

Bank Saint-Petersburg

May 2008

Presentation team



- ❑ **Konstantin Balandin, 32, Deputy Chairman of the Management Board**
- ❑ **Responsible for International Finance and Financial Institutions, Investor Relations, Strategic Planning, Risk Management. Joined Bank Saint-Petersburg in March 2000**



- ❑ **Konstantin Noskov, 33, Director, International Finance and Financial Institutions**
- ❑ **Responsible for relationship and business with financial institutions in Russia and abroad. Joined Bank Saint-Petersburg in April 2006 after 12 years of working with Industry Construction Bank (ICB)**



- ❑ **Evgeny Gorodny, 38, Vice-president, Responsible for Investor Relations**
- ❑ **Joined Bank Saint-Petersburg in 2007 after 14 years of management experience with public Multinational corporations**

Bank Saint-Petersburg at a glance

Regional leader

- ❑ Leading independent universal bank in Saint Petersburg and the Leningrad region
- ❑ Market share in Saint Petersburg region (as at Jan 1, 2008):
 - Loans: 12.9 % corporate, 6.3% retail (from 9.7% and 3.5% at 01/2007) ^[1]
 - Deposits: 10.5% corporate, 7.8% retail (from 8.9% and 6.0% at 01/2007) ^[1]

Attractive Saint Petersburg / Leningrad region

- ❑ Over 6.2mn population: 4th largest city in Europe, on a par with the consumer markets the size of Paris / Denmark
- ❑ Low banking penetration versus Moscow

Strong franchise / focus on local market

- ❑ Large and growing client base: c.647,000 retail and c.31,000 corporate customers as at May 1, 2008
- ❑ 36 branches and outlets primarily in Saint Petersburg, and 342 ATMs as at May 1, 2008

Financial / operating highlights

- ❑ 24th largest bank in Russia by assets and by equity as at Jan 1, 2008 ^[2] (23rd as at April 1, 2008)
- ❑ Total assets: US\$ 5.2bln as at Jan 1, 2008 ^[3] (US\$ 5.9bln as at April 1, 2008 ^[4])
- ❑ Ratings: Moody's Ba3 (Stable outlook), Fitch B (Positive outlook)
- ❑ Net income for 2007: US\$ 82mln ^[3]
- ❑ ROAE for 2007: 20.6% ^[3]
- ❑ Cost-to-Income ratio for 2007: 40.2% ^[3]
- ❑ c. 1,875 employees

Source:

[1] Association of North-West banks, Bank Saint-Petersburg data

[2] RBC, www.banks-rate.ru

[3] audited IFRS FS for 2007

[4] RAS financials for 1Q 2008

Note: Financial figures in US\$ and financial ratios mentioned in this presentation include changes in US\$/RUB exchange rate

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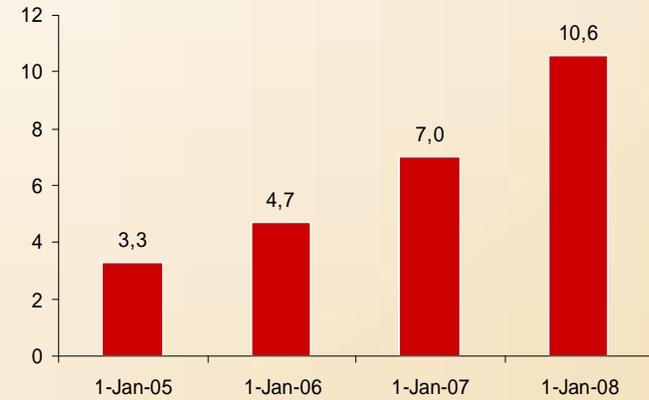
- Investment Highlights**
- Business / Financial Overview
- Strategy

Attractive Saint Petersburg and Leningrad region

Comments

- ❑ 6.2mln population in Saint Petersburg and Leningrad region
- ❑ Saint Petersburg is the Russian window to Europe, major logistic center which connected Russia with countries of the Baltic Sea and Central Europe
- ❑ Developing as an industrial hub for car manufacturing (Ford, Toyota, Nissan, General Motors, Suzuki)
- ❑ Relocation of some flagship-headquarters to Saint Petersburg (VTB, Russian Standard Bank, Gazpromneft, Sovkomflot, etc.)
- ❑ Tourism: 4.5mln tourists in 2006 with strong hospitality sector

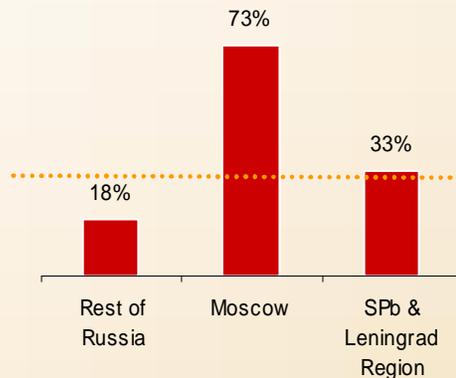
Expenditure of Saint-Petersburg budget*, US\$ bln



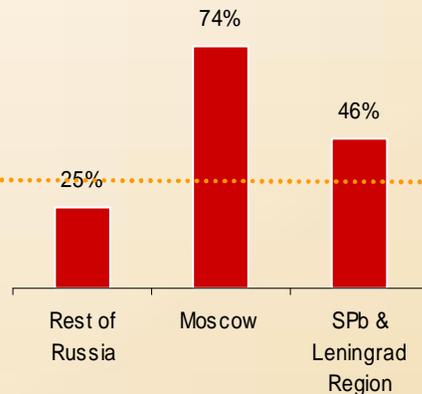
Source: Finance Committee, www.fincom.spb.ru

Low overall regional banking penetration, Jan 1, 2007

Loans / GRP



Deposits / GRP



Source: CBR, Renaissance Capital data

Note: - average for Russia

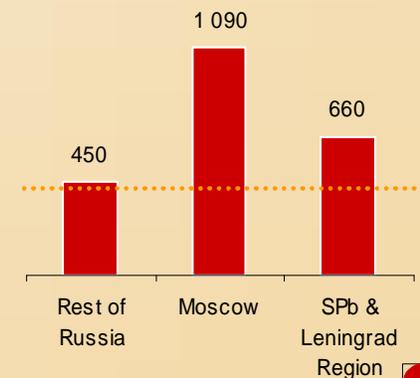
Per capita statistics (US\$), Jan 1, 2007

Total banking assets per capita



Source: Federal State Statistics Service, CBR

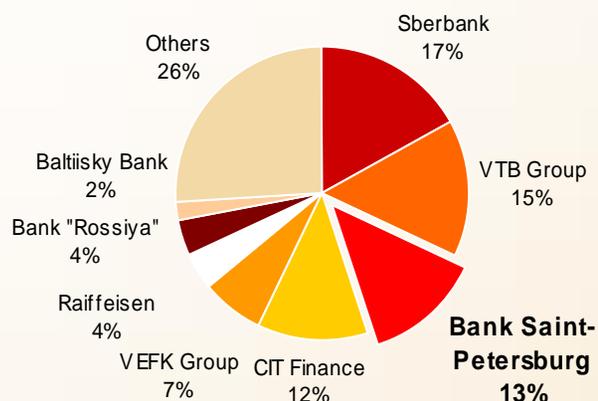
Retail loans per capita



Note: - average for Russia

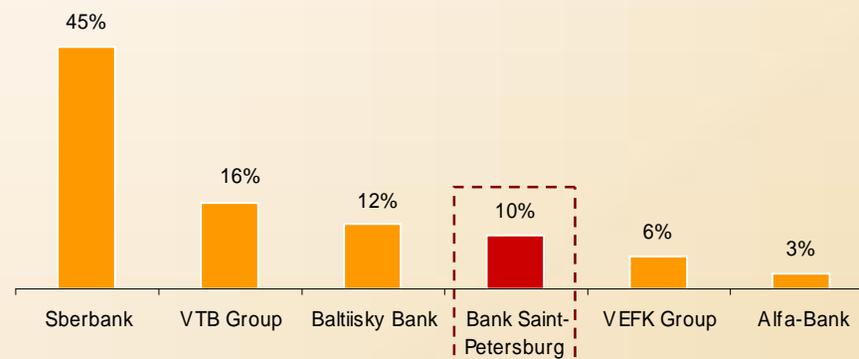
A leading universal bank in Saint-Petersburg and Leningrad region

