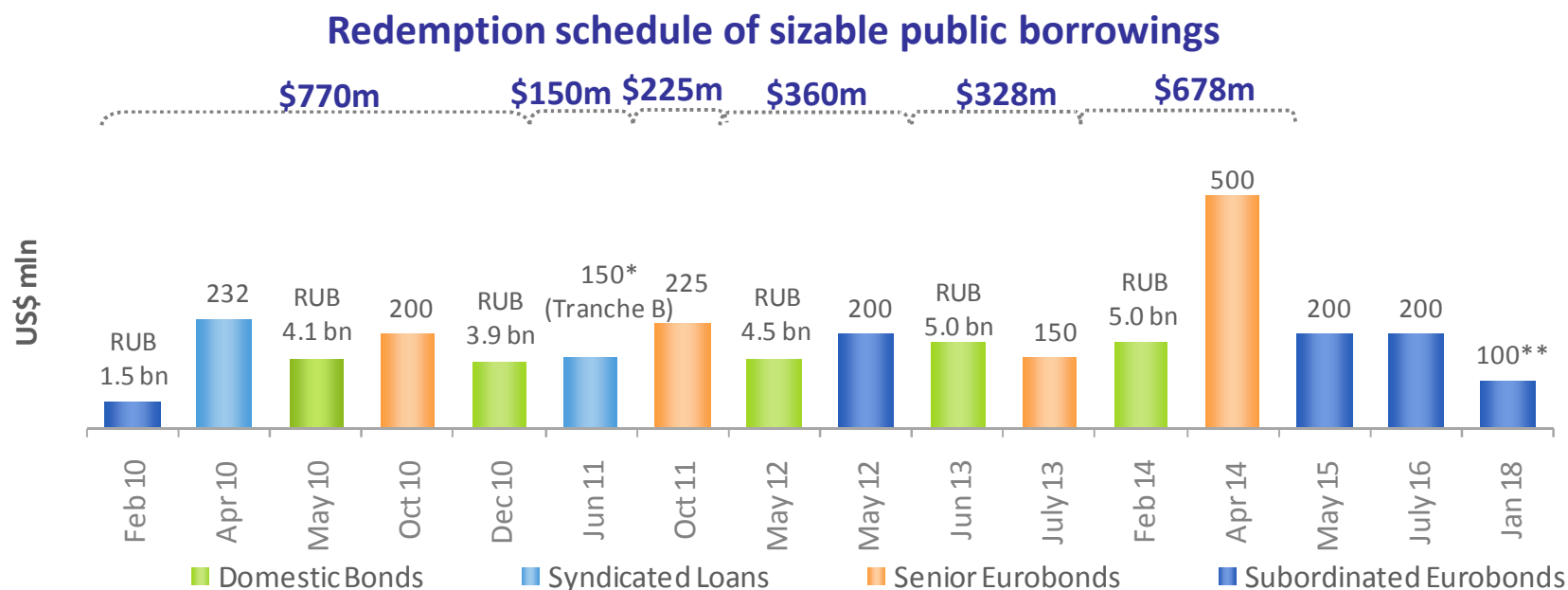
§ The share of securities to total assets decreased slightly in 1H 2011, from 11.0% to 9.2%: PSB foresaw the negative market trend in late summer 2011 and fixed the profit beforehand

§ PSB's conservative portfolio structure remained unchanged: nearly 70% of debt securities are eligible for REPO transactions with the CBR (Lombard list)

§ Over 90% of promissory notes held are issued by state-owned banks with investment-grade ratings, and by top-tier private banks

§ PSB reached 8th position in arranging RUB bond issues, and also PSB is among TOP-10 largest REPO operators for sovereign RUB bonds in 1H 2011 on MICEX

Capital Markets: Reduced Dependence on Market Funding



* The remaining part of US\$ 100 mln amortizes in 4 equal tranches until mid 2013 ** PSB call option 01/2013

- § **60% of the current liquidity cushion is sufficient to repay all of PSB's public debt till 2018 (6% for 2011 and 10% for 2012)**
- § In April 2011, PSB placed a US\$500 mln debut 144A/Reg S senior Eurobond issue maturing in 2014 with coupon of 6.2% (the book was oversubscribed more than 2 times)
- § In February 2011, PSB successfully placed RUB 5 bn of domestic bonds due in 2014
- § PSB plans to issue a syndicated loan of approximately US\$250 mln in 2H 2011

