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BANKING GROUP ZENIT'S RESULTS IN H1 2008

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The Banking Group ZENIT announces its financial results in accordance with Russian accounting standards and operating results for H1 2008.

FINANCIAL HIGHLIGHTS

- The Group's net profit increased by 69.9% to RUR 2.4 bn year on year during the reporting period.
- The Banking Group's assets increased by 11.8% since the beginning of the year to RUR 187.1 bn, as at July 1, 2008.
- The Group's capital rose by 12.7% since the beginning of the year to RUR 23.0 bn, as at July 1, 2008.

OUTLINE OF THE GROUP'S FINANCIAL OPERATIONS

<i>RUR bn</i>	<i>as of July 1, 2008</i>	<i>as of January 1, 2008</i>	<i>change in %</i>
Corporate loan portfolio	95.627	88.296	8.3
Retail loans	12.380	10.518	17.7
Medium-term and long-term corporate customer accounts	36.820	30.689	20.0
Retail deposits	27.433	23.701	15.7

According to Chairman of the Management Board, Kirill Shpigun, *“The Banking Group continued to grow dynamically despite the more difficult global environment, with net profit up nearly 70% year on year in H1 2008. In a highly volatile market the Bank placed its RUR 5 bn 5th bond issue with oversubscription with an offer over a year and a half. Also, ZENIT exercised a buy-back option on its 3rd and 4th bond issues. The Bank bought back less than 4% of each issue. The bought-back bonds were re-sold to investors, thus, both issues are again on the market. The financial results and efficient efforts in capital raising are proof that investors and clients have confidence in the Bank and that the entire Group’s development is successful and stable”*.

REVIEW OF THE GROUP’S OPERATING PERFORMANCE

- The Bank’s long-term growth trend continued in H1 2008. Corporate customers increased by over 9% to more than 34,000 enterprises and organizations by the end of the period. The Bank’s branches and Bank ZENIT Sochi became leaders in the expansion of their customer bases (+11.3% and +16.2% respectively). The Bank opened accounts for a total of 2,800+ energy, transportation, construction, light-industry, food, wholesale and retail trade, petrochemical, steel and financial companies and organizations.
- The Group’s banking network increased to 154 points of sale. At the period end Bank ZENIT had 96 points of sale, Joint-Stock Bank Devon-Credit 30, OJSC Lipetskkombank 22 and Bank ZENIT Sochi 6 points of sale.
- The Banking Group ZENIT’s ATM network increased by 8.7% in H1 2008 to 580 ATM’s (855 ATM’s together with partner banks). ATM functionality has increased with payments to cellular operators, utility bills, etc, all possible since the beginning of 2008.
- During H1 2008 the revenue from acquiring networks in retail and service companies - the Group customers, was RUR 1.903 bn, up 50% year on year. The total number of trading companies serviced by the Group, increased by 20% from the beginning of 2008.
- Bank ZENIT placed its 5th bond issue (volume: RUR 5 bn) that includes a buy-back option for investors exercisable in 1.5 years. The first and the third coupon rates were set at 10% per annum.
- Bank ZENIT obtained a one-year US\$218 m syndicated loan at LIBOR+1.45% with a view to finance customers export/import operations.
- Bank ZENIT continued to focus on growing the small and medium-sized enterprise (SME) franchise, signing an agreement with the Black Sea Trade and Development Bank to obtain a five-year US\$25m loan specifically for financing SMEs.
- According to MICEX data, Bank ZENIT continues to be one of the principal and most active operators on the Russian debt market. In H1 2008 the Bank had the 8th largest turnover among all players on the Russian bond market and the 3rd largest among banks.
- ZENIT’s Joint Bank Management Fund Vechnye Tsennosti (Perpetual Values) had the 5th highest returns among all JBMF in H1 2008.
- Bank ZENIT consolidated its positions in private banking moving up to 3rd place in Euromoney’s Private Banking and Wealth Management Survey 2008.
- OJSC Lipetskkombank won the Banking-2008 prize as the Best Regional Bank of the Central Federal District in commemoration of its achievements in development of loan portfolio.

FOR REFERENCE:

Banking Group ZENIT was formed in 2005 as a result of the purchase by **Bank ZENIT** of a controlling stake in **JSB Devon-Credit (OJSC)**. In 2007, the Banking Group acquired **OJSC Lipetskombank** and **JSB Sochigazprombank LLC** (later renamed into **Bank ZENIT Sochi**). According to the consolidated statement of the Banking group for 2007, made in accordance with IFRS, the equity capital of the Banking group amounts to \$738 mn, the assets amount to \$6,645 bn. The Group provides a full-scale range of banking services in the following areas: comprehensive services to the corporate clients, retail services, private banking, investment banking and interbank business. Banking Group ZENIT is represented in 21 of 83 regions of the Russian Federation; its own retail network consists of 154 points of sale. The Group has created a wide international correspondent network of banking partners, with co-operation from more than 80 international institutions in Europe, America and Asia. **Bank ZENIT** is currently rated *Ba3/Stable* by Moody's and *B+/Stable* by Fitch. Being an active debt market player, **Bank ZENIT** arranged 8 international syndicated loans, 2 Eurobond issues (the debut issue was repurchased in 2006) and 5 ruble bond issues (the debut issue was repurchased in 2007).

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