

1H2009 Results Presentation

16 October 2009

Speakers:
Vladislav Khokhlov, First Deputy CEO, CFO
John McNaughton, Co-Chairman, Investment Bank

Key 1H2009 Highlights

- Merger closed ahead of schedule with the strong support of all stakeholders, creating one of the largest private banks in Russia with a diversified asset and funding base;
- MDM Bank is one of the best capitalized among Russia's top 20 banks with total CAR at 17.3% while at the same time maintaining 100% provisioning coverage of NPLs;
- High loss absorption capacity: the Bank can absorb loan loss reserves of up to 24% of gross loans by the end of 2009 and remain within regulatory and international capital adequacy requirements without needing additional capital;
- Commitment from shareholders, including IFIs, to support the Bank if needed; no plans to rely on government support for recapitalization;
- Combined annualized pre-provision operating income is equal to over 40% of equity;
- Conservative approach to provisioning: the Bank recorded an additional RUB5bn in provisioning charges in 2Q2009 as an adjustment for the current economic and credit conditions, making loan loss provisions the largest single profit driver in 1H2009
- Comprehensive loss amounted to RUB4.3bn (refer to Slide 11);
- Decline of 22% in assets in 1H2009 was primarily driven debt repayments, bond repurchases, and repayment of CBR funding, totaling ca RUB100bn;
- Cost efficiency remains strong, with cost/income ratio at 33.6% in 1H2009;
- Liquidity remains strong with a highly liquid balance sheet – liquid assets amount to 25% of total assets – and untapped CBR limit of ca RUB80bn;
- MDM Bank is the first private Russian Bank since mid-2008 to successfully access debt capital markets: the Bank will soon close a syndicated loan with oversubscribed book of nearly USD300m;
- Retail deposits grew by 22% (annualized) in 1H2009.

MDM Bank + URSA Bank: Merger Complete

- The merged Bank will manage its business through a streamlined and scalable organizational structure, comprising the HQ with centralized functions and three territorial banks:

- European Bank
- Urals Bank
- Siberian Bank

- 352 points of sale throughout Russia
- 162 cities
- 2,000 ATMs
- 10,500 employees

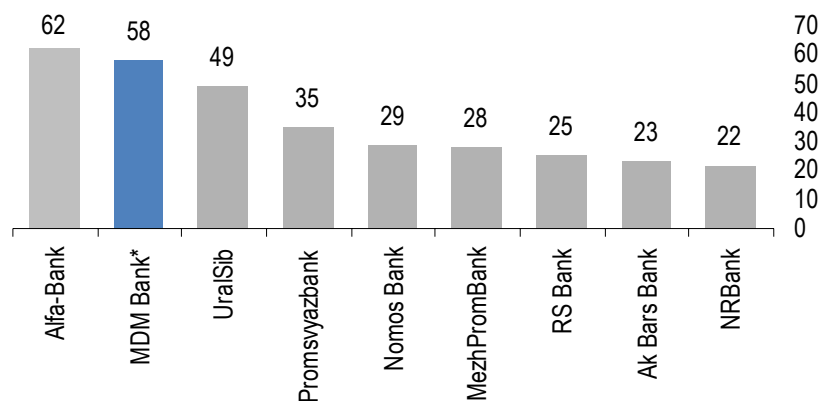


Operating in
10 times
zones across
Russia

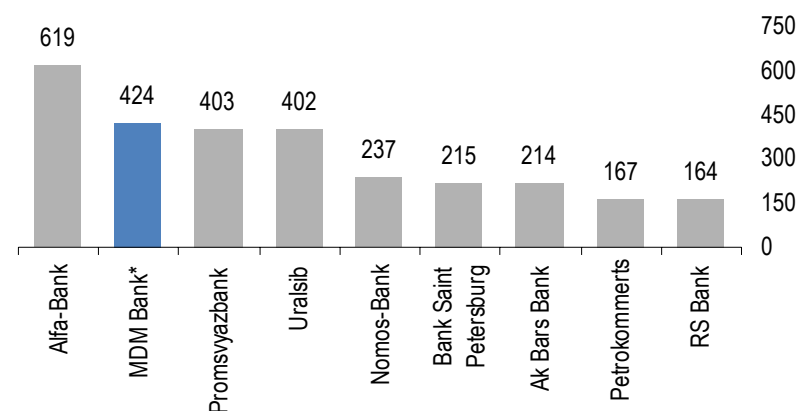
- The Board of Directors combines knowledge and expertise of reputable IFIs with the experience of prominent Russian economists and bankers
- The Management Board represents the sum of the strongest competencies of the two banks, ensuring a smooth integration
- The status and rights of URSA Bank's listed shares, including dividend policy, remain unchanged post-merger.