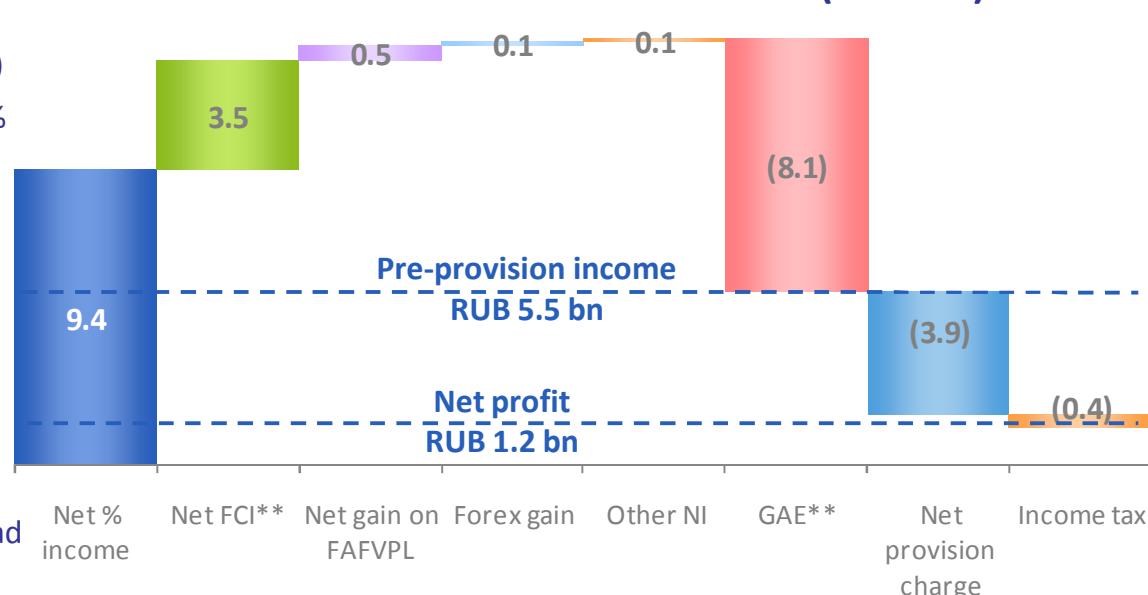
Financial Performance

1H 2011 Financial Results

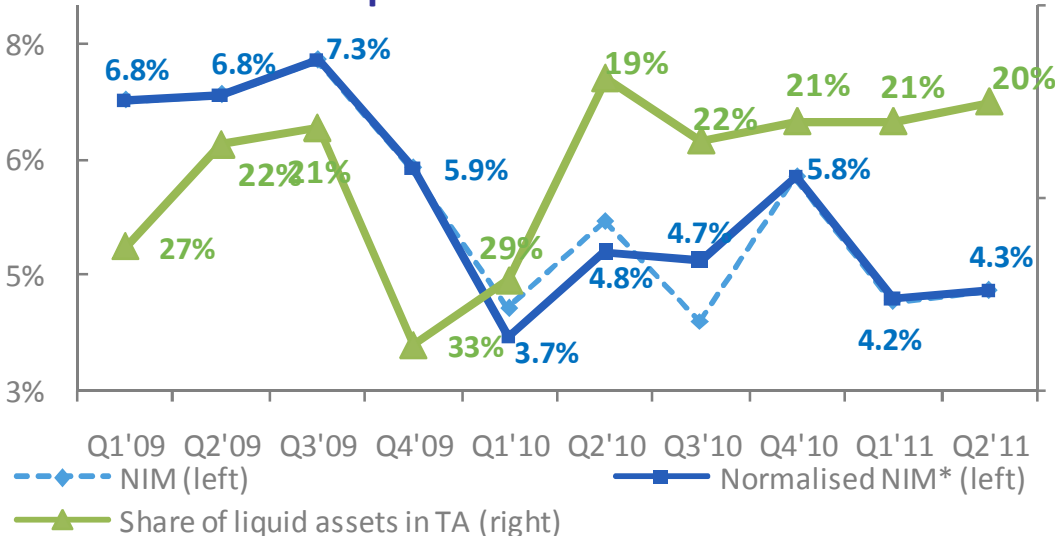
1H 2011 Financial Highlights

- PSB demonstrated its operating efficiency, showing 1H 2011 net profit in the amount of RUB 1.2 bn, representing twofold y-on-y growth
- Significant growth of operating income* in 1H 2011 (+11% vs. 1H 2010)
- Further strengthening of fee and commission income in 1H 2011 (+27% vs. 1H 2010)
- Slight deterioration of the cost-to-income ratio* in 1H 2011 – to 59.6% (vs. 56.7% in 1H 2010)
- Further reduction in NPLs level (8.1% vs. 9.2% as at YE 2010) mainly driven by the sale and write-offs of non-performing corporate loans in 1H 2011
- SME business continued to show positive results in 1H 2011
- Low net interest margin in Q2 2011 with signs of improvement. As the share of high-margin products in PSB's loan book increases, this will lead to NIM growth

