

**BANK  
SAINT PETERSBURG**

**1H 2018 IFRS Results**

August 28, 2018

# Highlights for 1H 2018

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

# Overview of Key Financials

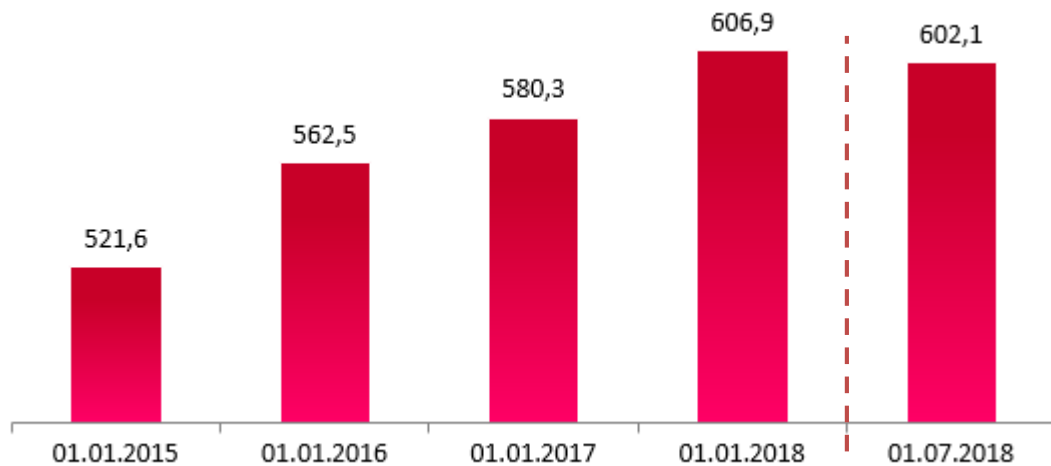
In RUB bn	Jan 1, 2018	July 1, 2018	YTD	July 1, 2017	Apr 1, 2018	July 1, 2018	q-o-q	y-o-y
Total assets	606.86	<b>602.13</b>	-0.78%	559.68	602.70	<b>602.13</b>	-0.09%	+7.58%
Gross Loans	357.71	<b>355.09</b>	-0.73%	355.12	345.78	<b>355.09</b>	+2.69%	-0.01%
Customer Deposits*	360.23	<b>361.93</b>	+0.47%	322.76	353.42	<b>361.93</b>	+2.41%	+12.14%
Total Capital	88.98	<b>89.20</b>	+0.25%	82.90	88.49	<b>89.20</b>	+0.80%	+7.60%
	<b>1H 2017</b>	<b>1H 2018</b>		<b>2Q 2017</b>	<b>1Q 2018</b>	<b>2Q 2018</b>	<b>q-o-q</b>	<b>y-o-y</b>
Net Interest Income**	8.79	<b>10.31</b>	+17.25%	4.34	5.05	<b>5.26</b>	+4.00%	+21.12%
Net Fee and Commission Income	2.43	<b>2.73</b>	+12.03%	1.26	1.39	<b>1.34</b>	-3.54%	+6.02%
Revenues	15.75	<b>15.47</b>	-1.75%	8.43	7.30	<b>8.18</b>	+12.02%	-2.98%
Net Income	3.32	<b>4.39</b>	+32.06%	1.85	1.85	<b>2.54</b>	+37.67%	+37.65%
	<b>1H 2017</b>	<b>1H 2018</b>		<b>2Q 2017</b>	<b>1Q 2018</b>	<b>2Q 2018</b>	<b>q-o-q</b>	<b>y-o-y</b>
Net Interest Margin	3.30%	<b>3.65%</b>	+0.35 PP	3.36%	3.58%	<b>3.69%</b>	+0.11 PP	+0.33 PP
Cost/Income Ratio	38.01%	<b>43.15%</b>	+5.14 PP	38.20%	41.66%	<b>44.48%</b>	+2.82 PP	+6.28 PP
ROAE	10.73%	<b>12.39%</b>	+1.65 PP	11.73%	10.60%	<b>14.32%</b>	+3.72 PP	+2.59 PP

\* Customer deposits are calculated as a sum of customer accounts and promissory notes (other debt securities issued)

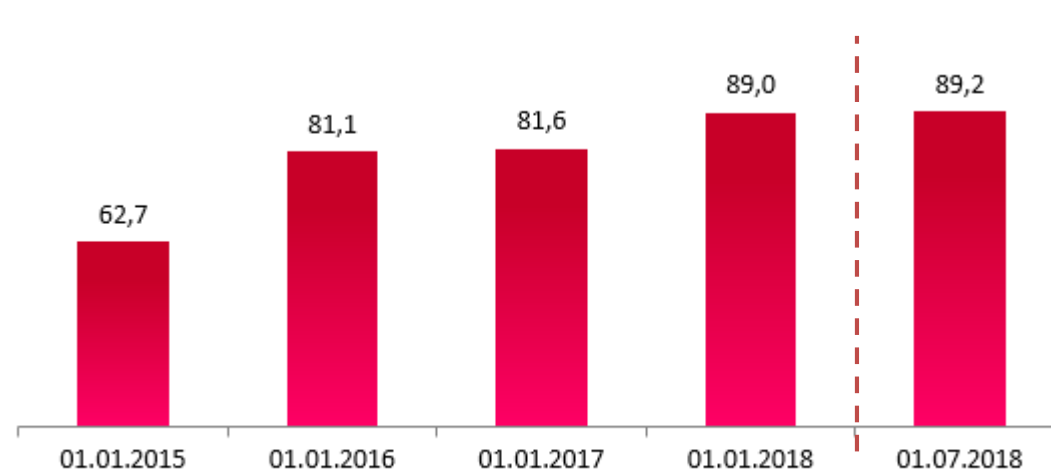
\*\* Contributions to Deposit Insurance System are excluded from Operating expenses and added to NII

