



**SBERBANK**

**Sberbank Group's IFRS Results For 3 Months 2009**



# Highlights of Financial Performance for 3 months 2009 (1)

- This presentation is based on IFRS condensed interim consolidated financial statements of Sberbank (the Bank) and its subsidiaries (together the Group). The major subsidiaries of the Group are ZAO Russian-German Leasing Company, LLC Sberbank Capital, DB AO Sberbank (Kazakhstan) and ZAO Sberbank of Russia (Ukraine)
- The Group's net profit for 1Q09 totaled RUB583 mln compared to RUB31.1 bn for 1Q08
- The Group's operating income for 1Q09 reached RUB144.2 bn, a 11.7% increase against 4Q08 results and 38.9% versus 1Q08 results
- As in the previous periods, the main drivers for this growth were expanding operations with clients including:
  - Increase of loan portfolio by 3.9% in 1Q09
  - Rise of interest margin by 0.3 p.p. during 1Q09
- The Group's operating expenses totaled RUB53.1 bn for 1Q09, a 5.2% decrease against 4Q08 figures and 4.5% versus 1Q08 figures
- Decline of net profit in 1Q09 was primarily due to increase in provisioning for loan impairment of RUB90.7 bn, which is 46.5% higher than in 4Q08
- The increase in provisioning for loan impairment was partly offset by a 4.4% increase in net interest income and a 5.2% decline of operating expenses compared to 4Q08, which resulted in the decrease of the cost/income ratio to 36.8% level



## Highlights of Financial Performance for 3 months 2009 (2)

ITEM	3 months 2009 (RUB bn)	3 months 2008 (RUB bn)	Change
Operating income before provision for loan impairment	144.2	103.8	38.9%
Administrative and other operating expenses	-53.1	-55.6	-4.5%
Provisioning for loan impairment	-90.7	-7.5	12.1 times
Net profit	0.6	31.1	-98.1%
Earnings per ordinary share, RUB	0.03	1.44	-97.9%



# Highlights of Financial Performance for 3 months 2009 (3)

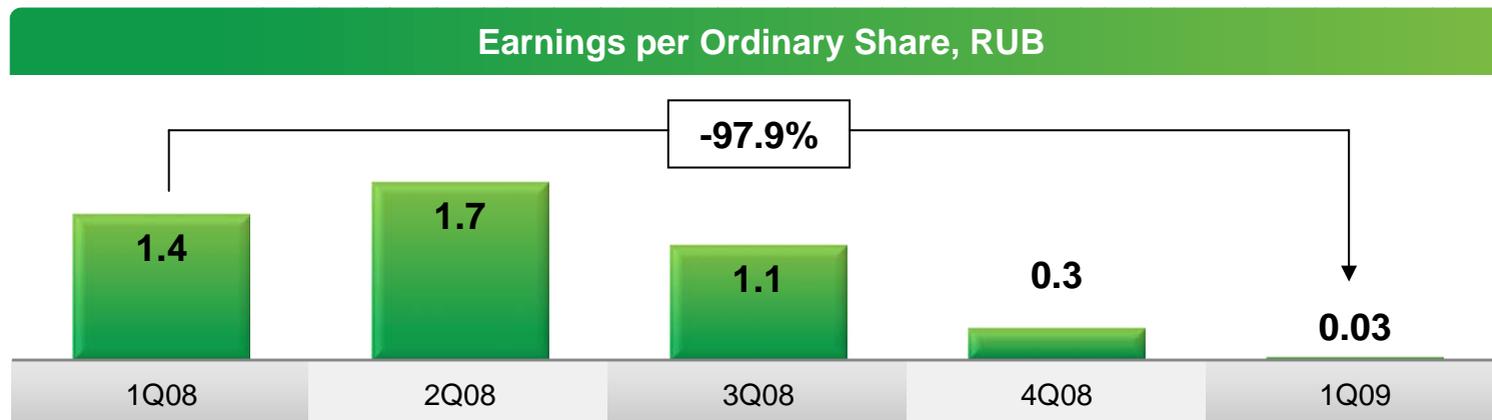
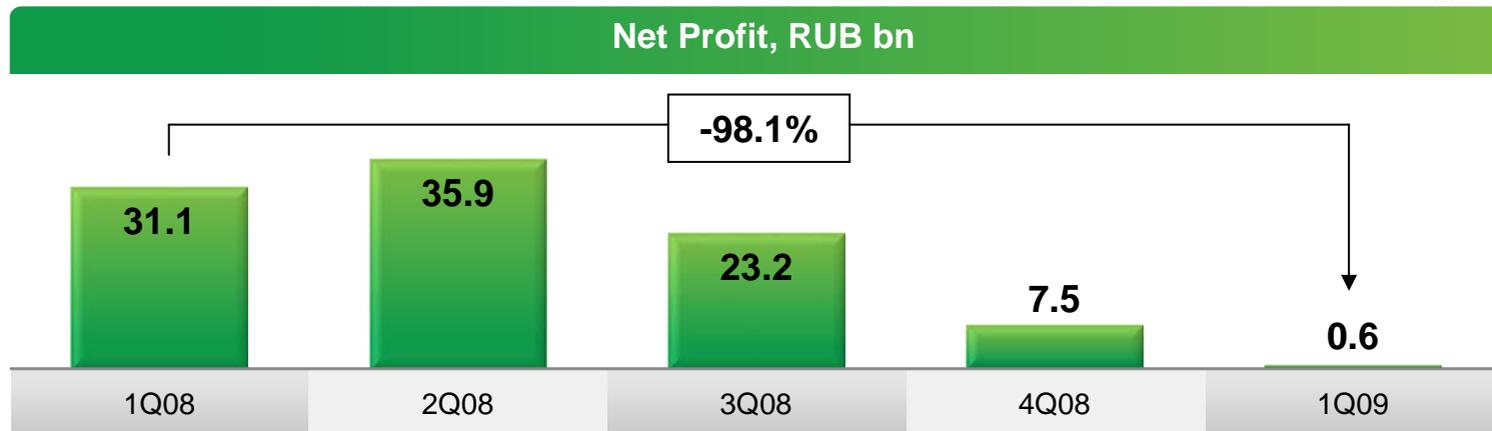
ITEM	31.03.2009 (RUB bn)	31.12.2008 (RUB bn)	Change
Assets	6,767.8	6,736.5	0.5%
Loans to customers (net)	5,192.9	5,077.9	2.3%
Customer deposits	4,787.2	4,795.2	-0.2%
Equity	741.3	750.2	-1.2%
Tier I capital adequacy ratio (Basel I)	11.7%	12.2%	-0.5 pp
Total capital adequacy ratio (Basel I)	18.0%	18.9%	-0.9 pp

ITEM	31.03.2009 (RUB bn)	31.03.2008 (RUB bn)	Change
Return on equity	0.3%	19.1%	-18.8 pp
Return on assets	0.03%	2.45%	-2.42 pp
Cost to income ratio	36.8%	53.5%	-16.7 pp
Interest margin*	7.4%	7.1%	0.3 pp
Provisions to Loans to Customers (Gross)	5.3%	2.7%	2.6 pp

\* Net interest income to average earning assets.



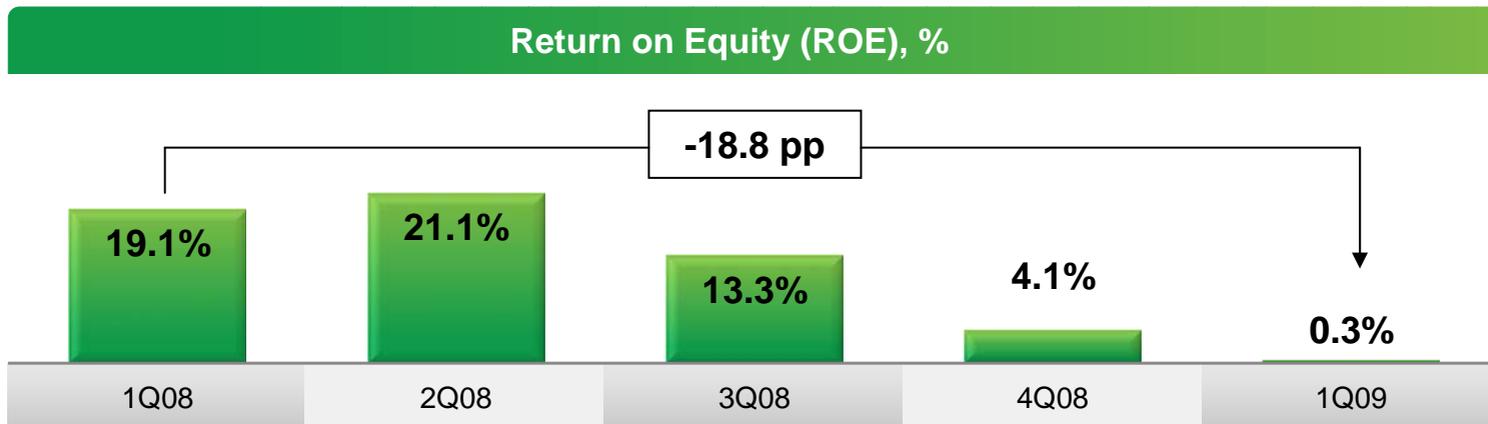
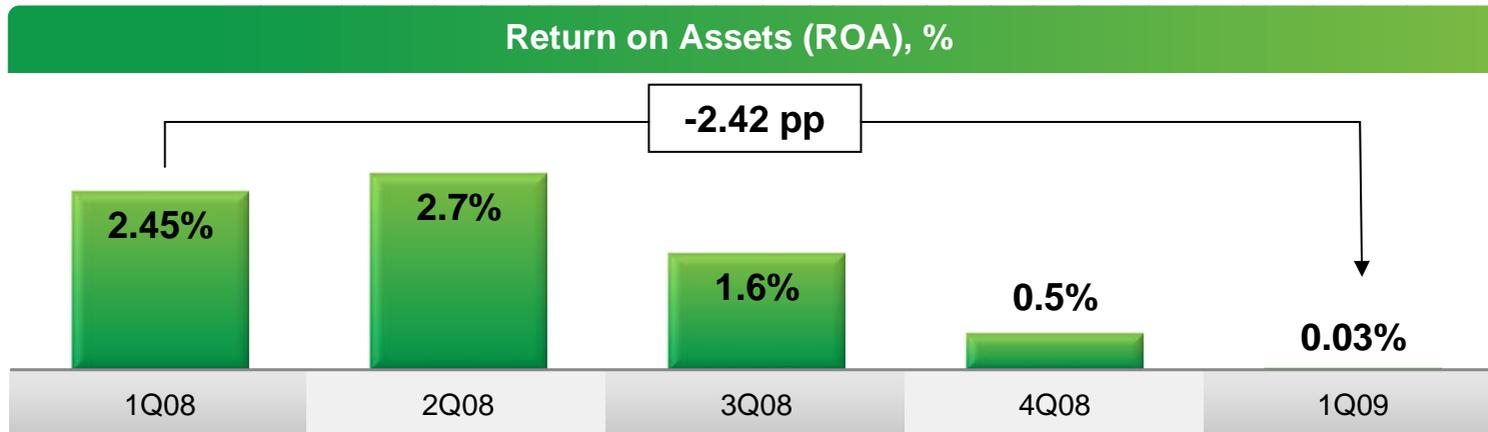
# Key Financial Indicators (1)



