



SUBSIDIARY BANK RESULTS

In 2015, Sberbank Group continued to integrate acquired assets. Sberbank intends to synchronise the processes and technologies of its subsidiary banks, develop the best practices and business synergy, and streamline the business model with the shift to Digital Banking. A number of measures was taken to develop a unified corporate culture of the Group.

In the reporting year, main efforts were focused on maintenance of the effective work of Sberbank Group abroad despite geopolitical tensions and internal economic problems in certain countries of operation.

DENIZBANK (TURKEY)

DenizBank A.Ş. is Turkey's fifth largest private bank by the size of consolidated assets. It has branches in 81 Turkish regions; the branch network comprises 735 branches. DenizBank Financial Group included seven local and three international financial subsidiaries, five nonfinancial local subsidiaries, and one branch in Bahrain.

5 international business units focusing on servicing Turkish customers actively operate in regional and subsidiary banks of Sberbank. The bank continues to develop and introduce new mortgage products in Turkey for Sberbank customers. Sberbank and DenizBank A.Ş. pursue a joint-communication campaign both in Russia and in Turkey; special advertising web pages on Sberbank and DenizBank A.Ş websites are opened; the loyalty programme is being implemented. Denizbank elaborated and implemented methodologies to manage material risks in accordance with the Sberbank Group approaches. Active implementation of events to enhance the level of risk culture in DenizBank A.Ş is worth noting.

In 2015, according to the EFMA Accenture 2015 Innovation Awards, DenizBank was named Global Innovator of the Year.

SBERBANK EUROPE AG

The universal subsidiary banks Sberbank Europe AG, Austria (SBE) operate in the Czech Republic, Slovakia, Hungary, Croatia, Serbia, Slovenia, Bosnia and Herzegovina, in the Republika Srpska within Bosnia and Herzegovina, and Ukraine. A full-fledged corporate bank operates on the base of the Vienna headquarters with a 2015 loan portfolio of EUR 2.5 billion.

The SBE Group branch network has over 280 branches. SBE Group serves about 715 legal entities and individuals.

For dynamic integration of SBE with Sberbank Group, the bank is implementing a common Group liquidity management model, monitoring operations and handling bad assets, and introducing a new lending process for corporate customers in accordance with Sberbank's standards.

December 17, 2015, the Sberbank Europe AG management announced the plan to sell its subsidiary bank Sberbank Slovensko a.s. situated in Slovakia. The decision to sell Sberbank Slovensko a.s. was based on the strategic vision of the presence of Sberbank Europe AG in the global market. The deal will be closed following the consultations with the Antimonopoly Service of the Slovak Republic and the European Central Bank and is planned within the first half of 2016.

The key quality achievements of Sberbank Europe in 2015:

- ✓ Sberbank Direkt, a German branch, won the first place in the 2015 FMH Zins-Award competition, one of Germany's most important awards in the direct banking sector. In late 2015, the deposits raised by the branch totalled EUR ~1.7 billion, and the number of customers was over 50,000.
- ✓ The first module of the Unified Front-End System of Sberbank Europe, the Mobile Bank, has been developed and launched for trial operation in Croatia and the Czech Republic. The next system channel, the Online bank, is planned to be rolled out in early 2016. The Unified Front-End System will offer European customers a new level of service quality and innovative services and will enable Sberbank Europe to promptly respond to market needs when expanding sales channels and interacting with customers.
- ✓ The work to set up an International Processing Centre to service Sberbank's subsidiary banks includes efforts to ensure distribution of this solution across a range of countries where SBE Group is present.

BPS-SBERBANK OJSC (BELARUS)

In 2015, BPS-Sberbank steadily ranks third in the national financial market by retail assets, loans and deposits. The customer base is over 31,400 legal entities and 1.6 million individuals. Available to customers are 99 points of sale across the Republic of Belarus. Cross-border business transactions of Sberbank Group with corporate customers from Belarus was equivalent to USD 2.5 billion in early 2016. billion

One of the key events in Belarus was the set up of the International Processing Centre in Belarus by Sberbank Group, which made its first transactions in early 2016.

The first Non-Banking Credit and Finance Institution in Belarus, INCASS.EXPERT, a subsidiary of the Bank in the field of cash collection services, was created.

Key strategic projects implemented in 2015:

- ✓ a large-scale project for comprehensive restructuring of the Bank's Contact Centres, which has transformed customer communications;
- ✓ introduction of an SAP-based business operations management system;
- ✓ development of CRM technology;
- ✓ introduction of IBM FileNet;
- ✓ Introduction of the centralised cash forecast and management system
- ✓ introduction of the MasterCard MoneySend transfer service;
- ✓ issue of American Express cards.

Awards received in 2015:

- ✓ a Visa diploma for Leadership in Issue of Visa PayWave contactless cards in Belarus;
- ✓ Best Solution for Customer Services in Oracle Contact Centres in 2015 awarded by Oracle, a top global vendor;
- ✓ For Excellence in International Settlements during the last 6 years from Commerzbank AG STP Award Excellent Quality;
- ✓ The Best Partner Bank in Trade Finance for the second year in a row by Trade Award Commerzbank AG;
- ✓ For the Widest Regional Outreach in Financing Small and Medium-Sized Businesses, Belarus Bank of Development.

SUBSIDIARY BANK SBERBANK JSC (KAZAKHSTAN)

The bank has 117 business units country-wide, including 16 branches. The client base includes 50,000 legal entities and over 1 million retail clients. The self-service terminal network includes 6,7 thousand ATMs, self-service machines and POS terminals. The loan portfolio (gross) increased 8.6% in 2015. Customer deposits increased by 37.6% in the reporting period.

In 2016, the Bank set out to implement the following strategic projects:

- ✓ IT process automation based on HPSM;
- ✓ New Credit Process automation;
- ✓ setup of the S-network information system;
- ✓ centralisation, development and maintenance of the IT landscape;
- ✓ centralisation of trust loan refinancing;
- ✓ a group lending process.

In 2015, the Bank rolled out gold bar sales, a new retail product in the Kazakhstan market.

The bank was recognised as the Best Funding Bank under Business Road Map 2020, won the Best Guarantee Product award and was a leader in the Guaranteed Success campaign hosted by Damu Business Development Fund.

The Sberbank Online app was recognised the best mobile app in Kazakhstan in the Design and Usability category at the fourth International MobiEvent'15 Conference.

SBERBANK PJSC (UKRAINE)

The first half of 2015 saw a sharp decline in GDP, industrial production, devaluation of the national currency from UAH 15.8 to 23.5 per 1 USD, inflation rate exceeding 50%. In the second half of the year, there was a trend to reduce the economic slowdown, stabilise the national currency, and reduce the inflation rate.

Main tasks of the Bank in 2015 were: maintaining financial stability and compliance with the National Bank's standards and ensuring prompt performance of obligations to customers, both individuals and legal entities, through its existing branch network. The number of individual customers exceeded 1 million—a benchmark event for the bank. The number of corporate customers increased by 5,400 to reach 33,300. Throughout 2015, the Bank continued to maintain a substantial liquidity cushion in national currency in excess of 100% of its liabilities on current accounts.

In December 2015, National Bank of Ukraine approved the Bank Capitalisation Plan for 2015–2018. As part of the Plan, in December, the share capital of the Bank was increased by UHA 4,780 million by conversion of subordinated loan to the capital.