# Financial Highlights, 1H 2018

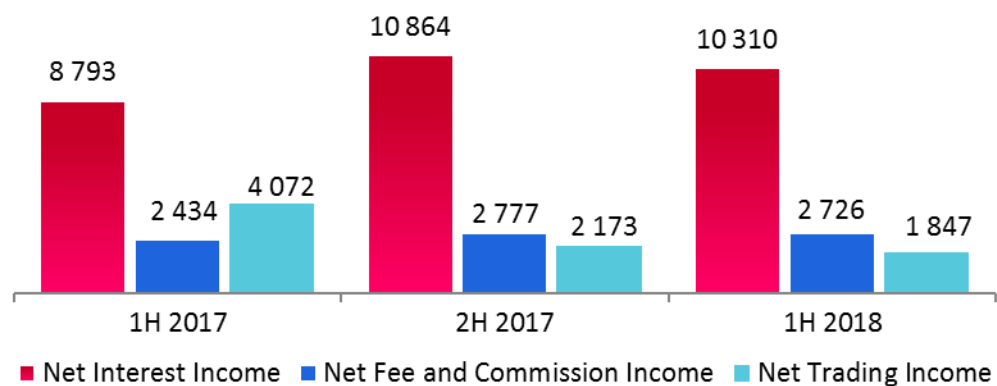
## Assets, RUB bn



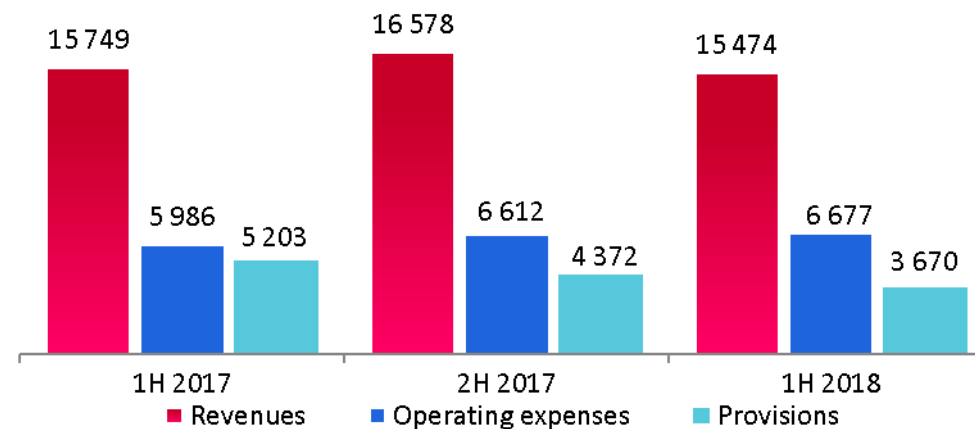
## Capital, RUB bn



## Income structure, RUB mln

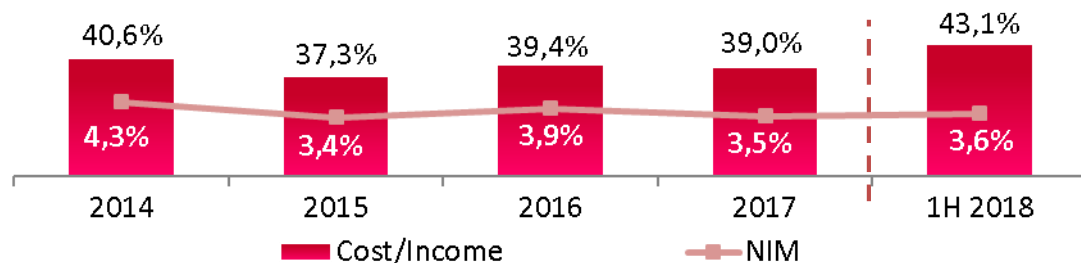


## Income and expenses data, RUB mln

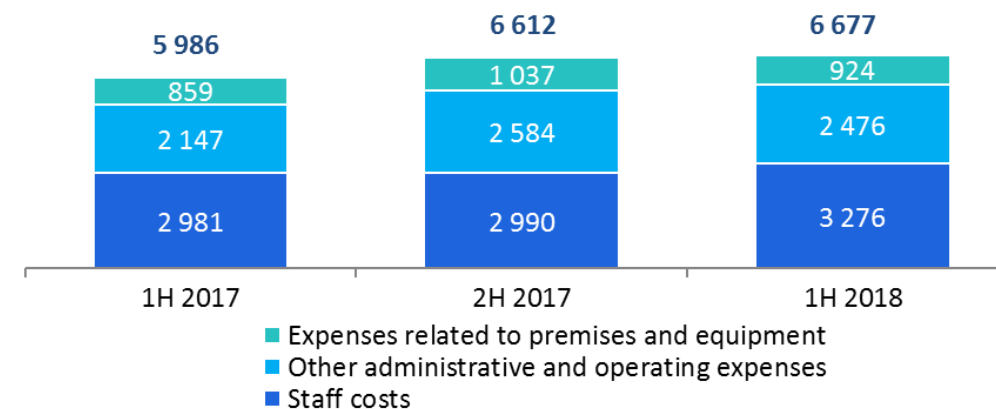


# Results for 1H 2018

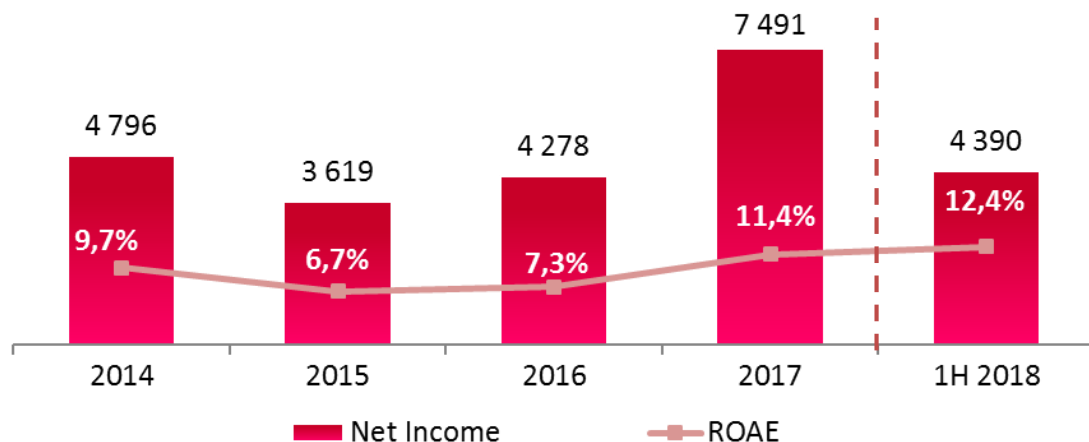
