



— ANNUAL REPORT  
2018



# ABOUT THIS REPORT

## Approach to the Report

This Annual Report of Sberbank of Russia<sup>1</sup> for 2018 (the “Report”) includes the performance results of Sberbank and its subsidiaries<sup>2</sup> for the reporting period from January 1, 2018, to December 31, 2018.

### The Report has been prepared in accordance with the legislation of the Russian Federation, including:

- ◆ Federal Law No. 39-FZ “On the Securities Market” dated April 22, 1996;
- ◆ Federal Law No. 208-FZ “On Joint Stock Companies” dated December 26, 1995;
- ◆ Bank of Russia Regulation No. 660-P “On General Meetings of Shareholders” dated 16 November 16, 2018; Bank of Russia
- ◆ Regulation No. 454-P “On Information Disclosures by Issuers of Issue-Grade Securities” dated December 30, 2014;
- ◆ Code of Corporate Governance of the Bank of Russia, recommended for use by joint stock companies by Bank of Russia Letter No. 06-52/2463 dated April 10, 2014.

### In addition, the contents of the Report comply with the following documents:

- ◆ Requirements of the Moscow Stock Exchange on the preparation of annual reports by joint stock companies;
- ◆ Provisions of ISO 26000 Standard;
- ◆ Sustainable Development Goals adopted by the UN General Assembly in 2015, where relevant to the Bank’s activity;
- ◆ Standards and requirements of legislation on the international capital markets, including the disclosure requirements of the UK financial regulator and the Listing Rules of the London Stock Exchange.

This report has been prepared in accordance with the Core option of the Global Reporting Initiative Standards (GRI). This is another step to increasing the Bank’s information transparency, and also to developing the practice of corporate social responsibility in the Group.

In addition, the Report reflects the contribution that Sberbank has made to achieving the Sustainable Development Goals adopted by the United Nations in 2015 in the document “Transforming Our World: The 2030 Agenda for Sustainable Development”.

## Boundaries of the Report

The financial data are presented in the Report in accordance with the IFRS consolidated financial statements, unless otherwise specified in the text of the Report.

Information on sustainable development is consolidated by the major participants of the Group, which have a significant impact on their regions of presence, and Sberbank Corporate University.

Operational data are presented for PJSC Sberbank unless otherwise specified in the text of the Report.

### The term “Group” as used in the sections “People: Nurturing New Skills in Effective Teams” and “Impact on Society” includes Sberbank Corporate University and the following:

#### SBERBANK

##### SUBSIDIARY BANKS

Cetelem Bank LLC

DenizBank A.Ş.

BPS-Sberbank OJSC (Belarus)

SB AO Sberbank (Kazakhstan)

Sberbank Europe AG

Sberbank (Switzerland) AG

JSC Sberbank (Ukraine)

##### SUBSIDIARY COMPANIES

ActiveBusinessCollection LLC

Delovaya Sreda LLC

DocDoc LLC

Sberbank Private Pension Fund JSC

PS Yandex.Money LLC

Sberbank-Automated Trading System CJSC

Sberbank Leasing JSC

Sberbank-Service LLC

Sberbank Life Insurance LLC

Sberbank-Telecom LLC

Sberbank-Technologies JSC

Sovremenniytekhologii LLC

Information on the subsidiary banks/companies (listed in the table above) that are the parent organizations of a group of companies is presented at the group level.

When disclosing information with reporting boundaries that differ from the above, information will be given in the description of the indicator.

## Approval of the Report

This Report received preliminary approval by the Supervisory Board of Sberbank (Minutes No. 11 of April 16, 2019).

The reliability of the data in the Report was confirmed by the Audit Committee of Sberbank.

The Report was approved by the Annual General Shareholder Meeting of Sberbank as of May 24, 2019 (Minutes No. 32 as of May 29, 2019).

<sup>1</sup> Public Joint Stock Company Sberbank of Russia, hereinafter Sberbank or the Bank.

<sup>2</sup> Sberbank and its subsidiaries, hereinafter together the Group or the Sberbank Group.



# ABOUT THIS REPORT

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## Disclaimer

This annual report is prepared by Sberbank and does not represent — in full or in part — an offer for sale or issue, an invitation to submit offers for sale or issue, or a recommendation regarding the purchase, subscription, guarantee of placement, or other acquisition of any shares of Sberbank or any member of Sberbank Group, or any securities representing such shares, or any other securities of said entities and shall not be interpreted as such; neither this report, any part thereof, nor the fact of its presentation or distribution shall give the grounds for any contract, obligation, or investment decision and shall not be relied upon in connection with any contract, obligation, or investment decision.

The information provided in this report or expressed in the oral communications of Sberbank management may contain forward-looking statements. Forward-looking statements can be made in respect to any facts, excluding facts attributed to prior periods, and include statements regarding the intentions, beliefs, and current expectations of Sberbank in relation to, among other things, the results of its activities, financial position, liquidity, prospects, growth, targets, strategy, and the industry, in which Sberbank conducts its activities. By their nature, forward-looking statements involve risks and uncertainties as they relate to events and depend on circumstances that may either occur or not occur in the future. Sberbank cautions readers of this report that forward-looking statements are not a guarantee of future performance, and the actual

results of the Bank's activities, its financial position, liquidity, and developments in the industry, in which Sberbank conducts its activities, may differ significantly from those expressly stated or implied in such forward-looking statements provided in this report or expressed in the oral statements of Sberbank management. In addition, even if the actual results of the activities, financial position, liquidity, and events in the industry, in which Sberbank conducts its activities, correspond to the forward-looking statements provided in this report or expressed in oral statements, these results or events cannot be viewed as an indicator of future performance and events.

The information and opinions included in this report or expressed in the oral statements of Sberbank management are provided as of the date of this report and may be modified without notice.



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SECTIONS



# PORTRAIT OF THE GROUP

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07	Key financial highlights
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09	Sustainable business model
10	Stakeholder engagement
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12	Investment appeal
13	Development prospects. Sberbank financial targets 2020

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The Sberbank Group is the largest financial institution in Russia and Central and Eastern Europe. Russia is the core market and accounts for 87% of the Group's assets.

**22**  
COUNTRIES

**102.9 MLN**  
ACTIVE CLIENTS

**293.8 K**  
EMPLOYEES

# MORE THAN A BANK

Sberbank in Russia

**92.8 MLN**  
ACTIVE RETAIL CLIENTS

**2.27 MLN**  
ACTIVE CORPORATE CLIENTS

The current **Strategy 2020** focuses on the development of an ecosystem of financial and non-financial services, technological leadership and nurturing new skills in effective teams

The ability to analyze client data and striving to understand our clients' ultimate needs that go beyond the scope of banking operations, allows us to promptly offer relevant financial and non-financial services in a convenient format. Our goal is to enhance life quality of our clients and prevent them from wasting one of the most valuable resources — time.

Technological transformation is crucial for building a data-driven company and development of innovative skills of employees is the key driver of our success.

# SBERBANK TODAY

Offline  
**14,186**  
BRANCHES

**54.1 mln**  
VISITORS OF THE BRANCHES PER MONTH

Online

**64.7 mln**  
SBERBANK ONLINE AND TEXT BANK ACTIVE USERS

**58.6 mln**  
UNIQUE MONTHLY ACTIVE USERS OF SBERBANK ONLINE, MAU

**37%**  
SALES THROUGH THE BANK'S DIGITAL CHANNELS

**1.75 mln**  
ACTIVE USERS OF SBERBANK BUSINESS ONLINE

**> 300 K**  
CORPORATE CLIENTS USING NON-BANKING SERVICES VIA SBERBANK BUSINESS ONLINE

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# KEY FINANCIAL HIGHLIGHTS

2018 results proved that priorities set out in Strategy 2020 remain intact. The Group earned a record net profit and achieved return on equity over 23%.

In 2018 the Group's assets increased by 15.4%. The aggregate loan portfolio of the Group grew by 16% in 2018, showing an increase both in the corporate and in the retail segment.

# 23.1%

RETURN ON EQUITY, ROE IN 2018

## FINANCIAL HIGHLIGHTS

# 831.7 BN ₺

+11.1%

NET PROFIT IN 2018

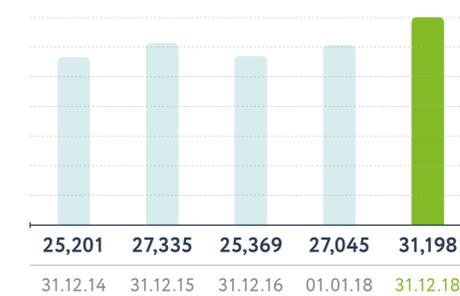
Net profit (including DenizBank), RUB bn



Operating income before allowance charge, RUB bn



Total assets, RUB bn



Return on equity (ROE) (including DeizBank), %



# 38.13 ₺

+15.4%

EARNINGS FROM CONTINUING OPERATIONS PER SHARE IN 2018

Loans to corporate customers, RUB bn



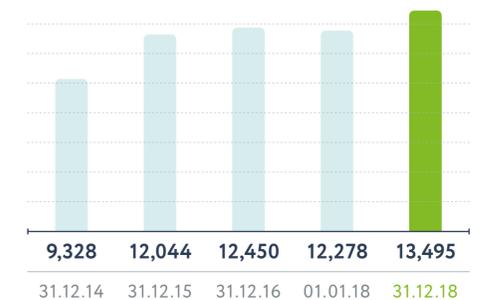
Loans to individuals, RUB bn



Due to corporate customers, RUB bn



Due to individuals, RUB bn



Data for 2017-2018 do not include DenizBank results, unless indicated otherwise

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# SUSTAINABLE DEVELOPMENT

Sberbank recognizes the importance of each of the 17 Sustainable Development Goals, adopted in 2015 by the UN General Assembly. In its activities focuses on 10 of them, which were identified as the most significant for the activities of the bank.

Please see page 206 for more details about Sustainable Development Goals



**3** Good health and well-being



**4** Quality education



**5** Gender equality



**8** Decent work and economic growth



**9** Industry, innovation and infrastructure



**10** Reduce inequality



**11** Sustainable cities and communities



**12** Responsible consumption and production



**16** Peace, justice and strong institutions



**17** Partnerships for the goals

Share of small and medium-sized businesses in the procurement budget (PJSC Sberbank), %



Staff turnover (the Group), %



Total energy consumption (the Group), GJ



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# SUSTAINABLE BUSINESS MODEL



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# STAKEHOLDER ENGAGEMENT

Sberbank is a systemically important element of the Russian economy, which serves as an indicator of stability of the country's financial system. Therefore, we focus on long-term and sustainable development, which factors in the interests of a wide range of stakeholders.

Stakeholder group	Engagement methods
<p><b>Clients</b></p> <p>Sberbank clients include virtually the entire population of Russia, as well as a multitude of legal entities representing businesses of various sizes.</p> <p>We are interested in expanding our client base further and deepening relationships with our clients</p>	<ul style="list-style-type: none"> <li>◆ Sale of services through physical and digital channels</li> <li>◆ Study of clients' behavior to develop value propositions</li> <li>◆ Collection, analysis and processing of negative feedback from clients. Operation of 24/7 support lines to receive and address client complaints</li> <li>◆ Monitoring of client relationships through the Net Promoter Score (NPS) and Client Satisfaction Index (CSI)</li> <li>◆ Payment of compensation to clients for errors committed by Sberbank</li> <li>◆ Monitoring of client reviews on social networks</li> </ul>
<p><b>Shareholders and investors</b></p> <p>Protecting the interests of Sberbank investors and shareholders, regardless of the size of their shareholding, is a priority for Sberbank.</p> <p>Timely and relevant information disclosure on the Group's activities in line with the world best practices and requirements of international listings.</p>	<ul style="list-style-type: none"> <li>◆ Holding General Shareholder Meetings to enable shareholders to implement their rights to participate in management of the Bank</li> <li>◆ Providing shareholders and investors with an opportunity to engage with the Bank in offline and online formats</li> <li>◆ Perception studies to assess strengths and weaknesses of Sberbank's equity story standalone and as compared to its peers</li> <li>◆ Meetings with investment funds and analysts to discuss the Banks' operational and financial trends</li> <li>◆ Discussion on the Bank's operational and financial trends at meetings of the Committee for Minority Shareholder Relations</li> <li>◆ Disclosure of information in accordance with legal requirements, international listing requirements and best practices</li> <li>◆ Disclosure of information on ESG factors management in accordance with GRI standards</li> </ul>

