Implementation Status of Sberbank Group Strategy 2014-2018
Contents

What has changed in the economy? Markets and trends

What is our status? Achievements and development zones
Global and Russian banking markets are facing reduction and further stagnation of profitability ...

The profitability issue on the Global banking market is still high on the agenda…

… at the same time this trend is becoming more visible in the Russian market

更高要求的资本充足性不足和Basel III对进一步利润增长的影响对ROE，特别是在发达市场的

在2015-2020年，发展市场还将开始显示出微不足道的收益率下降：

-0.16 pp，-0.11 pp；-0.40 pp

更高的资本充足性要求和缺乏进一步利润增长的来源对ROE，特别是在发达国家

即使在乐观情景下，净利息收益仍然低于2000-2014年的平均值

来源：DSR计算基于Thomson Reuters数据；McKinsey全球银行池
... that threatens traditional banking products

Potential change in NOI and profits of banks worldwide, 2025

<table>
<thead>
<tr>
<th>Example: Retail banking products</th>
<th>∆ NOI² Percent</th>
<th>∆ Profit² Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer loans¹</td>
<td>-40</td>
<td>-60</td>
</tr>
<tr>
<td>Payments</td>
<td>-30</td>
<td>-35</td>
</tr>
<tr>
<td>Corporate loans</td>
<td>-25</td>
<td>-35</td>
</tr>
<tr>
<td>Wealth management⁴</td>
<td>-15</td>
<td>-30</td>
</tr>
<tr>
<td>Mortgage</td>
<td>-10</td>
<td>-20</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consumer loans</th>
<th>NOI², 2025, USD bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOI</td>
<td>2025 (without external shocks)</td>
</tr>
<tr>
<td></td>
<td>674</td>
</tr>
</tbody>
</table>


1 Cash loans, credit cards, POS loans
2 NOI after provisioning, profit after tax
3 Including OPEX optimization
4 Excluding deposits
5 Including non-banked customer segments

SOURCE: McKinsey Panorama
Despite the market shows some signs of recovery in 2016, it will be far from reaching the initially projected levels in 2018.
Banks continue to face the increasing competition from non-financial organizations in terms of building long-term relations with the clients. Customers prefer to purchase digital services and expect personalization from banks.  

**Market**  
44% of the banking profits will be generated through digital channels in 2018.  

**Customers**  
61% of population use mobile banking in developed Asian countries.  

**Non-financial organizations**  
75% of customers think that Amazon offers the best payment experience.  

**Financial institutions**  
Focused on digital banking (Simple, Atom, Madiva Soluciones, Holvi).  

Launch financial marketplace with open API.  

**Tailored approach for every customer**  
Banks focus on CX and personalization of digital offers.  

**SOURCE:** PwC, Fujitsu European Financial Survey, Accenture, HSBC, Bain Digital Banking report, Digest on customer behavior, 2015; NGData in US, 2016
Contents

What has changed in the economy?
Markets and trends

What is our status?
Achievements and development zones
On the halfway of the Strategy 2014-2018 implementation we have obvious achievements...

WITH OUR CUSTOMER FOR LIFE
- High customer service level (NPS, CSI, TRIM) compared to competitors, especially in the retail business (NPS - 58)
- Substantial development of digital channels
- Growth in all the targeted retail segments (retirees - 60%, payroll schemes - 50%), 55% of the mortgages market
- Creation of product factories in wealth management, deeper penetration of long-term insurance products, №1 on the market of life insurance, mandatory pension insurance, and mutual funds

MATURE ORGANIZATION
- Smart Management System (SMS) for branches implemented in retail business
- Sbergile implementation started (the first wave of Agile has started)
- Basic managerial analytics established
- Blocks “Technologies” and “Services” are organizationally transformed
- In territorial banks the “Teal” branch model (self-managed organization) is piloted