## Cost/Income and NIM, %



## Operating expenses, RUB mln



## Net income dynamics, RUB mln

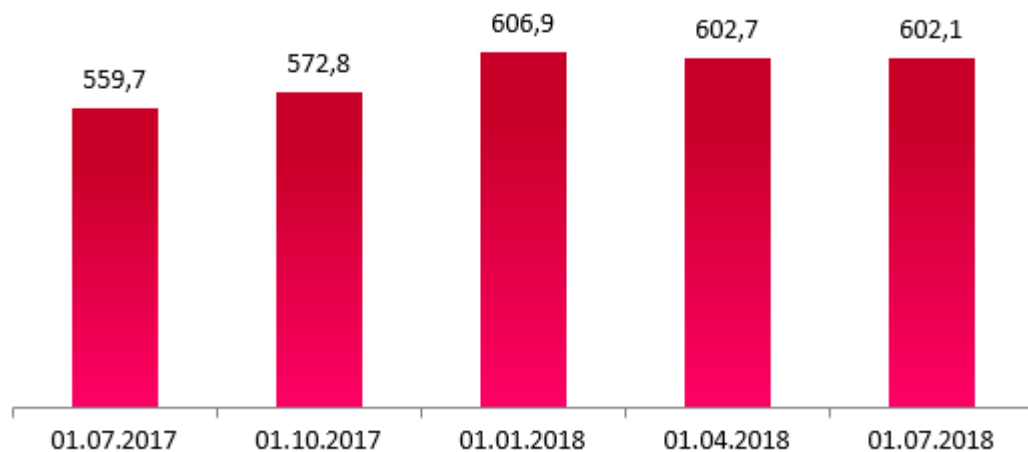


## Comments

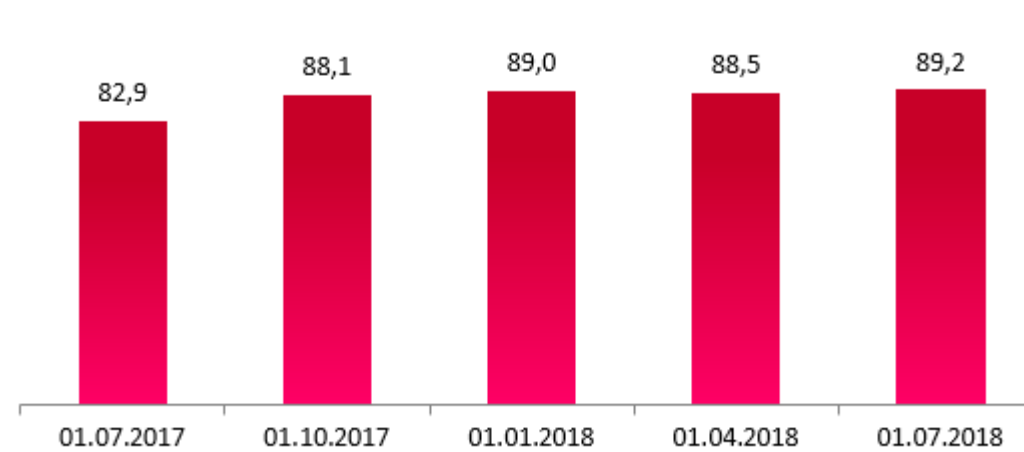
- Healthy F&C income +12% y-o-y
- Net interest income +17% y-o-y as trading puts less pressure on margins
- Lower provisions boost profitability
- The highest half-yearly net income since 2011