Stakeholder group	Engagement methods
<p><b>Employees</b></p> <p>Personnel are one of Sberbank's most important assets and are the foundation of its competitiveness.</p> <p>The contribution of each employee to the growth and development of the Bank is important for us.</p>	<ul style="list-style-type: none"> <li>◆ Engagement surveys, assessment of the atmosphere in teams</li> <li>◆ Assessment of employee satisfaction with the quality of internal services through the Voice of the Internal Client system</li> <li>◆ Direct line to the President and other executives</li> <li>◆ Communications with employees through the corporate portal, corporate TV, Bank email circulars</li> <li>◆ Monthly Meetings of Leaders, the annual Forum of Leaders</li> <li>◆ Training in the Sberbank Corporate University and Virtual School</li> <li>◆ Organization of corporate volunteer events</li> <li>◆ Cultural and sporting events involving employees</li> <li>◆ The Sber#Up corporate accelerator, where employees can find support for the development of their own business for future inclusion in the Bank's ecosystem</li> </ul>
<p><b>State</b></p> <p>As a strategically important state institution of Russia, Sberbank consistently cooperates with all levels of the government and its representatives</p>	<ul style="list-style-type: none"> <li>◆ Monitoring of the regulatory and legislative activity of the government and the Bank of Russia, formation of Sberbank's position on upcoming regulatory changes</li> <li>◆ Sending proposals on improving statutory regulation to the federal authorities and the Bank of Russia</li> <li>◆ Participation in meetings of the federal authorities and the Bank of Russia on draft regulations</li> <li>◆ Participation in public discussions of draft regulations</li> <li>◆ Disclosure of information in accordance with legal requirements</li> </ul>
<p><b>Society</b></p> <p>Developing the regions where our clients and employees live and work is an important objective for Sberbank</p>	<ul style="list-style-type: none"> <li>◆ Socially significant projects in the Russian regions</li> <li>◆ Charitable projects, partnership with non-profits</li> <li>◆ Educational, cultural, and sporting events and environmental initiatives in the Russian regions</li> <li>◆ Sponsorship support for the organization and conduct of business events</li> <li>◆ Media activity: press releases, interviews with Sberbank speakers, press tours</li> <li>◆ Daily monitoring of media in the regions where we have a presence and in the Internet, preparation of reports for senior management, including on negative publications in the media and client complaints to the government oversight authorities</li> <li>◆ Regular disclosure of information on the impact of business on the economy, environment and social sphere in accordance with international standards</li> </ul>

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# CORPORATE GOVERNANCE

Sberbank corporate governance includes an organizational model, external and internal mechanisms for monitoring and control, and also corporate values and governing principles. The improvement and development of corporate governance practices is an undisputed priority for Sberbank and is within the area of attention and control of the Supervisory Board.

## 8 POINTS

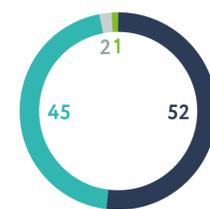


Confirmation of the National Corporate Governance Rating at the level of 8 "Advanced Corporate Governance Practice" by the Russian Institute of Directors in September 2018

### Corporate governance principles of Sberbank

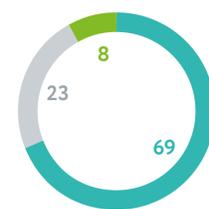
- 1** Priority of shareholder rights and interests
- 2** Ensuring the long-term sustainable development of the business
- 3** Delimitation of powers and responsibilities in the management of the business
- 4** The competencies and qualifications of members of the Supervisory Board are commensurate with the scale of Sberbank's operations
- 5** Full subordination of management bodies to the shareholders
- 6** A balanced and effective system of internal controls and risk management
- 7** Informational transparency

**Capital structure**  
Ordinary (voting) shares, %



- Majority shareholder (Bank of Russia)
- Legal entities – non-residents
- Private investors
- Legal entities – residents

**Capital structure**  
Preferred (non-voting) shares, %



- Legal entities – non-residents
- Private investors
- Legal entities – residents

**Makeup of the Supervisory Board**  
Balance of directors  
as of December 31, 2018



- Independent directors
- Executive directors
- Non-executive directors

**Perception level of Sberbank's corporate governance practices**  
Annual shareholder survey

1,755

SURVEY PARTICIPANTS

82%

LEVEL OF SATISFACTION WITH THE REALIZATION OF RIGHTS

84%

POSITIVE EVALUATION OF THE CONVENIENCE AND UTILITY OF AS «PERSONAL ACCOUNT OF THE SHAREHOLDER»

### Key results of the work of the Supervisory Board in 2018

More than 110 issues were considered at the meetings:



### Shareholder satisfaction with rights realization

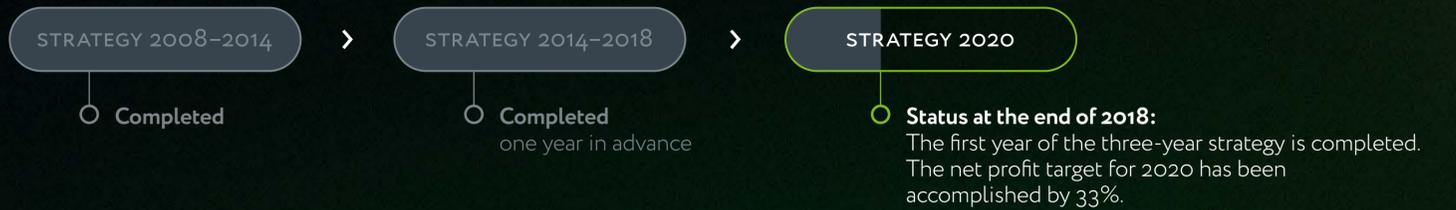
● 2017 ● 2018





# INVESTMENT APPEAL

## STRATEGIC GOALS DELIVERY



### FOCUS ON SUSTAINABLE DEVELOPMENT

Sberbank expanded the list of Sustainable Development Goals that it pays special attention to from 7 to 10 goals out of 17:



### BUSINESS BUILT AROUND DATA

92.8 MLN ACTIVE RETAIL CLIENTS

2.27 MLN ACTIVE CORPORATE CLIENTS

### DIGITAL TECHNOLOGIES AND INNOVATIONS FOR A SEAMLESS CUSTOMER EXPERIENCE

- «The most innovative bank» among retail banks in Centrals and Eastern Europe -Global Finance
- Sberbank Online is in Appstore's Top-5
- 37% sales in the Bank's digital channels
- AI-transformation of all internal and external processes

### UNIQUE MARKET POSITION

Sberbank's initiatives changed the payment culture of Russians and set up financial service infrastructure country-wide:

- The share of non-cash payments in Russian retail turnover up to ~40%
- 67 cities are connected to transport acquiring
- 7 projects «Non-cash City»
- Sberbank's system of instant payments is open to 5 partners
- DomClick e-housing platform

HIGH PROFITABILITY  
ROE > 20%

EFFICIENCY GROWTH  
C/I = 34%

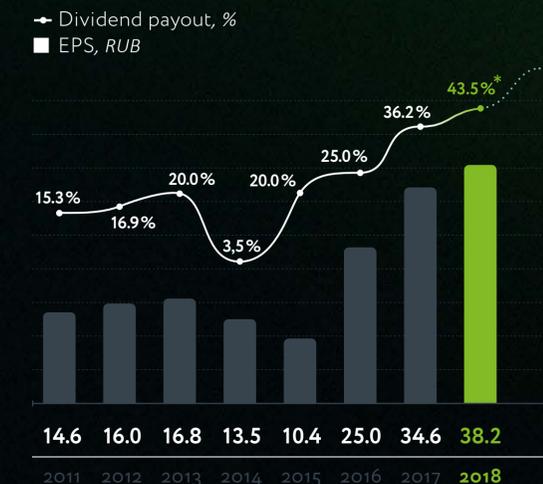
ASSET QUALITY  
3X BETTER THAN THE MARKET

### SBERBANK IS MORE THAN JUST A BANK

The needs of our clients go beyond the financial sector, and we have already started offering non-financial services.



### CONSECUTIVE INCREASE IN DIVIDEND PAYMENTS



UP TO 50% DIVIDEND PAYOUT FOR 2019 PAYOUT

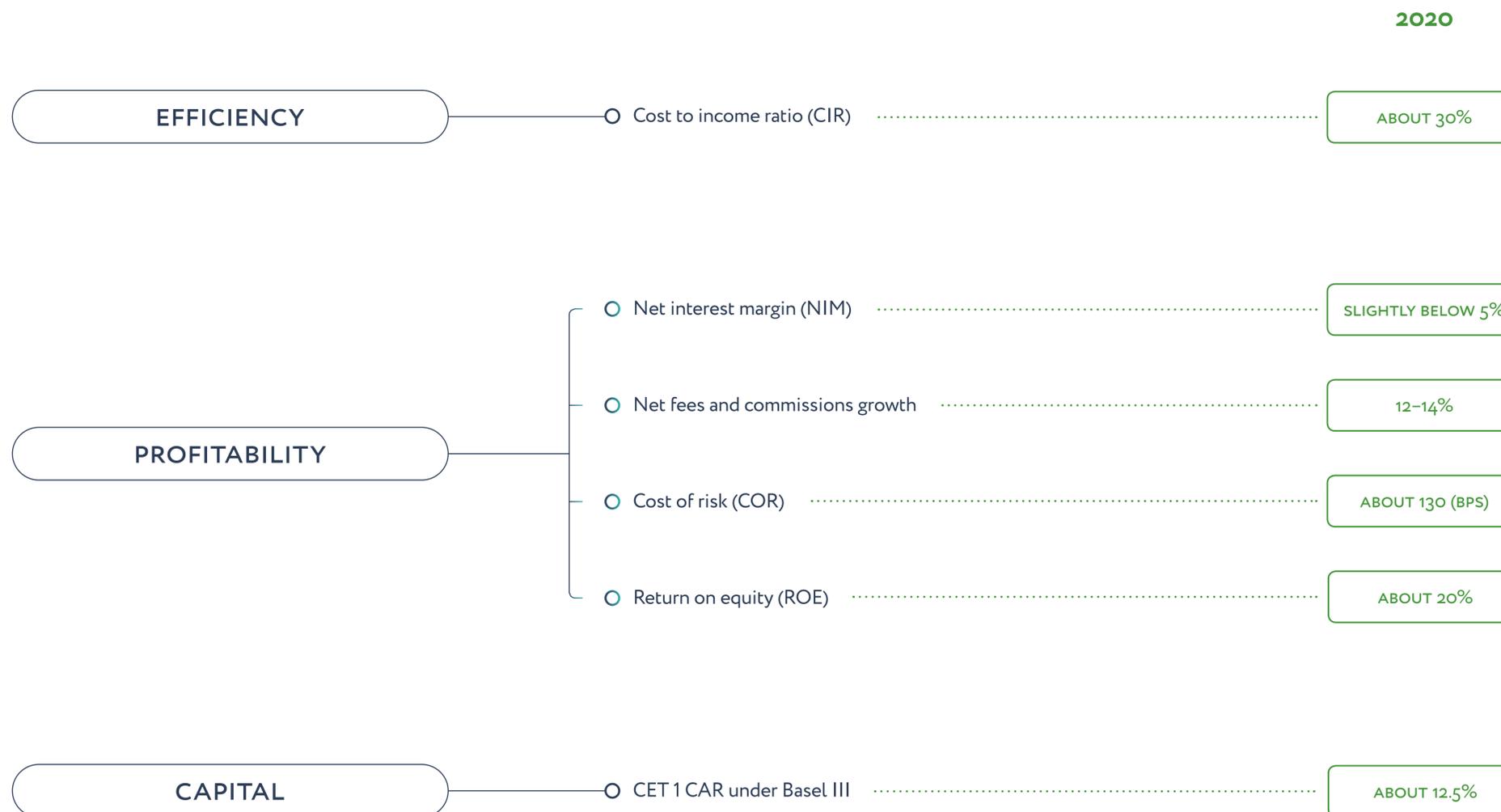
1 TRN ₺ DIVIDEND PAYOUT BY 2020

\* Following the meeting on 16.04.2019, the Supervisory Board of Sberbank recommended submitting a resolution on dividend payments in the amount of 16.0 rubles for ordinary and 16.0 rubles for preferred stock for approval by the annual General Meeting of Shareholders. This corresponds to the distribution of dividends on payment of 43.5% of net profit for 2018 under IFRS.





# DEVELOPMENT PROSPECTS. SBERBANK FINANCIAL TARGETS 2020



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# STRATEGIC REPORT

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21 The status of implementation of the Strategy 2020 financial goals

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## DEAR SHAREHOLDERS AND INVESTORS,

Global trends stimulate change. One decade on from the onset of the global financial crisis, it can be said with absolute certainty that global trends have fundamentally changed the face of the banking industry. Digitalization and rapid technological development have affected client behavior and are changing the existing business models of banks.

