

Press Release



Summary IFRS results 6M 2023

August 3, 2023. Moscow. Sberbank (hereafter – “the Group” or “Sber” published Special Purpose Interim Condensed Consolidated Financial Statements under International Financial Reporting standards (IFRS) (hereafter “the Financial Statements”) for 6 months 2023 and as of June 30, 2023.

Sber net profit for 2Q 2023 reached RUB380.3 bn in accordance with International Financial Reporting Standards (IFRS)

Herman Gref, Chairman of the Executive Board, CEO, stated:

“By the end of the first half of 2023, Sber delivered strong results, generating RUB737.5 bn in net profit and a return on equity of 25.5%.

With a focus on enhancing the customer experience, we have achieved a remarkable milestone, exceeding 107 mn active clients and welcoming over 80 mn monthly users to the SberBank Online platform.

Lending to retail and corporate clients accelerated. In the second quarter, we issued the highest volume of loans in our history of over RUB6.6 trn. The total loan portfolio expanded by 7% for the quarter and approached RUB35 trn. Client funds also demonstrated strong dynamics, with a quarterly growth of 9.2%. Sber strengthened its market positions in all key banking areas.

Our commitment to efficiency and cost control while driving innovative and technological development remains intact. In the second quarter, we continued to improve our Kandinsky 2.2 neural network that enables to create a unique content, and also presented a beta version of our multimodal neural network, GigaChat.

Dynamic business development and improving macroeconomic conditions give us confidence in achieving our ambitious goals by the end of 2023”.

Key financial results for the reporting period

2Q 2023

RUB **380.3** bn

Group net profit¹

RUB **16.7**

Earnings per share (EPS)¹

13.4 %

Capital adequacy ratio (H20.0)²

26.0 %

Return on equity (ROE)

RUB **5.9** trn

Total equity

Key Client Activity Metrics

mn, unless stated otherwise	30.06.2023	31.12.2022	year to date change
Number of active retail clients	107.2	106.4	0.8
MAU – SberBank Online app (app+web)	80.1	78.6	1.5
DAU – SberBank Online app (app+web)	41.4	40.9	0.5
Number of active corporate clients	3.1	3.0	0.1

- Number of active retail clients reached 107.2 mn; the number of corporate clients came at 3.1 mn companies.
- Number of active monthly users (MAU) of SberBank Online app (app+web) exceeded 80 mn. Number of daily users (DAU) came at 41.4 mn, with DAU/MAU ratio at about 52%.
- Number of SberSpasibo loyalty program users increased by 4.7 mn since the beginning of the year to 70.9 mn.
- Number of users of Sber ID, a unified login that gives access to more than 165 services of Sber and partners, increased by 8.6 mn since the beginning of the year to 63.6 mn.
- Number of SberPrime subscribers came at 6.1 mn as of 2Q 2023 (+0.4 mn since the beginning of the year).
- Sber solutions received 14 awards by CX World Awards for customer-centric work.
 - Sber HR platform Pulse that offers fully automated personnel management solutions, including individual development, staff and management decisions, won the Best User Experience award.

Group Income Statement Highlights

RUB bn, unless stated otherwise	2Q 2023	1Q 2023	6M 2023
Net interest income	597.6	562.8	1 160.4
Net fee and commission income	186.9	171.1	358.0
Operating income before provisions	828.4	733.4	1 561.8
Net charge related to change in asset quality ³	-102.7	-84.2	-186.9
Staff and administrative expenses	-216.3	-181.9	-398.2
Net profit	380.3	357.2	737.5
Earnings per ordinary share, RUB	16.70	16.78	33.47

Key financial ratios

Return on equity ⁴	26.0%	25.0%	25.5%
Return on assets ⁵	3.4%	3.4%	3.4%
Net interest margin	5.80%	5.78%	5.79%
Cost of risk (amortized cost and FV loans)	1.2%	1.1%	1.2%
Cost-to-income ratio	26.1%	24.8%	25.5%

Net interest income increased to RUB597.6 bn in 2Q 2023 thanks to expanding volume of working assets and improving margins compared to the same period last year. For 6M 2023, net interest income increased to RUB1.2 trn.

- In 2Q 2023, NIM expanded to 5.8% thanks to the normalization of the cost of funding and change in the balance structure.

Net fee and commission income was up to RUB186.9 bn in 2Q 2023, expanding year-on-year, due to growth in income from operations with bank cards and cash and settlement transactions. For 6M 2023, net fee and commission income was RUB358.0 bn.