# Financial Highlights, 2Q 2018

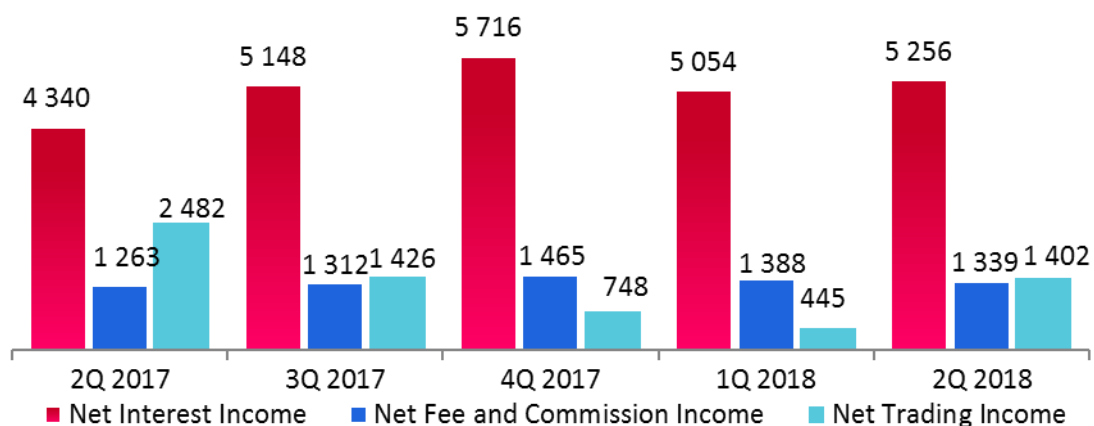
## Assets, RUB bn



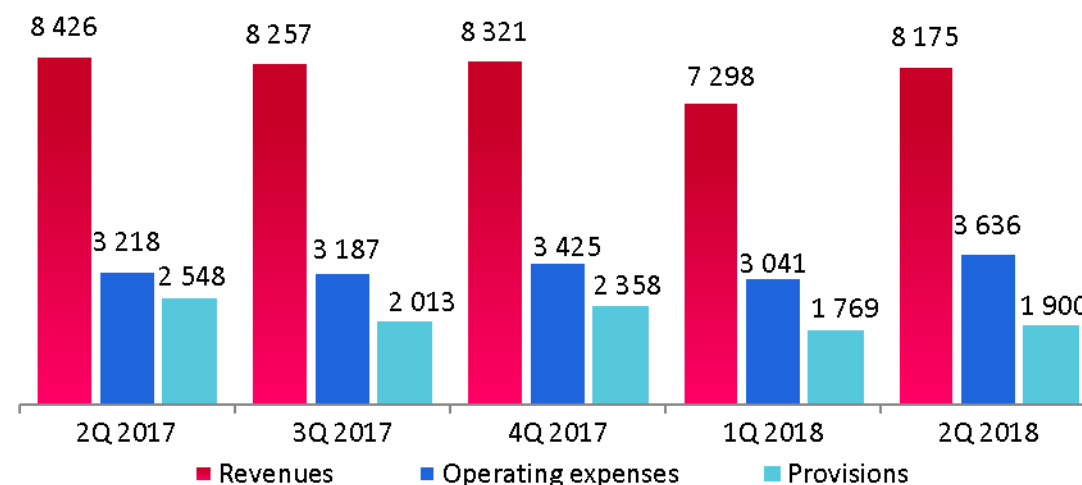
## Capital, RUB bn



## Income structure, RUB mln

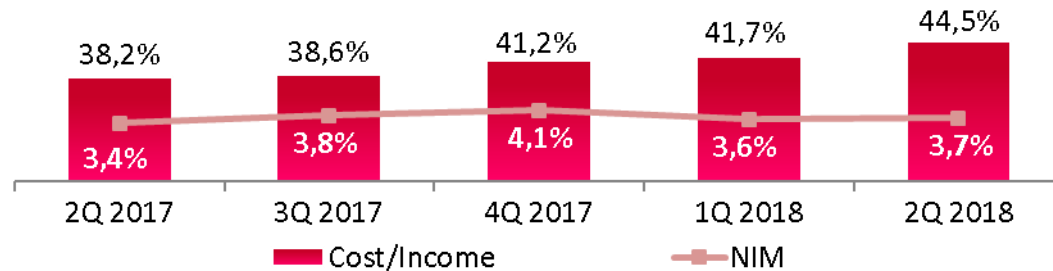


## Income and expenses data, RUB mln

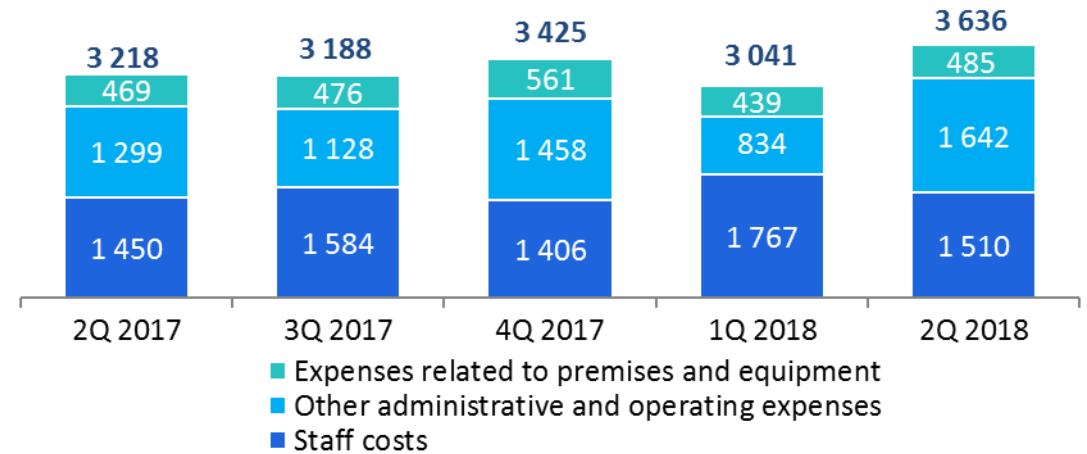


# Results for 2Q 2018

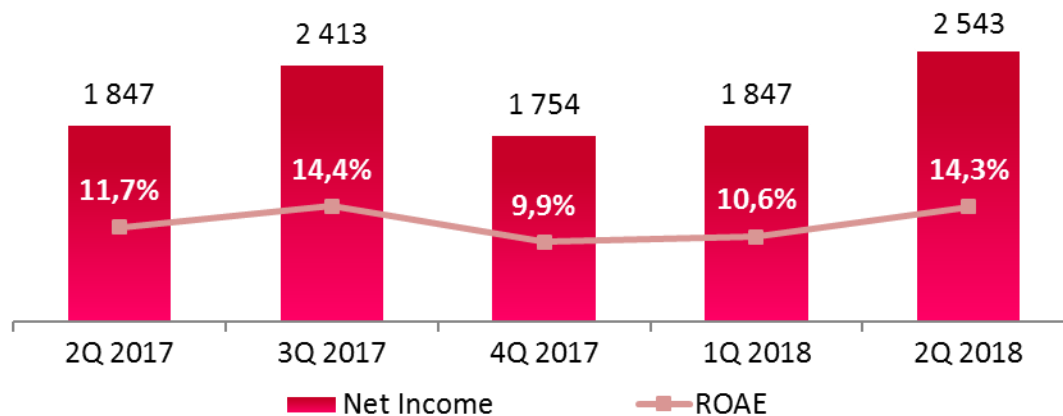
## Cost/Income and NIM, %



## Operating expenses, RUB mln



## Net income dynamics, RUB mln

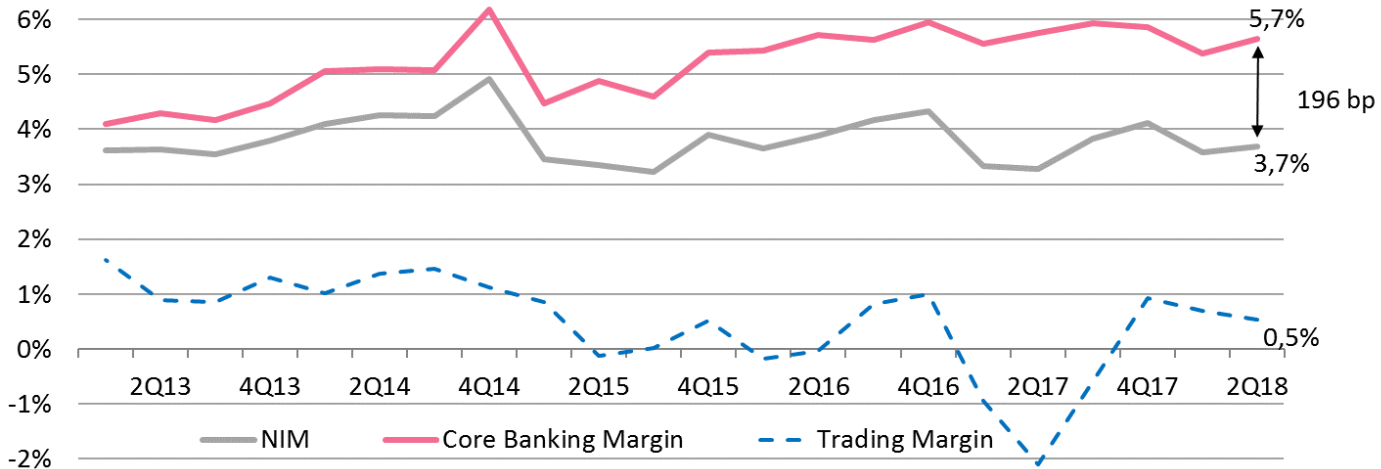


## Comments

- Net interest income growth +21% y-o-y
- F&C income growth +6% y-o-y
- The best quarterly net income since 2013
- Cost cutting initiatives launched in 2Q 2018 to ensure the Bank meets FY 2018 cost targets

