



SBERBANK

Acquisition of Troika Dialog

Building the Russian-based
Corporate & Investment
Banking Powerhouse

14 March 2011

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- **High-level transaction overview and vision**

- Sberbank and Troika – a closer look at the combined opportunity
- Transaction details

A landmark deal for Sberbank, Troika, and the Russian Financial Services Industry



... as well as for Russia's Financial Services industry



This is a landmark deal for both Sberbank and Troika Dialog ...

- Merger of #1 Russian bank and Investment Banking top player
- Sberbank benefits from Troika Dialog's outstanding corporate finance, sales & trading, brokerage/AM skills and strength
- Troika Dialog benefits from Sberbank's huge customer base, significantly superior balance sheet and access to funding
- Building the Russian Corporate and Investment Banking Powerhouse



Combination of Sberbank and Troika provides a strong impetus to the Russian financial market:

- Creates a fully-fledged market leader of global scale
- Significantly improves quality of service and breadth of product offering to largest corporate customers, also internationally
- Opens access to modern financial services for tens of thousands of large and midsize companies
- Provides opportunity for explosive growth in the retail investment market by bringing the product expertise of Troika to tens of millions of retail customers of Sberbank

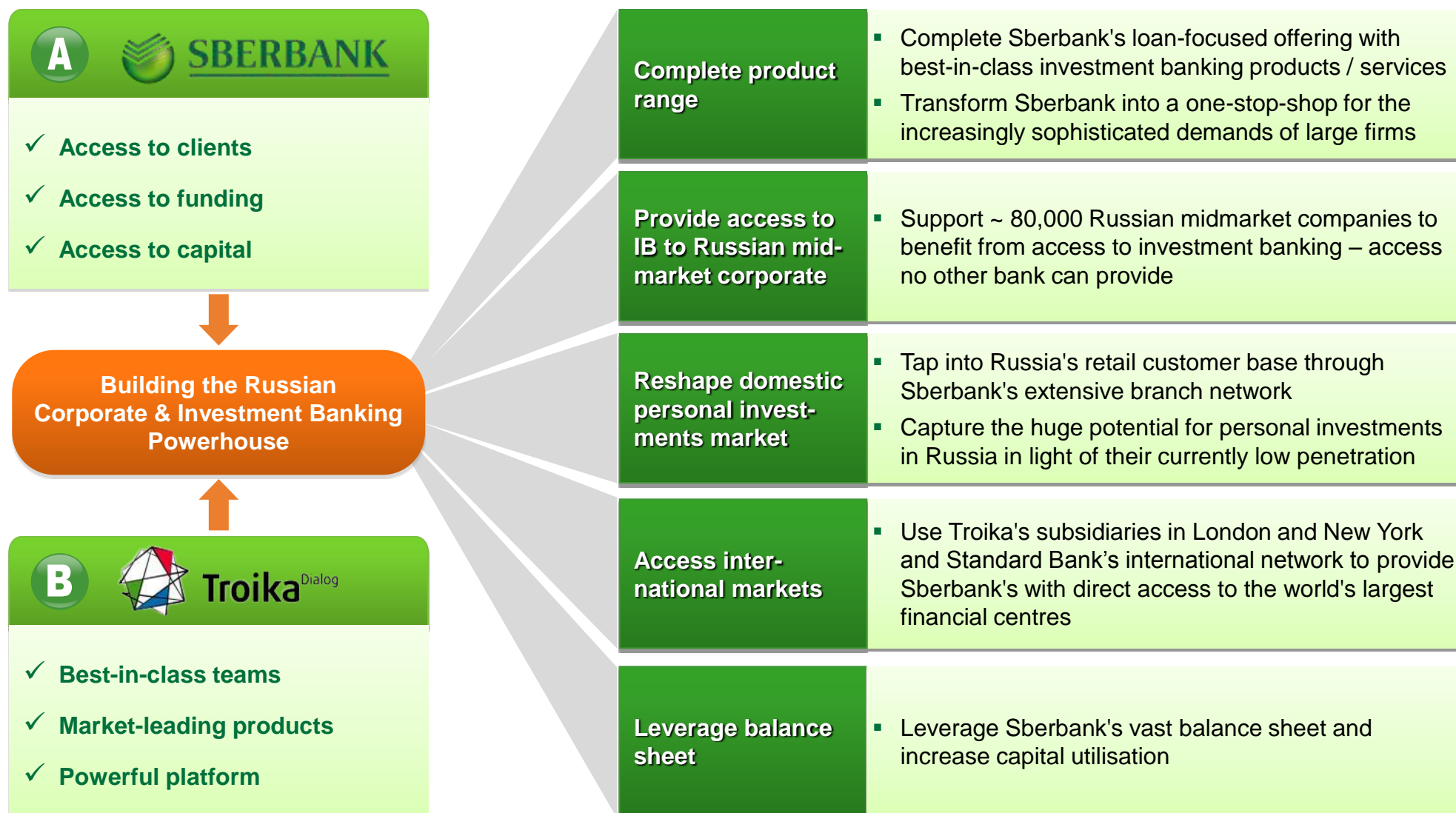
- Sberbank to acquire Troika Dialog in two stages
 - First stage - 2011: Acquisition of 100% for USD 1bn
 - Second stage - 2013: Additional earn-out compensation for Troika partners and Standard Bank based on financial results in 2011-2013
-
- Transaction structure aimed at retaining talent and developing joint operation
 - Transparent compensation/bonus terms
 - Top up bonus guarantee of up to USD 125 m per year or up to USD 200 m over three years if adverse market conditions prevent Troika from fulfilling the management business plan
 - Balanced and careful integration: Troika to be run by current management team as a largely autonomous unit of Sberbank Group for 3 years
 - Signing of definitive agreements scheduled for Q2 2011, closing in Q3 2011

