

February 17, 2009

### Retail spend during winter holidays season was higher than expected.

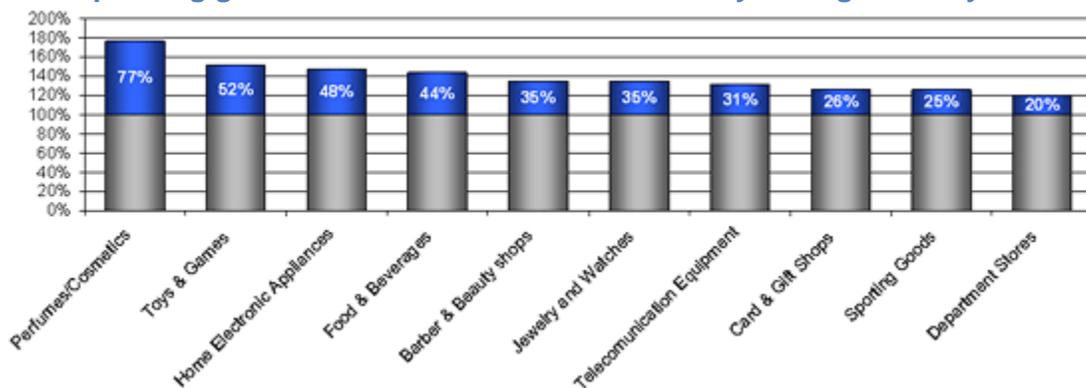
According to Citibank's research Russian consumers remain optimistic, while buying more gifts rather than durable goods.

In January 2009 ZAO Citibank conducted a follow-up research on Christmas and New Year shopping spending comparing actual data with the forecast made in early December. Despite rather gloomy forecasts, the results show growth in consumer spending during the holiday season beating the expectations. Spending on alcohol, cosmetics and perfumes has strengthened, while there was certain decline in such expensive gift categories and durable goods as computers, telecommunication equipment and home electronic appliances.

Commenting the results of the research, Michael Berner, Head of Credit Card Business at Citi Russia, noted: "The results are truly unexpected, despite of the tough economic conditions high growth in retail spend continued. The change was observed primarily in the structure of their spend but not in the volume. Russians proved to be more optimistic than many of us used to think before and this is clearly a positive sign to the market".

December 2008 spend growth reached 16% compared to the year's monthly average. Compared to the December 2007 the increase made up 7%, which is also much higher than expected (3%).

### Spending growth in December '08 to the monthly average of the year.



List of top spending categories during winter holidays remained almost unchanged, missing only computers with 7% drop in December and 43% in January compared to the monthly average for the year and 67% and 73% YoY. The top-gift as expected was perfumes/cosmetics, spending on which grew by 77% compared to the monthly average of the year, and 3% YoY.

Spend on toys and goods for children despite 52% growth to the monthly average, placing this category among top-categories in holidays spend, was 14% less than in December 2007. Average transaction amount remained stable, but its number decreased by 19%.

Jewelry which showed tremendous 70% growth in August-September of 2008 seen only 35% growth to monthly average in December, which is less than in the previous years. Still, compared to December 2007, the amount spent on jewelry increased by 7%.

Home electronic appliances became third most popular spend category during the holidays with average monthly growth of 48%. However, as it was predicted, a year on year decrease of 12% was observed, due to 11% year on year drop in the average transaction price.

December sales in telecommunication equipment look a bit more promising than expected with an increase of 31% compared to the monthly average and 14% decrease year on year. Overall the downward trend in this category has continued.

Despite the forecast that shopping in department stores will experience decline in sales this season, we have observed a traditional 20% increase in December compared to the monthly average for the year, led primarily by female consumers. However, there was a 4% drop YoY.

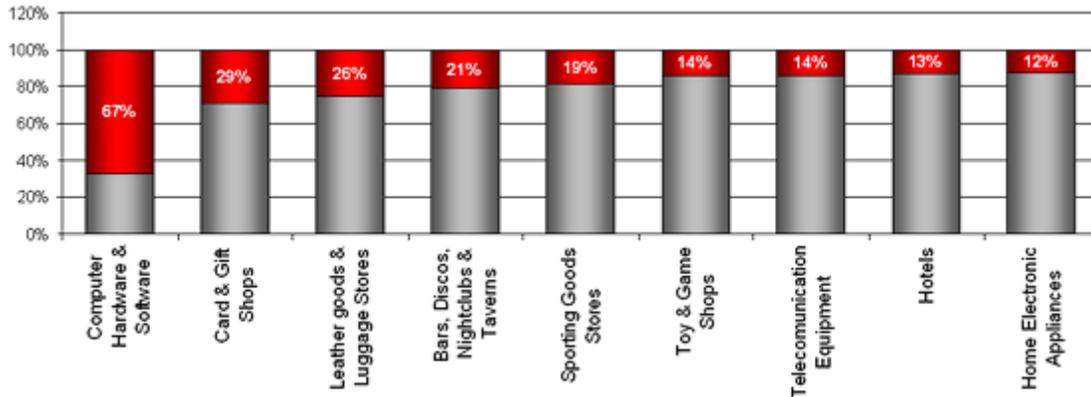
It's interesting that spending on clothes was higher in December than in January, traditional month of sales. Moreover, in January there was a year on year drop of 15%.

Women unexpectedly spent more than men on home supplies in December, while men reduced their spending in the category, women spent 65% more compared to the monthly average for the year and 120% more year on year.

Forecast for sporting goods has proven to be right, showing monthly average growth of 25% in December and 85% in January, although spending fell by 19% compared to last year.

Over the past three years, the peak of sales in travel agencies was in November, as consumers rushed to organize their vacations early. However, this year November sales fell by 34% compared to last year. Also, in January, there was a drop by 22% in spending on hotels.

**Spending categories declined at the most in December, %December YoY change.**



There was no drop in spending on food and beverages in December, showing growth to monthly average of 44% and 32% compared to the same period last year. Spending in hairstyling, SPAs and beauty salons grew by 26%, compared to last year, and 35% compared to the monthly average.