



MDM Bank

Investor Presentation

April 2010

Recent Developments

- MDM Bank is the first private Russian Bank since mid-2008 to have successfully accessed debt capital markets:
 - In October 2009, the Bank successfully signed a syndicated loan in the amount of USD250m. The transaction was oversubscribed;
 - in December 2009, the Bank placed a local RUB 5 bn bond due 2012;
- In March 2010, Fitch Ratings put MDM Bank on credit watch Positive;
- MDM Bank is one of the best capitalized of Russia's top-20 banks with a total CAR at 18.4%, at the same time maintaining 100% provisioning coverage of NPLs;
- High loss absorption capacity: with 3Q2009 equity, the Bank can absorb loan loss reserves of up to 23.5% of gross loans while keeping CAR above 12%;
- Best-in-class efficiency with cost/income ratio at 35.6% for 9M2009;
- Focus on retail deposits as a strategic source of funding led to their growth by nearly 15% since 2008YE;
- Strong liquidity position: over RUB102bn in liquid assets at 31 December 2009 (up from RUB60.1bn on 30 September 2009), on top of the untapped CBR limit of ca RUB75bn.

MDM Bank at a Glance

- MDM Bank is the 2nd largest by equity privately-owned bank offering the complete suite of banking services:
 - retail, corporate, investment banking, small business banking, private banking and asset management;
- 7th largest bank by retail loans and 8th largest bank by retail deposits;
- 10th largest bank by corporate loans and 11th by corporate deposits;
- 3rd largest market share among privately-owned banks in Russia;
- Nation-wide coverage with presence in 162 cities through 308 branches and 2,000 ATMs.

Key IFRS Financials	9M2009, RUR mn
Assets, total	375,924
Equity	57,787
Loan Portfolio, net	252,248
Deposits	170,440
Comprehensive Income	(3,489)
Tier I CAR	15.8%

- Over 27,500 corporate clients
- Over 37,500 SME clients
- Nearly 3 mn retail clients
- Over 10,000 employees

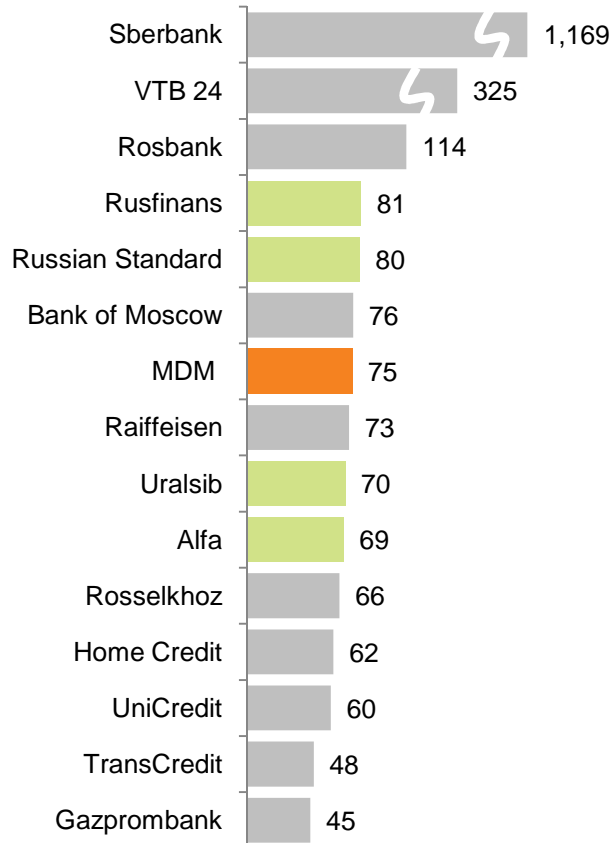
Ratings	Moody's	S&P	Fitch
MDM Bank	Ba2 (Negative)	B+ (Stable)	BB- (RWP)
Russia Sovereign	Baa1 (Stable)	BBB (Stable)	BBB (Stable)

Credit Watch Positive in March 2010



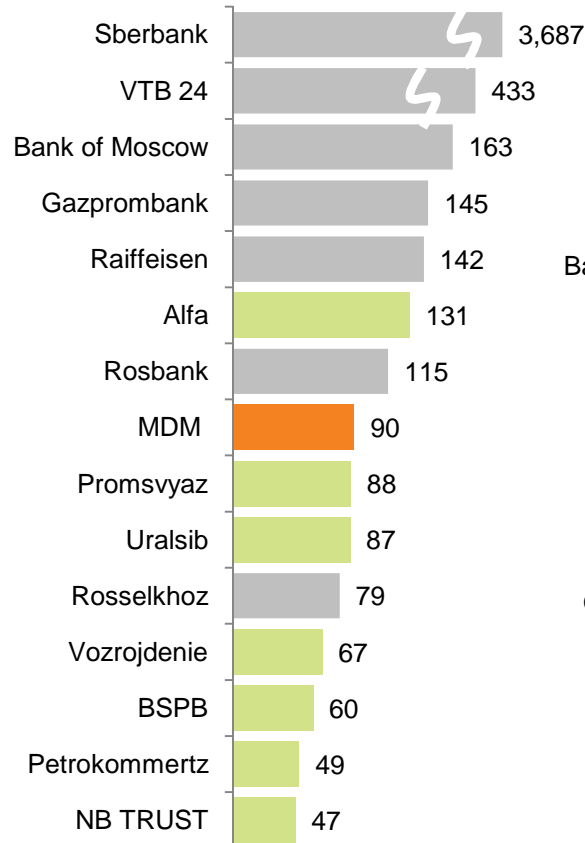
MDM is a Top 10 Retail Player...