Loans (market share as at Jan 1, 2008)



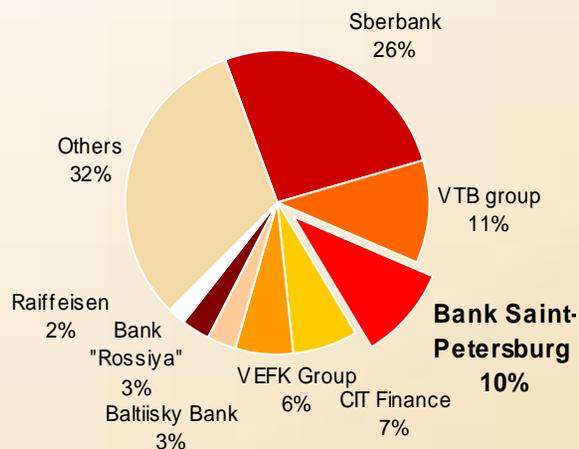
Source: Association of North-West banks, **Bank Saint-Petersburg** data

Number of ATMs (market share as at Jan 1, 2008)



Source: Association of North-West banks, **Bank Saint-Petersburg** data

Deposits (market share as at Jan 1, 2008)



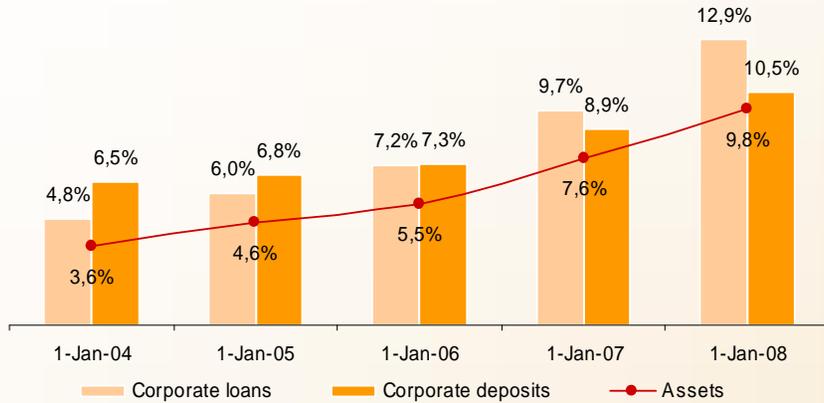
Source: Association of North-West banks, **Bank Saint-Petersburg** data

Comments

- Local banks historically have a strong position at Saint-Petersburg market
- Bank Saint-Petersburg has grown its customer base to c. 647,000 individuals and c. 31,000 corporates as at May 1, 2008

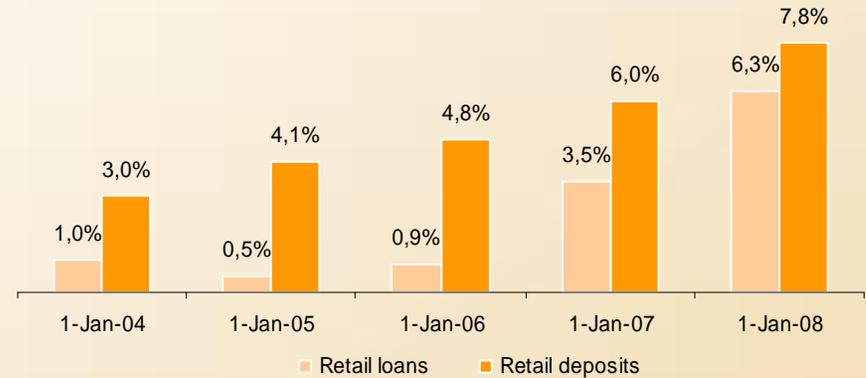
Focused strategy building a strong local franchise

Rapidly growing market share*: Assets / Corporate banking



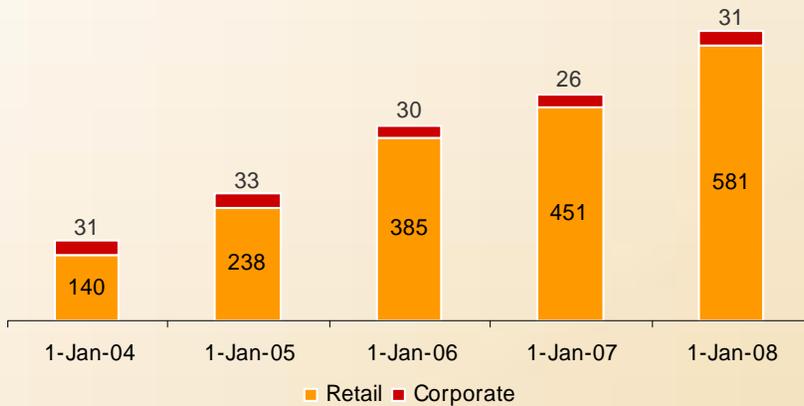
* - Ranking based on banksqRAS financials
Source: Association of North-West banks, Bank Saint-Petersburg data

Rapidly growing market share*: Retail banking



* - Ranking based on banksqRAS financials
Source: Association of North-West banks, Bank Saint-Petersburg data

Rapidly growing client base, i000



Source: Management data

Comments

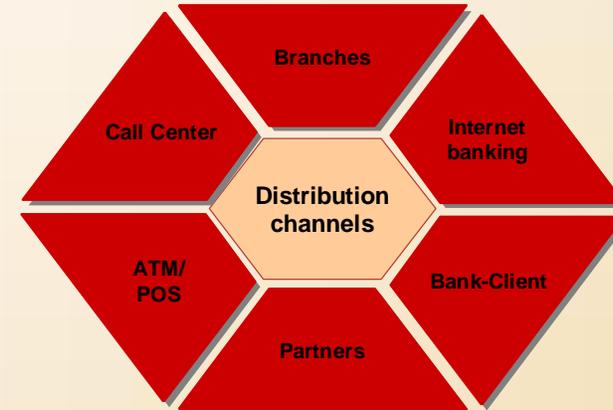
- ❑ Management team is focused on local business and growing regional franchise
- ❑ Decisions on lending are taken close to customers:
 - Speed in meeting customers demands
 - Better understanding of customers needs

