



**SBERBANK**

*By your side*

# **Sberbank Group's IFRS Results for 6 months 2012**

| August 2012

# Highlights of 6 months 2012 (1):



## Income statement:

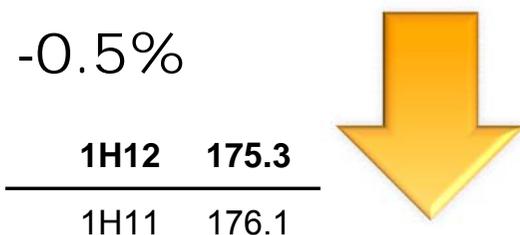
- **Net profit** reached RUB 175.3 bn (or RUB 8.03 per ordinary share), a 0.5% decrease on RUB 176.1 bn (or RUB 8.12 per ordinary share) for the same period of 2011.
- **Profit before tax** increased by 4.0% to RUB 227.5 bn as compared to RUB 218.8 for the same period of 2011
- **Operating income before provision for loan impairment** reached RUB 431.7 bn, a 22.7% increase on RUB 351.9 bn for 1H11
- **Cost to Income ratio** remains at an adequate level of 47.6% versus 44.1% in 1H11
- **Return on equity** remains high at **26.1%** in 1H12 versus 33.2% in 1H11

## Statement of Financial Position

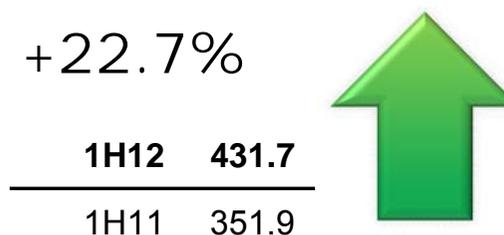
- A solid retail loan growth, **gross retail loan portfolio** up by 29.0% for 1H12
- Significant **decrease in NPL portfolio**, explained mainly by a one-off deal as a result of the Group's efforts on recovery of problem loans

## Highlights of 6 months 2012 (2):

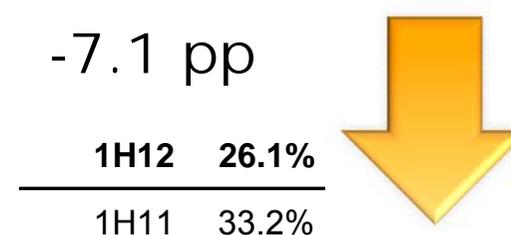
### Net profit, RUB bn



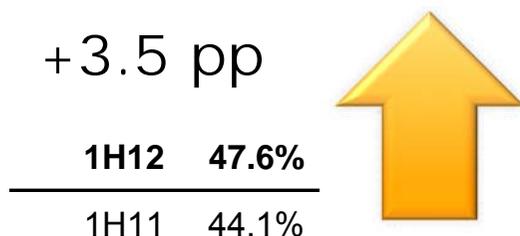
### Operating income before provision charge for loan impairment, RUB bn



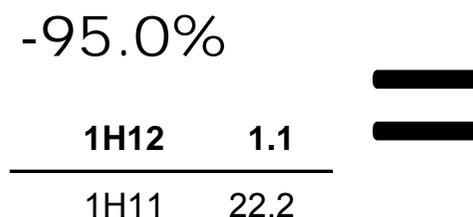
### ROE, %



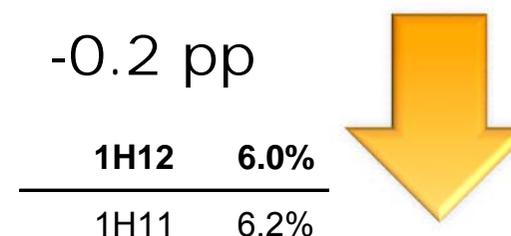
### Cost to income ratio, %



### Provision recovery for loan impairment, RUB bn



### Interest margin, %



# Highlights of 6 months 2012 (3):

ITEM	1H12 (RUB bn)	1H11 (RUB bn)	Change
Operating income before provision charge for loan impairment	431.7	351.9	22.7%
Operating expenses	-205.3	-155.3	32.2%
Provision recovery for loan impairment	1.1	22.2	-95.0%
Net profit	175.3	176.1	-0.5%
Total comprehensive income	185.6	166.6	11.4%
Earnings per ordinary share, RUB	8.03	8.12	-1.1%

ITEM	2Q12 (RUB bn)	2Q11 (RUB bn)	Change
Operating income before provision charge for loan impairment	224.0	187.0	19.8%
Operating expenses	-109.2	-83.9	30.2%
Provision (charge) / recovery for loan impairment	-2.1	8.0	-126.3%
Net profit	83.1	89.4	-7.0%
Total comprehensive income	72.9	76.3	-4.5%
Earnings per ordinary share, RUB	3.75	4.10	-8.5%

# Highlights of 6 months 2012 (4):

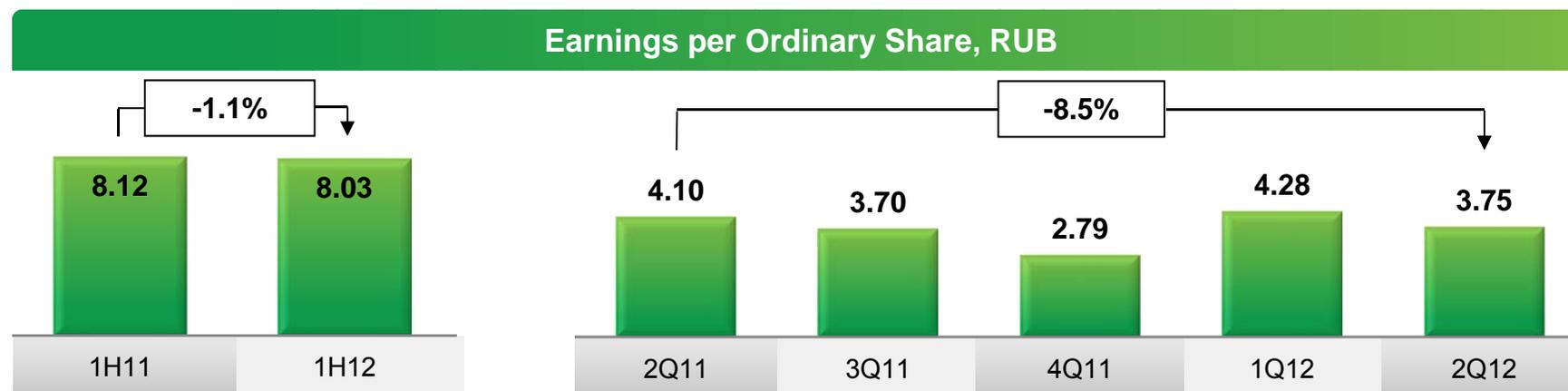
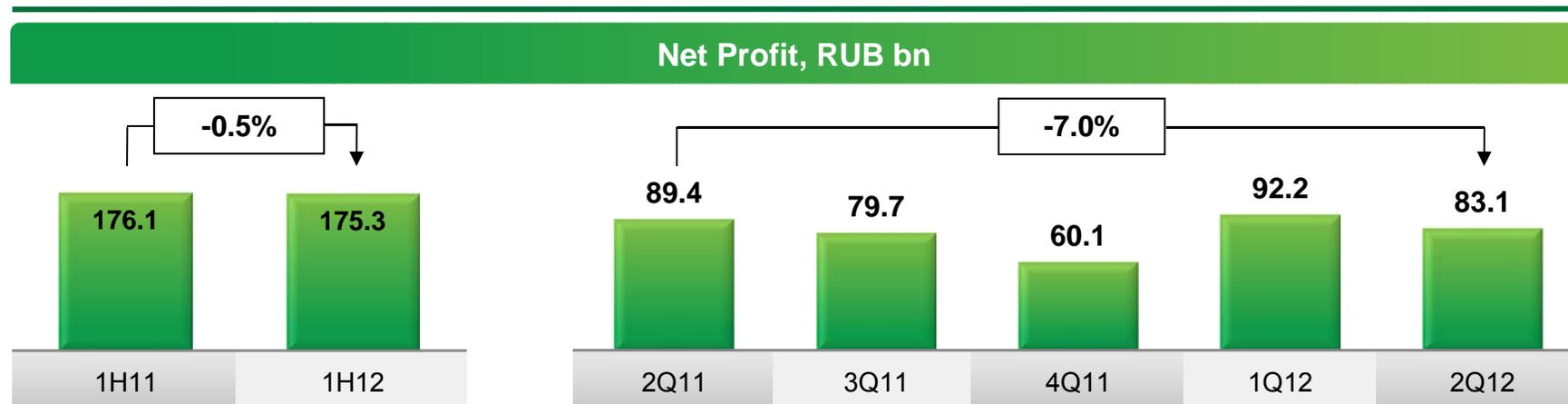
ITEM	30.06.2012	31.12.2011	Change
Assets, RUB bn	12,433.8	10,835.1	14.8%
Loans to customers (net), RUB bn	8,861.5	7,719.7	14.8%
Due to customers, RUB bn	8,768.9	7,932.1	10.5%
Equity, RUB bn	1,415.4	1,268.0	11.6%
Tier I capital adequacy ratio (Basel I)	11.2%	11.6%	-0.4 pp
Total capital adequacy ratio (Basel I)	14.5%	15.2%	-0.7 pp
PLI rate (Provision for loan impairment to Total gross loans)	6.0%	7.9%	-1.9 pp

ITEM	1H12	1H11	Change
Return on equity	26.1%	33.2%	-7.1 pp
Return on assets	3.0%	4.0%	-1.0 pp
Cost to income ratio	47.6%	44.1%	3.5 pp
Net interest margin*	6.0%	6.2%	-0.2 pp

\* Net interest income to average earning assets

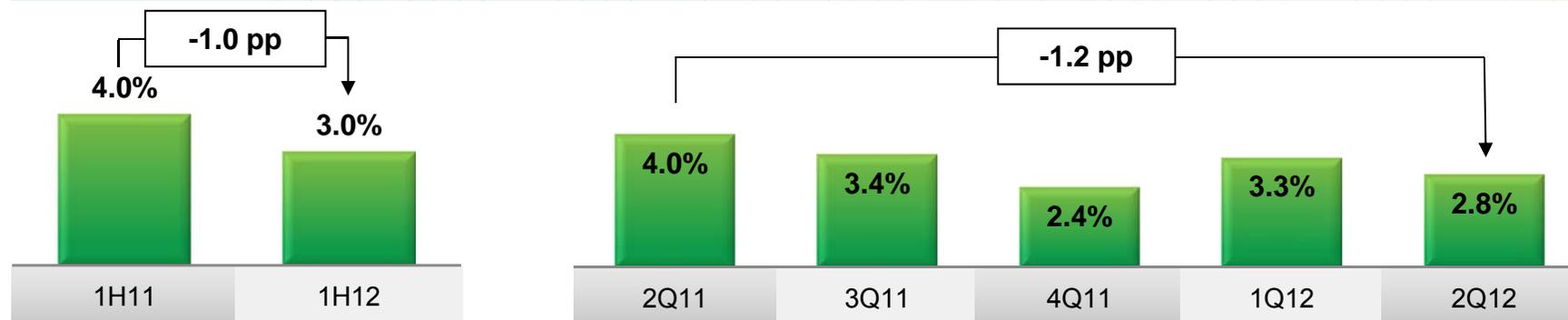
# Key Financial Indicators (1)



