

First Quarter 2009 Results

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Q1 2009: Highlights

Financial performance

- Revenue for the period grew 50.6% to RUR 5,954 mln vs. RUR 3,953 mln a year earlier ;
- Net Interest Income equaled RUR 4,102 mln, up 19.6% y-o-y from RUR 3,429 mln for 3M 2008
- Net Fee & Commission increased 38.7% y-o-y to RUR 642 mln from RUR 463 mln
- Cost-to-income ratio improved to 34.9% due to cost saving measures;
- Loan loss provisions (RUR 3,285 mln during period) remain primary source of pressure on profitability;
- Total comprehensive income for the period amounted to RUR 313 mln vs. RUR 753 mln for the three-month period ended 31 March 2008;

Capital and balance sheet

- Tier 1 ratio increased to 16.3%, CAR to 18.2% - one of strongest among peers;
- Total assets decreased by 5.8% to RUR 310,105 mln;
- Loan loss provisions grew to RUR 15,459 mln, 7.5% of gross loans;

Liquidity and funding

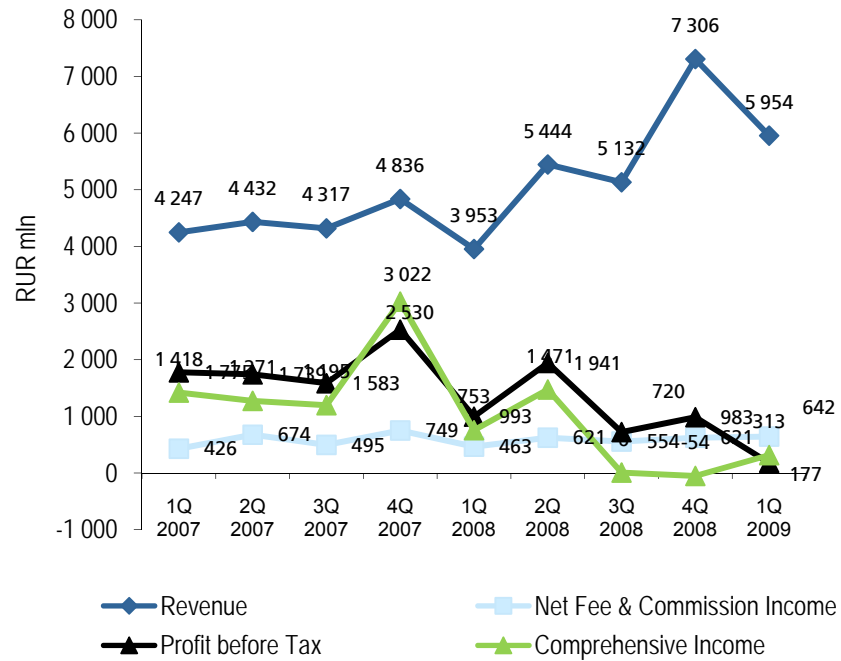
- Current liquidity cushion approx. USD 1 bln, plus entire RUR 53 mln CBR uncollateralized lending line unutilized;
- Retail customer accounts, which grew 79.9% in 2008, increased 19.6% during Q1 2009;
- Customer accounts, excluding volatile balances at the Latvian Trade Bank (LTB), grew 2.7% over Q12009;
- Only significant remaining wholesale borrowing maturity in 2009 – USD 500 mln syndicated IFC B-Loan will be repaid in July;

Merger with URSA Bank

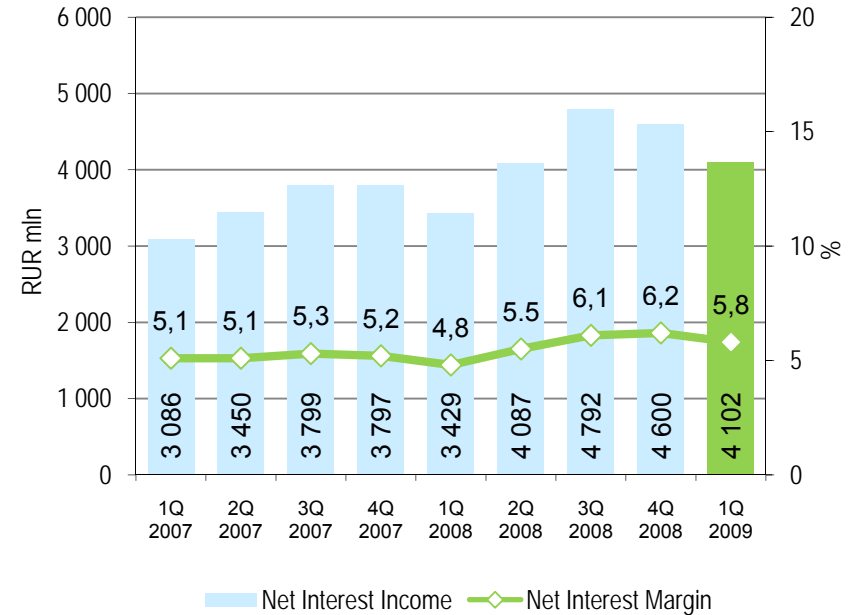
- Merger will create №1 non-state Russian bank by capital, №2 by assets;
- Merger on track for completion in July-August 2009;
- Complimentary business lines and geographic presence will diversify income, asset and funding base;
- Operational integration steering committee and working groups established.