- Total payments, transfers and acquiring volume expanded by 30% y/y in 2Q 2023.
- The number of monthly users of contactless payment service SberPay exceeded 26 mln.
 - SberPay won the nomination Best Innovative Services/Products at the CX World Awards.
- Sber topped the list of the largest acquirers in Europe, according to The Nilson Report⁶. Moreover, for the first time, Sber finished in the top three in the rating based on the number of transactions in Internet acquiring.

Operating expenses increased year-on-year to RUB216.3 bn in 2Q 2023 on the back of last year's large scale anti-crisis cost optimization program and strong dynamics in business growth this year. For 6M 2023, operating expenses amounted to RUB398.2 bn.

The Group **operating income before provisions** increased in 2Q 2023 to RUB828.4 bn. For 6M 2023, it amounted to RUB1 561.8 bn.

Cost-to-income ratio was 26.1% in 2Q 2023 and 25.5% for 6M 2023, emphasizing Sber high operating efficiency.

Net provision charge against credit quality deterioration, including revaluation of loans at fair value, reached RUB102.7 bn in 2Q 2023 and RUB186.9 bn for 6M 2023. Cost of risk was 1.2% in 2Q 2023 and for 6M 2023.

In June Sber sold 100% stake in its subsidiary in Austria, Sber Vermögensverwaltungs AG in Abwicklung (formerly Sberbank Europe AG). This transaction had a positive impact on Sber financial results.

Sber **net profit** in 2Q 2023 increased to RUB380.3 bn, a record quarterly profit in Sber history. For 6M 2023 Sber earned RUB737.5 bn.

Group Balance Sheet Highlights

RUB bn, unless stated otherwise	30.06.2023	31.03.2023	31.12.2022	quarter to quarter change	year to date change
Gross loans⁷:	34 687	32 441	31 038	6.9%	11.8%
Corporate loan portfolio	20 759	19 461	18 608	6.7%	11.6%
Retail loan portfolio	13 928	12 980	12 430	7.3%	12.1%
Client funds:	32 870	30 109	29 876	9.2%	10.0%
Retail deposits	20 123	18 546	18 499	8.5%	8.8%
Corporate deposits	12 747	11 563	11 377	10.2%	12.0%
Net loan-to-deposit ratio	100.0%	102.0%	98.3%	-2.0 pp	1.7 pp

Retail loan portfolio increased by 7.3% q/q and by 12.1% ytd to RUB13.9 trn in 2Q 2023. Yield on retail loans increased by 0.3 pp during the quarter to 12.0%.

- The share of retail product sales through digital channels increased to 69% at the end of the first half of the year (+4.3 pp q/q).

Mortgage loan portfolio rose by 8.1% q/q and by 13.2% ytd to RUB8.5 trn in 2Q 2023. Market share increased by 0.6 pp q/q in 2Q 2023 to 54.9%.

- In 2Q 2023, 324.2 thousand loans with a total value of RUB1 trn were issued, which was 4.9 times more than during the same period last year.

Consumer unsecured loan portfolio increased by 5.3% q/q and by 8.1% ytd in 2Q 2023 to RUB3.8 trn.

- Consumer lending market share increased by 0.6 pp q/q in 2Q 2023 to 38.6%.
- An impressive volume of over RUB 900 bn of consumer unsecured loans was issued in 2Q 2023.
- Consumer unsecured loans with cashback are becoming increasingly popular among clients.
 - Sber returns 1.5% of the loan rate with SberSpasibo bonuses to clients that have a SberPrime+ subscription or a SberPremier plan. Bonuses can be exchanged for Rubles or discounts from partners.
 - At the end of 2Q 2023, 1.5 bn of SberSpasibo bonuses have already been accumulated by clients with consumer loans.

One of the drivers of retail lending growth was **credit cards**, the portfolio of which added 6.8% q/q and 14.0% ytd in 2Q 2023 to RUB1.3 trn.

- Sber credit card market share was up to 48.3%.

Corporate loan portfolio rose by 6.7% q/q (+5.3% excluding adjustment for the impact of FX revaluation⁸) or by 11.6% ytd (+8.6% excluding adjustment for the impact of FX revaluation⁸) in 2Q 2023 to RUB20.8 trn. The yield on corporate loans increased by 0.1 pp in 2Q 2023 to 8.4%.

- Sber corporate lending market share was up by 0.5 pp in 6M 2023 to 32.6%.
- In 2Q 2023 Sber issued RUB4.6 trn in corporate loans.

