



St. Petersburg



Moscow

**Petersburg Social Commercial Bank, OJSC
PRESENTATION
for Strategic Investors and International Financial Institutions**

June 2010

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- **Brief Information about the Bank, Shareholders**
- Operational Highlights
- Risk Management System
- Financial Highlights
- Ratings
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PSCB, OJSC: General Information

- **Established: 1993**
- **Auditor (IFRS and RAS):**
PricewaterhouseCoopers 2003-2008
Moore Stephens since Nov-2009
- **Ratings by Fitch Ratings Ltd.:**
Long-Term IDR - 'B-'
- **Ratings by Moody's Investors Service:** Long-term foreign and local currency deposit rating 'B3'
- **Participant of Deposits Obligatory Insurance Scheme** (since November 18, 2004), 177 number in the register
- **Participant of IFC programs:**
 1. «Russia Banking Sector Corporate Governance Project»
(<http://www.ifc.org/ifcext/rbcgp.nsf/Content/Home>),
 2. «Russia Primary Mortgage Market Development Project»
(<http://www.ifc.org/russia/mortgage>).
- Number of employees: **247**.
- 4 branch offices in Saint-Petersburg and 1 branch office in the Leningrad region; 1 branch in Moscow.

As of January 1, 2008:

- **Assets :**
RUB 6 076 mln.
- **Shareholders equity :**
RUB 1 092 mln.
- **Loans and advances to customers:**
RUB 2 821 mln.
- **Allowance for loan impairment :**
RUB 112 mln. (3.82%)
- **Net profit:**
RUB 77 mln.

As of January 1, 2009:

- **Assets :**
RUB 7 530 mln.
- **Shareholders equity :**
RUB 1 212 mln.
- **Loans and advances to customers:**
RUB 3 442 mln.
- **Allowance for loan impairment:**
RUB 206 mln. (5.66%)
- **Net profit:**
RUB 97 mln.

As of January 1, 2010 :

- **Assets:**
RUB 8 447 mln.
- **Shareholders equity:**
RUB 1 370 mln.
- **Loans and advances to customers:**
RUB 2 799 mln.
- **Allowance for loan impairment :**
RUB 278 mln. (9.04%)
- **Net profit:**
RUB 255 mln.

Shareholders of PSCB *	Share, %
Rekha Holdings Limited (Cyprus)	19.9997%
Vladimir L. Pribytkin	25.3335%
Konstantin Yu. Muzyka	25.3335%
Sergey Yu. Kopytov	19.9997%
Dmitriy N. Muzyka	9.3336%
Total	100.00%

*Detailed information about organization structure and equity structure of PSCB, OJSC is available on the corporate site of the Bank www.pscb.ru

Beneficial Owners of PSCB,OJSC Shares are:

Vladimir Leonidivich Pribytkin (Member of the Board of Directors)

Konstantin Yurievich Muzyka (Chairman of the Board of Directors)

Sergey Yurievich Kopytov (First Deputy Chairman of the Management Board)

Dmitriy Nikolaevich Muzyka (Member of the Board of Directors)

Rekha Holdings Limited (Cyprus) – is a 100% subsidiary of RenFin Limited (BVI), whereas the private equity fund RenFin Limited is under management of the company Renaissance Investment Management (part of the international investment banking group Renaissance Group).

Annual general shareholders meeting of PSCB held in St. Petersburg on 29 April 2010 made a decision to pay dividends on shares for 2009 in the amount of RUR 124 997 529.60, and at the same time the amount of dividends per one ordinary share of PSCB totaled RUR 353.28.

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Commercial Banking Overview

at the end of 2009 - 13 300 corporate Clients

Lending

- Credit facilities and target loans
- Overdrafts
- Financing leasing operations
- Bank guarantees

Settlement and Cash Services

- Complete range of cash management and settlement services
- Settlement and payment in all major currencies
- Acquiring