Sberbank and Troika Dialog – Highly Complementary Business Models



Sberbank		Troika Dialog	
<ul style="list-style-type: none"> ▪ Undisputed #1 in corporate loans (31% market share) ▪ #1 by banking assets (27% market share) ▪ #1 in corporate deposits (17% market share) ▪ Unrivalled scale and breadth of distribution more than 2,500 branches that serve corporate customers <p>Corporates & Institutions</p>	Corporate Banking		<p>Global Markets</p> <ul style="list-style-type: none"> ▪ Leading sales & trading franchise in Russia ▪ Fixed income: 10% market share ▪ Equities: #1 broker in Russian blue chips ▪ Research: #1 rated team <p>Investment Banking</p> <ul style="list-style-type: none"> ▪ DCM: #2 arranger and underwriter of local debt ▪ ECM: top 2 lead managers ▪ M&A: Top 5 advisor
	Retail Banking	Asset Gathering	<p>Asset Management</p> <ul style="list-style-type: none"> ▪ #1 by assets under management in Russian mutual funds ▪ AuM of USD 2.7bn <p>Private Clients</p> <ul style="list-style-type: none"> ▪ Over 153,000 customer accounts
<ul style="list-style-type: none"> ▪ Undisputed #1 in retail deposits (48% market share) ▪ #1 in retail loans (32% market share) ▪ Over 300 million individual accounts ▪ Over 19,000 branches throughout CIS <p>Retail Clients</p>	<p>Risk-taking/Lending</p>	<p>Intermediation/Advice</p>	

Significant Opportunities for Value Creation





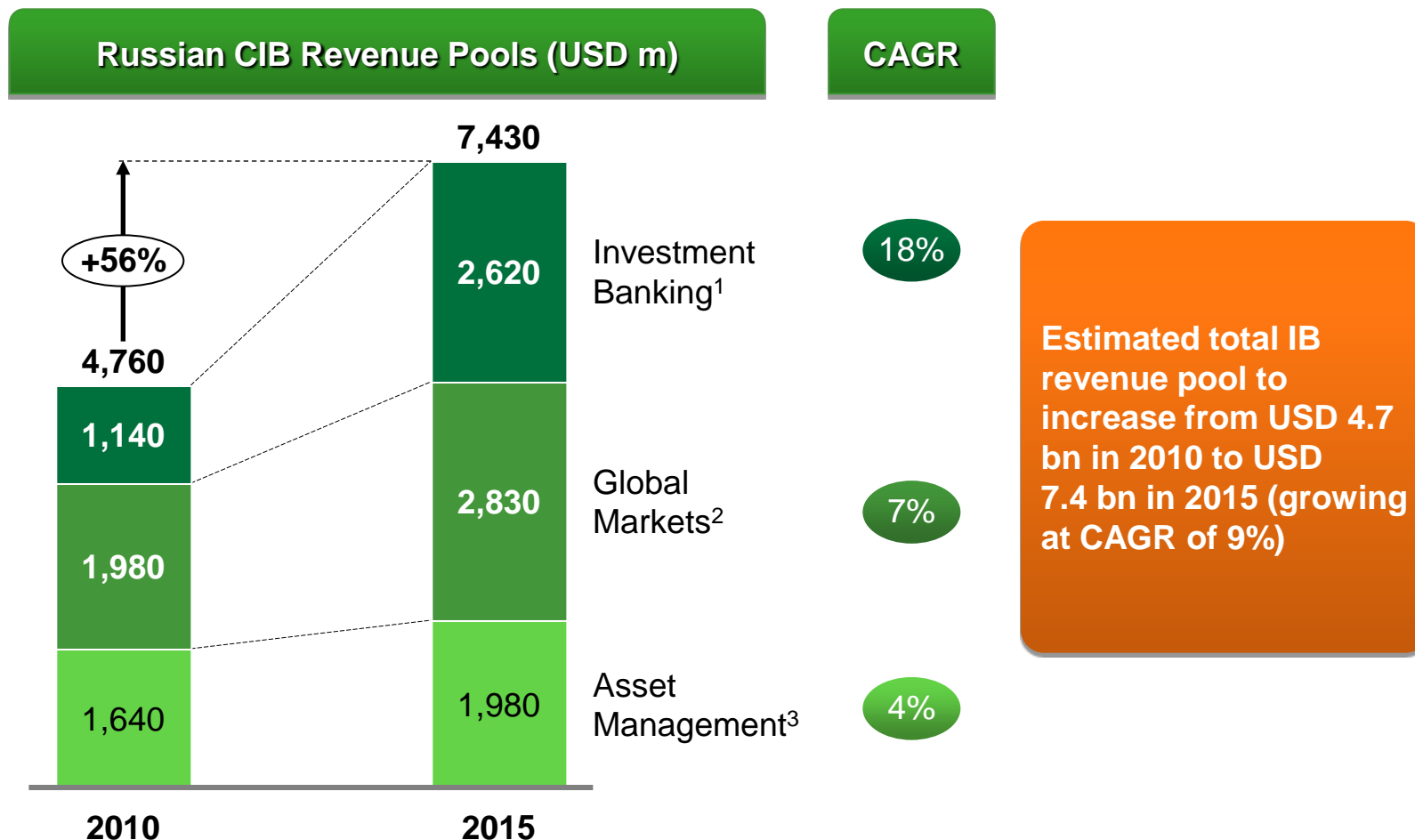
The Russian-based
corporate and investment
banking powerhouse
driving Russia's
development in global
financial markets