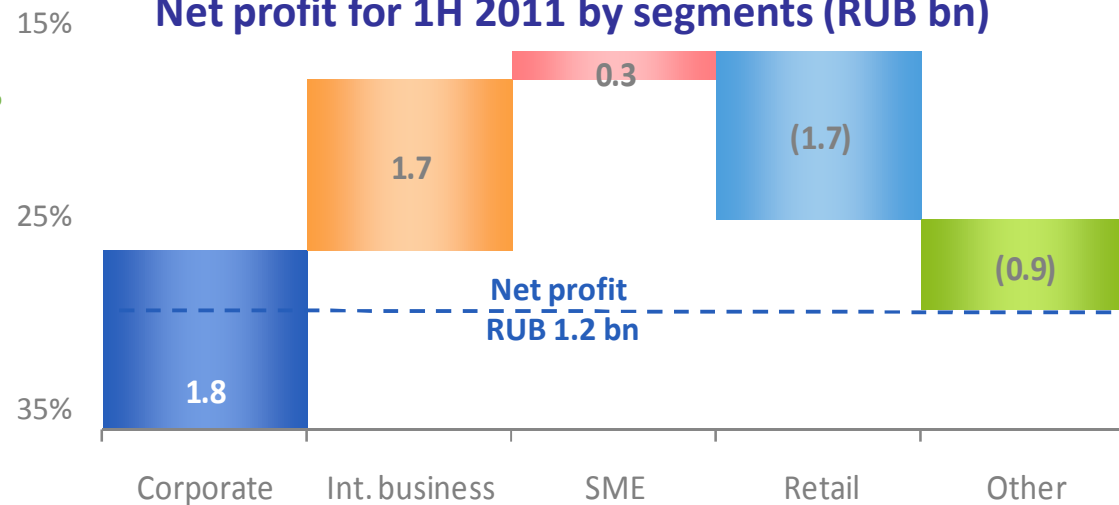
Income statement for 1H 2011 (RUB bn)



Liquid assets and NIM

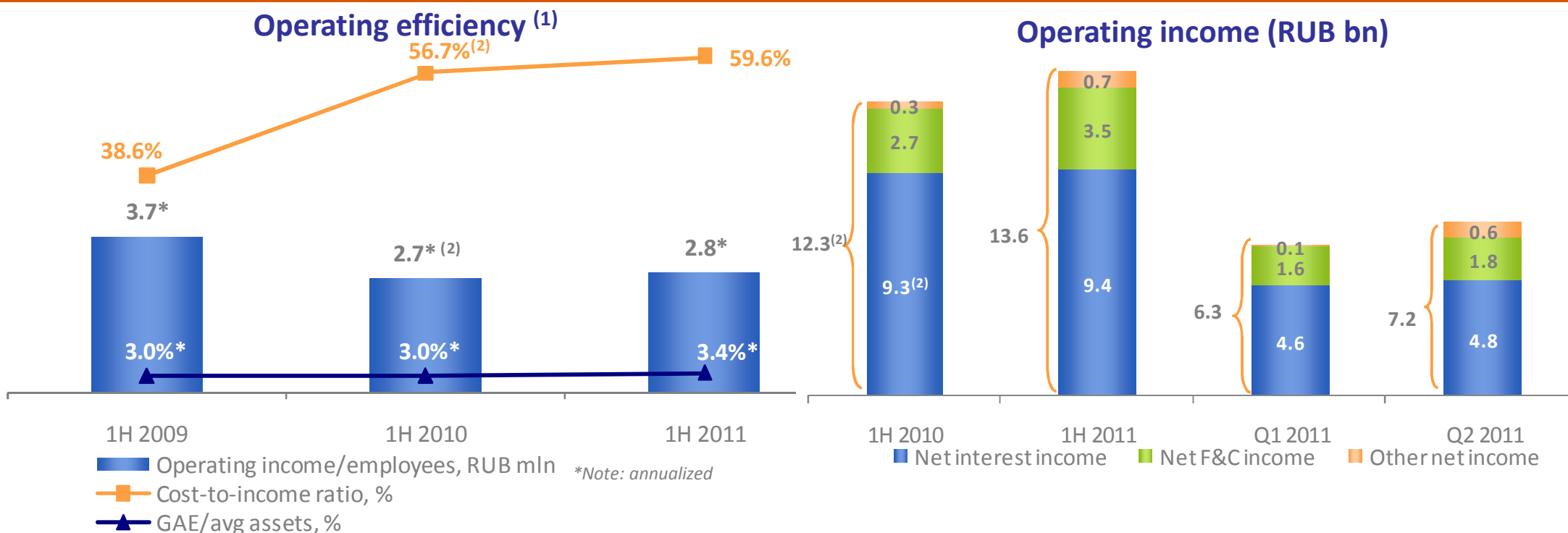


Net profit for 1H 2011 by segments (RUB bn)



* Where a one-off effect is spread evenly over the whole reporting period. Started 1 July'10 interest income accrued on substantially provisioned loans is recognized in the P&L account net of provision

