

Bank “Saint-Petersburg”

June 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, 39, 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 Apr 1, 2008):
 - Assets: 10.5 % ^[1]
 - Loans: 13.9 % corporate, 6.8% retail ^[1]
 - Deposits: 11.0% corporate, 8.1% retail ^[1]

Attractive Saint-Petersburg

- ❑ 6.2mln population in Saint-Petersburg and the Leningrad region
- ❑ Saint-Petersburg is the 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.660,000 retail and c.31,000 corporate customers as at June 1, 2008
- ❑ 36 branches and outlets primarily in Saint-Petersburg, and 342 ATMs as at June 1, 2008

Financial / operating highlights

- ❑ 23rd largest bank in Russia by assets as at Apr 1, 2008 ^[2]
- ❑ Total assets: US\$ 5.9 bln as at Apr 1, 2008 ^[3]
- ❑ Ratings: Moody's Ba3 (Stable outlook); Fitch B+ (Stable outlook) since June 10, 2008
- ❑ Net income for 1Q2008: US\$ 27.2mln ^[3]
- ❑ ROAE for 1Q2008: 16.7% ^[3]
- ❑ Cost-to-Income ratio for 1Q2008: 37.9% ^[3]
- ❑ c. 2100 employees

Source:

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

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

[3] unaudited IFRS FS for 1Q2008

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

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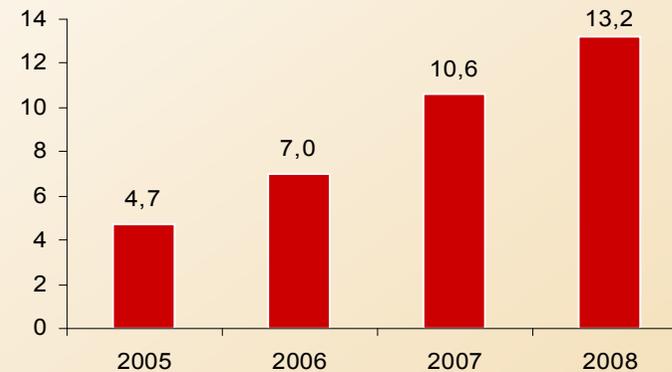
- Investment Highlights**
- Business / Financial Overview
- Strategy

Attractive Saint-Petersburg

Comments

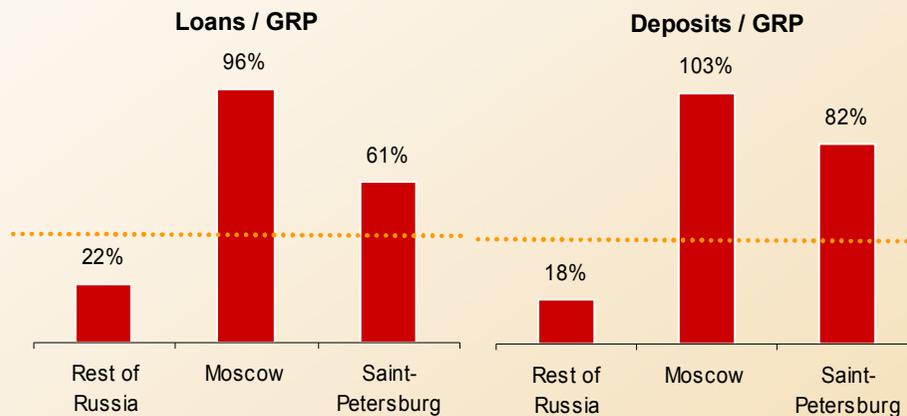
- ❑ 6.2mln population in Saint-Petersburg and the Leningrad region
- ❑ Saint-Petersburg is the Russian “window to Europe”, major logistic center which connected Russia with countries of the Baltic Sea and Central Europe
- ❑ Developing as an industrial hub for car manufacturing (Ford, Toyota, Nissan, 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

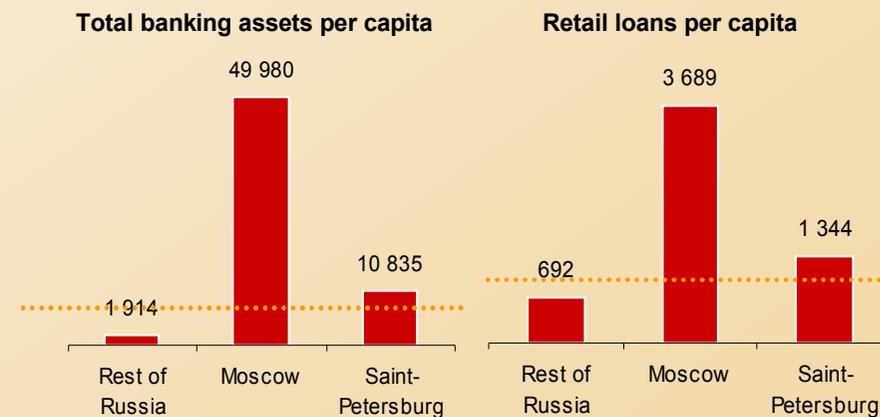
Regional banking penetration, 2007



Source: CBR, the Bank's estimates

Note: - average for Russia

Per capita statistics (US\$), 2007

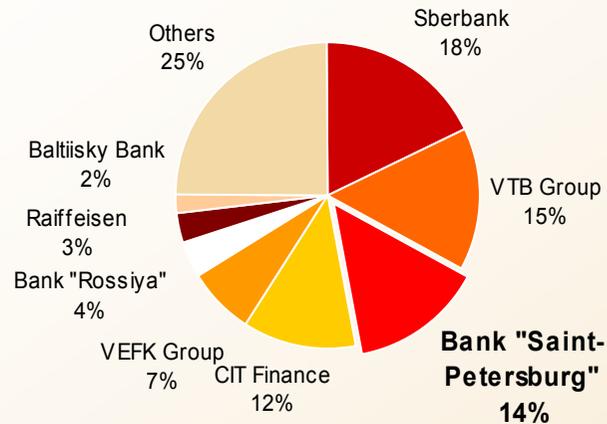


Source: Federal State Statistics Service, CBR

Note: - average for Russia

A leading universal bank in Saint-Petersburg and Leningrad region

Loans* (market share as at Apr 1, 2008)