Strong multi-channel distribution network

Highlights

- ❑ Most products are distributed through branches, outlets, ATMs and partners:
 - 32 branches and outlets in Saint Petersburg, 1 branch and 1 outlet in Moscow, 1 branch in Kaliningrad, 1 branch in Nizhny Novgorod
 - 342 ATMs (incl. in every Saint Petersburg subway station)
- ❑ Major partners include:
 - Corporate clients with salary projects
 - Construction companies (over 20) with mortgage projects
 - Car dealers (over 90, incl. all major brands) with car projects
 - Leasing companies with corporate customers
- ❑ Expansion plan to double branches/ outlets in Saint Petersburg and in the Leningrad region by the end of 2009
- ❑ ATM network targeted to increase up to 450 by the end of 2009
- ❑ Advanced internet banking system in place

Multi-channel distribution model

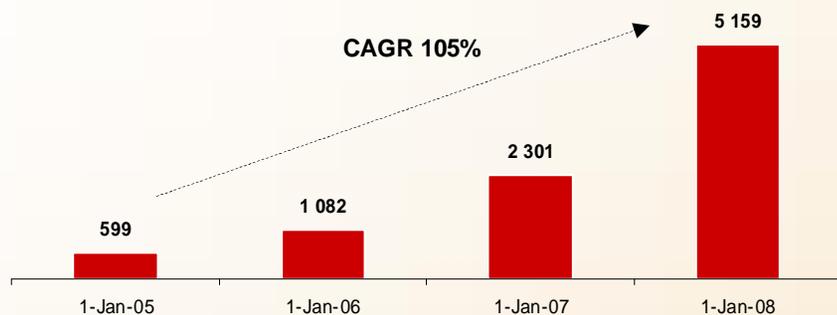


Bank Saint-Petersburg branches / outlets



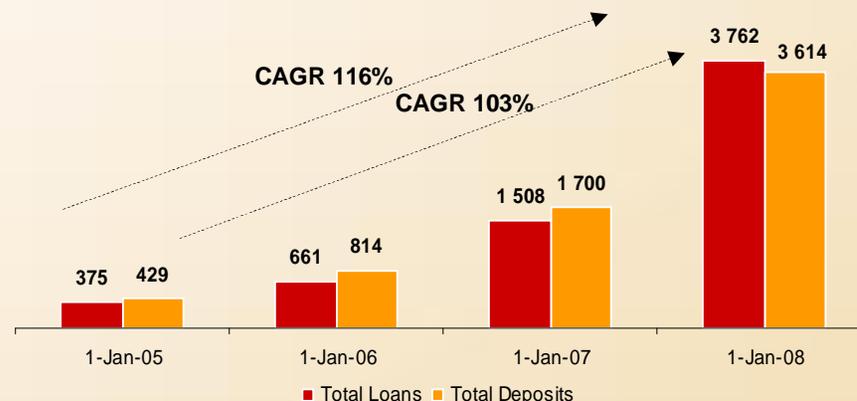
Track record of high profitability and growth

Total assets, US\$ mln



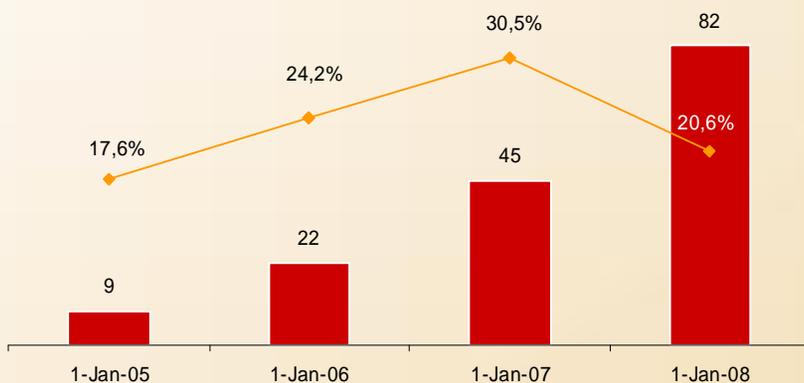
Source: audited IFRS FS 2004-2007

Total loans and deposits, US\$ mln



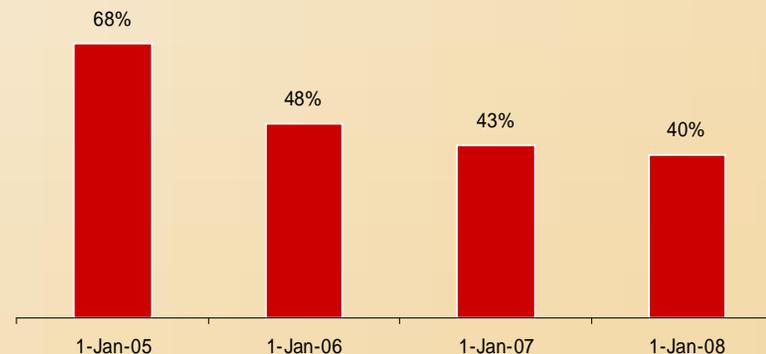
Source: audited IFRS FS 2004-2007

Net Income, US\$ mln and ROAE, %



Source: audited IFRS FS 2004-2007

Cost-to-Income ratio, %



Source: audited IFRS FS 2004-2007

First IPO of Russian privately-owned bank

Advantages of IPO

- ❑ Potential for taking a significant capital sufficient for maintaining of growth for the next 1,5 . 2 years
- ❑ Potential of retaining independency and continuing to develop within the intended strategy
- ❑ Powerful incentive to improve management quality, transparency of the bank
- ❑ Market mechanism of the company evaluation
- ❑ Creating a positive image of the bank
- ❑ Opportunity for credit ratingsqincrease

Starting points

- ❑ Difficult market situation
- ❑ High demand from the investors for high-quality assets
- ❑ Potential to be the first private bank in Russia which completed IPO
- ❑ Interesting history of rapidly-growing regional bank, backed by high efficiency
- ❑ 100% primary
- ❑ Insignificant volume of the issue

Transaction volume

- ❑ 18% of post-IPO total ordinary shares (50,75 mln ordinary shares)

Price

- ❑ Ordinary share price : US\$ 5,4
- ❑ GDR price : US\$ 16,2

Transaction structure

- ❑ 70% of the issue in GDRs, 30% in ordinary shares

Volume of funds raised

- ❑ US\$ 274mln

Market capitalization post-IPO / currently

- ❑ US\$ 1.5 bln post-IPO
- ❑ US\$ 1.7 bln as at May 7, 2008

Current multiples

- ❑ P/BV* = 2.2 as at May 7, 2008
- ❑ P/Es** = 20.5 as at May 7, 2008

*Book Value as at Jan 1, 2008

**Earnings for 2007

Listing

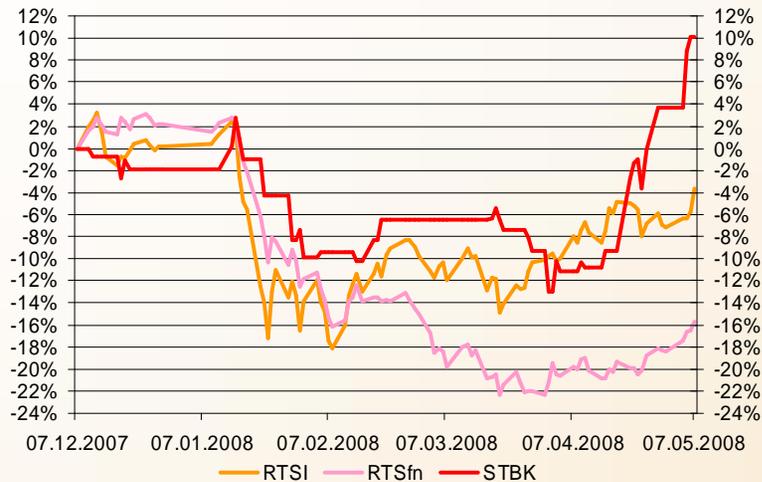
- ❑ RTS, MICEX listing for ordinary shares
- ❑ OTC trading for GDRs (no listing)