# NIM Dynamics

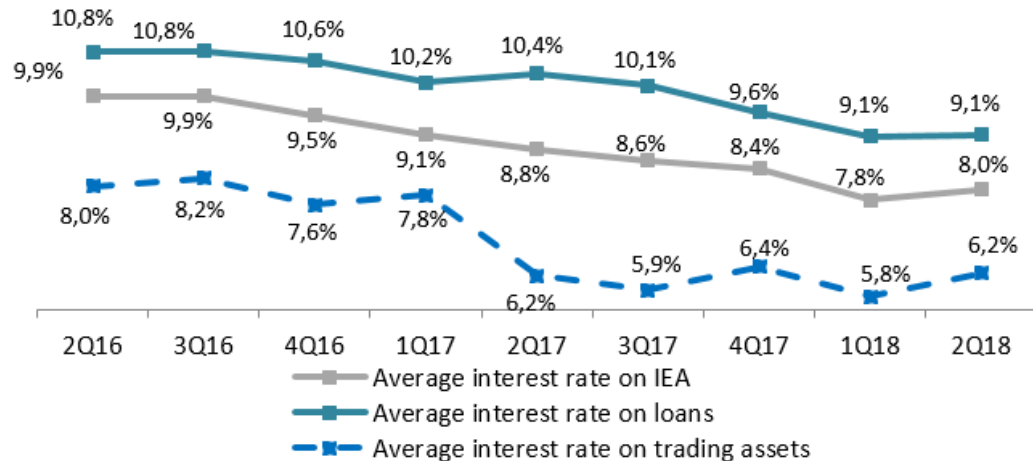
## Core Banking Margin\* Dynamics



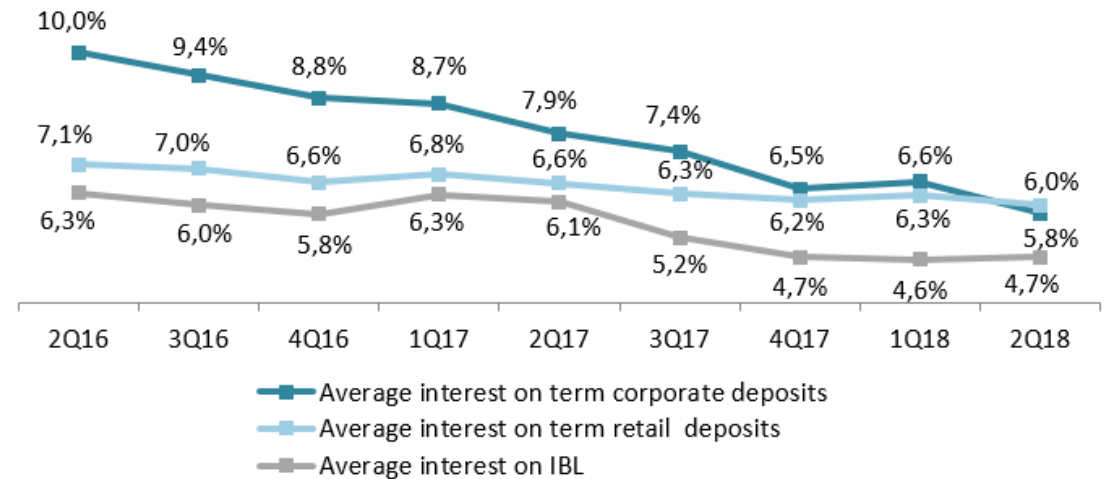
## Comments

- Core banking margin improves
- Interest rates on liabilities continue to go down
- Yields on assets turn upwards under favorable conditions

## Average interest rates on the assets side



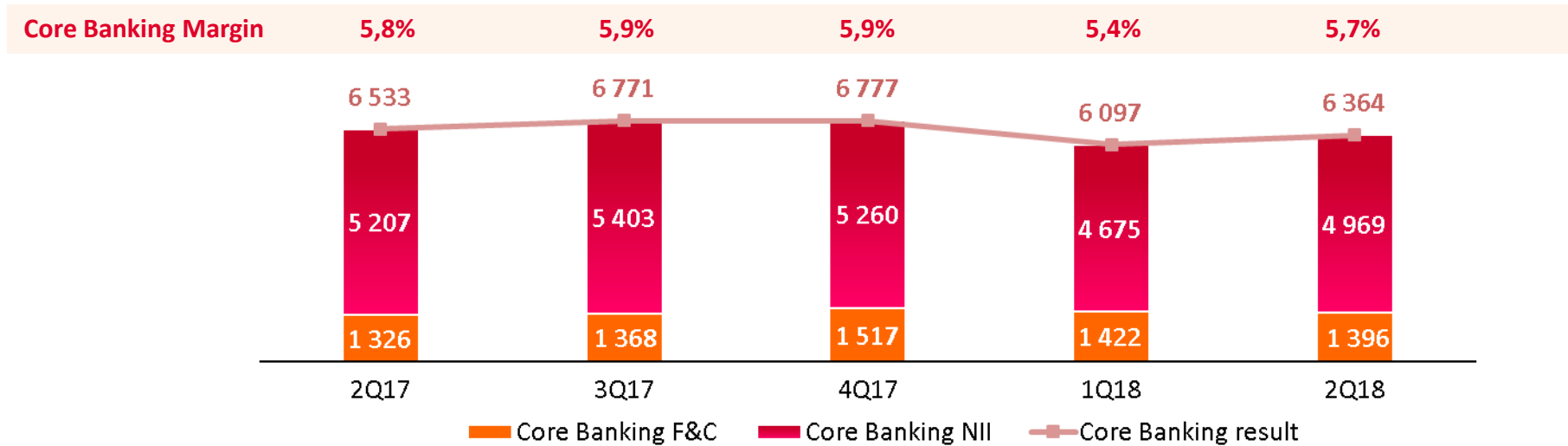
## Average interest rates on the liabilities side