7 by Retail Loans



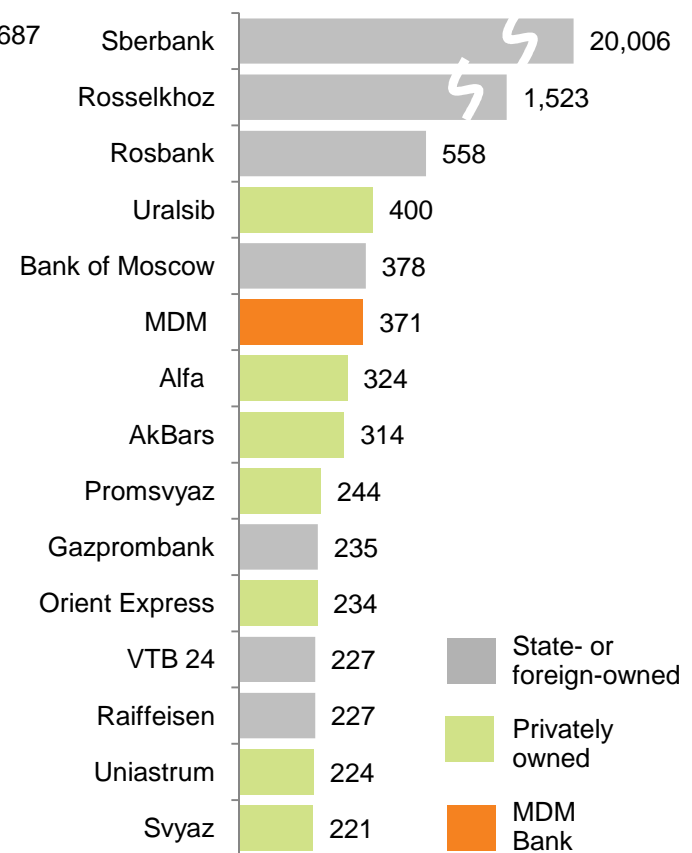
Source: Interfax 100 ranking as of 31-Dec-09, RUB bn

