

Corporate Banking Recent Developments: Building In-Depth Sector Expertise and Enhancing Profitability

As a part of corporate business strategy, 6 sectoral departments have been created within the Bank to deal with both medium and large corporate customers in St. Petersburg. **By the beginning of 2019, at least 90% of customers** from this segment will get services in these departments based on their sector, which will enable the Bank to focus on sectors of priority and satisfy customers' needs to the fullest extent.

In the long run, building key sector expertise will lead to **better risk-margin mix and enhanced profitability**. In-depth sector knowledge will enable the Bank to grant loans not only to industry leaders, who are very easy to grant to, but also to second-tier enterprises.

Since the beginning 2018, the Bank started to apply a segmental approach, separating large and medium-sized enterprises from small and micro businesses. Accordingly, branches and outlets are now engaged exclusively in standard products and mass business.

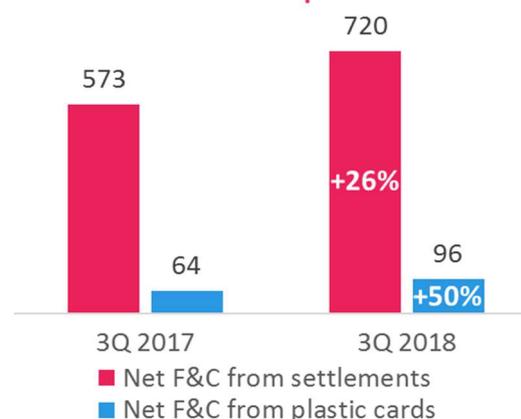
Given the fact that more than 50% of non-risk corporate business revenues is generated by small transactors, **the focus on transaction banking and mass business expansion** in the corporate segment will facilitate achieving sustainable ROAE of 15%+.

In 2018, Bank Saint Petersburg launched numerous services in order to attract more new small businesses and increase transaction revenues. "Easy entry" for new corporate customers is provided by **industry-leading technologies ensuring online account number reservation and account opening in one visit**. The Bank has also entered into a joint project with Multifunctional Centers for State Services – the centers are located within the Bank's branches that allows the customers to register their company and open a bank account in one visit in one place.

In 2018, the Bank has also introduced **online banking guarantees**. Innovative technologies and autoscoreing allow the Bank to review online customer applications and make decisions in an hour. During 9M 2018, the Bank has issued 1247 online banking guarantees for RUB 1.5 bn.



Net F&C income from corporate customers



The Bank's Digitalization Strategy: Ensuring Long-Term Competitiveness And Efficiency In Digital Economy

The Bank's Supervisory Board approved the Digitalization Strategy in September 2018 with the following basic strategic goals for the next 4 years:

90%

of transactions are online

90%

of lending decisions are automated

90%

of sales are BigData-based

with entering the Top 3 in Russia in terms of time to market

In the process of building a digital bank Bank Saint Petersburg has decided not to build a separate neobank (new license, parallel structure) or an internal fintech. Over the past 5 years, Bank Saint Petersburg has consistently transformed itself into a digital bank, in which digitalization has become a cross-cutting priority for all the products, processes and corporate culture rather than a separate special target or dedicated department. As a result, the Bank has transformed itself into the least branch-dependent classic bank in Russia.

Bank Saint-Petersburg is among the leaders in Russia by the following metrics:

70%

online retail deposits

71%

online consumer loans

97%

online retail payments

The Bank has historically been in a strong position to implement cutting-edge digital solutions. The Bank entered the Top 5 Internet Bank for SME (2017 Marksw Webb Rank&Report) while remaining among the Top 10 Internet Bank for retail customers (2018 Marksw Webb Rank&Report). The number of Internet Bank users has already reached 1 083 000 individuals, representing 1/3 of the economically active population of St. Petersburg.

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