



API Voting Recommendations for Annual General Meeting

Company: **Bank Saint-Petersburg PJSC (BSPB)**

Meeting date: **May 18, 2017**

Record date: **April 23, 2017**

Company Overview

Bank Saint-Petersburg PJSC established 1990 is active in St. Petersburg City, Leningrad region, Moscow City and Kaliningrad.

The authorized capital of Bank Saint-Petersburg PJSC is 459,654,000 Russian rubles. It consists of:

- 439,554,000 registered ordinary shares, with a face value of 1 ruble each;
- 20,100,000 registered preferred shares, with a face value of 1 ruble each.

Materials for the shareholders meeting were published less than 30 days prior to the meeting, the list of disclosed materials requires additions in line with the generally accepted corporate governance practices and recommendations of the Corporate Governance Code approved by the Bank of Russia Board of Directors. We recommend that the Supervisory Board revise the policy of preparing and disclosing materials for shareholders meetings.

No.	AGM agenda item	API recommendation
1.	Allocation of the profit earned by Bank Saint-Petersburg PJSC in 2016	FOR
2.	Payout (declaration) of the 2016 dividends (approval of the dividend amount and the form of dividend payment), determining the dividend record date	FOR
3.	Approval of the auditor of Bank Saint-Petersburg PJSC for 2017	ABSTAINED*
4.	Payment of remuneration to the Supervisory Board members of Bank Saint-Petersburg PJSC for 2016	FOR
5.	Compensation to the Supervisory Board members of Bank Saint-Petersburg PJSC of the expenses they incurred while acting in their professional capacities	FOR
6.	Determination of the size of the Supervisory Board of Bank Saint-Petersburg PJSC	FOR
7.	Election of the Supervisory Board members of Bank Saint-Petersburg PJSC	API recommends voting FOR** Alexey Germanovich (independent director supported by the API) Andrey Zvyozdochkin

		(independent director)
8.	Election of the Revision Committee members of Bank Saint-Petersburg PJSC	ABSTAINED*** on all the candidates
9.	Approval of the revised version of the Charter of Bank Saint-Petersburg Public Joint-Stock Company (Bank Saint-Petersburg PJSC)	ABSTAINED****
10.	Approval of the Regulations on the Supervisory Board of Bank Saint-Petersburg PJSC	ABSTAINED****
11.	Approval of the Regulations on the Management Board of Bank Saint-Petersburg PJSC	ABSTAINED****

* There are not enough materials available for an affirmative voting recommendation to the shareholders on that issue; the resolution shall be passed by a simple majority of votes.

** The API recommends that the shareholders vote FOR the independent director Alexey Germanovich (a candidate supported by the API) and Andrey Zvyozdochkin (an independent director nominated by the largest shareholder of the Bank), with the aim of increasing the number of independent directors on the Supervisory Board, among other things. Andrey Zvyozdochkin is well known to the API members and was an independent candidate nominated by investors to the Rostelecom Board of Directors in 2015. Given the nomination of 10 candidates and the increase in the number of seats on the Board to 10, all the nominated candidates will be elected to the Supervisory Board. This issue is subject to cumulative voting.

*** Seeing as most of the proposed candidates are employed by the Bank, we cannot issue an affirmative voting recommendation on the agenda item in view of a potential conflict of interests.

**** The list of disclosed information does not allow us to confirm to the shareholders that the revision of mandates of the Bank's Supervisory Board and Management Board cannot potentially impair the corporate governance system. In this connection, it is proposed that the shareholders vote "Abstained" on these agenda items.

In-depth AGM agenda review:

1-2.	AGM agenda item	API recommendation
1.	Allocation of the profit earned by Bank Saint-Petersburg PJSC in 2016	FOR
2.	Payout (declaration) of the 2016 dividends (approval of the dividend amount and the form of dividend payment), determining the dividend record date	FOR

AGENDA ITEMS 1 AND 2 DETAILS:

The reliability of accounting (financial) statements of Bank Saint-Petersburg PJSC is confirmed by a report provided by audit firm LLC FBK. In the auditor's opinion, the annual accounting (financial) statements present fairly, in all material respects, the financial position of the Bank as of January 1, 2017, its financial performance in 2016 and cash flows as of January 1, 2017 in accordance with Russian standards for preparing accounting statements applying to credit institutions.

Please see below the key figures representing the Bank's financial and economic performance:

Item	2015	2016	Change, year-on-year
Assets, million rubles	551,376	567,855	3.0%
Net lending receivables and their equivalents, million rubles	359,906	392,543	9.1%
Net investment in securities, million rubles	135,913	119,239	-12.3%
Deposits of clients (non-credit institutions), million rubles	342,808	364,189	6.2%
Equity capital, million rubles	71,538	68,178	-4.7%
After-tax profit, million rubles	2,282	2,295	0.6%
Capital adequacy ratio (N1), %	15.0	14.2	-0.8 p.p.