- Strong client-driven revenue generation
- Number 1 or 2 positions in all IB-related product areas (M&A, DCM, ECM, brokerage, trading, AM)
- Successful customer-focused commercial integration leveraging the distinct cultures of the various businesses
- Pioneer in bringing financial innovation to the Russian market
- Successful in taking sophisticated financial products to new segments – particularly mid-corporate and retail customers
- Operations both in domestic and international markets
- State of the art risk control and compliance systems

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Investment Banking Market – Strong Underlying Fundamentals



1 Investment Banking – M&A, ECM, DCM

2 Inc – Equities, Fixed income, Derivatives trading

3 Excl brokerage

Source: CBR; Cbonds; ECRI; EIU; LeaseEurope; IFG; Dealogic

Troika – Leading Russian Investment Banking Franchise



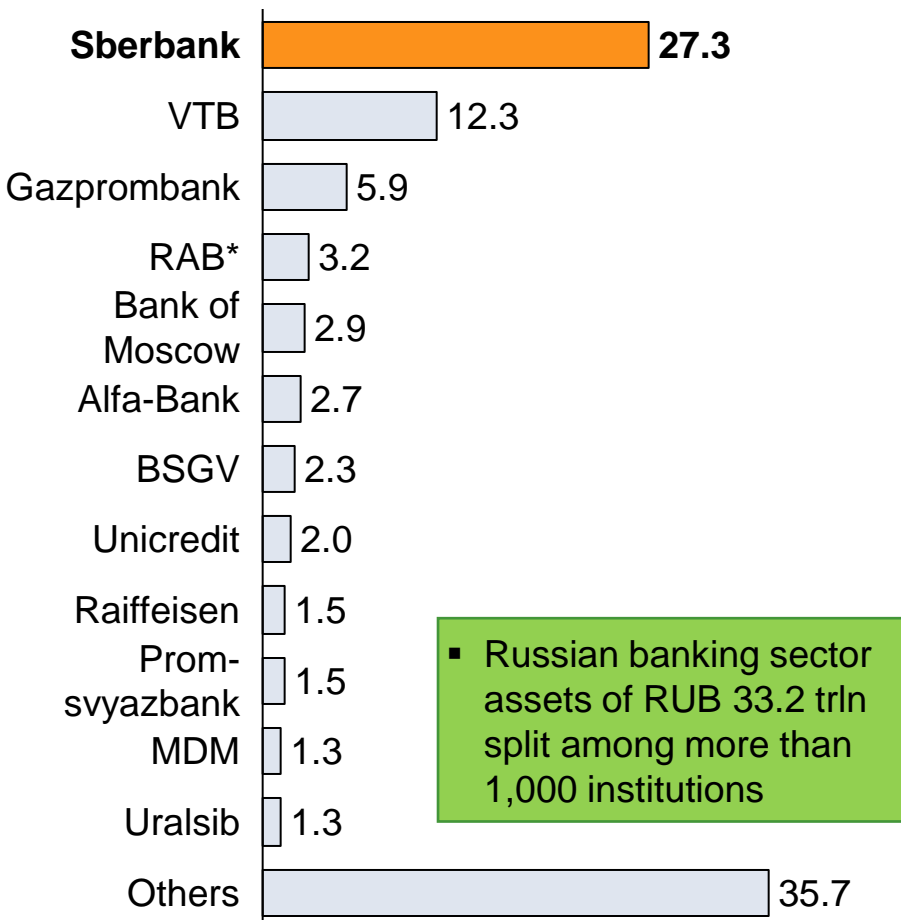
Products	Highlights	Products	Highlights
Equities	<ul style="list-style-type: none"> 9% market share in Russian equity trading in 2010 Leading player in Russian equity futures and options exchanges #1 Broker in Russian blue chips (local and ADR / GDR) 	M&A	<ul style="list-style-type: none"> #5 advisor in Russia since 2008 Advised on over 40 deals worth more than USD 40 billion Best-in class execution capabilities Strong deal pipeline
Fixed income	<ul style="list-style-type: none"> A leading RUB bond trader in 2010 with 10% market share 6% share in trading Euro bonds 	ECM	<ul style="list-style-type: none"> Top 2 lead manager by volume of Russia / CIS equity offerings in 2010 21 public offerings as book runner in past 4 years
Research	<ul style="list-style-type: none"> One of the largest local research teams covering 200 companies Several #1 rated sector analysts 	DCM	<ul style="list-style-type: none"> #2 arranger and underwriter of local debt market with 29 issues in 2010 During 2002 - 2010 Troika successfully placed 155 Ruble bonds worth RUB 770 billion for blue chip clients