Net Interest Income & Net Interest Margin

Revenue Statement

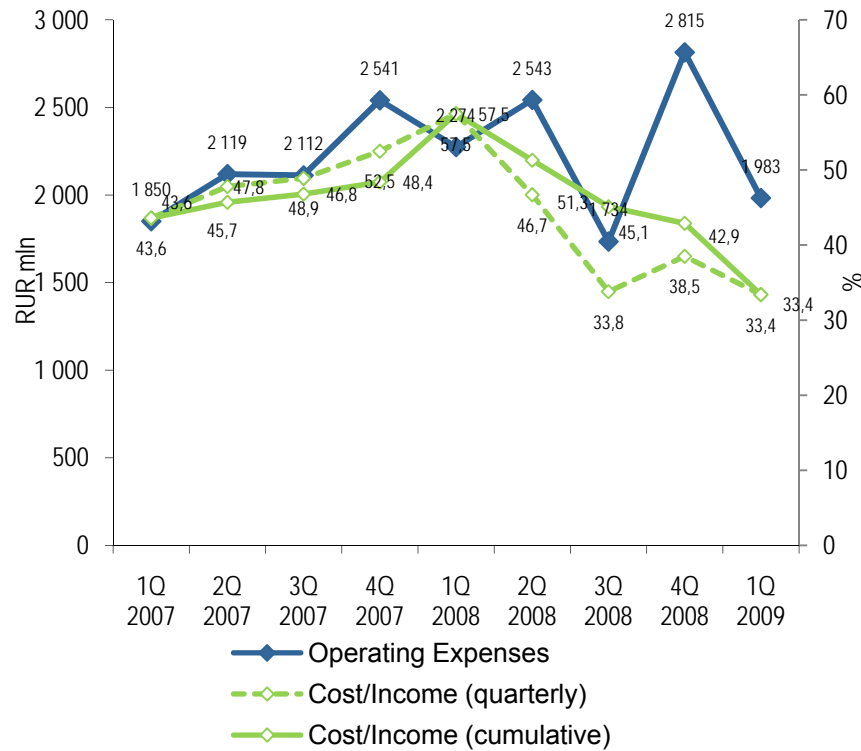


Net interest income & Net interest margin

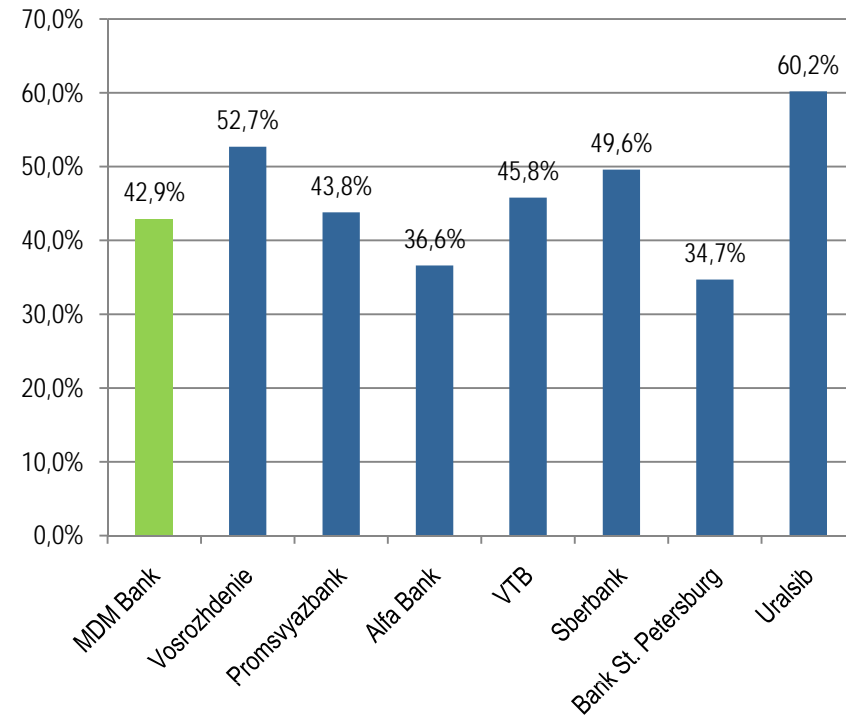


Profitability & Efficiency

Quarterly Operating Expenses & Cost / Income



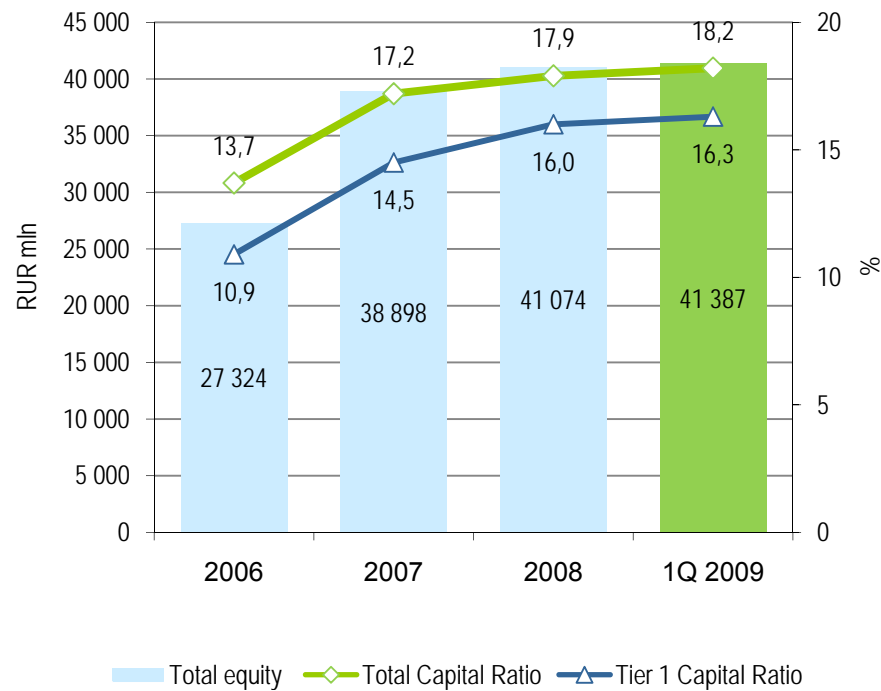
Cost / Income: Peer Comparison*



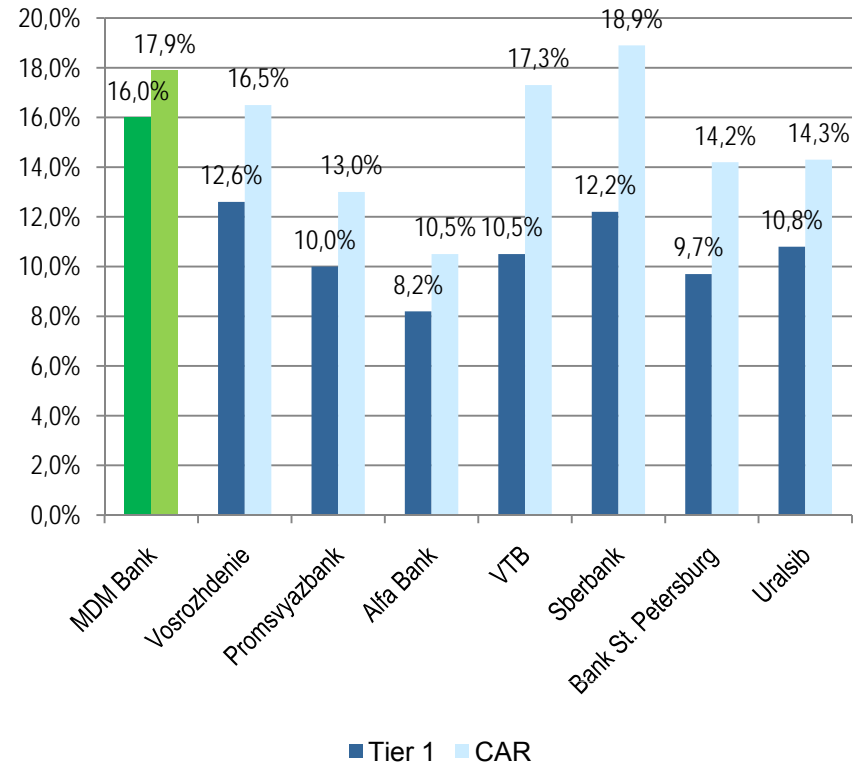
*MDM Bank calculations based on banks' YE 2008 IFRS financial statements