- Net profit decline in 1Q09 was mostly influenced by a sharp increase in provisioning for loan impairment compared to previous periods
- The ratio of provision for loan impairment to total loans reached 5.3%



## Key Financial Indicators (2)

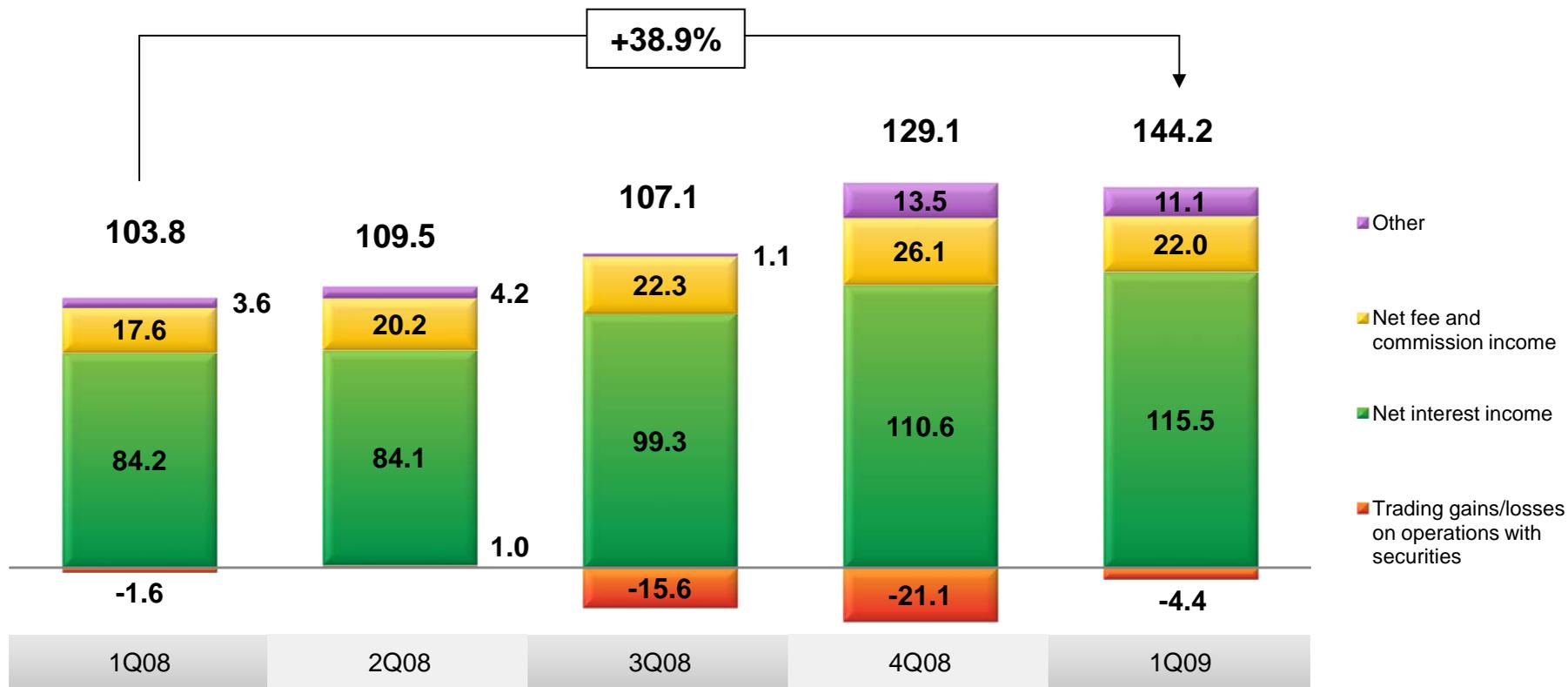


- The Group's ROE and ROA decreased in 1Q09 on the back of lower net profit



# Operating Income Before Provisioning for Loan Impairment

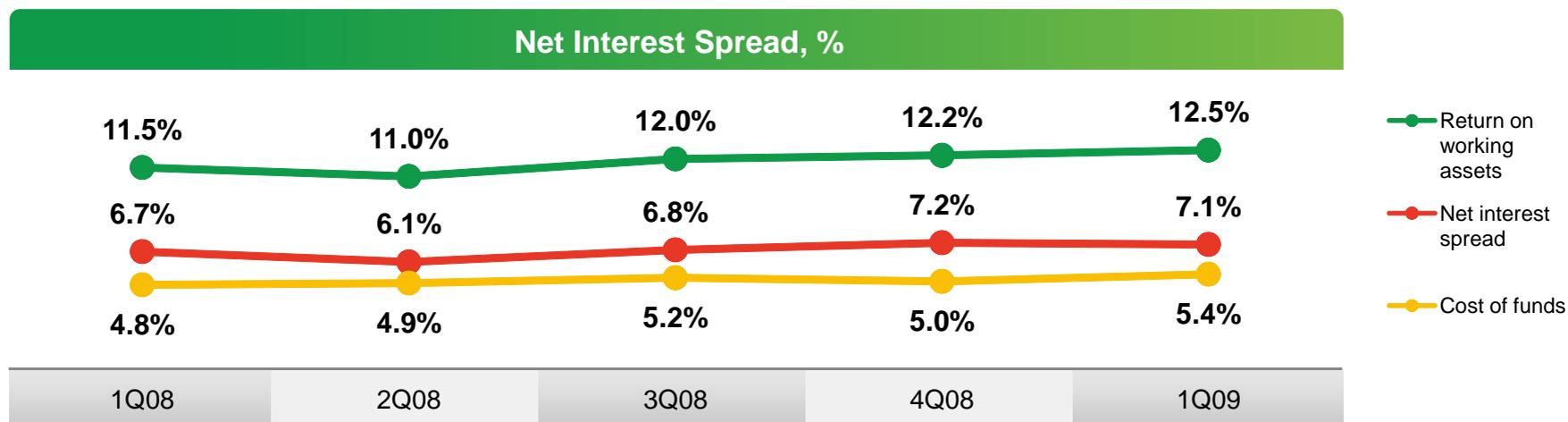
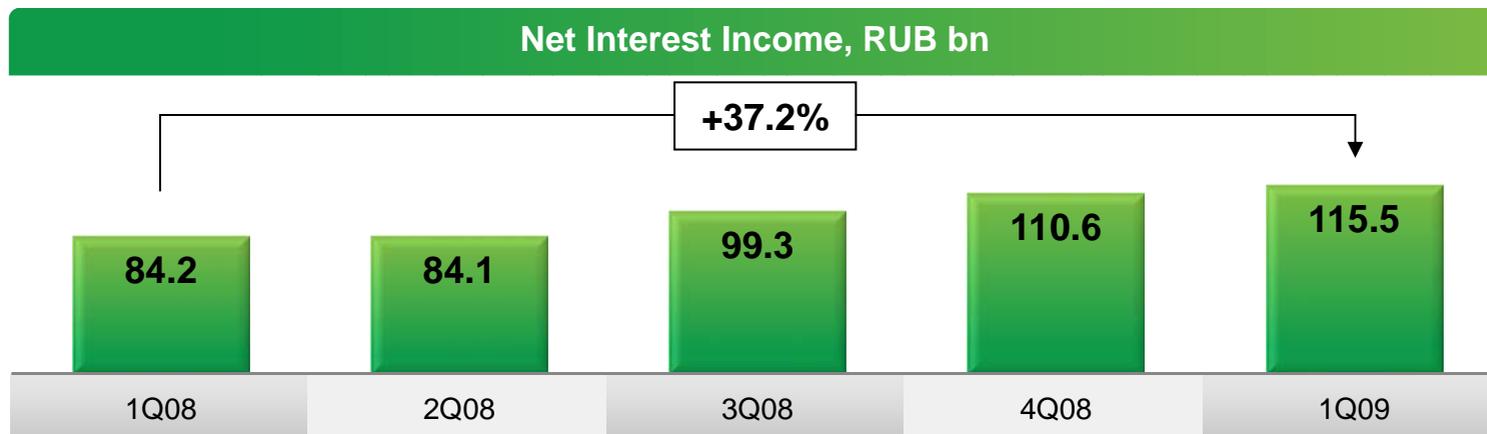
Operating Income Before Provisioning for Loan Impairment, RUB bn



- Operating income before provisioning for loan impairment increased by 11.7% in 1Q09 against the 4Q08 result. The increase was primarily due to rise in interest income from lending operations
- The main component of other operating income earned by the Group in 1Q09 in the total amount of RUB11.1 bn was gains arising from operations with foreign currencies totaling RUB8.5 bn