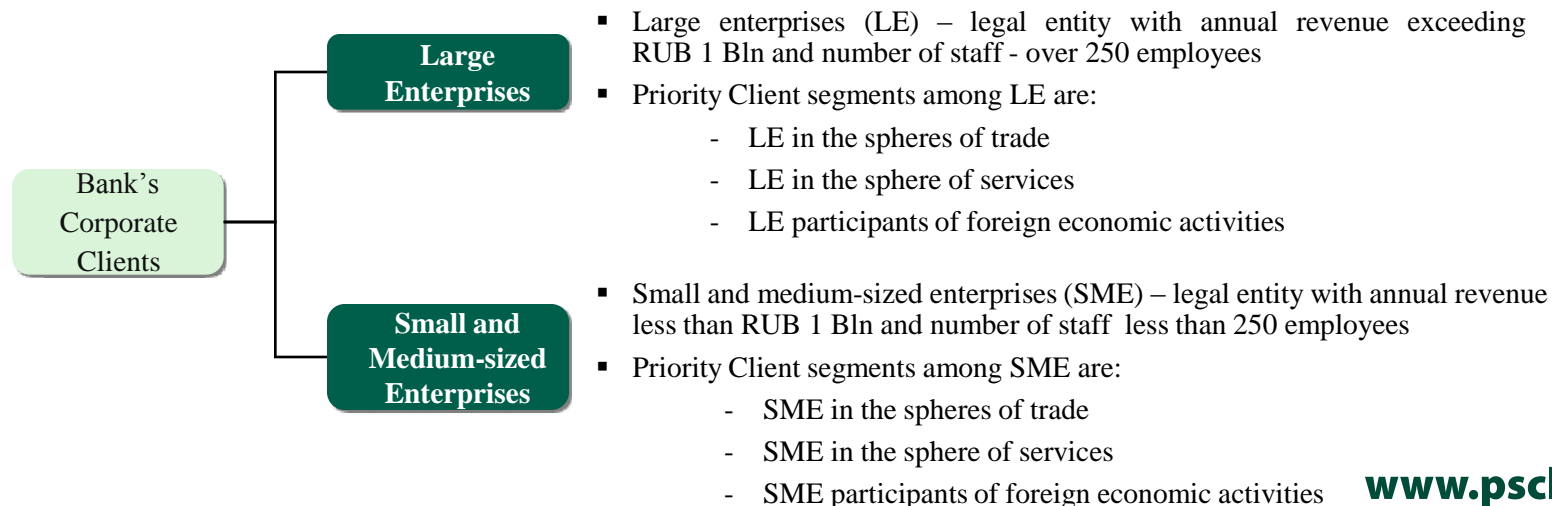
Trade Finance

- Short-term financing import of goods, equipment and services - L/Cs, L/Gs
- Export finance – financing import of goods and equipment from CIS, Europe, Asia, Northern and South America
- Guarantees
- Collections

Deposits

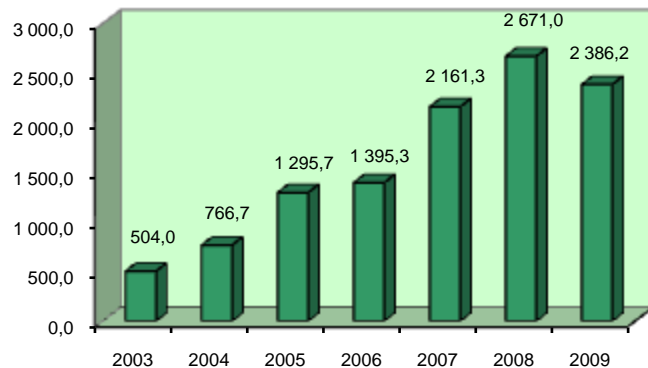
- Deposits
- Bills of exchange

Target Group



Corporate Clients Lending and Trade Finance

Dynamics of Corporate Loans in RUB, mln.



- More than 110 borrowers.
- Maintenance of quality of the corporate lending portfolio.
- Reducing the loan portfolio was conducted specifically in connection with the crisis in the economy and the emergence of significant risks in individual industries. Currently the Bank is increasing lending volumes of the companies trading in items of prime necessity, consumer goods (food, household chemicals) and having a significant market share. So, on 01.03.10 the volume of credit portfolio of the Bank corporate Clients amounted to RUB 2 552.4 mln. in comparison with 2 386.2 mln. as of 01.01.10.

Trade Finance

- Within the year of 2008 the Bank issued guarantees and Letters of Credit for the total amount exceeding USD 12.7 mln.;
- In 2009 the Bank provided documentary operations services for the amount of USD 2.2 mln.;
- In the 1st quarter of 2010 the Bank issued a number of Letters of Credit not requiring confirmation and direct guarantees for the amount around USD 0.5 mln.;
- In the year of 2010 the Bank is resuming providing trade finance services for its Clients employing limits established by our partner banks, for example, EUR 3.0 mln limit established by VTB Deutschland for trade finance operations with the duration of up to 1 year.

Bank Guarantees in Favour of the Federal Customs Service of Russia (FCS)

- By 2008 the Bank has been listed in the Register of Banks (kept by the Federal Customs Service of Russia), authorized to issue bank guarantees f/o the customs authorities; the Bank total limit constitutes RUB 170 mln.;
- The Bank Clients list includes customs brokers, bonded warehouses, customs warehouses, customs carriers.