Today the banking business is increasingly all about technology. Big data, machine learning and elements of artificial intelligence allow banks all over the world to earn billions of dollars every year. Sberbank has proactively worked in this area and as a result, is one of the most technologically advanced and efficient banks in the world.

One of the Strategy 2020 goals is to fulfill a number of plans that will allow Sberbank to compete with global technology companies in order to create the best customer experience. To achieve this, the bank is launching various digital initiatives, entering strategic alliances, participating in startups, and testing new market niches. With the aim of preserving its long-term competitiveness, Sberbank is expanding offerings of additional services that are synergistic with its financial products in such areas as shopping, home, leisure and health. Sberbank is developing its ecosystem, bringing both subsidiaries and partner companies into the process.

These trends also affect the work of the Supervisory Board. Over the last year, we have on numerous occasions, considered issues at Board meetings that will make it possible to accelerate the Bank's digital transformation, and develop a data-focused culture. In parallel, we are also expanding our competencies in modern technologies to ensure the balance of professional judgment and a fresh perspective.

In 2018, we also succeeded in lending activity. On the corporate side, our loan portfolio increased by 12.9% to RUB 14.3 trillion. The retail loan portfolio grew by 25.0% to RUB 6.8 trillion. Sberbank's mortgage portfolio expanded by a quarter and exceeded RUB 3.9 trillion.

We intend to continue working efficiently in the interests of our clients so that shareholders can count on attractive and stable long-term profits.

Our main focus regarding corporate governance has been on shareholder relations. We have fully implemented online services for Shareholder Personal Accounts. The result being that both individuals and legal entities can use an electronic voting system at shareholder meetings. The implementation of this service has allowed us to increase both the total quorum of the meeting and the percentage of shareholders voting electronically. We have also focused on the work of the Minority Shareholder Relations Committee. Over the last year the Committee Regulations have been updated, a new version of the site has been launched and a new Committee has been elected.

In 2018, the Supervisory Board first considered the implementation of the Bank's CSR Policy together with further areas of its development, and we will continue this practice in the future. At present we are focusing on achieving 10 of the 17 UN Sustainable Development Goals. The implementation details of the Bank's CSR policy are disclosed in the Annual Report. We intend to continue moving towards the implementation of the best banking CSR practices as well as disclosing additional data to enable investors and clients to assess our non-financial performance. Therefore, we will also strive to improve our ability to collect the necessary information.

In conclusion, and on behalf of the Supervisory Board, I would like to express my sincere gratitude to each and every Sberbank employee for their hard work and dedication, which has allowed the bank to achieve such impressive financial results. Ahead of us lies a major task – the transformation of the Bank which will in turn improve the quality of client service, ensure financial stability, and develop further in line with our clients.

**SERGEY IGNATIEV**  
CHAIRMAN OF THE SUPERVISORY  
BOARD SBERBANK

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# DEAR SHAREHOLDERS, CLIENTS AND PARTNERS

2018 was the first year of the implementation of our Strategy 2020. Its key objective was to reach a new level of competitiveness, which will make it possible to compete with global technology companies while remaining the best bank both for Russia's population and business.



Furthermore, 2018 was a relatively good year for the Russian economy. GDP growth was 2.3%, with one of the growth drivers being an increase in domestic consumption against a background of rising salaries and growing consumer lending. The Russian economy has successfully come through a period of market disruptions associated with capital flight from developing markets and increasing geopolitical tensions. Inflation accelerated to 4.3%, which led to tighter monetary policy on the part of the Bank of Russia. Banking profits increased in comparison with 2017 and reached RUB 1.4 billion – with profitable banks earning a record RUB 1.9 trillion.

In 2018, the Sberbank Group under IFRS delivered record results in the amount of 831.7 billion rubles. Earnings per ordinary share\* rose by 15.4%. We achieved a return on capital of more than 23%, and improved the operating expenses to revenues ratio to a level of 34.2%. Our loan portfolio rose in all segments increasing by 16.5%, while simultaneously improving in quality.

Financial results are just the tip of the iceberg of the coordinated work of the Sberbank Group team. Every day we challenge ourselves and the organization to create long-term value for you, our shareholders, clients and partners. Our strategy focuses on three priority areas, and I will briefly touch upon the progress of each of them.

## Best customer experience and ecosystem

In 2018, we significantly increased the scale of our operations and grew our client base. The number of active retail clients reached 92.8 million and more than half of our new clients are young people aged 14 to 21 years old. The number of corporate clients increased to 2.27 million mainly due to the small and medium business segment. Every second entrepreneur who opened his business last year chose our bank as his financial partner.

The key condition for attracting new clients and maintaining strong and trusting relationships with existing ones was the introduction of personalized communication systems in online channels, development of offline channels, creation of the best offer in financial and other areas of our clients' lives, based on an understanding of their needs.

The number of clients using digital channels reached 65 million people and 1.75 million companies. Sberbank's digital solutions are among the most widely used in the world. The Sberbank Online mobile app is among the five most popular fintech applications in terms of the number of downloads. In 2018, our clients were able to transfer money to other banks by using the recipient's phone number, use the SberKids mobile app, the "post-cards" service and many other useful and convenient features. Furthermore, our work to improve functionality and client experience does not go unnoticed by clients and experts: in assessing the functionality and customer experience, Sberbank took first place in the Usability Lab rating.

Along with the introduction of new technologies into digital channels, we are transforming customer experience in our branch network, which is still in demand among clients. In 2018, biometric services were launched, and we began testing non-financial product offerings. The "Sales Network" Unit became an independent management segment, and customer experience laboratory was created to improve the quality of client service.

We are continuing to evolve a unique innovation infrastructure for the development of financial services in the country, including acquiring in transport, payments by barcode and provision of public services. Our real estate platform DomClick, which has more than a million properties listed, became the leader by popular vote on Runet in 2018. Through DomClick we issued a quarter of all mortgages, and almost half of all mortgages issued in Moscow. Moreover an increasing number of people are turning to our platform for additional services.

In 2018, we restructured the corporate segment of our business, creating a single unit "Corporate and investment business". For our corporate clients, we are developing an ecosystem based on Sberbank Business Online. We offer 30 non-banking services for the convenience of doing business and over 300 thousand entrepreneurs took advantage of them last year.

As part of the ecosystem development, in spring 2018, we entered the e-commerce market by creating a JV Yandex.Market, and later launched new platforms Beru.Ru and Bringly.ru, which are aimed at providing the best deals for clients from both Russian suppliers and international marketplaces.

## Technological leadership

The speed of our development and the ability to meet the most demanding requirements of our clients depends on the quality and scale of our technological transformation. Sberbank's long-term viability rests on today's investment in the new technology platform, artificial intelligence and cyber security.

Creating the new technological platform is one of the most ambitious technological projects not only in Russia, but also in the world. The platform is built with the assistance of the world's leading experts and the most talented Sberbank specialists. The team implementing this project was significantly strengthened in 2018. In addition, we made a decision on the joint responsibility of business and technology departments for successful implementation. In 2018, the key technological properties of the platform were achieved: reliability, scalability, independent multi-team development, and the first product factories were prepared for replication. In 2018 and in early 2019, we transferred part of the functionality to the new platform.

Sberbank has been developing solutions based on artificial intelligence technologies for several years. With the help of software robots, we make decisions in lending, identification, and other areas of our daily activities. In 2018, we decided to combine all initiatives aimed at the development of artificial intelligence under the AI Transformation program. As a result of this program realization, which will take several years, artificial intelligence technologies will be used in each of our processes and in each product.

We are actively developing our cybersecurity competencies. And already today, Sberbank is a recognized leader in cybersecurity. In 2018, we protected the bank's infrastructure and created a preventive response mechanism for possible threats. Additionally, we actively work with corporations, government and clients in the development of cyber literacy. In the summer of 2018, we organized the first International Congress on Cybersecurity in Russia, which brought together several thousand participants from more than 50 countries.

## People with new skills in effective teams

The radical changes that we have decided on to transform our company into a technological organization require complete dedication from our team. Sberbank's potential directly depends on the potential of all team members and the quality of their interaction. A key factor in the development of a collaborative environment was our decision to accomplish an Agile transformation aimed at the Agile development of 100% of products and services both for external and internal clients.

The success of our transformation directly depends on the efficiency level of investment in human capital. Sberbank offers a variety of educational programs, including those in the Corporate University. In 2018, 34 thousand managers and 213 thousand specialists passed various training programs and courses.

In 2018, we launched a project named School 21, aimed at training engineers and IT industry specialists. We hope that the school will play a significant role in the technological development of our country, and our aim is that graduates will work within our ecosystem.

We are maintaining our focus on developing a corporate culture of proactive attitudes. An important element of this was the launch of our corporate startup accelerator, where employees receive support to develop their own businesses, with the prospect of joining the bank's ecosystem.

We are striving for a high level of responsibility and professionalism within the organization. We observe legal requirements in all jurisdictions of our footprint. The adherence to the principles and standards laid down in the Sberbank Code of Corporate Ethics is confirmed by the international certification of the bank's compliance management system against international ISO quality standards.

I am eternally grateful to our employees, who contribute to the transformation of Sberbank. We are united by the joint desire for continuous development. We want to turn the Bank into a high-technology company and make it the best in the world. And I believe that this is achievable.

We can change the country for the better and be proud that we are part of this ecosystem that is so important for the Russian people, in the name of Sberbank.

On behalf of the Executive Board, **HERMAN GREF**  
CEO, CHAIRMAN OF THE EXECUTIVE BOARD

\* Profit from continuing operations.



# MARKET OVERVIEW

## GLOBAL ECONOMY

According to the assessment of the IMF, the rate of global economic growth slowed slightly. Growth was down in both advanced and developing economies.

### GDP growth 2014–2018

(according to IMF data), % year-on-year



Many developed countries have begun to wind up their policy of quantitative easing and continue to reduce their budget deficits and public debt. The United States is the only developed country that the IMF is forecasting to increase its public debt to GDP ratio over the next 10 years. The decrease in growth in developing countries is largely due to the slower growth in China and economic difficulties in Turkey, Argentina, and Venezuela. In the medium term, it is expected that growth rates will remain at a fairly high 3.4-3.7% per annum. However, the risks of slower growth remain significant. The largest economic risk in 2019 may be Brexit, slower growth in China, the US trade war with China, and capital flight from developing markets.

The performance of financial markets in 2018 was the worst in the past decade. The majority of stock markets ended the year lower: the S&P 500 by 5.2%, MSCI EAFE by 13.7%, and MSCI Emerging Markets by 14.5%.

## RUSSIAN ECONOMY

The Russian economy showed unexpectedly rapid growth in 2018. At the same time, inflation accelerated and exceeded the target level, while the ruble weakened. As a result, the Bank of Russia decided to tighten monetary policy at the end of the year.

### GDP growth, Russia

(according to Rosstat), % year-on-year



Annual inflation rose from 2.5% to 4.3% by the end of 2018. This rise happened largely in expectation of the increase in VAT from 18% to 20%, the weaker ruble in response to capital outflow, and increasing geopolitical tensions, as well as the poor harvest. This led the Bank of Russia to tighten its monetary policy in the second half of the year. By the end of 2018, the key interest rate was increased to 7.75%, which is the same level as at the end of 2017.

The average ruble exchange rate for 2018 depreciated to RUB 62.8 per US dollar, compared to RUB 58.3 per US dollar a year earlier. The weakening of the ruble is attributable primarily to capital flight from developing countries and the escalation

of geopolitical tensions. Meanwhile, the Bank of Russia's decision to suspend currency purchases on the domestic market starting from mid-August bolstered the foreign exchange rate.

The oil prices showed growth. The average price of the Urals brand in 2018 equaled \$70 per barrel, compared to \$53 per barrel in 2017.



# MARKET OVERVIEW

## RUSSIA'S BANKING SECTOR

In 2018 the number of active credit institutions holding a bank license contracted from 561 to 484.

Bank assets grew overall by 10.4% during 2018 with a 5.6% increase in Q4 2018. In 2017, assets increased by 6.4%.

Loan portfolio growth for the system tripled to 15.0% over the year. In comparison with 2017, corporate lending growth accelerated from 2.8% to 12.4%, while growth in retail lending increased from 12.7% to 22.4%.

There was some improvement in credit risks for the banking system. The share of overdue loans in total loan portfolio was down to 5.5% from 6.2% a year earlier. In retail segment, the level of overdues reduced even more significantly, from 7.0% to 5.1%. Corporate overdues ratio was down from 5.9% to 5.7%.

Loan provisions showed minor growth of 1.5%, compared to 8.7% growth in 2017. The ratio of provisions to the loan portfolio fell from 9.8% to 8.7%.