Capitalization

Total Equity & CAR



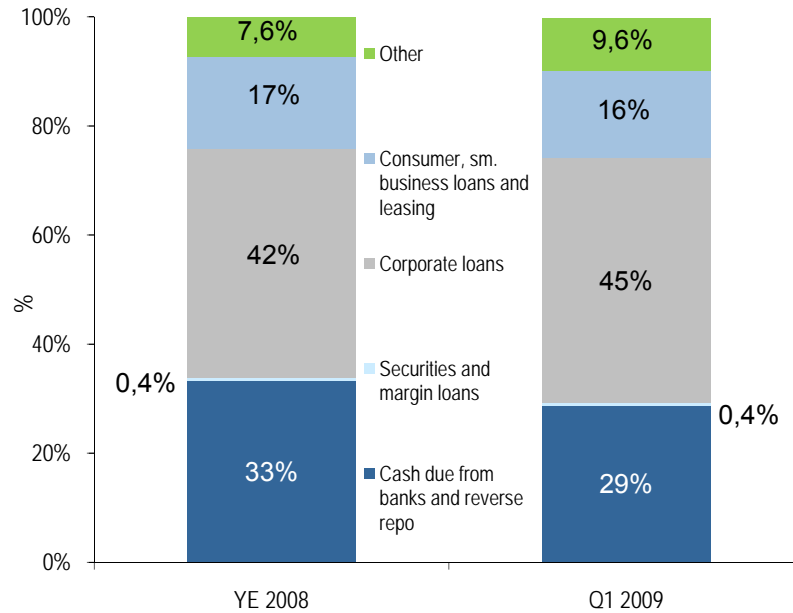
Peer Comparison: Capital adequacy



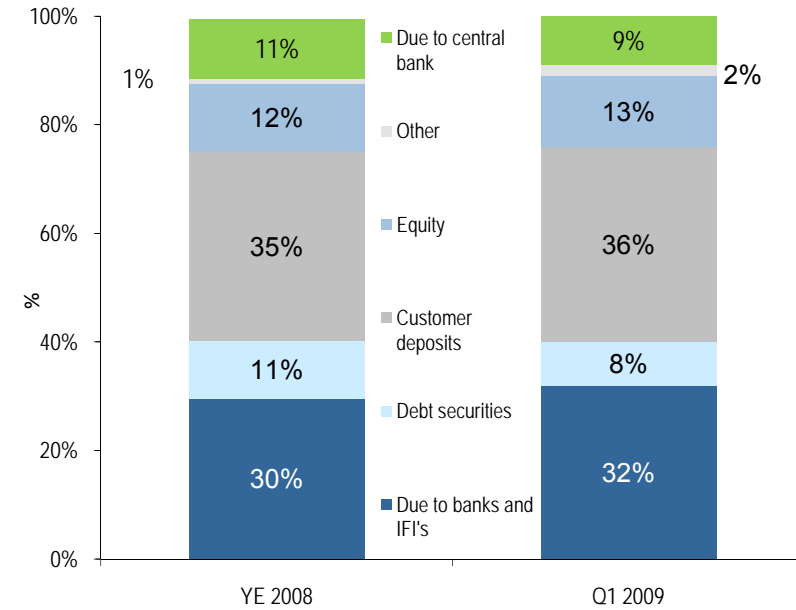
*According to banks' YE 2008 IFRS financial statements