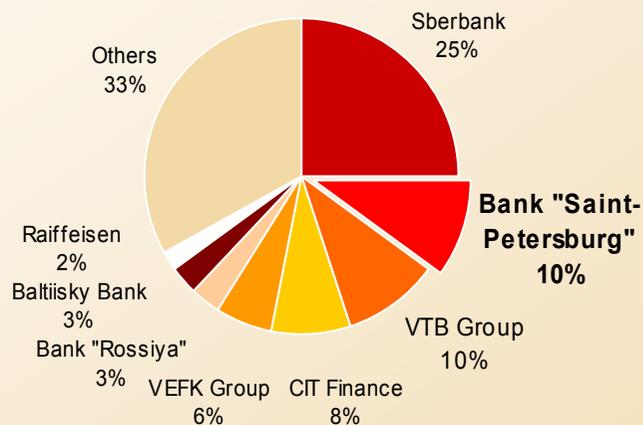


* - Ranking based on banks' RAS financials. Loans include Loans and advances to customers and Due from other banks
Source: Association of North-West banks

Comments

- Local banks historically have a strong position at Saint-Petersburg market
- Bank "Saint-Petersburg" has grown its customer base to c. 660,000 individuals and c. 31,000 corporates as at June 1, 2008

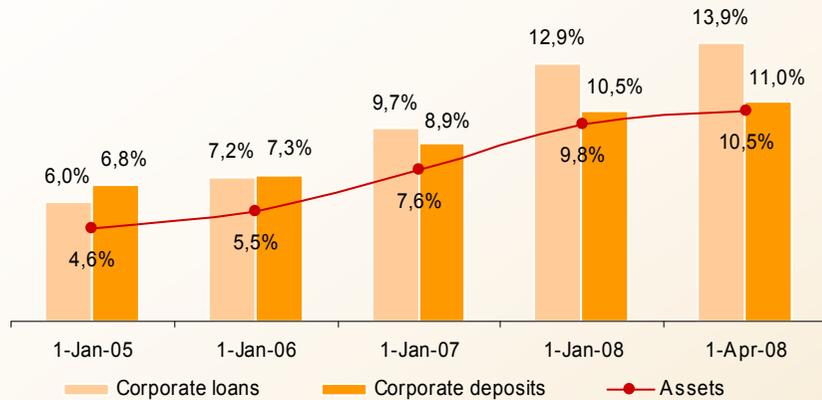
Deposits* (market share as at Apr 1, 2008)



* - Ranking based on banks' RAS financials
Source: Association of North-West banks

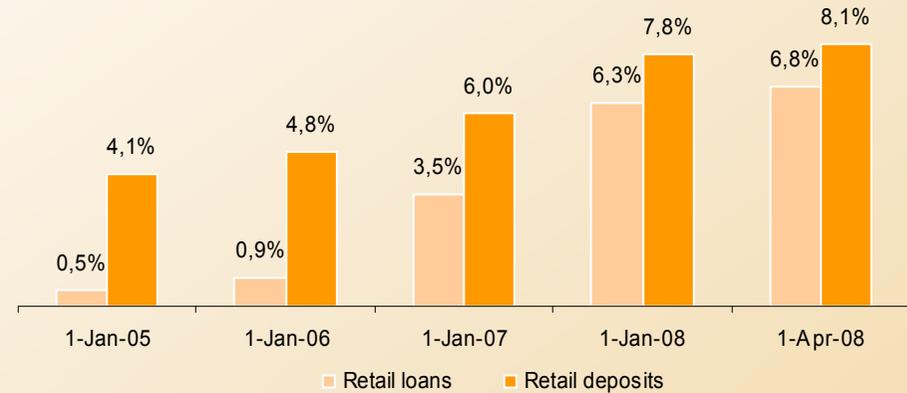
Focused strategy building a strong local franchise

Rapidly growing market share*: Assets / Corporate banking



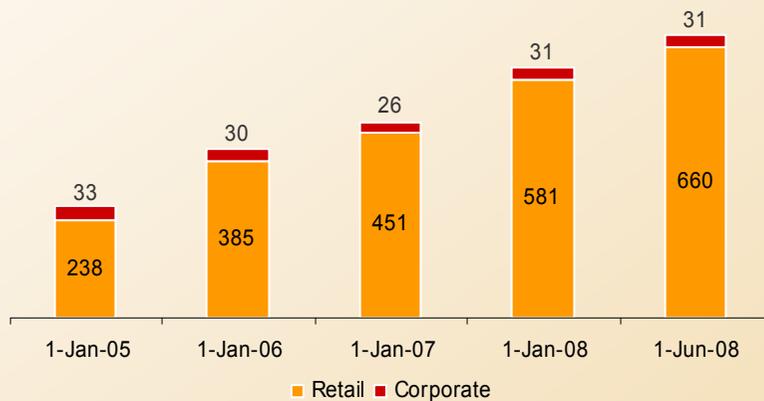
* - Ranking based on banks' RAS financials
Source: Association of North-West banks, Bank "Saint-Petersburg" data

Rapidly growing market share*: Retail banking



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

Rapidly growing client base, '000



Source: Management data

Comments

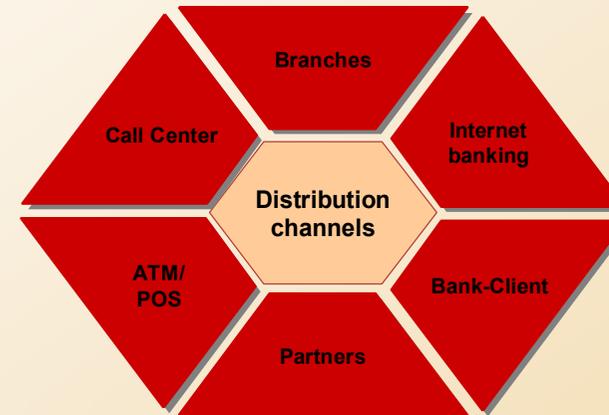
- Management team is focused on local business and growing regional franchise
- Decisions on lending are taken "close to customers":
 - Speed in meeting customers' demands
 - Better understanding of customers' needs

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 as at June 1, 2008
 - 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