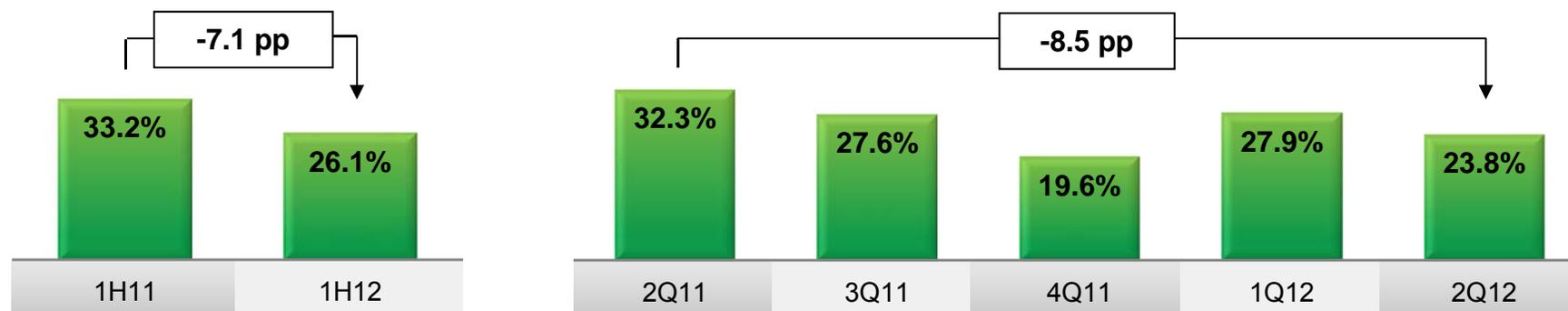
- Release of provision for loan impairment contributed only RUB 1.1 bn in 1H12 versus RUB 22.2 bn for the same period of 2011
- Increase of tax expense by 22.2% to reach RUB 52.2 bn in 1H12 was another factor explaining the reduction of the net profit

## Key Financial Indicators (2)

### Return on Assets (ROA), %

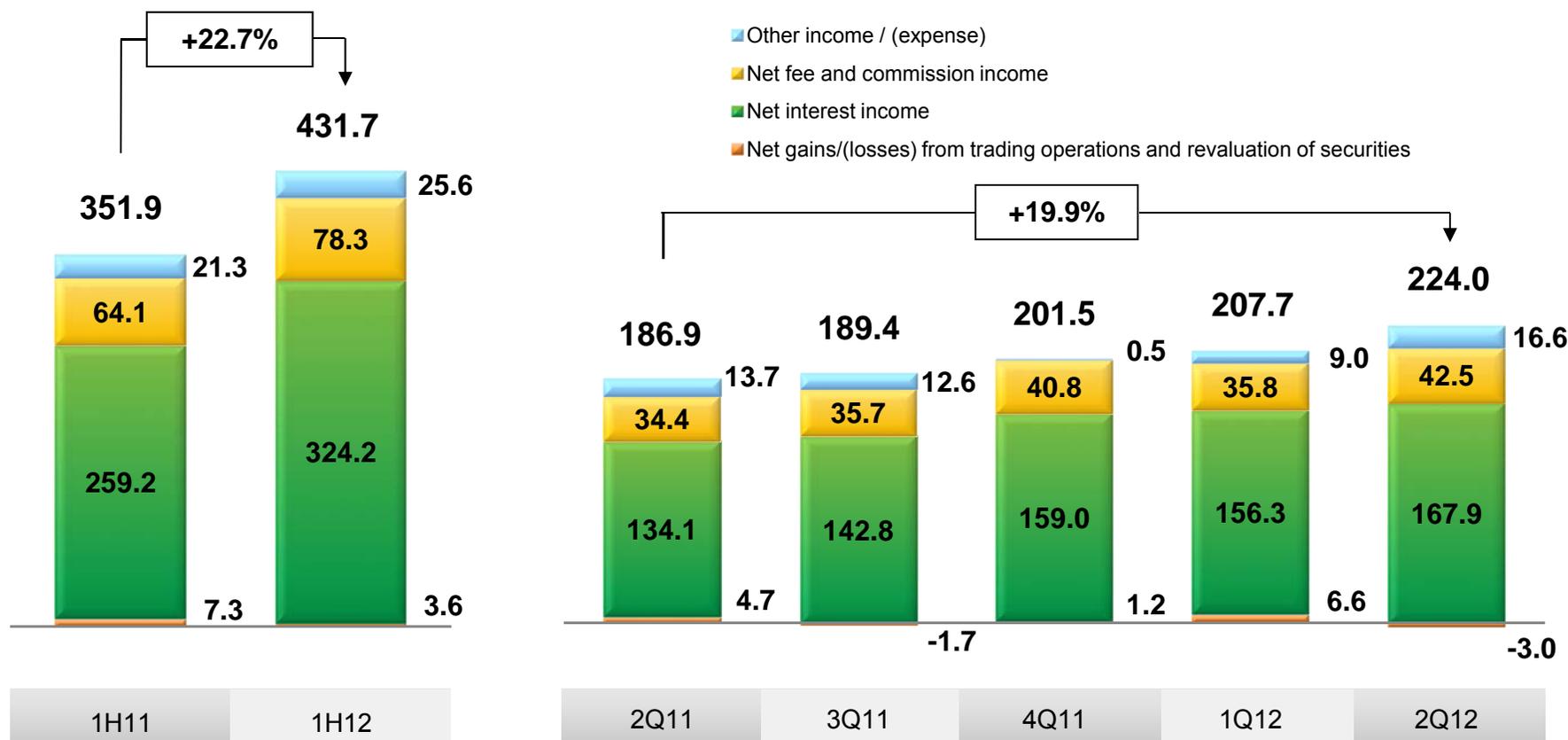


### Return on Equity (ROE), %



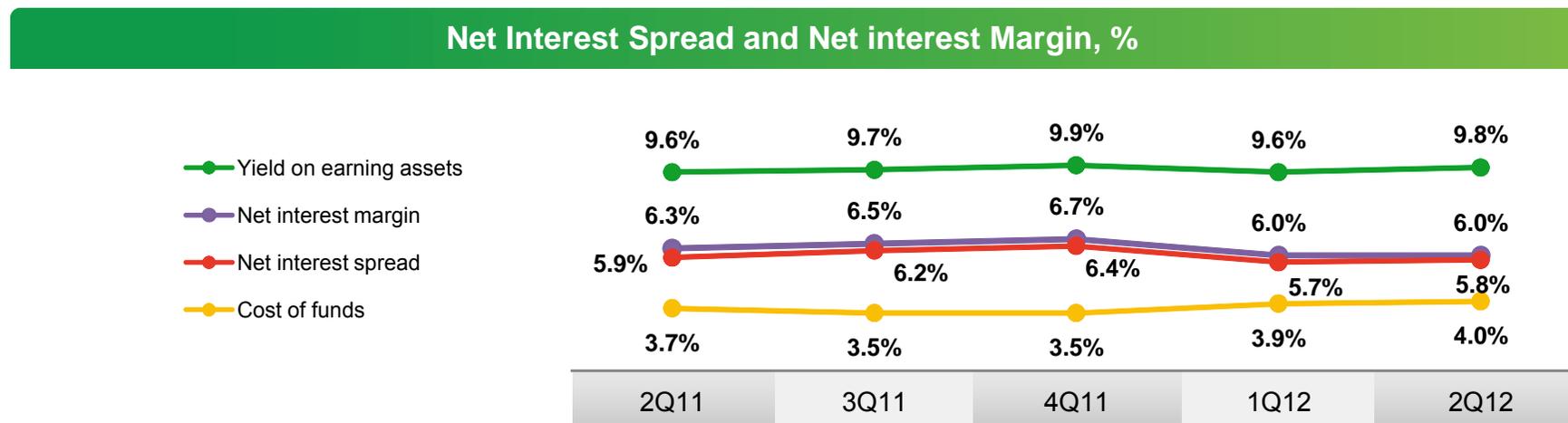
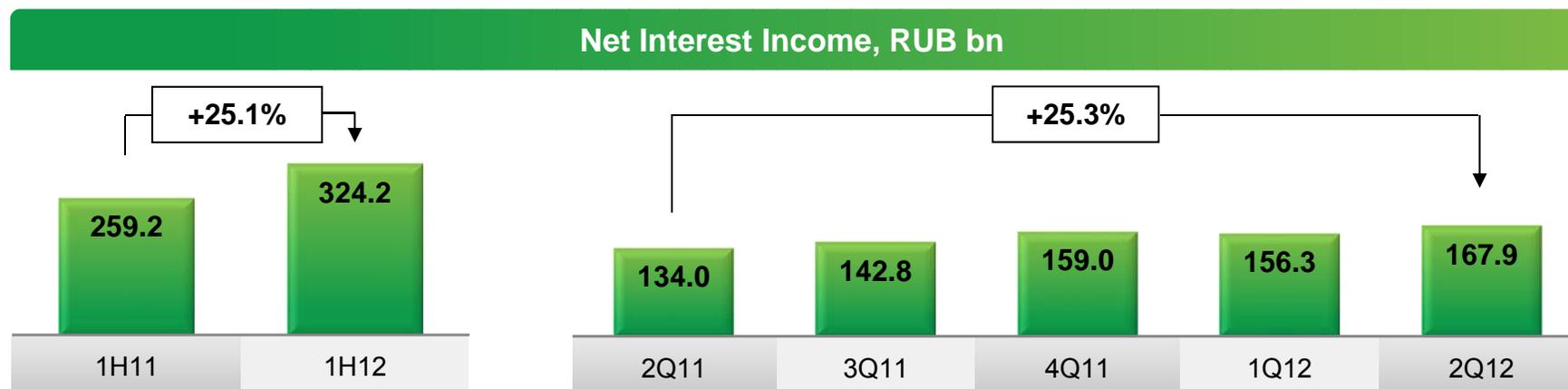
# Operating Income Before Provision Charge for Loan Impairment

## Operating Income Before Provision Charge for Loan Impairment, RUB bn



- Operating income before provision for loan impairment increased by 22.7% year-on-year driven by growth of its principal components
- Core banking operations comprising net interest income and net fee and commission income accounted for 93.2% of operating income

