

Company Announcement

PSB Finance S.A.
2, Boulevard Konrad Adenauer
L-1115, Luxembourg

22 January 2018

USD 3,000,000,000 Programme (the "**Programme**") for the issuance of Loan Participation Notes issued by, but with limited recourse to, PSB Finance S.A. (the "**Company**" or the "**Issuer**") for the sole purpose of funding loans to Open Joint-Stock Company Promsvyazbank ("**PSB**" or the "**Borrower**").

NOTICE TO THE NOTEHOLDERS OF THE SERIES 7 USD 283,666,000 10.20% LOAN PARTICIPATION NOTES DUE 6 NOVEMBER 2019 (ISIN: XS0851672435) (the "Notes")

Unless otherwise defined in this notice, terms in capital letters shall have the meaning giving to them in the Notes Final Terms dated 2 November 2012 and 19 February 2013 (the "**Final Terms**"), which must be read and construed in conjunction with the Programme Base Prospectus dated 23 October 2012, as amended and supplemented from time to time (the "**Base Prospectus**"). The Notes were issued pursuant to a Supplemental Trust Deed dated 6 November 2012 and a Second Supplemental Trust Deed dated 21 February 2013 (the "**Supplemental Trust Deeds**") supplemental to a Principal Trust Deed originally dated 14 November 2007 as amended and restated from time to time between the Company (as the Issuer) and Deutsche Trustee Company Limited (as the Trustee) (the "**Principal Trust Deed**"), for the purpose of financing a subordinated loan (the "**Loan**") to PSB pursuant to an original USD 400,000,000 Subordinated Loan Agreement dated 02 November 2012 and a USD 200,000,000 Supplemental Loan Agreement dated 19 February 2013 between the Issuer (as the Lender) and PSB (as the Borrower) (together the "**Subordinated Loan Agreements**").

The Issuer notifies the Noteholders that on 28 December 2017 it has received from the Borrower addressed to the Trustee, the Issuer and the shareholders of PSB the following write down event notice, according to which:

- (i) the Borrower's Common Equity Tier 1 Capital Ratio fell below 2 per cent in December 2017 and as of 25 December 2017 was 0%. The Borrower's Common Equity Tier 1 Capital amounted to -134,115,011,000 Russian Roubles as of 25 December 2017 due to losses incurred by the Borrower in the amount of 208,134,694,000 Russian Roubles, and with effect from 15 December 2017, the CBR has approved the plan of participation in preventing the bankruptcy of the Borrower and introduced a temporary administration (*vremennaya administratsiya*) in relation to the Borrower. The temporary administration functions have been delegated to LLC "Management Company of the Funds for Consolidation of the Banking Sector". To enhance the financial stability of the Borrower and ensure its business continuity in the banking market, the CBR is going to invest the funds of the Fund of Banking Sector Consolidation. The CBR plans to provide the Borrower with funds to maintain liquidity, which will strengthen its financial stability and contribute to the Borrower's further development.
- (ii) In accordance with the Federal Law dated 02.12.1190 no, 395-1 "On Banks and Banking Activity" (as amended and supplemented) and Federal Law, dated 26.10.2002, No. 127-FZ "On Insolvency (Bankruptcy)" (as amended and supplemented) the above measures shall constitute the grounds for cancellation of the Borrower's obligations under subordinated loans.
- (iii) The Borrower shall apply the interest cancellation measure and the principal write down measure to absorb the losses of the Borrower.
- (iv) Accordingly, the write down measure effective date shall be 26 December 2017 on which the Borrower shall write down the outstanding principal amount of the Loan in the amount of USD 283,666,000 and accrued but unpaid interest in the amount of USD 4,018,601.67.

For any further information, please contact: PSB Finance S.A., the Directors, email: corporateservices.luxembourg@db.com.