Potential Strategic Partnership in the Russian Banking Market and Priorities in Cooperation with International Financial Institutions

PSCB, OJSC is highly interested in establishing strategic partnership with leading banks/banking groups in following fields:

- Bank's shareholders are prepared to start discussing a potential equity participation and purchasing starting from 20% in the shareholders' equity of PSCB, OJSC,
- Raising loans and/or credit facilities for developing our global trade finance business, including confirmation of the L/Cs, L/Gs and L/Gs in favor of customs authorities,
- Establishing credit limits for interbank transactions with banks, including those which signed agreement with the Bank of Russia under the Federal Law of 13.10.2008 № 173-FZ "On additional measures to support the financial system of the Russian Federation";
- Attracting trade/debt finance from international financial institutions,
- Arranging bilateral loans for PSCB business development, including SME lending programs and special purpose loans for corporate Clients,
- Financing the supply of goods and services from abroad through L/Cs with the possibility of post-financing and deferred payment, confirmation of Bank's guarantees and counter-guarantees to ensure the provision of guarantees by foreign banks, medium-term financing of equipment supply,
- Raising senior loans (including long-term credit facilities) in RUB and USD/EUR from international financial institutions and other foreign counterparts,
- Establishing business relations with potential strategic investors, interested in developing long-term business presence in Russia via strategic partnership with PSCB.

Blank Credit Facilities for PSCB Established by the Russian and Foreign Banks-Partners

It should be noted that the following Russian and foreign commercial banks established blank credit facilities for PSCB as follows:

- **ZAO Raiffeisenbank** provided a credit limit for bank-to-bank lending operations in the amount of RUB 111 mln. for the transactions up to 1 week,
- **VTB Bank (Deutschland) AG** established a credit line in the amount of EUR 3 mln. for trade finance and documentary operations with the duration not exceeding 1 year,
- **SBERBANK of RUSSIA OAO** (Savings Bank of the Russian Federation) established a credit limit for bank-to-bank lending operations in the amount of USD 2.6 mln. (in RUB equivalent) for the transactions up to 1 week,
- **JSC Minsk Transit Bank** (JSC MTBank, Minsk, Republic of Belarus) established in April 2009 a credit limit in the amount of BYR 23 300 mln. for PSCB (i.e. approximately USD 8.25 mln.) for bank-to-bank lending operations not exceeding 10 days,
- **JSC Paritetbank** (Minsk, Republic of Belarus) established in June 2009 a credit limit in the amount of BYR 3 000 mln. for PSCB for bank-to-bank lending operations not exceeding 30 days,
- **JSC Belagroprombank** (Minsk, Republic of Belarus) set a credit facility for PSCB, OJSC in the amount of USD 2.5 mln., including USD 500.000 – for trade finance and documentary business transactions not exceeding 360 days, and USD 2 mln. for bank-to-bank lending and currency exchange operations.

March 26, 2010 - PSCB, OJSC signed a Credit Agreement on USD 10,000,000 10-year loan with the U.S. partner corporation – WorldBusiness Capital, Inc. to finance the expansion of PSCB - Small and Medium Enterprises lending business in Russia. Since the Loan is covered by the Overseas Private Investment Corporation (OPIC: www.opic.gov) an agency of the United States Government, terms and conditions of the Loan were subject to approval by OPIC. The Loan proceeds will be disbursed to PSCB to finance 80% of the face amount of the Bank loans to SMEs.

PSCB is included into the list of the Russian banks eligible to receive loans from the Central Bank of the Russian Federation in RUB without any collateral

The Central Bank of the Russian Federation (CB RF) included Petersburg Social Commercial Bank, OJSC into the List of Russian Banks having the right to receive loans in RUB without any collateral. The CB RF established a credit line for PSCB amounting in total to RUB 1 215 mln. for the loans without any collateral in RUB for the maximum period of up to 3 months (initial facility set in October 2008 by the CB RF amounted to RUB 844 mln).

Please see the most essential terms & conditions of this financial instrument in the Provision of the CB RF (Bank of Russia) No. 323-P 'On Granting Loans without Collateral to the Russian Credit Organizations by the Central Bank of the Russian Federation' of 16 October 2008 approved by the Board of Directors of the CB RF.

August 10, 2009: PSCB, OJSC opened a correspondent account in US dollar in bank-partner - Deutsche Bank Trust Company Americas (DBTCA), member of financial group Deutsche Bank Group.

March 25, 2010: PSCB, OJSC opened a correspondent account in the Chinese Yuan Renminbi with the Bank of China (Eluosi)

Bank of China (ELOS) is a subsidiary of Bank of China Limited (BOC Limited), one of the 20 largest banks of the world, its overseas branch network comprising over 600 offices in more than 20 countries and regions of the world.

Thus, PSCB has become one of the few Russian banks in St. Petersburg and North-West Federal District, specializing in international transactions in the Chinese Yuan Renminbi and delivery of these services to our Clients having significant trade volumes and foreign trade contracts with counteragents domiciled in the People's Republic of China (PRC).

Retail Banking Review

at the end of 2009 – more than 72 500 individual Clients

Mortgage Lending

- Mortgage lending has been provided since 2004 when an agreement with OAO «Saint-Petersburg Mortgage Agency» was signed;
- So far there have been signed agreements with OAO «Saint-Petersburg Mortgage Agency», OAO «Regional Residential Agency for Mortgage Lending», ZAO «SPb-RegionIpoteka»

Other Loans and Cards

- Car loans since February 2008;
- Cards VISA since May 2007;
- Credit cards MasterCard since November 2008;
- More than **36,5 ths.** bank cards.