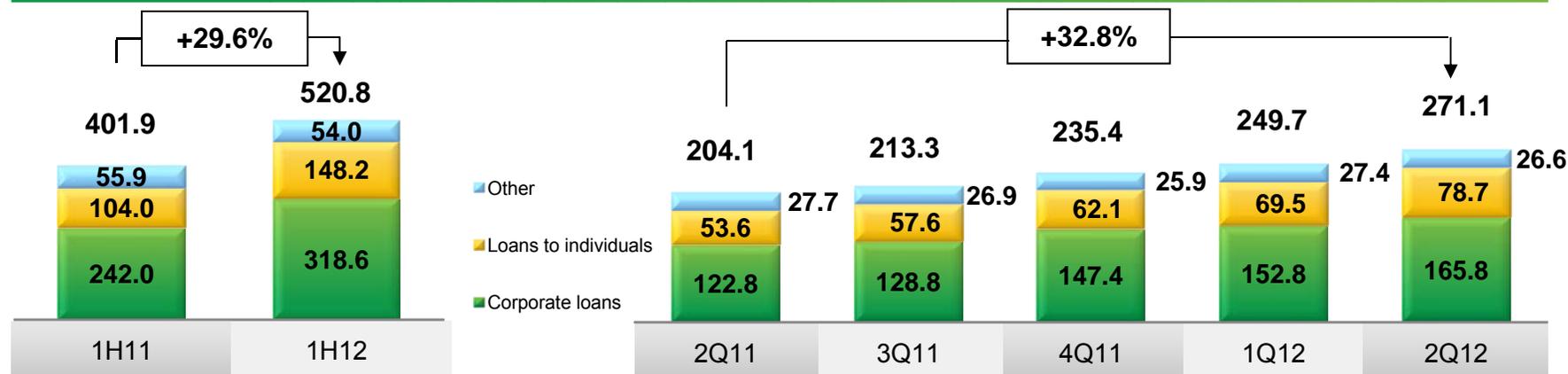
# Net Interest Income



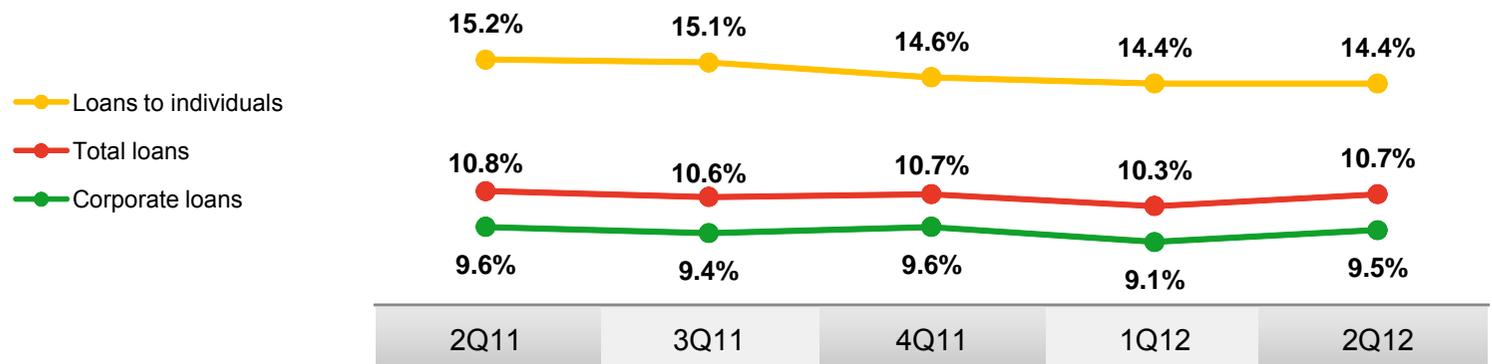
- Net interest income for 1H12 increased by 25.1% compared to the same period of 2011. The increase is driven by growth of interest earning assets and higher proportion in them of assets with higher yields, primarily loans.
- Cost of funds increased in 1H12 due to higher cost of customers deposits

# Interest Income

## Interest Income, RUB bn



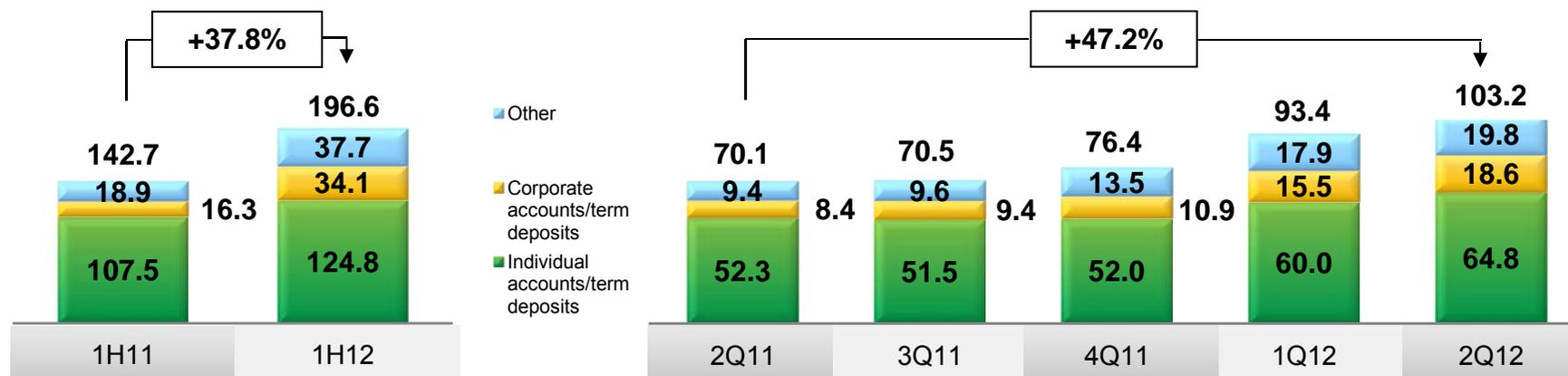
## Average Loan Yields, %



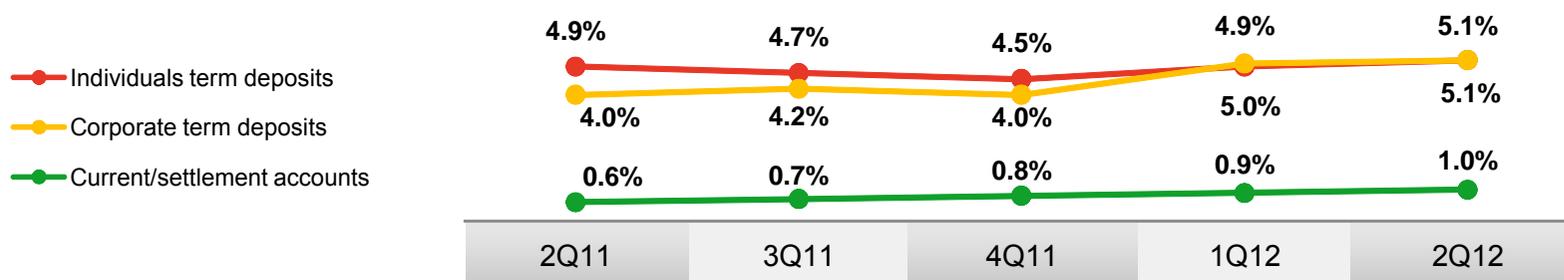
• Other interest income for 1H12 includes RUB 50.7 bn of interest income on debt securities (1H11: RUB 51.9 bn)

# Interest Expense

## Interest Expense, RUB bn



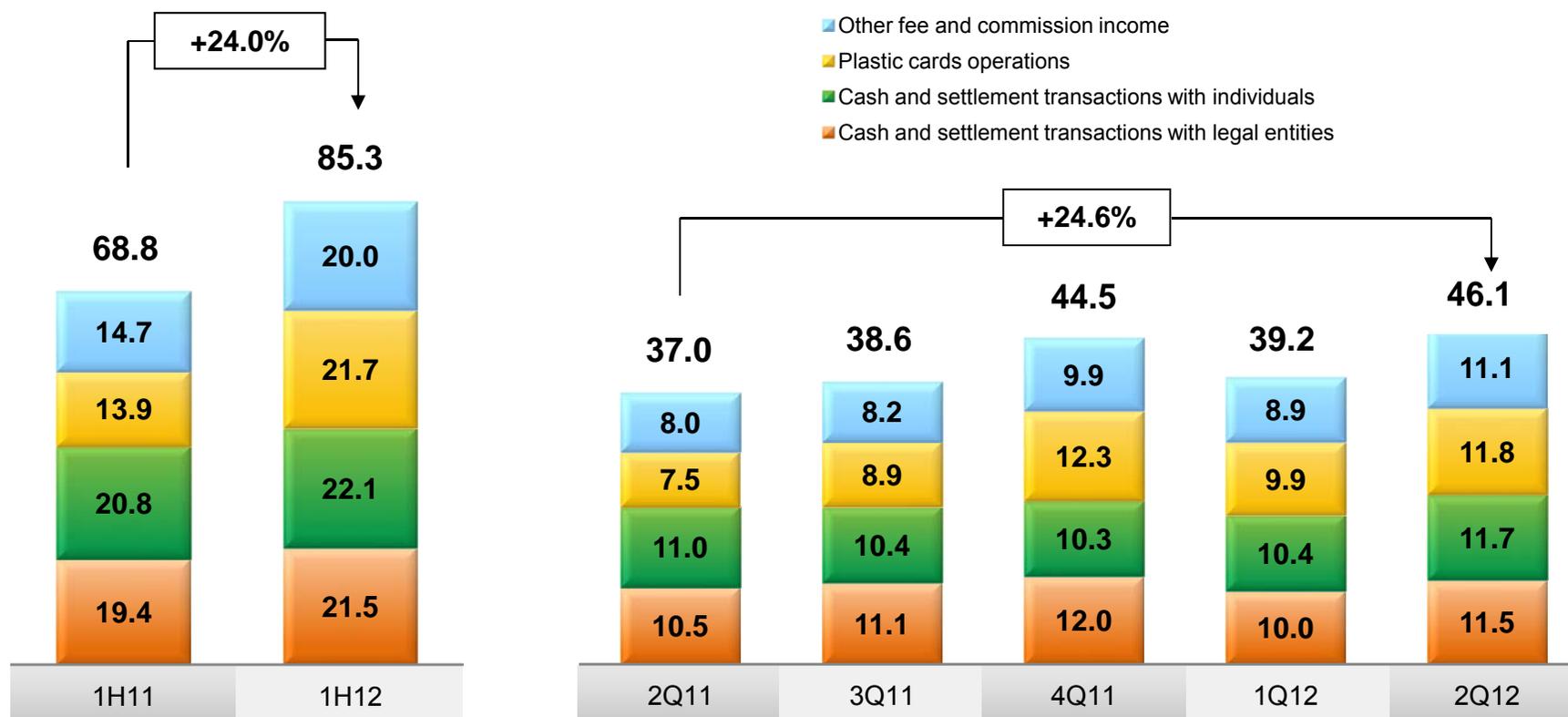
## Average Customer Deposit Costs, %



- The cost of retail and corporate deposits increased in 1H12 as a result of rising interest rates in the market
- Other interest expense for 1H12 includes RUB 10.1 bn of interest expense on subordinated debt (1H11: RUB 9.6 bn)