8 by Retail Deposits



Source: Interfax 100 ranking as of 31-Dec-09, RUB bn

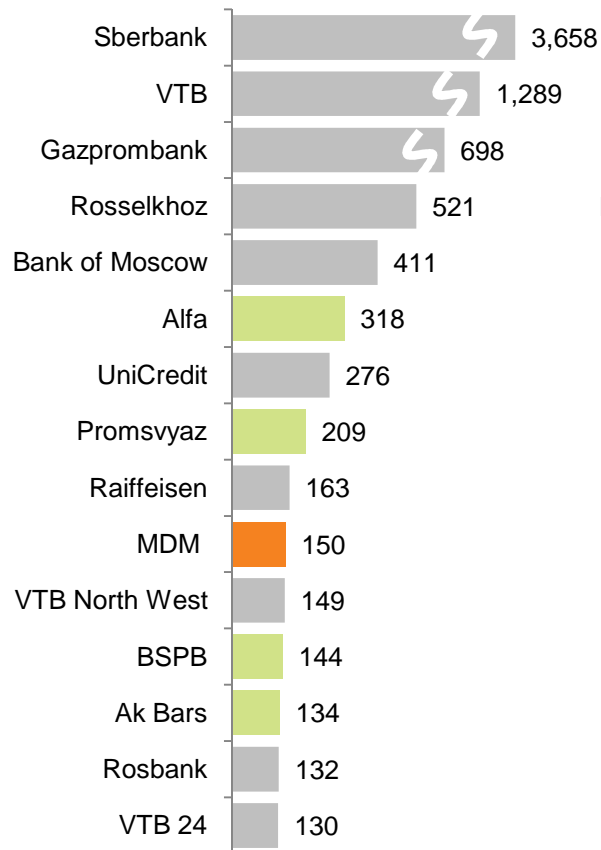
6 by Branch Network



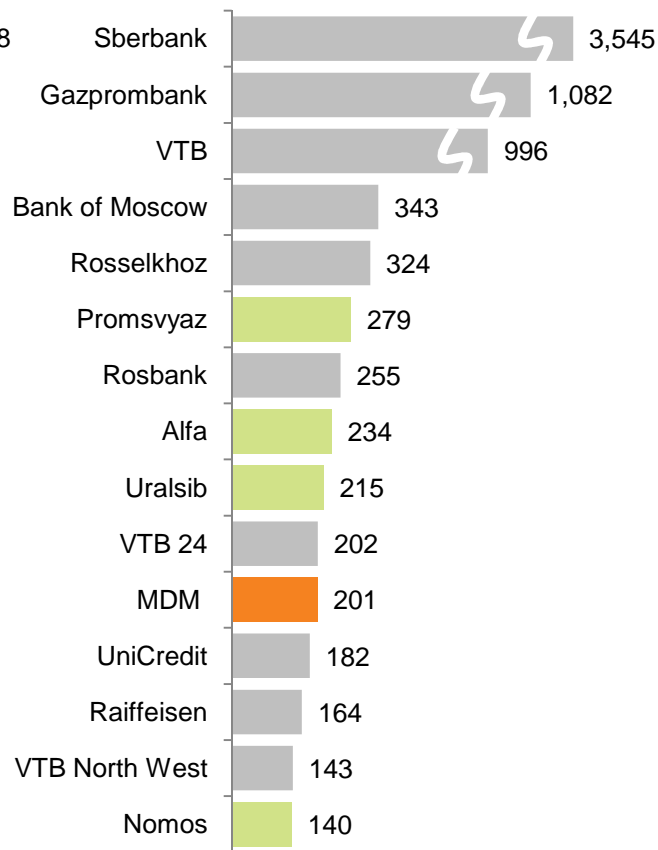
Source: RBC ranking as of 30-Jun- 2009

... and a Top 10 Corporate Bank

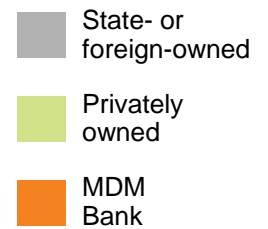
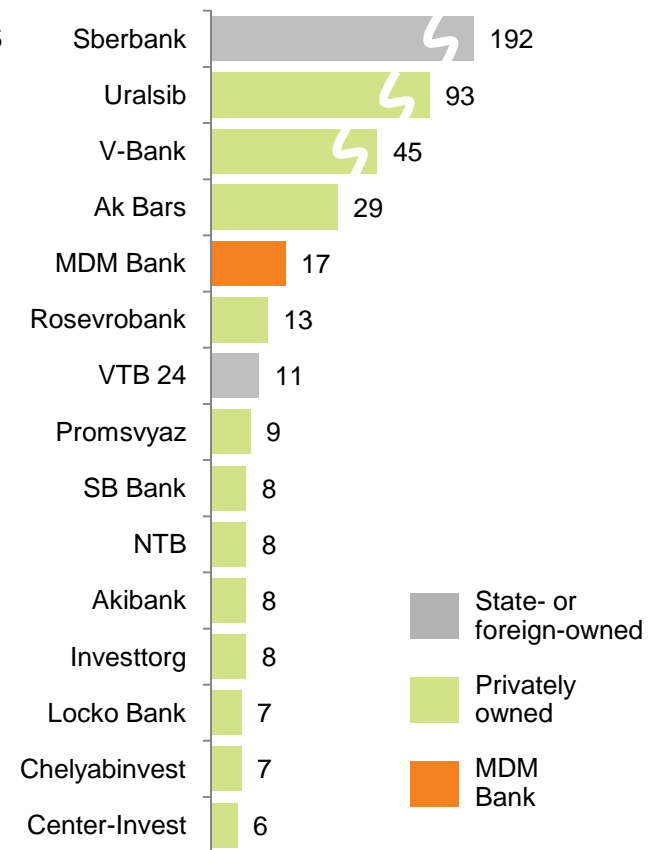
10 by Corporate Loans



11 by Corporate Deposits



5 by SME Loans



Source: Interfax 100 ranking as of 31-Dec-09, RUB bn

Source: Interfax 100 ranking as of 31-Dec-09, RUB bn

Source: RBC ranking as of 30-Jun- 2009, RUB bn

High-Quality Reputable Shareholder Base and Experienced Directors

Board of Directors



Oleg Viyugin

Chairman of the Board of Directors, Member of Audit and Risk Management Committee and of Nominations and Remuneration Committee

Former head of the Federal Financial Markets Service of Russia, first deputy minister of finance, first deputy chairman of the Central Bank, and extraordinary advisor to the prime minister of Russia.



Sergei Popov

Deputy Chairman, Member of Strategy Committee

- 7 yrs experience
- Co-founder of MDM Group. Former member of the boards RAO UES, Piping Metallurgy Company (TMK), Eurochem.