One Step to the Summit

Private Russian Banks by Capital, as of 1 July 2009, RUBbn



Private Russian Banks by Assets, as of 1 July 2009, RUBbn



Source: Interfax-100 ranking Q2 2009 data, based on RAS.

*Pro-forma based on sum of MDM Bank and URSA Bank assets and capital

As of 1 July 2009	Ranking among private** banks	Ranking among all banks	Market share, %
Retail loans	2	4	2.4
Corporate loans	3	12	1.5
Retail deposits	3	9	1.2
Corporate deposits	4	13	2.9

Source: Interfax-100

** non-state owned, not belonging to an international financial group

First financial statements of the merged MDM Bank: Basis of preparation

Date of acquisition:

- Determined as 1 July 2009, when all legal actions were substantially completed by shareholders (though the legal accession was registered by the Central Bank of Russia on 6 August 2009);

Accounting treatment:

- Shareholders of former MDM Bank received the majority of shares in the merged bank (65% vs. 35%);
- Based on above, the legal accession of former MDM Bank to former URSA Bank is treated as a reverse acquisition;
- URSA Bank balance sheet was evaluated by an independent appraiser at fair value;

Presentation in the financial statements:

- Balance sheet data at 1 July 2009 – for the merged Bank;
- Statement of comprehensive income – for former MDM Bank only as the acquirer;
- All comparative information – for former MDM Bank only as the acquirer.

1H2009: Balance sheet highlights

RUBm or %	1H2009 (per IFRS, Merged Bank)	YE2008 (per IFRS, MDM only)	Change %, 1H2009/YE2008
Total Assets	414,891	329,117	-26.0%
Liquid Assets	82,097	108,922	-24.6%
Gross Loans	321,026	207,009	55.0%
Corporate deposits	107,894	84,642	27.5%
Retail deposits	75,024	30,429	146.6%
Equity	56,993	41,074	38.7%

- MDM Bank's strategy focuses on maintaining sufficient capital adequacy levels in the current economic situation;
- Decline in liquid assets in 1H2009 was primarily driven by debt repayments, bond repurchases, and repayment of CBR funding, all totaling ca RUB100bn;
- Loans-to-deposits ratio improved to 150% vs.179% at YE2008.

1H2009: Statement of Comprehensive Income highlights

RUBm or%	1H2009	1H2008	Change, %
Net interest Income	8,170	7,516	8.7%
Net Fee & Commission income	1,263	1,084	16.5%
Operating expenses	(4,196)	(4,817)	-12.9%
Pre-provision operating income	11,141	9,550	16.7%
Loan impairment charge	(11,548)	(1,380)	736.8%
Comprehensive income	(4,297)	2,224	-293.2%

- Despite reduced asset base, pre-provision operating income was stable thanks to increased NIM, higher commission income and lower operating costs;
- Operating expenses decreased 12.9% y-o-y due to cost and staff optimizations;
- MDM Bank's conservative approach to NPLs and loan impairment charges remains the primary driver of the financial result for 1H 2009.