# Fee and Commission Income

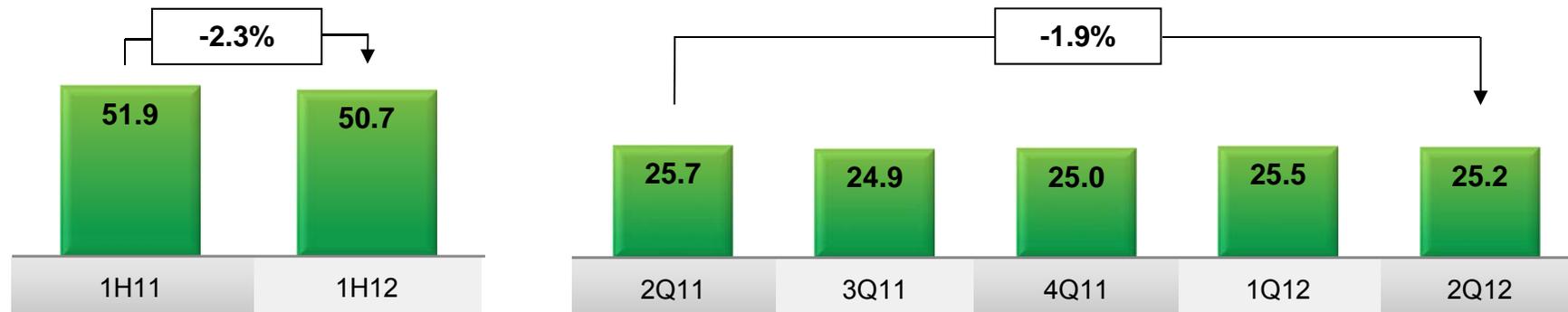
## Fee and Commission Income, RUB bn



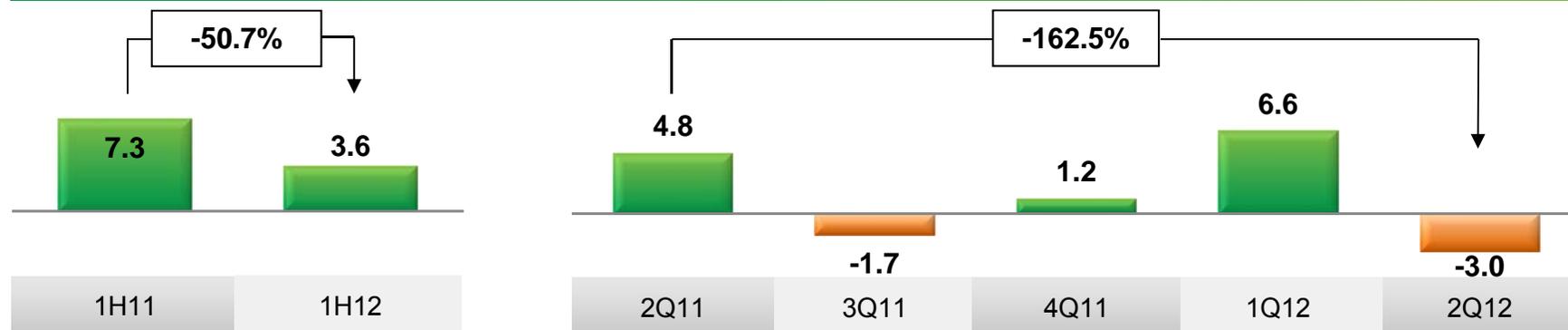
- Customer cash and settlement transactions remain the main source of the Group's fee and commission income
- Fee and commission income from operations with bankcards is a key driver of the growth, expanding by 56.1% year-on-year

# Operations with Securities

## Interest Income on Securities, RUB bn



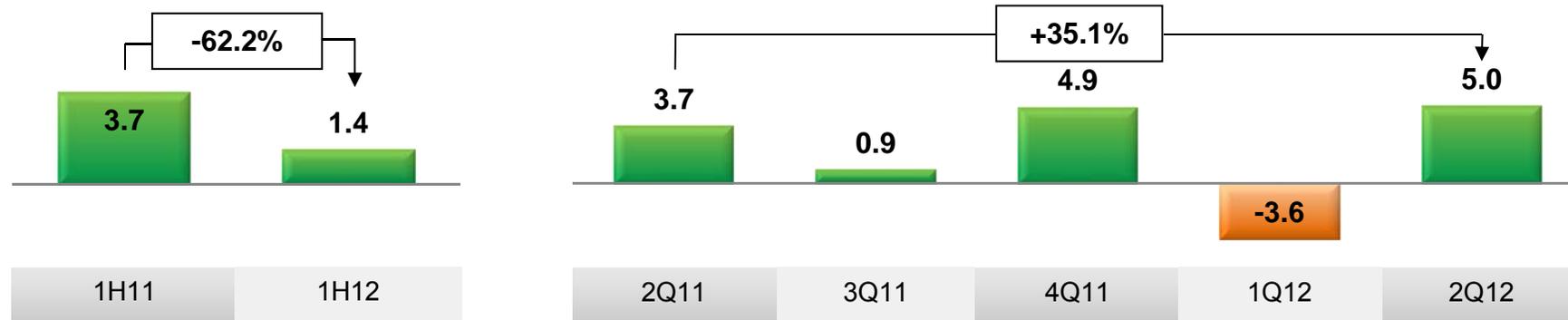
## Net Gains/ (losses) from Trading Operations and Revaluation of Securities, RUB bn



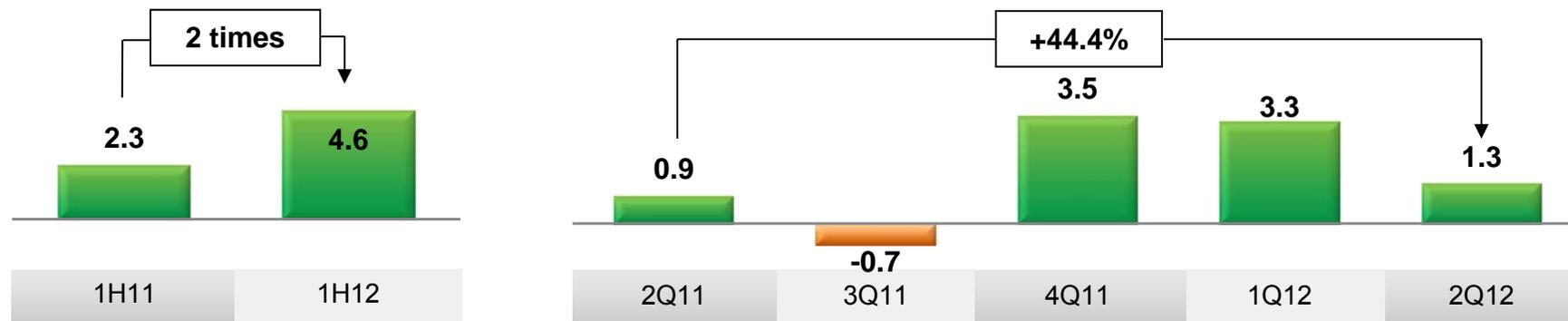
- Lower interest income on securities in 1H12 is explained by lower yield of the Group's debt securities portfolio

# Foreign Exchange Operations and Operations with Precious Metals

## Net Gains /(Losses) from Foreign Exchange Operations, RUB bn



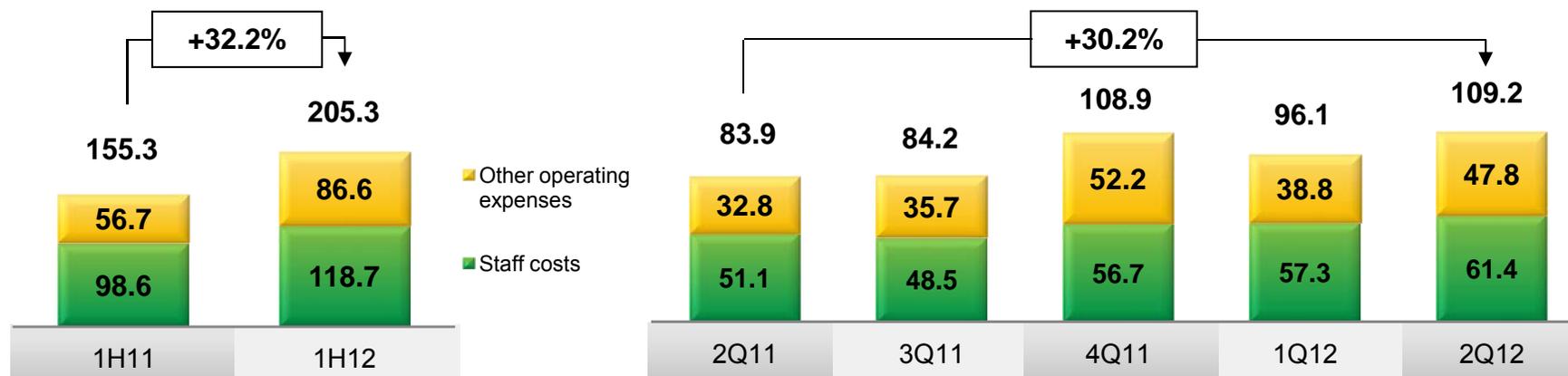
## Net Gains /(Losses) from Operations with Precious Metals, RUB bn



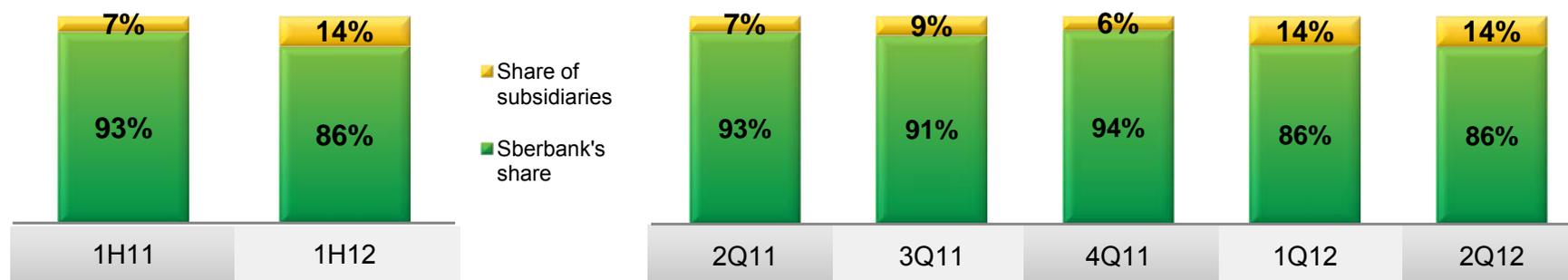
- Net gains from foreign exchange operations for 1H12 amounted to RUB 1.4 bn (1H11: RUB 3.7 bn) and included gains from trading in foreign currencies of RUB 0.5 bn (1H11: RUB 2.8 bn), translation gains of RUB 6.0 bn (1H11: losses RUB 25.3 bn) and losses from operations with foreign currency derivatives amounting to RUB 5.1 bn (1H11: gains RUB 26.2 bn)
- Financial results from foreign exchange derivatives are mainly due to FX swap operations and related to the translation gains / losses