Structure of Assets & Liabilities

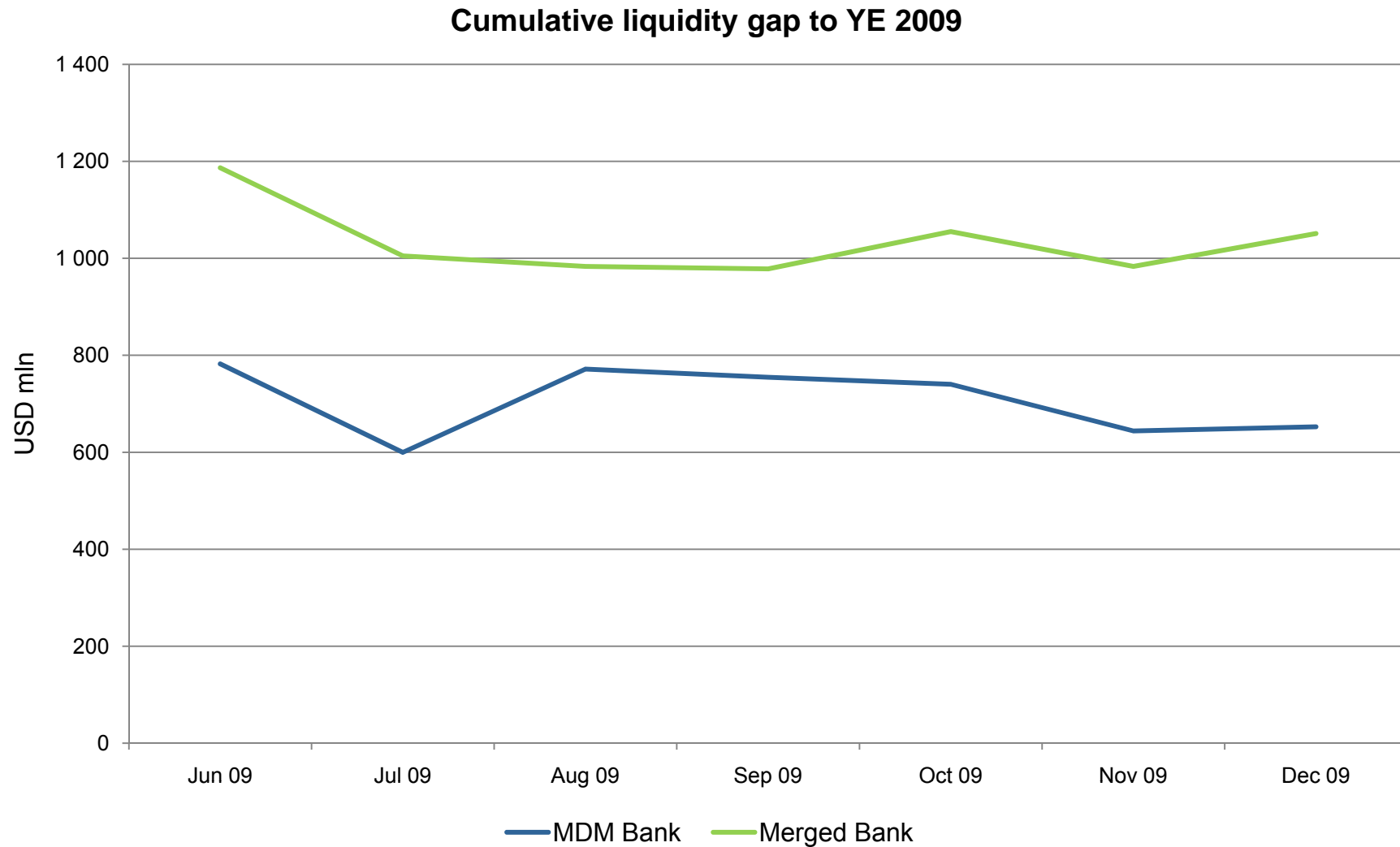
Assets



Liabilities

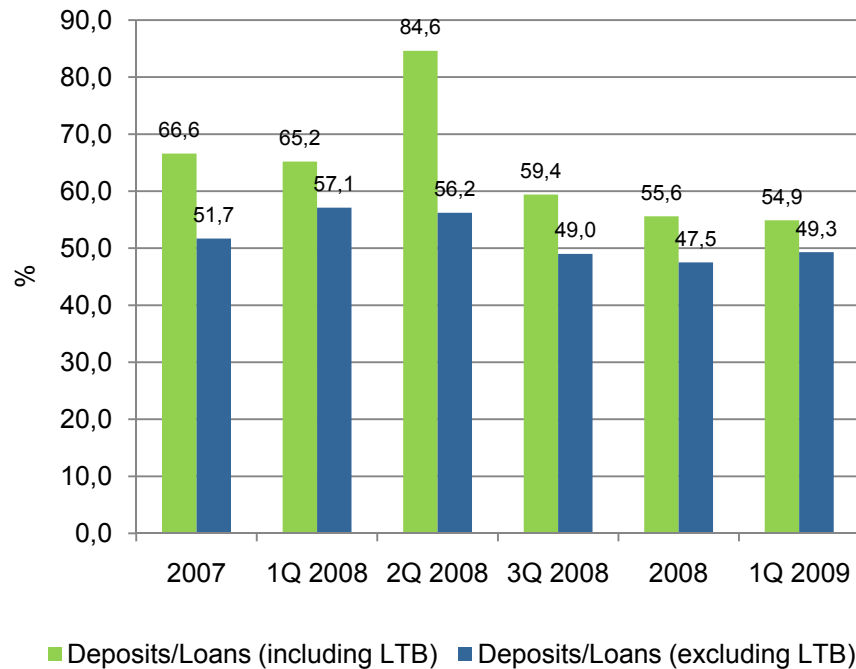


Liquidity Forecast

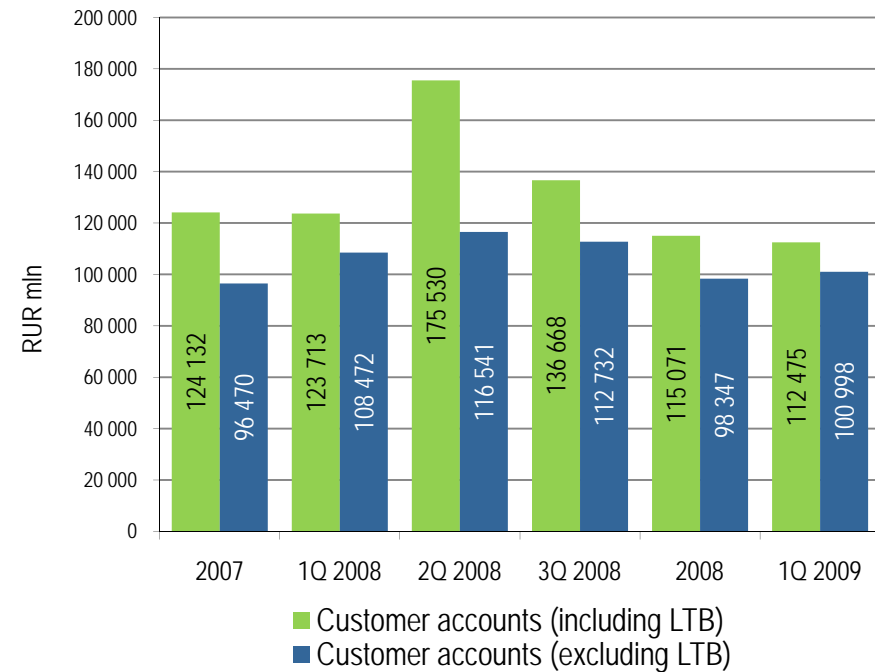


Customer Accounts Dynamics

Deposits/Loans Ratio



Customer Accounts

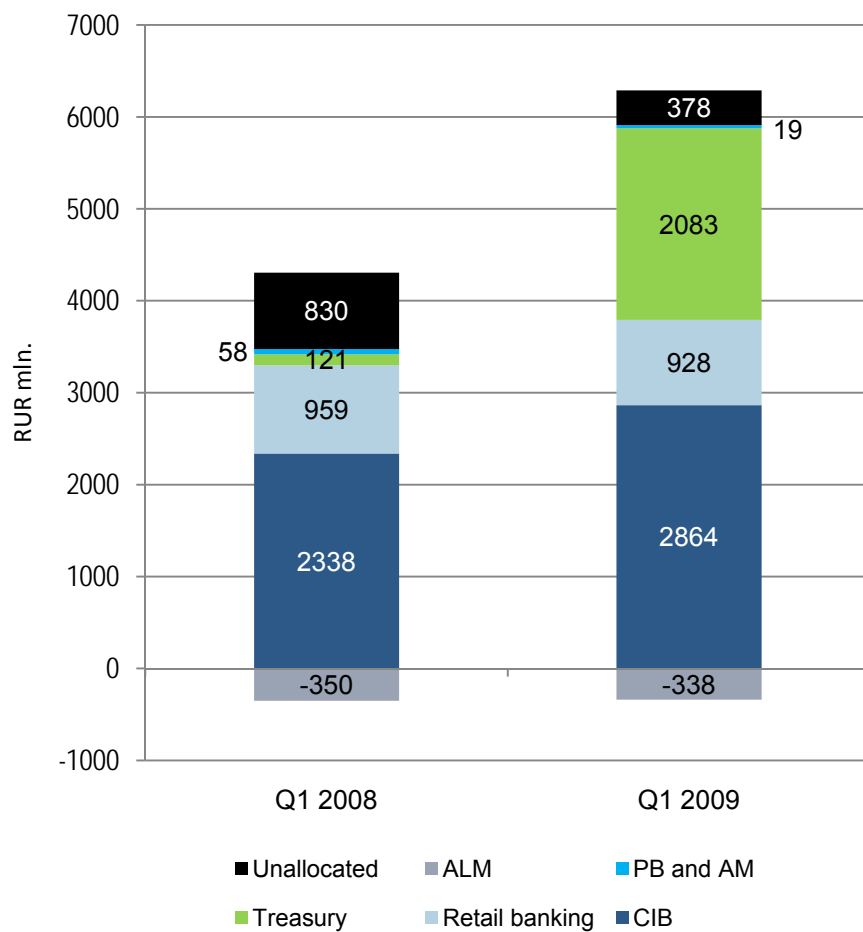


New Segment Reporting

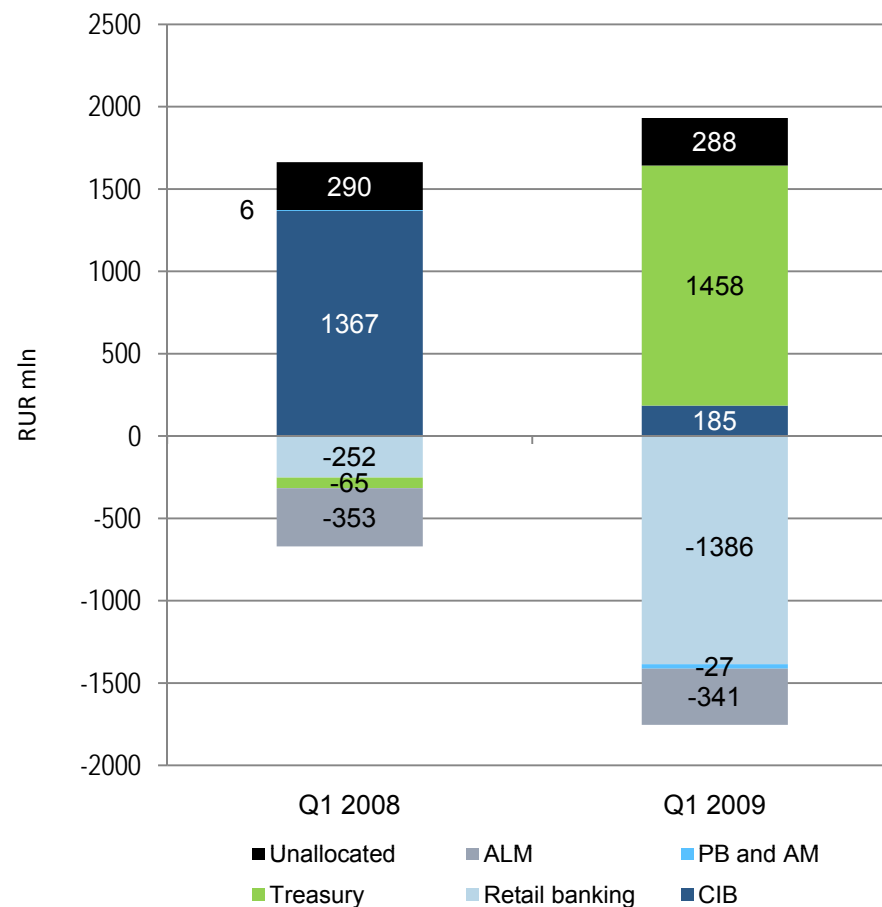
- **Corporate and investment banking** – includes deposit taking and lending to corporate clients, leasing, factoring, settlements, cash management, cash collection, trade finance, syndications, a forfeit financing, corporate finance and export credit agency financing.
- **Retail banking** – includes deposit taking and lending to individuals, small and medium enterprises and individual entrepreneurs, money transfer and foreign exchange services, a range of banking card products provided to individual customers, also settlements, cash management, and cash collection for small and medium enterprises.
- **Treasury** – includes debt and equity capital markets, money markets, trading and brokerage in securities, foreign exchange and precious metals, repo transactions, banknote trading, and trading in derivatives.
- **Private banking and asset management** – includes active advisory, discretionary portfolio management, and financial planning services to high wealth individuals, and administration and management of the Group's asset management products, including discretionary portfolios and mutual funds.
- **Asset liability management** – includes operations initiated by the Group's Asset Liability Management Committee, which undertakes the Group's funding and centralized risk management activities through borrowings, issue of debt securities, use of derivatives for risk management and investing in liquid assets such as short-term placements.

