



**Bank Saint-Petersburg**  
**January 2008**

# Bank Saint Petersburg (BSPB) at a Glance

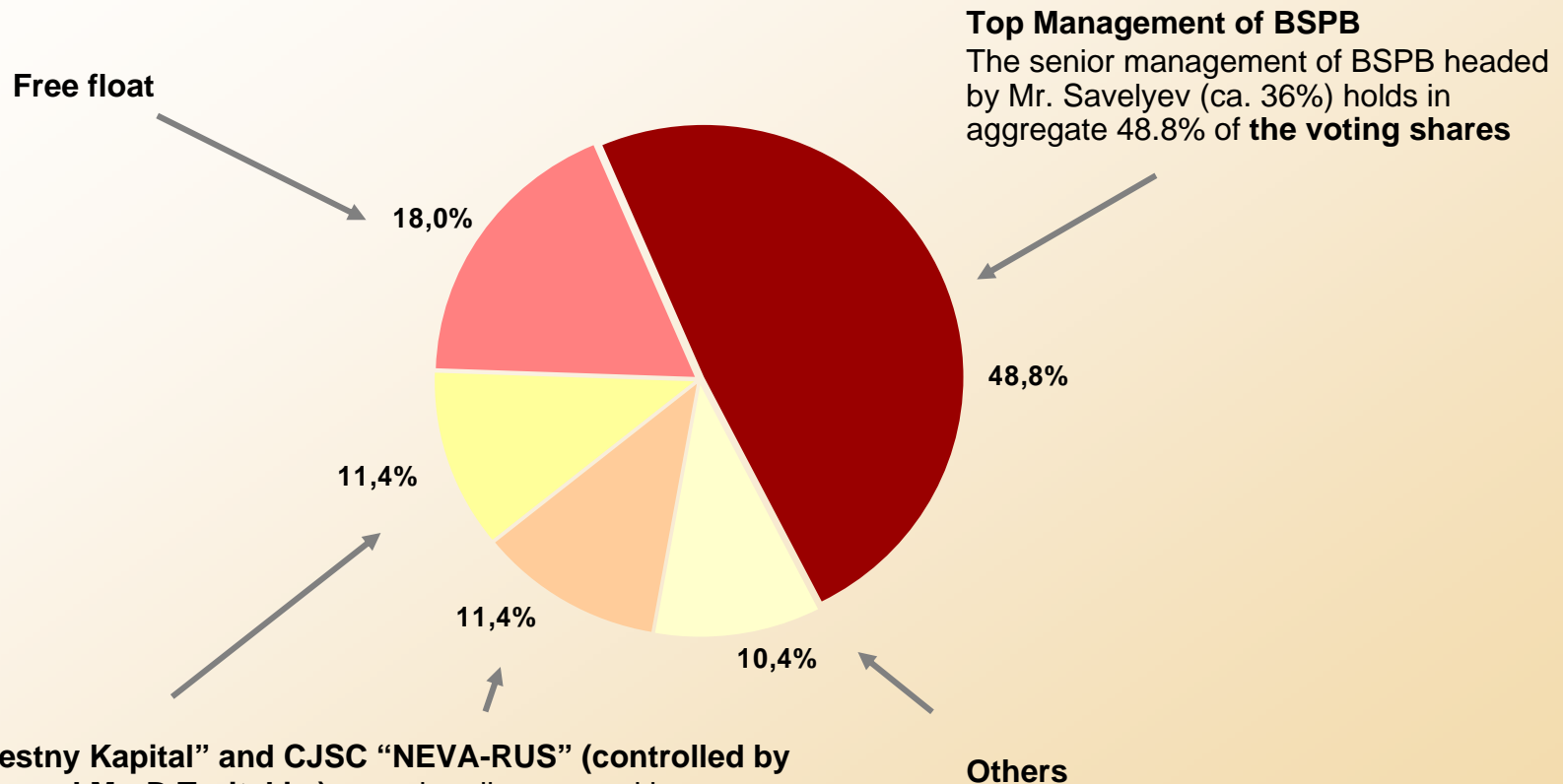


- ❑ **Founded in 1990**
- ❑ **The leading privately-owned bank in St. Petersburg and the North-West region of Russia**
- ❑ **Follows a universal banking model with focus on corporate and SME lending**
- ❑ **Assets – ca. USD 3.9 bln, capital – ca. USD 468 mln as of October 1, 2007**
- ❑ **Rapidly growing Bank: as of 01/01/2006 – 38<sup>th</sup>,  
as of 01/01/2007 – 29<sup>th</sup>,  
as of 01/10/2007 – 28<sup>th</sup> in Russia**
- ❑ **580,000 private customers, 30,000 corporates**
- ❑ **30 branches and outlets in St. Petersburg, 1 branch and 1 outlet in Moscow, 1 branch in Kaliningrad**
- ❑ **305 ATMs**
- ❑ **1,800 employees**
- ❑ **IFRS financial statements since 2002**
- ❑ **BSPB is rated [Ba3/Stable] by Moody's and [B/Positive] by Fitch**