# Operating Expenses

## Operating Expenses, RUB bn



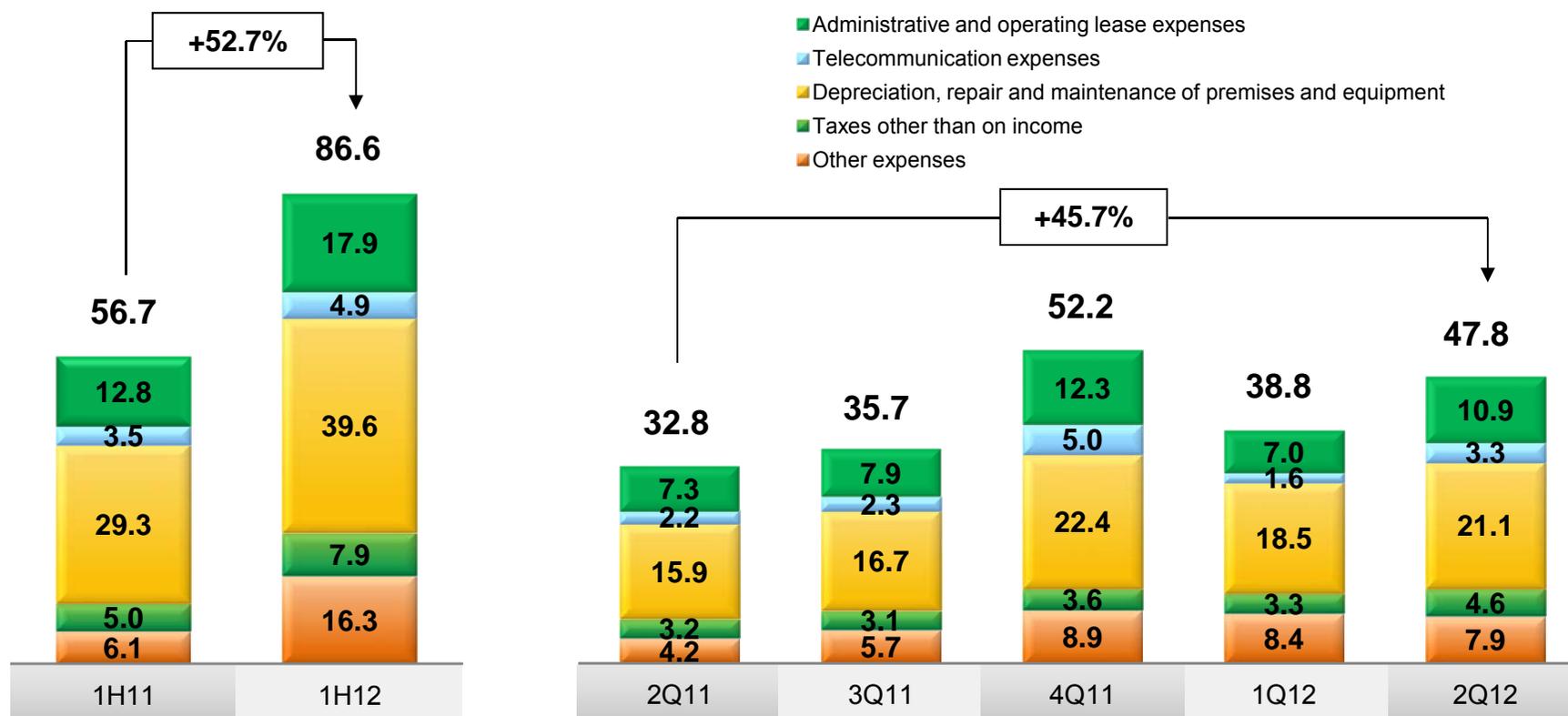
## Share of Sberbank and its subsidiaries in operating expenses



- The main drivers for the increase of operating expenses were continuing investments in IT projects and branch network
- Increase in both staff and other operating expenses is driven also by the acquisitions of Troika Dialog and VBI in 4Q11 and 1Q12 respectively

# Other operating expenses

## Other operating expenses, RUB bn



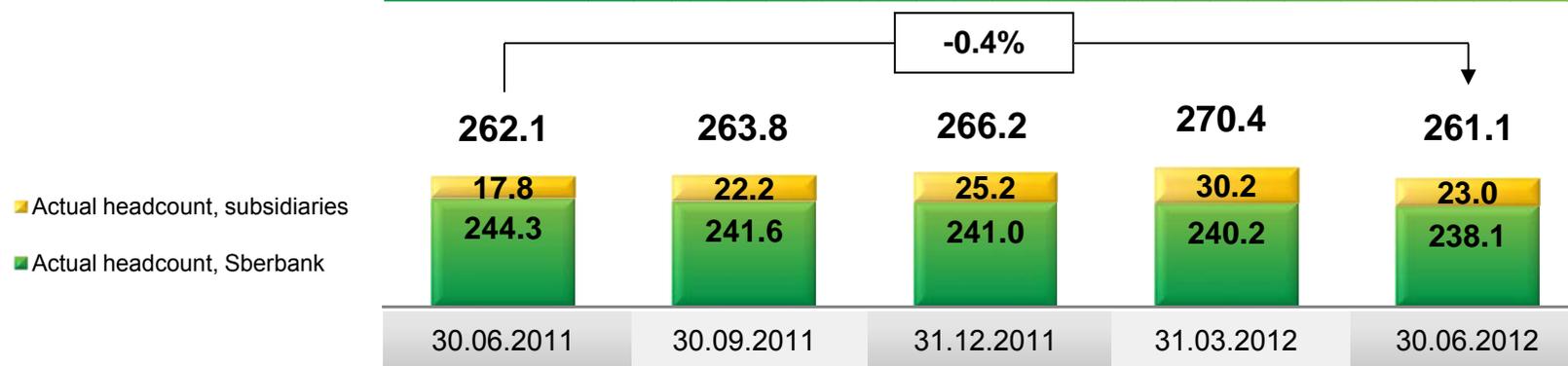
- Other operating expenses grew in 1H12 by 52.7% year-on-year
- Depreciation and maintenance of premises and equipment is a main driver for the increase of other operating expenses; they totaled RUB 39.6bn or 45.7% of other operating expenses. Rising depreciation expense is a result of the Bank's large investments in IT and branch re-formatting projects

# Operating Expenses structure and actual headcount

## Operating Expenses structure, RUB bn

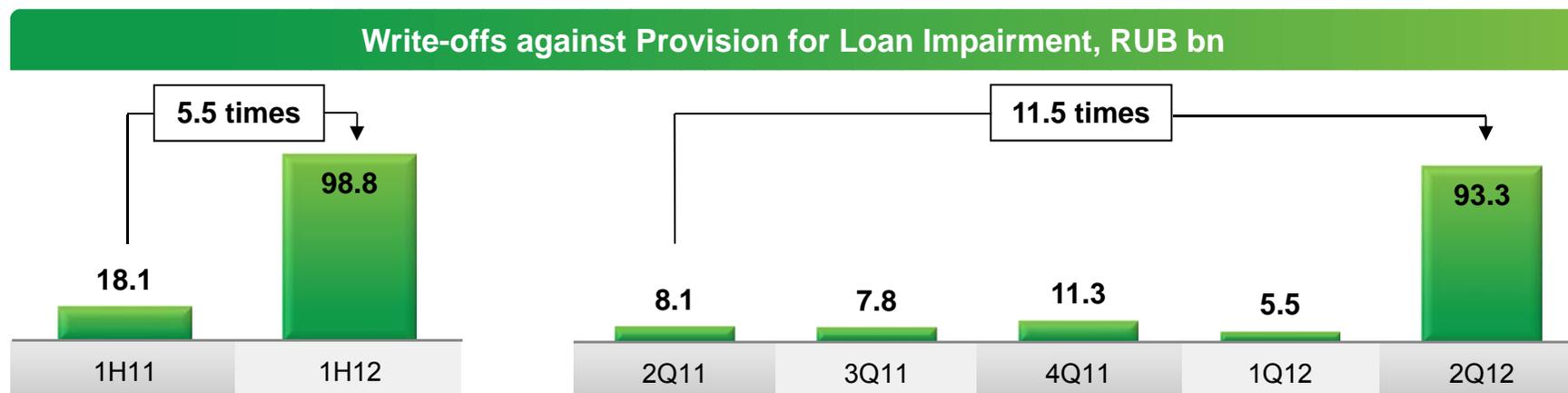
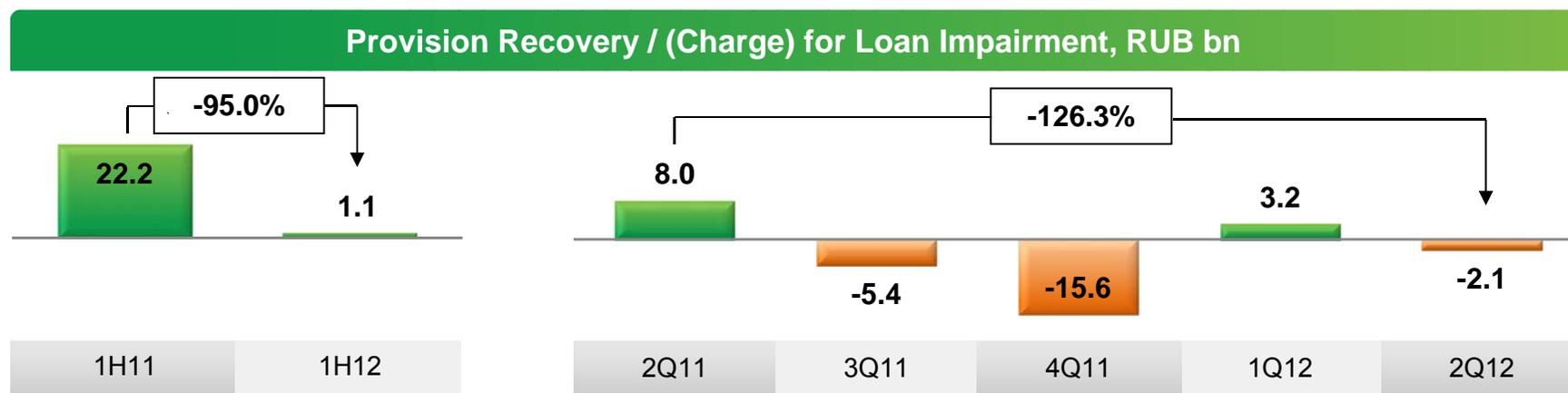
ITEM	2Q11	3Q11	4Q11	1Q12	2Q12
Staff costs, Sberbank	48.4	45.6	53.0	51.9	53.3
Staff costs, subsidiaries	2.7	2.9	3.7	5.4	8.1
Other operating expenses, Sberbank	29.2	31.2	48.9	31.0	40.3
Other operating expenses, subsidiaries	3.6	4.5	3.3	7.8	7.5

## Actual headcount, thousands



- Actual headcount of the Group decreased in 2Q12 due to sale of GOTEK and GVSU companies