Investments in securities rose by 6.4% in comparison with 7.5% a year before.

Corporate deposits and accounts increased by 18.0% in 2018, after 12.1% growth a year ago. Total bank debt to the Bank of Russia grew by 29.3% following the fall of 26.0% in 2017.

Retail deposits rose by 9.5%, as compared to growth of 7.4% a year before. Growth gathered momentum in the final quarter of the year.

Net profit for the banking system amounted to RUB 1,345 billion in 2018, up by 70% from a year ago. One hundred credit institutions or 20.7% of total were loss-making for the year.

## SBERBANK ON THE RUSSIAN MARKET

Sberbank maintained leading positions in all key segments of Russia's financial market

### Sberbank's share of the key segments of the Russian financial market, %

	01.01.2018	01.01.2019
Assets	28.9	30.4
Loans to corporate clients	32.4	32.7
Loans to private clients	40.5	41.4
Corporate deposits	20.9	23.1
Retail deposits	46.1	45.1
Pre-tax profit	107.4	74.6
Capital	39.3	41.5

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## MACRO AND BANKING SECTOR GUIDANCE FOR 2019 \*

### Nominal growth rates in 2019

	CORPORATE LOANS	RETAIL LOANS	CORPORATE DEPOSITS	RETAIL DEPOSITS
<b>Sector</b>	5-7%	15-18%	8-11%	5-7%
<b>Sberbank</b>	In line with the sector	Slightly better than the sector	Slightly better than the sector	In line with the sector

The basic scenario for 2019 envisages the following: Urals crude oil will stabilize at USD 62 per barrel; GDP growth is forecast at 1.4%; the average RUB/USD exchange rate is set at RUB 68.5; inflation is forecast at 4.8% by the year-end; the Bank of Russia's key interest rate is expected at 7.5% by the end of the year.

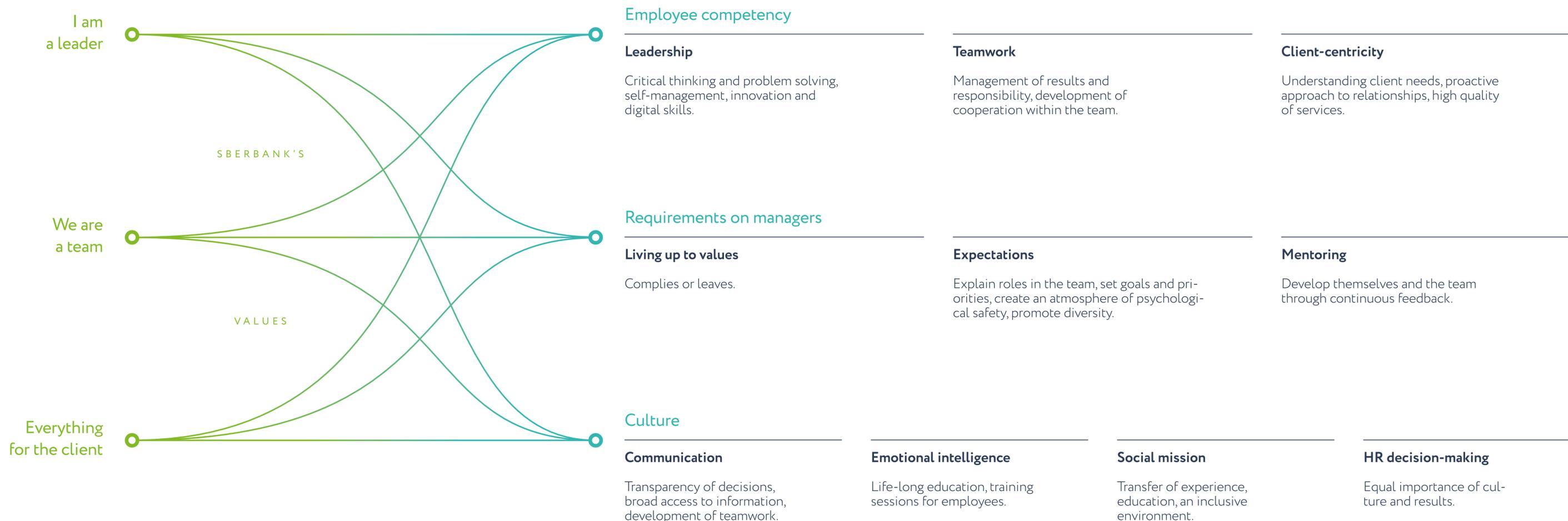
\* This forecast was published on December 15, 2018. Sberbank reserves the right to review forecast indicators throughout the year, depending on the impact of external factors.



# MISSION AND VALUES

We instill confidence, provide reliability and make people's lives better by helping them fulfill their aspirations and dreams

Corporate culture and motivated employees are the Bank's competitive advantage



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# STRATEGY 2020 STATUS

The main goal of the new Strategy 2020 is to reach a new level of competitiveness. We seek to compete with global technological companies while remaining the best bank both for the public and for business.

2018 is the first year of the implementation of Strategy 2020, which confirmed the validity of the chosen course for building an ecosystem and turning the Bank into a technology company.

## Key strategic priorities for 2018-2020:

## Progress in each area of the Strategy as of 2018:



### The best customer experience and ecosystem

#### Individuals:

- ◆ +6.6 million active retail clients
- ◆ NPS at a high, stable level
- ◆ +29% to 18.9 million daily active users of digital channels (DAU)
- ◆ +16% to 58.5 million monthly active users of digital channels (MAU)
- ◆ 37% sales through the Bank's digital channels
- ◆ 28 digital releases of Sberbank Online
- ◆ No. 1 by the number of active brokerage services clients

#### Legal entities:

- ◆ +445,000 active corporate clients
- ◆ 2.2 million online transactions every day
- ◆ Sberbank Business Online – the best digital corporate banking in Russia and the Central and Eastern Europe region, Global Finance
- ◆ +22% to 861 thousand daily active users of Sberbank Business Online (DAU)
- ◆ +21% to 1.69 million monthly active users of Sberbank Business Online (MAU)
- ◆ +6 percentage points share on the business cards market

#### Non-financial services:

- ◆ New companies in the ecosystem – Dialog, Foodplex, Yandex.Market
- ◆ Entry into the e-commerce market through a JV Yandex.Market and launch of two new business models Beru! and Bringly
- ◆ The launch of new services in Sberbank Business Online: Document Constructor, Electronic Signature for trading, E-Archive, Market Pulse, Business Profile, B2B payments, OFD Platform

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### Technological Leadership

- ◆ Developed 100% of the priority components of the Technological Platform and started the full-scale replication phase for external customers
- ◆ Switched to a new philosophy of working with data – from the information storage to the analytical and AI platform
- ◆ Maintained the maximum level of reliability of all IT systems of the Bank – 99.99%
- ◆ 9 innovative laboratories continue to increase expertise in advanced technological areas
- ◆ Created more than 70 developments of our innovative laboratories and transferred them to business
- ◆ Maintain a high level of cyber security



### People with new skills in effective teams

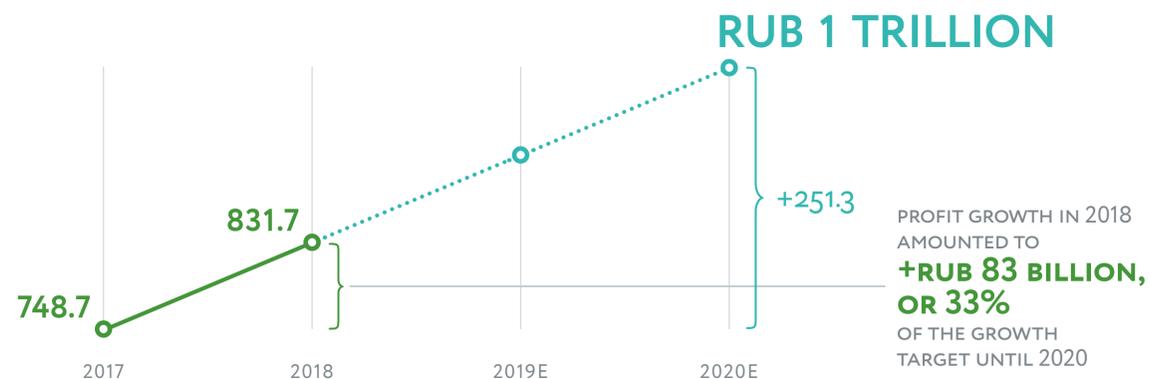
- ◆ 83% of employees are proud to work in the bank
- ◆ 60% of HR processes digitalized
- ◆ 60% of the training is conducted remotely with gamified elements
- ◆ 157,000 employees were trained digital skills
- ◆ 100,000 employees upgraded soft skills
- ◆ 3,000 bank employees are active volunteers



# THE STATUS OF IMPLEMENTATION OF THE STRATEGY 2020 FINANCIAL GOALS

The development of strategic priorities will allow us to introduce innovations, satisfy the majority of client needs and improve operational and financial results.

## Net profit target for 2020, RUB bn



		2018 GUIDANCE	2018 ACTUAL
EFFICIENCY	Cost to income ratio (CIR)	BELOW 35%	34.2%
PROFITABILITY	Net interest margin (NIM)	ABOVE 5.5%	5.66%*
	Net fees and commissions growth	16-19%	+18.1%
	Cost of risk (COR)	AROUND 130 bps	115 bps
	Return on equity (ROE)	ABOVE 20%	23.1%
CAPITAL	CET 1 CAR under Basel III	OVER 11.5%	11.85%

\* Calculation according to the 2018 methodology.

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# 3.1 BEST CUSTOMER EXPERIENCE AND ECOSYSTEM

## RETAIL CLIENTS

### KEY ACHIEVEMENTS IN 2018

**92.8** MLN ↑ 6.6 mln

ACTIVE RETAIL CLIENTS  
IN RUSSIA

**64.7** MLN ↑ 7.9 mln

ACTIVE CLIENTS IN DIGITAL CHANNELS:  
SBERBANK ONLINE (WEB AND MOBILE  
APP), SMS BANKING

**37.2** MLN + 5.6 mln

NUMBER OF PARTICIPANTS  
IN THE SPASIBO LOYALTY PROGRAM  
FROM SBERBANK

**9.3** - 0.1 points<sup>1</sup>

CSI SATISFACTION INDEX  
(BRANCH NETWORK)

**9.4** - 0.1 points<sup>1</sup>

CSI SATISFACTION INDEX  
(SBERBANK ONLINE MOBILE APP)

**56.3%** + 0.7 p. p.

SHARE ON THE RESIDENTIAL MORTGAGE  
LENDING MARKET

**430** k + 428 k

DIGITAL CARDS ISSUED

**108.8** MLN ↑ 7.0 mln

NUMBER OF ACTIVE DEBIT CARDS

**15.2** MLN + 1.1 mln

NUMBER OF ACTIVE CREDIT CARDS

**4.13** + 1.01

NUMBER OF PRODUCTS PER CLIENT

**3.3** TRN ₺ + 48.6%

LOANS ISSUED TO INDIVIDUALS  
(SBERBANK AND CETELEM BANK)

### AWARDS



Global Finance: "Most Innovative Bank" among retail banks in Central and Eastern Europe, "Best SMS Bank".



"Time for Innovation" Prize: the Sberbank Online app was declared Product of the Year in the category "Mobile Apps".



Sberbank received awards from the banki.ru news agency in the categories "Unsecured Consumer Loan 2018" and "Advertising Campaign of the Year".



Sberbank was the winner of the 12th annual Retail Finance Awards in the categories "Best Retail Bank", "Best Social Project", and "Best Social Project in the Readers' Poll of Retail Finance" in 2018.



For the second year in a row, Sberbank leads the Russian market in private banking services according to Frank Research Group.



At the World Branding Awards ceremony held in London, Sberbank was declared Brand of the Year in the "Banks" category for the third year running.

<sup>1</sup> The change in the indicator is related to the introduction of a new survey tool — web questionnaire, in which the respondent is shown a full 10-point scale (clients frequently choose the middle of the scale for assessments in questionnaires compared to being shown a description of the scale with extreme values in a text message). The new tool was introduced in the third quarter of 2018. When using comparable tools, the trend and satisfaction level in all channels is +0.1.



# ACCESSIBILITY OF FINANCIAL SERVICES

Sberbank cares for its clients and seeks to maximize convenience when using the Bank's services. In this regard, there are several main service channels:

- Physical channels, including branches as well as offices in the Sberbank First and Sberbank Premier formats
- Digital channels, including Sberbank Online web and Sberbank Online mobile app, text messaging service Mobile Bank, Sberbank website, and DomClick platform
- Self-service terminals with cash deposit and cash withdrawal functionality

## Clients

Average monthly client flow in Sberbank offices, mln people



Monthly active users of digital channels (MAU), mln people



In 2018, for the first time we recorded a reduction in the client flow in our branches. The majority of basic client transactions were conducted in the digital channels.