Source: MICEX, EMTA, BLOOMBERG, DEALOGIC, TROIKA DIALOG

Sberbank – Undisputed Market Leader



Russian Banking Sector by Assets, %

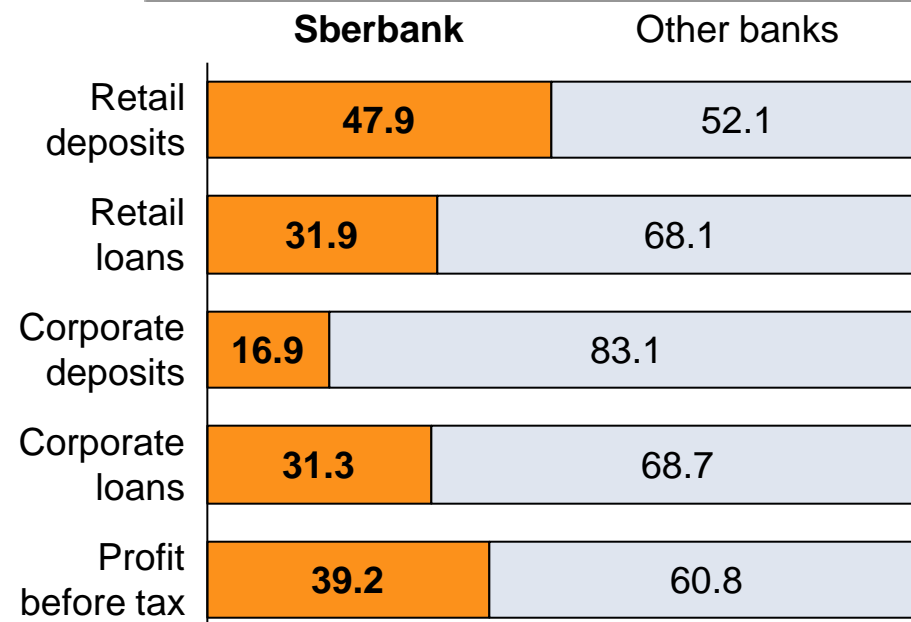


* RAB – Russian Agricultural Bank

Source: CBR, as of January 1, 2011, unaudited

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Sberbank's Market Shares, %



- Dominant market position
- Unrivalled customer base and reach
- Preeminent distribution network
 - >19,000 branches in Russia
 - >2,500 corporate branches
 - 1,2 m corporate and SME customers
 - 50 m cards, 300 m accounts

Together – a leading player in investment banking



Products	Comments	Combined Market Position
Corporate lending	Undisputed market leader in Russia with 31% market share per 12/2010	1
Equities	Top 4 in MICEX equity main session with market share of 7% and #1 in MICEX equity repos (25%) in 2010	#4
Fixed Income	#1 in MICEX bond main session with market share of 14% and #1-2 in MICEX bonds repos (15%) in 2010	1
M&A	Top 4-5 advisor	#4-5
DCM	Top 2 player in Russia with market share of more than 17% in 2010, #1 underwriter	2
ECM	Top 2 lead manager by volume of Russia / CIS equity offerings in 2010	2
Asset management	Leader in management of open-end mutual funds in Russia with market share of 20%	1
Private clients	Largest retail brokerage operation with more than 100,000 customers and millions of Sberbank clients	1

Source: MICEX, BLOOMBERG, DEALOGIC, National League of Management Companies

Leveraging Sberbank's Balance Sheet

Market Position

Strong balance sheet

- 27% of Russian banking assets
- 26% of Russian banking capital
- New assets at a speed of RUB 2.1m per minute
- 83% net loans to deposits
- 64% net loans to assets

Solid capital position and market confidence

- BBB default rating from Fitch Ratings
- Basel 1 total capital adequacy is 16.9%, CBR N1 capital adequacy ratio – 18.0%
- Government support: CBR owns 56.7% of charter capital

Global Markets

- Derivatives & hedging products
- Structured finance
- Equities sales and trading
- Fixed income sales and trading

Investment Banking

- ECM
- M&A/acquisition finance
- DCM

Corporate and Retail Banking

- Plain vanilla loans
- Project financing
- Export financing
- Mortgages

- Significant potential to grow balance sheet with high margin products
- As illustrated, Troika's businesses will play an integral role in asset expansion



