

## Sberbank / 3rd Quarter Results

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Sberbank reports 3Q 2016 Net Profit of RUB137.0 bn, or RUB6.36 per ordinary share, under International Financial Reporting Standards (IFRS) 15 November 2016, Moscow

Sberbank (hereafter 'the Group') has released its interim condensed consolidated IFRS financial statements (hereafter 'the Financial Statements') as at and for the 9 months ended 30 September 2016, with review report by AO PricewaterhouseCoopers Audit. Alexander Morozov, Deputy Chairman of the Executive Board, CFO, commented: 'Our results continued the positive trend set in the previous two quarters driven by strong net interest income, stable asset quality and good cost control. Our improved performance for 9M 2016 establishes a strong foundation for our team to continue delivering good results.'

The 3Q 2016 Financial Highlights:

- \* The Group net profit reached RUB137.0 bn, or RUB6.36 per ordinary share, up by 110.4% compared to 3Q 2015. Normalized net profit in 3Q 2016 excluding the one-off sales gain of the Sberbank Slovensko a.s. business would have been RUB134.0 bn, which compares to normalized 2Q 2016 net profit of RUB133.2 bn excluding the one-off sales gain of NP JSC Krasnaya Polyana
- \* The Group quarterly annualized return on equity (ROE) reached 20.5%, up from 11.8% in 3Q 2015
- \* The quarterly Cost of Risk (CoR) came at 213 bp, compared to 279 bp for 3Q 2015
- \* The Group Cost-to-Income ratio improved to 37.3% from 39.5% in 3Q 2015 \* The level of non-performing loans (NPLs) of total loan portfolio came flat at 4.9% from a quarter ago, while coverage level of NPLs improved to 142% from 134% during the quarter
- \* The Group capital position improved during the quarter, with core capital adequacy ratio under Basel I up by 80 basis points to 11.2%, while total capital adequacy ratio reached 14.9%, up by 80 basis points during the quarter

### Selected Financial Results

RUB bn, unless stated otherwise 3Q 2016 2Q 2016 3Q 2015 3Q16/ 2Q16,

% change 3Q16/

3Q15, % change 9M 2016 9M 2015 9M16/

9M15,

% change

Net interest income 342.8 339.3 263.4 1.0% 30.1% 1 007.6 690.8 45.9% Net fee and commission income 88.6 85.9 81.9 3.1%

8.2% 251.7 223.4 12.7% Other non-interest income / (expense) 3.6 17.6 22.2 (79.5%) (83.8%) (3.9) 97.0 -

Total revenues 435.0 442.8 367.5 (1.8%) 18.4% 1 255.4 1 011.2 24.1% Provision charge (101.7) (96.5) (130.1) 5.4% (21.8%) (282.1) (362.5) (22.2%)

Operating expenses (163.0) (168.8) (145.4) (3.4%) (12.1%) (475.6) (431.7) 10.2%

Net profit 137.0 145.4 65.1 (5.8%) 110.4% 400.1 150.3 166.2% Earnings per ordinary share, RUB 6.36 6.62 3.04 (3.9%) 109.2% 18.46 6.96 165.2%

Total comprehensive income 130.6 149.3 80.0 (12.5%) 63.3% 404.4 232.1 74.2%

Book value per share\*, RUB 126.6 115.3 103.9 9.8% 21.8% Ratios

Return on equity 20.5% 22.8% 11.8% 20.9% 9.4% Return on assets 2.1% 2.2% 1.1% 2.0% 0.8% Net interest margin 5.8% 5.6%

4.7% 5.6% 4.2% Cost of risk 2.1% 2.0% 2.8% 2.0% 2.6% Cost-to-income ratio 37.3% 38.5% 39.5% 37.5% 42.9% \* Total equity / total numbers of shares outstanding (ordinary + preferred). Unaudited

Net interest income reached RUB342.8 bn in 3Q 2016, up by 30.1% from the year-ago period:

\* Interest income (up 2.9% to RUB591.1 bn compared to 3Q 2015) growth was driven by growth in interest received on the interbank markets as well as growth of the retail loan portfolio;

\* Interest expenses including deposit insurance expenses decreased by 20.1% from 3Q 2015 to RUB248.3 bn. The cost of liabilities decreased by 10 basis points to 4.6% in 3Q 2016 relative to 2Q 2016, driven by corporate term deposits, cost of which came down by 40 basis points to 3.9%. The Group's 3Q 2016 net fee and commission income came at RUB88.6 bn, up by 8.2% from the year-ago period.

\* The fee and commission income grew by 13.1% to RUB112.2 bn from the year-ago period. Income from the banking cards operations increased by 10.2% in 3Q 2016 from 3Q 2015;

\* The fee and commission expense grew by 36.4% to RUB23.6 bn in part from expansion of banking cards business.