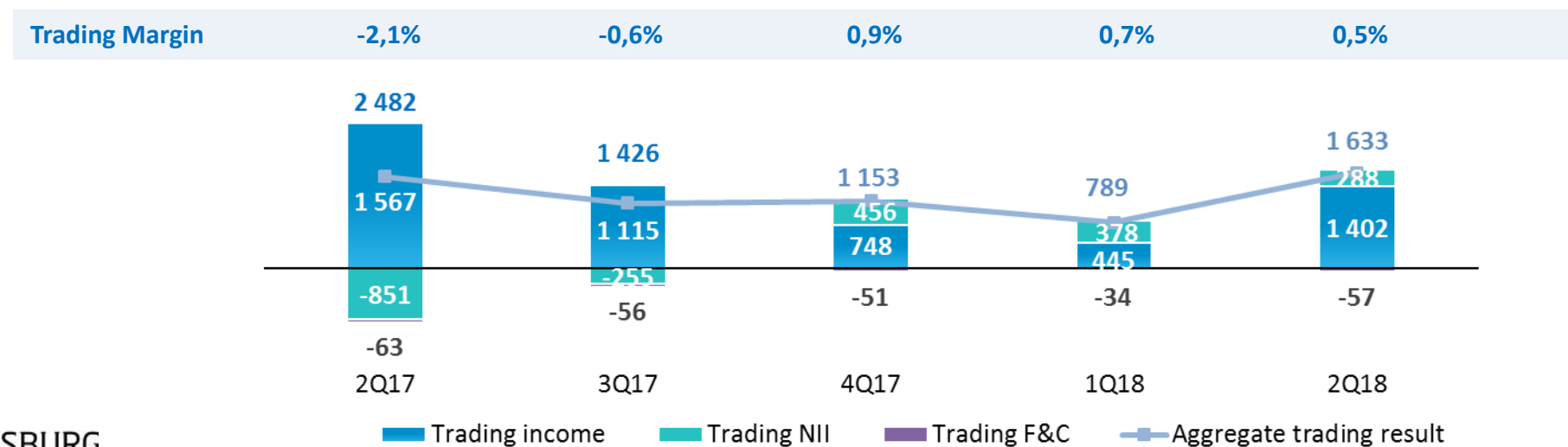


# Core Banking vs Trading

## Core Banking Results, RUB mln

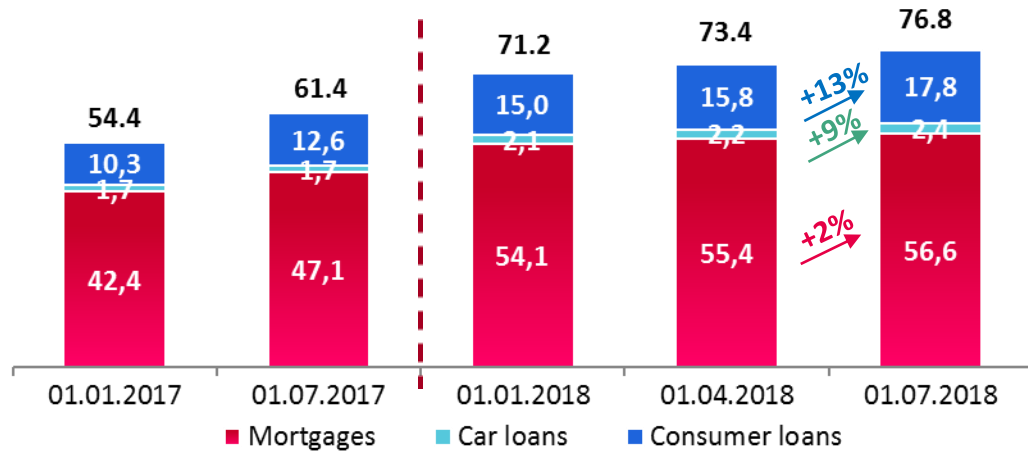


## Aggregate trading results, RUB mln



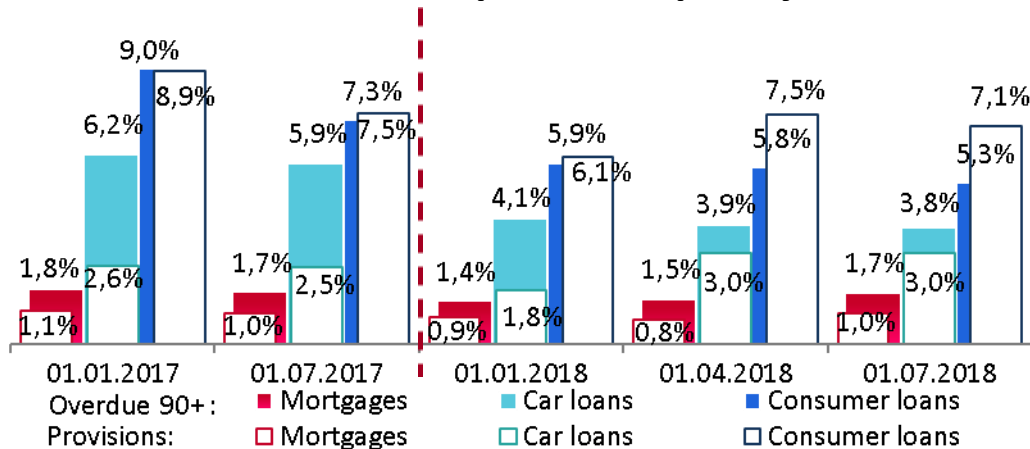
# Retail banking: key point of growth

## Retail loan portfolio growth, RUB bn



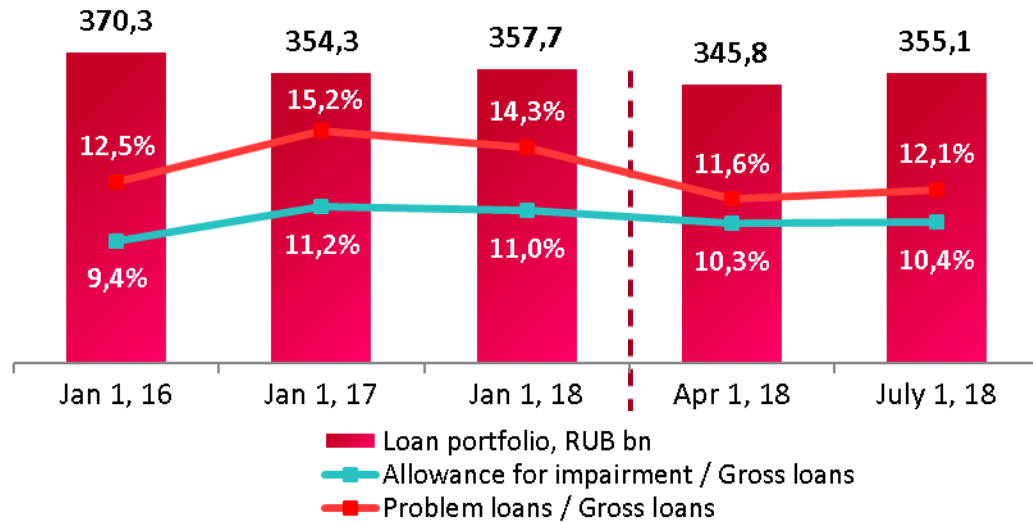
- ✓ Mortgage loans +20% y-o-y
- ✓ 14% share of new mortgage lending in SPb
- ✓ Car loans +41% y-o-y
- ✓ Consumer loans +41% y-o-y

