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Sberbank Group's IFRS Results for 6 Months 2013

August 2013

Summary of 6 Months 2013 performance:

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Income Statement

- **Net profit** reached RUB 174.5 bn (or RUB 7.95 per ordinary share), a 0.5% decrease on RUB 175.3 bn (or RUB 8.05 per ordinary share) for 1H12.
- **Net interest margin** for 1H13 declined by 20 basis points to 5.8% as compared to 1H12
- **Net fee and commission** income increased by 24.5% in 1H13 to RUB 97,5 bn compared to RUB 78,3 bn in 1H12
- **Operating income before provision for loan impairment** reached RUB 520.9 bn, a 22.0% increase on RUB 427.0 bn for 1H12
- Operating expenses increased by 19.0% year on year, slower than operating income before provision for loan impairment. As a result, **Cost to Income ratio** improved to 45.8% versus 47.0% for 1H12
- **Return on equity** remains high at **20.8%** in 1H13 versus 26.1% for 1H12
- **Cost of risk** increased to 1.1% in 1H13 compared to 0.0% in 1H12

Statement of Financial Position

- **The Group's assets** increased by 6.9% for 1H13
- **NPL ratio** as at June 30, 2013 was 3.2% the same level as at 31.12.2012
- **Loan to deposit ratio** slightly decreased to 97.1% during 1H13 as compared to 100.9% at 2012 year end
- **Tier 1 capital adequacy ratio** improved by 10 basis points during 1H13 to 10.5%

Macroeconomic Highlights

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GDP Growth
%, y/y

Inflation
%, y/y

Unemployment
%

Capital Outflow
$, bln

Real Wages vs Retail Sales
%, y/y

Manufacturing Growth vs PMI
%, monthly data

- Households' consumption was the only source of Russia's GDP growth in 1H 2013
- In H2 2013, Russia's economic growth is expected to slightly accelerate
- Inflation is expected to continue to slow down by the 2013 year-end

Source: Rosstat, Ministry of Economic Development, Markit, Sberbank`s Macroeconomic Research Center

Highlights of 6 Months 2013 (1)

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ITEM	1H13 (RUB bn)	1H12 (RUB bn)	Change
Operating income before provision charge for loan impairment	520,9	427,0	22,0%
Operating expenses	-238,8	-200,6	19,0%
(Net provision charge) / net recovery of provision for loan impairment	-62,7	1,1	-5800,0%
Net profit	174,5	175,3	-0,5%
Total comprehensive income	140,6	185,6	-24,2%
Earnings per ordinary share, RUB	7,95	8,05	-1,2%

ITEM	2Q13 (RUB bn)	2Q12 (RUB bn)	Change
Operating income before provision charge for loan impairment	266.8	221.7	20.3%
Operating expenses	-127.0	-106.9	18.8%
(Net provision charge) / net recovery of provision for loan impairment	-30.9	-2.1	1371.4%
Net profit	86.0	83.1	3.5%
Total comprehensive income	58.2	72.9	-20.2%
Earnings per ordinary share, RUB	3.85	3.76	2.4%

Highlights of 6 Months 2013 (2)

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ITEM	30.06.2013	31.12.2012	Change
Assets, RUB bn	16,142.5	15,097.4	6.9%
Loans to customers (net), RUB bn	11,134.5	10,499.3	6.0%
Due to customers, RUB bn	11,155.6	10,179.3	9.6%
Equity, RUB bn	1,706.5	1,623.8	5.1%
Tier I capital adequacy ratio (Basel I)	10.5%	10.4%	0.1 pp
Total capital adequacy ratio (Basel I)	13.9%	13.7%	0.2 pp
PLI rate (Provision for loan impairment to Total gross loans)	5.0%	5.1%	-0.1 pp

ITEM	1H13	1H12	Change
Return on equity	20.8%	26.1%	-5.3 pp
Return on assets	2.3%	3.0%	-0.7 pp
Cost to income ratio	45.8%	47.0%	-1.2 pp
Net interest margin*	5.8%	6.0%	-0.2 pp

* Net interest income to average earning assets

Key Financial Indicators (1)

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Net Profit, RUB bn

Earnings per Ordinary Share, RUB

- Net interest income and net fee and commission income showed strong growth in 1H13 as compared to 1H12
- Lower net profit versus 1H12 is explained by change in the dynamics of loan impairment provision: in 1H12 the Group released provisions while in 1H13 it created provisions in the amount of RUB 62.7 bn

Key Financial Indicators (2)

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Return on Assets (ROA), %

Return on Equity (ROE), %

Operating Income Before Provision Charge for Loan Impairment

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Operating Income Before Provision Charge for Loan Impairment, RUB bn

- Operating income before provision for loan impairment increased by 22.0% year on year driven by strong growth of all its principal components. Net of DenizBank acquisition effect, the Group's operating income increased by 12.9%
- Core banking operations comprising net interest income and net fee and commission income accounted for more than 96.6% of operating income

Net Interest Income

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Net Interest Income, RUB bn

Net Interest Spread and Net interest Margin, %

- Net interest income for 1H13 increased by 25.2% year-on-year. The increase was driven primarily by the growth of interest earning assets
- In 1H13, the yield on earning assets decreased slightly due to reduction of a loans to customers' share in total assests of the Group.