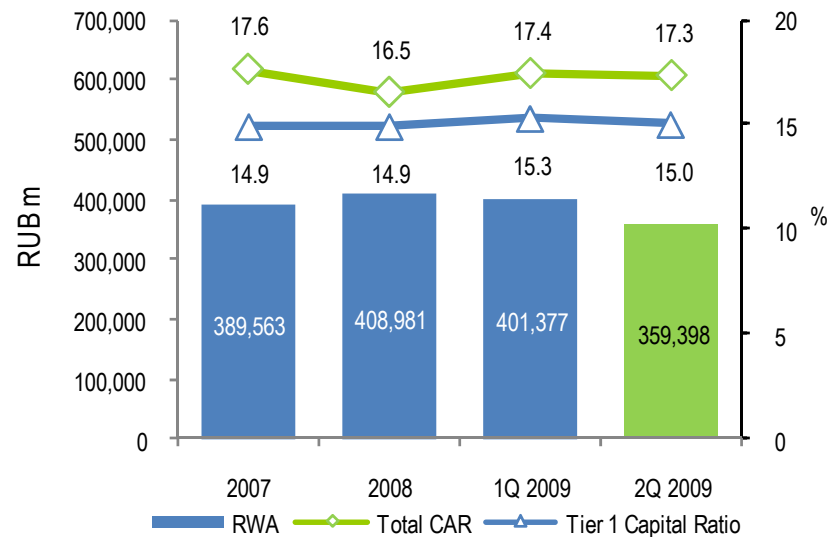
1H2009 Equity reconciliation

	RUB mln
Equity at 31 December 2008, pro forma	69,117
Net loss for 1H2009, per IFRS	(4,297)
Goodwill write-off	(6,494)
Dividends paid on preference shares	(682)
Revaluation of URSA Bank fixed assets	(916)
Other business combination fair value adjustments, net	266
Total adjustments / movements	(12,123)
Equity at 1 July 2009 per IFRS	56,993

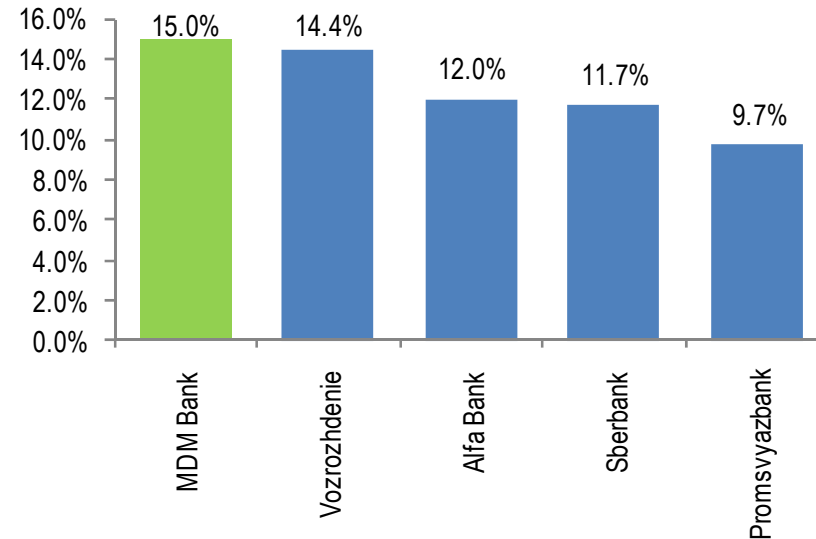
- Acquisition of URSA Bank did not affect equity of the merged bank compared to 31 December 2008 except as shown above

MDM well-capitalized with room to raise additional capital if needed

Risk-weighted assets (RWA) & CAR



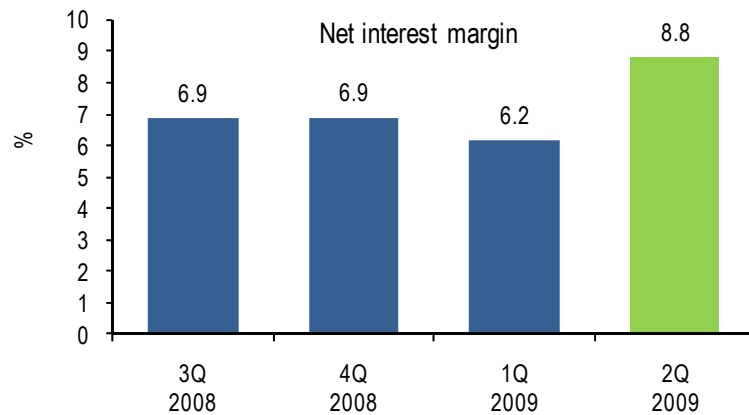
Peer Comparison: Tier 1 CAR at 1 July 2009*