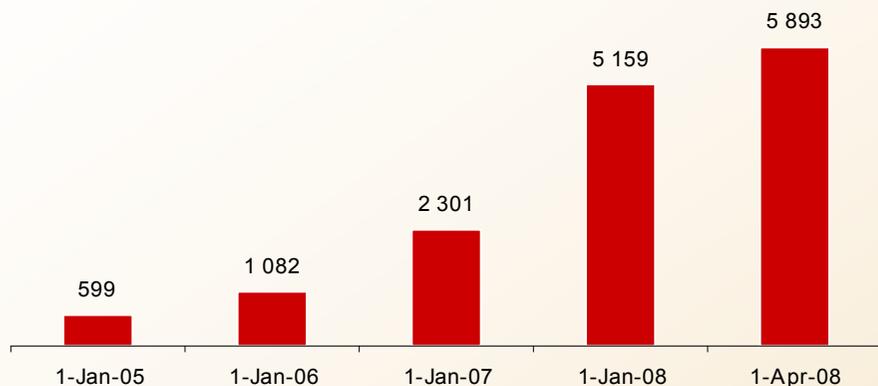


Bank "Saint-Petersburg" branches / outlets



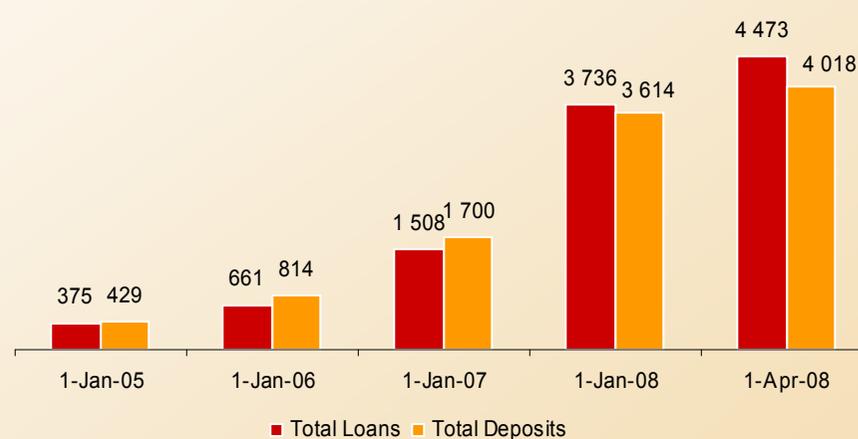
Track record of high profitability and growth

Total assets, US\$ mln



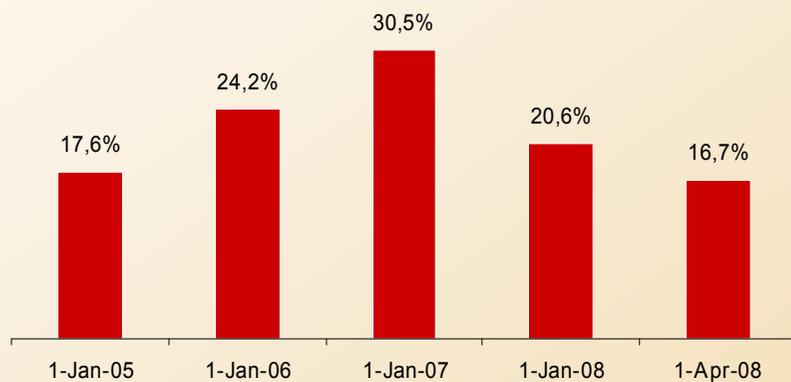
Source: audited IFRS FS 2004-2007, unaudited IFRS FS for 1Q2008

Total loans and deposits, US\$ mln



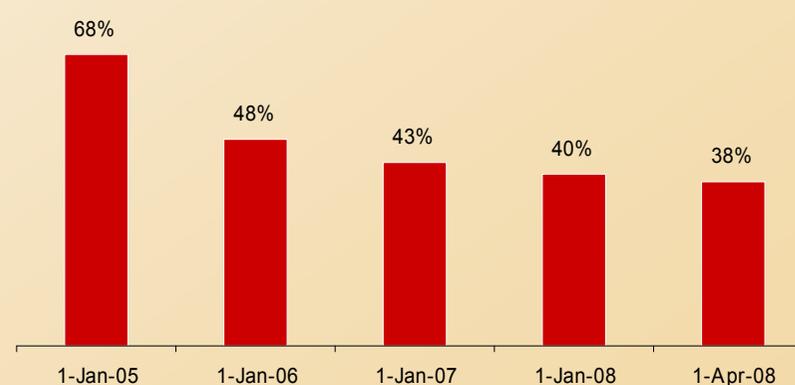
Source: audited IFRS FS 2004-2007, unaudited IFRS FS for 1Q2008

ROAE, %



Source: audited IFRS FS 2004-2007, unaudited IFRS FS for 1Q2008

Cost-to-Income ratio, %



Source: audited IFRS FS 2004-2007, unaudited IFRS FS for 1Q2008

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 ratings' increase

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\$ 2.0 bln as at June 9, 2008

Current multiples

- P/BV* = 2.5 as at June 9, 2008
- P/Es** = 23.3 as at June 9, 2008

*Book Value as at Jan 1, 2008

**Earnings for 2007

Listing

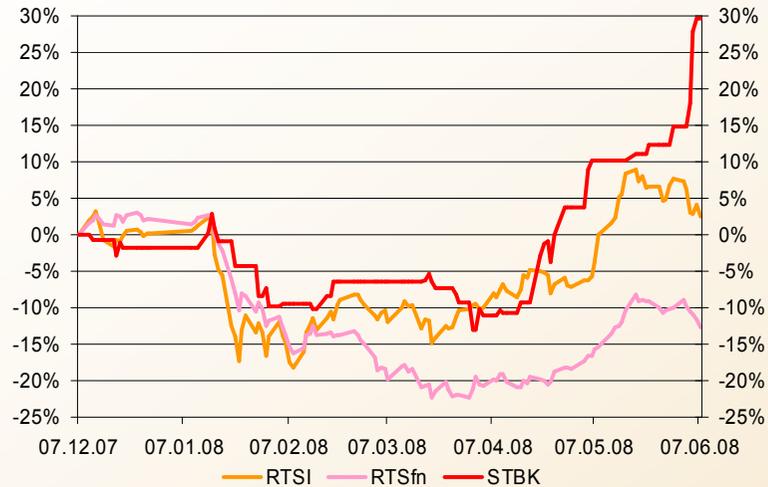
- RTS, MICEX listing for ordinary shares
- OTC trading for GDRs (no listing)