In 2016, the Bank's assets increased by 3.0%. The principal asset-side transactions include credit investments and investments in securities; net lending receivables (accounting for 69.1% of the Bank's total assets) increased by 9.1% to RUB 392,543 million as of January 1, 2017. Investment in securities and financial assets decreased by 12.3% in 2016 to RUB 119,239 million.

As of January 1, 2017, the Bank's capital adequacy ratio (N1) was 14.2 p.p., the minimum regulatory value being 8 p.p. As of January 1, 2017, the Bank's liquidity was sufficient to meet the Bank of Russia's applicable requirements: the acid test ratio (N2) was 138.9%; the current liquidity ratio (N3) was 79.7%; the long-term liquidity ratio (N4) reached 47.2%.

The estimated 2016 liquidity ratios indicate the Bank's ability to ensure the fulfillment of its current cash and other obligations in full and in time and adequacy of liquid assets to cover unexpected outflows of the Bank's borrowings.

At their Annual General Meeting, the shareholders of Bank Saint-Petersburg PJSC are asked to decide to distribute the profit earned in 2016 in the amount of RUB 2,294,595,651.05 as follows:

- RUB 463,742,700.00 for dividend payments;
- RUB 1,830,852,951.05 as retained earnings.

Compared with the previous year, the amount earmarked for dividends increased by 0.5 p.p. now reaching 20.21% of the Bank's Russian GAAP (RAS) net profit.

The estimated dividends per share are as follows: RUB 1.05 per ordinary share, RUB 0.11 per preferred share. The dividend record date is RUB 31, 2017.

The materials for the shareholders meeting do not contain information on the results of individual voting by Supervisory Board members on recommendations to the general shareholders meeting concerning distribution of the Bank's profit. Our recommendation is to include the minutes of the Supervisory Board meeting / extracts from the meeting minutes concerning the agenda items of the planned general shareholders meeting in the list of materials provided to the shareholders. It also seems appropriate to supplement rationales for shareholders meetings by the Supervisory Board's approaches to the proposed distribution of profits, for example, to disclose the following factors, according to the Bank's approved dividend policy:

- projected capital adequacy ratios according to Russian GAAP (RAS) and IFRS standards;
- target return on equity ratio (ROE);
- information on approaches to determining availability of funding for the Bank;
- application of a benchmark for setting the absolute amount of dividend per share.

DRAFT RESOLUTION ON AGENDA ITEMS 1-2:

No. 1. Approve the following allocation of profit of Bank Saint-Petersburg PJSC for 2016 in the amount of RUB 2,294,595,651.05:

- RUB 463,742,700.00 for dividend payments;
- RUB 1,830,852,951.05 as retained earnings.

No. 2. Pay the 2016 dividends in cash as follows:

- dividends on ordinary shares: RUB 1.05 per share;
- dividends on preferred shares: RUB 0.11 per share.

Approve May 31, 2017 as the dividend record date.

3.	AGM agenda item	API recommendation
	Approval of the auditor of Bank Saint-Petersburg PJSC for 2017	ABSTAINED

AGENDA ITEM 3 DETAILS:

LLC FBK (Finansoviye i Bukhgalterskiye Konsultanty) registered by the Moscow Registration Chamber on November 15, 1993 is a member of non-profit partnership Auditor Association Sodruzhestvo.

The AGM-related materials do not disclose information on competitive auditor selection procedures, do not provide recommendations of the Audit Committee, the results of voting by the Supervisory Board/Audit Committee on recommendations to the general shareholders meeting, as well as information on the cost of services and the scope of non-audit services provided to the Bank required for assessing factors potentially affecting the audit firm's independence. Therefore, we do not possess sufficient information for an affirmative voting recommendation to the shareholders on this agenda item. Our recommendation is that the Supervisory Board should revise its policy of disclosing materials for the general shareholders meeting.

DRAFT RESOLUTION ON AGENDA ITEM 3:

Approve Finansoviye i Bukhgalterskiye Konsultanty Limited Liability Company (LLC FBK) as the auditor of Bank Saint-Petersburg PJSC for 2017.