Igor Kim

Chairman of Management Board, Member of Strategy Committee

- 16 yrs experience
- Former chairman of the Board of Directors of URSA Bank.



Edward Nassim

Director

- 21 yrs experience
- Former Vice President for Europe, Africa, and the Middle East of the IFC, a World Bank Group member.



Alexander Doumnov

Chairman of Audit and Risk Management Committee

- 40 yrs experience
- Member of the BoD of Trans-Siberian Gold Plc, London, and Siberian Mining & Metals Alliance. Former partner and member of the Board at Deloitte and Touche CIS.



Lugman Arnold

Chairman of Strategy Committee

- 35 yrs experience
- Former president and Chairman of UBS Group Executive Board and CEO of Abbey National PLC. He has also worked at BNP Paribas and CSFB.

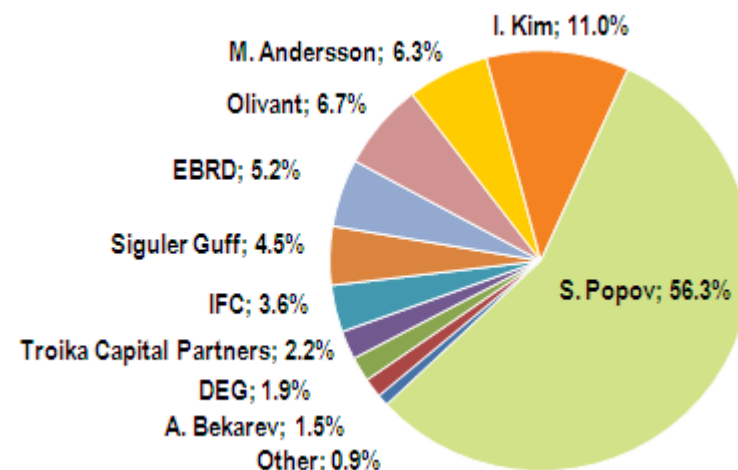


Lars Grönstedt

Chairman of Nominations and Remuneration Committee

- 25 yrs experience
- Former CEO and chairman of the Board of Swedish Handelsbanken. Board Member of other financial institutions and quasi-governmental organizations.

Voting Shareholder Structure



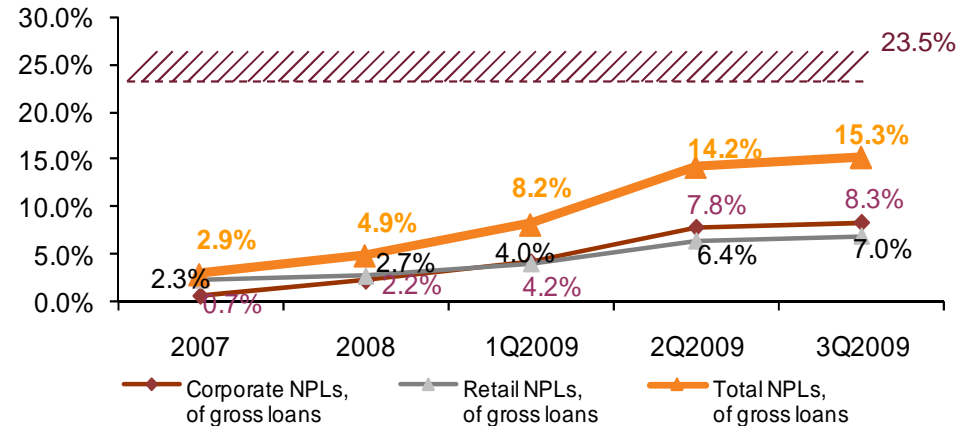
- Mr. Popov and Mr. Kim together control 67.3% and provide clear direction and a focused strategy:
 - Both are members of the Board;
 - Mr. Kim's CEO role ensures alignment of shareholder and management interests;
- Significant "vote of confidence" from leading international financial institutions:
 - Olivant and Siguler Guff are highly experienced international investment funds;
 - MDM Bank is the largest equity investment in Russia for both the EBRD and the IFC;
- Sector-leading corporate governance standards, with majority of BoD consisting of independent directors.