Transaction details

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

Stock performance

Price as compared with RTSI and RTSfn

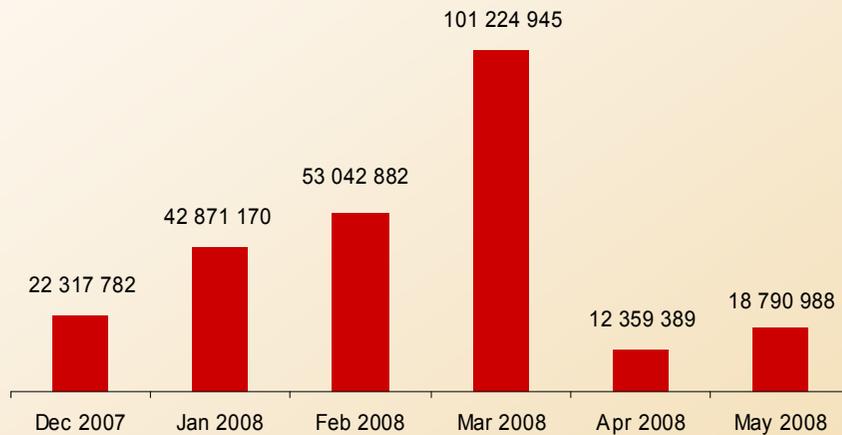


Source: www.rts.ru

Comments

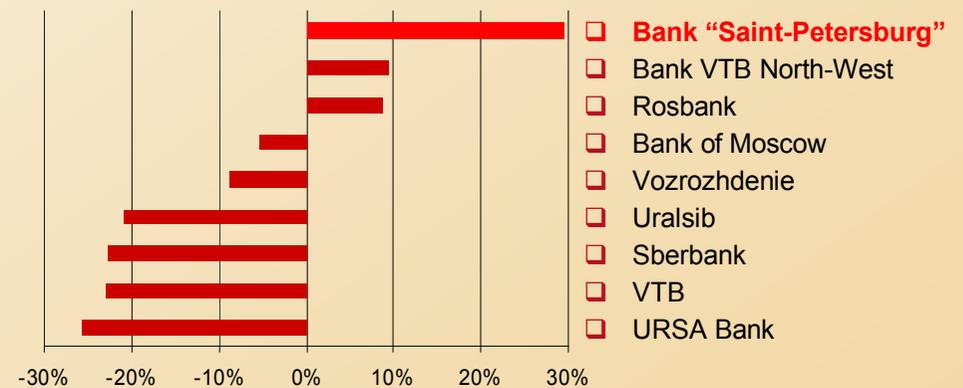
- Market capitalization as at June 9, 2008:
46.6 bln RUB (2.0 bln USD)

Turnover, US\$



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

Sector stock performance – 6 months



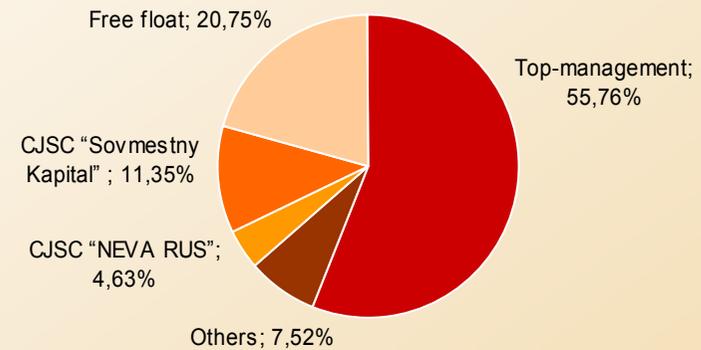
Source: www.rts.ru

Largest independent bank in Saint-Petersburg and Leningrad region

Comments

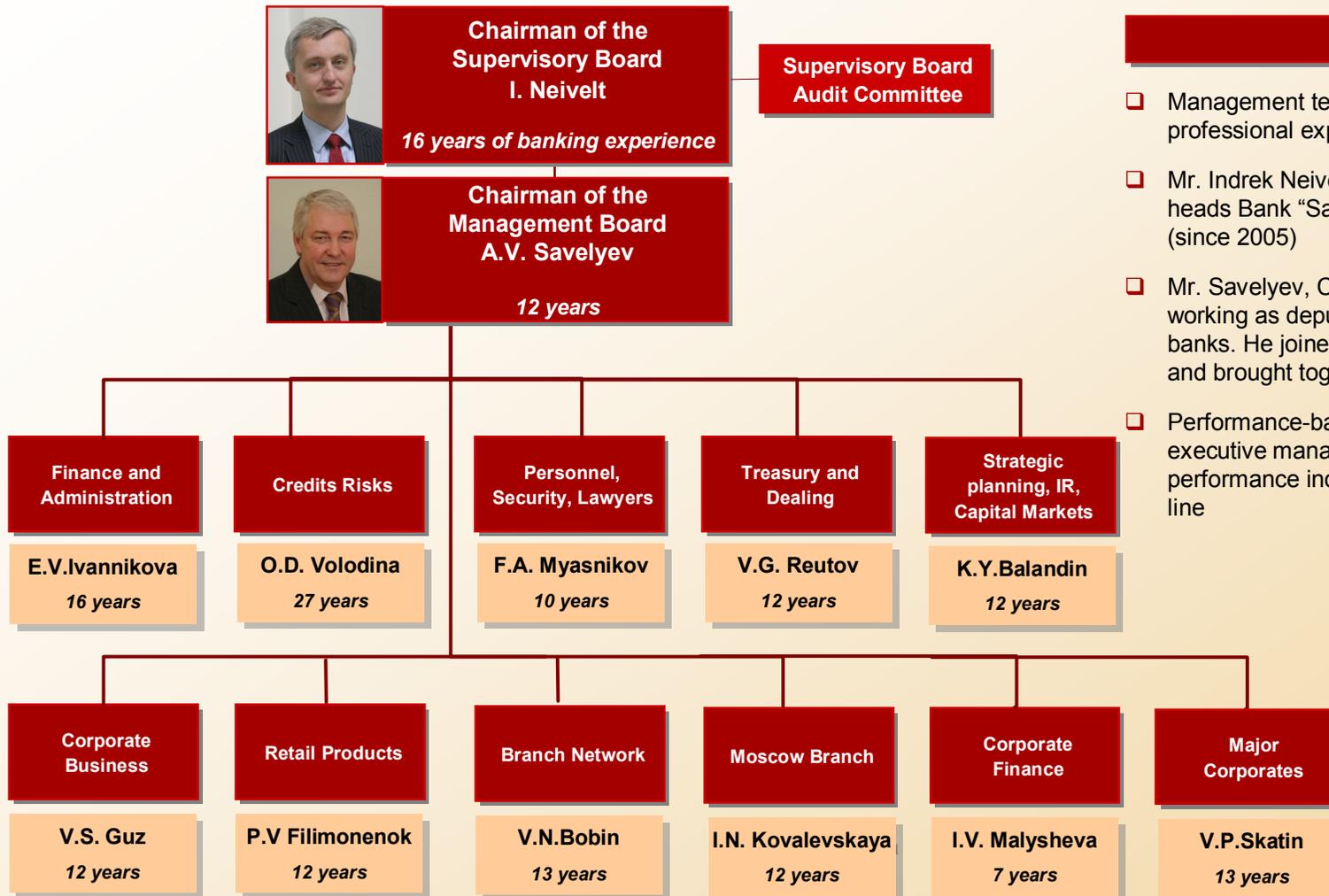
- ❑ Independent from any financial industrial groups
- ❑ Sberbank and VTB, Bank "Saint-Petersburg"s leading competitors, are both state-owned
- ❑ Majority stake controlled by Bank "Saint-Petersburg"s top management
- ❑ Mr. Savelyev, CEO, holds 29.91% of Bank "Saint-Petersburg"s ordinary shares and has an option to purchase a company which owns 12.55% 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 - "O'KEI" chain
- ❑ C. 8,000 shareholders hold 7.5% of Bank "Saint-Petersburg"s ordinary shares