FINANCIAL PERFORMANCE
- Level of profitability (ROE) considerably exceeds the Russian competitors (~19% in 1q. 2016)
- Best NPL 90+ on the market (1.4% in CIB, 6.1% in corporate business, 5.1% in retail business)
- Successful implementation of the “Smart Expenses” program (RUB 105 bn in savings effect)
- Bank operating expenses are growing slower compared to operating income (CAGR 2014/16 11% vs 12% respectively)

TEAM AND CULTURE
- Substantial growth of employee engagement
- Turnover reduction by 1.5 times compared to 2013
- Bank level of a corporate culture has increased
- Charitable fund was launched

TECHNOLOGICAL BREAKTHROUGH
- We have improved the reliability and stability of our information systems 3.5 times
- Second phase of IT systems’ centralization completed
- ~1,500 cyberattacks per day prevented in 2015
- Active implementation phase of the target technological platform (Single Front-End System (EFS), 18+, Data Factory)
...which are visible to the market...

Positive publications...

Capitalization dynamics, %

- Sberbank
- MICEX Index
- Wells Fargo
- MSCI EM Index
- HSBC
- Deutsche Bank

Sberbank overtook Gazprom in market capitalization

Sberbank decreased loan rates for small businesses

Sberbank’s income has exceeded forecasts

Sberbank’s ordinary shares have marked a new historical height

Sberbank decreased rates for mortgages and foreign currency deposits

... and various worldwide awards

Forbes
Best Russian bank for individuals
Best SMS-bank
Best mobile bank
Best solution for invoice payments
Best information security project

Deloitte
Most innovative Russian bank

Grand Prix:
Bank of the Year
Sberbank Private Pension Fund – Fund of the Year
Sberbank Life Insurance - Company of the Year

Distribution & Marketing Innovation Awards 2016 - Salesforce & Change Management

CIPR Inside Awards 2016
Communication of Sberbank Values project

Cannes Lions
Streets Project
Use of Ambient Outdoor

Efma

SOURCE: RIA Novosti; Vedomosti
... although, there is a number of important areas for development

WITH OUR CUSTOMER FOR LIFE
- Relatively low share of sales in digital channels
- Customer service throughout the network is still linked to the region where the account was opened (Green Street not implemented)
- Credit process optimization was only just started

MATURE ORGANIZATION
- Project management optimization is in process
- Innovation-launching process is not efficient enough
- Considerable bureaucracy and impeded decision-making
- Managerial processes for fast integration and maximum synergy from new acquisitions are not created
- Improve real-time P&L, managerial, and financial information

TEAM AND CULTURE
- HR transformation started only in the middle of the year

TECHNOLOGICAL BREAKTHROUGH
- Time-to-market has decreased, but still behind tech competitors (24 months average)
- Data and analytics (BIG DATA) have not yet been turned into a strategic advantage in all the activities of the Bank

FINANCIAL PERFORMANCE
- Performance is improving, branch network and headcount are being optimized, but the process should go faster
- Lower costs for supporting blocks are required
  - Large real estate portfolio, not enough competence for fast utilization of such assets
  - Majority of countries of the international network and subsidiaries of the Group are not providing expected added value

Key gaps with market practices
Going forward there are 4 key development areas for Bank’s transformation:

- **Faster implementation of projects (time-to-market)**
  - Radical decrease of time-to-market
  - Further optimization of project management
  - Getting benefits from Agile
  - Implementing DevOps

- **Development of analytics and data**
  - Development of data officer and data scientists models, functions and relevant competences
  - Filling up the advanced analytics initiatives portfolio

- **Improving process efficiency**
  - Actual digitalization and speeding up of internal processes (incl. easier internal approvals process)
  - Governance model optimization

- **Boosting productivity**
  - Headcount optimization and productivity improvement on all organization levels
  - Tighter management of cost per employee

**We need to be disciplined in delivering on key objectives**

**These Four areas of Bank’s internal transformation will provide the implementation of the Strategy 2018**
## Retail Business: focus on digitalization and efficiency increase

### Digital
- Migration of **all products and transactions to the digital bank** (by achieving the world’s best practices - **30-35% share of sales** through digital bank in a mix of sales by 2018)
- Launch of the **credit potential** (innovative product, that in a form of a game allows to better manage one’s limits) and drastic development in **personal financial management** (get an advice on how to better manage personal finance, etc.)