Asset Quality

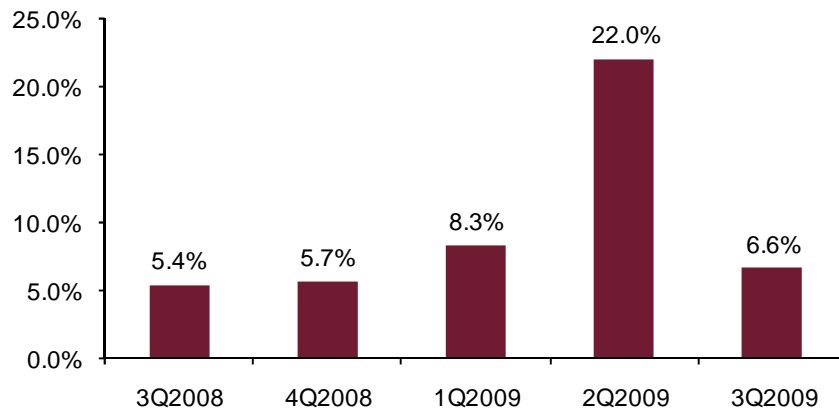
- 90day+ NPLs slightly increased in 3Q09 by 1.1% to reach 15.3%, primarily due to contracting loan portfolio;
- The Bank can absorb up to 23.5% - or almost double the current level of 90 day+ NPLs - while keeping CAR above 12%;
- In 3Q09 Bank sold RUB2.7bn book value of retail NPLs to a collection agency;
- Restructured loans went down from RUB46bn in 2Q2009 to RUB32bn in 3Q2009, or 10.8% of gross loans, principally due to loan repayments.

High absorption capacity

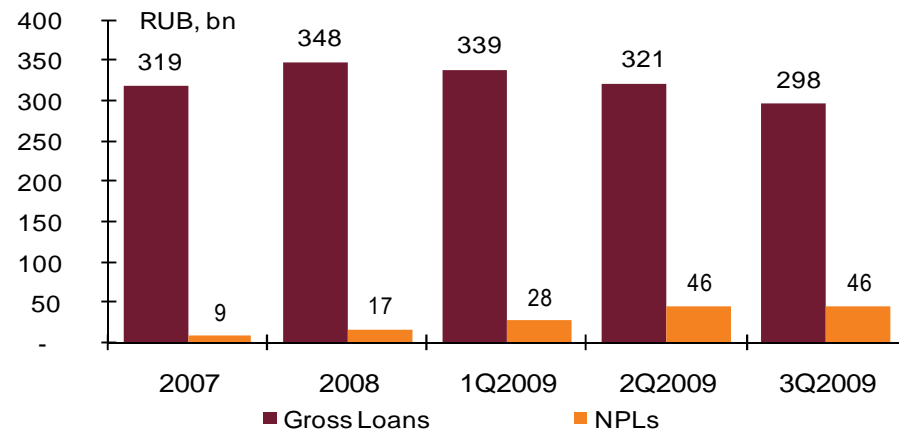
Absorption capacity at CAR=12% and 100% NPL coverage



Cost of risk down to pre-crisis level (quarterly)



NPL dynamics

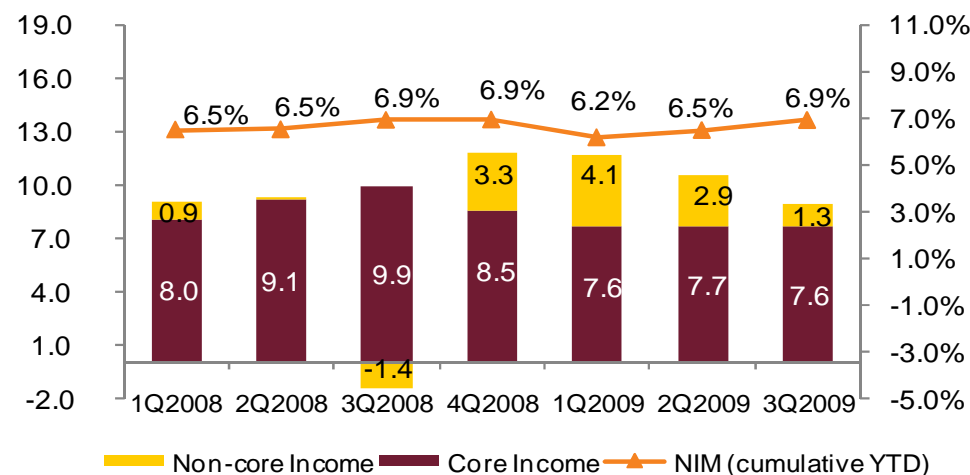


Source: Based on aggregated IFRS financial statements

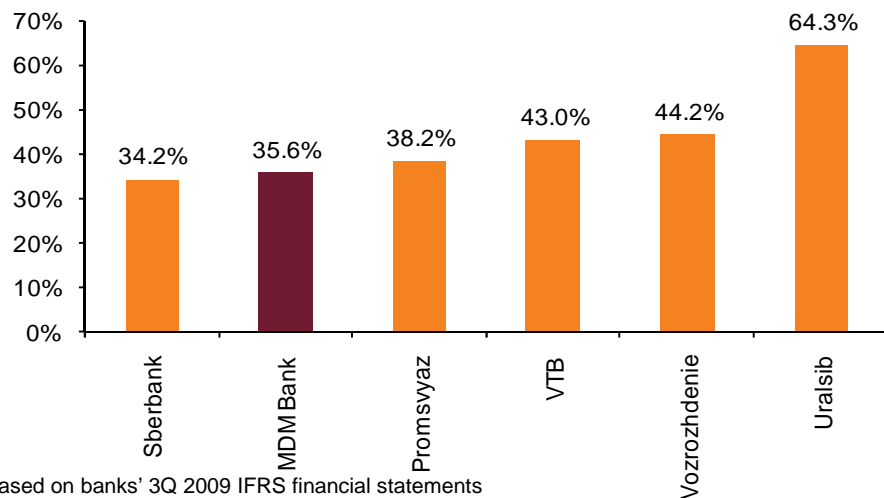
Strong Income Generation and Cost Efficiency