Shareholders' structure, June 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

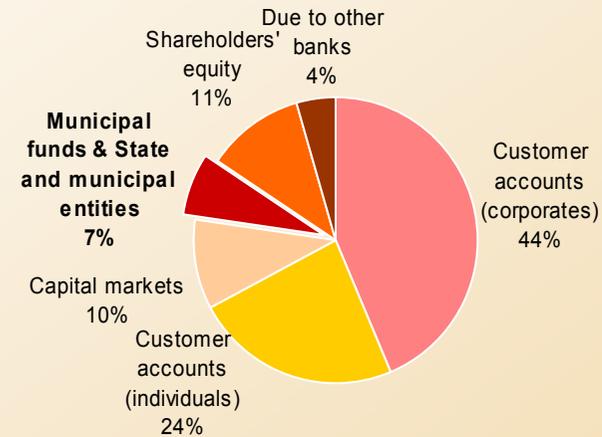


- ❑ **Petersburg Underground:** underground transport system in Saint-Petersburg



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

Municipal funds at Bank “Saint-Petersburg”, Apr 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 Apr 1, 2008 - c. US\$ 160mln. 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 Apr 1, 2008 - c. US\$ 58mln. 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 Apr 1, 2008 - c. US\$ 31mln. 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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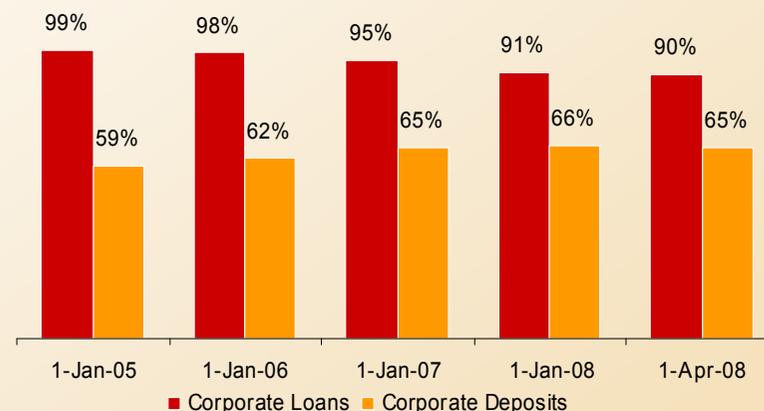
- ❑ Investment Highlights
- ❑ **Business / Financial Overview**
- ❑ Strategy

Corporate banking

Comments

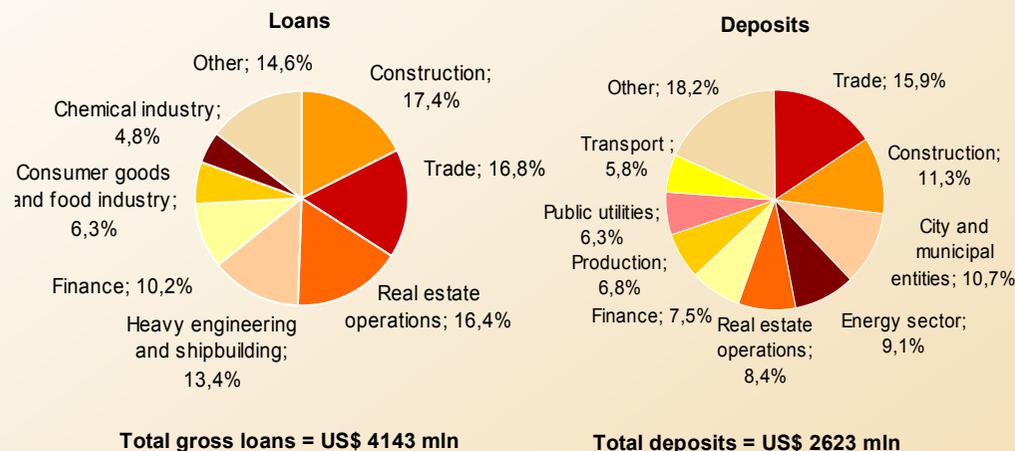
- ❑ Corporate banking remains Bank “Saint-Petersburg”'s core activity
- ❑ Typical corporate customer is a local / regional medium-sized company
- ❑ Large client base with c.31 thousand corporate clients
- ❑ Focus on Saint-Petersburg and the Leningrad region
- ❑ Strategic focus on the fast growing SME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

Contribution of corporates to total loans/deposits



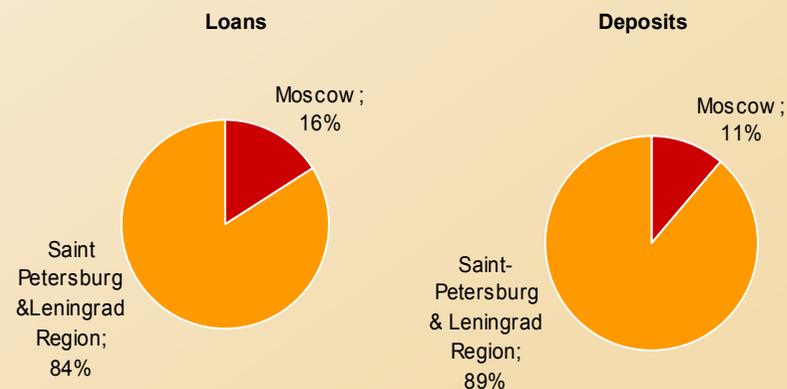
Source: audited IFRS FS 2004-2007, unaudited IFRS FS for 1Q2008