## Digital channels

The mobile Sberbank Online is one of the most downloaded free apps for the iPhone in Russia, according to Apple. In 2018, Sberbank Online was one of the five most popular fintech apps in the world<sup>1</sup>.

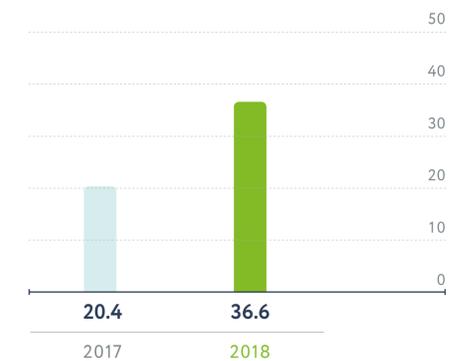
### Internet bank Sberbank Online

Monthly active audience of Sberbank Online web and mobile app along with text message banking reached 58.5 million users in 2018. Growth in the number of monthly active users in Sberbank Online mobile app was the strongest in absolute terms over the past three previous years: +12.6 million.

In 2018, the Sberbank Online mobile app for iPhone and Android was updated once every three weeks. Over the course of the year, there were 28 releases for the iOS, Android, and WinPhone platforms.

In 2018, the Bank worked to implement the services that are most in demand by clients. Work was conducted on the basis of user suggestions, including reviews in app stores. As a result, transaction history was revised and the app gained features such as chat with an operator, calling the bank over the Internet, ordering debit cards and details on their issuance, payment of traffic tickets, and search in the app.

Share of sales in the Bank's digital channels, %



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<sup>1</sup> According to the [Sensor Tower platform](#)



DIALOGS

**4.2 MLN**  
ACTIVE USERS PER MONTH

An important milestone in the development of the Sberbank Online app was a new capability of receiving a consumer loan in just a few minutes. From the time it was launched in November to the end of 2018, 120,000 clients received loans through the mobile app. The merit of this service was especially noted by clients during the period of active holiday shopping at the end of December, when the share of consumer loans issued through the app reached 40%.

Every day, the services of the Sberbank Online mobile app help clients save time and simplify daily tasks.

DETAILED TRANSACTION HISTORY

**4.5 MLN**  
REQUESTS EACH DAY

**25%**  
OF SBERBANK ONLINE USE THIS SERVICE

CREATION OF STATEMENTS

**890 K**  
DOCUMENTS WERE CREATED WITHOUT A VISIT TO THE BANK'S BRANCH

**Sberbank ID**

Sberbank ID was launched in 2018; this service is a unified account to access the online services of the Bank and its partners, including the services of the Group companies DomClick, Spasibo and Tax Refund. The service was used by more than one million people in 2018.

**Mobile Bank notification service**

In 2018 the Sberbank Online mobile app gained the ability to manage text message notifications from the bank – the Mobile Bank service. Clients can now turn notifications on and off, and also change the telephone number at which they receive notifications, without visiting the office and without a self-service terminal.

Currently, 91% of active clients who have Sberbank cards are connected to Mobile Bank.

Monthly active users of digital channels (MAU), mln people



Sales network

In 2018, the number of branches equaled 14,186 (as of January 1, 2019); in addition, 118 service points of the agents' network were open in rural locations. The slight reduction in the number of branches is due to the technical unification of branches to serve retail and corporate clients located at a single legal address. 61 urban offices servicing individuals were closed to help bring the network to its target state pursuant to the Unified Sales Model, which uses data on client behavior based on AI and Big Data, taking into account client needs for the placement of branches.

In 2018, Sberbank serviced 77% of the residents of Russia of working or pension age through all channels.

The total client flow decreased slightly: in 2017, our branches were visited by 79 million clients, and in 2018, by 77 million.

About 20 million clients come to the Bank's offices for financial services per month, of which about 3.5 million request banking products such as deposits, loans, cards, and insurance every month. The number of clients who purchased banking products in the offices increased from 30.4 to 32.3 million. The rest of the visitors were interested only in transactional services – transfers, payments, etc.

*Client flow to employees who promote products and services rose, while client flow to employees who deal with transactional services dropped due to transition of clients to digital channels.*

Key principles underlying decisions to locate bank branches in cities and in villages

Decisions on opening/moving/merging offices, as well as the format for physical points of service, are taken on the basis of the calculations of the model using elements of AI, Big Data on client needs, and geographic factors in specific locations.

Active retail clients in all channels

AGE GROUPS	RUSSIAN POPULATION AS AT JANUARY 1, 2019, mln	SBERBANK ACTIVE RETAIL CLIENTS, mln
0-14 years	25.5	0.5
15-64 years	100.1	76.1
65 years and older	21.1	16.2
<b>Total</b>	<b>146.7</b>	<b>92.8</b>

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### Creation of the model for the rural network

A moratorium continues to be an effect on changes to the branch network in rural locations; at the same time, the necessary work is being conducted to ensure the functioning of existing offices.

The main objective in developing business in rural areas is to expand the accessibility of financial services and to modernize existing branches. Based on the results of the Cash Out pilot project to withdraw cash through trade and service merchants, 118 agents' points were opened in 2018. The decision was made to expand the geographic range of the pilot project by another 3000 points.

The new format of a banking agent makes it possible, without substantial costs on the part of the Bank, to meet 95% of the needs of clients, who can deposit and withdraw cash from their bank cards, make payments, and a number of other transactions.

The second priority is the modernization of existing branches and bringing them up to current service standards. This will expand the list of services offered and improve the quality of servicing for the rural population. Work in 845 branches is planned by 2020.

### Self-service terminals

THOUSAND UNITS	2015	2016	2017	2018
Number of self-service terminals	86.0	80.3	76.3	78.0
Including self-service terminals with the function of cash recirculation	0	0.5	2.8	12.6

The world's largest network servicing card using contactless technology has been created — 55,000 self-service terminals (70% of the stock)

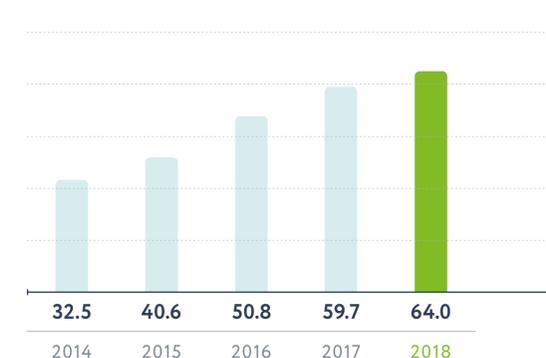
We continue to update the network with new terminals with cash recirculation, accepting 200 bills per transaction; at the end of 2018 there were 12,600 such self-service terminals

An upgrade to the network to identify clients using face biometric data has been launched; at the end of 2018 there were 300 such terminals. The functionality of collecting consent to process biometric data has been implemented

## CASHLESS WORLD

Sberbank continues to pursue the strategy of transitioning to the cashless world, and is actively implementing projects in the area.

Share of cashless turnover in retail operations of Sberbank, %<sup>1</sup>



### Cashless City

By the end of 2018, an integrated project had been launched in seven Russian cities with the active participation of the local administrations, measures are underway to promote cashless transactions in the everyday life of citizens. The project covers public transport, retail trade, including markets and small traders, public utilities, education, meals, and government services. As part of the project, local authorities are issuing payment and identification cards, known as Resident's Cards.

### Transport acquiring

Sberbank is actively working on expanding payments with banking cards in public transportation in Russian cities. By the end of 2018, clients were able to pay for their journey with a card in 67 Russian cities. The service is becoming more and more popular: In December 2018, 17 million trips were paid for with a bank card, which is 17 times more than in the previous year. Payments with a bank card already exceed 5% of the total passenger turnover. Standouts in this respect are the Moscow Region and Nizhny Novgorod, where more than 20% of trips on the Metro are paid for with bank cards.

### Cash withdrawals in rural stores

In 2018, Sberbank began to allow cash withdrawals at the cash registers of rural stores. This project is aimed at improving the accessibility of financial services in places where there is a shortage of bank branches and self-service terminals. In addition to the rural stores launched earlier in the Altai, in the Chuvash Republic and in Kostroma, we are connecting another 80 new partners all over the country, with whom contracts were signed.

<sup>1</sup> Includes operations on cards, current accounts, and payments in cash.



## SPECIAL SOLUTIONS

### Children

From September 1, Sberbank launched a new mobile app called SberKids for Bank clients and their children. This app helps parents monitor their children's spending and teach the young generation how to handle their finances wisely. The product involves the launch of a virtual prepaid card.

*Island of Safety, a social service for children, was the winner of the twelfth annual Retail Finance Awards in the category Best Social Project.*

The concept behind this service is that every Sberbank office becomes a place, besides a police station, where any child can go if they are lost. Over the history of the project, 52 children were found, along with two pensioners and two physically challenged people.

### Parents

Sberbank offers clients an insurance savings program for their children's education: Ticket to the Future. This is the first project in the Bank's mass-market product line aimed at satisfying parents' need to ensure a decent education for their child.

The service packages Sberbank Premier, Sberbank First, and Sberbank Private Banking also include insurance against oncological illnesses for clients' children. The insurance includes the organization of treatment and convalescence on a turn-key basis in the best clinics in Israel, Europe, and Russia.

### Youth

Every second new client coming to the bank in 2018 was in the youth segment (14-21 years old). Sberbank works closely with youth through social networks. In the VKontakte social network, the Bank is developing its SberCat channel, which has become the largest chatbot on the network, with an audience of 12.5 million in the 14-25 age range.

For clients aged 21-25 who receive their salary through Sberbank, credit cards have been made available since May 2018.

### Active age

For older people, Sberbank continues to build an ecosystem of products and services. On [the Active Age portal](#), there were offers for this category of clients: a special tariff from SberMobile, a special offer on telemedicine, legal assistance with a discount. In addition to articles, announcements of events, interviews on the portal, a new section became available, where you can calculate your future pension.

In 2018, Sberbank increased the maximum age of clients for whom consumer credit is available from 65 to 70 years. And for people older than 70 years, a consumer loan "With surety" was introduced.

### Social payment accounts

In 2018, Sberbank Online gained the ability to complete transactions to receive social payments<sup>1</sup> with a nominee account.

This makes life significantly easier for holders of nominee accounts, as they can now expend funds on these accounts without restriction, and the bank does not require the permission of the trust or guardianship authorities to do so.

### Social solution to protect funds from excessive attachment

The Bank has fully automated protection against excessive attachment/seizure of social payments of salaries and pensions received on the account, pursuant to Federal Law No. 229-FZ "On Enforcement Proceedings".

#### The social algorithm:

- ◆ identifies the payment when it is received on the account;
- ◆ calculates the amount to be attached or seized under the enforcement document, taking into account statutory restrictions.

Detailed information on attachments made can be received through text message, in chat in Sberbank Online, and information can be clarified at the call center, where the main questions are answered by robot. To make clients more aware of issues involved in enforcement proceedings, the Bank maintains a special section on the [website](#).

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<sup>1</sup> A nominee account is opened for the Parent/Trustee/Guardian for the remittance of funds intended for the maintenance of the beneficiary (child/citizens who are not legally competent/have limited competency) in accordance with Article 37 of the Civil Code of Russia.



## SPECIAL BANK

Sberbank guarantees equal access for all clients to the ecosystem of services and sets the standard for inclusive servicing in Russia's banking sector.

All information on special services for people with disabilities is available in the Special Bank section of the [website](#).



→ First place in the rating of the 20 largest Russian banks in terms of their adaptation to the needs of clients with physical handicaps (National Agency for Financial Information (NAFI) under the aegis of the Central Bank of Russia).  
→ The "Time for Innovation" prize for social innovation of the year was awarded for the sign-language interpretation service in Sberbank branches for people with hearing and speech disabilities; this service will be available in all Sberbank offices starting April 2019.

Every day, visually-challenged clients use the full functionality of the Sberbank Online mobile app on the iOS and Android platforms. At the 9500 ATMs with voice menus, visually challenged clients can withdraw cash and check their balance on their own. The Bank's website is also adapted for clients with visual impairments.

Clients with hearing/speech disabilities can receive consultation in sign language with the help of a video sign-language interpreter on employees' tablets. This service was available in 24 cities in 2018, and from April 2019 will be available in all Sberbank branches. If transactions are blocked by fraud monitoring in Sberbank Online, they can be confirmed by clients using video chat.