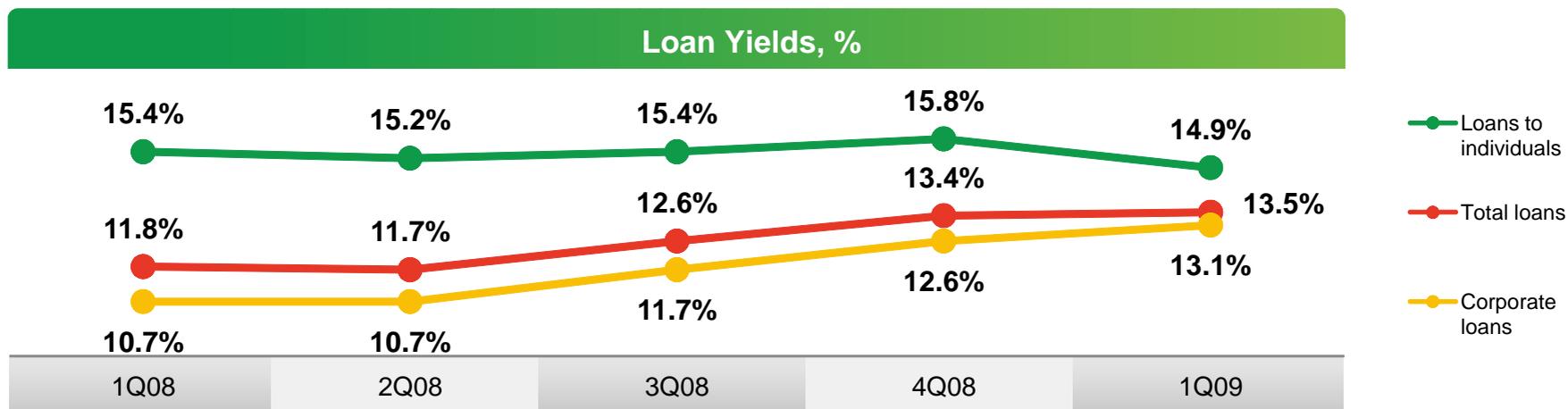
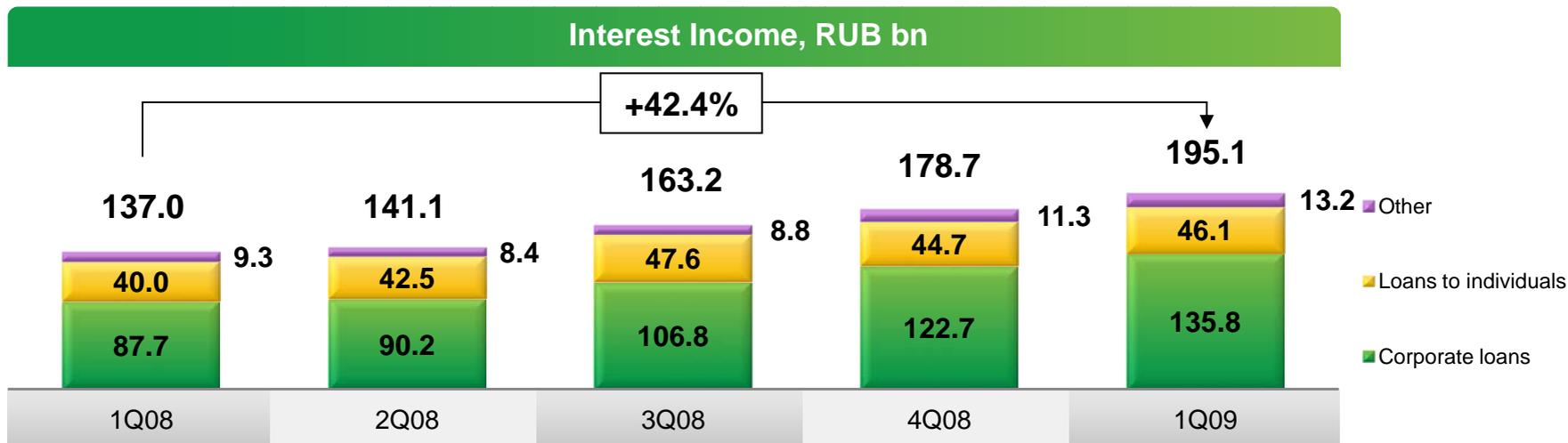
# Net interest income



- Net interest income increased by 4.4% in 1Q09 compared to 4Q08
- The main drivers of net interest income growth in the first quarter were a 3.9% loan portfolio increase and an interest rates rise
- The spread between the interest income on earning assets and the cost of funds decreased by 0.1 pp in 1Q09 due to rise in cost of funds



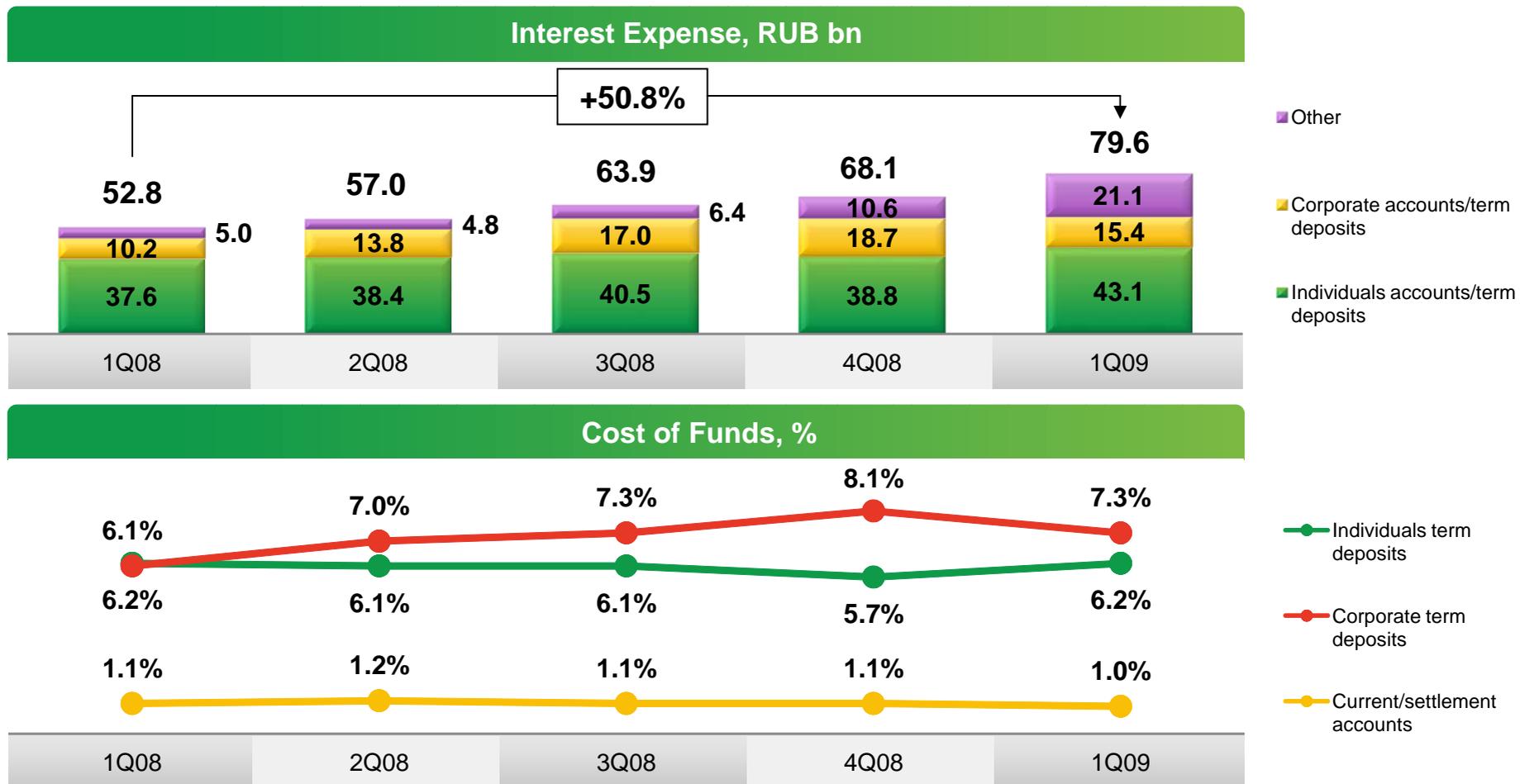
# Interest Income



- The Group's interest income in 1Q09 grew by 9.2% on 4Q08
- The increase in interest income was mainly driven by a rise in interest income from corporate lending operations as a result of loan portfolio expansion
- The yield on retail loan portfolio decreased in 1Q09 due to structural changes in the portfolio: the proportion of consumer loans decreased (as a result of shorter maturity) while the proportion of lower yielding mortgage loans increased



