



## SBERBANK CZ

PARTNER IN FINANCING OF  
FOREIGN TRADE

June 2017



### ▪ Sberbank CZ

- ✓ is present on Czech market from **1993** as a joint-stock company formally known as Volksbank with bank license issued by Czech National Bank on 1<sup>st</sup> January 1997. Volksbank CZ, a.s. changed its name to **Sberbank CZ, a.s.** in February 2013;
- ✓ is universal bank across segments Retail, SME, Public Sector, Large Corporates and Financial Institutions;
- ✓ is a member of financial group Sberbank, where Sberbank CZ, a.s. is the biggest bank within region of Central and Eastern Europe;
- ✓ is **the eight** biggest Czech Bank from assets perspective currently.

### ▪ About Sberbank Group

- ✓ Sberbank was established in **1841**, expanding internationally from 1996;
- ✓ belongs to the biggest and fastest growing banking groups globally;
- ✓ is present in **21 countries**, serves more than **145 billion retail** and **1.8 billion corporate customers** globally;
- ✓ Sberbank's market capitalization: **52,612 billion EUR** (Bloomberg.com, 1<sup>st</sup> June 2017).

Sberbank offers complex services to Corporate customers and Financial Institutions, like cash management (current accounts, high yield accounts, payment services, liquidity management, etc.), short and long term financing, Global Markets, Trade finance etc. The objective of Sberbank is to offer tailor made quality service to a wide spectrum of customers in segments of Corporate, SME, Public clients and Financial Institutions..

Sberbank services its corporate clients in the following European countries:

- ✓ Czech Republic
- ✓ Austria
- ✓ Switzerland
- ✓ Hungary
- ✓ Slovenia
- ✓ Croatia
- ✓ Bosnia and Herzegovina
- ✓ Serbia
- ✓ Turkey\*
- ✓ Belarus

Map of Sberbank presence in the CEE region:



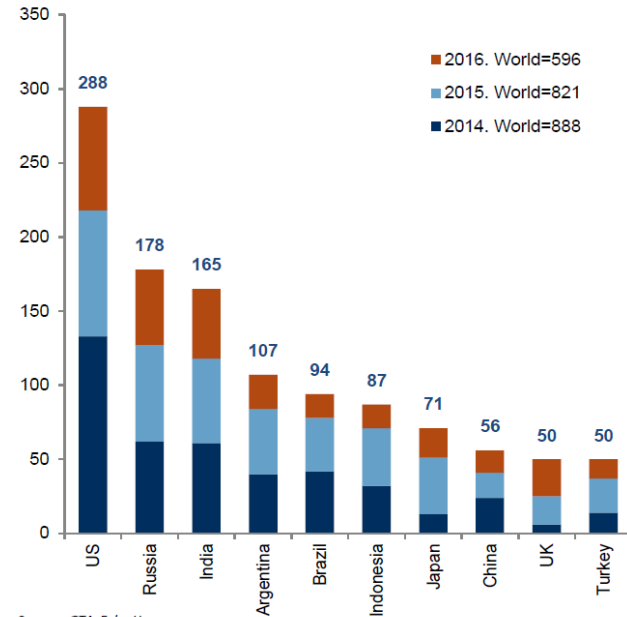
\* Under the name DenizBank AS





## PROTECTIONISM Barrier to foreign trade

- 2300 new barriers in the last 3 years
- World trade volume growth is at half of the pre-crisis level
- Growth of 3,3% expected in 2017 vs. 7,0% pre-crisis average



