

Foreign subsidiary banks

SB Sberbank JSC

Kazakhstan

Economic conditions in 2017

For the economy of Kazakhstan, 2017 was a period of active recovery of a trend in economic growth after the stagnation of 2015–2016. Favorable external factors (price increase and demand for commodities exported by Kazakhstan), the low base effect, and government incentives made it possible to stabilize and substantially improve the country's macroeconomic situation.

Key indicators (Management report)

	2016	2017
Assets, RUB bln	301	303
Capital, RUB bln	27	29
ROE	4.8%	9.2%
ROA	0.5%	0.9%
CIR	33.2%	32.3%
Number of personnel, thousands	3.5	3.7

Market position

- fourth place by assets, with a 7.2% market share (6,5% in 2016)
- leader in participation in government programs for business support
- Sberbank Online took first place in the rating of mobile apps of Kazakhstan banks by usability according to the Russian user interface assessment company UsabilityLab

SB Sberbank JSC has 88 sales points, including 16 regional branches. The active customer database includes 39 thousand legal entities and 975 thousand individual customers. SB Sberbank JSC network includes 1,422 self-service terminals.

Priorities of the Strategy for 2020

- priority development of retail and small and medium business segments
- leadership on the market by participation in government programs for small and medium enterprise
- migration to servicing private customers through digital channels

BPS-Sberbank OJSC

Republic of Belarus

Economic conditions in 2017

Over the course of 2017 the Belarusian economy was gradually recovering from a two-year recession. The improvement of external conditions and a balanced domestic economic policy created a positive trend of economic growth: the real GDP of Belarus grew by 2.4% over the year. Despite this, the banking sector developed at a fairly low pace, primarily due to the continuing financial instability of corporations.

Key indicators (Management report)

	2016	2017
Assets, RUB bln	110	108
Capital, RUB bln	14	16
ROE	0.5%	17.3%
ROA	0.1%	2.6%
CIR	50.6%	47.9%
Number of personnel, thousands	2.6	3.5

Market position

- third place in the banking market in terms of assets with a 6.6% share (7.8% in 2016)
- second place by volume of loans to the public, with a market share of 5%
- first place by assets among banks with foreign capital
- leader in the Republic among banks with foreign capital in terms of CIR

BPS-Sberbank OJSC has 59 branches and 851 self-service terminals, with 43 thousand legal entities and 653 thousand active individual customers

Priorities of the Strategy for 2020

- development of the business in priority segments – retail, small and microbusiness
- leadership in cross-border business
- further increase in operating efficiency
- leading positions on the market of the of digital technologies development
- growth in the share of sales through remote channels

Sberbank PJSC

Economic conditions in 2017

The Ukrainian economy showed moderate economic growth: over 2017 the real GDP of Ukraine increased by 2.2%, with inflation at 13.7%. A negative event for Sberbank PJSC (Ukraine), which had a material effect on its operations, was the application of personal special economic sanctions against the bank (Decree of the President of Ukraine No. 63/2017 dated March 15, 2017). At the same time, sanctions do not affect the interests of the bank's customers, but concern only the prohibition on taking capital outside of Ukraine.

Key indicators (Management report)

	2016	2017
Assets, RUB bln	108	87
Capital, RUB bln	8	11
ROE	-88.0%	3.5%
ROA	-5.7%	0.3%
CIR	43.6%	53.9%
Number of personnel, thousands	2.3	1.9

Market position

- Ninth in terms of assets with a 3,2% share (3,9% in 2016)

Over 2017 the number of corporate clients increased by 1.7 thousand, and was equal to 42 thousand as of January 1, 2018. The number of individual clients shrank by 179 thousand, to 889 thousand. Sberbank PJSC (Ukraine) has 121 branches and 252 self-service terminals.

Priorities of the Strategy for 2020

- a strategy has been adopted of withdrawing from the Ukrainian market

Ukraine

DenizBank A.S.

Economic conditions in 2017

Inflation in Turkey was 11.9% in 2017. Industrial production accelerated from 1.8% to 6.3%. Thus, the Turkish economy has quickly recovered after a period of unsteady growth in 2016 as a result of the attempted military coup. During 2017, the Turkish lira dropped 7% in value against the US dollar (with the exchange rate rising from TRL 3.52/USD to TRL 3.77/USD).

Key indicators (Management report)

	2016	2017
Assets, RUB bln	2.316	2,426
Capital, RUB bln	194	206
ROE	17.0%	15.4%
ROA	1.4%	1.3%
CIR	43.2%	40.8%
Number of personnel, thousands	14.8	14.1

Market position

- one of the five largest private Turkish banks by assets, with a market share of 5% (5% in 2016)
- eighth place by net loan portfolio, with a market share of 5%
- eighth place by the size of deposits, with a market share of 6%

The branch network consists of 740 branches serving more than 4.7 million active clients. There are subsidiary banks in Austria, Cyprus, and Russia, with branches in Germany, Austria and Bahrain.

Priorities of the Strategy for 2020

- focused development of high-margin segments: retail, SME, agricultural producers
- implementation of a unified servicing process across all channels.

Sberbank Europe AG

Central and
Eastern Europe**Economic conditions in 2017**

The economic situation in the countries of Central and Eastern Europe improved in 2017, largely due to a higher rate of growth in the Eurozone. According to estimates, the rate of Eurozone GDP growth in 2017 was 2.5%. The main drivers of growth were the low level of interest rates and higher domestic demand. Base inflation in 2017 reached 1%, which is only 0.1 percentage points more than the 2016 figure. Industrial production continued to grow, increasing to 3%, which is 1.5 percentage points higher than the 2016 figure.

Real GDP growth and inflation in 2017 for the European countries with the presence of the Bank:*

	Real GDP growth	Inflation
Austria	3.6%	2.2%
Germany	2.9%	1.6%
Czech Republic	5.2%	2.3%
Slovenia	6.2%	1.7%
Croatia	2.0%	1.2%
Hungary	4.9%	2.1%
Serbia	2.6%	3.0%
Bosnia and Herzegovina	2.9%	1.2%

* Source: <https://www.ceicdata.com>

Market position

The branch in Germany (Sberbank Direct), which specializes in bringing in deposits of individuals online:

- first place in the FMH Zins-Award – one of the most significant awards in direct banking in Germany
- receipt of a number of awards from authoritative companies, including the German Institute of Service Quality (DISQ)

Universal subsidiary banks of Sberbank Europe AG (SBE) operate in the Czech Republic, Hungary, Croatia, Serbia, Slovenia, and Bosnia and Herzegovina, while a branch of SBE operates in Germany. A full-fledged corporate bank operates from the central office in Vienna. The branch network of the SBE Group includes 190 outlets. The SBE Group serves more than 664 thousand clients.

Key indicators (Management report)

	2016	2017
Assets, RUB bln	811	866
Capital, RUB bln	98	104
ROE ¹	2.2%	-13.2% ¹
ROA ¹	0.2%	-1.6% ¹
CIR	66.2%	100.4%
Number of personnel, thousand	4.3	4.1

Priorities of the Strategy for 2020

- priority development of the subsidiary banks of Sberbank Europe AG in the retail and SME segments
- increase in the operating efficiency of the SBE Group.

¹ The loss of Sberbank Europe AG in 2017 is due to the financial effect of the sale of a subsidiary bank in Ukraine (VS Bank) and the cost of creating reserves for a loan of a large borrower - an international retailer.