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



Source: unaudited IFRS FS for 1Q2008

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



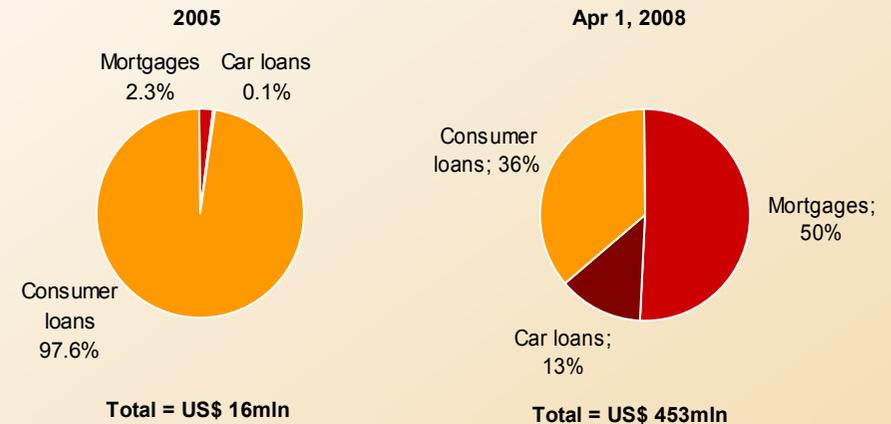
Source: Management data

Retail banking

Comments

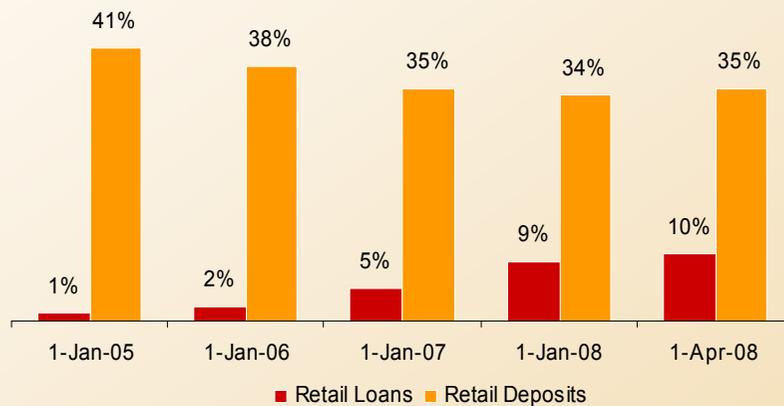
- ❑ Rapidly expanding retail customer base: c. 660,000 retail customers
- ❑ Accessibility for customers via a wide network of branches and ATMs
- ❑ On-line banking products: Internet banking, telephone banking, ATMs and POS-terminal networks
- ❑ Relationship with clients on a “cross-selling” basis
- ❑ 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 2004-2007, unaudited IFRS FS for 1Q2008

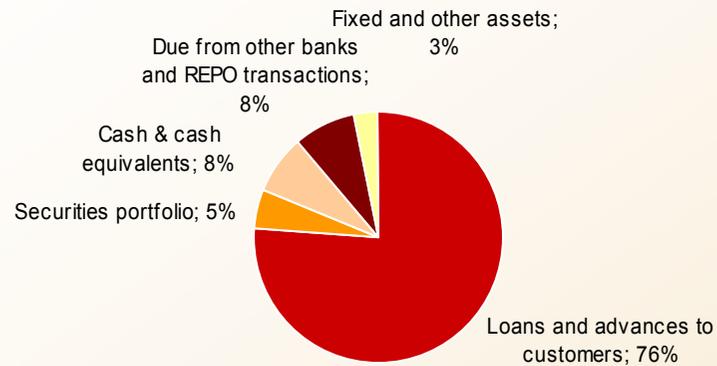
Geographic breakdown of retail loans/deposits, Apr 1, 2008



Source: Management data

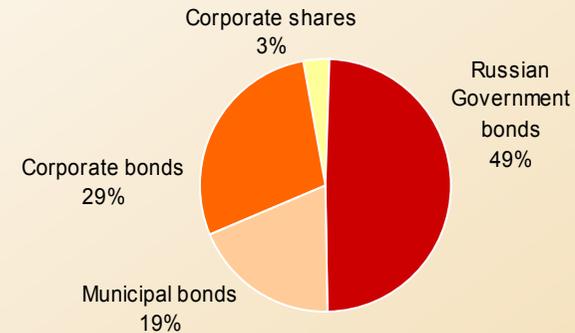
Risk management: assets structure and funding

Assets structure, Apr 1, 2008



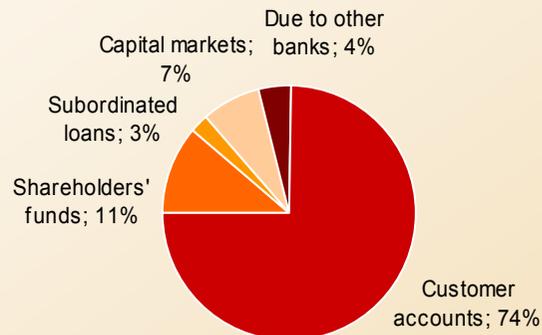
Source: unaudited IFRS FS for 1Q2008

Securities portfolio, Apr 1, 2008



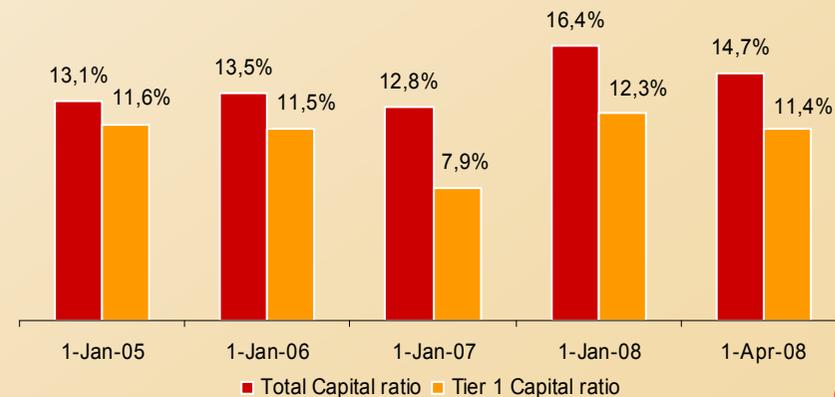
Source: unaudited IFRS FS for 1Q2008

Funding structure, Apr 1, 2008



Source: unaudited IFRS FS for 1Q2008

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
- ❑ US\$ 100mln syndicated loan in June 2008: US\$ 25 mln (the tranche A) provided by EBRD for 4 years, US\$ 75 mln (the tranche B) granted by 14 international banks for 1.5 years
- ❑ US\$ 35 mln loan agreement with KfW IPEX-Bank for 5 years in June 2008