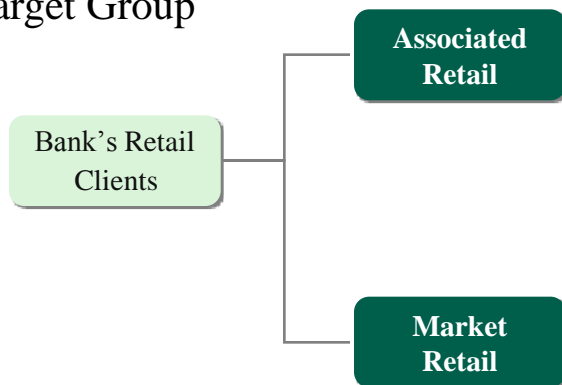
Payment System “KASSIRA.NET”

- Acceptance of payments for services including community facilities, communication services, as well as feeding accounts with the Bank

Deposits

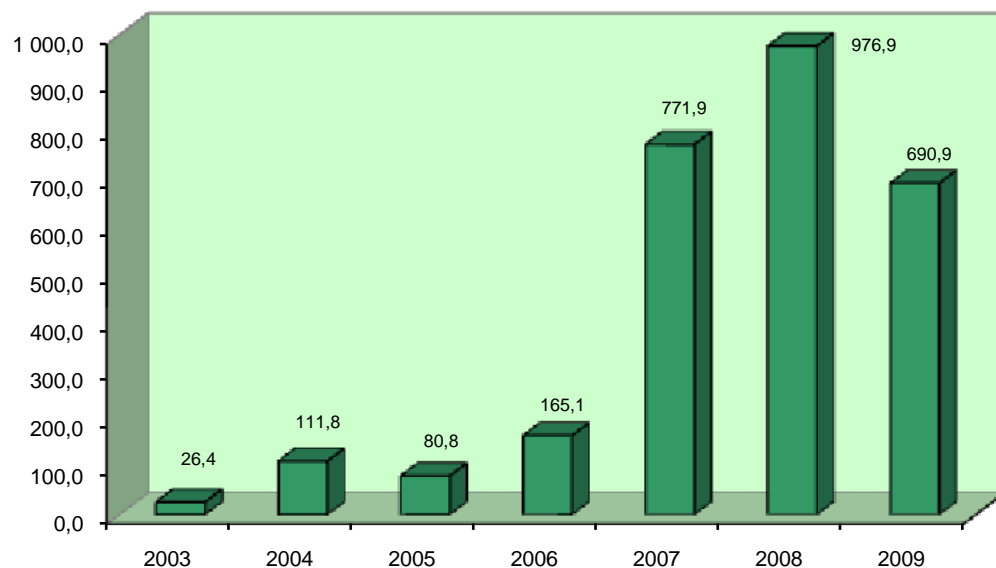
- Current accounts;
- Saving accounts;
- Participant of Deposits Obligatory Insurance Scheme since 2004.

Target Group



- Private Clients – employees and management of the Bank corporate Clients, Clients of insurance companies, outlet chains, etc., with monthly income per a family member of not less than \$400
- VIP-Clients – owners and top-management of the Bank corporate Clients; individuals, recommended by the Bank owners and top-management
- Individuals employing services of the payment system «KASSIRA.NET»
- Customers – private Clients serviced under partner agreements concluded with real-estate agencies, mortgage agencies etc.
- Other individuals with monthly income of not less than \$400 per a family member

Total Retail Loans Portfolio in RUB, mln.



- More than 1 100 borrowers;
- Mortgage lending since 2004;
- Car loans since February 2008;
- Credit cards since November 2008;
- Credits only for Bank's Clients employees;
- Maintaining of insignificant amount of overdue loans.

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Risk Management System

Credit Exposure

- Credit exposure management:
 - Financial Credit Committee;
 - Financial Credit Committee for retail loans;
- Limits for individual borrowers and groups of related borrowers;
- Monitoring of financial standing of borrowers, security preservation.

Operational Exposure

- Operational exposure management:
 - Construction and standardization of internal processes and procedures;
 - Regular audit of employees actions by internal control service in accordance with accepted processes and procedures, as well as formation of required documentation;
 - Correcting activities following results of auditing.