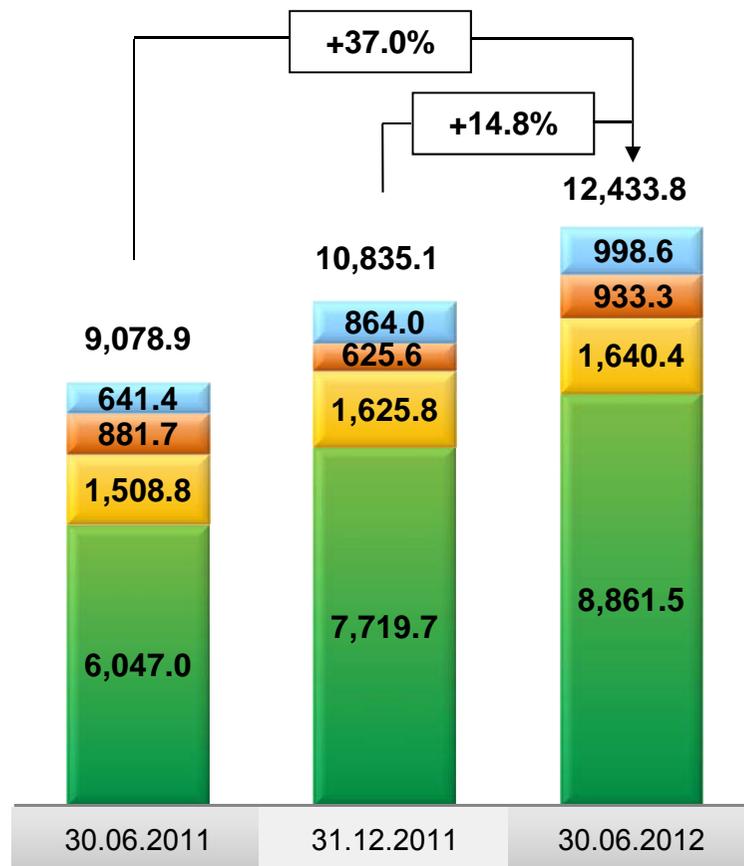
# Provision Recovery/(Charge) for Loan Impairment



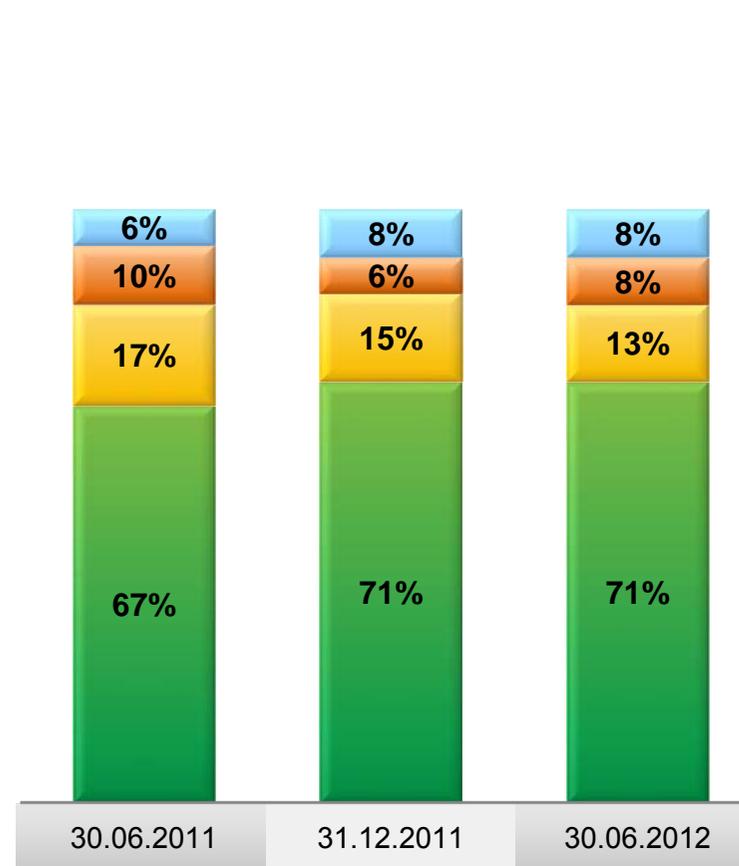
- The Group's loan portfolio quality is improving. In 1H12 the Group showed net recovery of provisions of RUB 1.1 bn, a 95.0% decrease to RUB 22.2 bn in 1H11
- The largest amount in provisions write-offs in 2Q12 is attributable to a large non-performing loan, It is related primarily to acquisition in June 2012 of a single asset company holding a large problem loan. This acquisition was part of the problem loan work-out process; as a result, a substantial part of this loan was written off against provisions created in previous years with zero effect on the results in 1H12.

# Asset Dynamics and Structure

## Assets, RUB bn



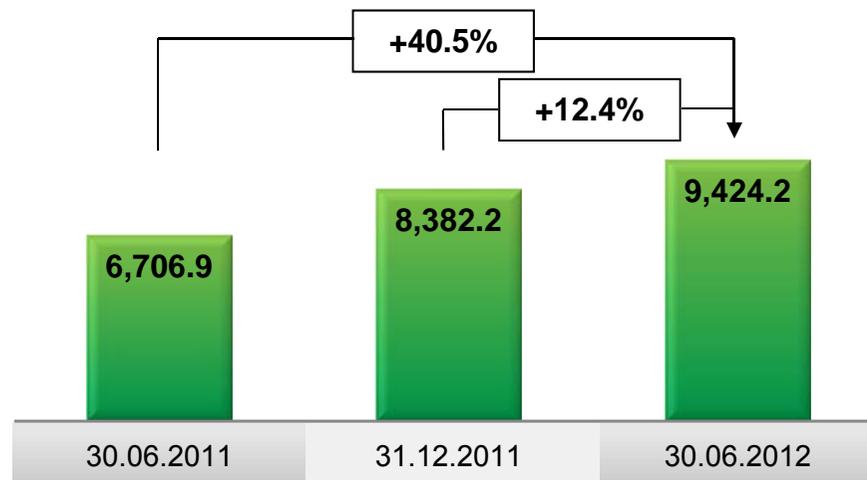
## Asset Structure



- The Group's asset structure remains stable
- As of June 30, 2012, interest-earning assets represented 92.4% of the Group's total assets

# Loan Portfolio (1)

## Loan Portfolio before Provision for Loan Impairment, RUB bn

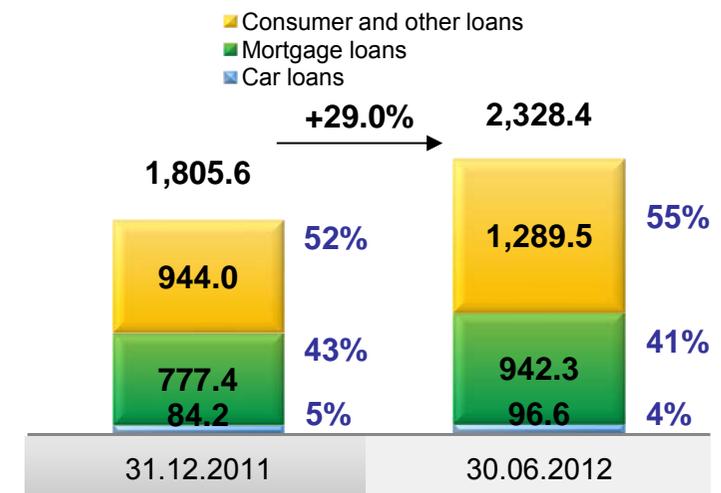


- In 1H12, the Group's gross loan portfolio grew by 12.4% as a result of an increase of loans outstanding to both corporate and retail customers
- Corporate loans grew by RUB 519.2 bn, or 7.9%, in 1H12
- Loans to individuals grew in 1H12 by RUB 522.8 bn, or 29.0%
- Commercial loans to corporate clients and consumer loans grew faster throughout 1H12

## Corporate Loan Portfolio Structure, RUB bn

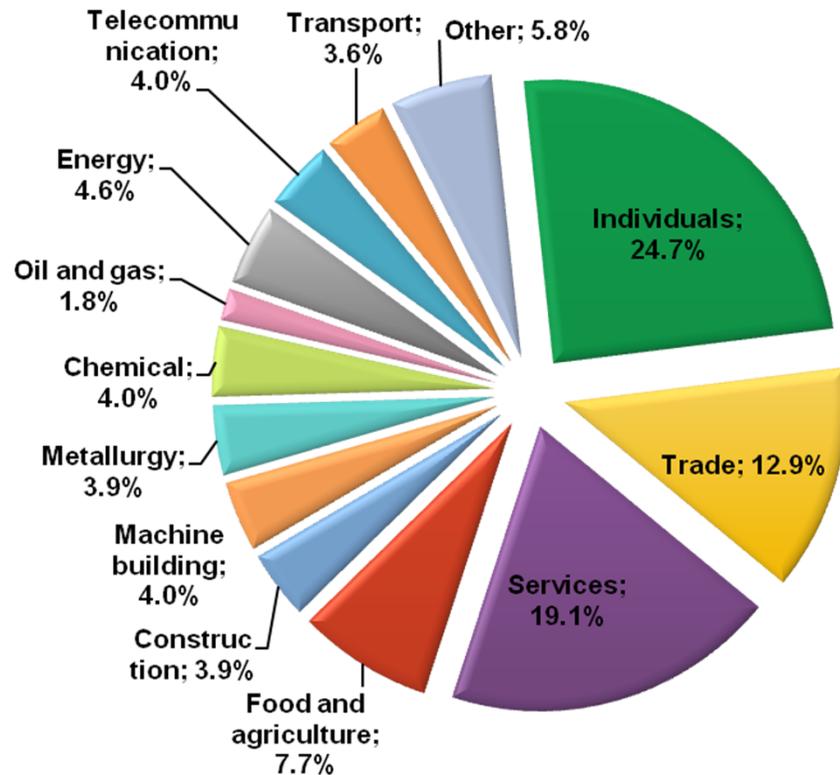


## Retail Loan Portfolio Structure, RUB bn

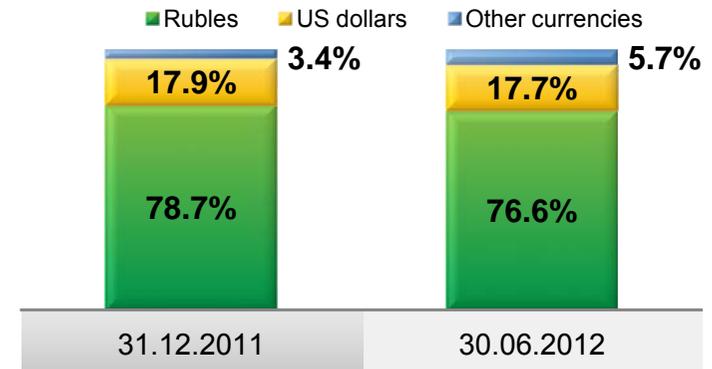


# Loan Portfolio (2)

## Industry Breakdown, as of 30 June 2012



## Currency Breakdown



## Maturity Breakdown

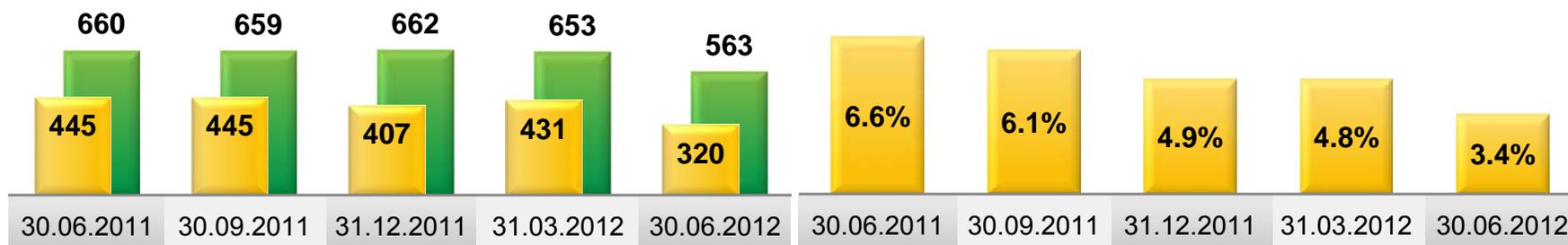


- The Group's loan portfolio is well diversified, with the largest industry comprising 19.1% of the total loan portfolio
- Loan portfolio's currency structure and maturity structure generally remained stable during 1H12 with some increase of loans denominated in other currencies due to the acquisition of VBI