### Mass personalization
- Customers are offered necessary **financial and non-financial products and services** where and when they need them (e.g. gift offers/ reminders, etc.) via integration with partners through an open API, offer clients products based on triggers in real time, use of Big Data on a geolocation

### Customer centricity
- Retention of the **best banking experience** in Russia (NPS 65%+)
- Considerable **reduction in customer complaints**
- Most customer problems are solved **at the time of origin**
- **Identify potential customer problems** in advance and fix those problems **BEFORE** the customer has faced them

### Raising financial efficiency
- Main focus on **cost optimization** (optimizing the number and size of branches, the expenditures on funding branches and ATMs, implementing a flat governance structure, getting rid of redundant layers, etc.)
Sberbank retail business growth drivers

**Customer base**

Number of active customers, mln

- 3q15: 78,0
- 3q16: 82,3

**Profitability**

Operating Income per customer, %

- 3q15: 100%
- 3q16: 117%

**“Cashless World”**

- > 87 mln. of active debit cards with turnaround ~ 8 tln. rubles
- Turnaround of the trade network has increased by 54.6% over the year

**Customers satisfaction**

Coverage of all needs for each customer segment

- "Active age" (50+)
- "Youth debit card" (18+)

**NPS, % (3q 2016)**

- Avg. all segments: 59%
- Social: 61%
- Youth: 65%
- Mass: 57%

**Products per client, (3q 2016)**

2.8
CB: New business models, development of digital bank and cost-optimization

- New business model
  - Micro/Small business
    - Implementation of differentiated service/sales models: Client manager – high profitable segment, virtual client manager via call-center – mass customer segment
    - Single customer view (with Retail and Insurance businesses)
  - Large/Medium business
    - Customer service in a new format – industrial client-product teams
    - Unique product proposition for different industries

- Operational efficiency (reducing manual labor, raising STP)
- Managing customer lifecycle in a smart way
- Credit constructor will be the basis of the new credit process
- Implementing personalized remote service
- The launch of Proactive credit monitoring (“Early Warnings”)
- Implementation of 4D Client Profile

CIB: proposed measures will allow achievement of goals under Strategy 2018

- Fine-tuning the service model
  - Re-segmenting CIB and CB customers
  - Creation of a settlement ecosystem
  - Implementing remote operational service for the customers

- Implementing updated credit business model
  - Implementing a new credit process
  - Automating cashflow modelling
  - Creation of a single data mart for all participants of the credit process

- Monetizing IBGM and MB&A expertise
  - A digital champion - convenient and advanced electronic platforms and automatic hedging
  - Introducing a think tank for development of solutions for customers

- Growth of non-credit income
  - Development of the transactional platform
  - Optimizing the tariff-setting model

- Implementation of CIB development program
  - Implementation of the cost- and resource management system
  - Integration of PAO (PJSC) and ZAO (CJSC)
**Corporate Business** grows steadily and has a focus on digital channels development

### Sberbank corporate business growth drivers

<table>
<thead>
<tr>
<th></th>
<th>Customer base</th>
<th>Penetration</th>
<th>Digitalization</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of active customers, mln</strong></td>
<td>1,36 1q16</td>
<td>1,41 3q16</td>
<td>20% 3q16</td>
</tr>
<tr>
<td><strong>Products per client</strong></td>
<td>2,96 1q16</td>
<td>3,13 3q16</td>
<td></td>
</tr>
<tr>
<td><strong>Share of sales via digital channels, %</strong></td>
<td>14% 1q16</td>
<td></td>
<td>20% 3q16</td>
</tr>
</tbody>
</table>

### Customers satisfaction

- **“Smart loan for 1 day”** launched: proactive transactional credit scoring for small enterprises