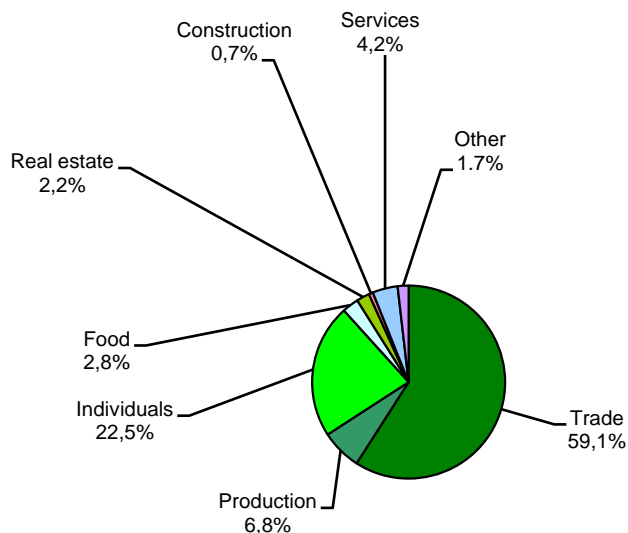
Liquidity Risk

- Assets and Liabilities Management Committee:
 - Liquidity risk management;
- Treasury management:
 - Liquidity monitoring based on daily reports;
 - Activities required for the Bank to execute its obligations in a timely manner.

Market Risk

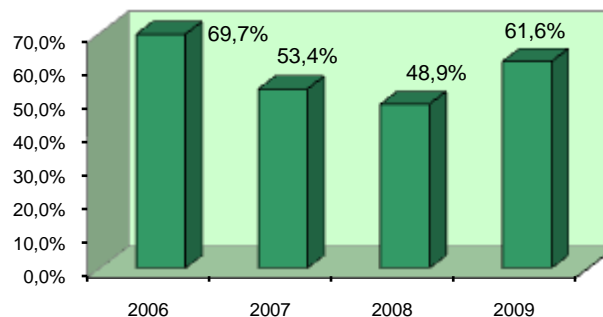
- Market risk components: foreign currency risk, interest risk, securities risk;
- Market risk management:
 - Limits of uncovered positions;
 - Limits on securities issuers (percentage, participatory);
 - Control over interest revenues and expenses.

Loan Portfolio Diversification



Economic sector structure of loan portfolio of the Bank reflects its focus on short-term lending in the working capital of companies specializing in the sale of essential commodities (food, household chemicals, etc.).

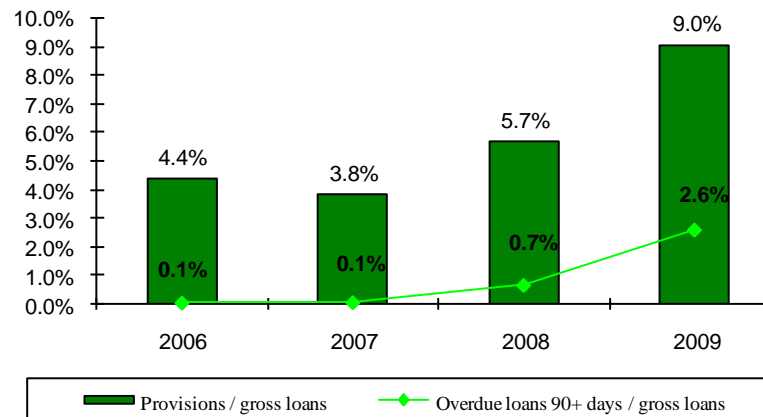
Share of 20 largest borrowers (groups of related borrowers) in the total loan portfolio



Overdue Loans and Debt Provisioning

- Overdue loans 90+ days – RUB 80.0 mln. or 2.6% of total loan portfolio as of January 1, 2010
- Reserves – RUB 278.1 mln. or 9.0% of total loan portfolio as of January 1, 2010
- Establishing an adequate debt provisioning for covering possible losses,
- Reserves / Overdue loans 90+ days = 3.5 as of January 1, 2010

