

August 11, 2008

Research Update:

S&PCORRECT: B.I.N.BANK
Long-Term, National Scale Ratings
Raised To 'B/ruBBB'; Outlook Stable

Primary Credit Analyst:

Tatiana Nikolenko, Moscow (7) 495-783- 4018;tatiana_nikolenko@standardandpoors.com

Secondary Credit Analyst:

Elena Romanova, Moscow (7) 495-783-40-91;elena_romanova@standardandpoors.com

Table Of Contents

Rationale

Outlook

Ratings List

Research Update:

S&PCORRECT: B.I.N.BANK Long-Term, National Scale Ratings Raised To 'B/ruBBB'; Outlook Stable

(**Editor's Note:** In the article published earlier today, the former senior unsecured debt rating for B.I.N.BANK was misstated in the Ratings List. A corrected version follows.)

Rationale

On Aug. 11, 2008, Standard & Poor's Ratings Services raised its long-term counterparty credit rating to 'B' from 'B-' and affirmed its 'C' short-term rating on Russian B.I.N.BANK. At the same time, the Russian national scale rating was raised to 'ruBBB' from 'ruBBB-'. The outlook is stable.

The upgrade reflects the reduction of the uncertainties related to the shareholder changes over the past 12 months, B.I.N.BANK's success in building up its loan portfolio in first-half 2008, its ability to maintain a good level of deposit-based funding, and its historically below-market-average level of nonperforming loans (NPLs).

The ratings continue to be pressured by the bank's high exposure to credit risk on the back of still-significant, albeit improving, single-party loan concentration; relatively high operational costs; and capitalization that, although adequate at present, is challenged by future growth prospects.

B.I.N.BANK is a midsize commercial bank ranked among Russia's top 40 banks, with assets of Russian ruble 69.3 billion (\$2.95 billion) as of June 30, 2008. The bank provides a wide range of banking services to corporate and retail clients.

The bank's major risk exposure stems from high, albeit gradually declining, single-name and real-estate lending concentrations. Reported asset quality indicators are historically below those of peers, with NPLs accounting for less than 0.5% of total loans during the past three years. The portfolio is unseasoned and untested by an economic downturn.

Overall, B.I.N.BANK's funding base is healthy, with corporate and retail accounts comprising 87% of liabilities at Dec. 31, 2007. The bank managed to create a sufficient liquidity cushion prior to the turmoil of second-half 2007, which allowed it to navigate the turbulence successfully and redeem its debt in 2008.

B.I.N.BANK's capitalization remains adequate. As of June 30, 2008, adjusted total equity to total assets was 12.7%. Profitability remains weak pressured by high operational costs and depending on one-off commissions or market-sensitive income, with return on assets fluctuating to 1.2% in first-half 2008 from 1.9% in 2007 and 0.4% in 2006.

Outlook

The stable outlook reflects our expectation that B.I.N.BANK will continue its development in line with its current strategy, while expanding its franchise.

We would consider raising the ratings if the bank further improves the diversification of its assets, maintains adequate capitalization and asset quality, and demonstrates its ability to generate sustainable profits from a wider customer base.

The ratings could be lowered if the bank's liquidity position, asset quality, financial performance, funding profile, and capitalization deteriorate significantly. If the bank adopts a strategy that could negatively affect its further development, the ratings could also come under pressure.

Ratings List

Upgraded; Ratings Affirmed

	To	From
B. I. N. BANK		
Counterparty Credit Rating	B/Stable/C	B-/Stable/C
Russia national scale rating	ruBBB	ruBBB-
Certificate Of Deposit	B	B-
Senior Unsecured (1 issue)	B	B-
B.I.N. Capital S.A.		
Senior Unsecured (1 issue)	B	B-

Additional Contact:

Financial Institutions Ratings Europe; FIG_Europe@standardandpoors.com

Ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. It can also be found on Standard & Poor's public Web site at www.standardandpoors.com; select your preferred country or region, then Ratings in the left navigation bar, followed by Credit Ratings Search. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4017.

In the article published earlier today, the former senior unsecured debt rating for B.I.N.BANK was misstated in the Ratings List. A corrected version follows.

Copyright © 2008 Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (S&P). S&P and/or its third party licensors have exclusive proprietary rights in the data or information provided herein. This data/information may only be used internally for business purposes and shall not be used for any unlawful or unauthorized purposes. Dissemination, distribution or reproduction of this data/information in any form is strictly prohibited except with the prior written permission of S&P. Because of the possibility of human or mechanical error by S&P, its affiliates or its third party licensors, S&P, its affiliates and its third party licensors do not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. S&P GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P, its affiliates and its third party licensors be liable for any direct, indirect, special or consequential damages in connection with subscriber's or others use of the data/information contained herein. Access to the data or information contained herein is subject to termination in the event any agreement with a third-party of information or software is terminated.

Analytic services provided by Standard & Poor's Ratings Services (Ratings Services) are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. The credit ratings and observations contained herein are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of the information contained herein should not rely on any credit rating or other opinion contained herein in making any investment decision. Ratings are based on information received by Ratings Services. Other divisions of Standard & Poor's may have information that is not available to Ratings Services. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during the ratings process.

Ratings Services receives compensation for its ratings. Such compensation is normally paid either by the issuers of such securities or third parties participating in marketing the securities. While Standard & Poor's reserves the right to disseminate the rating, it receives no payment for doing so, except for subscriptions to its publications. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

Any Passwords/user IDs issued by S&P to users are single user-dedicated and may ONLY be used by the individual to whom they have been assigned. No sharing of passwords/user IDs and no simultaneous access via the same password/user ID is permitted. To reprint, translate, or use the data or information other than as provided herein, contact Client Services, 55 Water Street, New York, NY 10041; (1)212.438.9823 or by e-mail to: research_request@standardandpoors.com.