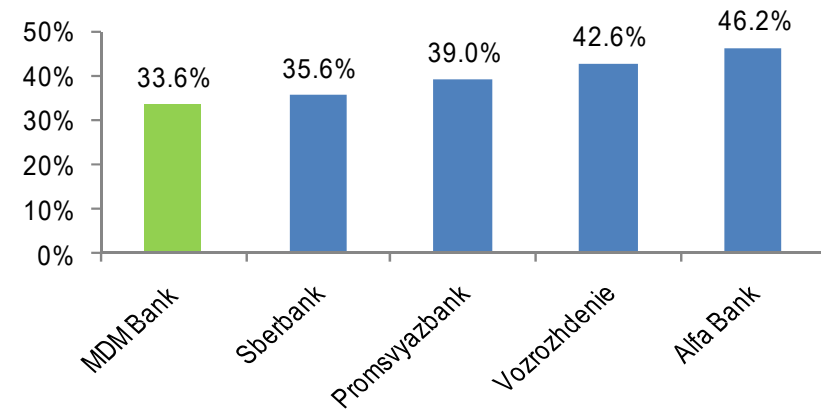
- Total CAR increased vs. YE2008, demonstrating Bank's focus on conservative capital management in the current environment;
- While MDM does not expect new capital to be needed, it has ample room to raise Tier 2 capital should the conditions require. Current capital adequacy levels can absorb NPL losses by the end of 2009 of up to 24% of the gross loan portfolio;
- Major shareholders, including IFIs, committed to provide capital if needed.

