

CIB UNIT

OPERATIONS WITH LARGEST CUSTOMERS¹

The target business model of the CIB Unit was developed in 2015. We changed the criteria for placing customers in segments: the criterion for the annual revenue of holding companies was increased from RUB 15 billion to RUB 30 billion. Because of these changes, a portion of CIB Unit customers are being transferred to the Corporate Business Unit.

The new system of interaction with customers depends on the potential for product sales volumes and revenue. Our customer service teams are continuing to do their work. We started sales campaigns for nine products: payroll projects, trade funding and documentary operations, foreign trade, conversion operations, acquiring, cash collection services, transactions through correspondent accounts, liabilities, and MB&A products.

We introduced the position of CIB operational manager as a single point of contact between customers and banks on all operational matters. We also changed the procedures for handling customer requests; now all requests are handled in a single centre.

Together with the Association of Regional Banks of Russia, the Sberbank CIB syndicated lending team developed standard documentation on syndicated lending in Russian law and presented it to the banking community. Under the current economic circumstances, syndicated lending helps make large restructuring projects a reality, including with the involvement of state guarantees, and also the performance of long-term financing for investment projects in conjunction with other banks.

In 2015, we introduced new products that are enjoying immense popularity among customers, including TKey+, domestic letters of credit with advance payment, and others. We launched the area of nonferrous metals in commodity operations and completed a number of transactions with zinc, copper, nickel, and aluminium.

We created infrastructure for lending in yuan and signed a trade funding cooperation agreement with leading Chinese banks in an amount of more than RUB 274,320 million.

Despite the difficult macroeconomic conditions, the CIB customer satisfaction rate grew by 1 point compared to the previous year to reach 78.5 according to the results of an independent study.

78.5 point

CIB CUSTOMER SATISFACTION RATE

¹ Sberbank classifies customers with annual revenues of over RUB 15 billion in the segment of major customers.

One of our technological innovations is the launching of a broker platform on iPad and an options trading system on the ORC platform by the Department of Global Markets. We also completed the automation of all the requirements of the European Market Infrastructure Regulation (EMIR), which gives us access to the European derivatives market.

The Department of Trade Finance and Correspondent Banking Relations commenced pilot operations of Sberbank FinLine, a remote banking system for financial institutions. Eleven financial institutions took part in the pilot. The system offers account and settlement document management services online with SWIFT support.

OPERATIONS ON GLOBAL MARKETS

The main achievements regarding trade transactions on the currency market in 2015 are related to the implementation of large-scale conversion transactions with corporate customers in the amount of more than USD1 billion without influencing the exchange rate, the launching of a new product (forwards with an open date), the optimisation of transactions conducted through the Visa payment system, and the pilot of the Sberbank Markets e-trading platform.

We also developed transactions with currency and interest derivatives and dynamic management for counterparty credit risks. We successfully launched the following new products: loans with an embedded quanto swap, transaction participation guarantees, and margin deposits.

Sberbank was active on the money market. The main market trend in 2015 was the decrease of credit institution indebtedness in roubles and US dollars to monetary policy bodies. Refinancing was made possible due primarily to the growth of banks' short-term currency liabilities. Taking this into consideration, we increased our reverse repo portfolio from USD1.5 billion to USD3 billion. Furthermore, new products were introduced that enable:

- ✓ the placement of US dollars and euros through repo transactions on the Moscow Stock Exchange both on the interdealer market and through a central counterparty;
- ✓ noncollateral securities lending that helps Sberbank raise additional liquidity;
- ✓ repo transactions with a floating rate.

As concerns trade transactions on the commodity markets, a number of landmark transactions for the bank were made, including the world's largest transaction on hedging precious metals, the first transaction for physical prepayment for oil, and Sberbank's first hedging transactions in zinc, copper, nickel, and aluminium.

We are developing the area of debt instrument trading by working with customers to identify competing interests in securities and through correct market positioning when the spread tightens and revenue falls. The most important events of 2015 were:

- ✓ A large-scale transaction for the acquisition of Federal Loan Bonds with a floating coupon as part of a banking syndicate
- ✓ A new product—exchange-traded bonds with a floating nominal, where Sberbank was one of the underwriters of the first issue of Federal Loan Bonds with a nominal tied to inflation
- ✓ The first transaction for the acquisition of a loan note for a loan on Sberbank (Switzerland) AG's balance sheet
- ✓ Registration of the Sberbank Structural Exchange-Traded Bonds Programme under Russian legislation by the Moscow Stock Exchange: 34 series of bonds with a total nominal value of RUB 50 billion