**FCI– fee and commission income, GAE –general & administrative expenses

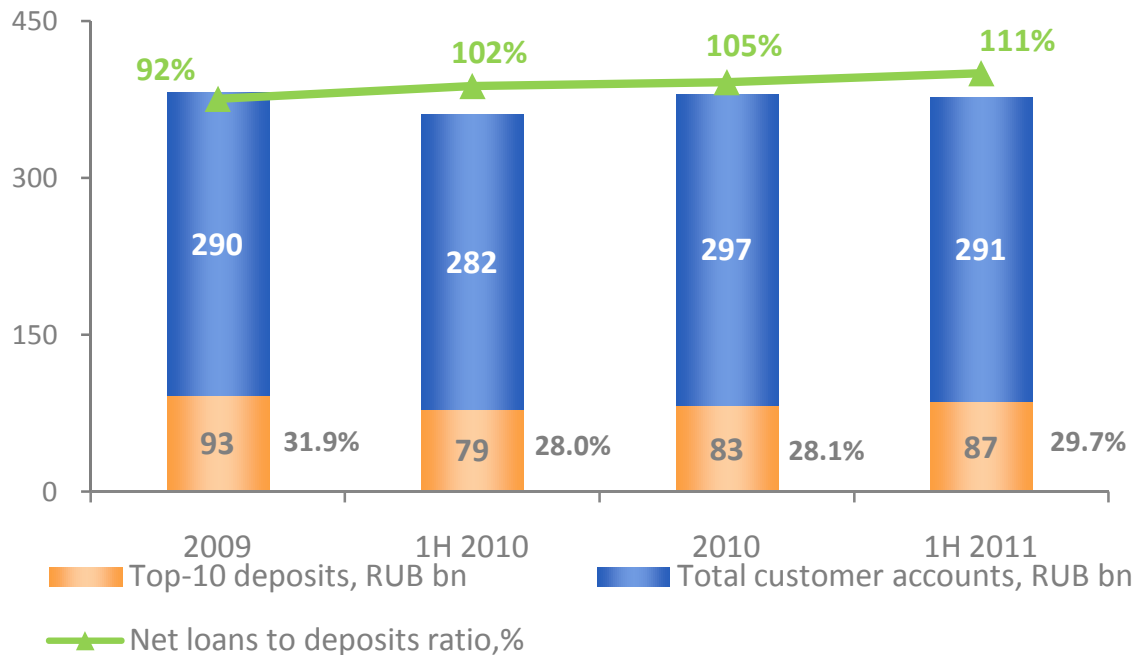


- § Moderate net interest income growth in 1H 2011 due to the reduction of interest income (-15% vs. 1H 2010⁽²⁾) as well as more significant decrease in interest expenses (-25% vs. 1H 2010⁽²⁾)
- § Continuing strengthening of net fee and commission income: (RUB 3.5 bn in 1H 2011 vs. RUB 2.7 bn in 1H 2010). The share of net F&C income in operating income increased from 22.2% in 1H 2010 to 25.5% in 1H 2011
- § Improvement of operating efficiency in 1H 2011 vs. 1H 2010⁽²⁾
- § Slight deterioration of the cost-to-income ratio in 1H 2011 mainly due to:
 - a) increase in staff costs: staff growth by 5%, average salary growth by 10% due to market trends and over 50% growth of social tax payments
 - b) increase in advertising expenses by 67% due to active retail campaign

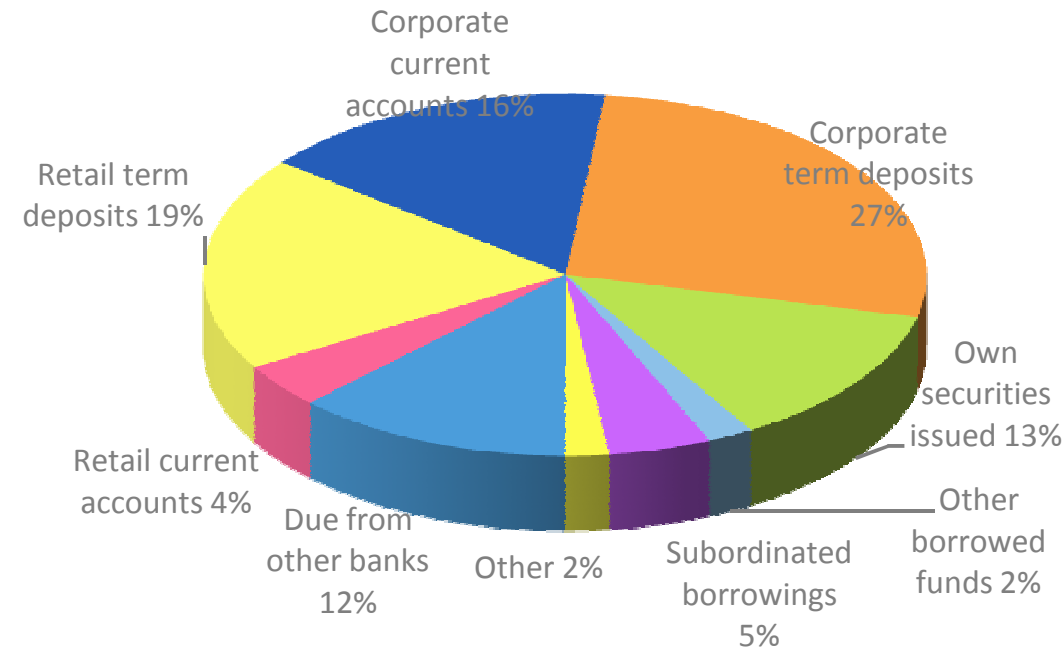
(1) Contributions under obligatory deposit insurance are excluded from operating expenses and are a part of operating income. All rates are recalculated.