Strong core income generation

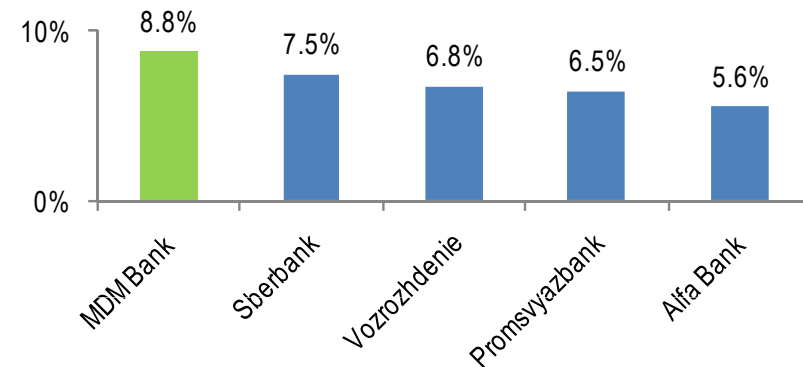
Net Interest Margin (NIM) Trends



Cost / Income: Peer Comparison*



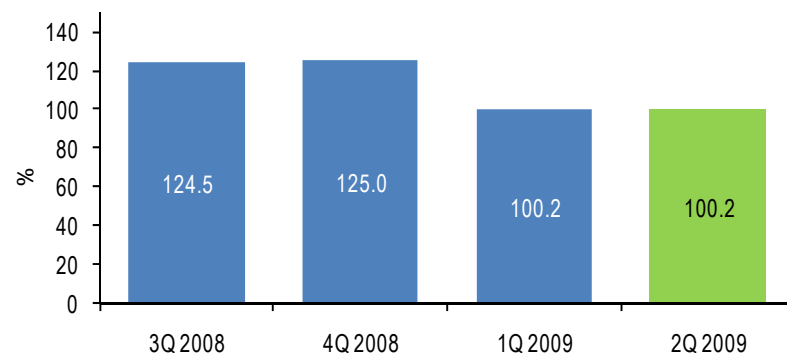
NIM: Peer Comparison*



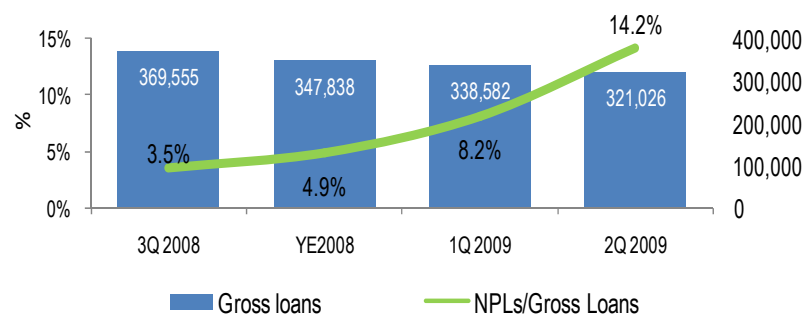
- Strong earning capacity: the Bank's operating income in 1H2009 was RUB12.7bn, or 43% of equity (annualized);
- NIM is the highest among its peers;
- Efficiency (Cost/Income) is also among best-in-class.