Sources: GTA, Euler Hermes

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## INSOLVENCIES 2017

<b>Strongly deteriorating</b> strictly more than +5%	Hong-Kong (+8%) Taiwan (+6%)	China (+10%) Poland (+10%)	Brazil (+13%)	Singapore (+12%) Chile (+12%) Morocco (+8%)
<b>Deteriorating</b> +1% to +5%	US (+5%) - UK (+5%) South Korea (+3%) Russia (+2%) Austria (+1%)		Switzerland (+1%)	Turkey (+4%)
<b>Stable or improving</b> -5% to 0%	Japan (0%) Germany (0%) Sweden (0%) Canada (-1%) Estonia (-3%) Greece (-3%) Netherlands (-5%) Slovakia (-5%) Romania (-5%) South Africa (-5%)	<b>World (0%)</b> New Zealand (-4%)		Luxembourg (0%) Norway (0%) Belgium (-2%) Australia (-2%) Spain (-5%) Lithuania (-5%)
<b>Strongly improving</b> strictly more than -5%	Latvia (-10%)	Finland (-7%) Bulgaria (-10%)		Italy (-6%) Czech Rep. (-6%) France (-7%) Ireland (-8%) Colombia (-10%) Denmark (-13%) Portugal (-16%) Hungary (-25%)
	<b>Very low level*</b>	<b>Low level**</b>	<b>High level***</b>	<b>Very high level****</b>
	*(strictly more than 10% below the 2003-2007 level)	**(between 0% and 10% below the 2003-2007 level)	***(between 1% and 10% above the 2003-2007 level)	****(strictly more than 10% above the 2003-2007 level)

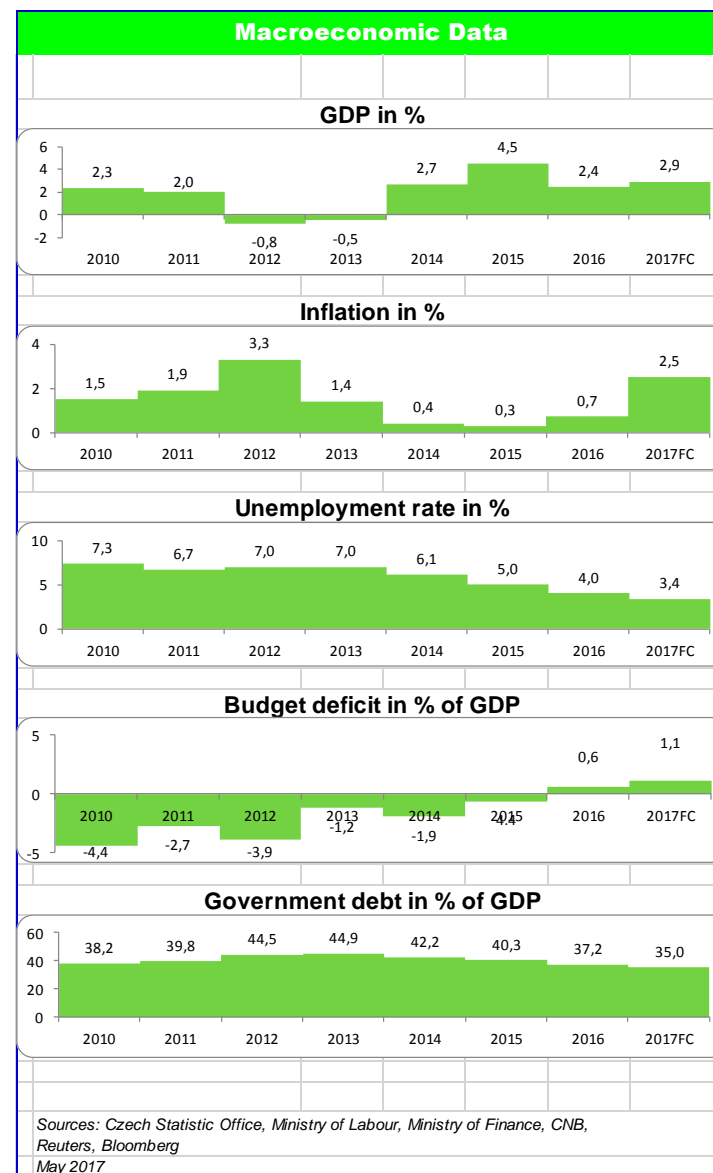
Figure in brackets is the change in Insolvencies in 2017 compared to 2016

Sources:  
National Statistical Offices, Euler Hermes

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Growing ECONOMY =  
increasing foreign trade activity