Transaction details

- ❑ 7-times oversubscription at top of the price range
- ❑ 130 investors

Stock performance

Price as compared with RTSI and RTSfn

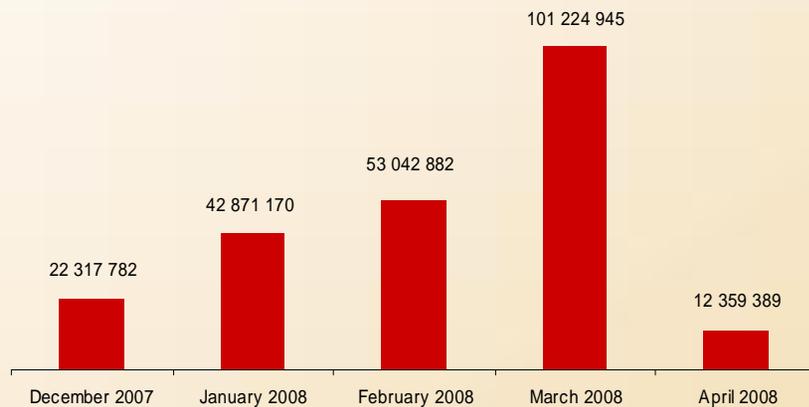


Source: www.rts.ru

Comments

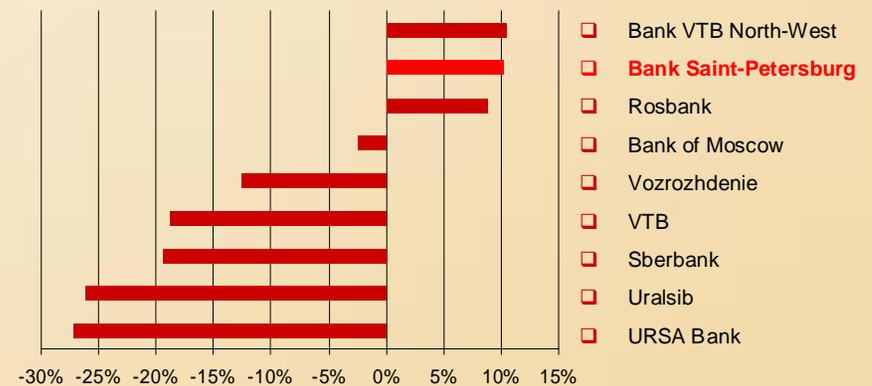
- Market capitalization as at May 7, 2008: US\$ 1.7 bln

Turnover, US\$



Source: www.rts.ru, www.micex.ru

Sector stock performance Æ 5 months



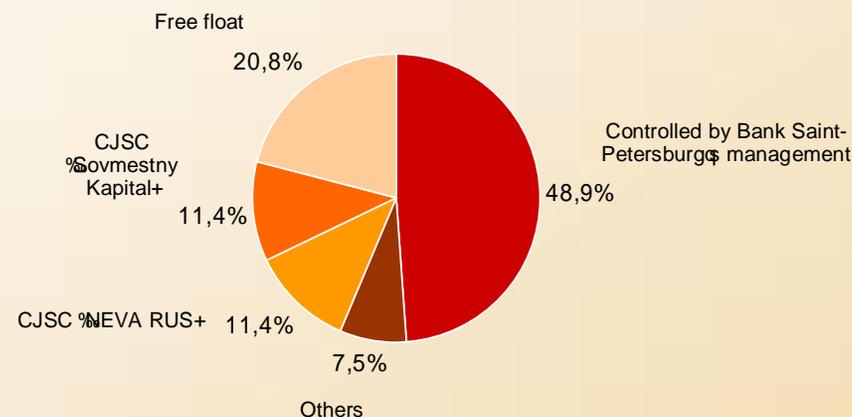
Source: www.rts.ru

Largest independent bank in Saint Petersburg and Leningrad region

Comments

- ❑ Independent from any financial industrial groups
- ❑ Sberbank and VTB, Bank Saint-Petersburg's leading competitors, are both state-owned
- ❑ Majority stake controlled by Bank Saint-Petersburg's top management
- ❑ Mr. Savelyev, CEO, holds 25% of Bank Saint-Petersburg's ordinary shares and has an option to purchase a company which owns 11% of ordinary shares in Bank Saint-Petersburg
- ❑ CJSC %Sovmestny Kapital+ and CJSC %NEVA-RUS+ are controlled by Mr. D.Korzhev and Mr. D.Troitskiy. These shareholders also own a significant stake of one of the largest hypermarket chains operating primarily in Saint Petersburg - %OKEI+chain
- ❑ C. 8,000 shareholders hold 7.5% of Bank Saint-Petersburg's ordinary shares

Shareholders' structure, May 1, 2008



Note: Per cent of total ordinary shares

Experienced and motivated management



Comments

- ❑ Management team has significant relevant banking/ professional experience: an average of 13 years
- ❑ Mr. Indrek Neivelt, former CEO of Hansabank, heads Bank Saint-Petersburg's Supervisory Board (since 2005)
- ❑ Mr. Savelyev, CEO, has extensive experience of working as deputy chairman for several local banks. He joined Bank Saint-Petersburg in 2001 and brought together a new management team
- ❑ Performance-based compensation for key executive managers with bonuses linked to key performance indicators per manager and business line

Established relationship with municipal government

Municipal enterprises as Bank Saint-Petersburg clients



- ❑ **Vodokanal:** water supply for residents of Saint Petersburg



- ❑ **Lenenergo:** electrical supply for residents of Saint Petersburg

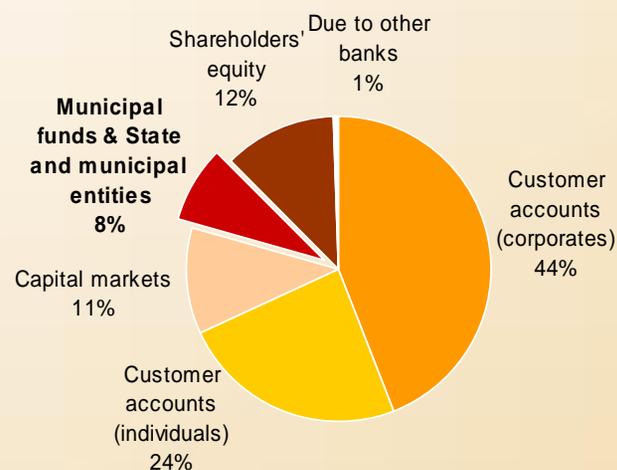


- ❑ **Petersburg Underground:** underground transport system in Saint Petersburg



- ❑ **Fuel & Energy Complex of Saint Petersburg:** generation and supply of heating energy for residents of Saint Petersburg