4.	AGM agenda item	API recommendation
	Payment of remuneration to the Supervisory Board members of Bank Saint-Petersburg PJSC for 2016	FOR

AGENDA ITEM 4 DETAILS:

The total remuneration paid to Supervisory Board members for their service in 2016 amounted to RUB 32,500,000 increasing by 8.4% against the previous year. In general, the level of remuneration, in our view, meets the recommendations of the Corporate Governance Code approved by the Bank of Russia and is commensurate with the average fixed remuneration paid at companies comparable to Bank Saint-Petersburg PJSC in terms of business volume. That said, it is advisable that the Bank formulate a transparent approach to the payment of remuneration to Supervisory Board members by approving and disclosing the Regulations on the remuneration and compensations to Supervisory Board members. No such document is disclosed on the Bank's official website, despite reference made to it in the Bank's Regulations on the Supervisory Board. The best practice also suggests that the shareholders should approve anticipated payments for the next corporate year in case no Regulations on remuneration are available (in a similar way to agenda item 5). Our recommendation is that the Supervisory Board should amend the current

remuneration policy.

DRAFT RESOLUTION ON AGENDA ITEM 4:

Approve the payment of remuneration to the Supervisory Board members for 2016 as follows:

1. Alexander Savelyev: RUB 3,000,000 in a lump sum;
2. Susan Gail Buyske: RUB 4,000,000 in a lump sum;
3. Andrey Bychkov: RUB 4,500,000 in a lump sum;
4. Alexey Germanovich: RUB 4,000,000 in a lump sum;
5. Vladislav Guz: RUB 3,000,000 in a lump sum;
6. Andrey Ibragimov: RUB 3,000,000 in a lump sum;
7. Elena Ivannikova: RUB 3,750,000 in a lump sum;
8. Alexander Polukev: RUB 3,000,000 in a lump sum;
9. Alexander Pustovalov: RUB 4,250,000 in a lump sum.

5.	AGM agenda item	API recommendation
	Compensation to the Supervisory Board members of Bank Saint-Petersburg PJSC of the expenses they incurred while acting in their professional capacities	FOR

AGENDA ITEM 5 DETAILS:

It is proposed that the amount of compensations to Supervisory Board members for the period of their service in this capacity in 2017-2018 do not exceed RUB 15,000,000. The proposed amount of compensations has not changed against the previous year.

DRAFT RESOLUTION ON AGENDA ITEM 5:

Compensate the Supervisory Board members of Bank Saint-Petersburg PJSC for the actual expenses they incurred in relation to and during the period of their service in this capacity in 2017-2018 until the next Annual General Shareholders Meeting (subject to documentary evidence), namely: accommodation, travel costs, other transport costs, for a total amount of not exceeding RUB 15,000,000.

6.	AGM agenda item	API recommendation
	Determination of the size of the Supervisory Board of Bank Saint-Petersburg PJSC	FOR

AGENDA ITEM 6 DETAILS:

It is proposed that the Supervisory Board of Bank Saint-Petersburg PJSC consist of 10 (ten) members. Compared with last year, the proposed number of Supervisory Board members has increased by one. The increase in the number of Supervisory Board members improves the minority shareholders' capacity to elect candidates to the Bank's Supervisory Board by their votes. The passing score for Supervisory Board candidates supported by minority shareholders has decreased by 9.9%, which increases their election chances.

DRAFT RESOLUTION ON AGENDA ITEM 6:

Determine that the Supervisory Board of Bank Saint-Petersburg PJSC shall consist of 10 (ten) members.

7.	AGM agenda item	API recommendation
	Election of the Supervisory Board members of Bank Saint-Petersburg PJSC	API recommends voting FOR Alexey Germanovich (independent director supported by the API)* Andrey Zvyozdochkin (independent director)

AGENDA ITEM 7 DETAILS:

The newly elected Supervisory Board of Bank Saint-Petersburg PJSC shall consist of 10 members.

The following ten candidates are proposed for voting:

No.	Name	Candidate office / position (at the primary place of employment)	Nominated by	Status
1.	Susan Gail Buyske	CA Advans Sicar SA, Supervisory Board member	THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)	Non-executive director
2.	Andrey Bychkov	Bank for Development and Foreign Trade State Corporation, Deputy Head of the Financial Institutions Department	LLC Vernye Druzya Management Company	Independent director
3.	Alexey Germanovich*	CJSC Upravleniye Investitsiyami, Advisor to CEO	East Capital - East Capital Russia	Independent director
4.	Vladislav Guz	Bank Saint-Petersburg PJSC, Deputy Chairman of the Supervisory Board	Alexander Savelyev	Non-executive director
5.	Andrey Zvyozdochkin	LLC ATON, CEO	LLC Vernye Druzya Management Company	Independent director
6.	Andrey Ibragimov	LLC Musin, Ibragimov & Partners, CEO	LLC Vernye Druzya Management Company	Non-executive director
7.	Elena Ivannikova	Bank Saint-Petersburg PJSC, Chairman of the Supervisory Board	LLC Vernye Druzya Management Company	Non-executive director
8.	Alexander Polukeyev	Assistant to Presidential Envoy to the Northwestern Federal District of the Russian Federation (November 2010 - September 2011)	LLC Investproyekt	Independent director
9.	Alexander Pustovalov	LLC Evolyutsiya Investment Group, CEO	LLC Vernye Druzya Management Company	Non-executive director
10.	Alexander Savelyev	Bank Saint-Petersburg PJSC, Chairman of the Management Board	Alexander Savelyev	Executive director