Asset quality: high capital adequacy despite rising provisions

Coverage of NPLs by Provisions



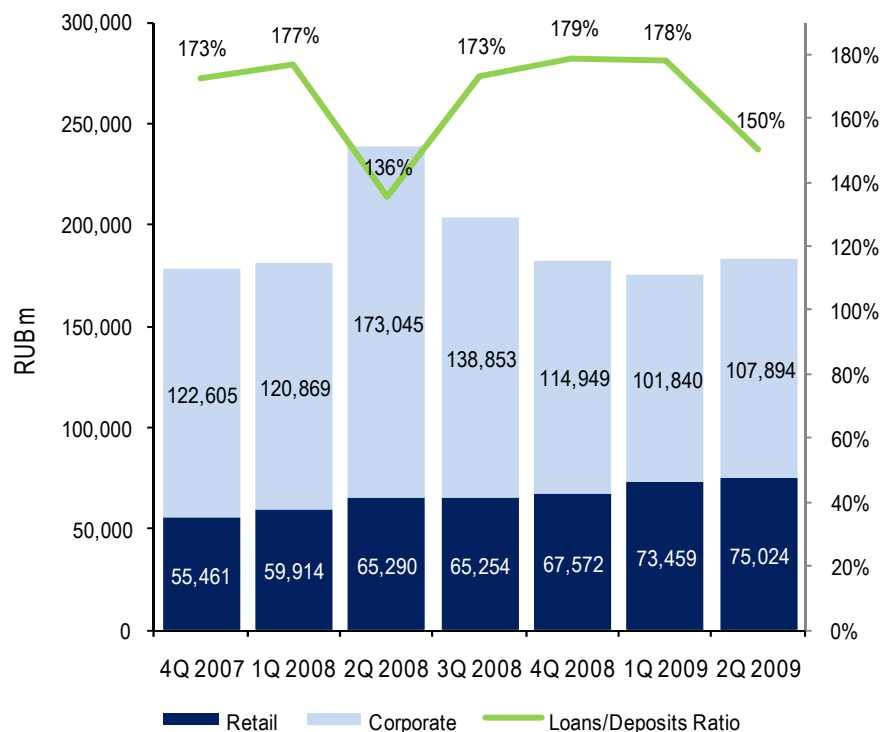
NPLs as % of Gross loans



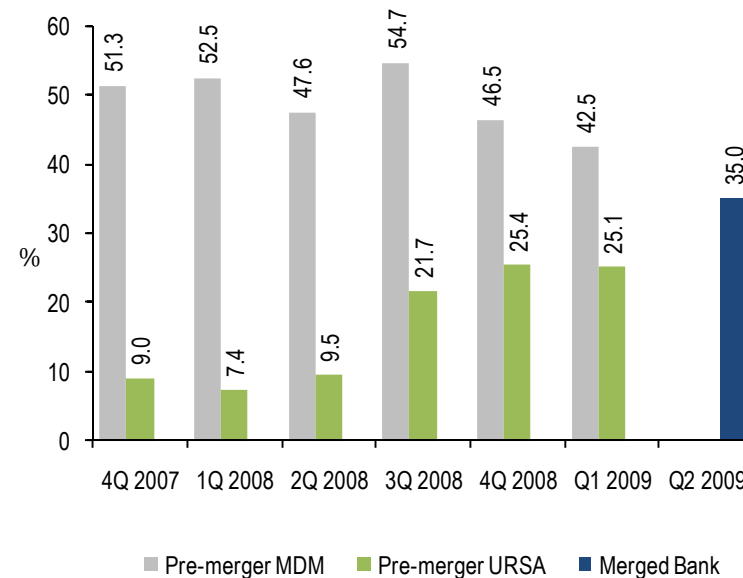
- Provisioning charges remain primary driver of the Bank's earnings;
- The Bank recorded additional RUB 5 bln of provisions on the loan portfolio in 2Q 2009 as an adjustment for credit and economic conditions;
- 8% contraction in gross loans from the beginning of 2009 (pro forma) contributed to NPL ratio increase;
- The Bank has gained significant underlying credit quality improvement by restructuring loans totaling RUB45.5bn as of 1 July 2009;
- Client-oriented approach to dealing with clients suffering temporary effects of crisis expected to yield long-term benefits to bank.

