

## Private customer lending

Retail loans account for over 23% of our loan portfolio. The negative trend of retail lending contraction observed in the first quarter of the reporting year was overcome in the summer. As a result, private customers received loans totalling over RUB 1.2 trillion throughout the year.

# 23%

Retail loans account for over 23% of our loan portfolio.

The retail loan portfolio increased by 1.6% and reached RUB 4.135 billion. Mortgages continued to grow as of the end of the year, while consumer lending slowed down. Sberbank's share in the retail lending market increased by 2.8 p.p. to 38.7%.

### Private customer loan portfolio structure

Indicators	As of 1 January, 2015, RUB, million	Share (%)	As of 1 January, 2016, RUB, million	Share (%)
Mortgage loans	1,918,240	47.1	2,174,833	52.9
Consumer loans, including credit cards	2,088,949	51.3	1,929,773	46.9
Car loans	62,748	1.6	30,165	0.7
<b>Total retail loans before provisions for possible losses</b>	<b>4,069,937</b>	<b>100.0</b>	<b>4,134,771</b>	<b>100.0</b>

### Sberbank's share in the retail lending market

Indicators	As of 1 January, 2015, %	As of 1 January, 2016, %
Retail lending market	35.9	38.7
Mortgage loans market	52.9	55.0
Credit card market	29.9	33.0
Consumer lending market	32.6	33.0
Car loan market	15.1	14.3

Mortgages remained a priority product for Sberbank. Our mortgage loan portfolio increased by 13.4% during the year. Sberbank's share in the total mortgage lending market increased by 2.1 p.p. and made 55.0%.

# 55.0%

Sberbank's share in the total mortgage lending market.

# 101,000 young families

made use of such loans for an overall total of RUB 153 billion in 2015

In 2015, Sberbank participated in the State-Supported Mortgage programme, which covers housing facilities that are ready or in the process of construction to join the market for new homes. From March 2015, 109,000 loans for a total amount of RUB 187 billion have been provided. In addition, in the spring, a promotional event called Buying Finished Residential Property was held (0.3 p.p. discount, initial payment of 15% or more, lending period up to 8 years), lending for Rural Real Estate and Building a New House was resumed, and Nontarget Lending Secured

by Real Estate was launched.

To support the borrowers of Sberbank who have mortgage loans in foreign currency, the Bank suggested individual loan conversion rates and interest rate in roubles after changing the terms of foreign currency loan.

The following Special Offer for Young Families was also utilised during the year: 0.5 p.p. discount to the base interest rate and no markups to the interest rate for the period until mortgage is registered. During the year, 101 thousand young families made use of such loans for an overall total of RUB 153 billion.

In July and August, interest rates were reduced accordingly by 1.0 p.p. and 0.5 p.p. for all mortgage products, excluding the Military Mortgage, Publicly Supported Mortgage, and Nontargeted Loan Secured by Real Estate. After they were decreased, the interest rate range came out to be 11.4%—14.5% per annum for base mortgage products.

In 2015, Sberbank issued 11,000 loans under the Military Mortgage for a total amount of RUB 20 billion; the share of Sberbank in all loans issued came out to 34%, and 3% of the total amount of home loans issued by Sberbank.

At the end of the year, a promotional event called “Single Rate” was held to support sales of the Buying Completed Residential Property product. This offer included a fixed interest rate for each category of customers, regardless of the amount of the first payment, loan period, or mortgage registration period. The interest rate for customers receiving their salary on Sberbank cards was 13.45% per annum, and 13.95% for other customers subject to the application of a special condition called “Protected Loan.” The decrease for certain groups of customers on promotional terms totalled 0.3 p.p.—0.55 p.p.

The development of partnership channels plays a big role in in the development of mortgage, which is vertically built into the Company and comprises several lines of business: selling mortgage products of the Bank in the territory of partner developers and real estate agencies; supporting customers with approved mortgage decisions until the loan is issued in special Mortgage Lending Centres; online services for mortgage customers and partners of the Bank.

Partners file mortgage applications and approve customers’ real estate purchases through the specially designed B2B web system Partner Online. This system cuts loan application processing time from 5 to 2 days. The share of applications filed by partners in the total number of mortgage applications in Sberbank increased from 15% to 43% over the year. Over 24,000 partner developer companies and real estate agencies are active users of Partner Online.

The Bank has also launched a pilot project in Moscow and Novosibirsk to provide customers with a remote Borrower’s Personal Account, where the customer can control their mortgage transactions and exchange information with partners and their Sberbank manager. Another pilot project was launched in Moscow and Novosibirsk for the online electronic registration of mortgage transactions. Now, it is possible to send out documents for registration in the mortgage lending centre of Sberbank without having to visit the Federal Service for State Registration, Cadastre, and Cartography (Rosreestr).

In 2015, like in 2014, we focused on maintaining loan portfolio quality and working with only high-quality borrowers. Over the year the consumer loan and credit card portfolio decreased by 7.6%.

33.2%

Sberbank’s share in the consumer loans market

Sberbank’s share in the consumer loans market increased from 32.6% to 33.2%. We resumed acceptance of applications for the issuance of Consumer Loans for Personal Smallholding Needs. To stimulate demand, Sberbank decreased interest rates for newly accepted applications for Unsecured Consumer Loans, Consumer Loans Under Personal Surety, and Consumer Loans for for certain number of products.

In October, a new procedure for issuing Trust Loans for Individual Bank Borrowers with Effective Loan Agreements was introduced in all Russian regions. This procedure involves an increase in the number of a customer’s refinanced loans to five, automatic verification of past-due debt on existing loans, and repayment of existing loans when a new product is issued.

Credit cards remain one of the most important elements in our line of products that is successfully used for cross sales to existing customers.

33.4%

Sberbank’s share in the credit card market

Over the year, Sberbank increased credit card portfolio from RUB 410 billion to 441 billion and strengthened its leading position in the Russian market: its share in the credit card market grew from 29.9% to 33.4%. The amount of active credit cards reached 15.6 million.

In 2015, we increased interest rates on debt under newly-issued credit cards as a response to the market situation. The fee for cash withdrawal from credit cards was also increased.

In April, we implemented a temporary procedure for reducing credit limits on existing credit cards. The procedure affected customers who missed payment deadlines. New limits are being calculated on the basis of a scoring model.

Sberbank is now issuing credit cards without PIN envelopes: the customer sets the PIN code for their own card upon receipt. Starting in September clients gained the ability to order a credit card with an approved limit at 50 ATMs where the Sirius platform had been installed; Classic cards can be picked up at the nearest office at once, and premium Gold cards after several days.

In 2015, Cetelem bank retained the first place for loans issued in the car lending segment and first place in the Group by car lending portfolio size. Despite a 35.7% reduction in the new car sales market in Russia, Cetelem Bank's lending portfolio remained unchanged from the previous year at RUB 80 billion. Cetelem Bank continued its cooperation with 23 different automobile brands and concluded a number of additional agreements to strengthen cooperation even further.

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