## Retail loan portfolio quality

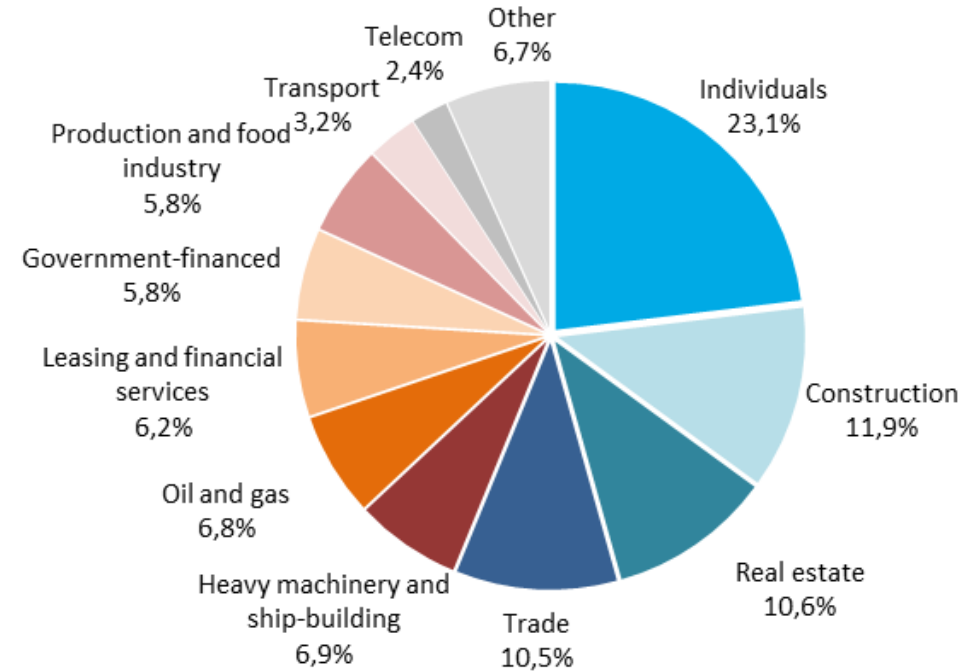


# Loan portfolio and quality

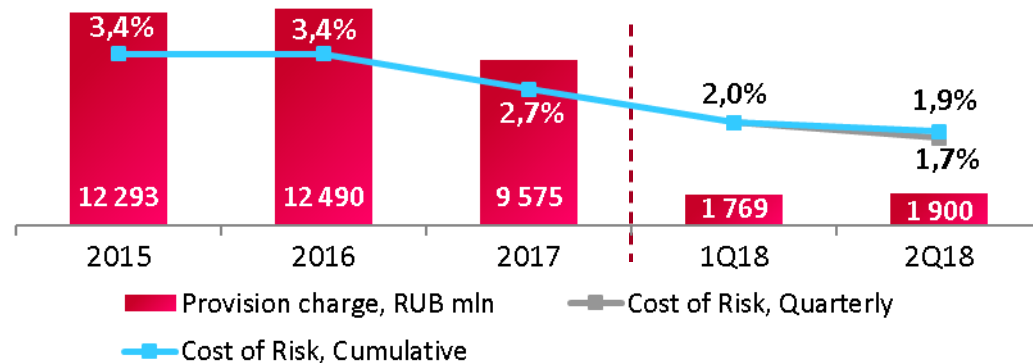
## Loan portfolio quality



## Loan portfolio by sector, July 1, 2018



## Provision charge, RUB mln, and CoR, %



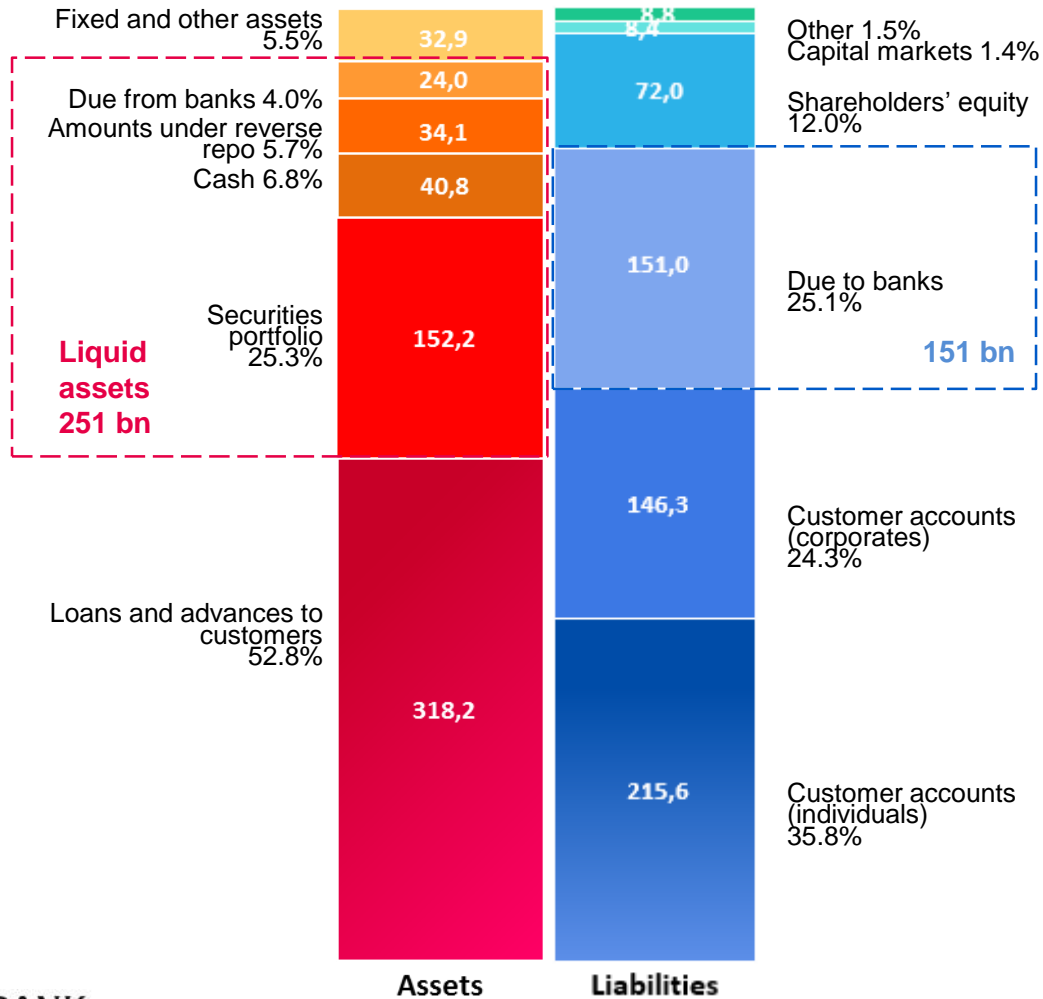
## Comments

- RUB 1.8 bn of the loan portfolio written off in 1H18
- Cost of Risk net of accrued interest payments on problem loans in 1H 2018 would be 149 bp

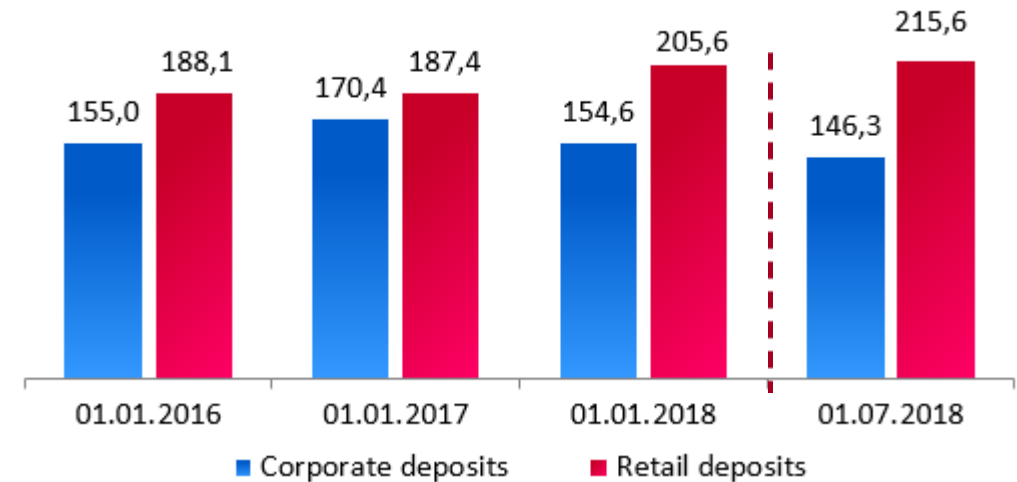
Note: Starting from Apr. 1, 2018, problem loans include all lifetime ECL credit-impaired loans (stage 3) and loans impaired at initial recognition (POCI) Before Apr. 1, 2018, problem loans included impaired not past due loans and 1-day+ overdue loans  
 Cost of Risk calculation: (Provision for loan impairment + Net profit on revaluation of loans at fair value)/Avg. total loan portfolio for the period