Clients in wheelchairs have access to 45% of Sberbank branches. Since 2018, approximately 500,000 clients with visual impairments can obtain financial services without a power of attorney and representatives, on their own, in Sberbank offices. To do so, the employee of the bank reads out to the client the terms for receiving financial services, and the client signs, with the entire process recorded on video.

Starting from 2018, clients with disabilities can arrange mortgage life insurance and receive a one percentage point discount on their mortgage rate. Previously, this type of insurance, and consequently the lower rate, was not available to such clients. Sberbank is the first bank in Russia to launch such a product. In addition, in 42 cities in the Russian Federation clients with disabilities have the ability to receive a debit card without leaving their home.

In the reporting period, all new branch employees, offsite specialists, and call-center operators learn the basics of communicating with disabled clients as part of the main training course.

As part of our efforts to develop convenient charity services, a new service — targeted donations to specific causes — was launched in July 2018 on the Sberbank Together platform.

To raise awareness about charitable activity, the Bank has begun to bring in celebrities and to use new channels. For example, Sbercat has attracted more than 15,000 donations. All activities in 2018 led more than 400,000 visitors to the Sberbank Together platform, 30,000 of whom made donations worth a total of RUB 24 million.



The Sberbank Together platform collected funds for the following projects:

- 3000 developmental exercises for children with special needs;
- 6000 hours of work of caregivers for seriously ill children from orphanages;
- The transportation of 85 children to a rehabilitation center;
- The search for volunteer mentors trained by professional psychologists for 40 children from orphanages and other projects.

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## VIP SEGMENT

In 2018, Sberbank continued to develop its line of products and services for high-net-worth clients segment. At present, one such service — Sberbank First — is represented in 154 offices in 103 cities in Russia and serves more than 75,000 clients. The mission of Sberbank First is to create, multiply, and protect the capital of clients in the high-net-worth segment.

Sberbank First is actively developing the business community Club of the First, which brings together representatives of large and very large businesses, and also creates the conditions for the most open and effective exchange of experience and resources possible. The Club's events take place in the format of regular forum meetings, cultural/educational events, lectures, and business breakfasts.

In 2018, Sberbank First launched its own cultural-educational project F1RST TALK for clients of the channel. This project consists of a cycle of public discussions on topics of current interest. These meetings in 2018 discussed the modern cinematographer in the digital era, artificial intelligence, feminism, education, age, and football. Speakers included Andrey Zvyagintsev and Alexander Rodnyansky, Natalia Sindeyeva, Tatiana Arno, Boris Barabanov, Andrei Sharonov, Nadezhda Angarskaya, Maria Syomushkina, Marina Loshak, Nobel Arustyan, and others.



*In 2018, Sberbank First received the Frank Private Banking Award in the category "Leader in the Number of HNWI Clients in Russia".*

*On November 28 there was a live public F1RST TALK discussion with Sberbank CEO Herman Gref, where he answered clients' questions about current trends in the economy and geopolitics, the Bank's reaction to new challenges, and forecasts for the financial markets and investments.*

*Recordings of discussions in the F1RST TALK project are available on the official Sberbank channel on youtube.ru and in Sberbank communities.*

## SBERBANK PRIVATE BANKING

Sberbank Private Banking offers personalized investments service and expertise for wealthy clients (individuals and companies that serve the interests of the beneficiaries), giving clients access to all products and services of the Sberbank Group, as well as partners in Russia and abroad.

For Sberbank Private Banking clients, the Bank launched in 2018 the Aeroflot Visa Infinite Private banking cards, with conditions and a set of privileges unique to the market, loans on individual terms, and individual strategies for fiduciary management "Bond Strategy in USD" and "Shares in European Companies".

Assets under Sberbank Private Banking management rose by 45% compared to 2017, the growth in clients' investment portfolios was 89%, and the satisfaction index of Sberbank Private Banking clients reached a record 82%.

One of the key offerings in the Private Banking segment is expertise in managing private capital, and the Bank offers the opportunity to create and monitor a portfolio not only in rubles and US dollars, but also in euros. Investment Advisory services are also available to clients of the SIB Cyprus brokerage platform.

The Bank is expanding the geographic presence of Sberbank Private Banking, and has begun to serve this segment in Novosibirsk and Saint Petersburg.

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*Private Banking was awarded in the following categories in 2018:*

- *First place in the Frank RG Private Banking Rating (second year in a row);*
- *First place in the Forbes rating "Best Russian Banks for Millionaires" (third year in a row);*
- *Winner of the fourth annual World's Best Private Banks awards 2019 in the Russian segment, according to Global Finance magazine;*
- *First place in the annual prize in innovation and achievements in the financial sector of Financial Environment in the category "Russian Private";*
- *"Team of the Year" according to SPEAR'S Russia Wealth Management Awards 2018;*
- *Best rating in the Private Banking and Wealth Management Survey for the third year in a row according to the magazine Euromoney.*



# LENDING

## RETAIL LOAN PORTFOLIO

Retail loan portfolio (Sberbank Group, IFRS), RUB bn

	31.12.2014	31.12.2015	31.12.2016	01.01.2018 DENIZBANK DECONSOLIDATED	31.12.2018 DENIZBANK DECONSOLIDATED
Retail loan portfolio	4,847	4,966	5,032	5,399	6,752
· residential mortgages	2,270	2,555	2,751	3,132	3,851
· consumer loans	1,868	1,682	1,574	1,575	2,113
· credit cards and overdrafts	539	587	587	572	658
· car loans	170	142	120	120	130

## RESIDENTIAL MORTGAGES

Sberbank is the largest player on the Russian mortgage market. Over the course of 2018, Sberbank's share of the Russian mortgage market increased by 0.7 percentage points to 56.3%. In 2018 Sberbank issued 829,000 mortgages worth a total of RUB 1.563 trillion. The volume of total mortgage loans issued thus exceeded the figure for the previous year by 44%.

One of the factors that affected the growth of mortgage lending in 2018 was the increase in Sberbank's pricing flexibility on assets of interest to clients. For example, in the first half of 2018 the lending terms were improved for young families, for borrowers purchasing housing from partner developers of the Bank, for families with a second or third child, for those refinancing a loan against real estate, and also for clients purchasing a garage or parking spot.

Another factor affecting the Bank's mortgage lending is the optimization of internal processes. Starting from 2018 Sberbank is offering the opportunity to arrange for secure settlement services right in the developer's office; this service is already in use by 250 developers. At the same time, an insurance policy can immediately be arranged for several years.

Clients are also given the opportunity to perform non-mortgage deals in the network of mortgage lending centers. In addition, refinancing against a pledge of real estate can be completed with only one visit to the bank.

# 56.3%

↑ 0,7 p. p.

SBERBANK'S SHARE OF THE RUSSIAN MORTGAGE

# 1.563 TRN ₺

↑ 44%

WORTH OF MORTGAGES ISSUES

### Residential mortgages, Sberbank

	2014	2015	2016	2017	2018
Sberbank's share on the residential mortgage lending market, %	53.0	55.0	54.6	55.6	56.3
Volume of residential mortgages issued by Sberbank, RUB bn	898	667	722	1092	1,563
Number of residential mortgages issued by Sberbank, k	589	439	475	632	829

Sberbank started offering a new product for its client — mortgages for non-residential properties, including garages, storage units, and parking spaces. In the reporting period, many processes were automated, such as accreditation of real estate agencies, the registration of appraisal companies, and the loading of registers on pledge insurance from all accredited insurance companies.

In 2018 we launched lending with discounts on mortgages with the help of an escrow account. Clients are provided discounts of 1.6 or 0.8 percentage points depending on the choice of developer financed by the bank.

The client calling system was automated in the reporting period. Calling is now performed by the robot Alexandra, which has already called 15,000 clients with a reminder that they need to extend the mortgage insurance policy. This call is extremely important for the client, since the mortgage rate rises if they do not manage to extend the policy on time, which in turn leads to a rise in the monthly payment due. Automating the process of calling clients makes it possible to improve the efficiency of this process and reduce the Bank's costs.



## SBERBANK MORTGAGE LENDING PROGRAM

DIRECTION	PROJECTS
<b>Young Family</b>	Mortgage loans under this program offer a discount of 0.5 percentage points against the baseline interest rate, for young families where one of the spouses is under 35 years old (inclusive).
<b>Mortgage plus maternity capital</b>	A mortgage loan under this program foresees the possibility of using the funds of the maternity capital as a downpayment.
<b>Life insurance for clients with disabilities</b>	Clients with disabilities can arrange for "Protected Borrower" mortgage life insurance and receive a one percentage point discount on their mortgage rate.
<b>Military mortgage</b>	Mortgages for military service personnel who participate in the mortgage saving system to purchase completed/under-construction housing on special terms. The loan is provided at a lower interest rate on terms of its full payment from budget funds remitted from Rosvoenipoteka state corporation.
<b>Regional housing programs</b>	Mortgage loans for participants in regional social housing programs as part of the baseline range of mortgage products of the Bank at a single lower interest rate.
<b>Housing savings program "Construction Savings Bank/People's Mortgage"</b>	Provision of mortgages to participants in the regional housing program "Construction Savings Bank/People's Mortgage" at a lower interest rate provided targeted savings, additionally subsidized by the regional budget, are kept in the bank.
<b>State Housing Certificates and Regional Housing Programs</b>	Implementation of federal and regional programs to meet government obligations to provide housing to the categories of citizens established by law (servicing special accounts opened on the basis of state housing certificates or a certificate from regional programs).

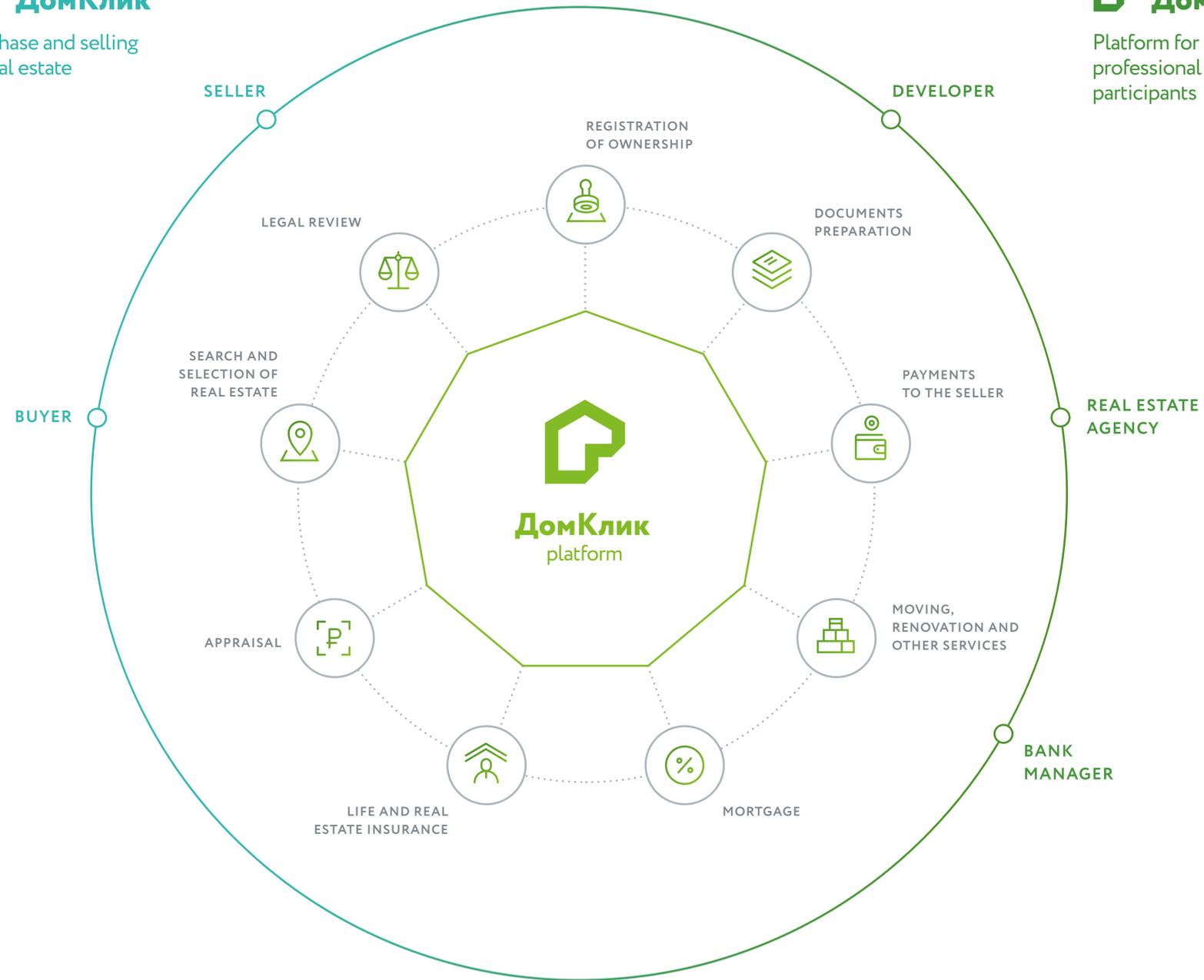
## DOMCLICK PLATFORM



Purchase and selling of real estate



Platform for professional market participants



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## DomClick in figures for 2018

SHARE OF PENETRATION OF ADDITIONAL SERVICES IN MORTGAGE LENDING IN DECEMBER 2018

50%

REGISTRATION OF TITLE

79%

SECURE SETTLEMENTS

69%

VALUATION OF THE REAL ESTATE PROPERTY

SHARE OF MORTGAGE LENDING IN DECEMBER 2018

25%

FOR RUSSIA

46%

FOR MOSCOW

PROPERTY EXPOSURE

>1.1 MLN

NUMBER OF PROPERTIES LISTINGS AS OF JANUARY 1, 2019

Sberbank continues to develop the DomClick platform, which is an online platform for real estate transactions.