# Competitive Strengths

- ❑ **The leading privately-owned bank** in St. Petersburg and the North-West region of Russia
- ❑ **Long-term strong relationship** with the municipal government
- ❑ **Large customer base** accounting for **580 000** individuals and **30 000** corporates
- ❑ **Clear strategy focused** primarily on St. Petersburg market
- ❑ **Strong brand recognition** in St. Petersburg
- ❑ **Stability** - BSPB proved to cope with Russian financial crisis in August 1998 and with the turmoil in the Russian banking market in April - July 2004
- ❑ **Independence** - BSPB does not belong to any financial industrial group
- ❑ **Experienced and motivated management** with significant banking and financial experience, possessing the controlling stake of BSPB
- ❑ **Committed shareholders.** The presence of committed shareholders (Mr. D.Korzhev and Mr. D.Troitskiy ) with a **22.8 %** stake gives impetus to BSPB's future institutional development

# Shareholders' Structure



**CJSC "Sovmestny Kapital" and CJSC "NEVA-RUS" (controlled by Mr. D.Korzhev and Mr. D.Troitskiy )** are primarily engaged in investing in securities in order to implement long-term projects. They are highly experienced in Russian retail sector being the co-owners of one of the largest hypermarkets chain operating primarily in St. Petersburg and other Russian cities – "OK" chain

# Key Personalities



## **Indrek Neivelt, 40, Chairman of the Supervisory Board**

Mr. Neivelt is responsible for strategy and supervision. Mr. Neivelt is former CEO and Chairman of the Management Board of Hansabank Group - leading financial institution in Eastern Europe, operating in Estonia, Latvia, Lithuania and Russia.

Mr. Neivelt was named as The Global Leader of Tomorrow by World Economic Forum in 2001 and Entrepreneur of the Year in Eastern Europe by INSEAD Alumni in 2004.



## **Alexander Savelyev, 53, Chairman of the Management Board since 30 January 2001 and member of the Supervisory Board**

Mr. Savelyev has been with BSPB since January 2001. He has an extensive experience of working as Deputy Chairman for a number of banks before joining BSPB (Commercial Bank Petrovsky, Baltoneximbank).

The management team, headed by Mr. Savelyev, had a significant impact on BSPB's development from 2002 onwards. Under their management BSPB became the largest private bank in North-West region of Russia.

In April 2006 Mr. Savelyev was named "The Best Banker of Russia" by Audit Chamber of Russian Federation, Association of Regional Banks and Financial Academy with Government of Russian Federation.

# The City of St. Petersburg



- ❑ St. Petersburg is the administrative center of the North-Western Federal District of Russia with population over 14.5 mln and area of 1,677,900 km<sup>2</sup>. 10% of the Russian GDP is produced in the North-West Federal District
- ❑ Economy of the City of St. Petersburg is characterised by low debt, sound budgetary performance, growing revenues of individuals
- ❑ In 2006 the GDP growth in St Petersburg reached 8.3%, exceeding the Russian Federation's average of 6.7%
- ❑ The City's debt management system is one of the best in Russia and Central and Eastern Europe
- ❑ The City of St. Petersburg is rated BBB- by Standard & Poor's, Baa2 by Moody's. Fitch upgraded St. Petersburg to BBB on 22 May 2007

# Banking Sector Competition in St. Petersburg

- ❑ BSPB has a strong market position in St. Petersburg, enjoying a good relationship with the local government and government agencies, which have put deposits with, and have borrowed funds from BSPB
- ❑ BSPB's clients are a number of large municipal infrastructure enterprises (Fuel & Energy Complex of St. Petersburg, St. Petersburg Metro, Lenenergo, Vodokanal, etc.), trading and industrial enterprises as well as insurance companies based in the North-West district

## City Market Share, % (as of October 1, 2007)

### Large players

|                | Loans     | Deposits |
|----------------|-----------|----------|
| Sberbank       | 16        | 28       |
| VTB Group      | 15        | 12       |
| <b>BSPB</b>    | <b>10</b> | <b>9</b> |
| CIT Finance    | 10        | 7        |
| VEFK Group     | 6         | 6        |
| Raiffeisenbank | 4         | 2        |
| Bank «Rossiya» | 3         | 2        |
| Baltiisky Bank | 2         | 3        |

# Main Business Activities

## Corporate Banking

- ❑ Settlements
- ❑ Deposit taking
- ❑ Overdrafts
- ❑ Lending
- ❑ Trade finance
- ❑ Payroll services
- ❑ Issuance of corporate cards
- ❑ Leasing operations
- ❑ Foreign exchange
- ❑ Other services

## Retail Banking

- ❑ Current accounts & deposits
- ❑ Consumer loans
- ❑ Mortgages
- ❑ Plastic cards
- ❑ Internet-banking

## Proprietary Activities

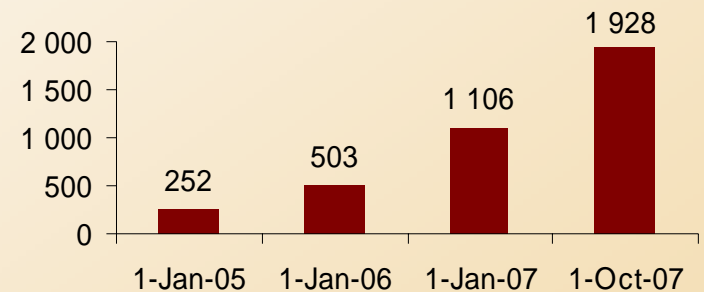
- ❑ Trading operations on major Russian stock exchanges
- ❑ Over-the-counter market
- ❑ International operations
- ❑ FX
- ❑ MM
- ❑ Derivatives