Municipal funds at Bank Saint-Petersburg , Jan 1, 2008



Source: Management data

Major projects with municipal / federal government

- ❑ **Morskoy Fasad:** artificial land on Vasiliyevsky Island, financed from municipal budget; Bank Saint-Petersburg's loan exposure as at Jan 1, 2008 - c. US\$ 146mln. Total estimated project amount . c. US\$ 290mln
- ❑ **Ust Luga:** port construction project, financed from the federal budget; Bank Saint-Petersburg's loan exposure as at Jan 1, 2008 - c. US\$ 81mln. Total estimated project amount . US\$ 325mln
- ❑ **Ring road project:** ring road around Saint Petersburg, financed from the federal budget. Bank Saint-Petersburg's loan exposure as at Jan 1, 2008 - c. US\$ 40mln. Total estimated project amount . US\$ 5bln

Comments

- ❑ Bank Saint-Petersburg enjoys a good relationship with the local government and government agencies, which have put deposits with the Bank. Bank Saint-Petersburg is one of the 25 banks in Saint Petersburg authorised to participate in tenders to attract municipal funds
- ❑ The Supervisory Board of Bank Saint-Petersburg includes CEOs of large municipal enterprises: Petersburg Underground (Mr. Vladimir Gariugin) and Vodokanal (Mr. Felix Karmazinov)
- ❑ Bank Saint-Petersburg also runs a number of social projects with municipal government, e.g., children's and pre-school cards, students' cards and a mortgage program for young families

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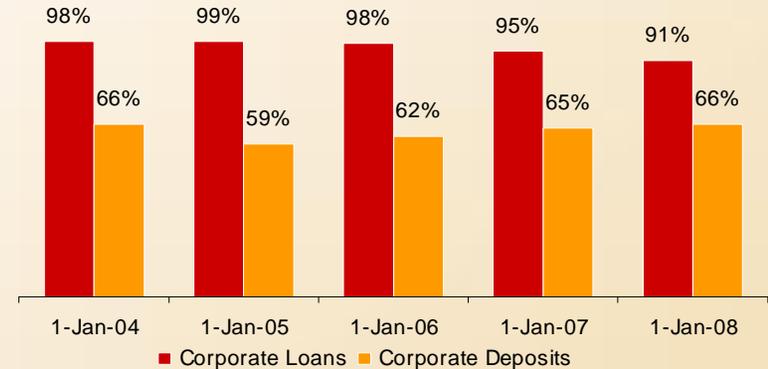
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Corporate banking

Comments

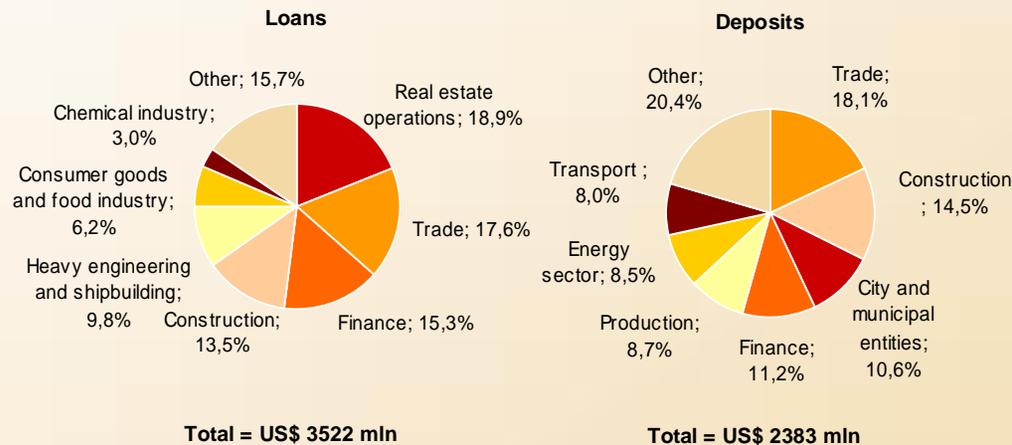
- ❑ Corporate banking remains Bank Saint-Petersburg's core activity
- ❑ Typical corporate customer is a local / regional medium-sized company
- ❑ Large client base with c.31 thousand corporate clients
- ❑ Focus on Saint Petersburg and Leningrad region
- ❑ Strategic focus on the fast growing SME segment:
 - EBRD programme (US\$ 30mln financing line)
 - BSBP's own programme (launched in October 2007)

Contribution of corporates to total loans/deposits



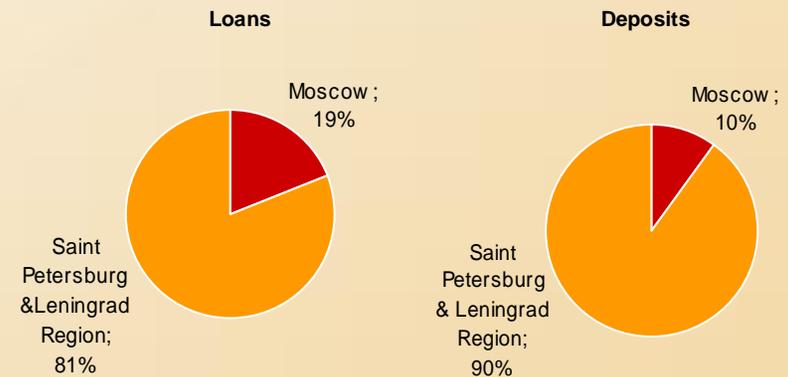
Source: audited IFRS FS 2003-2007

Sector breakdown of corporate loans/deposits, Jan 1, 2008



Source: audited IFRS FS for 2007

Geographic breakdown of corporate loans/deposits, Jan 1, 2008



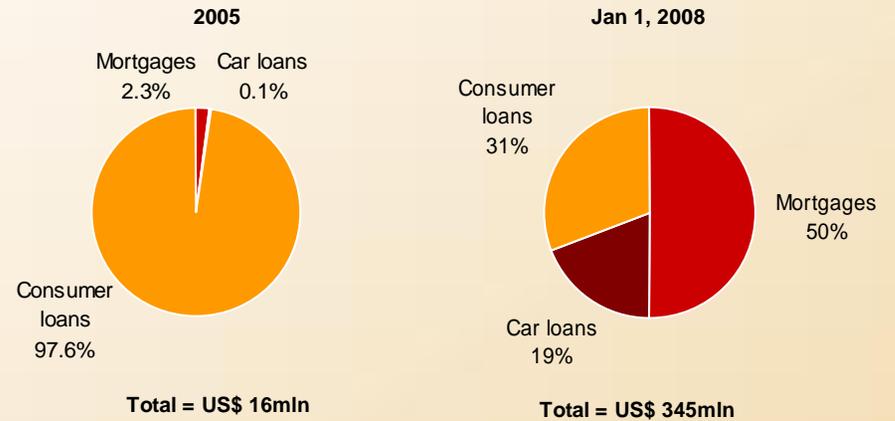
Source: Management data

Retail banking

Comments

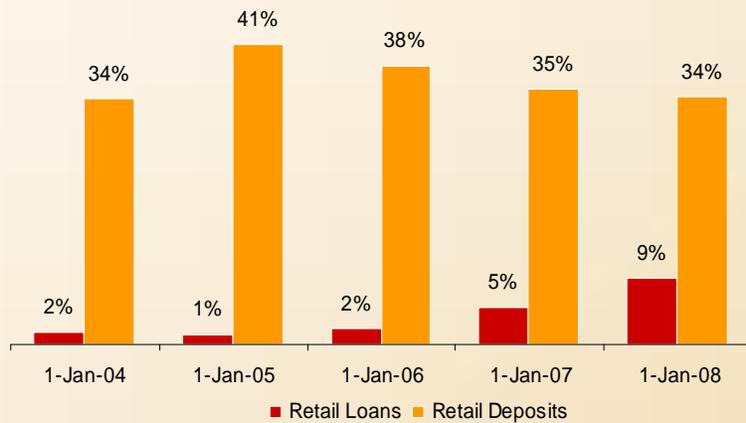
- ❑ Rapidly expanding retail customer base: c. 628,000 retail customers
- ❑ Accessibility for customers via a wide network of branches and ATMs
- ❑ On-line banking products: Internet banking, telephone banking, ATMs and POS-terminal networks
- ❑ Relationship with clients on a cross-selling basis
- ❑ Consumer lending is carried out on conservative basis. Principal kinds of loans are mortgages, car loans and secured consumer loans (incl. overdrafts for payroll cards)