- **Client service quality, index**
  - 2016 (3q): 76.5%
  - 0% to 100%

- **Number of Sberbank business online users, mln**
  - 1.36 3q16
Technology: building technological platform and optimization of internal processes

- **Technological platform**: In-memory core banking (18+), Unified Front System, Data Factory

- **Cutting the cost of operations**: (switching to low-end equipment, using external clouds, raising the extent of equipment recycling, using open-source solutions, decreasing Ops headcount)

- **Shorter time-to-market**: (implementation of Agile, programming is replaced by core banking settings (18+), implementation of 'fast waterfall')

- Implementing according to the plan – significant results are expected in 2017

- Information systems were decommissioned 680 (out of ~1 900)

- **Reliability**: Achieving maximum reliability (99.99), providing services 24/7

- Missed fraud to total transaction volume across all the channels (industry best is 0.04%-0.06%)

- 0.004% of Fraud is now being prevented vs. target level of 80%

- **Technological transformation**: Creation of CDO (Chief Data Officer) function for efficient data management

- Developing internal competences (creating a tech leader image, creating the right environment for innovations R&D, keeping and finding talents)

- Transformation of process management logic (drastic cutting of processes, processes configured based on business processes, Big Data used in each process, processes are transformed to achieve customer centrism)
Technology: developing and piloting the latest technological trends
Despite external and internal restrictions Sberbank will achieve the goals of Group Strategy 2014-2018

- Net profit of Sberbank Group, 2018: x1.8+, 2013: x1.8+
- Return on Equity (ROE), 2018: ~18%
- Cost to Income (CIR), 2018: <40%
- Cost of risk (COR), 2018: ~1.9%
- Assets, 2018: x1.8, 2013: x1.8
- Net interest margin, 2018: >5.0%
- Loans to deposits (LDR), 2018: ~100%
- Net commission income to net operating income, 2018: ~26%

-On track for the strategy objectives
Appendix
We have reached significant market shares in 2015-2016 and expecting a slight growth till 2018

<table>
<thead>
<tr>
<th>Corporates loans, %</th>
<th>Retail loans, % (incl. CETELEM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>32,2%</td>
<td>39,6%</td>
</tr>
<tr>
<td>31,2%</td>
<td>40,9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Corporates deposits, %</th>
<th>Retail deposits, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>25,0%</td>
<td>46,0%</td>
</tr>
<tr>
<td>19,7%</td>
<td>46,5%</td>
</tr>
</tbody>
</table>

A - actuals      E - estimate      F - forecast
Wealth management in Sberbank

SBRF
- Retail business
- Corporate business
- CIB
- Wealth management
- International business

Wealth management HO
- Sales
- Operations
- Digital
- Custody

Wealth management regional managers

Wealth management Subsidiaries
- Sberbank Life Insurance
- Sberbank Non-life Insurance
- Sberbank Insurance Broker
- Sberbank Asset Management
- Sberbank Pension fund
- Sberbank Fund administration
## Sberbank Wealth Management in figures

<table>
<thead>
<tr>
<th>Market position (share, %)</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life insurance</td>
<td>11 (1%)</td>
<td>3 (11%)</td>
<td>1 (34%)</td>
<td>1 (34%)</td>
<td>1 (29%)</td>
</tr>
<tr>
<td>Non-life insurance</td>
<td>n/a</td>
<td>n/a</td>
<td>119 (0%)</td>
<td>34 (0,4%)</td>
<td>21 (0,8%)</td>
</tr>
<tr>
<td>Insurance broker</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>6 (5%)</td>
<td>3 (9%)</td>
</tr>
<tr>
<td>State pension insurance</td>
<td>6 (6%)</td>
<td>3 (7%)</td>
<td>3 (7%)</td>
<td>1 (14%)</td>
<td>1 (17%)</td>
</tr>
<tr>
<td>Retail MIF</td>
<td>1 (19%)</td>
<td>1 (23%)</td>
<td>1 (24%)</td>
<td>1 (25%)</td>
<td>1 (24%)</td>
</tr>
<tr>
<td>Custody services</td>
<td>2 (7%)</td>
<td>1 (9%)</td>
<td>1 (8%)</td>
<td>1 (9%)</td>
<td>1 (12%)</td>
</tr>
</tbody>
</table>
What we offer