(2) Where a one-off effect is spread evenly over the whole reporting period. Started 1 July'10 interest income accrued on substantially provisioned loans is recognized in the P&L account net of provision

Deposits concentration

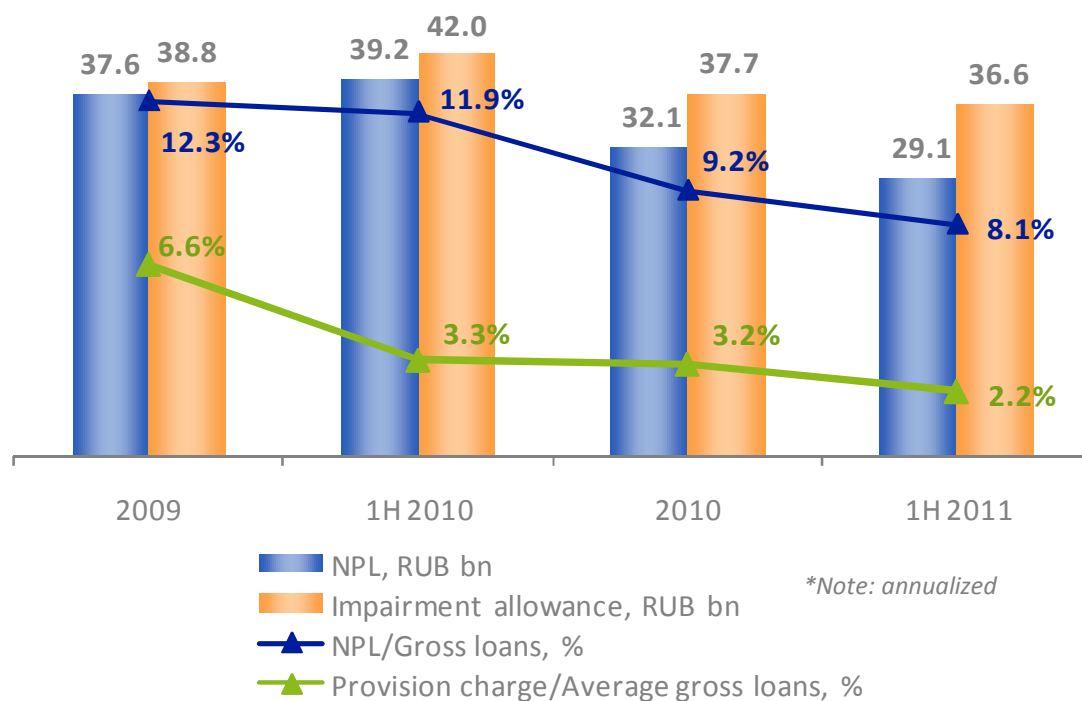


Strong funding mix (1H 2011)