Dynamics of retail loans



Source: Management data

Contribution of retail to total loans/deposits



Source: audited IFRS FS 2003-2007

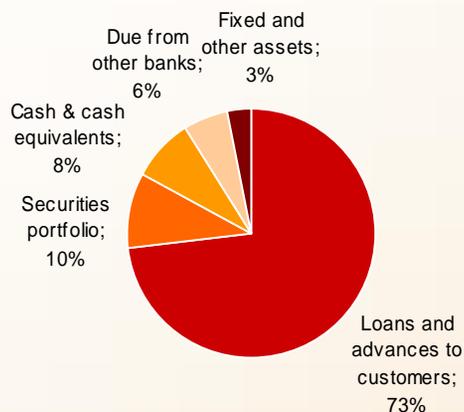
Geographic breakdown of retail loans/deposits, Jan 1, 2008



Source: Management data

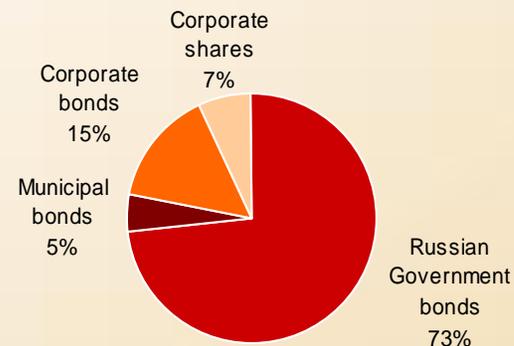
Risk management: assets structure and funding

Assets structure, Jan 1, 2008



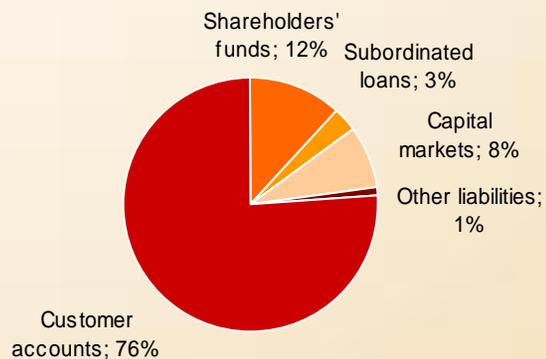
Source: audited IFRS FS for 2007

Securities portfolio, Jan 1, 2008



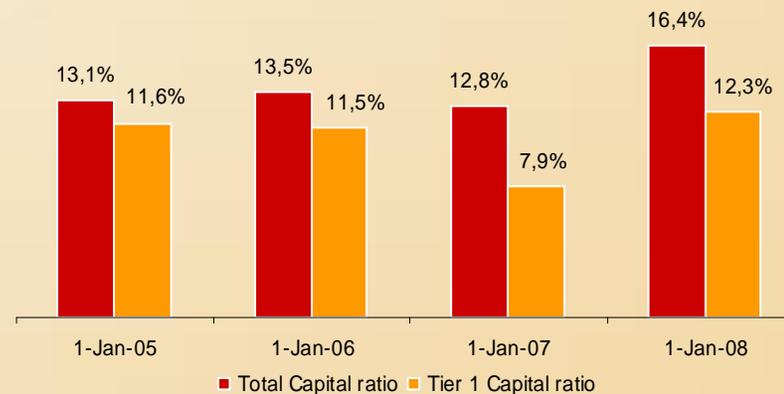
Source: audited IFRS FS for 2007

Funding structure, Jan 1, 2008



Source: audited IFRS FS for 2007

Capital adequacy, %



Source: Management data

Capital markets transactions

Transactions on open markets 2007-2008

- ❑ The second and the third tranches of the loan provided by EBRD, US\$ 10mln per each tranche, in February and June 2007
- ❑ US\$ 100mln syndicated loan in June 2007
- ❑ US\$ 27.5mln extension of 2006 syndicated loan in July 2007
- ❑ US\$ 100mln subordinated eurobonds in July 2007
- ❑ Two tranches of the credit facility provided by Nordic Investment Bank in the amount of EUR 20mln in September and November 2007
- ❑ US\$ 70mln syndicated loan in November 2007
- ❑ US\$ 75mln 2-year eurobonds (private placement) in April 2008

Next to mature

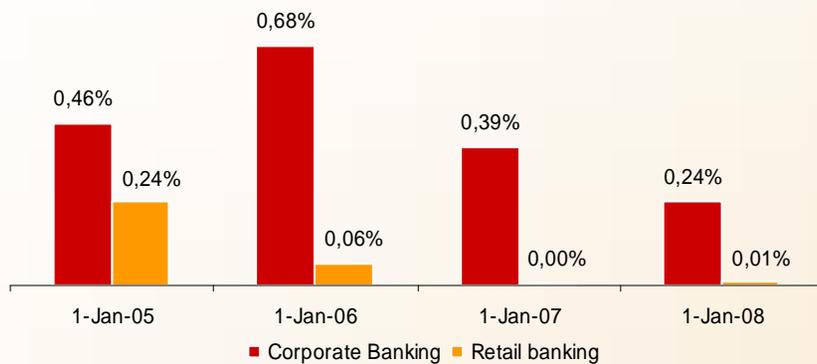
- ❑ US\$ 100mln - June 2008
- ❑ US\$ 27.5mln - July 2008
- ❑ US\$ 44.5mln . November 2008

2008 plans

- ❑ US\$ 100mln senior term loan comprising of two tranches: the tranche A to be provided by EBRD - 4 years, the tranche B to be syndicated to participants (commercial banks) . 1.5 years
- ❑ US\$ 100mln+ syndicated loan for 1 year
- ❑ 5-year bonds in the amount of RUB 3bln
- ❑ US\$ 100mln+ subordinated eurobonds / loan

Risk management: asset quality

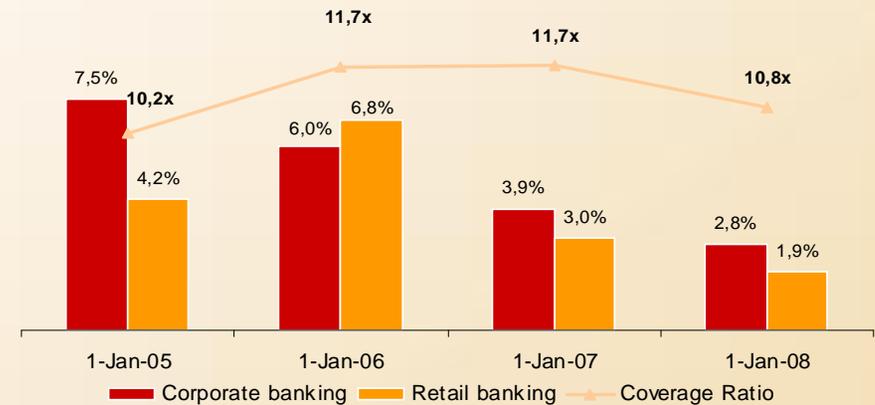
NPL ratio, %



Note: NPL ratio is calculated as non-performing loans (all loans overdue at least by one day) divided by gross total loans

