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PRESS RELEASE

### **Bank Saint Petersburg FY 2011 IFRS Results**

Financial highlights for FY 2011\*:

- **Net income** for FY 2011 increased by 43.0% compared with FY 2010 to RUB 5.9 billion (USD 182.8 million);
- **Net interest income** for FY 2011 increased by 13.3% compared with FY 2010 to RUB 13.6 billion (USD 423.0 million);
- **Assets** increased by 21.1% compared with January 1, 2011 to RUB 330.0 billion (USD 10.3 billion);
- **Capital** increased by 31.3% compared with January 1, 2011 to RUB 47.1 billion (USD 1.5 billion);
- FY 2011 **Return on equity (ROAE)** amounted to 17.2% compared with FY 2010 ROAE of 15.3%

\*The RUB-nominated figures are translated into USD at the official exchange rate quoted by the CBR for January 1, 2011 (USD 1.00 = RUB 32.20).

Alexander Savelyev, Chairman of the Management Board, commented on the Bank's FY 2011 results: *«2011 was a year of changes for us, being devoted to active implementation of our new strategy. We moved into the new HQ building, implemented new IT platform, launched the rebranding program, as well as several programs to increase the quality of our services. In whole, 2011 was a successful year for the Bank: the loan portfolio increased by 14%, the net profit reached the record RUB 6 billion. I would like to point out the Bank's capital enhancement by 31% due to the high profit, additional share issue and the revaluation of our stake in MICEX. Despite some effects of the recent crisis still being felt, we are optimistic about the future».*

As at January 1, 2012, Bank Saint Petersburg was ranked 16<sup>th</sup> in terms of retail deposits and in terms of assets among the Russian banks (Interfax ranking). As at January 1, 2012, the number of cards issued by the Bank exceeded 720 thousand; the Bank's ATM network comprised of 504 units. Today, the Bank provides services to over 1.1 million individuals and 37 thousand corporates. As at January 1, 2011, Internet-Bank was actively used by 145 thousand clients.

2011 was a year of changes for the Bank. One of the most important is the relocation into the new corporate HQ building. The 21-storey office is among the most modern and technologically advanced buildings in the city. Within the last hundred years, it is the very first headquarters specifically designed and built for a banking institution in St. Petersburg.

One of the key projects of 2011 was implementing the new IT platform which was launched at the beginning of 2012. The new system provides the Bank's business with powerful IT support and opportunities for further innovative development.

In 2011, the new brand strategy was developed for the Bank. The strategy addresses the new positioning of the Bank reflecting the shift of focus towards mass retail segment and its image of a community bank.

Among the most significant events of the previous year was the 14th additional ordinary share issue. Total proceeds from the offering amounted to RUB 2.7 billion. The major part of the issue was acquired by the Bank's new shareholder, the European Bank for Reconstruction and Development (EBRD). Its share following the placement amounts to 6.2% of the voting shares.

## Results summary for FY 2011

**Net interest income** for FY 2011 increased by 13.3% compared with FY 2010 amounting to RUB 13.6 billion. Interest income for FY 2011 increased by 6.3%; interest income comprises mostly of interest income on loans and advances to customers (85.2%). Interest expenses decreased by 0.6%: interest expenses on term deposits of legal entities dropped by 3.8% (37.7% of total interest expenses), interest expenses on term deposits of retail customers – by 16.2% (30.8% of total interest expenses). **Net interest margin (NIM) for FY 2011** amounted to 4.8% (4.9% for FY 2010).

**Net fee and commission income** increased by 19.6% compared with FY 2010 and amounted to RUB 2.1 billion. The growth mainly comes from commissions on guarantees and letters of credit issued (+73.8%); in 2011 they grew to RUB 645.4 million (26.5% of total commission income). The bulk of fee and commission income (41.9%) comes from settlement transactions.

**Net trading income.** In FY 2011 an aggregate result from financial markets operations amounted to -RUB 83.5 million. The result is mainly attributed to the negative revaluation of the fixed income portfolio in the 3Q 2011 at the background of the turbulent markets. Losses from operations with securities amounted to RUB 794.9 million, gains from operations with foreign currencies amounted to RUB 711.4 million.