Protection
- Health protection
- House protection
- Financial means protection
- Business protection

Provision
- Universal life assurance
- Pension provision

Performance
- Investment life insurance
- Asset management

We move from product selling To satisfying the client needs
Despite high growth ratios in 2012‒2016 (average growth rate from 2012 to 2016 is 40%), Russia still has a strong market growth potential.
Sberbank Non-life insurance

Russian Non-Life insurance market development

- Retail
- Corporate
- Other
- Sberbank share

<table>
<thead>
<tr>
<th>Year</th>
<th>Retail</th>
<th>Corporate</th>
<th>Other</th>
<th>Sberbank share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>34%</td>
<td>29%</td>
<td>37%</td>
<td>2,2%</td>
</tr>
<tr>
<td>2019</td>
<td>31%</td>
<td>31%</td>
<td>5%</td>
<td>0%</td>
</tr>
</tbody>
</table>

+21% increase driven by development of Smart-CASCO product (Sberbank enters Motor hull insurance market)
+3,2pp Cyber risks and Agro insurance as key projects for increasing corp market penetration

Non target market for SBS

Sberbank Non-Life insurance development

- Gross premiums written

2016: 8
2017: 10
2018: 15
2019: 26

+228% Operating Income CAGR 2016-19 +25%

- Recognizable and strong brand
- Data driven organization
- Country wide sales, 8 000 sales points (partners network)
- The fastest growing Insurance Company in the Russian market - #119 in Y2014, #21 in Y2016

SECTOR

SBERBANK
The market is highly concentrated.

As of the end of 2015 the market share of TOP-5 companies amounted to 61% of commissions from reinsurance and 71% of commissions from direct insurance.

- The company holds the 1st place among companies with 100% Russian capital
- In 2016 the company acquires 9% of the market and take 3rd place in the volume of collected premiums and commissions
- In 2016 the company started international expansion. It registered a subsidiary in Kazakhstan
Strong development in Retail Market share due to:
- Penetration rate growth inside Sberbank due to declining RUB rates
- Development of digital sales
- Launch of local ETF Platform

The institutional market demonstrates moderate growth
- The institutional market remains mostly captive, and Sberbank AM share grows due to individuals moving their pension accounts into reliable banks
- AUM of institutional market may be volatile due to the uncertain perspective of the pension reform
Russian Pension Fund market development

Assets under management:
- Statutory pension
- Non-statutory pension

<table>
<thead>
<tr>
<th>Year</th>
<th>Statutory</th>
<th>Non-statutory</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3,269</td>
<td>43%</td>
</tr>
<tr>
<td>2019</td>
<td>5,884</td>
<td>57%</td>
</tr>
</tbody>
</table>

+80%

By 2018-2019 Statutory Pension Insurance (SPI) system could be transformed into the system of Individual Pension Capital (IPC) based more on voluntary personal savings. Market potential more than 1 trillion RUB per year, NPFSB potential ≈30%

Sberbank Pension Fund development

Assets under management:
- Pension assets
- Individual Pension Capital

<table>
<thead>
<tr>
<th>Year</th>
<th>Pension assets</th>
<th>Individual Pension Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>369</td>
<td>145</td>
</tr>
<tr>
<td>2017</td>
<td>621</td>
<td>145</td>
</tr>
<tr>
<td>2018</td>
<td>726</td>
<td>145</td>
</tr>
<tr>
<td>2019</td>
<td>776</td>
<td>145</td>
</tr>
</tbody>
</table>

+150%

+16%

Leader of State pension insurance (SPI) market (MS-16,7%)

2016: 4,6 min Clients / 369 bn RUB of AUM

High yield against peers (NPFSB -11,76%, Average peers-10,6%)