Sberbank strengths

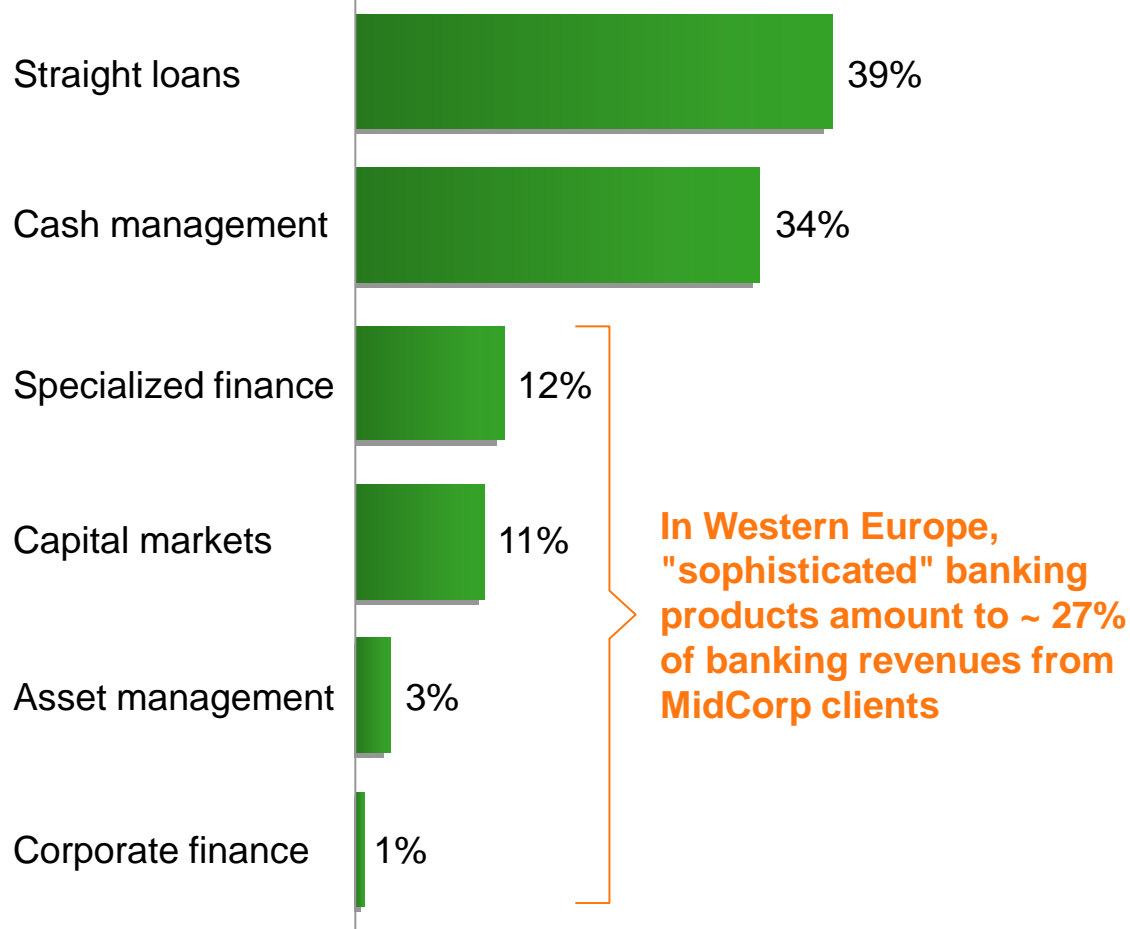


Troika Dialog strengths

Broadening Access to Investment Banking for Small and Medium Enterprises

Portion of banking revenues from SMEs, 2009

(typical Western European Bank)