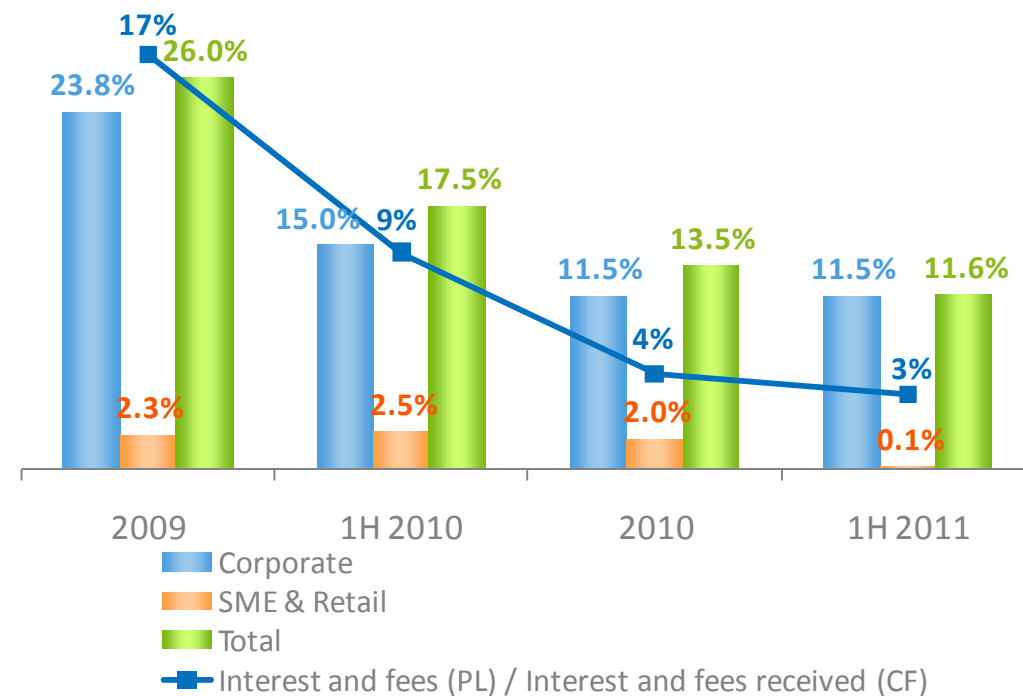


- § Slight decrease in the share of customer deposits in total liabilities (from 69% at YE 2010 to 66% in 1H 2011) as a result of new Eurobond issue in April 2011
- § The net loans-to-deposits ratio grew from 105% at YE 2010 to 111% in 1H 2011. PSB considers customer funding as a main source of loan financing (80-85%). The rest could be financed from international capital markets, subject to market conditions
- § The share of the 10 largest depositors increased slightly during 1H 2011 (from 28.1% to 29.7%) but remained significantly lower than in 2008 (38%)

Decreasing NPL and provisioning



Loans with revised original terms to gross loans, %



§ A reduction in NPLs in both absolute and relative terms: by RUB 3 bn and 1.1 b.p. respectively

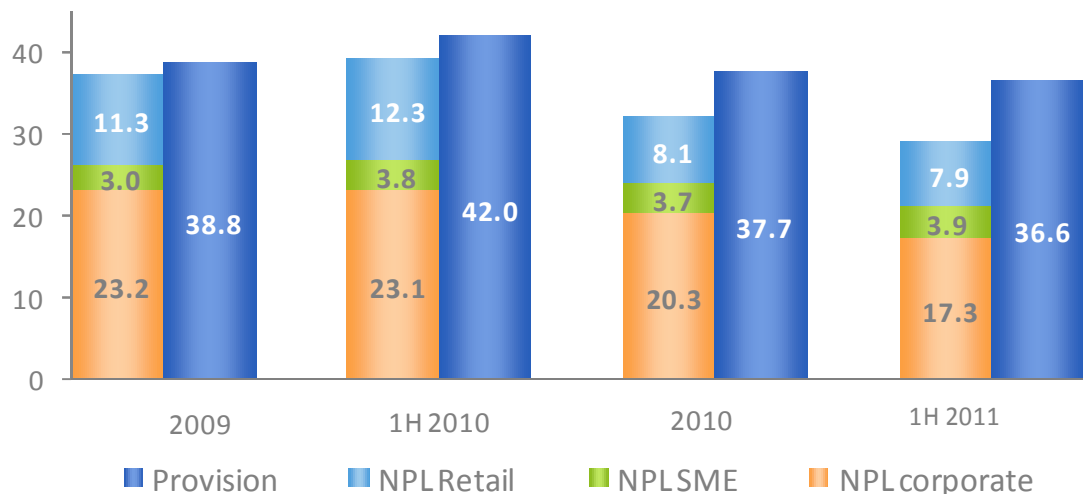
§ PSB remains committed to maintaining its NPL coverage ratio at a level exceeding 100% (126% as at 1 July 2011 vs. 117% at YE 2010)

§ The share of loans with revised original terms decreased from 13.5% at YE 2010 to 11.6% in 1H 2011