High client loyalty level: NPS 2016 – 59%, CSI 9,3

High level sales technologies: paperless technology, NSPI Online sales, Telemarketing
Sberbank Custody Services

Russian Custody Services market development

- Fund Administration
- Custody
- Sberbank share

- 12 bn
- 18 bn
- 67%
- 65%
- 33%
- 35%
- 10.5%
- 13.7%
- 14.0%
- 14.0%

+50%
+3.2 pp increase driven by mortgage securitization and demand for private client services

Sberbank Custody Services development

- Revenue
- 2016
- 2017
- 2018
- 2019

- 1.4
- 1.5
- 2.1
- 2.5

+79% +26%

- Largest local custodian in terms of Assets Under Custody
- Largest local custodian in terms of DR programs served (over 60% market share)
- Largest custodian in terms of retail investors served (approx. 30% market share)
- Leading positions in terms of servicing insurance companies and mortgage securitization
- Market intelligence: oldest established player (20 years in the market), strong & experienced team
- Intra-group synergy: long-term client relationships, emphasis on technology & innovation

2016 2017 2018 2019

+79%
+3.2 pp increase driven by mortgage securitization and demand for private client services

2016 2017 2018 2019

+26%
2016: <4% of the Group Operating income

+20% Operating Income from Wealth Management CAGR 2016-2019 is expected

Entry into new markets (corporate insurance, motor insurance, health market place), strengthening position on pension and AM markets in addition to growth of life market will provide significant increase of operating income and volume of assets under management.
ASSET QUALITY
DISCUSSION
Macroeconomic swings influence formation of loan loss reserves

- Under management accounts

*Under management accounts
Corporate Loan Portfolio Quality: Sberbank Standalone, RAS

Corporate Portfolio Dynamics (RAS)

bLn RUB

<table>
<thead>
<tr>
<th></th>
<th>01.10.15</th>
<th>01.01.16</th>
<th>01.10.16</th>
</tr>
</thead>
<tbody>
<tr>
<td>RUB</td>
<td>4,049</td>
<td>4,502</td>
<td>4,338</td>
</tr>
<tr>
<td>FX</td>
<td>7,678</td>
<td>7,768</td>
<td>7,309</td>
</tr>
</tbody>
</table>

Non-performing Loans* in Corporate Loan Portfolio

bLn RUB

<table>
<thead>
<tr>
<th></th>
<th>01.10.15</th>
<th>01.01.16</th>
<th>01.10.16</th>
</tr>
</thead>
<tbody>
<tr>
<td>RUB</td>
<td>86</td>
<td>113</td>
<td>35</td>
</tr>
<tr>
<td>FX</td>
<td>319</td>
<td>306</td>
<td>279</td>
</tr>
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</table>

Corporate Overdue** Loans vs. the Sector

%  

<table>
<thead>
<tr>
<th></th>
<th>01.01.15</th>
<th>01.07.15</th>
<th>01.01.16</th>
<th>01.07.16</th>
<th>01.10.16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking Sector (excl. Sberbank)</td>
<td>5.8%</td>
<td>7.7%</td>
<td>8.0%</td>
<td>9.2%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Sberbank</td>
<td>1.9%</td>
<td>2.7%</td>
<td>3.2%</td>
<td>2.9%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

- NPL level in domestic corporate portfolio of Sberbank decreases
- Concentration FX problem assets decreases. Share of FX non-performing loans in total non-performing loans decreases (-15,7 p.p.)
- Sberbank steadily surpasses the sector on asset quality: the gap between Sberbank corporate overdue level and the sector exceeds 3.5X

* Non-performing loans 90days+
** Overdue 1day+
Retail Loan Portfolio Quality: Sberbank Standalone, RAS

Non-performing Loans* in Retail Loan Portfolio vs. the Sector

- Sberbank loan quality is significantly better than the sector average
- Mortgage portfolio quality has been stable through the cycle

