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PRESS RELEASE

Bank Saint Petersburg posted the highest half-yearly IFRS profit in 7 years

Financial highlights*:

- **Net Income** for 1H 2018 reached RUB 4.4 billion – the highest level since 2011. Net income for 2Q 2018 amounted to RUB 2.5 billion;
- **ROAE** amounted to 12.4% for 1H 2018 and 14.3% for 2Q 2018;
- **Cost of risk** decreased in 2Q 2018 below 175 bp, the lowest level in 4 years.

*Consolidated IFRS FS for 1H 2018.

Alexander Savelyev, Chairman of the Management Board, comments on the Bank's 1H 2018 results:

"We have been constantly improving our financial results over the last few years. And now, despite a lot of negative external factors, the Bank has shown the highest half-yearly IFRS profit in 7 years. It proves that we are on the right way and our targeted return on equity of 15% is quite possible".

Bank Saint Petersburg is ranked 15th in terms of assets and 15th in terms of retail deposits among Russian banks (Interfax ranking). As at July 1, 2018, the Bank provides services to 2 000 000 individuals and 50 000 corporates. The number of cards issued by the Bank reached 1 300 000. At present Internet Bank is used by 1 038 000 clients.

In August 2018, the Supervisory Board has resolved to undertake a buyback of 12 million ordinary shares. The approved price of acquisition is RUB 55 per share. Shareholders' offers may be submitted from September 7 to October 7, 2018.

In August 2018, Moody's Investors Service has affirmed B1 long-term rating and changed the outlook on it to positive. The rating agency noted that the change of rating outlook reflects improving trends in the Bank's asset quality and profitability, coupled with its relatively good capital buffer. The rating action is also underpinned by the Bank's stable funding and liquidity profiles.

Results summary for 1H 2018

Net interest income (NII) amounted to RUB 10.3 billion for 1H 2018 (+17.2% compared with 1H 2017) and RUB 5.3 billion for 2Q 2018 (+4.0% compared with 1Q 2018). Interest income for 1H 2018 decreased by 6.3% compared with 1H 2017; interest income is comprised mostly of interest income on loans and advances to customers (70.5%). Interest expense decreased by 21.8%: interest expenses on retail term deposits decreased by 4.6% (36.7% of total interest expenses) while interest expenses on corporate term deposits decreased by 24.2% (20.8% of total interest expenses). **Net interest margin (NIM)** amounted to 3.6% for 1H 2018 and 3.7% for 2Q 2018 (3.3% for 1H 2017; 3.6% for 1Q 2018).

Net fee and commission income for 1H 2018 increased by 12.0% compared with 1H 2017 and amounted to RUB 2.7 billion. Compared with 1H 2017, income from plastic cards settlements grew by 20.9% (43.4% of total F&C income), income from cash and settlement transactions grew by 10.4% (40.6% of total F&C income).

Net trading income for 1H 2018 amounted to RUB 1.8 billion. Gains from operations with foreign currencies and derivatives amounted to RUB 2.1 billion, losses from operations with securities amounted to RUB 234 million.

Revenues amounted to RUB 15.5 billion for 1H 2018 (-1.7% compared with 1H 2017) and RUB 8.2 billion for 2Q 2018 (+12.0% compared with 1Q 2018).

Cost-to-Income Ratio stood at 43.1% for 1H 2018 (38.0% for 1H 2017). **Operating costs** amounted to RUB 6.7 billion for 1H 2018 (+11.5% compared with 1H 2017) and RUB 3.6 billion for 2Q 2018 (+13.0% compared with 2Q 2017).

Net income for 1H 2018 reached RUB 4.4 billion – the highest level since 2011 (+32.1% compared with 1H 2017). Net income for 2Q 2018 amounted to RUB 2.5 billion (+37.7% compared with 1Q 2018). The Bank's **return on equity (ROAE)** amounted to 12.4% for 1H 2018 (10.7% for 1H 2017) and 14.3% for 2Q 2018 (10.6% for 1Q 2018).

As at July 1, 2018, the **Bank's assets** amounted to RUB 602.1 billion (-0.8% compared with January 1, 2018; -0.1% compared with April 1, 2018).

Customer deposits totalled RUB 361.9 billion (+0.5% compared with January 1, 2018; +2.4% compared with April 1, 2018). During 1H 2018, the volume of current and settlement accounts increased by 10.3%; the volume of term deposits decreased by 3.8%. As at July 1, 2018, 59.6% of customer deposits belonged to individuals and 40.4% – to corporate customers.

Equity and capital. As at July 1, 2018, the shareholders equity amounted to RUB 72.0 billion (+1.6% compared with January 1, 2018; +2.2% compared with April 1, 2018). The Bank's total capital amounted to RUB 89.2 billion (+0.2% compared with January 1, 2018; +0.8% compared with April 1, 2018). As at July 1, 2018, the Bank's Tier 1 and total capital adequacy ratios were 13.1% and 17.4% respectively.

Loan portfolio before provisions totalled RUB 355.1 billion (-0.7% compared with January 1, 2018; +2.7% compared with April 1, 2018). Loans to corporate customers represented 76.9% of the loan portfolio, loans to individuals – 23.1%. During 1H 2018, corporate loan portfolio decreased by 3.6% to RUB 271.8 billion. During 1H 2018, retail loan portfolio increased by 8.0% to RUB 76.8 billion (mortgage loans grew by 4.7%, consumer loans grew by 18.9%, car loans grew by 14.0%).

Loan portfolio quality. As at July 1, 2018, the share of problem loans in the Bank's portfolio amounted to 12.1% (14.3% as at January 1, 2018). The rate of provisions for loan impairment amounted to 10.4% (11.0% as at January 1, 2018). Provision charge for 1H 2018 amounted to RUB 3.7 billion. For 1H 2018, loans in the amount of RUB 1.8 billion were written off.

1H 2018 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. As at July 1, 2018, the Bank provides services to 2 000 000 individuals and 50 000 corporates through its 67 offices in St. Petersburg, the Leningrad region, Moscow, Kaliningrad, including the representative office in Novosibirsk. It ranks 15th in terms of assets among Russian banks (according to Interfax). The Bank's shares are traded since 2007 and quoted in the top listing level of the Moscow Exchange with stock ticker BSPB.

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