Net provision charge for loan impairment for 3Q 2016 totaled RUB101.7 bn compared to RUB130.1 bn for 3Q 2015. This translated into the cost of risk of 213 basis points for the quarter versus 279 basis points a year ago. \* The cost of risk for corporate loans amounted to 249 basis points in 3Q 2016;

\* The cost of risk for retail loans amounted to 112 basis points in 3Q 2016.

The Group's operating expenses for 3Q 2016 increased to RUB 163.0 bn, up by 12.1% from the same period a year ago. In 3Q 2016 Sberbank completed the exercise of indexation of salaries domestically.

### Selected Balance Sheet Results

RUB bn, unless stated otherwise 30/09/16 30/06/16 31/12/15 9M16/ 6M16,

% change 9M16/

12M15,

% change

Total net loans 17 781.3 17 946.9 18 727.8 (0.9%) (5.1%) Total gross loans 19 096.6 19 220.5 19 924.3 (0.6%) (4.2%) Corporate

loans 14 062.4 14 250.9 14 958.7 (1.3%) (6.0%) Retail loans 5 034.2 4 969.6 4 965.6 1.3% 1.4% Renegotiated loans 4 120.5 3 820.8 3 423.8 7.8% 20.3% Restructured loans 1 191.9 1 195.6 1 231.2 (0.3%) (3.2%) Securities portfolio 2 969.0 3 068.2 2 906.0 (3.2%) 2.2% Assets 25 531.6 25 794.0 27 334.7 (1.0%) (6.6%) Total customer deposits 18 609.9 18 787.3 19 798.3 (0.9%) (6.0%) Retail deposits 12 088.1 11 957.1 12 043.7 1.1% 0.4% Corporate deposits 6 521.8 6 830.2 7 754.6 (4.5%) (15.9%) Ratios  
 Net loans-to-deposits ratio 92.7% 92.6% 91.9% NPL ratio 4.9% 4.9% 5.0%  
 NPL coverage ratio 142% 134% 121%  
 Renegotiated-to-gross loans 21.6% 19.9% 17.2% Restructured-to-gross loans 6.2% 6.2% 6.2% Total provision coverage of total NPLs + restructured non-NPLs 73% 69% 64%

Total net loans decreased by 0.9% to RUB17.8 trn in 3Q 2016 as compared to 2Q 2016. The decrease of the corporate loan portfolio was in part influenced by revaluation of foreign currency denominated loans. The dynamics within the retail loan portfolio were influenced primarily by the increase in mortgages (up 2.3% during the quarter); consumer unsecured loan portfolio also demonstrated quarterly growth for the first time during the year.

Client deposits demonstrated a decrease of 0.9% in 3Q 2016 as compared to 2Q 2016 mainly driven by the outflow of corporate funds, down by 4.5% during the quarter, as a result of Ruble appreciation as well as the Bank's strong efforts to improve the cost of funding structure. The composition of client deposits remained merely unchanged during the quarter with the share of current accounts in total deposits at 25.3%.

Total NPL ratio remained unchanged at 4.9% in 3Q 2016 as compared to 2Q 2016, while the coverage level of the NPL portfolio by provisions improved to 142% in 3Q 2016 of total NPLs.

The share of renegotiated loan portfolio amounted to 21.6% of total loan portfolio in 3Q 2016 reaching RUB4.1 trn, while the level of restructured loan portfolio (a new parameter introduced in 3Q 2016) was 6.2% of total loan portfolio. The quarterly NPL ratio within the renegotiated loan portfolio decreased by 10 basis points to 8.2% from 8.3%, while the total provision coverage of total NPLs combined with restructured non-NPLs reached 73% in 3Q 2016, up from 69% in 2Q 2016.

#### Selected Equity Position Results

Under Basel I

RUB bn, unless stated otherwise 30/09/16 30/06/16 31/12/15 9M16/ 6M16,

% change 9M16/

12M15,

% change

Total Tier 1 capital 2 585.0 2 448.3 2 226.7 5.6% 16.1% Total capital 3 444.4 3 315.6 3 151.2 3.9% 9.3% Risk-weighted assets

23 162.2 23 502.3 24 995.5 (1.4%) (7.3%) Equity 2 733.0 2 604.3 2 375.0 4.9% 15.1% Ratios

Core capital adequacy ratio 11.2% 10.4% 8.9% Total capital adequacy ratio 14.9% 14.1% 12.6%

The Group's total capital increased by 3.9% to RUB3.4 trn in 3Q 2016 relative to 2Q 2016 primarily as a result of retained net profit.

The Group's risk-weighted assets decreased by 1.4% in 3Q 2016 from 2Q 2016 to RUB23.2 trn, driven by loan portfolio decrease and sale of assets. The total capital adequacy ratio (Basel I) increased by 80 basis points to 14.9% during 3Q 2016. The core capital adequacy ratio increased by 80 basis points to 11.2% during 3Q 2016.

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