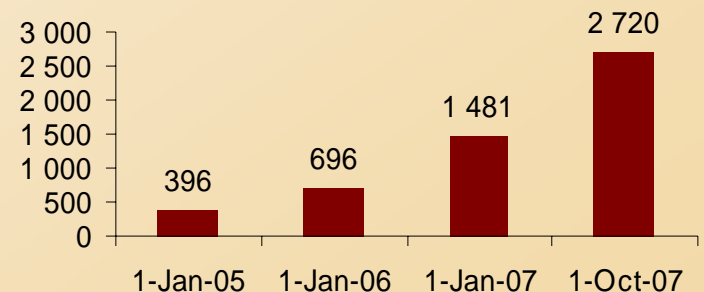
# Corporate Banking

- Corporate customer base includes companies involved in construction, heavy machinery, shipbuilding, trade, real estate, leasing and financial services, etc.
- BSPB's major customers are:
  - **St. Petersburg Metro** (underground transport system)
  - **Lenenergo** – the largest energy supplier in the region
  - **Peterburgregiongaz** – regional monopoly in gas distribution
  - **Fuel & Energy Complex of St. Petersburg**
  - **Norilsk Nickel** - the world's largest producer of nickel and palladium and one of the largest producers of platinum
  - **Sea Port of St. Petersburg**
  - **North-West Telecom** - state-owned fixed line provider
  - **GTK "Rossiya"** - one of the largest air carriers in Russia
  - **Baltika Breweries** - controlled by Baltic Beverages Holding
  - **Severnaya Verf (North Shipyard)** - one of the largest shipbuilding and defensive enterprises in Russia
  - **RTC - Leasing** - one of the largest Russian leasing companies

## Corporate Deposits, USD million



## Corporate Loans, USD million



# Retail Banking

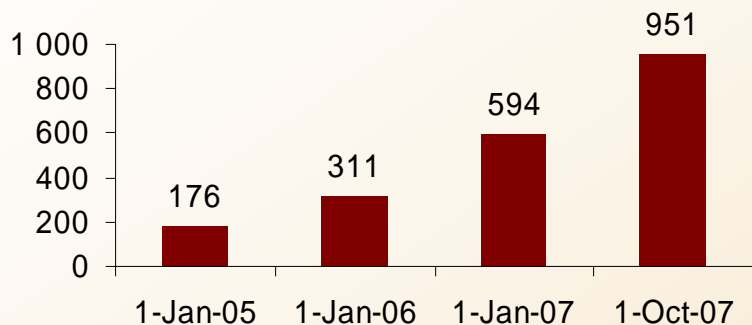


- ❑ BSPB plans to diversify its business by increasing share of its retail segment
- ❑ Over 580,000 retail customers
- ❑ Strong growth potential due to branch network expansion and broadening of products range
- ❑ On-line banking products is one of the main priorities: internet banking, telephone banking, ATMs and POS-terminals networks.
- ❑ BSPB strongly focuses on mortgage and car lending. The loan book is growing rapidly.