- Sber increased its business project finance portfolio by 7.3% q/q in 2Q 2023 to RUB7.8 trn.
 - Residential real estate construction loan portfolio was up by 7.5% q/q in 2Q 2023 to RUB3.4 trn.
- SME loan portfolio exceeded RUB5.3 trn (+12% q/q and +15% ytd)⁹. Sber SME lending market share was 46%⁹.

Retail funds exceeded RUB20 trn, up by 8.5% q/q (+7.4% excluding adjustment for the impact of FX revaluation⁸) and by 8.8% ytd (+6.8% excluding adjustment for the impact of FX revaluation⁸) in 2Q 2023. The cost of retail deposits remained at 3.4% during the quarter.

- Sber expanded the range of foreign currencies for retail deposits, as well as improved the terms of the deposits.
 - Starting from June 2023, a savings account in Indian rupee has become available; a new deposit in UAE dirhams has been launched.

Corporate funds rose by 10.2% q/q (+7.9% excluding adjustment for the impact of FX revaluation⁸) and by 12.0% ytd (+7.0% excluding adjustment for the impact of FX revaluation⁸) in 2Q 2023 to RUB12.7 trn. The cost of corporate term deposits increased by 0.2 pp during 2Q 2023 to 4.1%.

Net LDR ratio was 100.0% at the end of 6M 2023.

Key Asset Quality Metrics

	30.06.2023	31.03.2023	31.12.2022	quarter to quarter change	year to date change
Stage 3 + POCI loans / total gross loans at amortized cost	3.9%	3.8%	3.9%	0.1 pp	0.0 pp
Provision coverage of Stage 3 + POCI loans	138.4%	144.7%	142.5%	-6.3 pp	-4.1 pp

The quality of the loan portfolio in 2Q 2023 remained stable in all major segments. The share of Stage 3 and POCI loans in loans at amortized cost remained unchanged ytd in 2Q 2023 at 3.9%.

Total provision coverage of impaired loans was 138.4%.

Selected Group Capital Adequacy Results

RUB bn, unless stated otherwise	30.06.2023	31.03.2023	31.12.2022	quarter to quarter change	year to date change
Common equity Tier 1 capital	5 471.1	5 676.2	5 339.7	-3.6%	2.5%
Tier 1 capital	5 621.1	5 826.2	5 489.7	-3.5%	2.4%
Total capital	5 825.7	6 030.5	5 686.2	-3.4%	2.5%
Risk-weighted assets	39 591.5	37 675.5	36 438.6	5.1%	8.6%
Common equity Tier 1 capital adequacy ratio	13.8%	15.1%	14.7%	-1.3 pp	-0.9 pp
Tier 1 capital adequacy ratio	14.2%	15.5%	15.1%	-1.3 pp	-0.9 pp
Total capital adequacy ratio	14.7%	16.0%	15.6%	-1.3 pp	-0.9 pp
Capital adequacy ratio for the Group N20.0	13.4%	14.5%	14.2%	-1.1 pp	-0.8 pp
Book value per share¹⁰, RUB	261.9	270.7	255.8	-3.3%	2.4%

Common equity Tier 1 capital grew by 2.5% during 6M 2023 to RUB5.5 trn. The decline q/q was due to the payment of record dividends for 2022 in the amount of RUB565 bn. Total capital increased by 2.5% ytd to RUB5.8 trn.

The Group risk-weighted assets were up by 8.6% ytd to RUB39.6 trn mainly due to the loan portfolio growth. Risk-weighted assets density came down by 1.2 pp for 6M 2023 to 82.7%.

For 6M 2023, **Common equity Tier 1 capital adequacy ratio and Tier 1 capital adequacy ratio** were 13.8% and 14.2% respectively, while **total capital adequacy ratio** was 14.7%.

Capital adequacy ratio for the Group N20.0 was 13.4% as of the end of the first half of the year.

Technological Leadership

The key to Sber outstanding results and high quality services is technological leadership. It provides for new product development to address rising demand from business and the market for import substitution and digital transformation.