- Stable quarterly core income (above RUB7.5bn) in the context of a contracting loan portfolio indicate improving margins;
- 3Q09 comprehensive income of RUB808m was primarily driven by revaluation of, and gains on the sale of securities totaling ca RUB2,005m;
- Focus on cost-control: operating expenses and staff costs continued decreasing q-o-q in 3Q09, contributing to one of the best cost to income ratio among peers.

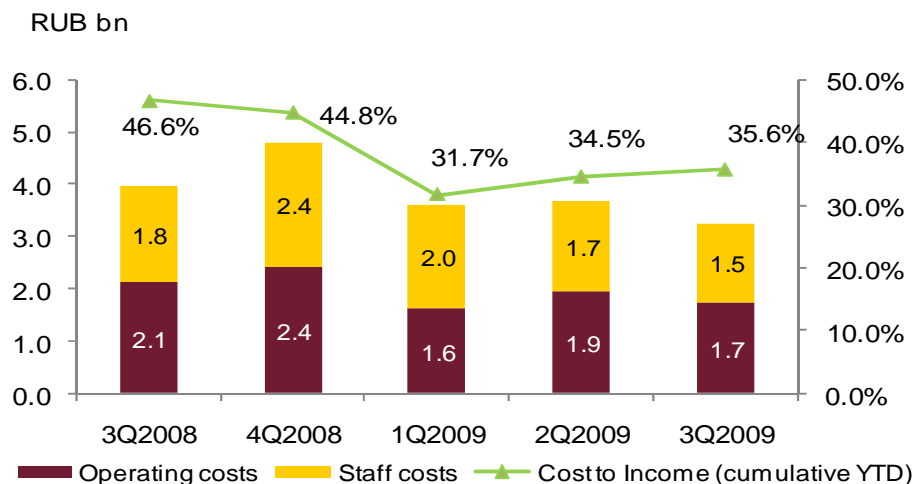
Income Trends and NIM



Cost to income vs. peers



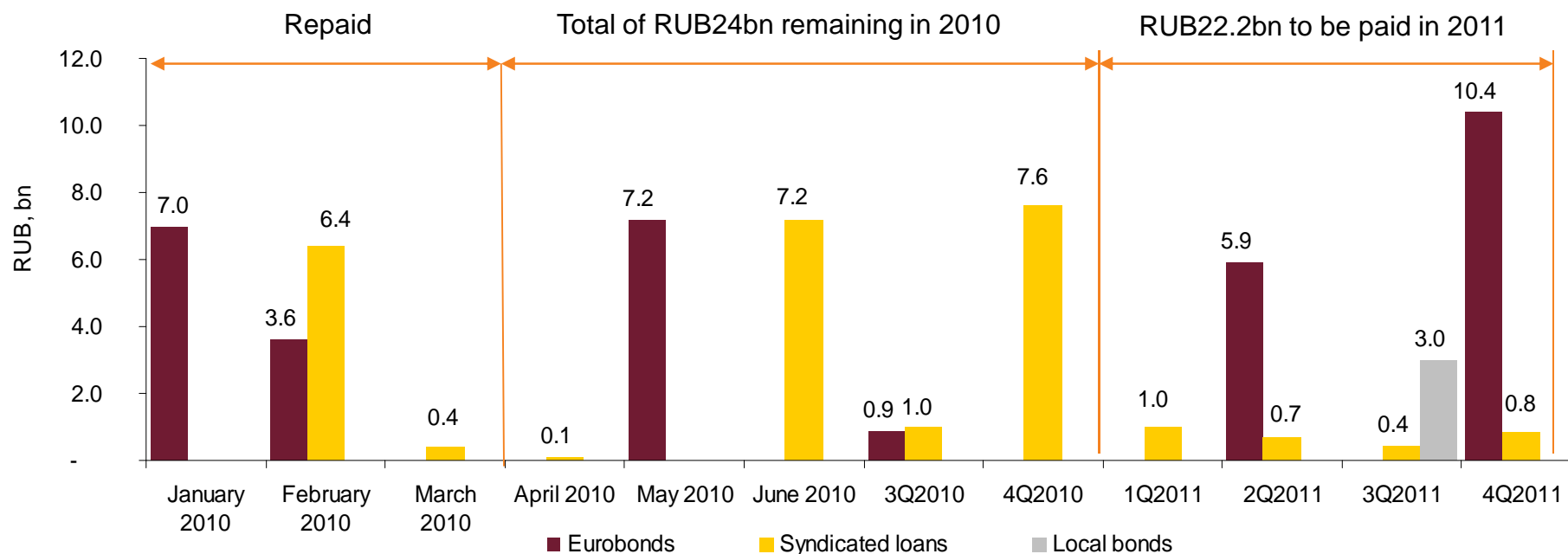
Improving cost-efficiency



* Based on banks' 3Q 2009 IFRS financial statements

Liquidity and Repayments

Debt maturing in 2010 – 2011 (as at 31 March 2010)