Provisions (% of Gross Loans) and Overdue Loans 90+ days



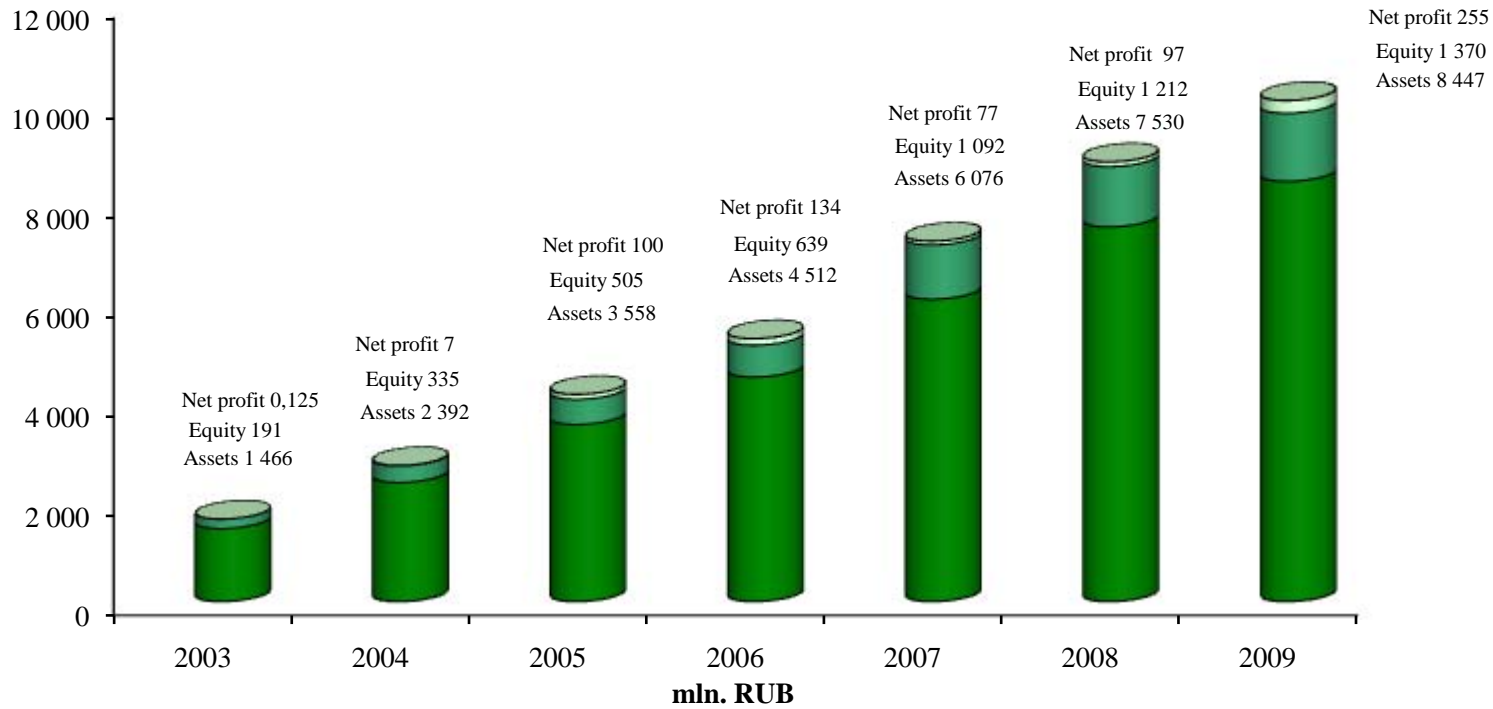
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Key Financials

RUB mln.	2003	2004	2005	2006	2007	2008	2009
Assets	1 466	2 392	3 558	4 512	6 076	7 530	8 447
Loans and advances to customers	494	817	1 297	1 492	2 821	3 442	2 799
Securities at fair value through profit or loss	65	11	50	211	229	47	583
Equity	191	335	505	639	1 092	1 212	1 370
Customer accounts	1 033	1 794	2 711	3 578	4 767	5 939	6 916
Debt securities in issue	195	242	340	283	168	116	93
Interest income	64	126	209	218	367	559	539
Net interest income	43	86	133	146	270	419	399
Operating income	47	80	245	338	387	547	670
Net profit	0.125	7	100	134	77	97	255

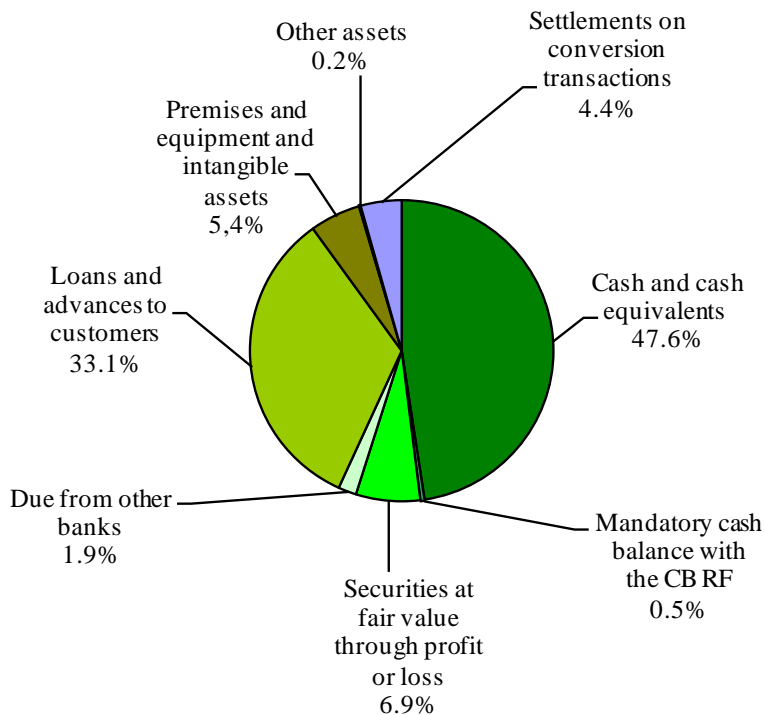
Despite the impact of economic crisis and increase in provisions the Bank managed to obtain the net profit of RUB 255 mln. in 2009, that resulted in growth of the Bank capital up to RUB 1 370 mln..

