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PRESS RELEASE

Bank Saint Petersburg's FY 2016 IFRS profit increased by 18.2%

Financial highlights*:

- **FY 2016 Net Income** increased by 18.2% and amounted to RUB 4.3 billion;
- **4Q 2016 Net Income** reached RUB 1.2 billion, the highest net income since 1Q 2014;
- **FY 2016 Revenues** increased by 11.0% and amounted to RUB 31.1 billion;
- **4Q 2016 NIM** reached 4.5%, the highest level during the past 2 years;
- **FY 2016 Net fee and commission income** increased by 16.3% to RUB 4.7 billion;
- **Retail loan portfolio** during FY 2016 increased by 11.7% to RUB 54.4 billion.

*Consolidated IFRS FS for FY 2016.

Alexander Savelyev, Chairman of the Management Board, comments on the Bank's FY 2016 results:

"We posted strong results in a challenging environment. The revenues reached a record RUB 31 billion, boosted by net interest margin recovery. Given our efforts to reduce risk profile in the corporate book, we expect cost of risk to go down in 2017 and ROAE to recover to double digits".

Bank Saint Petersburg is ranked 16th in terms of assets and 14th in terms of retail deposits among Russian banks (Interfax ranking). As at January 1, 2017, the Bank provides services to 1 770 000 individuals and 52 000 corporates; the number of cards issued by the Bank is 1 049 000; the Bank's card network comprised of 781 ATMs. At present Internet Bank is actively used by 770 000 clients.

The most significant events of 2016 were the listing upgrade to the MOEX Level 1, the debut transaction of mortgage loan portfolio securitization, the launch of a new generation Mobile Bank, Apple Pay and Samsung Pay contactless payment services becoming available to the Bank's customers, the rating assigned to the Bank by ACRA Rating Agency.

Results summary for FY 2016

FY 2016 Net interest income increased by 26.7% compared with FY 2015 and amounted to RUB 22.1 billion. Interest income for FY 2016 increased by 2.1% compared with FY 2015; interest income is comprised mostly of interest income on loans and advances to customers (74.7%). Interest expense decreased by 10.8%: interest expenses on retail term deposits decreased by 8.0% (31.5% of total interest expenses) while interest expenses on corporate term deposits decreased by 24.6% (21.9% of total interest expenses). **4Q 2016 Net interest income** increased by 6.5% compared with 3Q 2016 and amounted to RUB 6.1 billion. **Net interest margin (NIM)** for FY 2016 and 4Q 2016 amounted to 4.1% and 4.5% respectively (3.5% for FY 2015 and 4.3% for 3Q 2016).

FY 2016 Net fee and commission income increased by 16.3% compared with FY 2015 and amounted to RUB 4.7 billion. Compared with FY 2015, income from cash and settlement transactions grew by 9.5% (42.9% of total F&C income), income from plastic cards and cheque settlements grew by 53.1% (34.7% of total F&C income), income from guarantees and letters of credit issued grew by 13.1% (16.8% of total F&C income). **4Q 2016 Net fee and commission income** increased by 4.0% compared with 3Q 2016 and amounted to RUB 1.2 billion.

FY 2016 Net trading income amounted to RUB 4.2 billion (-32.5% compared with FY 2015). Gains from operations with foreign currencies and derivatives amounted to RUB 2.6 billion, gains from operations with securities amounted to RUB 1.6 billion. **4Q 2016 Net trading income** amounted to RUB 0.7 billion (-28.5% compared with 3Q 2016).

FY 2016 Revenues increased by 11.0% compared with FY 2015 and amounted to RUB 31.1 billion. Revenues for 4Q 2016 decreased by 0.8% compared with 3Q 2016 and reached RUB 7.8 billion.

The Bank's **Cost-to-Income Ratio** for FY 2016 stood at 41.0% (38.7% for FY 2015), 4Q 2016 Cost-to-Income Ratio amounted to 46.1%. **Operating costs** for FY 2016 increased by 17.5% compared with FY 2015 to RUB 12.7 billion; operating costs for 4Q 2016 amounted to RUB 3.6 billion (+15.4% compared with 3Q 2016).

Net income for FY 2016 amounted to RUB 4.3 billion (+18.2% compared with FY 2015); net income for 4Q 2016 amounted to RUB 1.2 billion (+20.5% compared with 3Q 2016), the highest net income since 1Q 2014. The Bank's **return on equity (ROAE)** for FY 2016 and 4Q 2016 amounted to 7.3% and 8.2% respectively. **Total comprehensive income** for FY 2016 amounted to RUB 4.5 billion.

As at January 1, 2017, the **Bank's assets** amounted to RUB 580.3 billion (+3.2% compared with January 1, 2016; +6.1% compared with October 1, 2016).

Liabilities. Customer deposits totalled RUB 357.8 billion (+4.3% compared with January 1, 2016; +7.2% compared with October 1, 2016). As at January 1, 2017, 52.4% of customer deposits belonged to individuals and 47.6% - to corporate customers. During FY 2016, the volume of retail deposits decreased by 0.3%; the volume of corporate deposits increased by 10.0%.

Equity and capital. As at January 1, 2017, the shareholders equity amounted to RUB 60.9 billion (+7.2% compared with January 1, 2016; +1.1% compared with October 1, 2016). The Bank's total capital amounted to RUB 81.6 billion (+0.7% compared with January 1, 2016; -0.6% compared with October 1, 2016). As at January 1, 2017, the Bank's Tier 1 and total capital adequacy ratios were 11.0% and 16.2% respectively.

Loan portfolio before provisions totalled RUB 354.3 billion (-4.3% compared with January 1, 2016; -0.7% compared with October 1, 2016). Gross loans growth for FY 2016, net of currency revaluation and write-offs, amounted to 1.5%. Loans to corporate customers represented 83.0% of the loan portfolio, loans to individuals – 17.0%. During FY 2016 corporate loan portfolio decreased by 7.1% to RUB 294.2 billion. During FY 2016 retail loan portfolio increased by 11.7% to RUB 54.4 billion (mortgage loans grew by 20.0%, consumer loans decreased by 4.3%, car loans decreased by 35.3%). In 4Q 2016 retail loan portfolio grew by 2.6%.

Loan portfolio quality. As at January 1, 2017, the share of problem loans in the Bank's portfolio (total share of overdue loans and impaired not past due loans) amounted to 15.2% (12.4% as at January 1, 2016). The share of overdue loans in the Bank's portfolio amounted to 6.0% of the total volume of loans. The share of the corporate overdue loans amounted to 6.0% of the total corporate loans; the share of the overdue loans to individuals amounted to 6.0% of the total retail loans. As at January 1, 2017, impaired not past due loans constituted 9.2% of the total volume of loans. The rate of provisions for loan impairment amounted to 11.2% (9.4% as at January 1, 2016). Provision charge for FY 2016 amounted to RUB 12.5 billion. For FY 2016, loans in the amount of RUB 7.9 billion were written off, incl. RUB 5.8 billion in 4Q 2016.

FY 2016 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. As at January 1, 2017, the Bank provides services to 1 770 000 individuals and 52 000 corporates through its 61 offices in St. Petersburg, the Leningrad region, Moscow, Kaliningrad, including the representative office in Novosibirsk. It ranks 16th in terms of assets among Russian banks (according to Interfax).

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