Diversified balance sheet and stable deposit base

Deposit trends



Top 20 Depositors

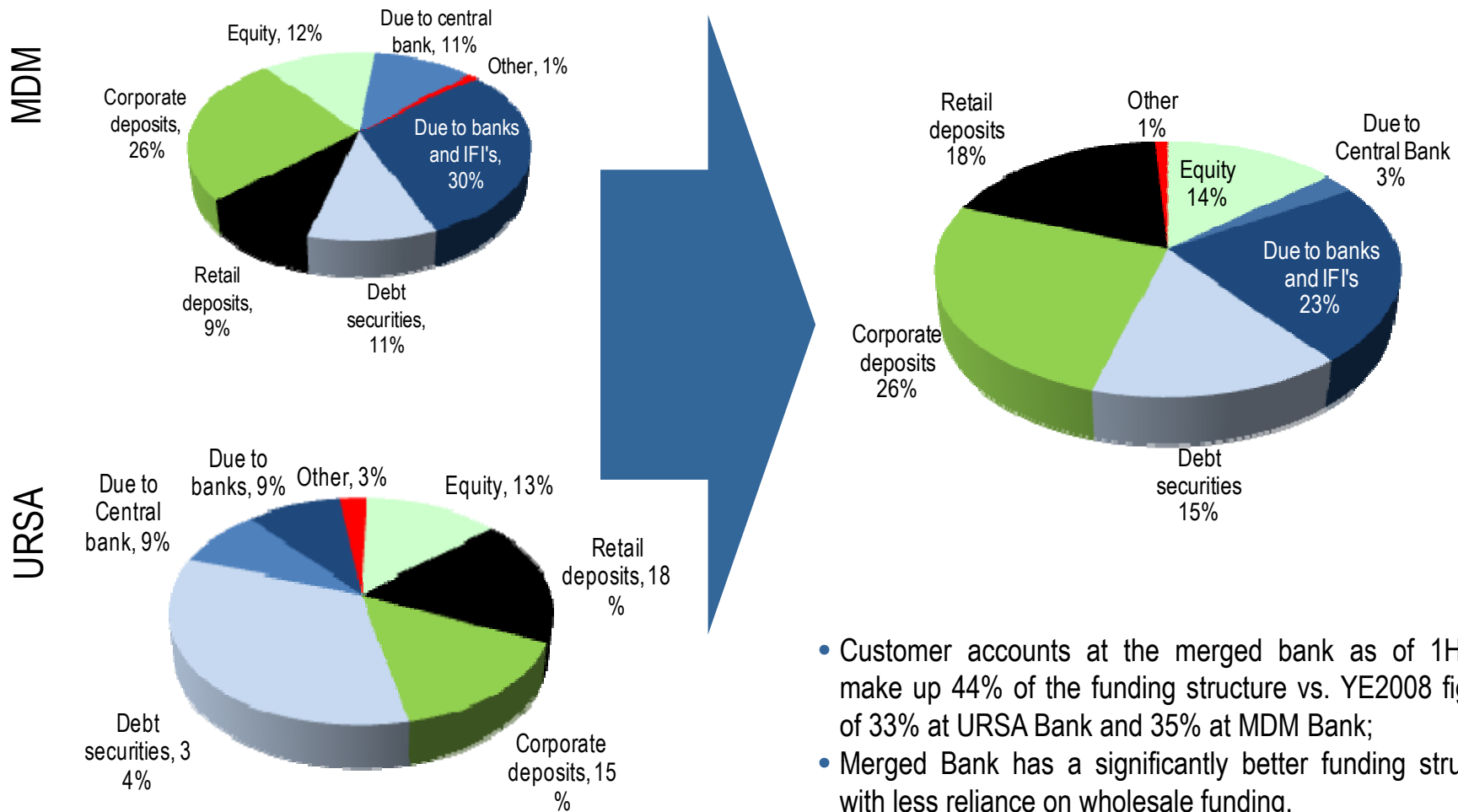


- Retail deposits increased 11% during H12009, making up 21% of non-equity funding;
- Retail term deposits increased 12.6% over the six-month period to RUB66,337m as of 1 July 2009;
- MDM Bank's top-20 depositor concentration level has further declined as a result of the merger, and become more diversified across several industry sectors that will be less effected by the crisis, including telecommunications, chemical, and public sector.

Post-merger: Increased diversification of funding...