# Interest Expense

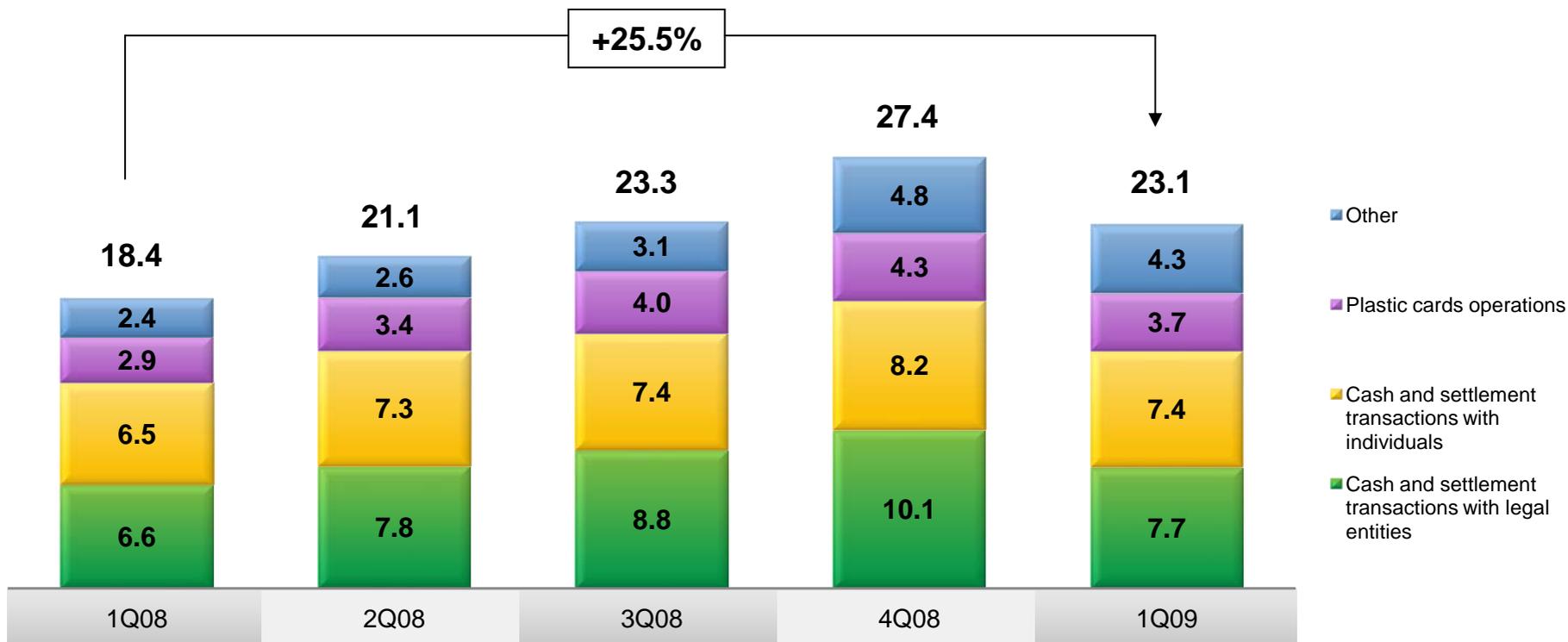


- Interest expenses grew 16.9% in 1Q09 compared to the 4Q08 result
- As in previous periods, the primary component of interest expenses was interest expenses on deposits from individuals which dominated the Group's liabilities structure
- The rise in interest expenses in 1Q09 was driven by the subordinated borrowing from the CBR in 4Q08 totaling RUB500 bn



# Fee and Commission Income

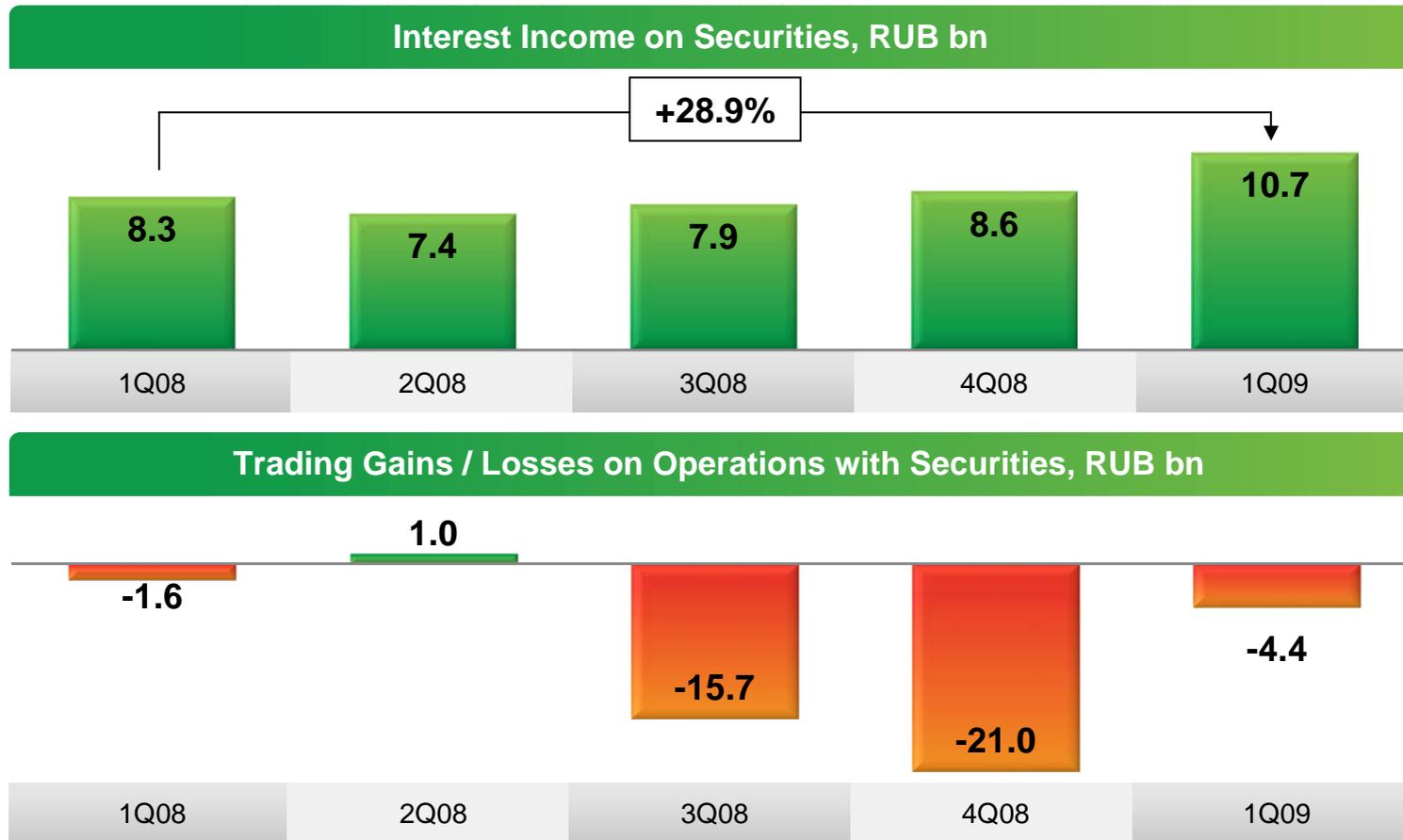
Fee and Commission Income, RUB bn



- The main component of fee and commission income: cash and settlements transactions with clients
- The decline in fee and commission income in 1Q09 was caused by seasonal factors
- Other fee and commission income includes commissions from clients' transactions with securities and operations with foreign currencies, guarantees issued, cash collection, etc.



# Gains / Losses on Operations with Securities

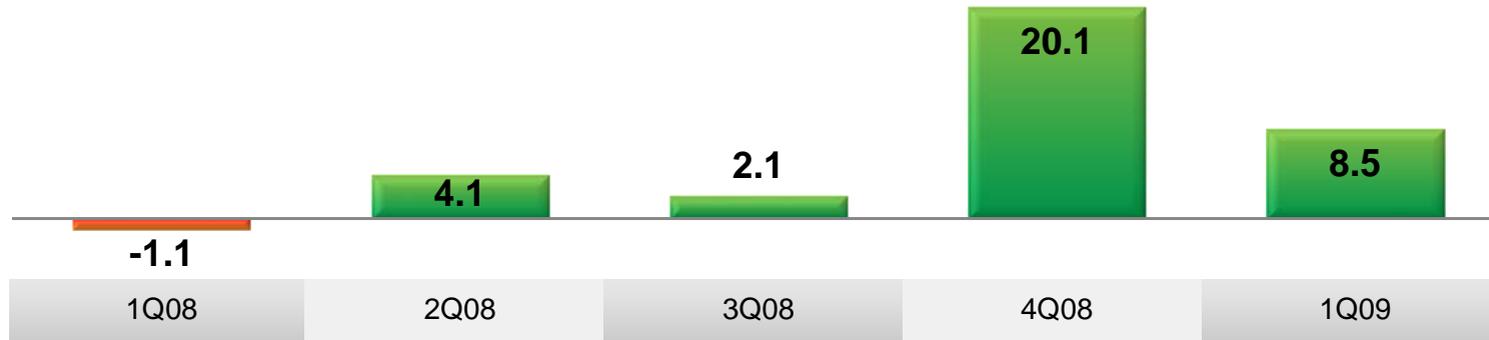


- The decrease in losses on operations with securities in 1Q09 was driven by improved situation on the financial markets
- Trading losses on operations with securities in 1Q09 mostly resulted from unrealized losses on revaluation of OFZ bonds (RUB7.7bn) due to fall in bonds prices as a result of inactive market
- Trading income from operations with other securities totaled RUB3.3 bn