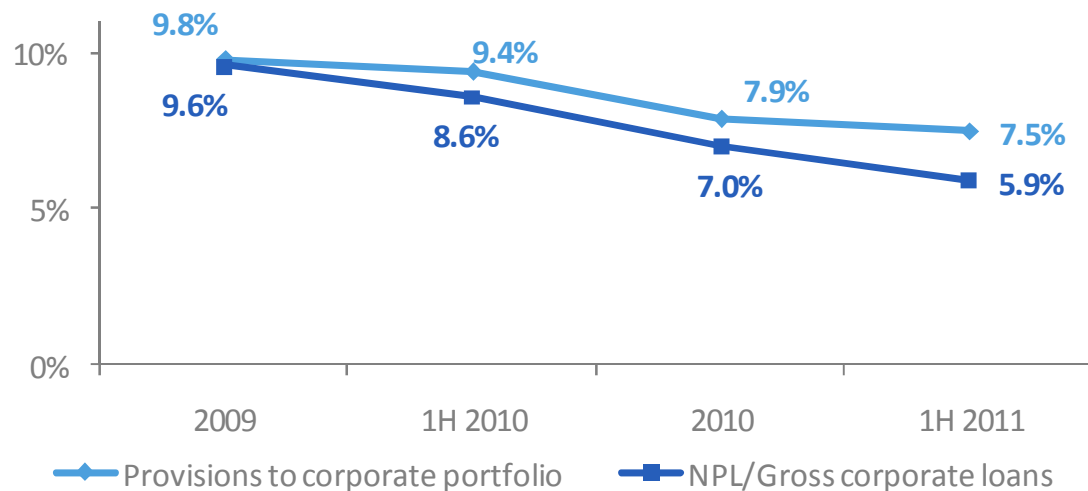
§ The gap between interest and fee income accrued through the P&L, and that actually received, shows a further improving trend: 3% for 1H 2011 vs. 4% for 2010

Loan Portfolio Quality (2/2)

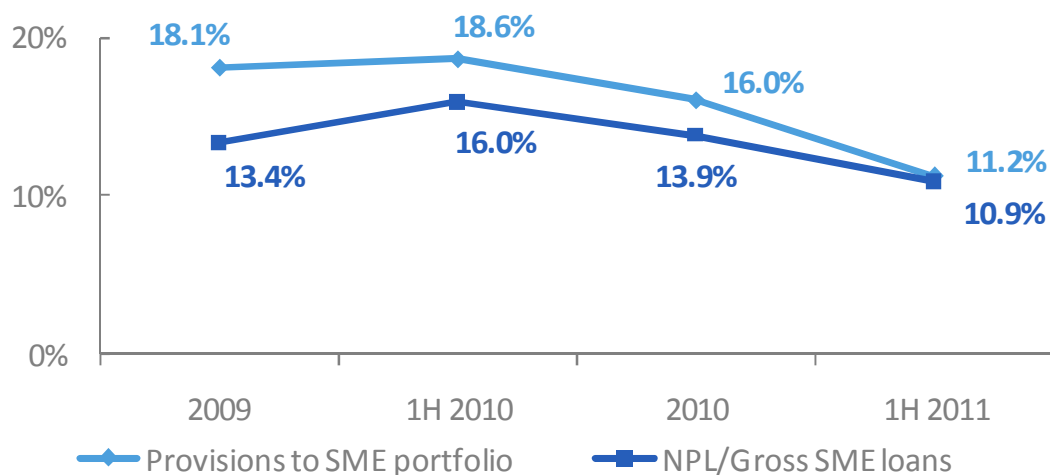
NPL and provisioning (RUB bn)



