
BSPB's response to current situation

Coronavirus pandemic's impact on economic environment is significant. We are fully committed to helping our customers and supporting our employees to manage through the coronavirus pandemic.

In order to protect our employees, we have established a special regime – 18 out of 64 branches are temporarily closed as at May 6, 2020. We have also arranged remote workplaces for about 50% of our employees, totaling about 2000 workplaces.

As our customers' security and comfort are our top priority, a number of measures was implemented to ensure it. Still-open branches are equipped with safeguards recommended by WHO, encouraging social distancing rules while retaining high level of service quality. The Bank has also launched an ecosystem «#ЯМОГУ_ОНЛАЙН» (#ICAN_ONLINE) for remote financial service. We have improved online banking for retail customers, maximizing usability and comfort.

We are also taking necessary steps to preserve capital. Basel III Core Tier 1 CAR (N1.1) as at April 1, 2020, stood at 10.3%, which is a comfortable level at the moment. But taking into account high level of uncertainty with regard to the pandemic impact on the global economy and following market tendencies and in line with Central Bank's measures aimed on Russian banks' capital strengthening, the Bank's Supervisory board took a decision to recommend AGM not to pay out dividends on ordinary shares for 2019 and to waive potential share buy-back. Conditional on the economy stabilization we intend to consider the issue of dividends in the second half of 2020.

The Bank takes all measures declared by the Government to support borrowers. One of the most significant measures of borrowers support is concerned with payment holidays for customers considerably affected by the coronavirus pandemic, for example, losing their jobs as a result or having their salaries significantly cut, or being otherwise unable to work due to the virus. The Bank has already received 4550 applications for loan restructuring (including payment holidays) from its retail customers. Application approval rate is around 55%. Loans, for which restructuring or payment holidays have already been provided, amounted to around RUB 700 mln as of the day of the report.

The Bank also ensures support of its SME customers, which may be the most severely affected group. Aside from the standard Government measures, the Bank provides additional support measures such as forfeiting interest rate penalties and restructuring. All in all the Bank's exposure in this segment remains quite low, constituting a loan portfolio of about RUB 5 bn. Out of it, customers with less than RUB 100 mln worth of loans cumulatively took advantage of payment holidays as of the day of the report publication.

Strong RAS 1Q 2020 results and CoR guidance

In order to give a sooner update of the Bank's financial state we would like to discuss Banks' RAS 1Q 2020 results amid the current situation. Here's an extract from Bank's 1Q 2020 RAS P&L statement (please find respective press-release [at our website](#))

	1Q20/1Q19	1Q20/4Q19	1Q 2020	4Q 2019	1Q 2019
<i>in millions of Russian Rubles</i>					
<i>Quarterly</i>					
Net Interest Income	20.3%	-6.6%	6 272	6 712	5 213
Net Fee and Commission Income	25.1%	-14.0%	1 774	2 062	1 417
Net Trading Income		310.9%	2 395	583	-507
Other Income			494	414	312
Revenues	69.9%	11.9%	10 934	9 771	6 436
Operating expenses	20.0%	-28.0%	(4 336)	(6 026)	(3 612)
Provisions	186.0%	78.5%	(4 387)	(2 457)	(1 534)
Net Profit	103.0%	7.7%	2 355	2 186	1 160

As you can see, we posted sizable revenues boosted by net trading income and supported by strong core banking. Even though expenses and provisions etched upwards, we have still managed to double last year's 1Q net income.

1Q 2020 level of provisions was considerably affected by RUB devaluation. 25.6% USD and 23.7% EUR growth against RUB added extra RUB 2.4 bn provisions on FX loans. As for our estimates on 1Q 2020 IFRS CoR, we expect just about the usual provisions, implying ca. 2.0% Cost-of-Risk, increased by provisions resulting from RUB devaluation which can bring total 1Q 2020 CoR to 4%+ level.

Due to lots of uncertainties we withdraw our initial FY 2020 CoR and ROE guidances, putting them under review until our 1Q 2020 IFRS results call.

Below please also see the key balance-sheet items dynamics. We have also calculated growth rates net of FX-revaluation.

Balance sheet	YTD	01.04.2020	Without revaluation:		01.01.2020
			01.04.2020	YTD	
<i>in millions of Russian Rubles</i>					
Gross loans	8.0%	427 396	410 165	3.7%	395 579
Corporate loans	9.8%	328 840	311 668	4.1%	299 534
Retail loans	2.6%	98 556	98 497	2.6%	96 045
Notionally from management accounts:					
Mortgages	1.1%	61 858			61 166
Unsecured lending	3.3%	24 486			23 701
Car loans	4.8%	5 305			5 060
Customer deposits	4.5%	434 391	417 305	0.3%	415 880
Corporate deposits	6.7%	180 789	173 890	2.6%	169 442
Retail deposits	2.9%	253 602	243 415	-1.2%	246 438

Loan YTD growth propelled by corporate lending 10% leap (+4% net of FX-revaluation), retail loans were growing at a slower pace.

On the liabilities' side the Bank demonstrates moderate 4.5% growth, with corporate deposits growing by 2.6% net of FX-revaluation, compensating slight outflow of retail deposits.

An update concerning Fitch rating outlook

On April 7th, 2020, **Fitch Ratings** changed its outlook from “Stable” to “Negative” for 15 largest Russian private banks simultaneously after an outlook update on Russian banking sector as a whole due to risks arose in regard with Russian banks’ loan portfolios being under pressure from the coronavirus outbreak and its fallout in economy and finance sectors. Bank Saint Petersburg was among these banks. We would like to highlight that:

- Fitch’s decision was not individual and not based on the assessment of Bank’s financials and performance;
- Bank’s rating BB remains the same which doesn’t affect the ability to borrow from the state authorities, companies and funds.

BSPB 1Q 2020 IFRS Results Conference Call details

Conference call to discuss the results hosted by Konstantin Balandin, Deputy Chairman of the Management Board, Stanislav Filatov, Vice-president, CFO, Konstantin Noskov, Vice-president, Head of Strategy, and Ruslan Vasilev, Head of IR, will commence on Tuesday, **May 26, 2020 at 4:00 pm (MSK)**.

Dial in number for participants:

- +44 207 194 37 59 (UK Local access)
- 0800 376 61 83 (UK Toll free)
- +7 495 646 93 15 (Russian Federation Local access)
- 8800 500 98 63 (Russian Federation Toll free)

Passcode: 92492379#

Title of the event: BSPB 1Q 2020 IFRS Results

Webcast-Link: <https://webcasts.egs.com/bspb20200526>

The Annual General Shareholders' Meeting 2020

The Supervisory Board approved the AGM format. Annual General Shareholders’ Meeting of Bank Saint Petersburg will be held on **May 27, 2020** in the form of absentee voting.

The bulletin acceptance deadline is May 27, 2020. Mailing address for filled-in bulletins is: 64A, Malookhtinsky pr., St. Petersburg, 195112, Russian Federation. The link for filling in an electronic bulletin via shareholder’s personal cabinet is as follows: <https://lk.rrost.ru/>.

Reference materials for the AGM are available at [this link](#).

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