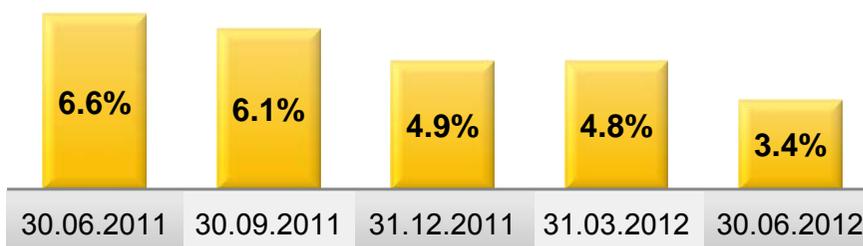
# Loan Portfolio Quality

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

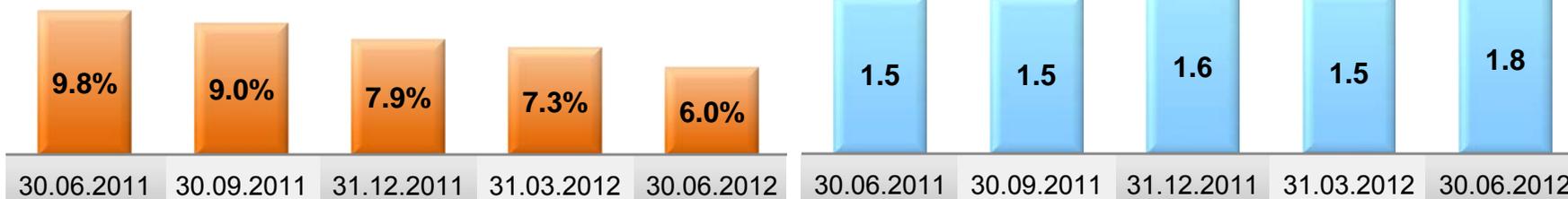
■ Provision for loan impairment ■ Non-performing loans



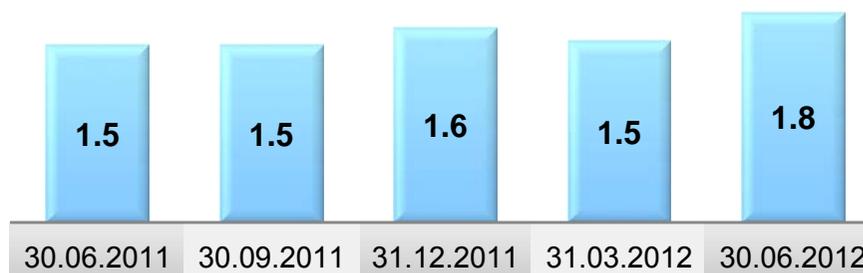
## Non-Performing Loans in Loan Portfolio, %



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



## NPL Coverage Ratio (PLI to Non-Performing Loans)

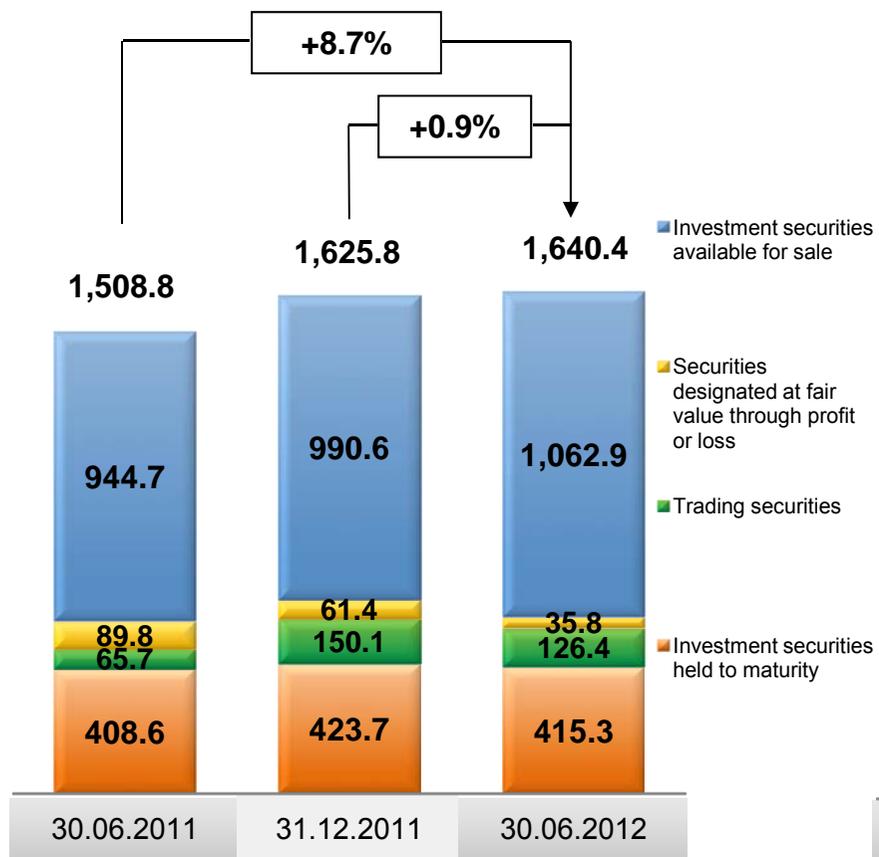


\* Overall exposure, should there be any payments (principal and/or interest) overdue more than 90 days as of the reporting date.

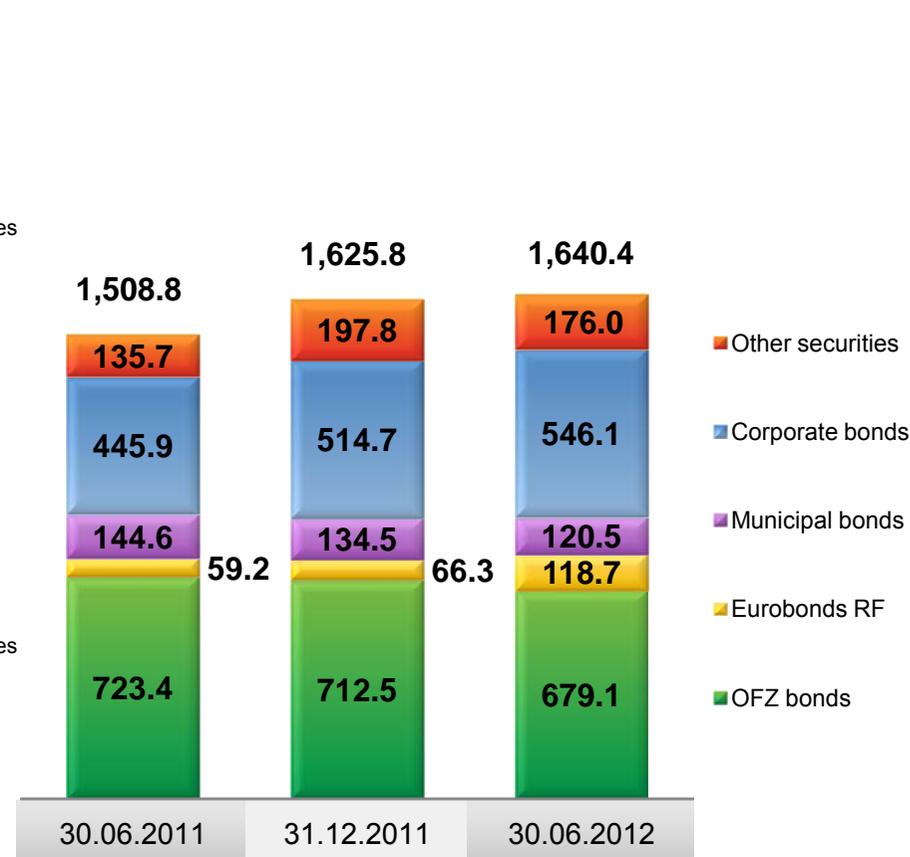
- Significant decrease in NPL portfolio is mainly explained by the the acquisition of the single asset company mentioned in slide 18
- As of June 30, 2012, renegotiated loans before provision for loan impairment amounted to RUB 1,011.5 bn, or 10.7% of the loan portfolio (as at December 31, 2011: RUB 1,031.6 bn, or 12.3%).