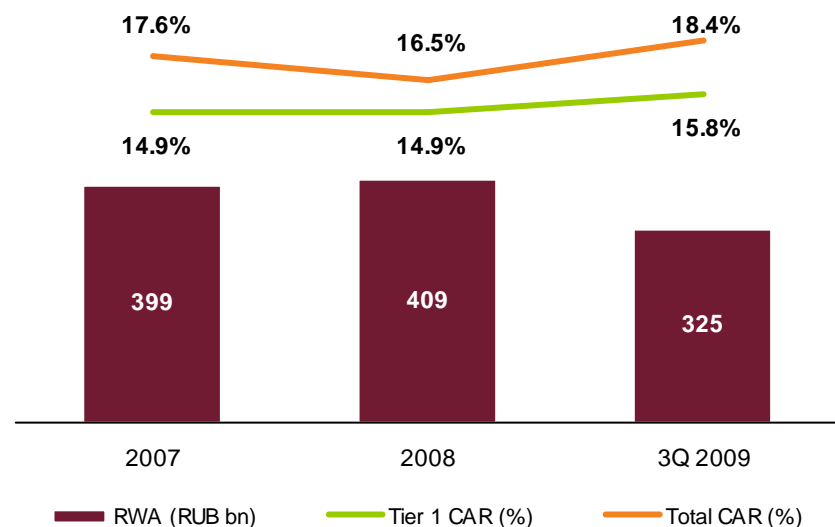
- Most of the remaining pre-crisis wholesale borrowings fall due and will be repaid in 1H2010;
- The amount liquid assets at 1 March 2010 stood at RUB77.3bn, amply covering the RUB24bn debt repayments remaining in 2010;
- Zero utilization of CBR unsecured limit of approximately RUB70bn;
- First private Russian bank to tap debt market since mid-2008:
 - October 2009: signing of USD250m syndicated loan;
 - December 2009: placement of RUB5bn local bond due December 2012.

Source: based on IFRS consolidated financial statements and management data

MDM is Well-capitalized with Room to Raise Additional Capital if Needed

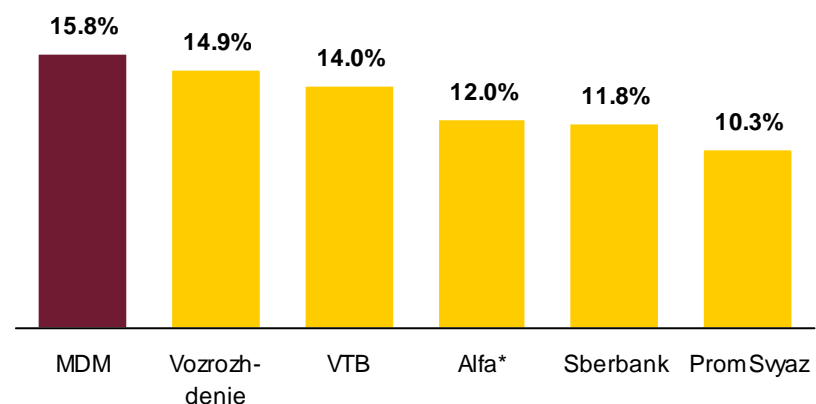
- Total CAR increased vs. YE 2008, demonstrating Bank's focus on conservative capital management in the current environment;
- While MDM Bank does not expect to need new capital, it has ample room to raise Tier 2 capital should the conditions so require; plus major shareholders, including IFIs, are committed to provide capital if necessary.

Risk-weighted assets (RWA) & CAR*



Source: IFRS financial statements of respective banks
 * Financials prior to 1H09 reflect aggregated pre-merger MDM and URSA numbers