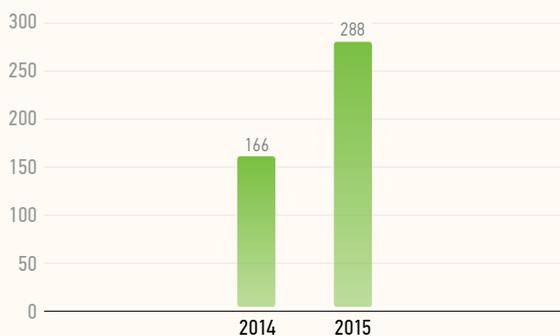
Market conditions under external constraints did not allow much momentum to be gained in the turnover of shares and share derivatives. Under these conditions, we developed a technological platform for trading share derivatives; an ORC system was launched that automates derivative sales strategies, decreases transaction expenses, and increases order execution speed. The Bank also completed its integration with the Turkish broker Deniz Yatirim (a subsidiary of DenizBank), which expanded the product line and turned Sberbank into a broker with interests outside of Russia.

The Bank is successfully developing its business in capital markets. In 2015, according to data from Cbonds, Sberbank CIB was the market leader in the organisation of rouble bond placements. We also started operations in a new segment of international DCM, receivables management. In addition, we returned to the Eurobond placement market, successfully placed our first issue of Federal Loan Bonds with a nominal value indexed to inflation, closed our first transaction for a "rights issue," and received our first international mandate on the ECM market.

TRADE FINANCE

The area of trade finance continues to develop successfully. In 2015, the amount of transactions settled by Sberbank Group related to trade finance and documentary business came to over USD29 billion, including over USD18 billion for Sberbank.

| THE AMOUNT OF TRANSACTIONS INVOLVING DOMESTIC LETTERS OF CREDIT REACHED, RUB billion



73%

**INCREASE IN
TRANSACTIONS
INVOLVING DOMESTIC
LETTERS OF CREDIT**

The amount of transactions involving domestic letters of credit reached the record figure of RUB 288 billion in 2015, 73% more than the figure for the previous year.

In 2015, we came out with a new product for the support of Russian business called “Domestic “Uncovered” Letters of Credit with Advance Payment.” In regard to this product, Sberbank is a source of trade transaction funding and provides the possibility for a trader/contractor to receive payment before the end of the delay specified by the agreement and the letter of credit terms and conditions. This product is available to Russian companies that buy or supply goods/services in Russia.

The continued improvement of relations between Russia and China is opening up the door to new large-scale opportunities related to trade finance. Sberbank signed a number of agreements with leading Chinese financial institutions with limits for an overall amount of more than CNY 12 billion. Cooperation with Chinese banks is being carried out for the entire Sberbank trade finance product line. Our new product—post-financing of letters of credit in yuan—has gained momentum. We issued about 150 letters of credit in CNY to customers from many different regions of Russia.

150 letters of credit in CNY

**WE ISSUED ABOUT 150 LETTERS OF CREDIT IN CNY
TO CUSTOMERS FROM MANY DIFFERENT REGIONS OF RUSSIA**

In support of growing demand from Russian exporters of capital goods, we have built one of the biggest transaction portfolios with insurance coverage from the Russian Agency for Export Credit and Investment Insurance (EXIAR) that as of 1 January, 2016, exceeded RUB 24 billion.

Active cooperation with a number of export credit agencies (ECA) from the West, Eastern Europe, China, and other countries continues. We are negotiating on the expansion of a line of both long-term and short-term products with ECA support to provide maximum support for our customers' transactions with foreign exporters. In June 2015, we signed a Memorandum of Understanding with the Italian Export credit agency SACE.

Another important business area that was actively developed in 2015 was Commodity Trade Finance (CTF), which Sberbank is developing on the platform of its subsidiary bank in Switzerland. This product line is primarily meant for trading companies operating in the oil, coal, metals, grain, etc., trade on the international market. The customers of Sberbank's subsidiary bank in Switzerland are already major world traders and leaders of Russian exports in these fields.

The amount of completed transactions in CTF, which mostly provides support for Russian exports, was over USD480 million, enabling us to increase our portfolio for this line of business by more than 3.5 times.

Leading international financial publications, such as Global Finance and Trade & Forfaiting Review, named Sberbank as the best bank for trade finance in Russia and the CIS

Sberbank's activities in trade finance and the documentary and settlement business both in Russia and the international market have traditionally been highly regarded. In 2015, leading international financial publications, such as Global Finance and Trade & Forfaiting Review, named Sberbank as the best bank for trade finance in Russia and the CIS. Also, according to a study from the RAEX rating agency, we are the settlements market leader in domestic letters of credit.