

June 3, 2014

PRESS RELEASE

Bank Saint Petersburg 1Q 2014 IFRS Results

Financial highlights for 1Q 2014*:

- **1Q 2014 Net income** increased by 55% compared with 1Q 2013 and amounted to RUB 1.7 billion (USD 47 million) with RUB 5.2 billion of **revenues** (USD 145 million);
- **Net interest income** for 1Q 2014 amounted to RUB 4.1 billion (USD 115 million) (+37% compared with 1Q 2013);
- **Loan portfolio** grew by 5.1% compared with January 1, 2014 to RUB 291.0 billion (USD 8.2 billion);
- **Retail loan portfolio** (mortgages, car and consumer loans) grew by 10.5% compared with January 1, 2014 to RUB 35.5 billion (USD 1.0 billion).

*The RUB-nominated figures are translated into USD at the official exchange rate quoted by the CBR for March 31, 2014 (USD 1.00 = RUB 35.69).

Alexander Savelyev, Chairman of the Management Board, commented on the Bank's 1Q 2014 results: *"In the first quarter of 2014 we successfully completed the acquisition of Bank Evropeisky which had a positive impact on our results. In spite of the current challenging macro environment we still meet most of our targets. Global uncertainties force us to take a cautious outlook on the future, but we are still not reviewing these targets"*.

Bank Saint Petersburg is ranked 15th in terms of assets and 15th in terms of retail deposits among the Russian banks (Interfax ranking). Today the Bank provides services to 1,400,000 individuals and 53,000 corporates. As at April 1, 2014, the number of cards issued by the Bank is 824,000. The number of ATMs is 630. The Internet-Bank is actively used by more than 290,000 clients.

Results summary for 1Q 2014

Net interest income increased by 36.9% compared with 1Q 2013 and amounted to RUB 4.1 billion (incl. RUB 136 million of net interest income from Bank Evropeisky). Interest income for 1Q 2014 increased by 24.5% compared with 1Q 2013; interest income is comprised mostly of interest income on loans and advances to customers (80.1%). Interest expense increased by 15.3%: interest expenses on retail term deposits grew by 13.7% (33.0% of total interest expenses) while interest expenses on corporate term deposits decreased by 11.3% (24.6% of total interest expenses). **Net interest margin (NIM) for 1Q 2014** amounted to 4.2% (3.7% in 1Q 2013).

Net fee and commission income increased by 32.8% compared with 1Q 2013 and amounted to RUB 790 million (incl. RUB 87 million of net fee and commission income from Bank Evropeisky). Compared with 1Q 2013, income from cash and settlement transactions grew by 33.6% (40.3% of total F&C income), income from plastic cards and cheque settlements grew by 39.6% (27.2% of total F&C income), income from guarantees and letters of credit issued grew by 13.7% (20.7% of total F&C income).

Financial market operations. In 1Q 2014 net losses from financial market operations amounted to RUB 308 million. Gains from operations with foreign currencies amounted to RUB 670 million, losses from operations with securities amounted to RUB 978 million. Financial market operations were influenced by the deteriorating macroeconomic conditions.

Revenues increased by 25.4% compared with 1Q 2013 and amounted to RUB 5.2 billion (incl. RUB 243 million of revenues from Bank Evropeisky). Revenues for 1Q 2014 were influenced by a one-off gain from the acquisition of Bank Evropeisky (RUB 489 million).

The Bank's **Cost-to-Income Ratio** for 1Q 2014 stood at 39.1% (39.9% for 1Q 2013). **Operating costs** for 1Q 2014 increased by 23.1% compared with 1Q 2013 to RUB 2.0 billion (incl. RUB 129 million of OpEx from Bank Evropeisky). The operating costs growth was mainly driven by higher staff costs.

Net income for 1Q 2014 increased by 55% compared with 1Q 2013 and amounted to RUB 1.7 billion (incl. RUB 119 million of net income from Bank Evropeisky). The Bank's **return on equity (ROAE)** for 1Q 2014 amounted to 14.0%.

The Bank's financials for 1Q 2014 significantly benefited from a one-off gain from acquisition of Bank Evropeisky in the amount of RUB 489 million. Excluding one-offs, net income for 1Q 2014 amounted to RUB 1.3 billion, revenues – RUB 4.8 billion, ROAE – 10.7%, Cost-to-Income Ratio – 42.4%.

As at April 1, 2014, the **Bank's assets** amounted to RUB 428.9 billion (+4.7% compared with January 1, 2014).

Liabilities. Customer deposits totalled RUB 273.0 billion (+4.3% compared with January 1, 2014). As at April 1, 2014, 51.8% of customer deposits belonged to corporate customers and 48.2% - to individuals. During 1Q 2014, the volume of retail customer accounts increased by 4.9%; the volume of corporate customer accounts increased by 3.8%. As at April 1, 2014, the share of wholesale funding in liabilities amounted to 6.7%.

Equity and capital. As at April 1, 2014, the shareholders equity increased by 3.4% compared with January 1, 2014 to RUB 49.3 billion. The Bank's total capital amounted to RUB 60.5 billion (+4.4% compared with January 1, 2014). As at April 1, 2014, the Bank's Tier 1 and total capital adequacy ratios were 10.9% and 14.5% respectively.

Loan portfolio before provisions totalled RUB 291.0 billion (+5.1% compared with January 1, 2014). As at April 1, 2014, loans to corporate customers represented 85.8% of the loan portfolio, loans to individuals – 14.2%. During 1Q 2014 corporate loan portfolio grew by 4.5% to RUB 249.7 billion. During 1Q 2014 retail loan portfolio grew by 10.5% to RUB 35.5 billion (mortgage loans grew by 10.2%, consumer loans – by 14.8%, car loans – by 3.2%).

Loan portfolio quality. During 1Q 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 12.1%. As at April 1, 2014, the share of overdue loans in the Bank's portfolio amounted to 6.4% of the total volume of loans. The share of the corporate overdue loans amounted to 6.9% of the total corporate loans; the share of the retail overdue loans amounted to 3.6% of the total retail loans. As at April 1, 2014, impaired not past due loans constituted 5.7% of the total volume of loans. The rate of provisions for loan impairment decreased to 9.1% (9.4% as at January 1, 2014). Provision charge for 1Q 2014 amounted to RUB 1.2 billion. In 1Q 2014, loans in the amount of RUB 1.7 billion were written off.

1Q 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 53,000 corporates through its 47 offices in St. Petersburg, the Leningrad region, Moscow, Kaliningrad and Nizhny Novgorod. As at April 1, 2014, the Bank was ranked 15th in terms of assets among Russian banks (according to Interfax).

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