**Income before provisions and taxes** increased by 9.0% compared with FY 2010 and amounted to RUB 16.1 billion for FY 2011. The Bank's **Cost-to-Income Ratio** for FY 2011 stood at 36.1% (30.0% for FY 2010). **Operating costs** increased by 37.7% to RUB 6.1 billion. The increase resulted from the end of anticrisis cost control period and start of the active phase of new strategy implementation.

**Net income** for FY 2011 amounted to RUB 5.9 billion (+43.0% compared with FY 2010) which is a record yearly income for the Bank. The Bank's **return on equity (ROAE)** for FY 2011 improved to 17.2% from 15.3%.

During FY 2011 the **Bank's assets** increased to RUB 330.0 billion (+21.1% compared with January 1, 2011; +7.9% compared with October 1, 2011).

**Liabilities.** Customer accounts amounted to RUB 236.1 billion (+16.8% compared with January 1, 2011; +6.4% compared with October 1, 2011). As at January 1, 2012, 63.6% of customer accounts belonged to corporate customers and 36.4% - to individuals. During 2011, the volume of retail customer accounts increased by 18.7%; the volume of corporate customer accounts increased by 15.7%. As at January 1, 2012, the share of wholesale funding in liabilities amounted to 7.2% (10.8% as at January 1, 2010).

**Equity and capital.** As at January 1, 2012, the shareholders equity increased by 40.1% to RUB 40.0 billion compared with January 1, 2011. The Bank's total capital increased to RUB 47.1 billion (+31.3% compared with January 1, 2011; +8.0% compared with October 1, 2011). The growth is mainly attributed to the following factors: net income (RUB 5.9 billion), additional ordinary share issue (RUB 2.7 billion), revaluation of the Bank's stake in MICEX (RUB 2.2 billion) as well as revaluation of the Bank's new HQ (RUB 1.4 billion). As at January 1, 2012, the Bank's Tier 1 and total capital adequacy ratios were 10.2% and 13.9% respectively.

As at January 1, 2012, **Loan portfolio before provisions** amounted to RUB 231.3 billion (+14.3% compared to January 1, 2011; +3.3% compared with October 1, 2011). Corporate loans constituted 93.1% of the loan book and amounted to RUB 215.2 billion, during 2011 their volume increased by 14.4%, during 4Q 2011 - by 3.5%. Loans to retail customers amounted to RUB 16.0 billion (+14.0% compared with January 1, 2011; +1.7% compared with October 1, 2011).

**Loan portfolio quality.** As at January 1, 2012 the share of overdue loans in the Bank's portfolio amounted to 5.7% of the total volume of loans (5.1% as at January 1, 2011). The share of the corporate overdue loans amounted to 5.7% of the total corporate loans (4.8% as at January 1, 2011); the share of the retail overdue loans amounted to 6.2% of the total retail loans (8.8% as at January 1, 2011). As at January 1, 2012, impaired not past due loans constituted 6.6% of the total volume of loans (5.9% as at January 1, 2011).

In 2011, the RUB 1.6 billion (0.7% of the gross loan portfolio) written off.

The rate of provisions for loan impairment decreased to 9.2%; the rate of provisions for loan impairment for standard loans decreased to 4.1% as at January 1, 2012 from 5.4% as at January 1, 2011. Provision charge decreased by 21.9% to RUB 3.5 billion.

**FY 2011 IFRS Financial Statements are available on the Bank's website: <http://en.bspb.ru/2095/>.**

**Bank Saint Petersburg** is the leading privately-owned bank of the North-West of Russia. Founded in 1990, the Bank has become an integral part of the financial sector in the North-West of Russia over the past years. Today, the Bank provides services to over 1.1 million individuals and 37 thousand corporates through its 37 offices in St. Petersburg, the Leningrad region, Moscow, Kaliningrad and Nizhniy Novgorod. Based on its FY 2011 performance, it ranks 16<sup>th</sup> in terms of assets and 16<sup>th</sup> in terms of retail deposits among Russian banks (according to Interfax). The Bank is rated "Ba3" by Moody's with "stable" outlook.

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