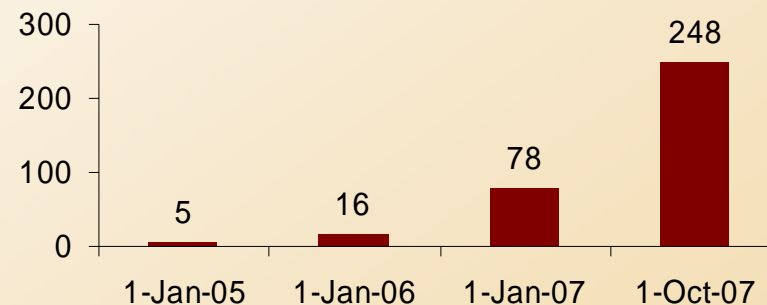
# Retail Banking



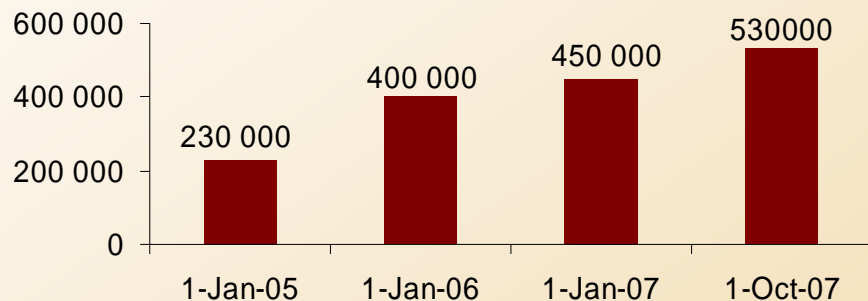
## Retail Deposits, USD million



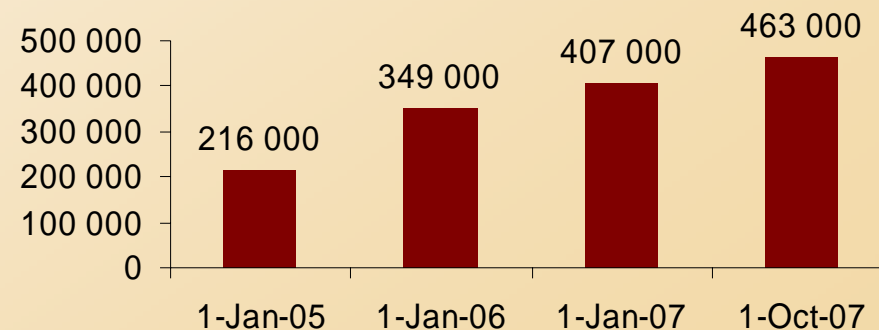
## Retail Loans, USD million



## Retail Customer Base



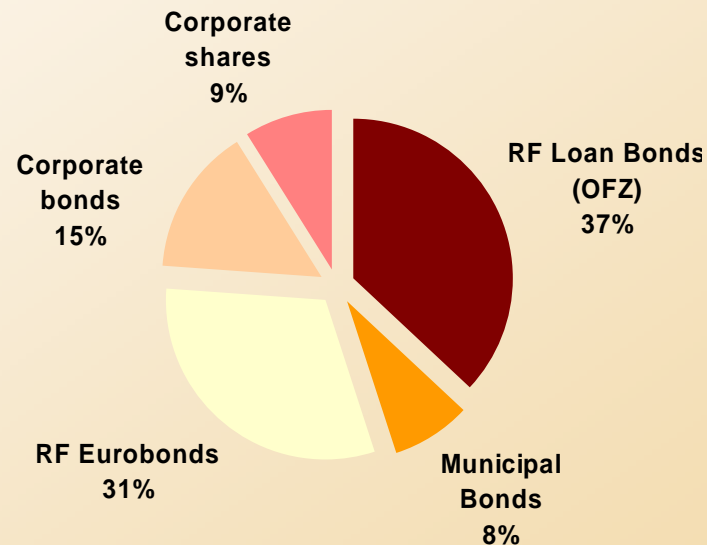
## Plastic Cards Issued



# Proprietary Activities

- ❑ Proprietary activities are part of:
  - liquidity management through trading of corporate and government securities for BSPB's own account,
  - hedging through inter-bank treasury operations
- ❑ As of October 2007 the volume of investments in securities increased by 170% to US\$ 400 mln as compared to US\$ 232 mln as of January 2007

## BSPB Trading Securities Portfolio as of October 1, 2007



# Capital Markets Transactions

*In 2006 BSPB completed a number of large debut deals:*

- ❑ **In June** BSPB placed 3-year bonds for RUR 1bn (appr. US\$37 mln). A coupon rate set during auction is 9.6% p.a.
- ❑ **In July** BSPB attracted a US\$30 mln syndicated loan. The tenor of the loan is 1 year with 1-year extension option. The interest rate is LIBOR+2.4% p.a.
- ❑ **In October** BSPB entered into a loan agreement with the EBRD for the roll provision of a finance facility up to US\$30 mln for the purposes of funding loans to SMEs. The loan carries LIBOR plus a variable margin (2.8-3.0%) and must be repaid in four years
- ❑ **In November** BSPB issued a 3-year 9.501% coupon eurobonds for US\$ 125 mln on the Irish stock exchange.
- ❑ **In December** the Bank placed subordinated CLNs for US\$ 50 mln due in March 2012.

*In 2007 BSPB continued to increase the volumes of funding on open markets:*

- ❑ **In June** BSPB attracted a US\$100 mln syndicated loan. The tenor of the loan is 1 year with 1-year extension option. The interest rate is LIBOR+2.15% p.a.
- ❑ **In June** BSPB announced a coupon rate of 9.0% p.a. for the next 4 coupon periods in RUR 1bn bonds issue and successfully overcame the offer
- ❑ **In June** BSPB extended syndicated loan-2006 (US\$ 27.5mln)
- ❑ **In July** BSPB placed its subordinated Eurobonds in the amount of US\$100 mln at 10.5% per annum. The turnover period of the securities is 10 years with the possibility of their earlier redemption in 5 years. The issue was arranged by J.P. Morgan and UBS.
- ❑ **In November** BSPB attracted a US\$70 mln syndicated loan. The total facility is divided into two tranches: a one year USD 44.50 mln tranche at LIBOR + 200 b.p. and a one and a half year USD 25.50 mln tranche at LIBOR + 225 b.p. Commerzbank, ICICI Bank and UniCredit Group acted as the arrangers and bookrunners.

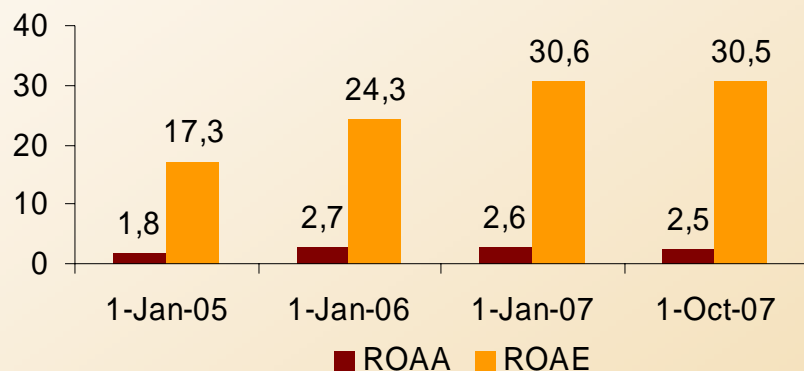
# Trade finance

- ❑ **BSPB has expanded the range of its trade finance products, which include the provision of pre-export financing, import financing, issuing and confirming letters of credit and the provision of guarantees**
- ❑ **BSPB has established relationships with foreign export agencies such as Hermes (Germany), SACE (Italy), EKF (Denmark), Finnvera (Finland), ERG (Switzerland), EKN (Sweden) and US Exim Bank (USA)**
- ❑ **The Bank has credit lines with the following financial institutions: UBS AG, ABN AMRO Bank, Commerzbank AG, Landesbank Berlin AG, Dresdner bank AG, Raiffeisen Zentralbank Österreich AG, JPMorgan Chase Bank NA, The Bank of New York, etc.**