Peer Comparison: Tier 1 CAR

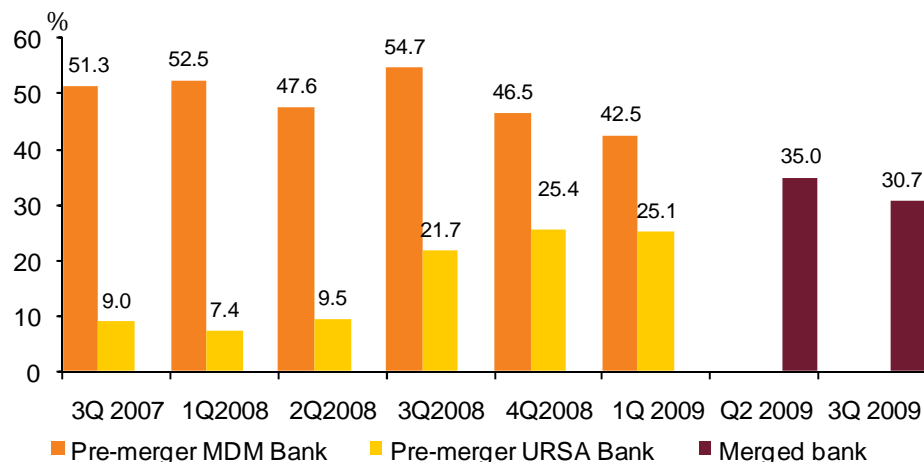


Source: IFRS financial statements and presentations of respective banks for 3Q2009
 * Data for 1H2009

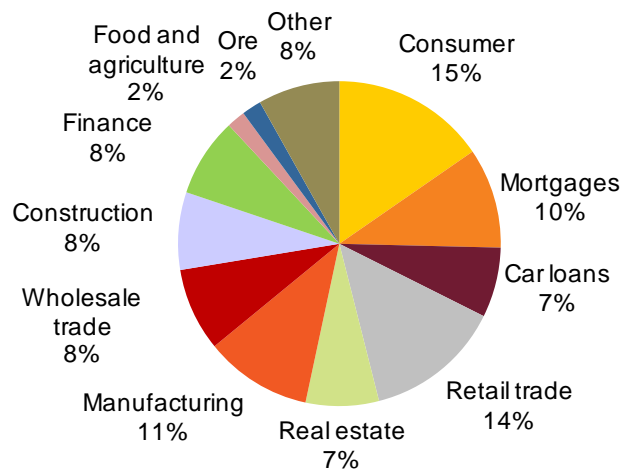
Increased Diversification Post-merger

- Gradual shift from capital markets to deposits, particularly retail (up to 24% at 30/09/2009 of non-equity funding vs. 14% at 2008YE), as a strategic source of funding;
- Decreasing concentration of Top-20 depositors from 46.5% at 2008YE to 30.7% on 30 September 2009.

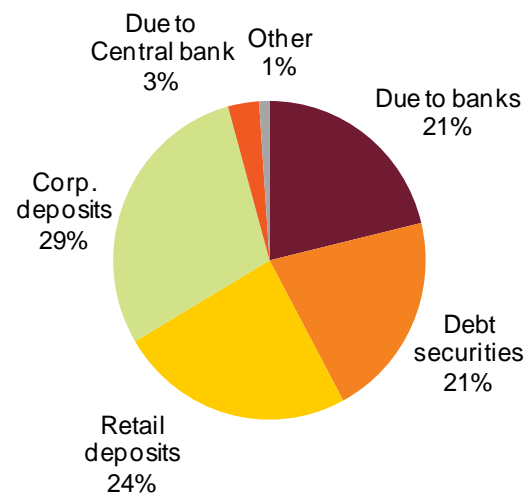
Declining reliance on Top 20 depositors



Loan Portfolio (3Q2009)



Funding Structure (3Q2009)



Source: IFRS financial statements

Integration Progress

Integration stages completed:

- Branch network integration completed, redundant branches (16 administrative office and 20 branches) closed;
- Middle and back offices centralized for more efficient management, and in process of moving to more cost-effective locations;
- New brand has been developed, to be launched in 1Q2010.

Key objectives for 2010:

- To complete the transition to a single banking IT platform, enabling further operational streamlining;
- New brand to be implemented bank-wide in 1H2010.

		Definition	Synergy effect in 2009 –2011 (RUB bn)	Status
Cost synergies	Personnel costs optimization	<ul style="list-style-type: none"> ▪ Improving labor productivity and a corresponding reduction in headcount thereby creating savings on personnel costs 	1.7-3.6 ¹	
	Operating expenses optimization	<ul style="list-style-type: none"> ▪ Reduction of operating costs due to integrating the back-office functions on both the central and branch levels 	1.8 ¹	
	Branch network optimization	<ul style="list-style-type: none"> ▪ Growth of the commission/fee income from corporate clients through exchanging experience on the most efficient products 	0.5-1.3 ¹	
Income synergy		<ul style="list-style-type: none"> ▪ Branch network optimization 	0.6 ²	
Financial synergy		<ul style="list-style-type: none"> ▪ Improving the costs and conditions of attracting finance due to MDM's higher rating 	0.3 ¹	
Total			4.9-7.6	

Note:

1. Synergy effect before tax intended to be implemented in 2009-2011; 2. Single-time cost-saving for implementation in 2009.

Source: management data

Thank You !

Questions & Inquiries:

ir@mdmbank.com

+7.495.221.3075

www.mdm.ru/investors



MDM Bank

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.