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PRESS RELEASE

Bank Saint Petersburg 1H and 2Q 2011 IFRS Results

Financial highlights for 1H 2011*:

- **Net income** for 1H 2011 increased 4 times compared with 1H 2010 to RUB 4.5 billion (USD 161.3 million); net income for 2Q 2011 amounted to RUB 2.4 billion (+15.1% compared with 1Q 2011; +209.4% compared with 2Q 2010);
- **Net interest income** for 1H 2011 increased by 11.7% compared with 1H 2010 to RUB 6.8 billion (USD 243.6 million); net interest income for 2Q 2011 amounted to RUB 3.5 billion (+7.7% compared with 1Q 2011; +17.6% compared with 2Q 2010);
- **Loan portfolio** increased by 7.8% compared with January 1, 2011 to RUB 218.0 billion (USD 7.8 billion);
- As at July 1, 2011, the share of **overdue loans** decreased to 4.6% of the loan portfolio (5.1% as at January 1, 2011);
- **Net interest margin (NIM)** stabilized at 5.1% for 1H 2011;
- 1H 2011 **Return on equity (ROAE)** amounted to 29.8%

*The RUB-nominated figures are translated into USD at the official exchange rate quoted by the CBR for July 1, 2011 (USD 1.00 = RUB 27.87).

Alexander Savelyev, Chairman of the Management Board, commented on the Bank's 1H 2011 results: *"1H 2011 reflected our expectations of moderate loan growth against the background of banking sector stabilization. Sustainable performance of the Bank and its 1H 2011 record profit are the best signs of the Bank's team efficiency and its successful work"*.

As at July 1, 2011, Bank Saint Petersburg was ranked 16th in terms of retail deposits and 16th in terms of assets among the Russian banks (Interfax ranking). As at September 1, 2011, the number of cards issued by the Bank exceeded 700 thousand; the Bank's ATM network comprised of 485 units. Today, the Bank provides services to over 1.1 million individuals and 35 thousand corporates. As at September 1, 2011, Internet-Bank was actively used by 115 thousand clients.

Net interest income for 1H 2011 increased by 11.7% compared with 1H 2010 amounting to RUB 6.8 billion. Quarterly net interest income shows sustainable growth: net interest income for 2Q 2011 amounted to RUB 3.5 billion (+7.7% compared with 1Q 2011; +17.6% compared with 2Q 2010). **Net interest margin (NIM)** for 1H 2011 remains flat at 5.1% (4.9% for FY 2010).

Net fee and commission income increased by 23.0% compared with 1H 2011 and amounted to RUB 938.8 million. Net fee and commission income for 2Q 2011 amounted to RUB 499.7 million (+13.8% compared with 1Q 2011; +17.2% compared with 2Q 2010).

Net trading income. In 1H 2011 an aggregate result from financial markets operations amounted to RUB 540.7 million (-26.5% compared with 1H 2010). The result is attributed to the gains from operations with foreign currencies in the amount of RUB 376.9 million and gains from operations with securities in the amount of RUB 163.8 million. As part of MICEX reorganization process the Bank recognized the one-off gains from investment securities available-for-sale in the amount of RUB 879.3 million which are treated separately from total trading income.

Income before provisions and taxes (excluding gains from investment securities available-for-sale) for 1H 2011 increased by 11.9% compared with 1H 2010 and amounted to RUB 8.6 billion.

Bank's **operational expenses** increased by 38.0% to RUB 2.7 billion; operational expenses for 2Q 2011 amounted to RUB 1.6 billion (+39.9% compared with 1Q 2011; +44.2% compared with 2Q 2010). The increase was primarily due to higher staff costs as well as costs related to depreciation, repairing and maintaining fixed assets, and IT costs. The Bank's **Cost-to-Income Ratio** for 1H 2011 amounted to 28.8% (30.0% for FY 2010), while 2Q 2011 **Cost-to-Income Ratio** increased to 30.2% which is in line with the Bank's target of 30-35%.

Net income for 1H 2011 increased by 298.9% compared with 1H 2010 to RUB 4.5 billion; net income for 2Q 2011 amounted to RUB 2.4 billion (+15.1% compared with 1Q 2011; +209.4% compared with 2Q 2010). The Bank's **return on equity (ROAE)** for 1H 2011 amounted to 29.8% from 15.3% for FY 2010 which is well above the target level of over 20%. ROAE for 2Q 2011 amounted to 30.7%.

As at July 1, 2011, the **Bank's assets** totaled to RUB 292.1 billion (+7.1% compared with January 1, 2011; +3.4% compared with April 1, 2011).

Liabilities. Customer accounts totaled to RUB 212.2 billion (+5.0% compared with January 1, 2011; +6.1% compared with April 1, 2011). As at July 1, 2011, 64.8% of customer accounts belonged to corporate customers and 35.2% - to individuals. During 1H 2011, the volume of retail customer accounts increased by 3.0%; the volume of corporate customer accounts increased by 6.1%. As at July 1, 2011, the share of wholesale funding in liabilities amounted to 9.6% (10.8% as at January 1, 2011).

Equity and capital. As at July 1, 2011, the shareholders equity increased by 13.0% to RUB 32.3 billion compared with January 1, 2011 due to the retained earnings. The Bank's total capital increased to RUB 39.1 billion (+9.1% compared with January 1, 2011; +4.5% compared with April 1, 2011). As at July 1, 2011, the Bank's Tier 1 and total capital adequacy ratios were 9.7% and 12.5% respectively.

As at July 1, 2011, **Loan portfolio before provisions** amounted to RUB 218.0 billion (+7.8% compared to January 1, 2011; +2.4% compared with April 1, 2011). Corporate loans constituted 93.5% of the loan book and amounted to RUB 203.7 billion, during 1H 2011 their volume increased by 8.2%, during 2Q 2011 - by 2.7%. Loans to retail customers amounted to RUB 14.3 billion (+1.3% compared with January 1, 2011; -0.8% compared with April 1, 2011).

Loan portfolio quality. As at July 1, 2011, the share of overdue loans in the Bank's portfolio amounted to 4.6% of the total volume of loans (5.1% as at January 1, 2011; 5.2% as at April 1, 2011). The share of the corporate overdue loans amounted to 4.4% of the total corporate loans (4.8% as at January 1, 2011; 5.0% as at April 1, 2011); the share of the retail overdue loans amounted to 8.1% of the total retail loans (8.8% as at January 1, 2011; 8.3% as at April 1, 2011).

As at April 1, 2011, impaired not past due loans constituted 6.2% of the total volume of loans (5.9% as at January 1, 2011; 6.3% as at April 1, 2011). The rate of provisions for loan impairment decreased to 9.0% from 9.6% as at January 1, 2011. Provision charge steadily declines: 2Q 2011 provision charge decreased by 70.2% to RUB 221 million compared with RUB 741 million for 1Q 2011.

1H and 2Q 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 million individuals and 35 thousand corporates through its 36 offices in St. Petersburg, the Leningrad region, Moscow, Kaliningrad and Nizhny Novgorod. Based on its 1H 2011 performance, it ranks 16th in terms of assets and 16th 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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