Next to mature

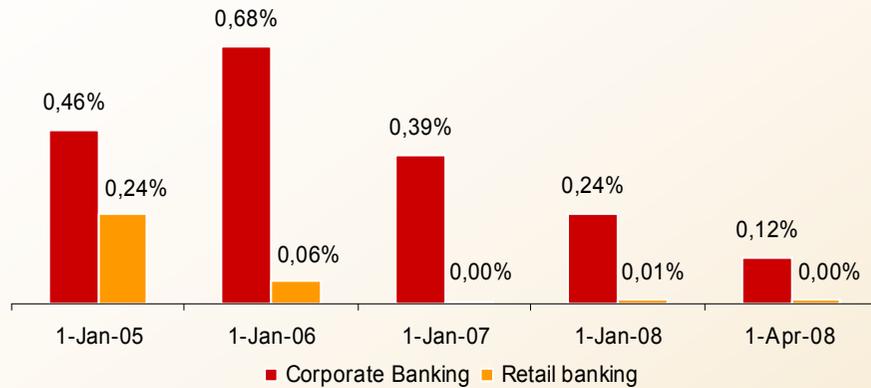
- ❑ US\$ 27.5mln - July 2008
- ❑ US\$ 44.5mln – November 2008

2008 plans

- ❑ US\$ 100mln+ syndicated loan for 1 year
- ❑ 5-year bonds in the amount of RUB 3bln
- ❑ US\$ 100mln+ subordinated eurobonds / loan

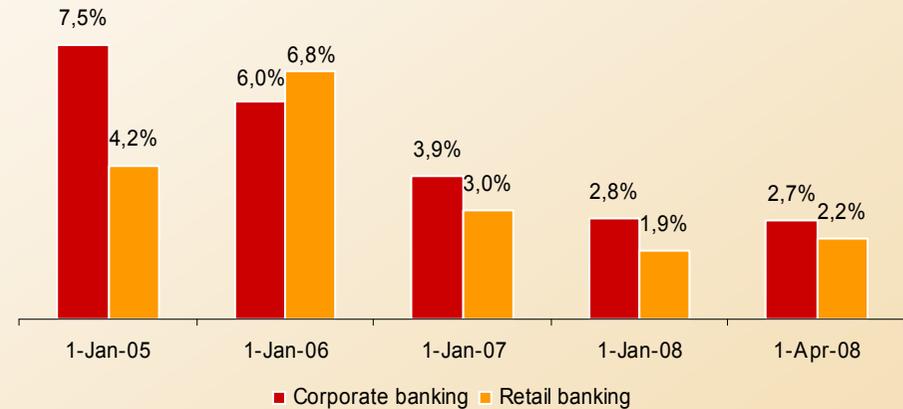
Risk management: asset quality

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, %



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

Comments

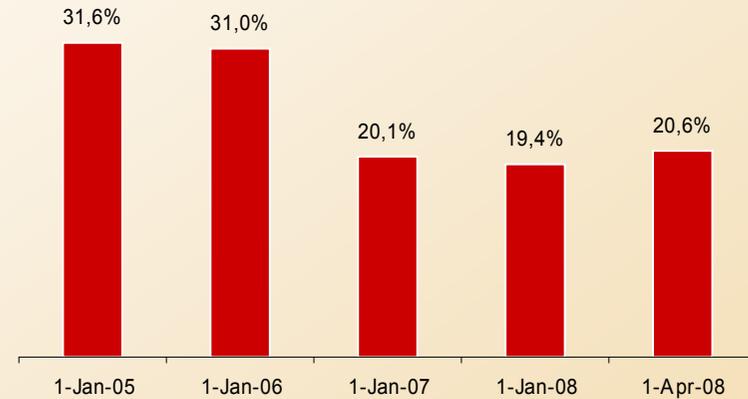
- As a result of a conservative credit policy and broad experience, Bank "Saint-Petersburg" has been able to maintain the NPL ratio at a very low level
- c. 22.5 times NPL coverage

Risk management: diversification

Comments

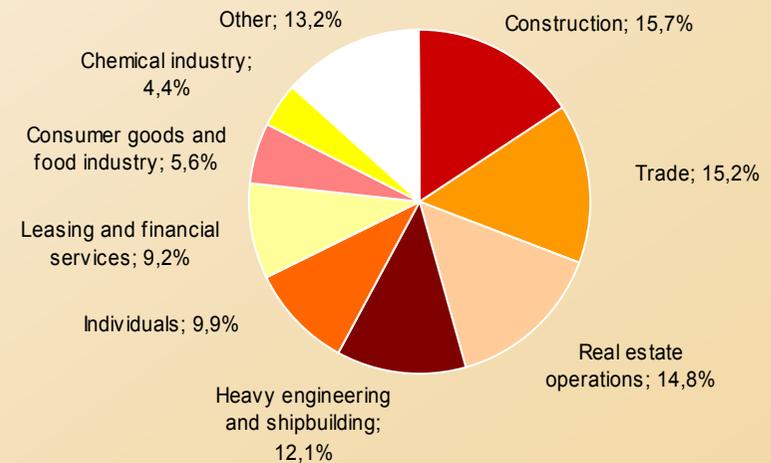
- ❑ Rapidly growing loan portfolio with annual compound growth over last 3 years – 94% and for 2007 – 149%
- ❑ Conservative risk management based on diversification principle
- ❑ Reduction of construction / real estate sector exposure planned over the next two years