Dynamics of Business Volume

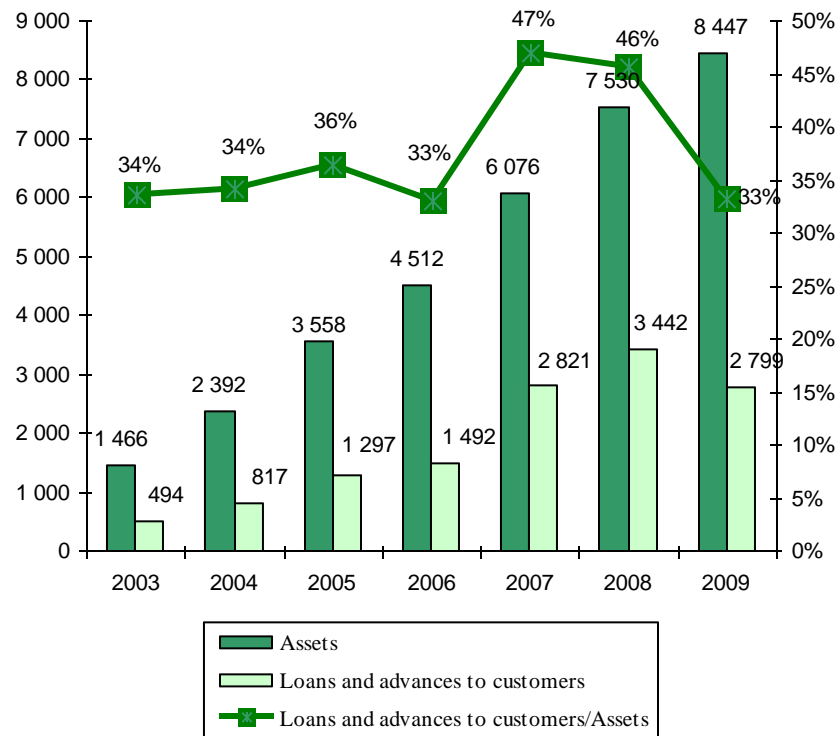


Assets

Assets Structure as of January 1, 2010

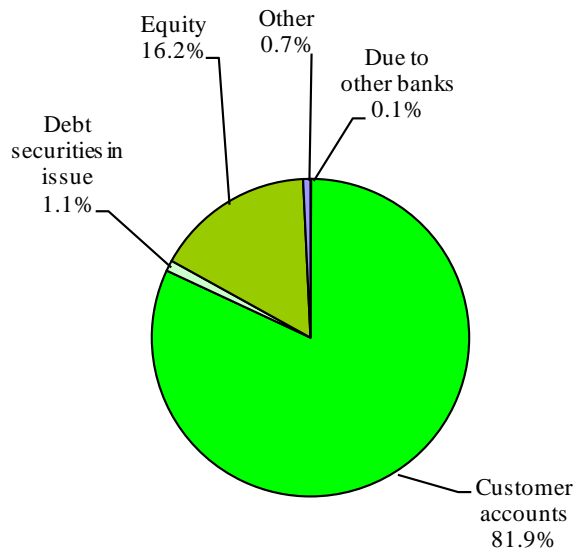


Assets Dynamics

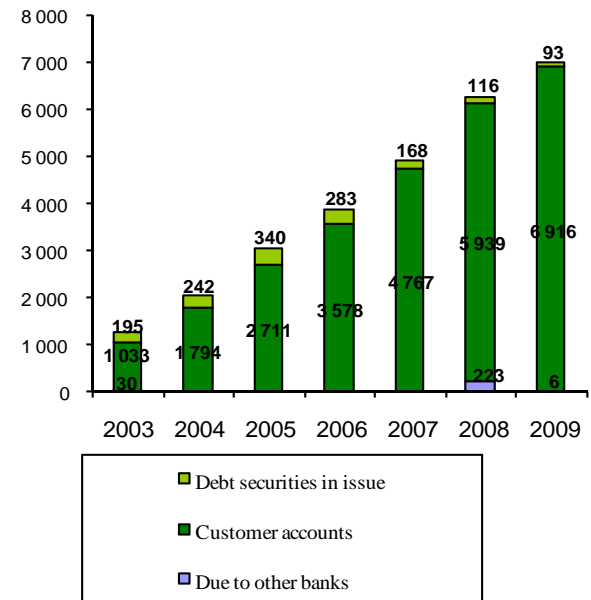


Liabilities and Equity

Liabilities and Equity Structure as of January 1, 2010



Liabilities Structure Evolution



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**Global and national ratings assigned/affirmed to PSCB by the international rating agencies
– Fitch Ratings Ltd and Moody’s Service Inc.**