Revenue and Profit Structure by Segment

Total operating income before impairment losses and provisions

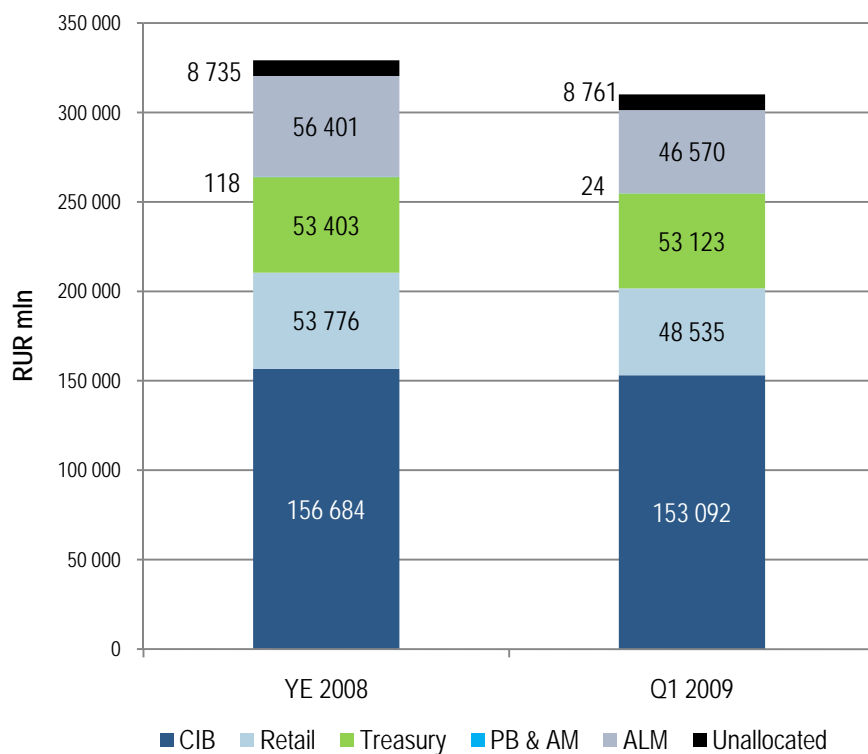


Profit before taxation

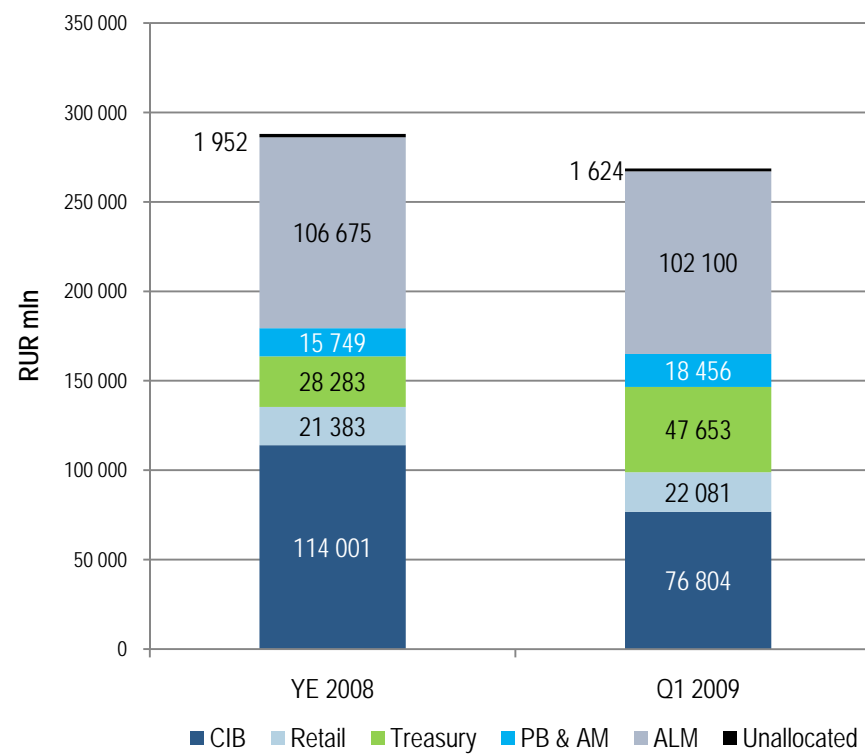


Assets & Liabilities by Segment

Assets

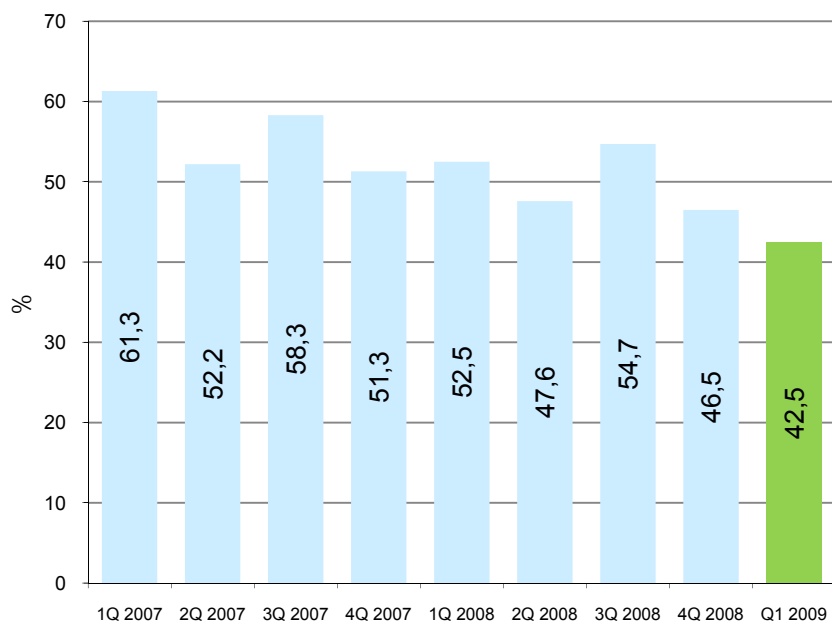


Liabilities

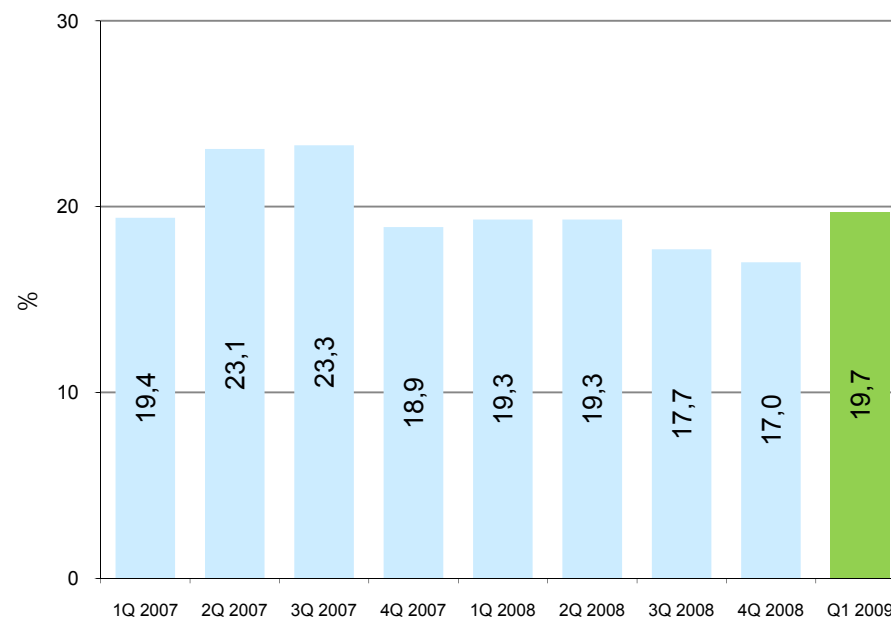


Concentrations

Top 20 Depositors



Top 20 Borrowers



Note: as a % of gross loans / customers accounts, including off-balance sheet items and excluding claims under reverse repurchase agreements fully secured by traded securities and margin loans

Addressing Asset Quality

Risk Management

Underwriting criteria tightened across all business lines

Ongoing Comprehensive Stress-analysis of bank's financial position based on the macroeconomic data used to develop course of action for various scenarios

Existing Portfolio Quality

Problem assets department focuses on working out bad loans, ranging from collections to legal proceedings to force repayment or collect collateral.

Enhanced client monitoring department works with clients to ensure bank has full picture of financial standing, help the client take necessary measures to mitigate impact of crisis, and, if necessary, to adjust loan conditions based on client's possibilities.

Collateral Management

Non-core assets management department focuses on sale of assets, but if assets cannot be sold in current conditions, management of the assets (if business, real estate, etc) including outsourcing to qualified contractor

New subsidiaries created for managing collateral and other assets received through repossession. These subsidiaries will be consolidated in MDM Bank's IFRS statements

Conclusions

- Current environment remains challenging – liquidity risk for MDM Bank and most Russian banks is secondary to asset quality risks
- Accurately predicting NPL levels for 2009 and beyond remains difficult – strong capital position, access to state and potential shareholder support, and being prepared for various scenarios is key going forward
- MDM Bank (and the merged bank) has significant loss-absorbing capacity in the event of further significant deterioration of asset quality
- Q2 2009 will be more challenging than Q1 was for Russian banks – MDM Bank assumes true stabilization of economic situation only in 1st half of 2010
- Merger with URSA Bank is moving ahead on track: certain integration processes began in December 2008, other operational integration issues will be overseen by integration steering committee and working groups created after shareholder vote on May 8, 2009
- MDM Bank on a standalone basis and post-merger is in a strong financial position, well prepared for the current economic situation

Thank You !

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