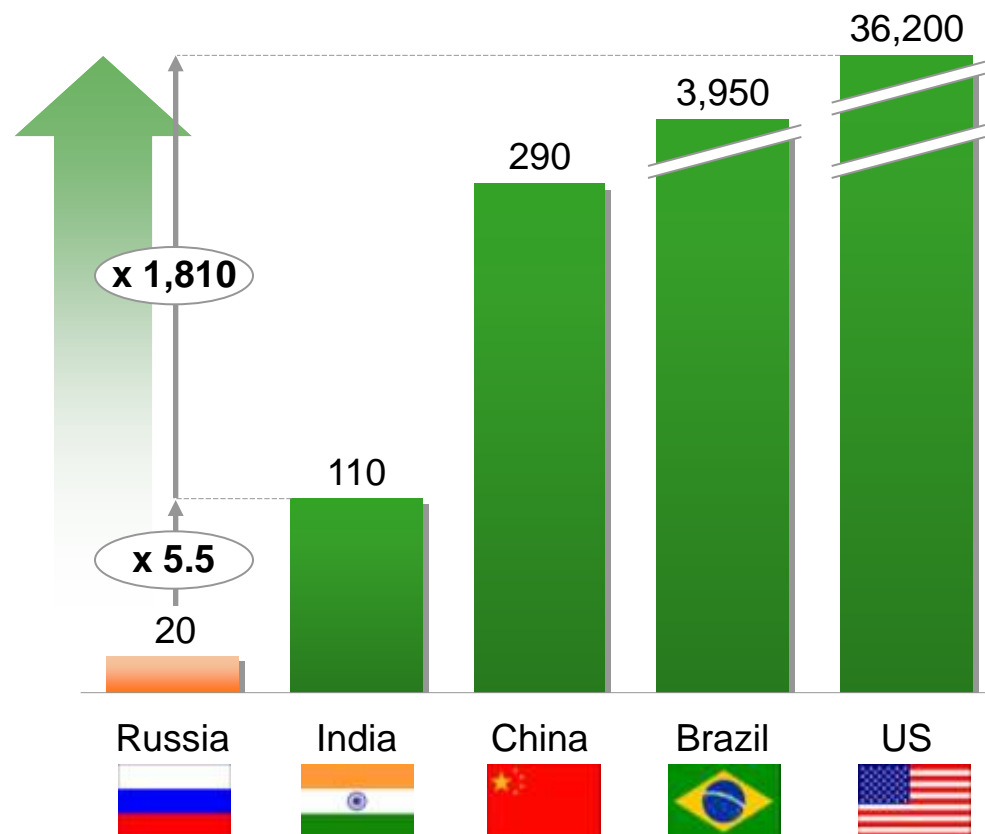


- By combining Troika's IB skills with Sberbank huge client base in MidCorporates, Sberbank can drive convergence of Russian market to western standards
- This represents a very sizeable opportunity for the bank

Spotlight the AM/Retail Opportunity

Mutual funds per capita, 2009

USD



Sberbank and Troika Dialog can shape the market

- Low awareness for asset building/pension problems
- Mutual funds are under-represented (main instrument for long-term asset building worldwide)
- Only Sberbank and Troika Dialog can bring modern investment products to Russia
 - 300 million individual accounts
 - Best funds on the market
 - High trust and reliability
 - Dominant deposit market share
- Distribution: Leading distribution network

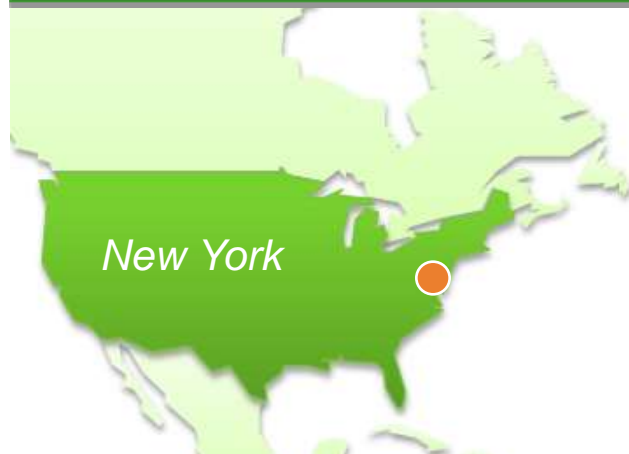
Further Expanding Sberbank's International Reach



Troika UK



Troika US

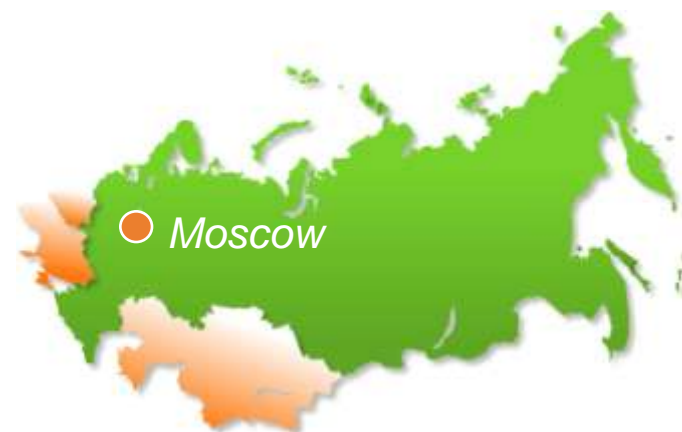


Connect international investors to CIS market and support Moscow's transition into a global financial centre



Through Troika, Sberbank can offer its clients direct access to the global financial centres London and New York