Moody's Investors Service

Ratings by Fitch Ratings Ltd., affirmed on March 5,2010

Name of the Rating	Rating
Long-term Issuer Default Rating (IDR)	“B-”, placed on Rating Watch Positive
Short-term IDR	“B”, affirmed
National Long-term Rating	“BB- (rus)”, placed on Rating Watch Positive
Outlooks for the Long-term IDR and National Long-term Rating	“Stable”, affirmed
Individual Rating	“D/E”; placed on Rating Watch Positive
Support Rating	affirmed at “5”
Support Floor	affirmed at “No Floor”

Ratings by Moody’s Investors Service Inc., affirmed on 13th October 2009

Name of the Rating	Rating
Long-term foreign and local currency Deposit Rating	“B3”, affirmed
Short-term foreign and local currency Deposit Rating	“Not Prime (NP)”, affirmed
Bank Financial Strength Rating (BFSR)	“E+”, affirmed
Outlook for all ratings	“Stable”
Long-term national scale Credit Rating	“Baa3.ru”, affirmed

According to the data provided by Russian mass-media PSCB takes the following places as of January, 1st 2010:

- **211 position** in the rating «Top500 banks of Russia for 2009 by size of net assets» (RBC.Rating);
- **111 position** in «Top500 banks by liquid assets for 2009» (RBC.Rating);
- **240 position** in «Top500 banks by loan portfolio for 2009» (RBC.Rating);
- **175 position** in «Top500 banks by deposit portfolio for 2009» (RBC.Rating);
- **110 position** in «Top500 profitable banks for 2009» (RBC.Rating);
- The Banking portal FinNews.ru has released the "Rating of Openness of the Top-Managers of financial institutions in St. Petersburg for 2007" (the 1-st report was published in Spring 2007). **Vladimir L. Pribytkin, Member of the Board of Directors, PSCB in the "Rating of Openness of the Top-Managers of financial institutions in St. Petersburg", released by the Russian banking portal FinNews.ru, was ranked 2nd according to the results of 2007**, moving upwards from the 8-th rank for 2006. The goal and methods of making rating remains the same, i.e. under the openness the banking portal FinNews.ru understands an aggregate of following 5 qualities:
 1. Availability (the person is ready at any moment, despite their overemployment, to answer questions to the journalist, to talk to the journalist directly, to tell about the bank's plans in a timely manner),
 2. Quality of comments (understandability, availability, accuracy, actuality of represented information),
 3. Meeting the deadlines (quickness in representing information and comments),
 4. Friendliness and loyalty,
 5. Readiness to a dialogue, including conflict situations.

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Annex 1. Statement of Financial Position for 2008-2009

	31 December 2009	31 December 2008
Assets		
Cash and cash equivalents	4,018,332	3,489,369
Mandatory cash balances with the Central Bank of the	38,034	7,514
Securities at fair value through profit or loss	582,580	47,011
Due from other banks	164,101	52,459
Loans and advances to customers	2,798,986	3,441,526
Property, plant and equipment	434,132	350,061
Intangible Assets	24,740	17,158
Settlements with Currency and Stock Exchanges	370,829	-
Other Financial Assets	8,839	14,989
Other Assets	6,908	110,395
Total assets	8,447,481	7,530,482
Liabilities		
Due to other banks	5,808	223,030
Customer accounts	6,915,680	5,938,608
Debt securities issued	92,740	115,852
Other financial liabilities	14,909	1,955
Current income tax liability	9,445	5,312
Deferred tax liability	20,641	10,379
Other liabilities	17,945	23,651
Total liabilities	7,077,168	6,318,787
Equity		
Share capital	795,829	795,829
Share premium	71,127	71,127
Fixed assets revaluation reserve	127,793	127,793
Retained earnings	375,564	216,946
Total equity	1,370,313	1,211,695
Total liabilities and equity	8,447,481	7,530,482

**Annex 2. Statement of
Comprehensive Income for
2008-2009**

	2009	2008
Interest income	538,704	559,109
Interest expense	(140,173)	(140,017)
Net interest income	398,531	419,092
Allowance for impairment	(89,621)	(146,647)
Net interest income after allowance for loan impairment	308,910	272,445
Fee and commission income	348,584	269,462
Fee and commission expense	(48,104)	(46,288)
Net gains / (losses) from securities at fair value through profit or loss	4,419	(8,674)
Gains less losses from trading in foreign currencies	25,338	42,065
Foreign exchange translation losses less gains	(17,731)	(18,713)
Profit from sale of mortgage loans	11,835	28,505
Nets gains from dealing with financial instruments	25,648	-
Other operating income	12,036	7,960
Administrative and other operating expenses	(353,587)	(411,857)
Profit before tax	317,348	134,905
Income tax charge	(62,491)	(37,675)
Profit for the period	254,857	97,230
Other comprehensive income		
Buildings revaluation	-	20,654
Taxes payable from equity	-	1,433
Total comprehensive income for period	254,857	119,317