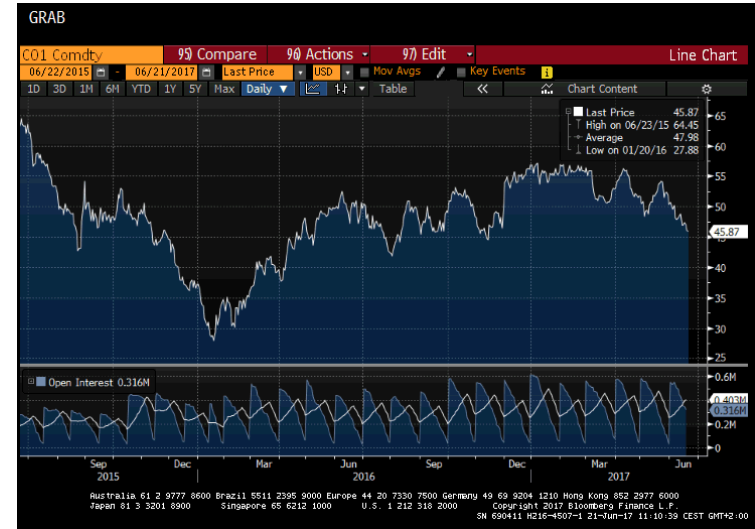
- All indicators of Czech economy signaling positive development
- Economic growth is driven by exports and domestic consumption
- Recently exited Central bank currency interventions (CZK devaluation) had positive impact on export activity
- Key growth driver is low interest rates and Czech currency liquidity



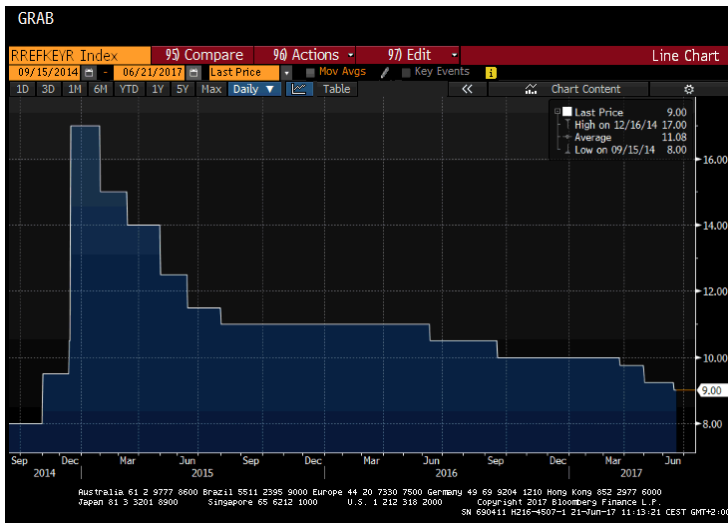


- Russia is one of the most attractive export markets for Czech exporters
- Main drivers of Russian economy– price of crude oil, RUB Exchange rate, interest rate, country risk, sanctions
- Positive development in main indicators since 2015
- Signs of trade activity increasing between Russia and Czech republic

## Crude oil price development



## Central bank reference rate



## USDRUB Exchange rate



Risks  
in foreign  
trade

## RISK



## INSTRUMENT

### 1. Commercial

<ul style="list-style-type: none"> <li>• Payment risk, buyers insolvency</li> <li>• Quality issues and its evidencing</li> <li>• Goods damage during transportation</li> </ul>	<ul style="list-style-type: none"> <li>• Security instrument – bank guarantee, Stand-by Letter of Credit</li> <li>• Payment and security instrument – Letter of Credit, forfaiting, advance payments, insurance</li> <li>• exact specification of requested quality in contract, use of services of inspection company</li> <li>• The appropriate type of transport, liability and insurance of the transporter, choice of appropriate terms of delivery</li> </ul>
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### 2. Political and economic risks

Economic and political instability	Confirmation of the letter of credit, insurance, knowledge of the local environment, cooperation with embassies and the Ministry of foreign affairs
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### 3. Other risks

Legal	What law will apply
Currency (exchange rate)	Exchange rate peg to world currencies, foreign exchange trades

### Factors influencing availability of export and trade finance

- **Geo-political** situation
- **Legal** and **regulatory** aspects
- **Compliance** issues – increasing number of declined deals
- **Cost efficiency** for smaller transactions
- **Local currency** funding requirement
- **Uneven playing field** for ECAs governed by OECD consensus vs other ECAs
- „**New markets**“ – Cuba, Iran, Africa

HOW WE  
SUPPORT  
EXPORT AND  
TRADE



**Richard Paulík**

Head of Division Corporate Banking and Structured Finance

T: +420 234 706 969

M: +420 605 200 682

E: [paulik.richard@sberbankcz.cz](mailto:paulik.richard@sberbankcz.cz)