# Operations with Foreign Currency and Precious Metals

## Net Gain (Losses) from Operations with Foreign Currency, RUB bn



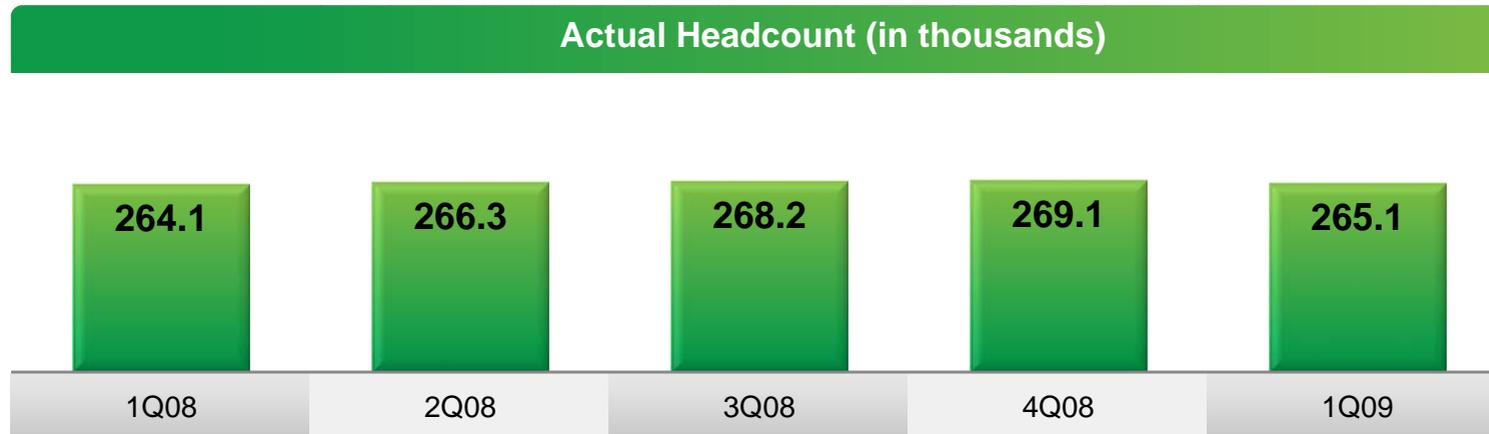
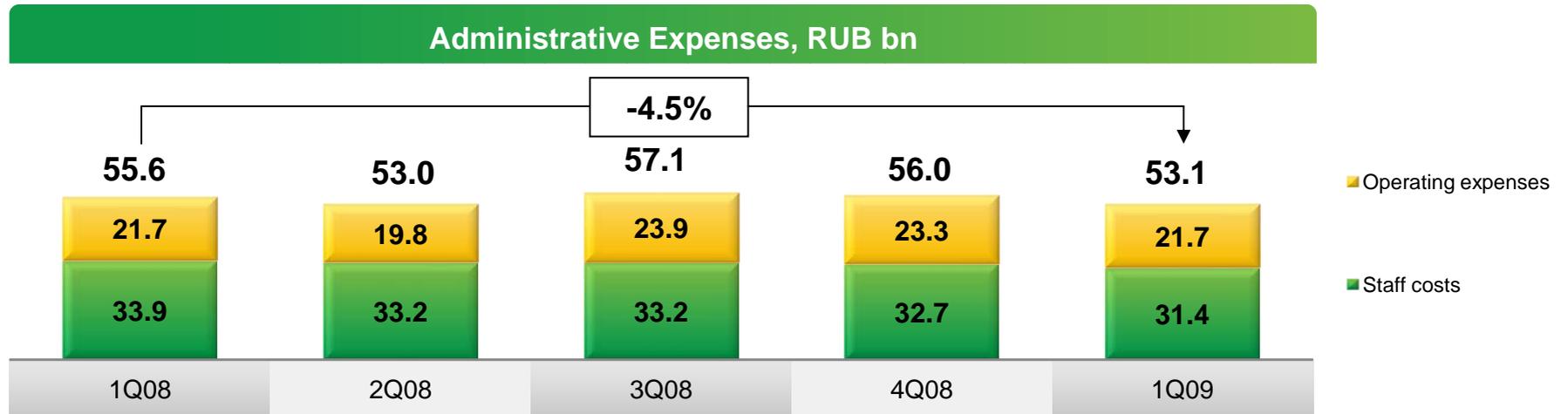
## Net Gain (Losses) from Operations with Precious Metals, RUB bn



- In 1Q09, the Group's gains arising from operations with foreign exchange decreased due to a fall in volumes of operations with foreign currency compared to 4Q08
- Significant gains from foreign exchange translation (RUB25.1 bn) resulting from the rise of the USD/RUB exchange rate were offset by losses on operations with foreign currency derivatives (RUB21.8 bn)



# Administrative and Operating Expenses



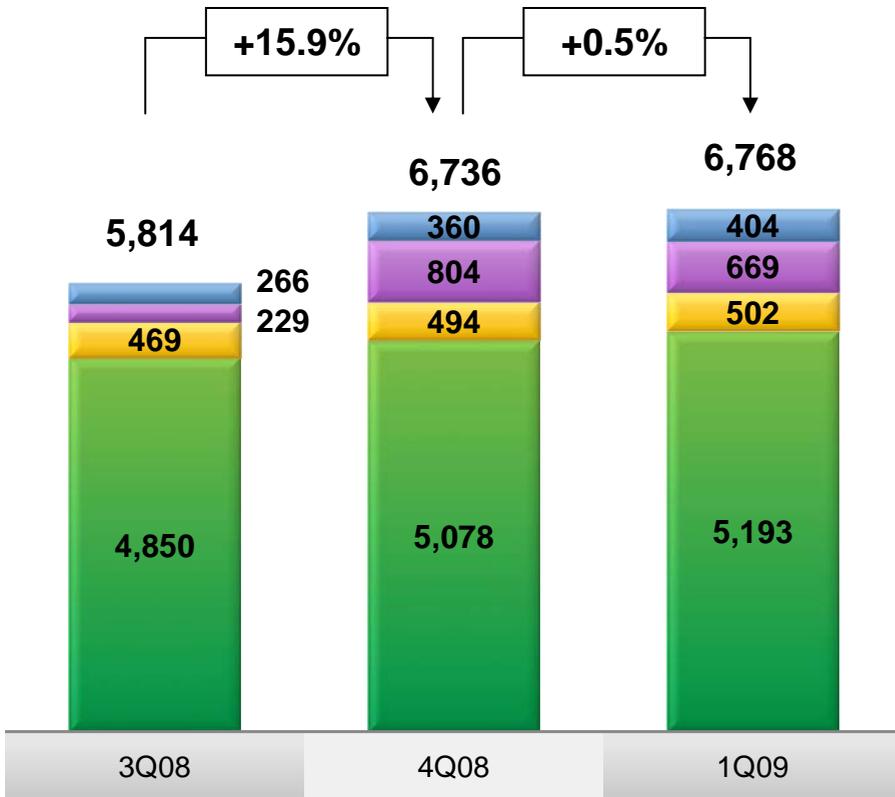
- Administrative and operating expenses decreased by 5.2% in 1Q09 against the 4Q08 figures, with staff costs decreasing by 4.0%
- The number of employees decreased by 1.5% on 4Q08 as a result of natural staff retirement and hiring freeze



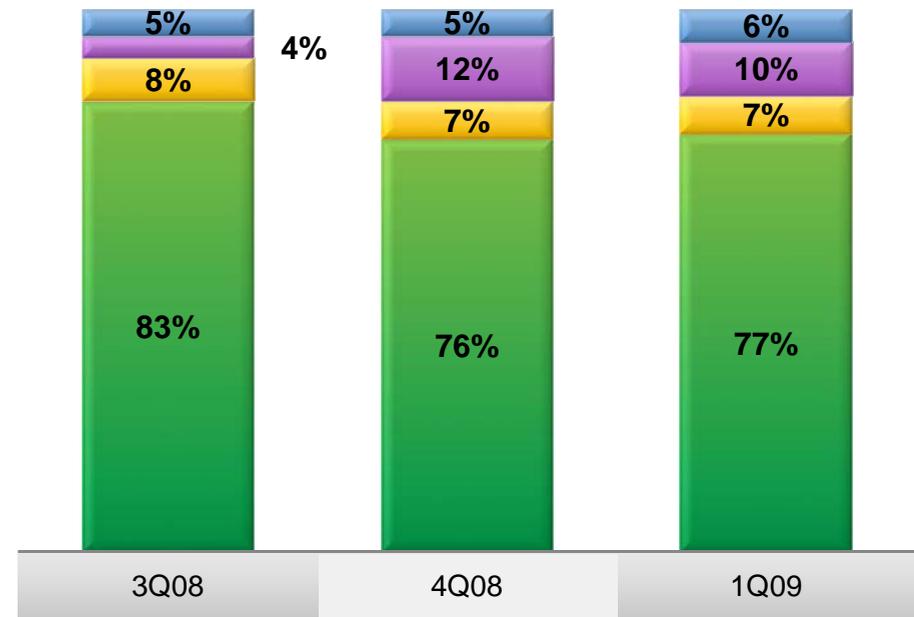
# The Dynamics and Structure of Assets

Assets, RUB bn

Assets Structure



- Other assets
- Cash and cash equivalents
- Securities
- Loans and advances to customers

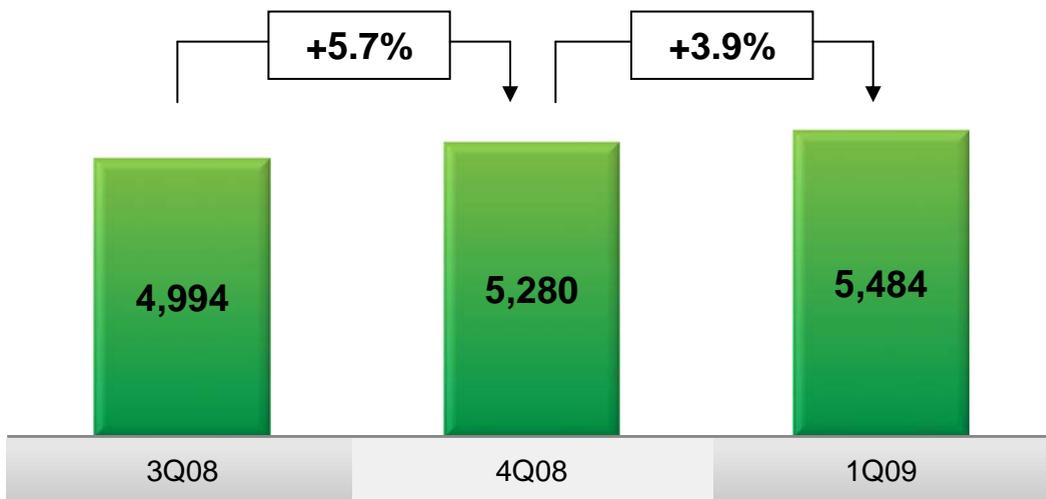


▪ Loan portfolio expansion was the main driver for the total assets growth. The assets structure remained stable during 1Q09