*In 2018 DomClick took first place in the category "Services" in the Russian National Competition of Websites and Mobile Apps "Runet Rating 2018". Among the 42 participants in the category, DomClick was the first to go through the stage of selection by popular voting, business representatives, and experts.*

Thanks to DomClick, clients all over the country can access the service of an expert evaluation of the price and liquidity of a real estate property. Underlying the service are data on real sale-purchase transactions with Sberbank mortgages, current market offerings at the current moment and neural network algorithms (the number of orders for expert evaluation of prices and liquidity of real estate properties was more than 180,000 as of July 1, 2018).

In 2018 the Bank improved the "Real Estate Market" function of the DomClick application. Now the owner of a real estate property can post announcements to the website, and the client can select a new building or apartment on the secondary market and send it to the Bank for approval with a single click. New types of property have been added to the Market — houses and land plots.

In addition, from 2018 the capability of offering residential real estate for rent or renting it has appeared on the website of the DomClick service. Both owner and real estate agencies can place ads.

To do so, DomClick offers secure free calling. To protect against fraud and spam, users' telephone numbers are never disclosed until they decide to exchange contact information. By the end of 2018, about 53,000 rental ads had been placed on the DomClick platform.

Since 2018 the electronic portal of the DomClick service has made it possible to arrange an online mortgage, which was made possible thanks to the achievements of Rosreestr in applying digital technologies and integrating them in Sberbank's services. Titles to online mortgages are stored, accounted, and confirmed by the depositaries of the Sberbank Group. The online mortgage substantially speeds up the registration of a pledge for housing loans without any additional actions on the part of the client, and is an important stage in the digitization of mortgages.

In 2018, thanks to the implementation of the DomClick technology in the office network of the Bank, developers, and real estate agencies, Sberbank mortgages have gone omnichannel.

The new "Personal Support Account" on the electronic portal of the DomClick service makes it possible to remotely support clients after the issue of the mortgage loan, and client requests are considered in real time.

"Non-mortgage Builder" is now available to all participants in the transaction — the deal can now be drawn up by both the seller and the buyer, as well as their representatives. This opens up the opportunity for a systemic approach to the market for deals without a mortgage, including the possibility of the electronic registration of the transfer of title, the service of secure settlements between buyer and seller, and legal expertise in the deal builder. At the end of the year, 55 thousand clients took advantage of the listed services.

The new function "Real Estate Deals Factory" automates communications between clients and partners until the time of conclusion of the deal with the help of chat and telephone calls. This technology reduces the amount of time for entering into the deal: At the end of 2018, 9% applications went through the Factory.

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1 Amendments to Federal Law No. 102-FZ of July 16, 1998 "On Mortgages (Pledge of Real Estate)" entered into force from 1 July 2019.



## CONSUMER LENDING

Sberbank has substantially grown the scope of issue and reached a high rate of growth of the portfolio of consumer loans by offering attractive conditions – beneficial interest rates, a high lending limit of up to RUB 5 million, an extended loan period of up to five years, and also by simplifying the process for receiving a consumer loan.

- About 10% of applications for consumer loans are approved using the short questionnaire.
- 65% of applications are approved within 2-5 minutes
- In 2018 more than one-third of consumer loans were issued through remote channels, without the client visiting a bank office.

### Consumer lending in 2014–2018

	2014	2015	2016	2017	2018
Sberbank's share of the residential mortgage lending market, %	32.5	33.2	33.2	31.8	32.7
Amount of consumer loans issued by Sberbank, RUB billion, <i>bn rub.</i>	915	519	797	968	1570

### Support of the small farmholdings owners

One of the Bank's areas of activity is to support the owners of small farmholdings. For this purpose, Sberbank has developed a separate Lending Program, "Loans to individuals running small farmholdings".

Under the terms of this program, owners of small farmholdings have the opportunity to use credit facilities from the Bank in an amount up to RUB 1.5 million. In order to simplify confirmation of the income of owners of small farmholdings, when lending to this category of borrowers, Sberbank looks at their income from the farmholding as their main income. At the same time, in order to increase the accessibility of credit resources, the Bank may additionally take other types of income into account for this category of borrowers.

### POS lending



In 2018 Sberbank entered the POS lending market with the new product Purchases on Credit. In order to develop this product line, the lending marketplace "Buy with Sberbank" was launched. This is a service to arrange a POS loan for goods on the websites of Sberbank partners; the application is completed, the request is considered, and the documents are signed online without the employees of the Bank or the partner being involved in the process. An advantage of the product is a technology that provides for a fast and completely paperless process of arranging the loan.



## CAR LOANS

In 2013 the Group's car lending segment in Russia was transferred to Cetelem Bank, which is a subsidiary bank of Sberbank specializing in automobile loans, as well as in transactions to finance car manufacturers against the assignment of receivables due from dealers (factoring). Partner dealer centers are Cetelem Bank's main sales channels. According to Retail Banking Services Market Monitoring of the Frank RG research company, Cetelem Bank is the leader on the Russian car loans market for the fifth year in a row. The issue of

car loans increased by 19.2% in 2018, whereas the car loans market grew by 15.3% overall, and the car loan portfolio rose by 15.1%. Integration with the Sberbank system allowed clients to submit applications for car loans through Sberbank Online.

### Car loans, Sberbank and Cetelem Bank

	2014	2015	2016	2017	2018
Joint share of Sberbank and Cetelem Bank on the Russian car loan market, %	15.8	15.2	14.4	13.7	13.7
Joint position of Sberbank and Cetelem Bank on the Russian car loan market, %	1	1	1	1	1
Amount of car loans issued by Sberbank and Cetelem Bank, RUB bn	85	42	51	72	86
Number of car loans issued by Sberbank and Cetelem Bank, k	150	80	81	109	121

## CLIENT FUNDING

The amount of client funds attracted to the Sberbank Group in 2018 reached RUB 13.5 trillion, of which RUB 3.4 trillion are held on current accounts and RUB 10.1 trillion on term deposits. From December 2017 to December 2018 Sberbank increased its share of term deposits opened through remote channels from 23.9% to 41.6%.

In 2018 Sberbank continued its strategy of periodically launching promotions aligned with key events and holidays, under which clients opened deposits "I Remember. I Help" for Victory Day, "Triumph"

for the victory of the Russian national team in the opening match of the Football World Cup, "Online", "Record", and "Green Day" for Sberbank's anniversary, and New Year's deposits "Without a Passport" and "Big Plans".

In October 2018 Sberbank offered individuals the opportunity to open an account to take part in purchasing procedures on electronic trading floors in accordance with Federal Law No. 44-FZ of April 5, 2013.

### The portfolio funds due to individuals (the Group, IFRS), RUB bn

	31.12.2014	31.12.2015	31.12.2016	01.01.2018 DENIZBANK DECONSOLIDATED	31.12.2018 DENIZBANK DECONSOLIDATED
Portfolio funds due to individuals	9,328	12,044	12,450	12,278	13,495



# PAYMENTS AND TRANSFERS

Sberbank continues to develop and distribute services that allow clients to easily, conveniently, and quickly pay for services and make transfers.

In 2018, the program continued to develop the mobile app's function of payments by barcode, allowing clients to make payments in a matter of seconds, without filling out details by hand. In the course of the year, the number of unique clients taking advantage of this capability exceeded 10 million. More than 50% of the payments in the mobile app are made with the help of scanning a receipt; on self-service terminals this indicator is up to 70%. 2018 saw the first application of barcode scanning technology to pay for goods through the Sberbank Online mobile app at partners' points of sales.

In order to simplify the procedure for making payments to budget-funded organizations and make it more convenient, Sberbank revised the customer experience in one of the largest scale types of payments — payment of traffic tickets. Now, even before paying the fine, clients are provided with complete information on the place, time, and type of violation, and after payment clients can track the status of the settlement of the fine.

Sberbank offers mass-market personalized service on paying recurring bills. In 2018, the number of pre-prepared invoices for payment, or automatic payments, formed each month exceeded 10 million. Such pre-prepared invoices contain all data necessary to make a payment, including the amount updated by the service supplier. To pay such an invoice,

it is enough just to confirm the payment. In 2018, seven years after the launch of the service, the number of working automatic payments exceeded 50 million. Every fifth regular payment at Sberbank is met with the assistance of this service.

Sberbank launched a service in 2018 allowing electronic payment of services at Moscow Municipal Services Centers, which made it possible to pay duties and make other payments directly when processing documents. Non-cash payment of public services through the service of Sberbank is accepted at 500 desks of the Moscow MFC. In the rest of the country, this service was available in 7 cities at the end of the year.

The Bank continues to develop the Ladoshki (Palms) project, which is based on biometric payment technology. The student approaches the terminal in the cafeteria, selects a dish and raises their palm to the sensor. The system identifies the student, and the cost of the meal is automatically debited from their account. Parents can find out what their child has purchased for lunch on their personal account page or by text. The student's account can be topped up by linking a bank card to the child's palm, through Sberbank Online, and also at self-service terminals. By the end of 2018 this project covered 250 schools.

Since 2018 Sberbank has been offering the capability of making transfers to external partners. The service of transfers outside of Sberbank now functions just as simply as within it: all clients need to know is the telephone number of the recipient tied to the card. This network of external transfers has already been joined by Tinkoff Bank, Sovcombank, Euroset, Svyaznoi, and WebMoney.

Sberbank is working actively to develop the BRIS utilities invoicing system, thanks to which more than 1.8 million receipts are created every month. This service allows utilities suppliers and management companies to quickly and efficiently calculate charges for the public.

In 2018 a system of end-to-end monitoring was launched that makes it possible to track the progress of each of millions of payments being made in real time.

Thus, thanks to the services launched and developed by Sberbank, the share of cashless payments is growing each year and reached 89% in 2018.

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## Conversion operations

In 2018 we recorded an increase in demand for currency conversion operations. The total amount of such transactions, including conversion by cards, rose by 22% over the reporting period. Bank clients appreciated the opportunity to exchange currencies through remote channels at a more favorable exchange rate than in the offices. This led to an increase in the share of electronic conversion operations in terms of turnover by 21.7 percentage points and in numbers by 7.2 percentage points over the year. In addition, in cities with a population of more than one million, Sberbank organized conversion centers where 15 types of foreign currency could be bought and sold.

Since July 2018, the Bank has been using the technology of establishing optimal exchange rates on the basis of an analysis of data, taking into account geolocation and particular features of the regions.

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# ACQUIRING AND BANK CARDS

## ACQUIRING



According to the Nilson Report for 2017, Sberbank was No. 6 worldwide in the rating of global acquirers.

In order to support the development of the national payment system MIR, in September Sberbank joined the Privet, MIR ("Hello World") program as an issuer and acquirer. Holders of Sberbank MIR cards gained the opportunity to participate in the program and receive cashback for purchases from program partners in addition to the Spasibo bonuses, and retail points served by Sberbank gained the ability to launch promo campaigns and pay cashbacks to holders of MIR cards through the mechanism of mutual settlements on acquiring with the Bank.

As per the agreement with the international payment system Japan Credit Bureau (JCB), in September Sberbank gained the ability to serve JCB cards in its acquiring network. When concluding agreements with new clients this function is connected automatically.

The Bank provides retail points with acquiring within one business day, which is the best on the market. Connecting companies to acquiring equipment in one day is possible thanks to the automation and robotization of the processes. All Sberbank clients can conclude an agreement for acquiring services only through the Sberbank Business Online system.