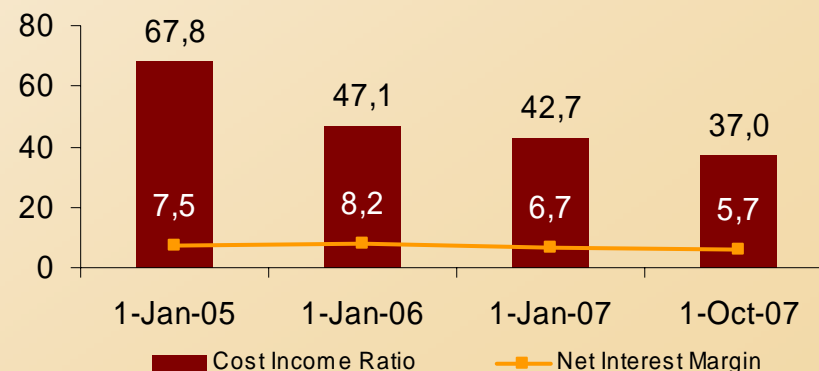
# Financial Summary

| USD million                     | 1 Jan 2005 | 1 Jan 2006 | 1 Jan 2007 | 1 Oct 2007 |
|---------------------------------|------------|------------|------------|------------|
| Loans and Advances to Customers | 375        | 661        | 1,508      | 2,968      |
| Total Assets                    | 599        | 1,082      | 2,301      | 3,899      |
| Customer Accounts               | 429        | 814        | 1,700      | 2,879      |
| Total Liabilities               | 529        | 967        | 2,131      | 3,572      |
| Total Shareholders' Equity      | 68         | 115        | 171        | 327        |
| Total Capital                   | 68         | 115        | 254        | 468        |
| Net profit                      | 9          | 22         | 44         | 58         |
| Capital Adequacy                | 13.10%     | 13.49%     | 12.75%     | 12.87%     |
| Loans / Deposits                | 87%        | 81%        | 89%        | 103%       |
| ROAA*                           | 1.8%       | 2.7%       | 2.6%       | 2.5%       |
| ROAE*                           | 17.3%      | 24.3%      | 30.6%      | 30.5%      |
| Cost income ratio               | 67.8%      | 47.1%      | 42.7%      | 37.0%      |

## ROAA and ROAE (%)



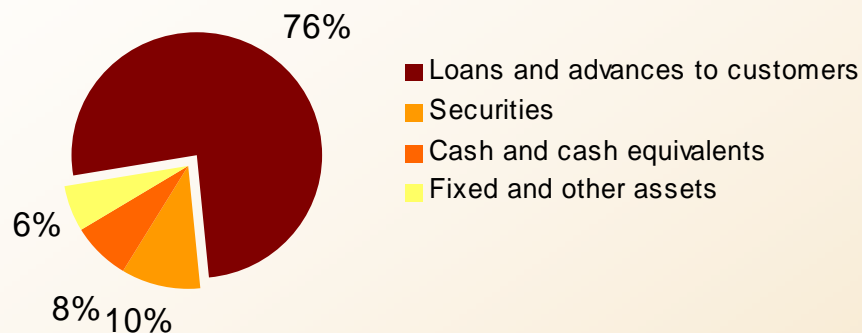
## Net Interest Margin\*/Cost Income Ratio (%)



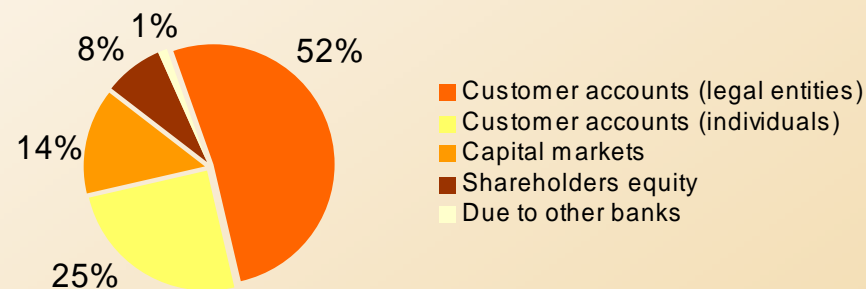
\* Ratios as of Oct 1, 2007 are annualized