# Loan Portfolio (1)

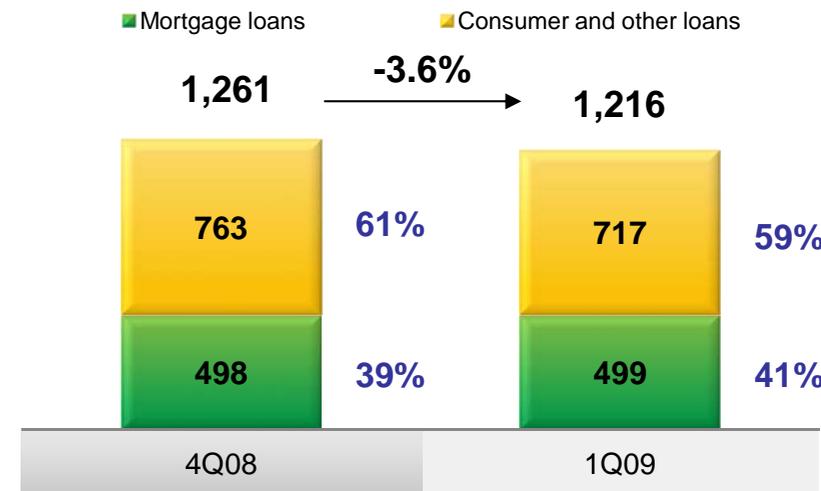
## Loan Portfolio (before provision for loan impairment), RUB bn



## Corporate Loan Portfolio, RUB bn



## Retail Loan Portfolio, RUB bn

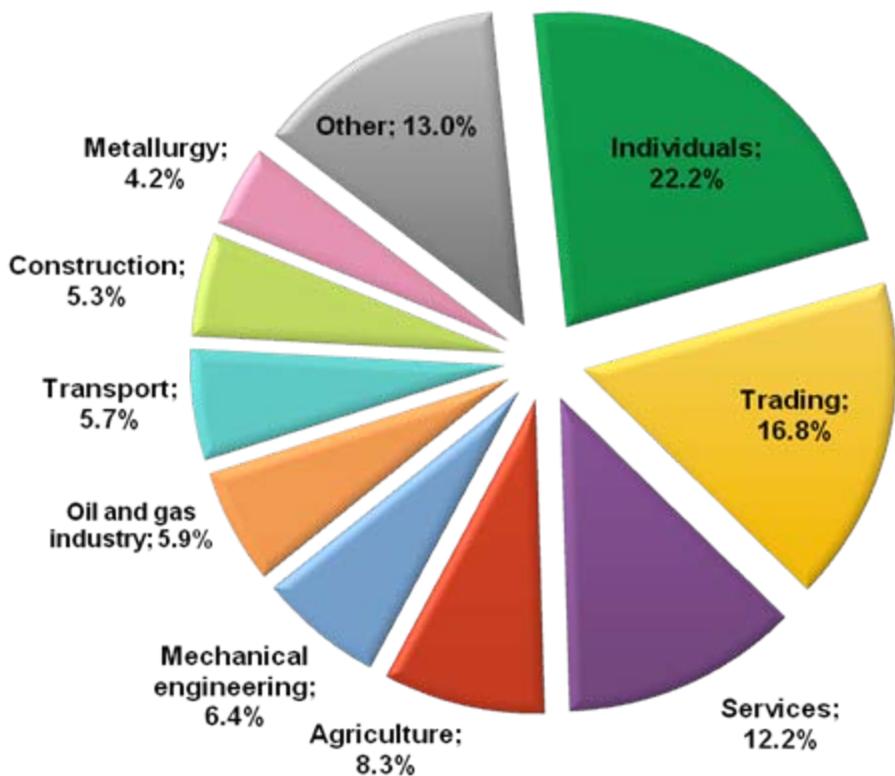


- Loan portfolio grew by 3.9% in 1Q09
- Corporate loans grew by 6.2%, with both commercial and specialised loans to legal entities increasing
- Loans to individuals decreased by 3.6% due to reduction in demand for consumer loans by individuals
- Mortgage loans remained unchanged in 1Q09 compared to the beginning of the period
- 'Specialized' lending to legal entities includes investment and construction project financing and contract financing

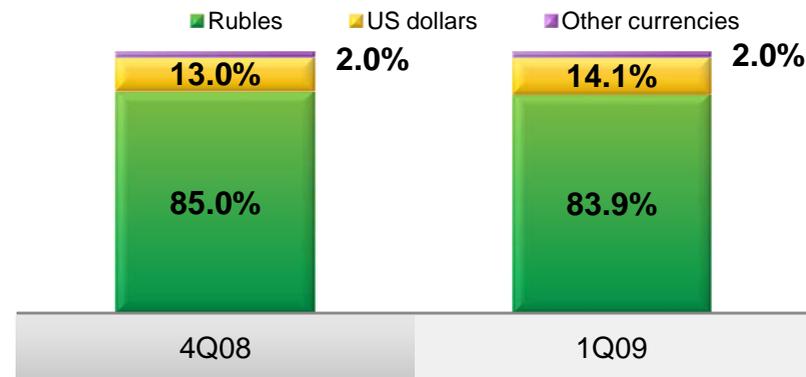


# Loan Portfolio (2)

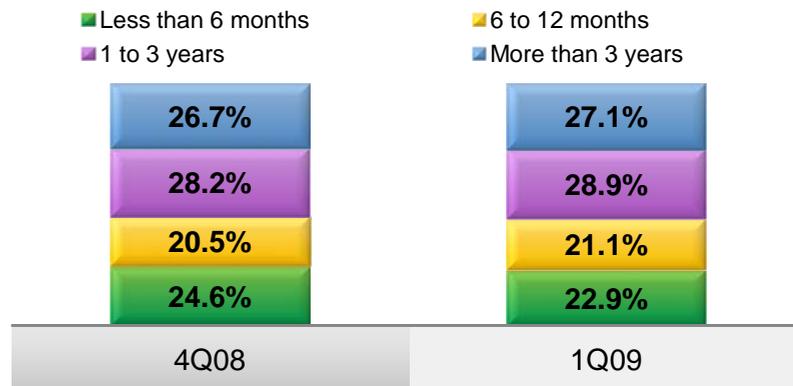
## Industry Breakdown, as of 31 March 2009



## Currency Breakdown



## Maturity Breakdown

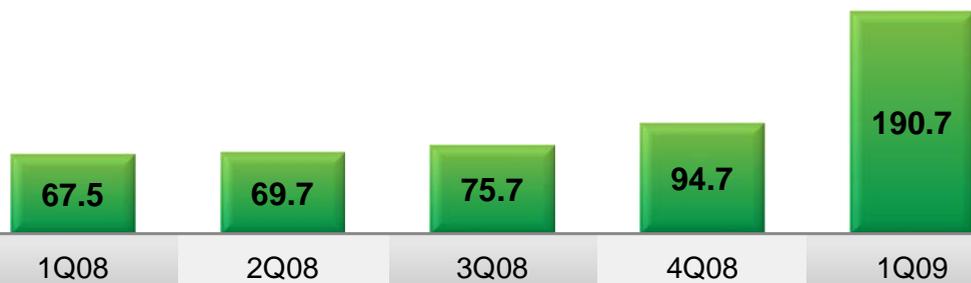


- The Group's loan portfolio is well diversified, with the share of the largest industry (for corporate clients) being less than 20% of the total loan portfolio
- The currency structure of the Group's loan portfolio remained stable during 2008 and 1Q09
- The maturity structure of the portfolio did not change significantly: the proportion of loans with the remaining expected maturity more than 6 month increased by 1.7%

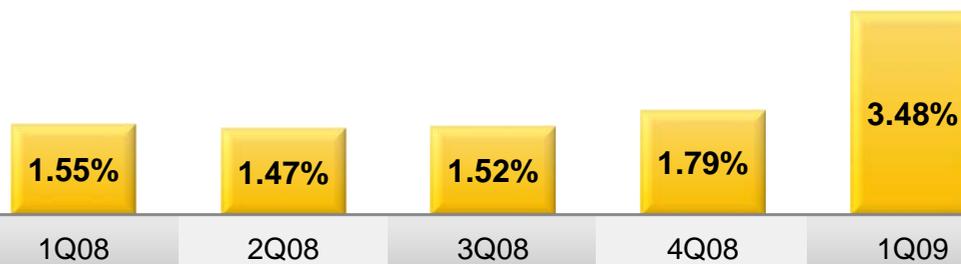


# Loan Portfolio Quality (1)

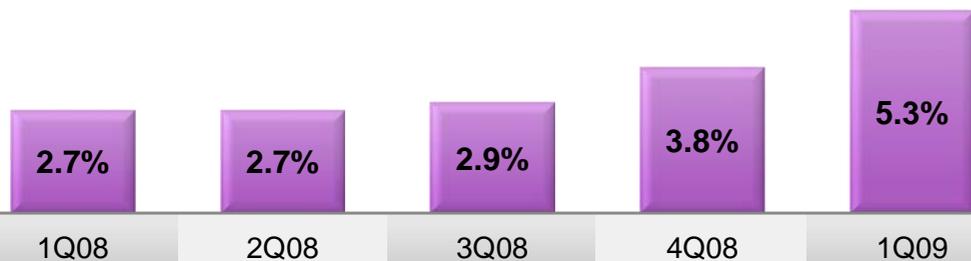
### Non-Performing Loans\*, RUB bn



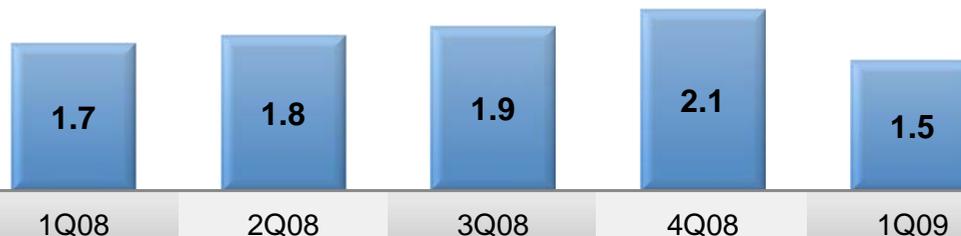
### Non-Performing Loans to Total Loans



### Provision for Loan Impairment to Total Loans



### Coverage Ratio (provision for loan impairment 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.

- The quality of the Group's loan portfolio changed given the deteriorating economic environment both in Russia and globally. The proportion of non-performing loans in the total loan portfolio increased, triggering growth in provision for loan impairment. In 1Q09, provisions grew by 1.5 pp
- The ratio of loan impairment provisions to non-performing loans (NPL coverage ratio) decreased during 1Q09 as a result of faster growth of non-performing loans to provisions