Members of the Bank's Supervisory Board are elected by cumulative voting. 10 candidates are nominated for 10 seats on the Board.

*The API officially supports this candidate at the AGM. Besides, we support the initiative of the Bank's major shareholder to nominate professional candidate Andrey Zvyozdochkin – who is well known to API members and was supported by the API as an independent candidate in 2015 – to the Supervisory Board.

Details on the API liaison with independent directors are provided on the official API website at:

<http://api-russia.org>.

All independent directors backed by the API are open to direct contact with shareholders; please contact us for further information.

DRAFT RESOLUTION ON AGENDA ITEM 7:

Elect the following persons as members of the Supervisory board of Bank Saint-Petersburg PJSC:

1. Susan Gail Buyske
2. Andrey Bychkov
3. Alexey Germanovich
4. Vladislav Guz
5. Andrey Zvyozdochkin
6. Andrey Ibragimov
7. Elena Ivannikova
8. Alexander Polukeyev
9. Alexander Pustovalov
10. Alexander Savelyev

8.	AGM agenda item	API recommendation
	Election of the Revision Committee members of Bank Saint-Petersburg PJSC	ABSTAINED on all the candidates

AGENDA ITEM 8 DETAILS:

It is proposed to elect the Revision Committee consisting of five members. The nominees are not different from the previous year's Revision Committee candidates. It should be noted that most of the Revision Committee members are employed by the Bank. This, in our view, indicates a formal approach to the Committee's activity, given a potential conflict of interest as the auditor is employed by the audited entity.

No.	Name	Candidate office / position (at the primary place of employment)
1.	Olga Babikova	Bank Saint-Petersburg PJSC, Vice President, Director, Commercial Department Outlet Office
2.	Tatiana Voronova	CJSC UNISTO, Deputy CEO for Finance
3.	Nadezhda Komysheva	Bank Saint-Petersburg PJSC, Senior Expert, Proprietary Trading Operations, Treasury Department

4.	Nikolay Lokay	LLC Investitsionnaya Finansovaya Kompaniya BSPB, CEO (November 2007 to present)
5.	Svetlana Polukhina	Bank Saint-Petersburg PJSC, Senior Expert, Accounting and Reporting Methodology Unit (February 2012 to present)

Members of the Revision Committee are elected by a simple majority of votes.

DRAFT RESOLUTION ON AGENDA ITEM 8:

Elect the following 5 (five) members to the Revision Committee of Bank Saint-Petersburg PJSC:

1. Olga Babikova
2. Tatiana Voronova
3. Nadezhda Komysheva
4. Nikolay Lokay
5. Svetlana Polukhina

9.	AGM agenda item	API recommendation
	Approval of the revised version of the Charter of Bank Saint-Petersburg Public Joint-Stock Company (Bank Saint-Petersburg PJSC)	ABSTAINED

AGENDA ITEM 9 DETAILS:

The materials for the shareholders meeting do not contain a comparative table of proposed amendments and comments from the Supervisory Board and the Bank's management on the need for and expediency of the proposed changes.

Most of the amendments identified by the API experts when comparing the new and the currently effective versions of the Charter) are aimed at bringing its provisions in compliance with the legal innovations, including the procedure for agreeing major transactions and related party transactions, the procedure for exercising the rights attributed to securities by owners whose rights to such securities are recorded by nominal holders, the possibility of remote participation in general shareholders meetings through electronic voting, as well as recommendations of the Corporate Governance Code. The Charter also provides for the procedure required for implementing these innovations.

- in cases stipulated by laws, the Bank's shareholders may demand that the authorization of the general shareholders meeting or the Bank's Supervisory Board be obtained for a related party transaction.
- the Supervisory Board is authorized to approve opinions on major transactions and to approve reports on related party transactions entered into by the Bank in the reporting year.