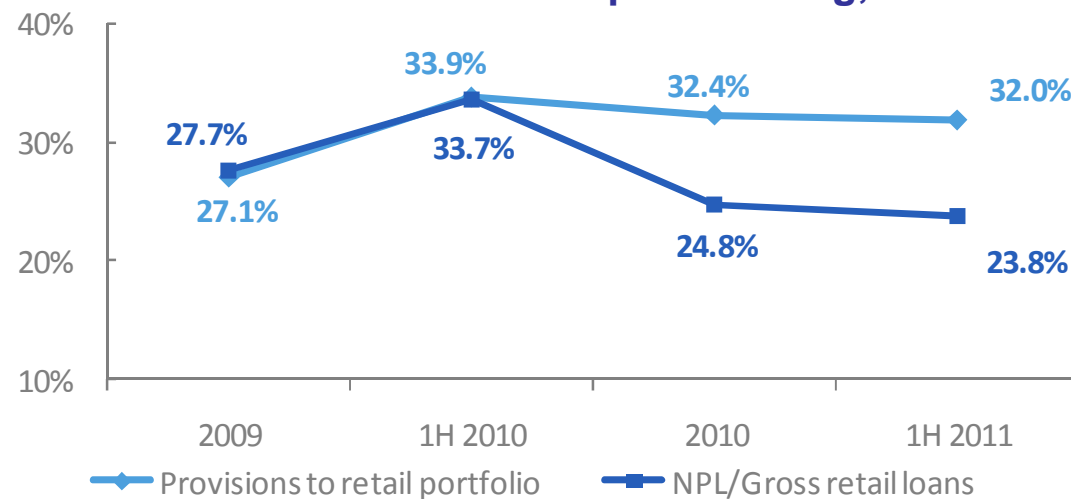
Corporate NPL and provisioning, %



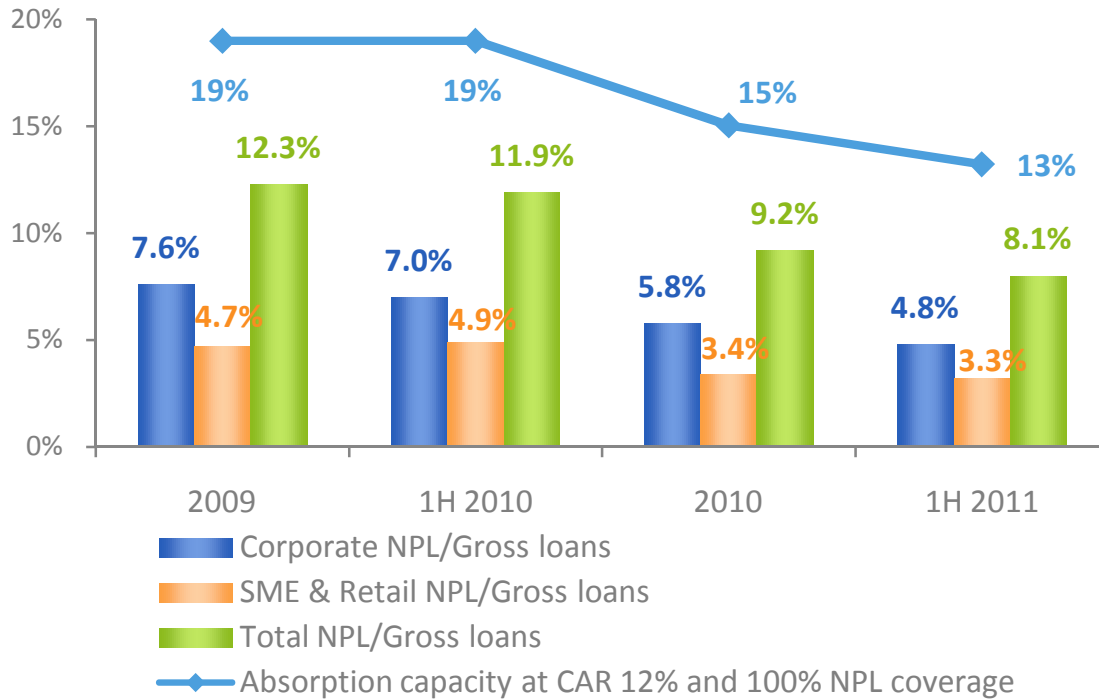
SME NPL and provisioning, %



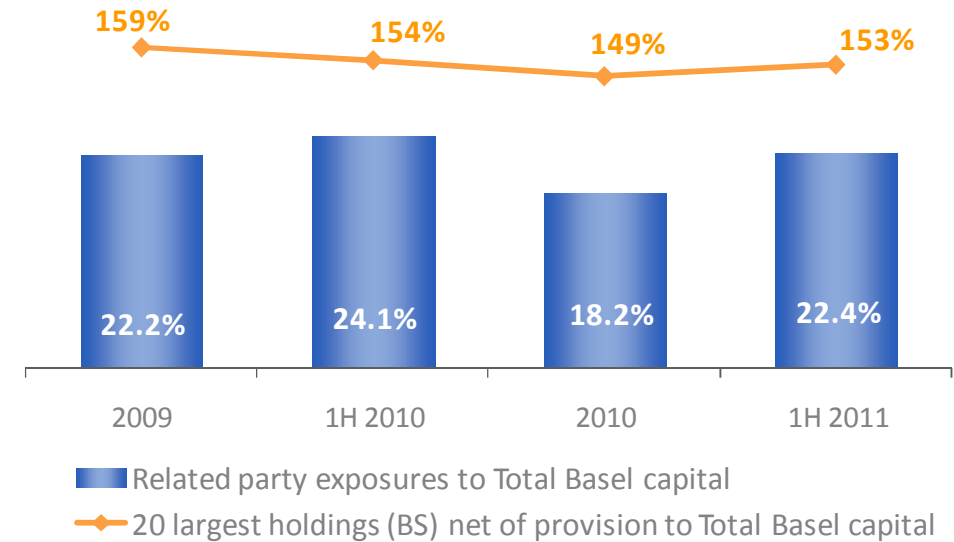
Retail NPL and provisioning, %



Loss absorption capacity at CAR 12%



Related-party exposure and largest party concentration



- § A new subordinated loan received in August 2011 will strengthen PSB's TCAR by 0.6 b.p.
- § PSB plans to increase its share capital in 2H 2011 in an amount not less than RUB 4 bn
- § At the end of 1H 2011, PSB was in a position to absorb a theoretical level of NPLs up to 13% of gross loans whilst maintaining the TCAR in excess of 12% (i.e. another RUB 19.3 bn of NPLs at 100% provisioning rate could have been absorbed)
- § The share of RP lending has remained quite stable during the last 3 years, at around 22% (covenanted max is 25%)
- § The concentration of the top-20 largest holdings slightly increased in 1H 2010, mainly due to the decrease of total capital amount in absolute terms, as a result of subordinated loans amortization

Thank you for your attention!

Q&A session