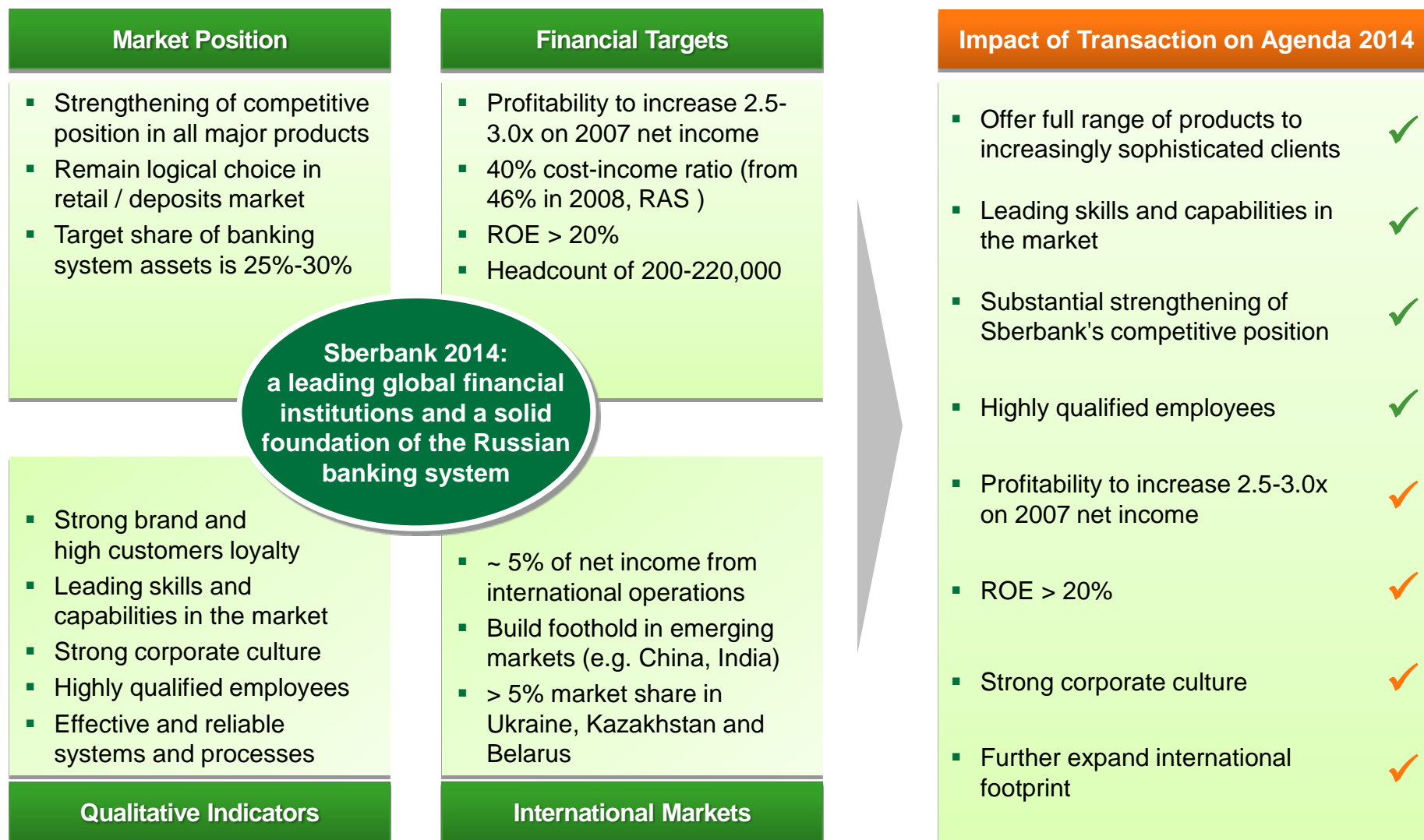
Sberbank CIS



Troika strengthens Sberbank's existing footprint in Kazakhstan, Ukraine and Belarus and spearheads its geographic expansion with new locations in New York and London.

Continued cooperation with Standard Bank opens new opportunities in fast growing markets

Fully Aligned With Our Agenda 2014



Impact of Troika Dialog acquisition on Agenda 2014

✓ Strong ✓ Medium

- High-level transaction overview and vision
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- **Transaction details**

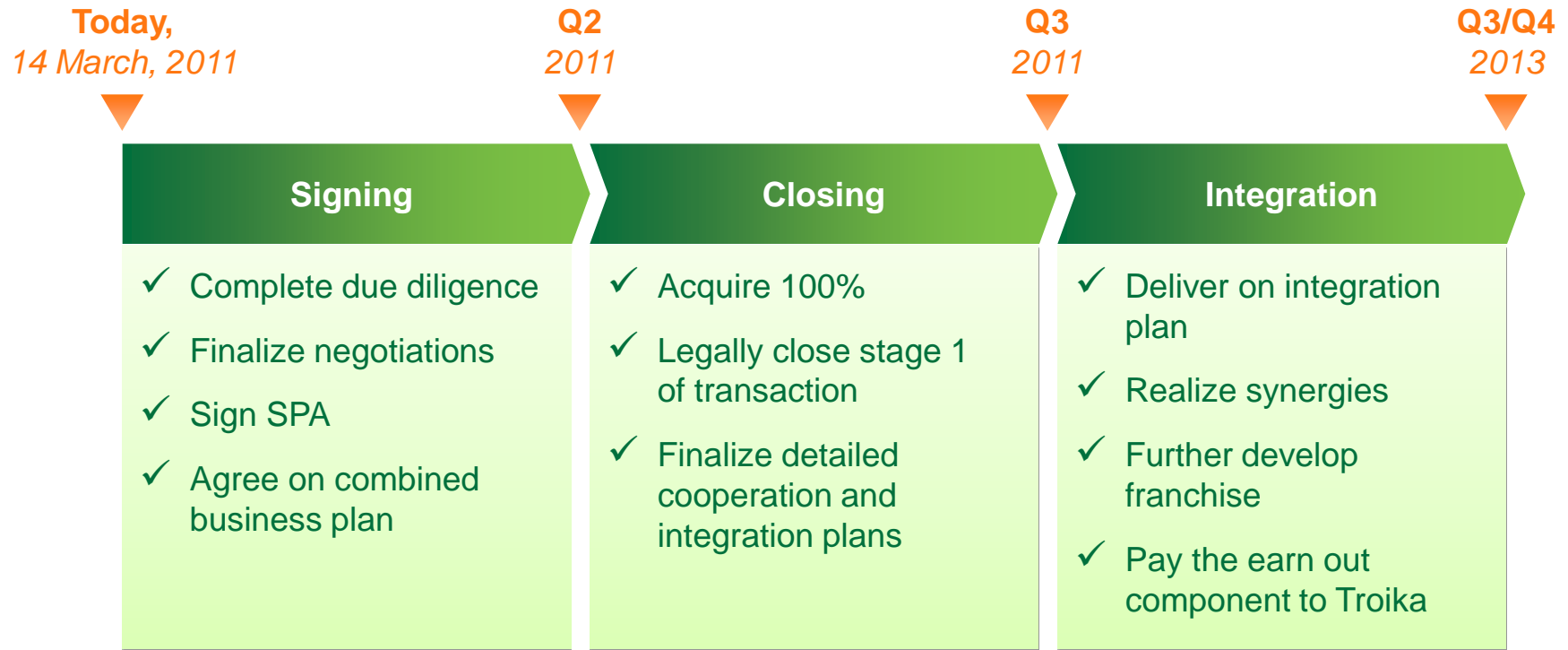
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- Valuation in line with current trading multiples of comparable companies
 - Significant revenue synergies potential
 - Transaction structured to address risks and offer high incentives to employees of both companies