Non-performing Loans* in Mortgage Loan Portfolio vs. the Sector

Non-performing Loans* in Retail Loan Portfolio (excl. mortgages) vs. the Sector

* Non-performing loans 90days+
APPENDIX
Loan Portfolio Quality, Sberbank Group, IFRS

Renegotiated loans & their share in total loans

bln RUB

<table>
<thead>
<tr>
<th>Date</th>
<th>Total gross loans</th>
<th>Total gross renegotiated loans</th>
<th>Renegotiated loans to total loans (gross)</th>
</tr>
</thead>
<tbody>
<tr>
<td>30.09.15</td>
<td>19,092.9</td>
<td>3,296.7</td>
<td>17.3%</td>
</tr>
<tr>
<td>31.12.15</td>
<td>19,924.3</td>
<td>3,423.8</td>
<td>17.2%</td>
</tr>
<tr>
<td>31.03.16</td>
<td>19,740.2</td>
<td>3,521.3</td>
<td>17.8%</td>
</tr>
<tr>
<td>30.06.16</td>
<td>19,220.5</td>
<td>3,820.8</td>
<td>19.9%</td>
</tr>
<tr>
<td>30.09.16</td>
<td>19,096.6</td>
<td>4,120.5</td>
<td>21.6%</td>
</tr>
</tbody>
</table>

NPLs share in renegotiated loans & provision coverage of NPLs

%  

<table>
<thead>
<tr>
<th>Date</th>
<th>Provision coverage of NPLs within total gross renegotiated loans</th>
<th>NPLs in total gross renegotiated loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>30.09.15</td>
<td>78.6%</td>
<td>10.3%</td>
</tr>
<tr>
<td>31.12.15</td>
<td>76.6%</td>
<td>11.0%</td>
</tr>
<tr>
<td>31.03.16</td>
<td>65.9%</td>
<td>11.3%</td>
</tr>
<tr>
<td>30.06.16</td>
<td>74.9%</td>
<td>8.3%</td>
</tr>
<tr>
<td>30.09.16</td>
<td>75.4%</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

Total gross loans
- Total gross renegotiated loans
- Renegotiated loans to total loans (gross)
Renegotiated loan portfolio:
Restructurings VS. Modifications (new definitions)

**Criteria for categorization**

(from IFRS financial report):

The Group has refined the presentation of renegotiated loans disclosure. For the purpose of these financial statements a loan is considered renegotiated if terms of the original loan contract have been changed. Renegotiated loan portfolio consists of "modified" and "restructured" loans.

Modified loans represent loans with changes to the initial loan terms caused by changes in market conditions, changes in a product, client requests or reclassified out of the restructured loan portfolio provided reclassifications terms are met, i.e. where loan renegotiation is not considered as distressed.

Restructured loans represent loans which were distressed at the moment of the renegotiation. A loan is initially classified as a restructured loan if:

- The renegotiation is in favor of a borrower due to its inability to fulfill obligations and the borrower is assigned high / medium credit risk. Renegotiation is considered to be in favor of the borrower if, for example, frequency of loan repayments is reduced, interest rate is reduced, loan tenor or limit are extended, amount of total loan payments is reduced, loan payments are rescheduled for later dates, etc., or
- Refinancing of a loan is due to inability of the borrower to fulfill its obligations and the borrower is assigned high / medium credit risk.

Features of a high / medium credit risk borrower which are examined by the Group may include but are not limited to the following: the borrower’s obligations are overdue for a period of more than 30 calendar days, noncompliance with a loan collateralization requirements by 30%, initiation of bankruptcy proceeding in respect of the borrower, change / replacement of the key management and/or owners, etc.

