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PRESS RELEASE

## Bank Saint Petersburg Announces 1H 2014 IFRS Results

Financial highlights\*:

- **1H 2014 Net income** increased by 45.7% compared with 1H 2013 and amounted to RUB 2.9 billion (USD 87 million), **revenues** amounted to RUB 10.9 billion (USD 323 million);
- **1H 2014 Net interest income** increased by 38.3% compared with 1H 2013 and amounted to RUB 8.5 billion (USD 253 million);
- **1H 2014 Net fee and commission income** increased by 37.5% compared with 1H 2013 and amounted to RUB 1.7 billion (USD 50 million);
- **Retail loan portfolio** (mortgage, car and consumer loans) grew by 22.2% compared with January 1, 2014 to RUB 39.2 billion (USD 1.2 billion).

\*Consolidated IFRS FS for 1H 2014.

The RUB-nominated figures are translated into USD at the official exchange rate quoted by the CBR for July 1, 2014 (USD 1.00 = RUB 33.63).

Vladislav Guz, Chairman of the Management Board, commented on the Bank's 1H 2014 results:

*"In spite of the challenging market environment, the Bank demonstrated good results in the first half of the year. Our business model remains resistant to external pressure. However, we are revising full-year plans shifting our focus from growth towards capital adequacy".*

As at July 1, 2014, Bank Saint Petersburg was ranked 15<sup>th</sup> in terms of assets and 16<sup>th</sup> in terms of retail deposits among the Russian banks (Interfax ranking). Today, the Bank provides services to 1,400,000 individuals and 54,000 corporates. As at July 1, 2014, the number of cards issued by the Bank exceeded 840,000; the Bank's ATM network comprised of 638 units. As at July 1, 2014, Internet-Bank was actively used by 320,000 clients.

### Results summary for 1H 2014

**1H 2014 Net interest income** increased by 38.3% compared with 1H 2013 and amounted to RUB 8.5 billion. Interest income for 1H 2014 increased by 23.8% compared with 1H 2013; interest income is comprised mostly of interest income on loans and advances to customers (79.8%). Interest expense increased by 13.2%: interest expenses on retail term deposits grew by 7.6% (31.7% of total interest expenses) while interest expenses on corporate term deposits decreased by 17.5% (23.0% of total interest expenses). **2Q 2014 Net interest income** increased by 7.9% compared with 1Q 2014 and reached an all-time high of RUB 4.4 billion. **Net interest margin (NIM)** for 1H 2014 and 2Q 2014 amounted to 4.4% (3.8% in 1H 2013 and 4.2% in 1Q 2014).

**1H 2014 Net fee and commission income** increased by 37.5% compared with 1H 2013 and amounted to RUB 1.7 billion. Compared with 1H 2013, income from cash and settlement transactions grew by 47.5% (42.4% of total F&C income), income from plastic cards and cheque settlements grew by 38.5% (27.4% of total F&C income), income from guarantees and letters of credit issued grew by 9.7% (20.2% of total F&C income). **2Q 2014 Net fee and commission income** increased by 13.5% compared with 1Q 2014 and amounted to RUB 896 million.

**Net trading income.** In 1H 2014 an aggregate result from financial markets operations amounted to RUB 42 million (RUB 722 million in 1H 2013), including a one-off gain from disposal of investment securities available-for-sale in the amount of RUB 249 million. Gains from operations with foreign currencies and derivatives amounted to RUB 0.96 billion, losses from operations with securities amounted to RUB 0.92 billion.

**Revenues** for 1H 2014 increased by 32.4% compared with 1H 2013 and amounted to RUB 10.9 billion. Revenues for 2Q 2014 grew by 9.8% compared with 1Q 2014 and reached RUB 5.7 billion.

The Bank's **Cost-to-Income Ratio** for 1H 2014 stood at 41.1% (42.0% for 1H 2013), 2Q 2014 Cost-to-Income Ratio amounted to 43.0%. **Operating costs** for 1H 2014 increased by 29.6% compared with 1H 2013 to RUB 4.5 billion; operating costs for 2Q 2014 amounted to RUB 2.4 billion (+20.6% compared with 1Q 2014).

**Net income** for 1H 2014 increased by 45.7% compared with 1H 2013 and amounted to RUB 2.9 billion; net income for 2Q 2014 amounted to RUB 1.2 billion. The Bank's **return on equity (ROAE)** for 1H 2014 amounted to 12.0%, ROAE for 2Q 2014 - 10.0%.

The Bank's financials for 1H 2014 benefited from one-off gains from acquisition of Bank Evropeyskiy in the amount of RUB 489 million and from disposal of investment securities available-for-sale in the amount of RUB 249 million. Excluding one-offs, net income for 1H 2014 amounted to RUB 2.2 billion, revenues – RUB 10.1 billion, ROAE – 9.0%, Cost-to-Income Ratio – 44.1%.

As at July 1, 2014, the **Bank's assets** amounted to RUB 439.7 billion (+7.4% compared with January 1, 2014; +2.5% compared with April 1, 2014).

**Liabilities.** Customer deposits totalled RUB 267.5 billion (+2.2% compared with January 1, 2014; -2.0% compared with April 1, 2014). As at July 1, 2014, 50.3% of customer deposits belonged to individuals and 49.7% - to corporate customers. As at July 1, 2014, the share of wholesale funding in liabilities amounted to 6.2%.

**Equity and capital.** As at July 1, 2014, the shareholders equity amounted to RUB 50.2 billion (+5.4% compared with January 1, 2014; +1.9% compared with April 1, 2014). The Bank's total capital amounted to RUB 60.2 billion (+3.7% compared with January 1, 2014; -0.6% compared with April 1, 2014). As at July 1, 2014, the Bank's Tier 1 and total capital adequacy ratios were 11.3% and 14.5% respectively.

**Loan portfolio before provisions** totalled RUB 286.1 billion (+3.3% compared with January 1, 2014; -1.7% compared with April 1, 2014). Loans to corporate customers represented 84.4% of the loan portfolio, loans to individuals – 15.6%. During 1H 2014 corporate loan portfolio grew by 1.0% to RUB 241.4 billion. During 1H 2014 retail loan portfolio grew by 22.2% to RUB 39.2 billion (mortgage loans grew by 24.4%, consumer loans – by 24.7%, car loans – by 5.3%).

**Loan portfolio quality.** During 1H 2014, the share of problem loans in the Bank's portfolio (total share of overdue loans and impaired not past due loans) decreased from 12.9% to 9.9%. As at July 1, 2014, the share of overdue loans in the Bank's portfolio amounted to 5.5% of the total volume of loans. The share of the corporate overdue loans amounted to 5.9% of the total corporate loans; the share of the retail overdue loans amounted to 3.5% of the total retail loans. As at July 1, 2014, impaired not past due loans constituted 4.5% of the total volume of loans. The rate of provisions for loan impairment decreased to 8.6% (9.4% as at January 1, 2014). Provision charge for 1H 2014 amounted to RUB 2.8 billion. In 1H 2014, loans in the amount of RUB 5.1 billion were written off.

**1H 2014 IFRS Financial Statements are available on the Bank's website:**

<https://www.bspb.ru/en/investors/financial-statements/IFRS/>.

**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. The Bank provides services to 1,400,000 individuals and 54,000 corporates through its 47 offices in St. Petersburg, the Leningrad region, Moscow, Kaliningrad and Nizhny Novgorod. As at July 1, 2014, the Bank was ranked 15<sup>th</sup> in terms of assets among Russian banks (according to Interfax).

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For more information about Bank Saint Petersburg please visit <https://www.bspb.ru/en/investors/>