- The **Platform V** technological platform won the nomination Platform of the Year for Import Substitution at the CNews Import Substitution of the Year award ceremony.
- In April, Sber launched a beta version of the multimodal neural network **GigaChat**. It can answer questions, keep a conversation, generate images from text description and write programming codes.
 - The GigaChat architecture is based on the neural network ensemble of the NeONKA model, which includes various neural network models and the method of supervised fine-tuning, reinforcement learning with human feedback.
- Sber introduced a new version of the neural network **Kandinsky 2.2** that now creates photorealistic images with a higher resolution. A dataset of 1.5 bn text-image pairs was used to train the neural network, which was 300 mn more than in the previous version.
- **SalutSpeech**, the speech generation and transcript solution, is now available to individuals. For example, with SalutSpeech one can voice podcasts and audiobooks, make text transcripts, and much more.
- Sber presented to the market its own **SalutRPA** platform for robotizing business processes. This solution is optimal for working with a large volume of routine operations.
 - SalutRPA easily integrates with other IT solutions and allows one to use low-code tools, C#, Python and Java.
- In 2Q 2023, Sber presented to the market the **Navigator** analytical platform. It supports more than 70 formats of data presentation, allows one to create dashboards and analyze financial statements, generate BI analytics in low-code/no-code mode, and much more.
- A new Sber platform, **Sber Process Mining**, has been developed for analysis of business processes based on digital footprints in information systems. With the help of advanced visualization and machine learning tools, the platform restores the actual process, identifies “bottlenecks” and generates an optimal execution scenario that lowers the processing costs by more than 10%.
- **SberAutoTech** and one of the leading cargo carriers Globaltruck have launched commercial autonomous vehicle cargo service on the route Moscow - St. Petersburg.
- The number of monthly users (MAUs) of **Salut** virtual assistants in SberBank Online and other Sber digital surfaces exceeded 17 mn.
- The number of Sber **smart devices** sold with embedded Salut assistant exceeded 1.8 mn (+0.4 mn ytd).

ESG

Today, Sber is one of the leaders in the ESG agenda and makes a significant contribution to responsible financing in Russia.

- At the end of 2Q 2023, the **responsible banking portfolio**, which includes green, social and ESG loans, exceeded RUB 1.6 trn.
- In 2Q 2023, two important documents were adopted and published:
 - **Responsible Banking Policy** regulates approaches to managing ESG risks of loan and investment portfolios, describes the mission and principles of responsible financing, risk assessment and mechanism for making decisions on financing.
 - **Energy policy** determines each of Sber internal divisions' acceptable energy consumption and ensures systematic monitoring and management. The development of modern approaches in the field of green and energy-saving technologies not only brings Sber closer to carbon neutrality, but also provides a visible economic effect on Sber, partners and clients.

Sber achievements in the field of sustainable development have been recognized with various **awards and prizes**. In the first half of the year, Sber became a nominee and winner of 14 prestigious Russian awards.

- The Analytical Credit Rating Agency (ACRA) gave Sber an ESG-B rating of ESG-2 level, which corresponds to high recognition of achievements in the field of ecology, social responsibility and management.
- According to a review by the National Rating Agency, Sber was recognized as the leader in implementing sustainable development practices in the financial sector.
- Six projects took first prizes in the state program Best ESG Projects in Russia, including:
 - The project ESG-transformation of Sber as a driver of changes in the field of sustainable development in the country won the nomination ESG-transformation of business.
 - The project Own Business for self-employed won in the category Valuable Work and Economic Growth. Economic Growth Programs.
 - The project Raising the Level of Cyberculture of the Russian Population won the nomination High quality education. Educational Programs.

Conference call details

August 3, 2023 at 11:00 msk

Main Russian line

Topic: Quarter results disclosure

To connect to the conference using link below:
<https://jazz.sber.ru/xigeav?type=webinar&role=VIEWER&psw=OBwLF0tXXUUZDAwBFENKvhYGEO>

Conference code: xigeav@jazz.sber.ru
Password: oir9383p

English (listen-only)

Topic: SBER: earnings call

To connect to the conference using link below:
<https://jazz.sber.ru/kz6iqw?psw=OB4OXQoFEQNDDqLLVREGEFIEFA>

Conference code: kz6iqw
Password: ml8xatu4

¹ Includes discontinued operations. Basic earnings per share is calculated by dividing the profit (loss) attributable to shareholders holding ordinary shares of the Bank, or from profit or loss from continuing operations, by the weighted average number of ordinary shares outstanding during the period, less treasury shares repurchased from shareholders.

² Operational results.

³ Includes net expenses from provisioning for debt financial assets and revaluation of loans at Fair Value due to changes in credit quality.

⁴ Excluding the subordinated loan agreement in the amount of RUB150.0 bn classified as equity financial instrument that was previously ceded by the Bank of Russia in favor of the Ministry of Finance.

⁵ Based on profit from continuing operations.

⁶ The data is provided based on 2022.

⁷ Before loan loss allowance.

⁸ Based on management accounts.

⁹ According to the list of the SME companies included in the register of the Federal Tax Service as of June 6, 2023. Market shares are as of May, 2023.

¹⁰ Total equity attributable to shareholders of the Bank / Total numbers of shares outstanding (ordinary + preferred),

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