Perimeter	<ul style="list-style-type: none">▪ Sberbank to acquire 100% of Troika Dialog including its Global Markets, Investment Banking, Asset Management and Private Clients businesses▪ Certain principal investment holdings to be disposed of as promptly as practicable
Structure	<ul style="list-style-type: none">▪ Acquisition in two stages until 2013▪ In Stage 1, acquisition of 100% of shares from current partners – to be completed in Q3 2011▪ In Stage 2, additional earn-out compensation for former Troika shareholders – to be completed in Q4 2013
Price	<ul style="list-style-type: none">▪ Acquisition of 100% for USD 1 bn and an additional remuneration in three years, subject to the performance of the business▪ Total earn-out to be valued at 13.5x average net income over 2011-2013 financial years adjusted for revaluation for certain securities and fixed assets less USD 1 bn. No guaranteed payment.▪ Earn out to be shared 50%/50% between Sberbank and former Troika shareholders
Implied multiples	<ul style="list-style-type: none">▪ Initial acquisition at implied P/B 2010 multiple of 1.15x for 100%▪ 2013 implied P/E multiple expected to be 7-7.5x for the entire acquisition including all retention and earn-out costs, as based on agreed business plan

Synergies	<ul style="list-style-type: none">▪ Powerful combination of Sberbank's unrivalled access to Russian corporate clients as well as strong funding and capital base with Troika's market-leading IB franchise▪ Significant revenue synergy potential from creation of a powerful Corporate and Investment Bank, fully available in 2014▪ Additional potential from enhanced cooperation with Standard Bank in CIS and African markets
Retention	<ul style="list-style-type: none">▪ Clear and performance-oriented compensation system through guaranteed bonus payout ratio▪ No individual guarantees▪ Retention bonus guarantee of up to USD125m per year or USD 200 m in aggregate over three years to compensate for any shortfall of actual bonus pool versus the business plan
Integration	<ul style="list-style-type: none">▪ Continued operational independence and management continuity of Troika during earn-out period allow for culture preservation and smooth transition▪ Control by Sberbank through majority in Board of Directors and selected appointments▪ Sberbank employees involved in integration to benefit from potential upside to ensure full alignment of interests
Status	<ul style="list-style-type: none">▪ Non-binding terms of transaction agreed by Sberbank, Troika Dialog, and Standard Bank Boards▪ Transaction unanimously backed by key employees of Troika Dialog▪ Signing of definitive agreements envisaged for Q2 2011▪ Deal subject to regulatory approval in Russia and other jurisdictions. Confirmation by the collegial bodies of Sberbank, Troika Dialog, and Standard Bank upon signing of legally binding documents

KPI (Pre-synergies)	<ul style="list-style-type: none">▪ EPS – Transaction expected to be neutral for 2011 and accretive thereafter▪ CIR – marginal increase in Group CIR expected to be around 0.5% points▪ RoE – mid-term group RoE uplift of between 0.5 and 1% point expected
Balance sheet	<ul style="list-style-type: none">▪ Negligible capital adequacy impact to comfortable total capital ratio of 18% (CBR N1)▪ Marginal increase in Sberbank total assets by around 2%
Organisation	<ul style="list-style-type: none">▪ Troika Dialog to remain largely autonomous business unit within Sberbank's Corporate and Investment Banking throughout earn-out period, with existing management retaining high level of autonomy▪ Sberbank to obtain majority of BoD seats to exercise strategic control
Financial reporting	<ul style="list-style-type: none">▪ Troika Dialog to be fully consolidated into Sberbank's accounts from Q3 onwards but to be reported as separate business unit throughout the integration period▪ Retention payments: retention guarantee recognised as contingent cash outflow upon acquisition
Risk	<ul style="list-style-type: none">▪ Troika Dialog's operational, credit and market risk policies to be further augmented in line with best practice. Sberbank and Troika to agree on supplementing risk and control related areas with additional market leading expertise as needed

Transaction Timeline & Next Steps



Thank you

Your comments and suggestions are welcome

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