# Assets and liabilities structure

Assets and liabilities structure, RUB bn,  
July 1, 2018



Customer deposits\*, RUB bn

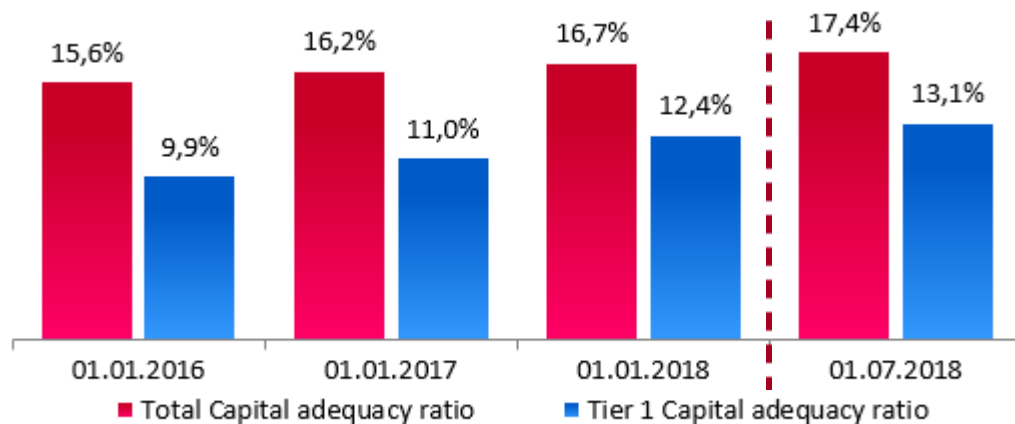


## Comments

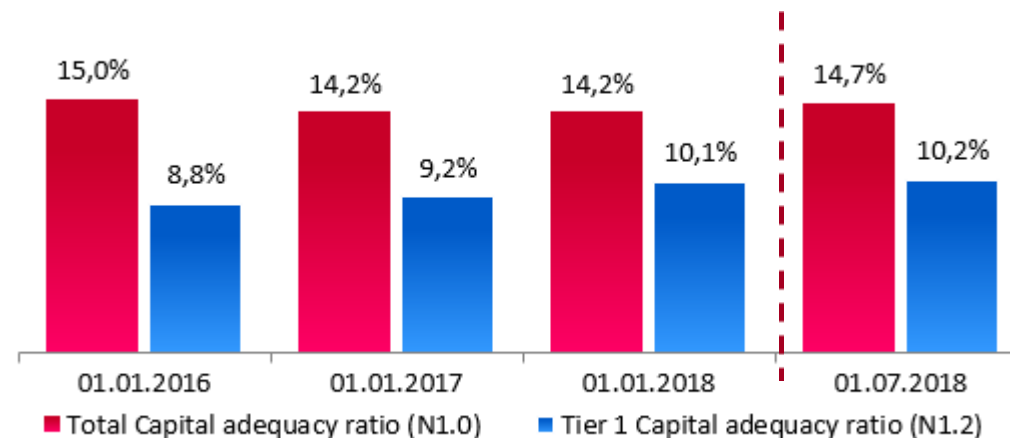
- Retail deposits represent 60% of total customer deposits
- Loans/Deposits Ratio 88%
- Conservative approach to risk: 99% of the debt securities ranked on a par or higher than the Bank
- Average duration of the bonds portfolio is 1.5 years

# Capital adequacy

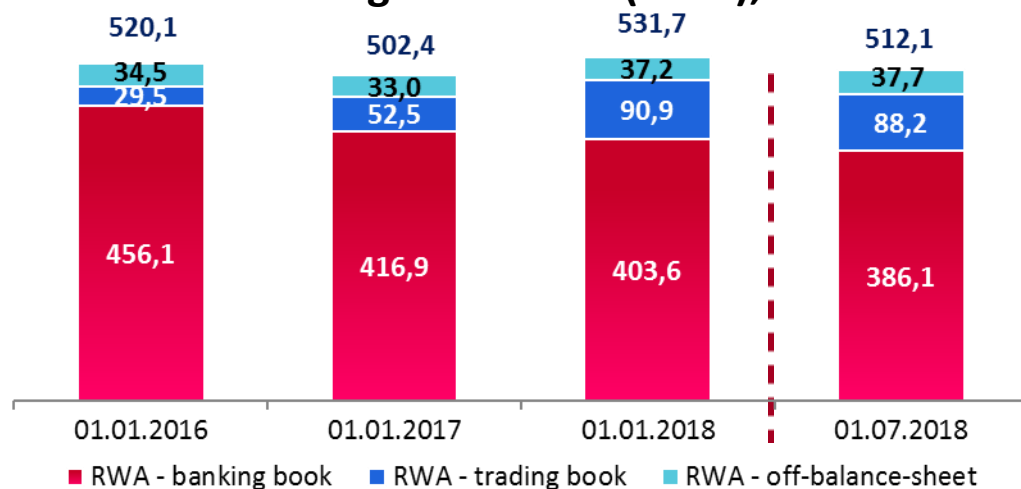
## IFRS Capital adequacy, Basel I



## RAS Capital adequacy, Basel III



## Risk-weighted assets (RWA), RUB bn



## Comments

- Comfortable level of all capital adequacy ratios
- On August 2 share buy-back announced:
  - The price of acquisition: RUB 55 per share
  - 12 000 000 ordinary shares
  - Offer period: Sep 7, 2018 – Oct 7, 2018
  - The Notice is available at [www.bspb.ru/en/investors/shareholder-centre/acquisition/](http://www.bspb.ru/en/investors/shareholder-centre/acquisition/)
  - App. -10bp contribution to Tier 1 and Total CAR

# FY 2018 guidance

- ✓ Loan portfolio growth 5%
- ✓ Retail loans growth 20%
- ✓ Core Banking Margin 5.5-5.8%
- ✓ Cost of Risk 200-220bp
- ✓ Costs growth 5%
- ✓ C/I ratio 40%
- ✓ ROAE 12-14%

# Presentation team



**Konstantin Balandin**  
Deputy Chairman  
of the Management Board



**Konstantin Noskov**  
Vice-president, Head of Strategy



**Elena Demicheva**  
Head of IR

All information for the investors is available on the Bank's web site: <https://www.bspb.ru/en/investors/>

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