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May 12, 2014

Income Statement Highlights for January-April 2014 (as compared to January-April 2013):

- Net interest income increased by 25.5% y-o-y
- Net fee and commission income grew by 26.2% y-o-y
- Noncredit commission income grew by 27.6% y-o-y
- Operating income before total provisions increased by 23.7% y-o-y
- Total provision charge was RUB106.0 bn vs. RUB37.4 bn charge in January-April 2013
- Operating expenses were up by 9.2% y-o-y
- Net profit amounted to RUB129.8 bn vs. RUB128.9 bn for 4M 2013

Net interest income came at RUB275.7 bn, up by 25.5% compared to January-April 2013:

- Interest income increased by RUB93.3 bn driven by both corporate and retail loan portfolio growth.
- Interest expenses grew by RUB37.3 bn, mostly due to customer deposits growth.

Net fee and commission income amounted to RUB82.7 bn; up by 26.2% y-o-y compared to January-April 2013, contributed primarily by noncredit commission income that was up by 27.6%, mostly driven by bank cards and acquiring. Cash settlements also contribute significantly.

Net income from trading operations amounted to RUB8.4 bn vs. RUB14.1 bn for January-April 2013. The dynamics is mostly associated with a reduction of income on the securities market due to the general market situation. Net income on conversion operations increased 1.4 times, amounted to RUB16.3 bn.

Operating income before provisions that comes from core operations of the Bank, increased by 23.7%, amounted to RUB377 bn.

Operating expenses increased by 9.2%. C/I ratio for January-April 2014 was 32.2% vs. 36.4% a year earlier. The improvement in C/I ratio is maintained by the Bank's cost optimization program. The slowdown in staff costs growth was related to timing differences in accounting for the quarterly bonuses in 2013 and 2014.

Total provision charges amounted to RUB106.0 bn vs. RUB37.4 bn charge a year earlier. The Bank continues to practice a conservative approach in loan-loss provisioning based on requirements of the Central Bank of Russia. Coverage ratio remained strong: loan-loss provisions are 2.1 times the overdue loans. The growth in provision charges can be explained also by the growth of the total loan portfolio.

Profit before tax for January-April 2014 totaled to RUB149.9 bn; RUB28.4 bn in April. The difference between the amount of down payments for income tax (calculated on the 3Q 2013 tax base) and the actual amount of tax payments (calculated on the 1Q2014 tax base) was accounted as income in April. After that the net profit in April amounted to RUB30.5 bn. Net profit for January-April came at RUB129.8 bn.

Assets increased by RUB246 bn in April, or 1.4%, to reach nearly RUB17.4 trn. The main growth driver was lending.

The assets growth YTD reached 6.2%; the positive reevaluation due to Ruble devaluation against prime foreign currencies supported growth of balance sheet items with FX component.

The Bank lent over RUB680 bn to corporate clients in April, exceeding the average monthly lending volumes in 2013. Corporate loan portfolio increased by 1.9% to RUB9.4 trn.

About RUB180 bn were lent to retail clients in April. Retail loan portfolio increased by RUB90.1 bn, or 2.6% in April, to reach RUB3.54 trn as of May 1, 2014, mostly driven by mortgages.

The Bank retains quality of its loan portfolio at a good level: overdue loans remained 2.4% as of May 1, 2014.

Securities portfolio decreased by RUB80 bn, or 4.2%, in April. Nearly half of the decrease was caused by the specific accounting reporting of REPO transactions. Also the portfolio decreased due to decline in market values of securities.

The clients' funds remain the core source of funding for the Bank's operations: the deposits and accounts increased by RUB634 bn, or 5.7% YTD, the portfolio came at RUB11.8 trn as of May 1, 2014. The growth was driven by retail accounts, that increased by RUB176 bn, or 2.3% in April.

Core Tier 1 and Tier 1 capital (equal since Sberbank does not have instruments of additional capital) reached RUB1,560 bn as of May 1, 2014 under preliminary calculations. Total capital amounted to RUB2,197 bn on the same date. Total capital increased in April as a result of net profit contribution.

Capital adequacy ratios under preliminary calculations as of May 1, 2014 were:

- N1.1 - 9.2% (minimum adequacy level, required by the Central Bank of Russia at 5.0%)
- N1.2 - 9.2% (minimum required level at 5.5%)
- N1.0 - 12.8% (minimum adequacy level, required by the Central Bank of Russia at 10.0%, considering Deposit Insurance Regulation).

Sberbank 4M 2014 Financial Highlights (under RAS, unconsolidated)

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