## Loan Portfolio Quality (2)

	3Q08	4Q08	1Q09	4Q change	1Q change
Loan portfolio, RUB bn	4,994	5,280	5,484	5.7%	3.9%
Provision for loan impairment, RUB bn	-143.7	-202.3	-290.9	40.8%	43.8%
<b>Provisioning ratio (provisions to loan portfolio, %)</b>	<b>2.88%</b>	<b>3.83%</b>	<b>5.30%</b>	<b>+0.95 pp</b>	<b>+1.47 pp</b>

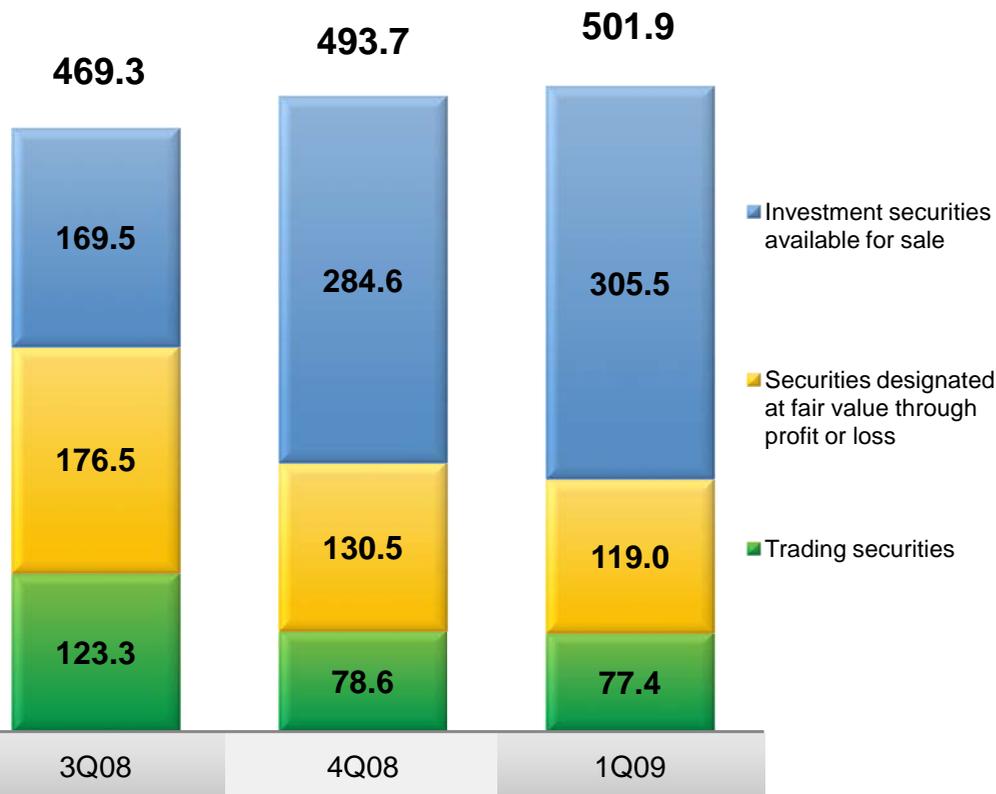
Change in provision for loan impairment	4Q08	1Q09
Write-offs against provisions, RUB bn	3.3	2.1
Provisioning for loan impairment, RUB bn	-61.9	-90.7
<b>Total, RUB bn</b>	<b>-58.6</b>	<b>-88.6</b>

- In 1Q09, the Group continued to increase provision for loan impairment (provisioning increased by 46.5% compared to 4Q08), which had the main effect on the Group's profit for the reporting period

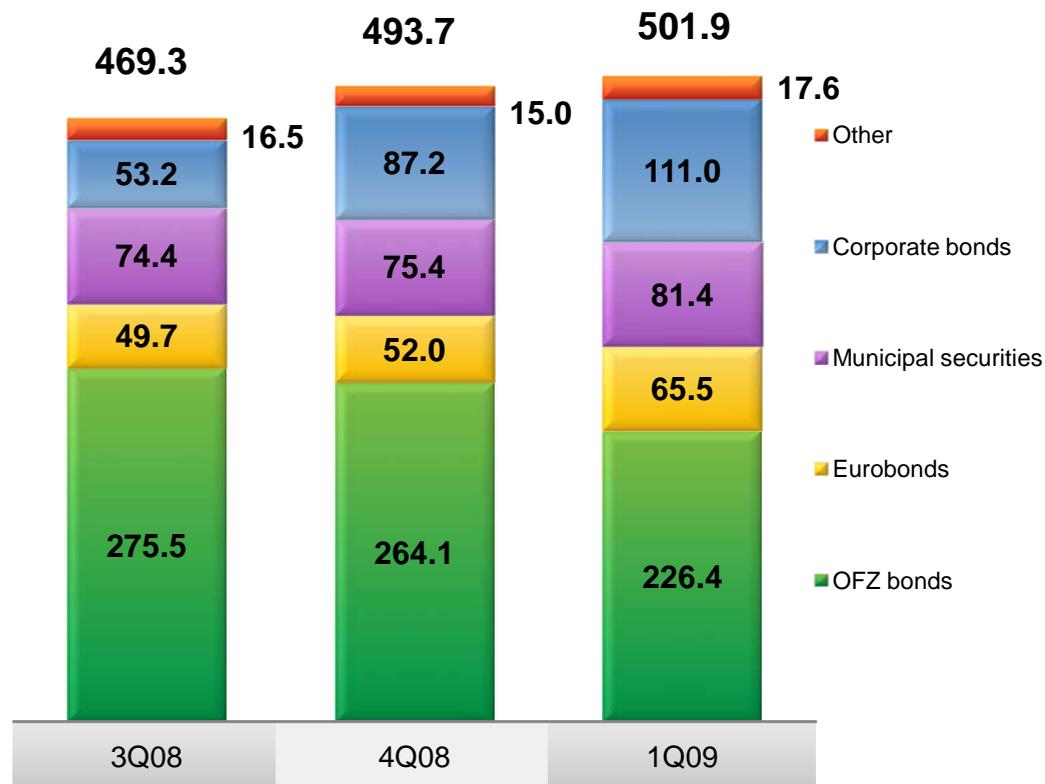


# Securities Portfolio

### Investment Securities (by portfolios), RUB bn



### Breakdown by Types of Securities, RUB bn



- During 1Q09, the Group increased its portfolio of investment securities available for sale and at the same time reduced its trading securities portfolio and portfolio of securities designated at fair value through profit or loss. This change was in line with the Group's investment policy
- For the last two quarters the corporate bonds portfolio more than doubled which was one of the forms of corporate lending