Interest Income

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Interest Income, RUB bn

Average Loan Yields, %

- Interest income increased as a result of growth of both loan volumes and loan yields as compared to 1H12

Interest Expense

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Interest Expense, RUB bn

Average Customer Deposit Costs, %

- The cost of retail deposits increased in 1H13, but this growth was partly compensated by a lower cost of corporate term deposits on the back of improved liquidity in the market
- Other interest expense for 1H13 includes a RUB 11.9 bn interest expense on subordinated debts and a RUB 21.8 bn interest expense on debt securities issued

Fee and Commission Income

Fee and Commission Income, RUB bn

- Customer cash and settlement transactions as well as operations with bankcards were the main source of the Group's fee and commission income in 1H13.
- Operations with bankcards became the largest source of fee income and a key driver of fee and commission income growth expanding by 55.3% year-on-year

Operations with Securities

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Interest Income on Securities, RUB bn

Net Gains/ (Losses) from Trading Operations and Revaluation of Securities, RUB bn

- Interest income on securities increased in 1H13 as a result of rising portfolio volume

Operating Expenses

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Operating Expenses, RUB bn

Share of Sberbank and its subsidiaries in operating expenses

- In 1H13, the Group's operating expenses increased by 19.0%. Net of DenizBank acquisition effect, operating expenses increased by 10.7% year on year
- As a result of acquisitions in 2011 – 2012 (Troika-Dialog, VBI, and DenizBank), the proportion of subsidiaries' costs in total operating expenses increased to 20% in 1H13

Other Operating Expenses

Other Operating Expenses Structure, RUB bn

- Other operating expenses increased by 21.9% in 1H13. Their increase is explained by higher operating lease and fixed asset depreciation expenses

Operating Expense Structure and Actual Headcount

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Operating Expenses Split, RUB bn

ITEM	2Q12	3Q12	4Q12	1Q13	2Q13
Staff costs, Sberbank	53.3	48.3	60.0	54.6	56.1
Staff costs, subsidiaries	8.0	11.6	7.8	13.5	14.0
Other operaing expenses, Sberbank	40.3	41.4	63.1	34.5	46.5
Other operaing expenses, subsidiaries	5.3	5.4	13.2	9.2	10.4

Actual headcount, thousands

- The Group's headcount increased by 10.7% year-on-year, with DenizBank and Cetelem acquisitions being its main driver
- The increase of actual headcount in Sberbank was a result of business growth, mostly in retail banking

(Net Provision Charge) / Net Recovery of Provision for Loan Impairment

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(Net Provision Charge) / Net Recovery of Provision for Loan Impairment, RUB bn and Cost of Risk

Write-offs against Provision for Loan Impairment, RUB bn

- The Group's net provision charge for loan impairment for 1H13 was RUB 62.7 bn, versus a RUB 1.1 bn net recovery of provisions in 1H12.
- The growth of provisions in 1H13 was driven by seasoning of the Group's loan portfolio on the back of unfavorable macro environment

Asset Dynamics and Structure

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Assets, RUB bn

Asset Structure

- As of June 30, 2013, interest-earning assets represented 89.5% of the Group's total assets

Loan Portfolio (1)

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Loan Portfolio before Provision for Loan Impairment, RUB bn

Corporate Loan Portfolio Structure, RUB bn

Retail Loan Portfolio Structure, RUB bn

- Increase in corporate lending portfolio to a large extent was supported by strong lending of DenizBank and extention of lending to a small business.
- Mortgage lending in 1H 2013 was growing at a faster pace than other retail products which is line with our vision.

Loan Portfolio (2)

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Industry Breakdown, as of 30 June 2013

Currency Breakdown

Maturity Breakdown

Loan Portfolio Quality (1)

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Non-Performing Loans* and Provision for Loan Impairment, RUB bn

Non-Performing Loans in Loan Portfolio, %

Provision for Loan Impairment (PLI) to Total Loans, %

NPL Coverage Ratio (PLI to Non-Performing Loans)

* Overall exposure, should there be any payments (principal and/or interest) overdue more than 90 days as of the reporting date.

Loan Portfolio Quality (2)

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Total Renegotiated Loans, RUB bn and NPLs Share in Renegotiated loans

NPLs Share in Net Renegotiated Loans and Provision Coverage of NPLs in Renegotiated Loans

- NPL amount net of provision charge for loan impairment constitute 1.35% of the net renegotiated loans as at June 30, 2013

Securities Portfolio

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Securities by Portfolio, RUB bn

Securities by Type, RUB bn

- The structure of the securities portfolio remained largely stable in 1H13 while the total portfolio decreased by 1.2% compared with the 2012 year-end

Liabilities Dynamics and Structure

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Liabilities, RUB bn

Currency Breakdown of due to customers

Maturity Breakdown of due to customers

- Retail deposits remained the Group's main source of funding comprising 51.7% of total liabilities
- The maturity breakdown of liabilities remained largely unchanged in 1H13

Shareholders' Equity and Capital Adequacy

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Group's Equity, RUB bn

Capital Adequacy Ratio, Basel 1

Capital, Basel 1, RUB bn

Risk-Weighted Assets, RUB bn

- The Group's capital adequacy ratio is well above the Basel committee minimum requirements (8%). The total capital adequacy ratio according to the CBR requirements (N1) as of June 30, 2013, was 13.2%
- Growth of the equity and limited expansion of RWA was the main reason for increase in Basel 1 capital adequacy

2013 Half Year Summary Outlook

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		Previous Estimates	2013 SBERBANK RESTATED
EFFICIENCY	Jaws	Stable/Positive	Maintained
	Efficiency Ratio	≤49%	Maintained
PROFITABILITY	Net Income	~RUB370-390 mln	Around Lower End/Slightly Down
	NIM	~ 5,9-6,1%	Around Lower End
	Fees & Commissions Growth	~ 21,5-22,5%	Maintained
	Cost of Risk	~0,75-0,85%	Around 1,1%
	ROE	>20%	Maintained
BALANCE SHEET AND CAPITAL	Customer Loans Growth	~15-17%	Maintained
	Customer Deposits Growth	~11-12%	Up
	Core Tier 1 CAR	≥10,5%	Maintained

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