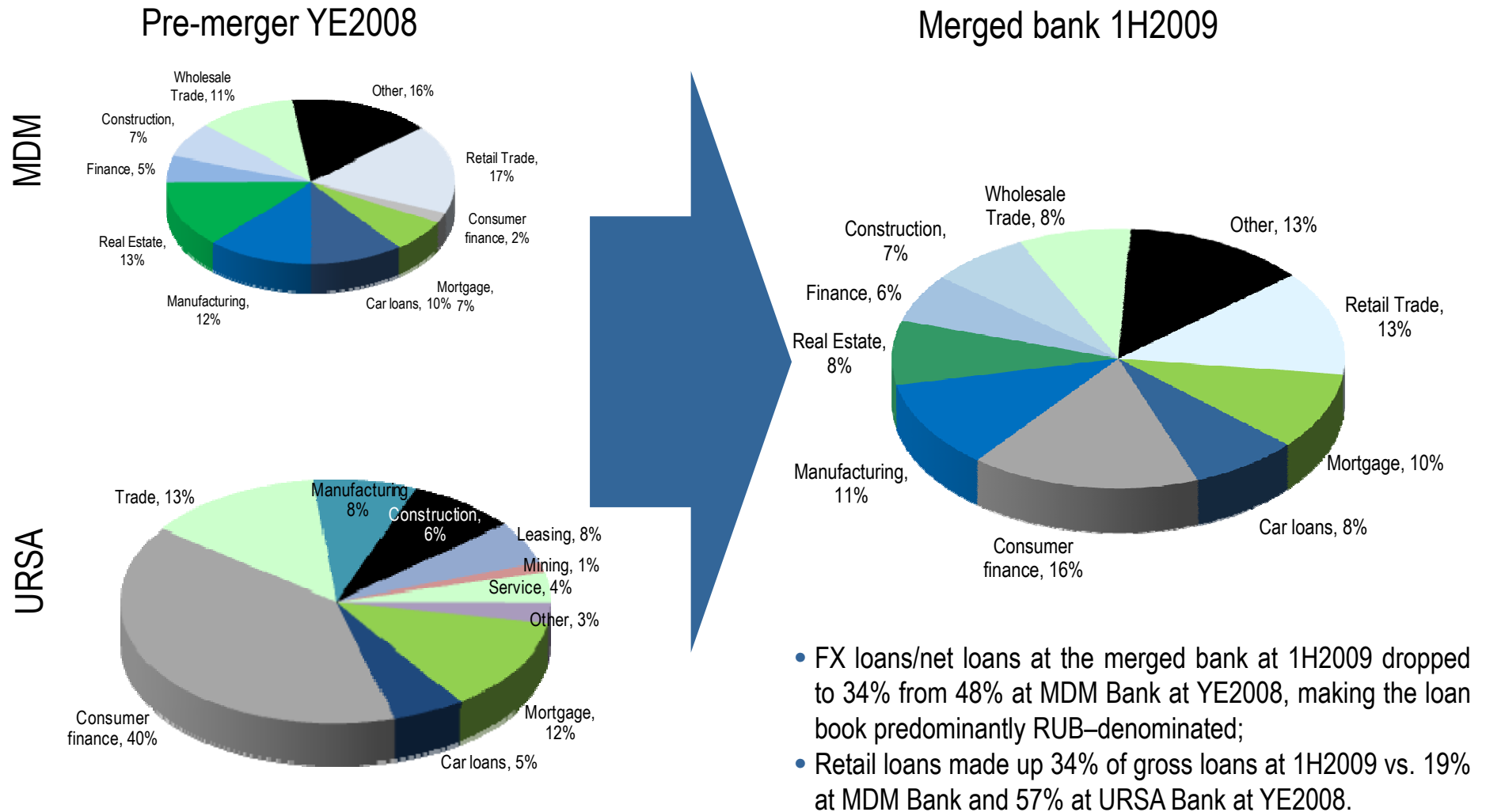
Pre-merger YE2008

Merged bank 1H2009



- Customer accounts at the merged bank as of 1H2009 make up 44% of the funding structure vs. YE2008 figures of 33% at URSA Bank and 35% at MDM Bank;
- Merged Bank has a significantly better funding structure with less reliance on wholesale funding.

...and assets (loan book)



Other industries include Ore, Chemical, Transport, Food and agriculture, Oil and gas, Metallurgy, Communication, Energy and atomic power, other
 Source: IFRS financial statements

Outlook for YE2009 (estimates)

Total assets	• ca RUB400bn
Net loans	• ca RUB300bn
NPLs/Gross Loans	• 15%-17%
Cost / Income	• < 40%
Total CAR	• 16% – 20% depending on NPLs/provisions
Comprehensive Income	• approx. RUB0.5bn

Thank You !

Questions & Inquiries:

ir@mdmbank.com

+7.495.221.3075

www.mdm.ru/investors

Important Notice

MDM Bank (“MDM”) has obtained the information in this presentation from sources it believes to be reliable. Although MDM Bank has taken all reasonable care to ensure that the information herein is accurate and correct, MDM Bank makes no representation or warranty, express or implied, as to the accuracy, correctness or completeness of such information. Furthermore, MDM Bank makes no representation or warranty, express or implied, that its future operating, financial or other results will be consistent with results implied, directly or indirectly, by such information or with MDM’s past operating, financial or other results. Any information herein is as of the date of this presentation and may change without notice. MDM Bank undertakes no obligation to update the information in this presentation. In addition, information in this presentation may be condensed or incomplete, and this presentation may not contain all material information in respect of MDM Bank. Certain numbers in this presentation are based on non-audited financial statements. MDM Bank makes no representation, direct or implied, that these figures are true and correct, and you should not rely on these numbers as having been audited or otherwise independently verified. Certain numbers may be presented differently once audited, and MDM Bank takes no responsibility and accepts no liability for such changes and accepts no responsibility for providing the final audited financial statements to you once the audit has been completed.

This presentation also contains “forward-looking statements” that relate to, among other things, MDM’s plans, objectives, goals, strategies, future operations and performance. Such forward-looking statements may be characterized by words such as “anticipates,” “estimates,” “expects,” “projects,” “believes,” “intends,” “plans,” “may,” “will” and “should” and similar expressions but are not the exclusive means of identifying such statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause MDM’s operating, financial or other results to be materially different from the operating, financial or other results expressed or implied by such statements. Although MDM Bank believes the basis for such forward-looking statements to be fair and reasonable, MDM Bank makes no representation or warranty, express or implied, as to the fairness or reasonableness of such forward-looking statements. Furthermore, MDM Bank makes no representation or warranty, express or implied, that the operating, financial or other results anticipated by such forward-looking statements will be achieved. Such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. MDM Bank undertakes no obligation to update the forward-looking statements in this presentation.

Nothing in this presentation constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so.