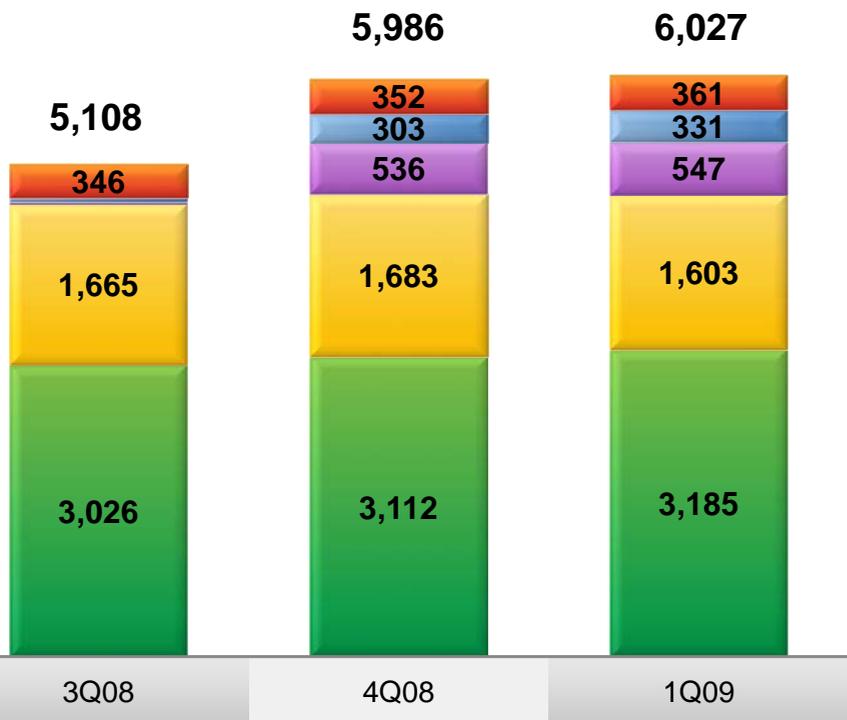


# The Dynamics and Structure of Liabilities

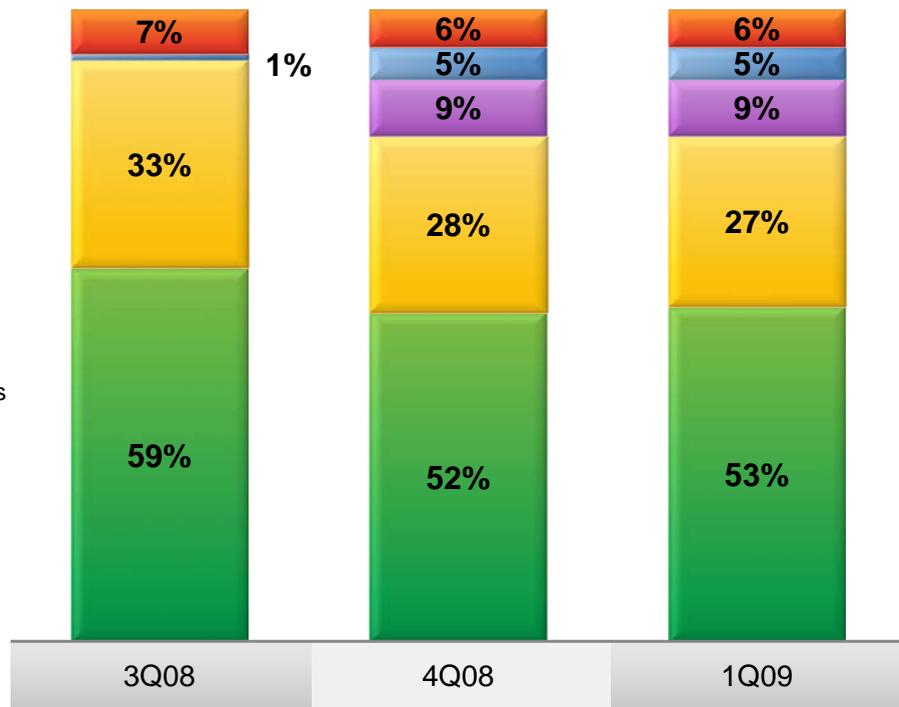
### Liabilities, RUB bn

+17.2%

+0.7%



### Liabilities Structure

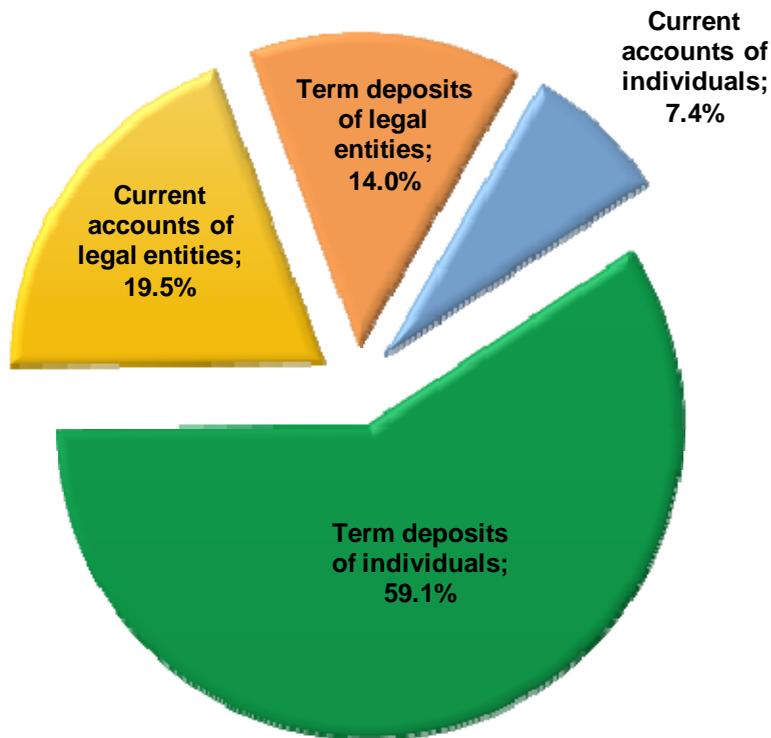


- Retail deposits dominate the Group's liabilities. For 3 months 2009, they grew by 2.3%
- In 4Q08, the Group received a subordinated loan from CBR for the amount of RUB500 bn. As at 31 March 2009, its amortised cost was RUB514 bn
- As at 31 March 2009, international borrowings amounted to RUB211.2 bn

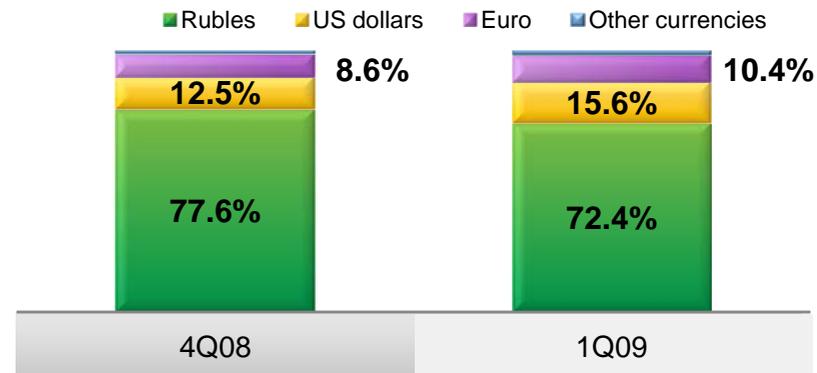


# Customer Deposits

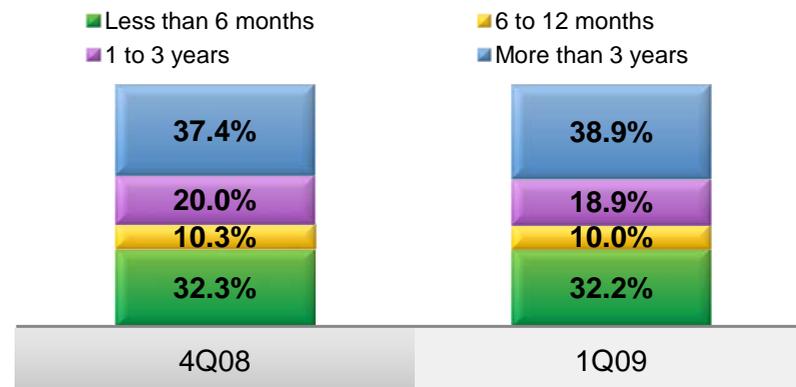
## Breakdown by Customer Type, as of 31 March 2009



## Currency Breakdown



## Maturity Breakdown

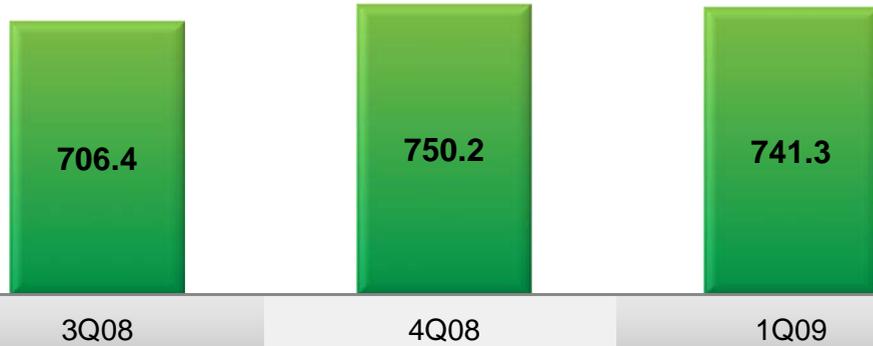


- Retail deposits are the core of the Group's customer deposits
- At the end of 2008 and 1Q09, the proportion of ruble-denominated deposits decreased in favor of foreign currency deposits; this shift was brought about by the ruble depreciation against the US dollar and euro
- The maturity structure of the deposits remain stable, with higher proportion of long-term borrowings



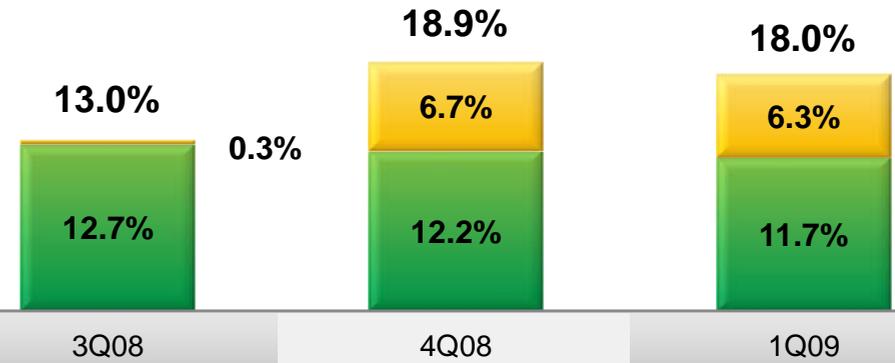
# Shareholders' Equity and Capital Adequacy

### Equity, RUB bn



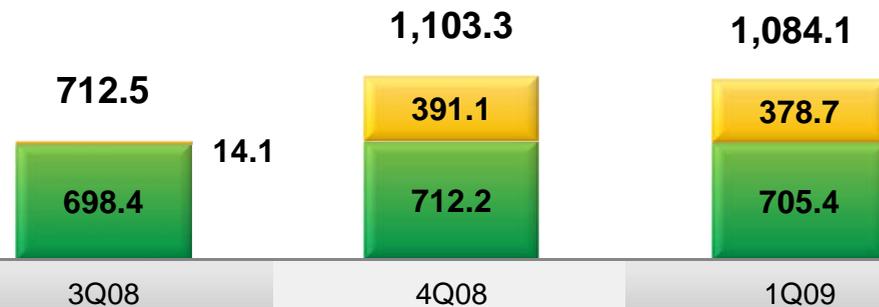
### Capital Adequacy Ratio, Basel 1

■ Core capital (Tier 1) ■ Supplementary Capital

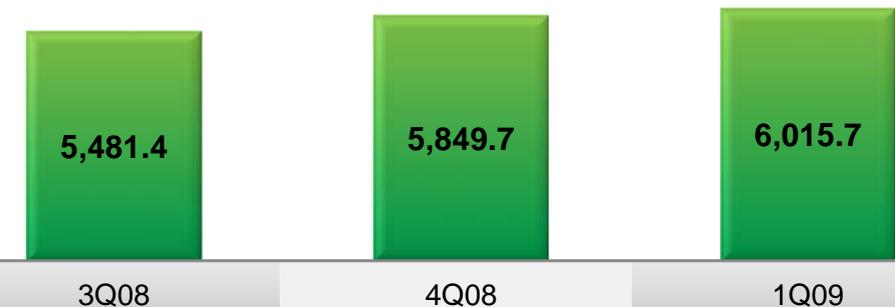


### Regulatory Capital Basel 1, RUB bn

■ Core capital ■ Supplementary Capital



### Risk-Weighted Assets, RUB bn



■ The Bank's capital adequacy ratio is well above the CBR's requirements. In 4Q08, the Bank received a subordinated loan from CBR which substantially increased supplementary (Tier 2) capital of the Bank. The total capital adequacy ratio calculated according to the Basel 1 Accord, as of March 31, 2009, was 18.0%



## Forward-Looking Statements

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