Source: Management data

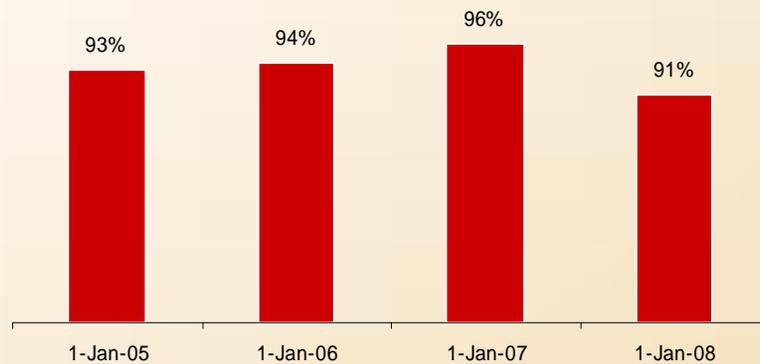
Provisioning / Coverage ratio, %



Note: Corporate business rate is calculated as provisions for corporate loans divided by total corporate loans and retail business rate is calculated as provisions for retail loans divided by total retail loans

Source: Management data

Collateralisation ratio*, %



Note: * - Collateralisation ratio is defined as a percentage of collateralised loans out of total loans

Source: Management data

Comments

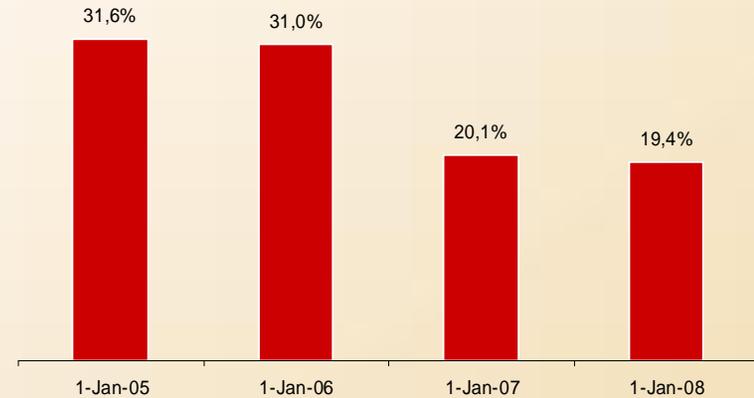
- 91% of loans secured as at Jan 1, 2008
- As a result of a conservative credit policy and broad experience, Bank Saint-Petersburg has been able to maintain the NPL ratio at a very low level
- c. 10.8 times NPL coverage

Risk management: diversification

Comments

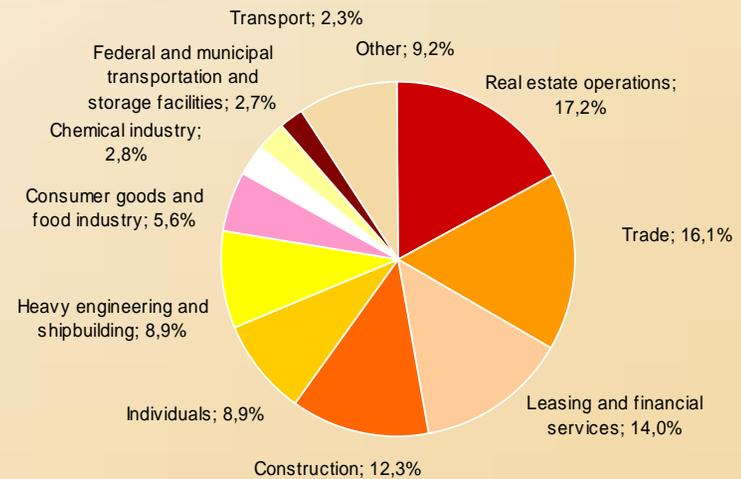
- ❑ Rapidly growing loan portfolio with annual compound growth over last 3 years . 94% and for 2007 . 149%
- ❑ Conservative risk management based on diversification principle
- ❑ Reduction of construction / real estate sector exposure planned over the next two years

Top 10 borrowers as % of loan portfolio



Source: Company information

Loans by sector, Jan 1, 2008



Source: audited IFRS FS for 2007

Financial summary

USD mln	1 Jan 2005	1 Jan 2006	1 Jan 2007	1 Jan 2008
Loans and Advances to Customers	375	661	1,508	3,762
Total Assets	599	1,082	2,301	5,159
Customer Deposits	429	814	1,700	3,614
Total Liabilities	529	967	2,131	4,548
Total Shareholders' Equity	68	115	171	611
Total Capital	68	115	247	753
Total operating income (before provisions)	50	84	136	247
Operating expenses	34	39	58	99
Net profit	9	22	45	82
Net Interest margin	7.5%	8.2%	6.7%	5.5%
Capital Adequacy	13.1%	13.5%	12.8%	16.4%
Cost-to-Income ratio	67.8%	47.8%	42.6%	40.2%
Provision rate	7.5%	5.8%	3.9%	2.7%
Loans / Deposits	87%	81%	89%	104%
ROAA	1.8%	2.6%	2.6%	2.1%
ROAE	17.6%	24.2%	30.5%	20.6%

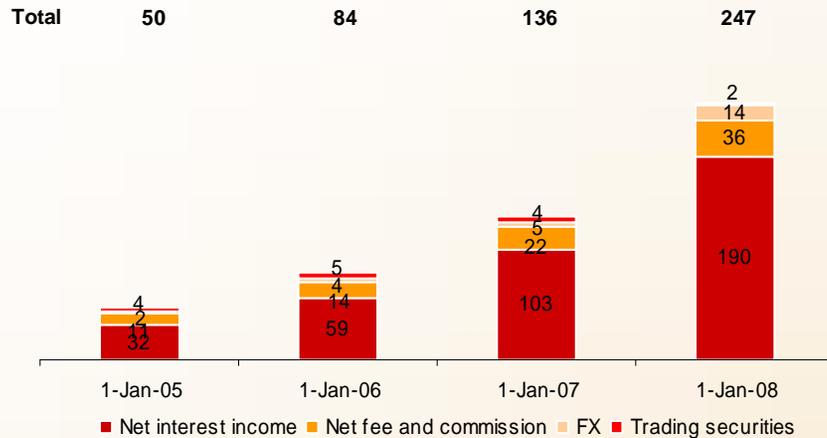
Notes:

- ❑ Ruble-denominated IFRS financials are translated into US\$ based on CBR closing exchange rates
- ❑ **Net Interest margin:** calculated as net interest income divided by the average interest earning assets (loans, due from banks, nostro accounts and securities portfolio)
- ❑ **Cost-to-Income:** calculated as operating expenses divided by operating income (before provision charge)
- ❑ **ROAA:** calculated as net income divided by the average total assets (sum of opening and closing total assets divided by 2)
- ❑ **ROAE:** calculated as net income divided by the average equity (sum of opening and closing equity divided by 2)
- ❑ **Total capital:** calculated as the sum of shareholders' equity and subordinated loans