# Balance Sheet Structure

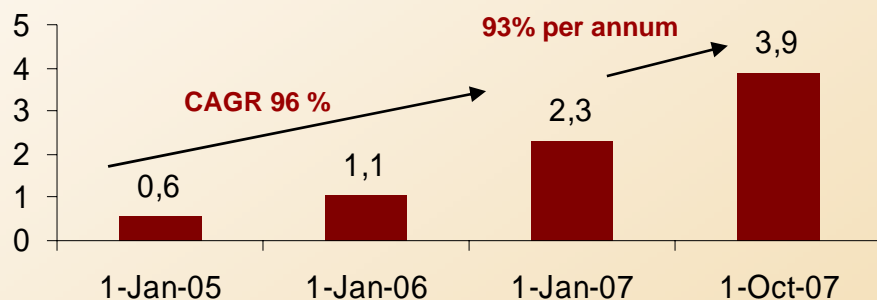
## Assets structure, October 1, 2007



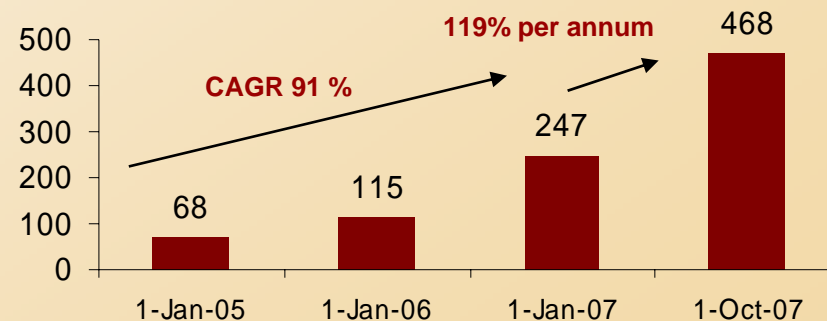
## Liabilities structure, October 1, 2007



## Asset Growth, USD billion



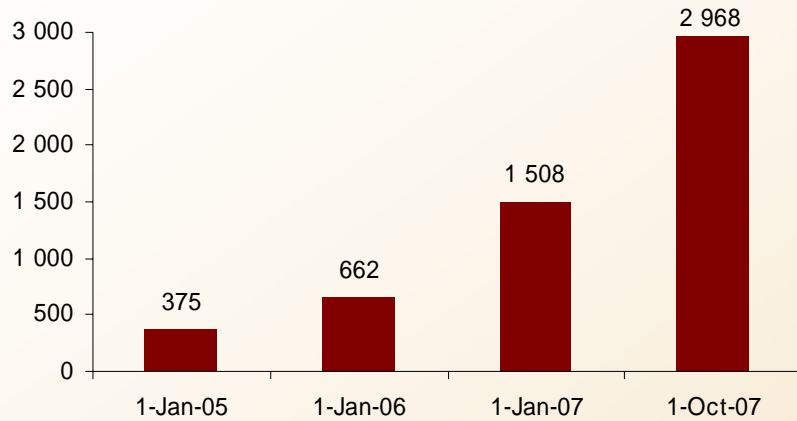
## Capital Growth, USD million



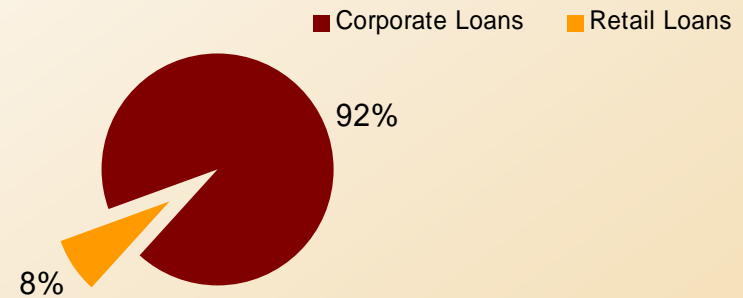


# Loan Portfolio

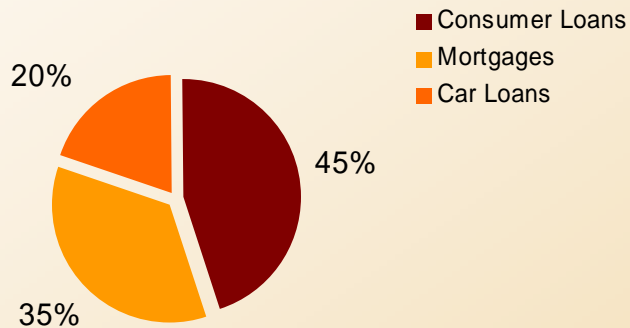
## Loan Portfolio, USD million



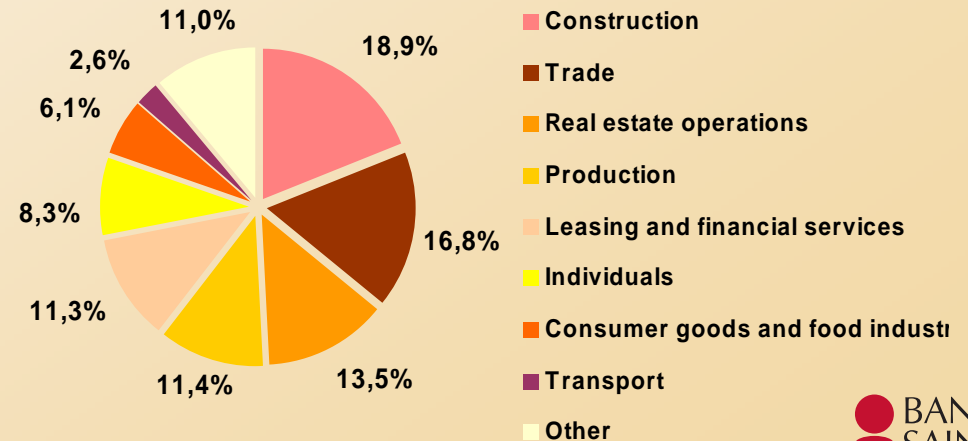
## Loans by type of the Borrower, October 1, 2007