Top 10 borrowers as % of loan portfolio



Source: Company information

Loans by sector, Apr 1, 2008



Source: unaudited IFRS FS for 1Q2008

Financial summary

USD mln	1 Jan 2006	1 Jan 2007	1 Jan 2008	1 Apr 2008
Loans and Advances to Customers	661	1,508	3,736	4,473
Total Assets	1,082	2,301	5,159	5,893
Customer Deposits	814	1,700	3,614	4,018
Total Liabilities	967	2,131	4,548	5,227
Total Shareholders' Equity	115	171	611	665
Total Capital	115	247	753	796
Net profit	22	45	82	27
Net Interest margin*	8.2%	6.7%	5.5%	5.2%
Capital Adequacy	13.5%	12.8%	16.4%	14.7%
Cost-to-Income ratio	47.8%	42.6%	40.2%	37.9%
Provisions / Gross loans	5.8%	3.9%	2.7%	2.7%
Provision charge	5.3%	2.3%	1.9%	2.8%
Loans / Deposits	81%	89%	103%	111%
ROAA*	2.6%	2.6%	2.1%	1.9%
ROAE*	24.2%	30.5%	20.6%	16.7%

Notes:

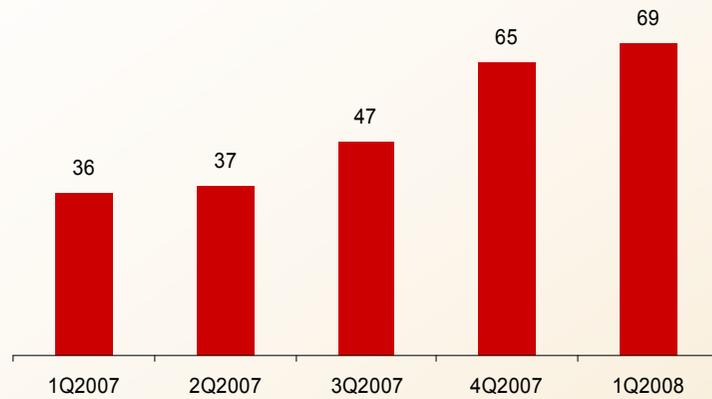
- ❑ Ruble-denominated IFRS financials are translated into US\$ based on CBR closing exchange rates
- ❑ **Net Interest margin:** calculated as net interest income divided by the average interest earning assets (loans, due from banks, nostro accounts and securities portfolio)
- ❑ **Cost-to-Income:** calculated 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

* Ratios as at Apr 1, 2008 are annualized

Source: audited IFRS FS 2005-2007, unaudited IFRS FS for 1Q2008

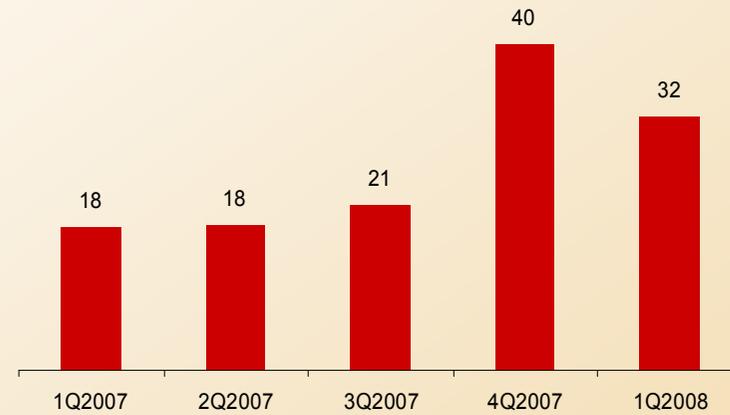
Income and expense dynamics

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



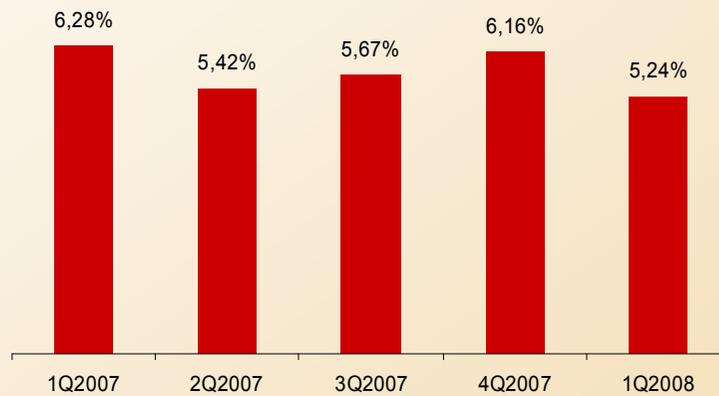
Source: unaudited IFRS FS for 1Q2007-1Q2008

Operating expenses, US\$ mln



Source: unaudited IFRS FS for 1Q2007-1Q2008

Net interest margin



Source: unaudited IFRS FS for 1Q2007-1Q2008

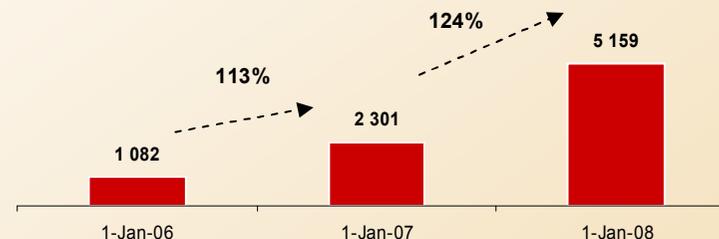
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- ❑ **Strategy**

Successful strategy implementation (2006-2007)

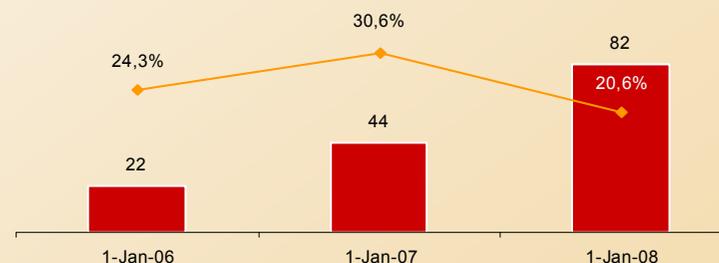
- Strategy**
 - ❑ Rapid growth, emphasis on retail banking
- Financing**
 - ❑ Entrance into international debt capital markets
- Communication**
 - ❑ More open internal and external communication strategy, creation of Investor Relations division
- HR**
 - ❑ Training centre established, active exchange 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 banks' RAS financials
Source: Association of North-West banks, Bank "Saint-Petersburg" data

Strategic priorities (2008-2009)