# Securities Portfolio

### Securities by Portfolio, RUB bn



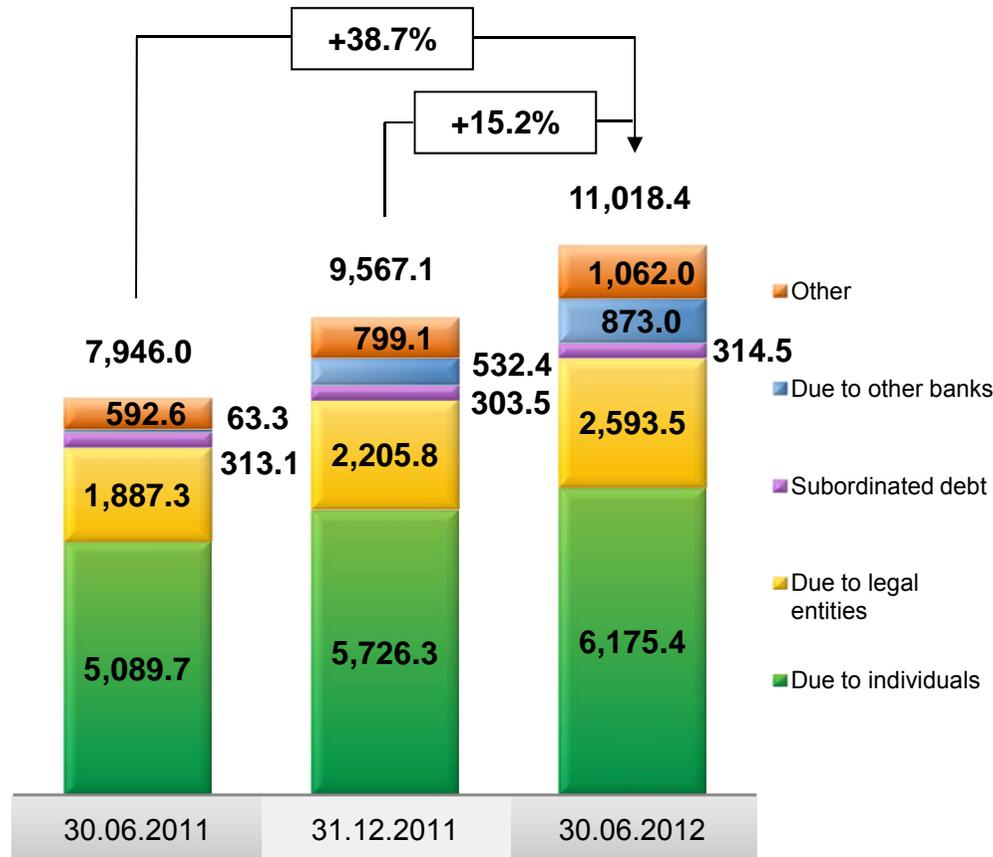
### Securities by Type, RUB bn



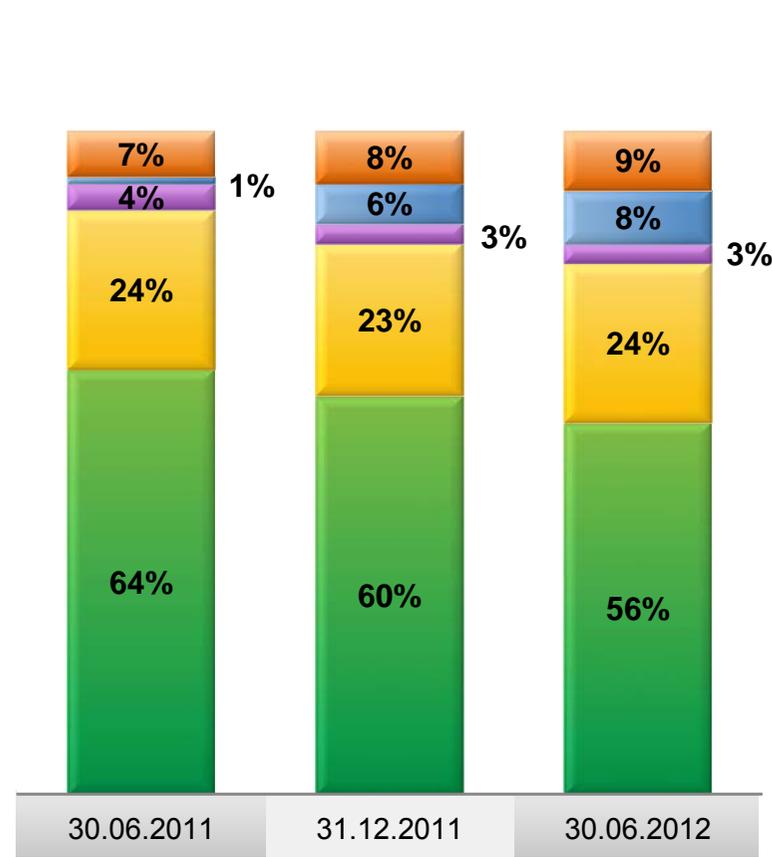
- A 4.7% decrease of OFZ portfolio and an 11.0% decline of other securities was compensated by an increase of corporate bonds and eurobond portfolios

# Liabilities Dynamics and Structure

## Liabilities, RUB bn



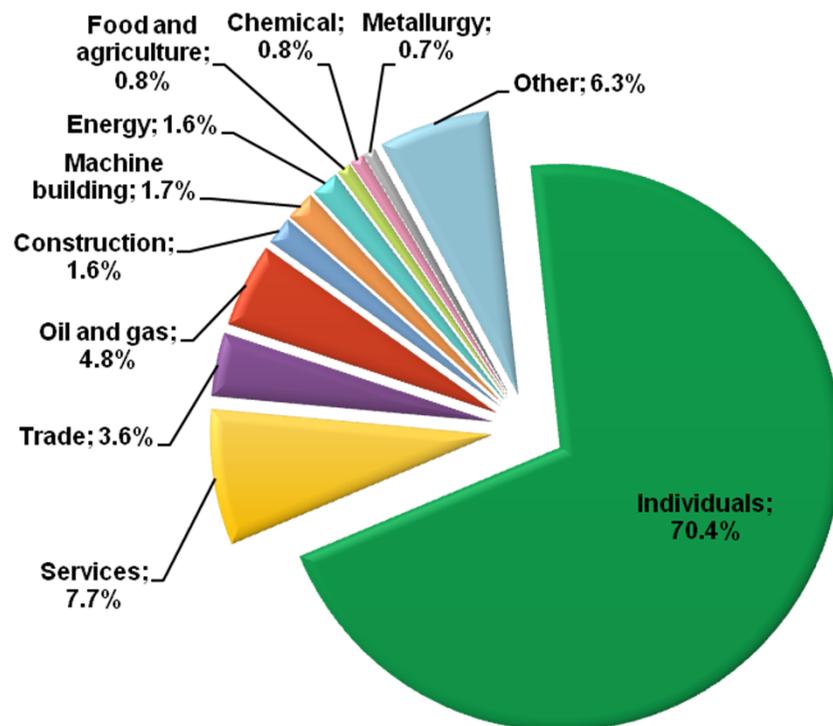
## Liabilities Structure



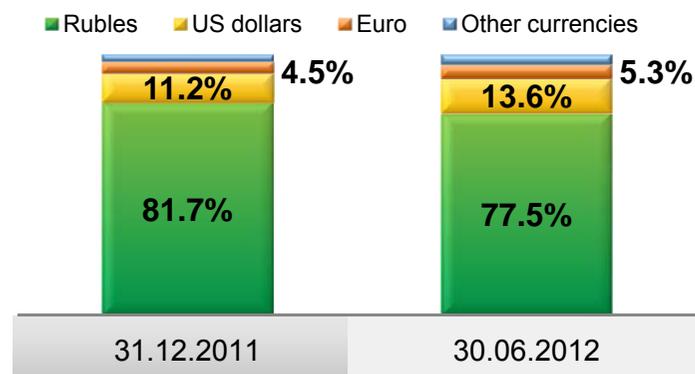
- Retail deposits are the Group's main source of funding comprising 56.0% of total liabilities
- A significant increase of funds attracted from the interbank market was driven by higher growth of assets compared to the growth of the Group's customer deposits

# Amounts Due to Customers

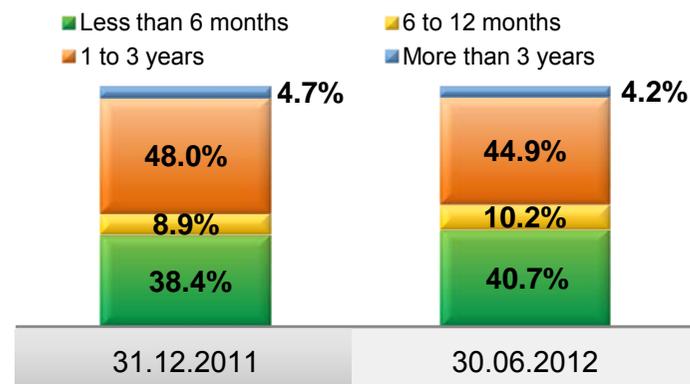
## Industry Breakdown, as of 30 June 2012



## Currency Breakdown

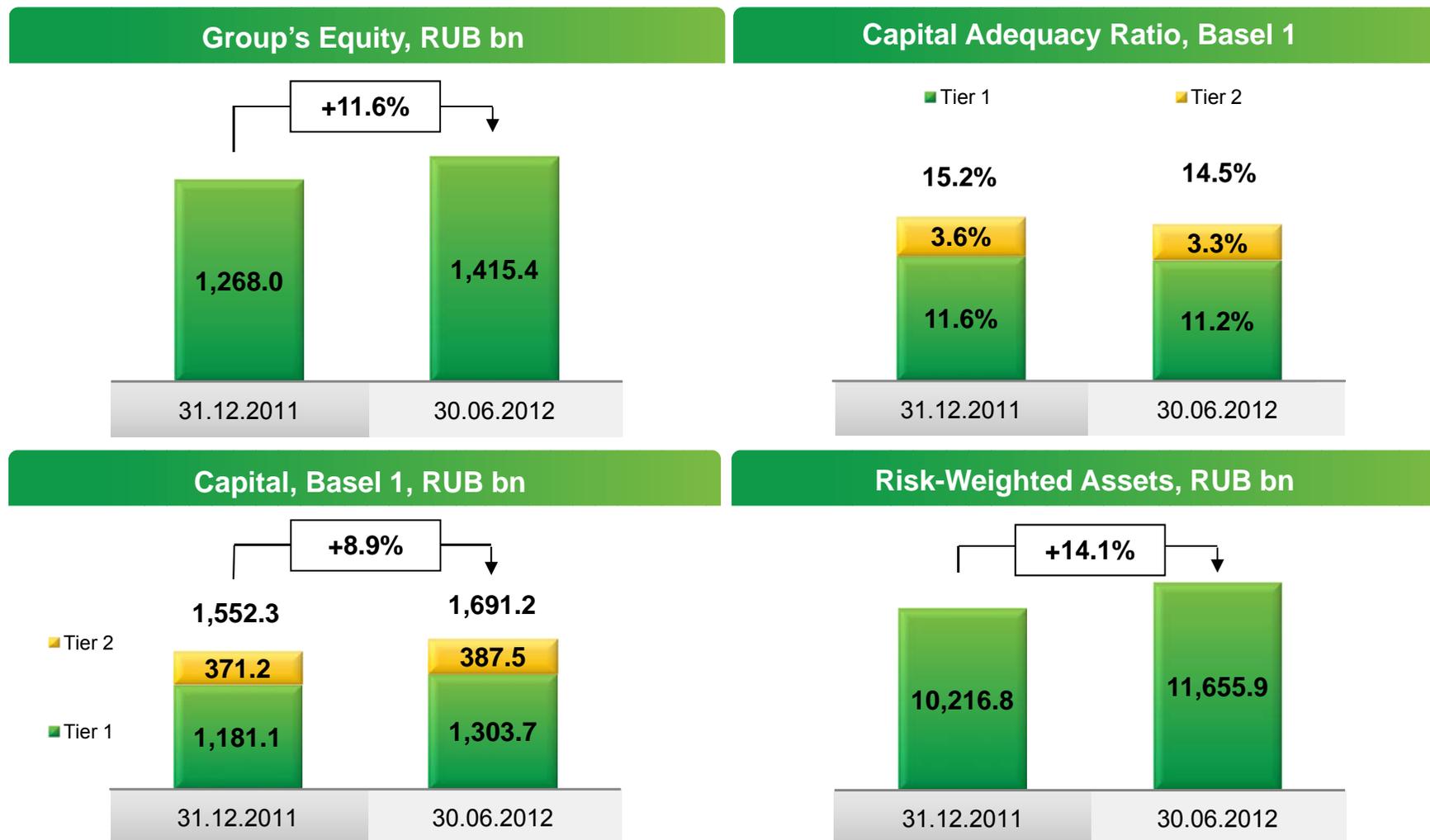


## Maturity Breakdown



- Traditionally, retail deposits are the core of the Group's customer deposits
- The maturity breakdown of liabilities changed slightly: the proportion of short term funding increased while the proportion of funding from 1 to 3 years decreased by 3.1 pp

# Shareholders' Equity and Capital Adequacy



- The Group's capital adequacy ratio is well above the Basel committee minimum requirements (8%). The total capital adequacy ratio according to the Russian accounting standards (H1) as of June 30, 2012 was 13.7%

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