The period of time for submitting the shareholders' proposals for nominating Supervisory Board candidates to the Bank has been increased twice from 30 to 60 days after the reporting year. The shareholders not included in the Bank's register of shareholders may submit proposals on the agenda and on candidates to the Bank's Supervisory Board by way of instructions to a person recording their rights to shares in a procedure stipulated by the securities legislation of Russia.

According to the proposed version of the Charter, shareholders shall gain access to information on persons proposing agenda items and persons proposing candidates to the Supervisory Board and the Revision Committee of the Bank.

The powers of the Supervisory Board are expanded to include approval of substantial corporate actions, including the Bank's restructuring, acquisition of 30 or more percent of the Bank's voting shares, increase or reduction of the Bank's authorized capital, listing and delisting of the Bank's shares.

An obligation is imposed on the Bank to provide copies of reference materials for the Bank's general shareholders meeting to any person entitled to participate in this meeting at the person's request, at a cost not exceeding the copies' production costs.

The new version of the Charter provides for the obligation of the Bank's Supervisory Board members, including its Chair, to provide other notices and information, including the obligation to notify the Bank on the occurrence of circumstances due to which certain persons may be recognized as related parties in accordance with the laws of the Russian Federation, within the timeframe stipulated by law.

At the same time, according to the proposed version of the Charter, the Bank's Supervisory Board shall no longer have the powers to approve transactions related to the purchase, disposal or the possibility of direct or indirect disposal by the Bank of real property assets in the Bank's ownership if the amount of transaction accounts for 1 (one) or more percent of the Bank's equity (capital) as of the last reporting date before such a decision.

The minimum amount of transactions subject to approval by the Supervisory Board, including transactions involving credit risks, is increased from 10 to 15 and more percent of the Bank's equity (capital) as of the last reporting date before the relevant decision.

The procedure for appointing the head of the Internal Audit Service, one of the key divisions in the Bank's structure, has been changed. It is proposed the powers to appoint/dismiss the head of the Internal Audit Service be delegated from the Supervisory Board to the Chair of the Management Board subject to a "resolution by the Supervisory Board."

In our view, 3 of the above-mentioned items require appropriate comments and a rationale; given the absence of this information and the delayed publication of materials for the shareholders meeting, we recommend that the shareholders vote "Abstained" on this issue.

DRAFT RESOLUTION ON AGENDA ITEM 9:

Approve the revised version of the Charter of "Bank "Saint-Petersburg" Public Joint-Stock Company ("Bank "Saint-Petersburg" PJSC) according to the draft charter version put to vote.

10.	AGM agenda item	API recommendation
	Approval of the Regulations on the Supervisory Board of Bank Saint-Petersburg PJSC	ABSTAINED

AGENDA ITEM 10 DETAILS:

The new version of the document aims at bringing its provisions in compliance with the innovations provided for by the new Charter and partly, with the Bank of Russia's recommendations in relation to Board of Directors Regulations of public joint-stock companies (letter IN-015-52/66 dated September 15, 2016).

The new version of the document incorporates a new section (3. Rights and obligations of Supervisory Board members)

The new version of the Regulations obliges the Supervisory Board to assess, at the suggestion of the Appointments and Remuneration Committee, the compliance of Supervisory Board candidates with the applicable independence criteria and to review the compliance of independent Supervisory Board members with the independence criteria at least once a year.

The period for sending notices to Supervisory Board members on the date, time and place of the Board meeting, the agenda and the relevant materials is reduced from 10 to 7 days.

In view of the changes in the Supervisory Board's powers covered by agenda item 9 and for lack of proper explanation, we recommend voting "Abstained" on this issue.

DRAFT RESOLUTION ON AGENDA ITEM 10:

Approve the Regulations on the Supervisory Board of Bank Saint-Petersburg PJSC in accordance with the draft Regulations put to vote.

11.	AGM agenda item	API recommendation
	Approval of the Regulations on the Management Board of Bank Saint-Petersburg PJSC	ABSTAINED

AGENDA ITEM 11 DETAILS:

The new version of the document aims at bringing its provisions in compliance with the innovations provided for by the new Charter and the new Regulations on the Supervisory Board as regards the powers of the Management Board. Taking into account agenda items 9-10 and for lack of proper explanation, we recommend voting "Abstained" on this issue.

DRAFT RESOLUTION ON AGENDA ITEM 11:

Approve the Regulations on the Management Board of Bank Saint-Petersburg PJSC in accordance with the draft Regulations put to vote.

The AGM Voting Recommendations are based, among other things, on the Annual General Meeting reference materials published on the website of Bank Saint-Petersburg PJSC. For questions and/or comment, please contact us at: +7 (495) 510-5306 or via email: polovnev@api-russia.org