A loan may be reclassified out of the restructured loans category (and classified as modified) when all of the following criteria are met:

- the borrower has repaid not less than 5% of the loan principle balance (except for the borrowers in the investment stage of construction projects where execution of any six contractual payments is monitored);
- the borrower performed all of its contractual obligations for at least six months after the renegotiation; and
- no other signs of impairment are identified during the period of at least six months after there negotiation.
Total Provision Coverage of NPLs & restructured non-NPLs (IFRS)

NPL COVERAGE RATIO
(PLI TO NON-PERFORMING LOANS)

<table>
<thead>
<tr>
<th></th>
<th>31.12.15</th>
<th>30.06.16</th>
<th>30.09.16</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPL Coverage</td>
<td>120.5%</td>
<td>134.0%</td>
<td>141.8%</td>
</tr>
<tr>
<td>NPLs share in Loan Portfolio</td>
<td>5.0%</td>
<td>4.9%</td>
<td>4.9%</td>
</tr>
</tbody>
</table>

TOTAL PROVISION COVERAGE OF NPLS & RESTRUCTURED NON-NPLS

<table>
<thead>
<tr>
<th></th>
<th>31.12.15</th>
<th>30.06.16</th>
<th>30.09.16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Coverage</td>
<td>64.5%</td>
<td>69.3%</td>
<td>72.9%</td>
</tr>
<tr>
<td>NPLs share in Loan Portfolio</td>
<td>4.3%</td>
<td>4.6%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Restructured non-NPLs share</td>
<td>5.0% 1.8</td>
<td>4.9% 1.6</td>
<td>4.9% 1.6</td>
</tr>
<tr>
<td>Restructured NPLs share (already included in NPLs share)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Yellow: NPLs share in Loan Portfolio
- Purple: Restructured non-NPLs share
- Red: Total Coverage
Restructured Loan Portfolio:
TOP 100 borrowers (Sberbank standalone RAS)

**Sector breakdown**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metallurgy</td>
<td>35%</td>
</tr>
<tr>
<td>Construction*</td>
<td>18%</td>
</tr>
<tr>
<td>Chemical</td>
<td>16%</td>
</tr>
<tr>
<td>Trade</td>
<td>10%</td>
</tr>
<tr>
<td>Services</td>
<td>10%</td>
</tr>
<tr>
<td>Energy</td>
<td>4%</td>
</tr>
<tr>
<td>Food and agriculture</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
</tr>
</tbody>
</table>

*including infrastructure, development, construction materials, real estate

**Currency breakdown**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rubles</td>
<td>69.0%</td>
<td>61.6%</td>
<td></td>
</tr>
<tr>
<td>US dollars</td>
<td>23.6%</td>
<td></td>
<td>30.3%</td>
</tr>
<tr>
<td>Other</td>
<td>7.5%</td>
<td>8.1%</td>
<td></td>
</tr>
</tbody>
</table>
Appendix. Loan Portfolio Quality:
TOP 100 borrowers in renegotiated loan portfolio (Sberbank standalone RAS)

Renegotiated loan portfolio structure
TOP 100 borrowers, %

<table>
<thead>
<tr>
<th>Date</th>
<th>7.0%</th>
<th>8.7%</th>
<th>9.4%</th>
<th>8.3%</th>
<th>5.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>30.09.15</td>
<td>39.6%</td>
<td>28.7%</td>
<td>32.3%</td>
<td>20.8%</td>
<td>29.0%</td>
</tr>
<tr>
<td>31.12.15</td>
<td>20.1%</td>
<td>25.2%</td>
<td>31.7%</td>
<td>30.7%</td>
<td>41.2%</td>
</tr>
<tr>
<td>31.03.16</td>
<td>33.3%</td>
<td>37.4%</td>
<td>32.3%</td>
<td>40.2%</td>
<td>29.0%</td>
</tr>
<tr>
<td>30.06.16</td>
<td>85%</td>
<td>83%</td>
<td>85%</td>
<td>80%</td>
<td>80%</td>
</tr>
</tbody>
</table>

- performing well: 70.2%
- criteria for red zone: 24.5%
  - cash flow deterioration
  - collateral deterioration
  - 30-90 days overdue
- delays on payments, mostly NPLs: 5.3%

Top 100 renegotiated borrowers` share in total renegotiated portfolio in Russia (under management accounts)