## Retail loans by type, October 1, 2007



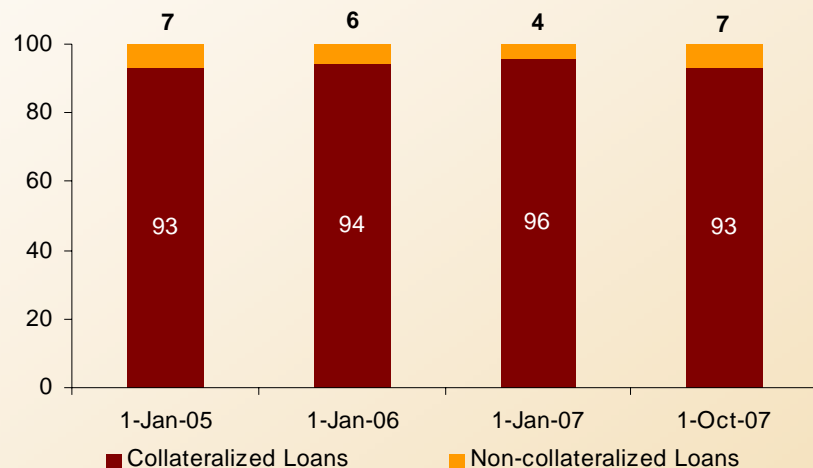
## Loans by Economy Sector, October 1, 2007



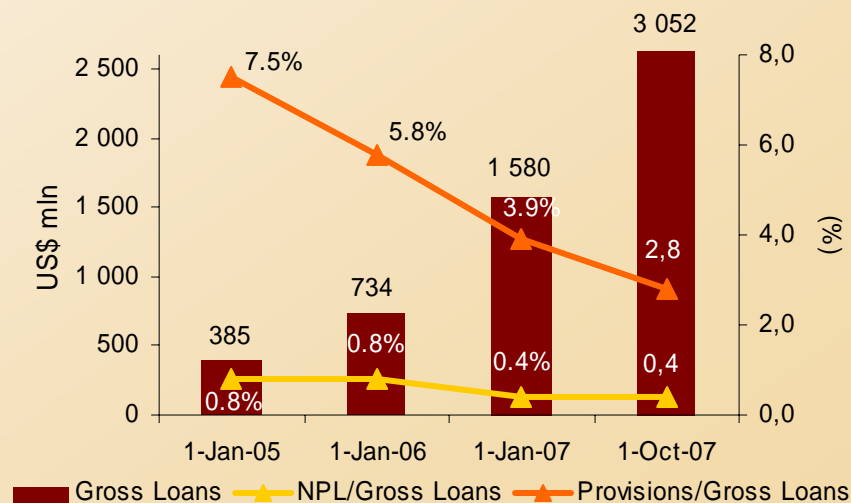
# High Quality of Assets

- ❑ The volume of non-performing loans is 0.4% of the total loan portfolio as of October 2007
- ❑ Approx 93% of BSPB's corporate loan portfolio is secured as of October 2007
- ❑ Reserves for loan losses equal 2.8% of gross loans as of October 2007