Source: audited IFRS FS 2004-2007

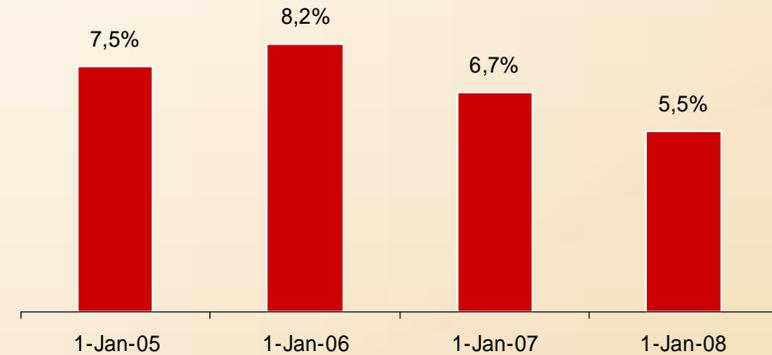
Income and expense dynamics

Operating income (before LLP charge), US\$ mln



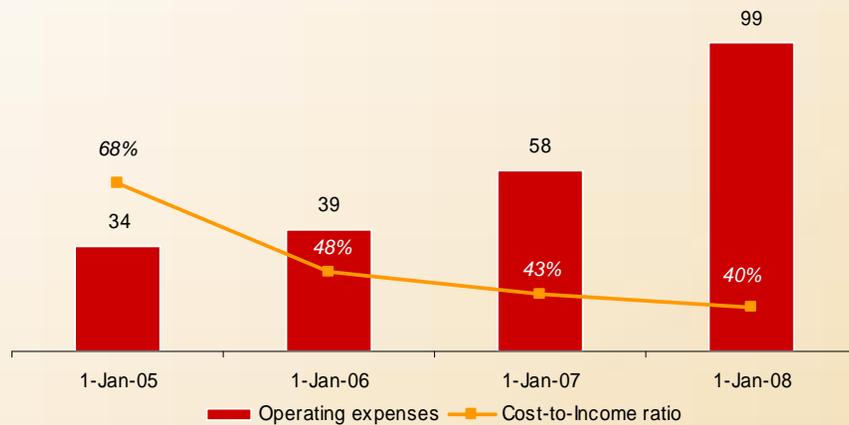
Source: audited IFRS FS 2004-2007

Net interest margin



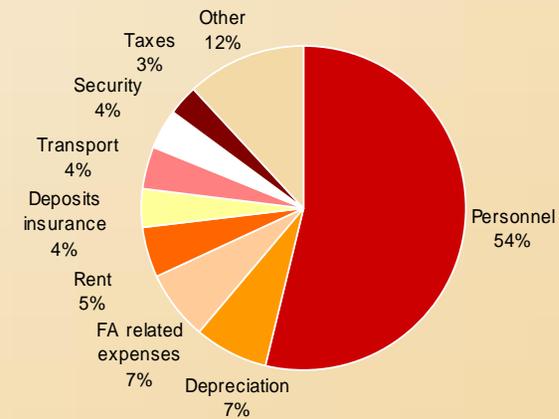
Source: audited IFRS FS for 2004-2007

Operating expenses, US\$ mln / Cost-to-income ratio



Source: audited IFRS FS for 2004-2007

Breakdown of operating expenses



Source: audited IFRS FS for 2007

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Successful strategy implementation (2006-2007)

Strategy

- ❑ Rapid growth, emphasis on retail banking

Financing

- ❑ Entrance into international debt capital markets

Communication

- ❑ More open internal and external communication strategy, creation of Investor Relations division

HR

- ❑ Training centre established, active exchange of knowledge

IT

- ❑ Retail module and advanced internet banking system introduced

Clients

- ❑ New focus groups: private banking and SME lending

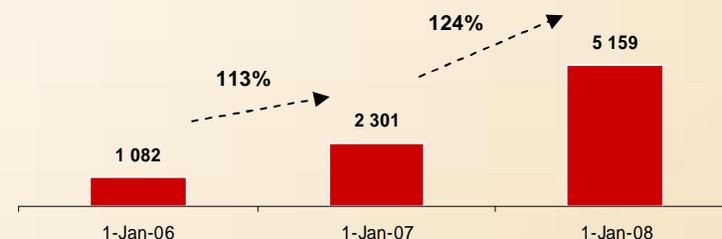
Motivation system

- ❑ New remuneration system based on KPIs

Distribution network

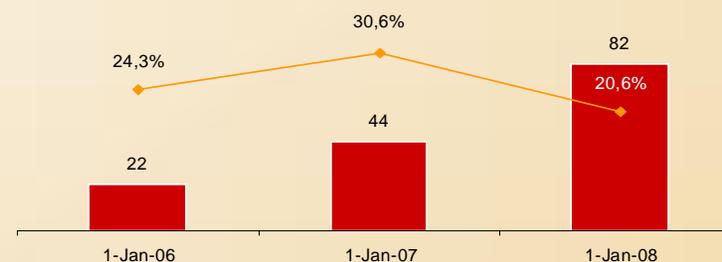
- ❑ New branches opened, new ATMs installed

Total assets, US\$ mln



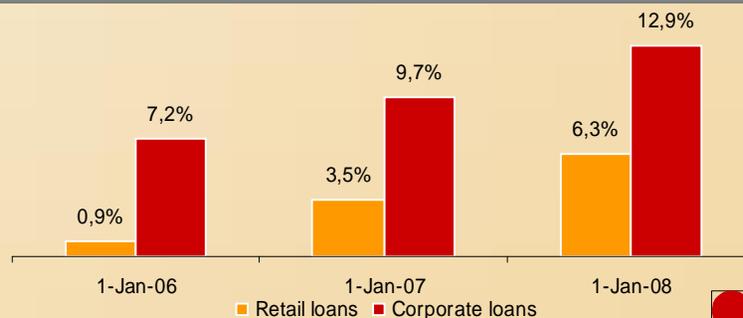
Source: audited IFRS FS 2005-2007

Net Income, US\$ mln, and ROAE, %



Source: audited IFRS FS 2005-2007

Market Share*



* - Ranking based on banksqRAS financials

Source: Association of North-West banks, Bank Saint-Petersburg data



Strategic priorities (2008-2009)

WHO

- ❑ Universal bank model: serving all customers
- ❑ Focus on medium-sized companies and private affluent customers

WHAT

- ❑ Reliability and flexibility
- ❑ Easy access with multi-channel distribution: branches, ATMs, call-center, Internet banking
- ❑ Competitive interest rates and fees

HOW

- ❑ Team focused on Saint Petersburg
- ❑ Cheaper distribution
- ❑ Excellence and innovation in Internet banking at the forefront of technological innovation

Aggressive growth of market share in Saint Petersburg and Leningrad region

- ❑ Acquire market share from small local banks as well as big Moscow-based and foreign-owned banks (faster growth)
- ❑ Increased market share in retail, SME and private banking

Creating better access

- ❑ Open 30 new outlets in Saint Petersburg and the Leningrad region
- ❑ Expand ATM network up to 450 ATMs

Improvement of operational efficiency

- ❑ Streamlining of credit approval
- ❑ Upgrade of IT systems and infrastructure to respond to changing environment
- ❑ MIS improvements to upgrade reporting and monitoring of performance

Implementation of retail-oriented infrastructure

- ❑ On-line banking products: Internet banking, ATMs and POS-terminal networks

Funding diversification

- ❑ Borrowing program of up to US\$1bln from global financial markets
- ❑ Potential securitization of assets