## Collateralization of Loan Portfolio (%)



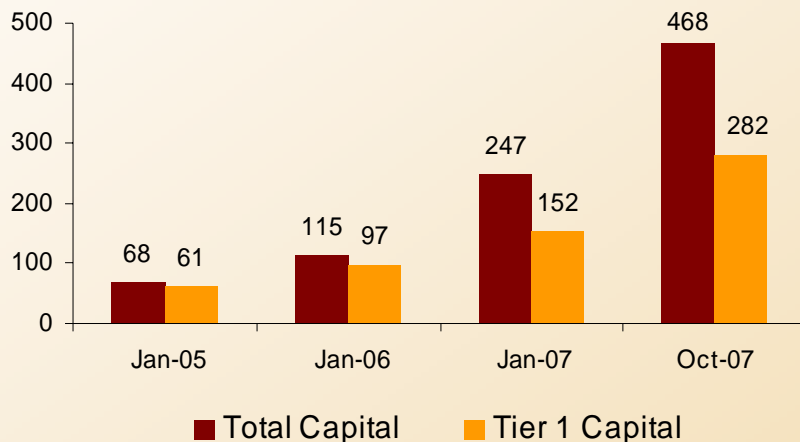
## High Quality Loan Portfolio



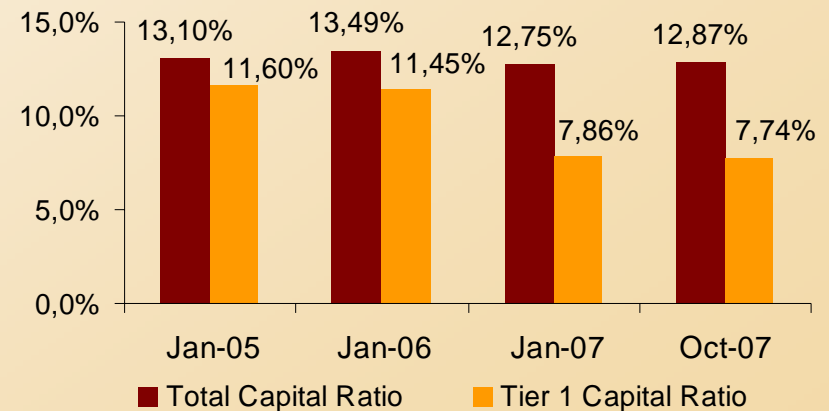
# Capital Adequacy

- ❑ The Tier 1 Capital as of October 1, 2007 – ca. USD 282 mln
- ❑ The Total Capital as of October 1, 2007 – ca. USD 468 mln
- ❑ In July 2007 BSPB placed its Subordinated Eurobonds for USD 100 mln
- ❑ At the beginning of November 2007 as a result of a successful offering of shares BSPB raised US\$ 274 mln; it was the first IPO among the Russian private banks. The bank priced the offering at around 51 mln newly issued shares, equal to 18 percent of its enlarged capital, at \$5.4 per share. Deutsche Bank and Renaissance Capital were the arrangers of the placement. In November 2007 the current market capitalization of the Bank was about \$1.5 billion.

## Capital Growth, USD million



## Capital Adequacy



# BSPB's Strategy for 2007-2009

- ❑ **Increase market share and maintain balance sheet growth:**
  - **To achieve 10-11% market share in St. Petersburg (by assets)**
  - **To increase total assets up to USD8bn**
  - **To open at least 30 new outlets in Saint-Petersburg and 2 branches out-of-town**
  - **To expand ATM network by 450 ATMs**
  - **To attract up to USD1bn from financial markets**
  - **To hire 600 new employees**

# BSPB's Strategy for 2007-2009

- ❑ **Maintain focus on Corporate Banking:**
  - **To increase the share of SME loans**
  - **To continue reducing exposure to a single industry sector**
  - **To increase trade finance of export/import**
  - **To expand further leasing and factoring services**
  - **To implement CRM system**
  - **To increase the efficiency of corporate banking (incentives for customers using electronic technologies, optimization of lending process, increasing the number of borrowers servicing by 1 back-office manager)**

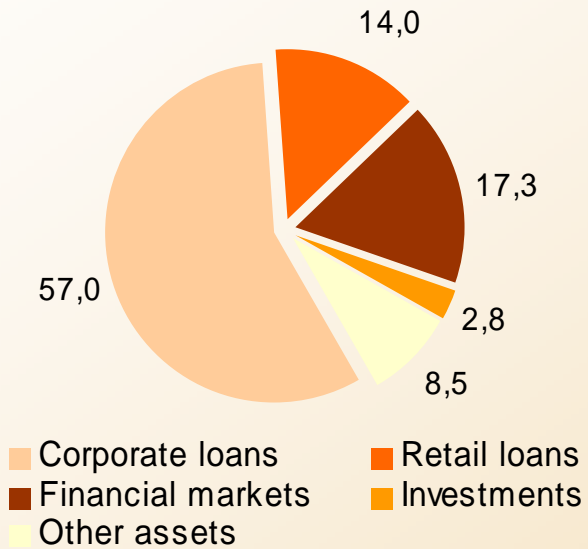
# BSPB's Strategy for 2007-2009

## □ Further diversification into Retail Banking:

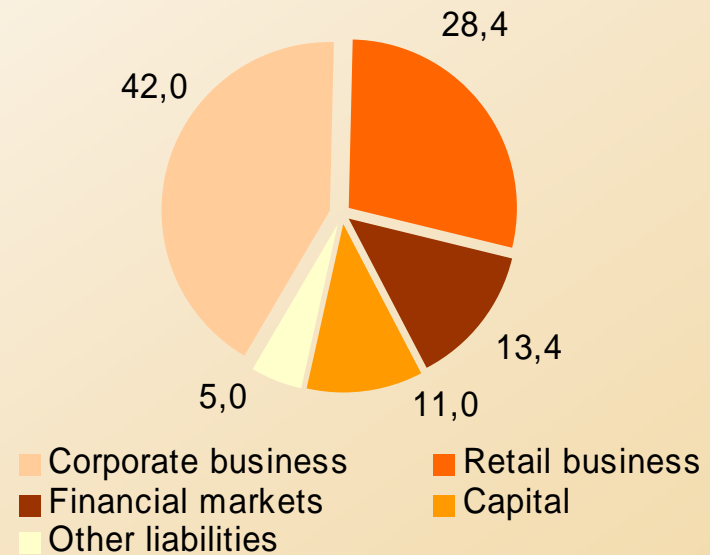
- To increase the retail customer base up to 825,000 individuals
- To rise the volume of retail loans up to USD1.1bn
- To strengthen position in mortgage lending, car loans, private banking
- To become a leading provider of electronic banking products
- To upgrade retail IT system and implement CRM system
- To increase the efficiency of retail banking (incentives for customers using electronic technologies, increasing the volumes of lending through credit and overdraft cards, etc.)

# BSPB's Strategy for 2007-2009

## Structure of Assets (%), January 1, 2010



## Liabilities Structure (%), January 1, 2010



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