### Sberbank on the Russian acquiring market

	2013	2014	2015	2016	2017	2018
Number of active trade and service points, k	316	446	552	712	931	1,162
Number of terminals in the acquiring network, thousands, k	490	678	839	1,054	1,422	1,796

## CREDIT CARDS

	2014	2015	2016	2017	2018
Number of active Sberbank credit cards, mln	n/d	12.3	13.4	14.1	15.2
Sberbank's share of the Russian credit market by outstanding balance, %	31.0	35.1	39.1	42.7	43.4

Since 2018 clients of several regional banks have had the opportunity to arrange for a credit through Sberbank Online using a short application form with a minimum number of fields to complete, regardless of whether or not they have a preapproved offer.

From 2018, credit card holders can turn on the direct debit service. The service tracks the client's debt, and automatically makes the necessary payment to ensure that no payments are overdue.

From the beginning of 2018 new client interfaces were launched for Sberbank Online and the text message service Mobile Bank, which simplified the payment of credit card debt. Clients can access information on amounts due for payment: in order not to miss a payment, to use the grace period, or to fully repay debt on the card.

Over 2018 Sberbank pursued a number of credit card marketing campaigns with offers of special conditions: increased bonuses in popular spending categories, waiver of commission for cash advances, reduction in the cost of annual service.

A process was launched to increase the credit card limit on the initiative of the Bank in real time for clients who had come close to their credit limit but had a good payment history.

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## DEBIT CARDS

№ 11

According to the Nilson Report for 2017, Sberbank was No. 11 worldwide in the rating of issuers of debit cards.

	2014	2015	2016	2017	2018
Number of active debit cards, mln	n/d	81	90	102	109
Share of sales of debit cards in digital channels, %	-	-	1.3	4.7	21.0

At the end of 2016 we began to issue cards of the MIR national payment system, the number of which exceeded 37 million cards by January 1, 2019. From June 2018 the MIR Momentum card was launched, which can be obtained at any Sberbank office in a matter of 10 minutes. Now salaries, pensions, or other payments can be received even more quickly and conveniently in accordance with the requirements of Federal Law No. 161-FZ "On the National Payment System".

Clients can order the most popular debit cards through Sberbank Online. Since June, the card Visa Infinite Aeroflot Private Banking has been available, with the maximum accrual of Aeroflot miles on the market.

Since September, the entirely digital card Visa Digital has been available to clients. The card can be arranged instantly in the Sberbank Online mobile app, does not have a physical plastic form, and is immediately ready to pay for goods over the Internet or using a smart phone at ordinary stores.

In November, Sberbank made the first step toward supporting e-sports, launching cards for gamers with the design of the popular game League of Legends, which was featured prominently at the world e-sports championship.

In November a charity campaign was conducted to coincide with the tenth anniversary of the Give Life card, in which the bank tripled remittances to the fund of the same name.

## SPASIBO FROM SBERBANK



- The Service Crown Award, with the support of 4Service Group in the category "Best Loyalty Program (frequency of use, by popularity, most interesting)"
- Runet Rating 2018:
  - Second place in the category "Finance and Business"
  - second place in the category "Brand Application"
- Runet Prize 2018, in the category "Popular Vote: Game of Runet" for the project "Empire of Spasibo"

	2014	2015	2016	2017	2018
Number of registered participants in the Spasibo from Sberbank loyalty program, mln	10.9	18.3	24.7	31.6	37.3

Changes were made to the Spasibo from Sberbank loyalty program starting from July 1, 2018. Clients are now offered various levels of privileges; depending on payment behavior and use of Sberbank products, clients will receive more privileges, including higher accrual of bonuses and transfer of bonuses into Rubles.

In September, in cooperation with MasterCard, we conducted the gamified campaign "Empire of Spasibo", which upgraded the gaming to a new level. More than two million people took part in the campaign.

In 2018 SPASIBO bonuses could be converted into Aeroflot bonus miles and can be used to pay for subscriptions to Apple Music.

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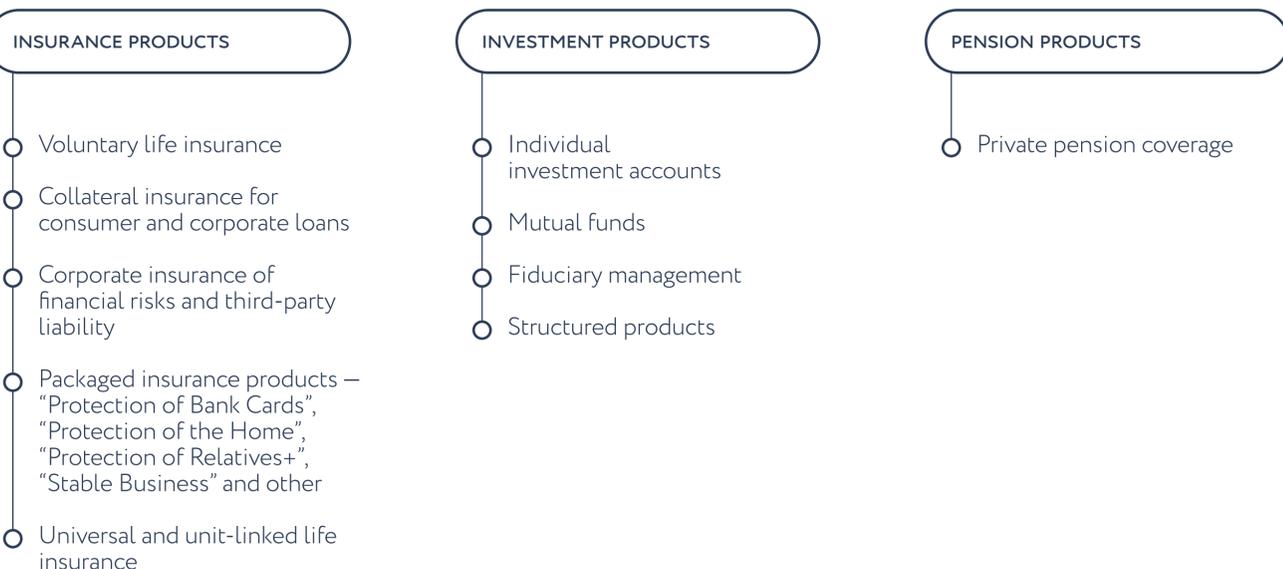


# WEALTH MANAGEMENT

Sberbank clients acquired more than USD 15 million in wealth management products in 2018. The Bank continues to develop long-term life insurance programs for our clients. Substantial growth was achieved in developing sales of endowment life insurance, which increased by more than a factor of three in 2018. In total, more than 60,000 endowment insurance policies were sold in 2018.

## DEVELOPMENT OF THE PRODUCT LINE

The Bank offers a broad range of wealth management products for private and corporate clients. Today Sberbank clients have the ability to purchase insurance, pension, and investment products online through the website of subsidiaries, through Sberbank Online, Mobile Bank, and the Telemarketing channel. In 2018, 1.2 million such products were sold through remote channels.



## SBERBANK DEPOSITORY



*Leadership of Sberbank Depository on the Russian market:*  
 → No. 1 in total assets in custody; annual growth from RUB 7.0 trillion to RUB 7.9 trillion.  
 → No. 1 in number of programs of ADR/GDRs under service; 50 programs for the shares of 29 Russian issuers.  
 → In the assessment of the international journal *Global Custodian*, qualifies as a *Global Outperformer* for its 2018 results

Sberbank Depository works with global receipt issuers such as Citibank, BNY Mellon and JP Morgan.

### The following measures to develop the business were taken in 2018:

- information interaction was organized with Rosreestr (the Federal Service for State Registration, Cadastre, and Cartography) in a unified system of interagency electronic communication, and electronic pledges began to be accepted for depository servicing;
- a project was launched to account for electronic pledges using the national blockchain platform Masterchain in conjunction with the FinTech Association;
- support was provided for the issue of bonds with mortgage coverage in the amount of RUB 46 billion as part of the project DOM.RF Mortgage Securities Factory;
- we made available the simplified submission of instructions for the transfer of securities and payment of invoices for depository servicing with a single button, and the receipt of responses on the portfolio and income paid on securities to Individuals in Sberbank Online;
- we implemented the recalculation of income tax on foreign securities on deposit accounts for eight jurisdictions in accordance with double tax treaties;
- we optimized the process of settlements for foreign securities and the performance of corporate actions with securities in Euroclear;
- An infrastructure project has been carried out as part of the implementation of the model of international presence of the Global Markets Department of the Corporate Investment Business block. Sberbank Depository has provided a platform to conduct transactions on international markets;
- Several IT projects have been initiated: on developing agency depository services for foreign nominee holders, on implementing depository services through the Sberbank Business Online channel, and on implementing new electronic technologies for interacting with the NSD central depository.

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## SBERBANK LIFE INSURANCE



The company is a Sberbank partner in programs involving credit, risk, universal and unit-linked life insurance.

- ◆ For the Football World Cup, we launched a unit-linked life insurance product “Champions’ Course” – the investment basket consisted of the shares of World Cup sponsors.
- ◆ We continued to work with the Masterslavl Children’s Center to help develop financial literacy in children aged 5 to 14.
- ◆ The Telemedicine service became available to the mass-market segment and clients of premium channels. For clients of Sberbank Premier, the service of a second medical opinion, included in one of the insurance packages, contains recommendations on treatment for oncological illnesses with the help of the Watson for Oncology (artificial intelligence) system. Medical services are integrated with the DocDoc platform to ensure a single customer journey.
- ◆ In the channels Sberbank First and Private Banking, we re-launched the universal life insurance product with guaranteed income “Overdrive”<sup>1</sup> as part of the main line.
- ◆ At the fourteenth ceremony for the Financial Elite of Russia Awards, Sberbank Life Insurance was declared insurance company of the year.

<sup>1</sup> Under the product, the client makes a one-time premium of USD 5,000 or more and receives insurance protection for the period of the program and a guaranteed payment on its completion.

## SBERBANK INSURANCE



An important achievement was the launch of collateral protection insurance on the website DomClick.

The company offers products for private and corporate clients. The flagship products are insurance for bank cards, mortgages and property.

- ◆ The packaged product “Insurance of Bank Cards” was supplemented with the possibility of insuring against cyber risks, including DDOS attacks and ransomware; as part of the insurance product, clients are offered anti-virus software to protect their personal mobile devices.
- ◆ The range of insurable risks under insurance products for vacation homes, summer cottages, and apartments was expanded in 2018. The amount of civil liability coverage was also increased. Remote consultations on housing maintenance and home appliances have been added to the bulk package product, and in the premium segment this product includes maintenance services: dehumidification of premises, lock repair, sawing and removal of fallen trees, etc.
- ◆ Loan insurance products were optimized during 2018: the time needed to receive a mortgage loan was cut drastically, insurance was made available for wooden structures, and it is now possible to insure the risk of third-party civil liability when insuring loan collateral.

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## SBERBANK ASSET MANAGEMENT

**№ 1** AMONG MANAGEMENT COMPANIES BY THE NUMBER OF INDIVIDUAL INVESTMENT ACCOUNTS ACCORDING TO THE MOSCOW EXCHANGE

**51.7 k**

NUMBER OF INDIVIDUAL INVESTMENT ACCOUNTS<sup>1</sup>

**236 BN ₺**

ASSETS UNDER MANAGEMENT

**204 BN ₺**

ASSETS OF RETAIL CLIENTS

**№ 1** ON THE OPEN MUTUAL INVESTMENT FUND (MIF) MARKET

- ◆ In the mutual investment segment, based on the results for 2018 the company had RUB 62.6 billion under management from 21 open mutual investment funds. The assets of the company's five closed MIF equal RUB 16 billion. Attraction of the funds of retail clients increased by 30% compared to the previous year.

- ◆ The first Russian exchange-traded fund (ETF) was launched on the MOEX total return index "gross". ETF funds are a major trend on the global fiduciary management market. They are of interest to both corporate and private investors due to their cost savings compared to active management, transparency and investment simplicity.

**AAA.AM** RELIABILITY AND SERVICE QUALITY RATING OF THE NATIONAL RATING AGENCY

- ◆ The number of individual investment brokerage accounts has doubled during the year. As a result, according to this indicator, the Bank ranks 1st on the Moscow Stock Exchange with a share of 23.7%.

- ◆ A new strategy in the "Capital Protection" line based on Sberbank's investment-grade bonds was introduced in the Sberbank Premier and Sberbank First packages. There was high demand among clients for products with capital protection — they invested RUB 12.4 billion in them in 2018. A new fiduciary management strategy, "Optimal Global Portfolio", was also launched, which invests in a diversified selection of ETFs while keeping a close eye on trends on the American market (S&P500), the Emerging Market Bond Index (EMBI), and gold and oil indices. Due to the growing popularity of individual investment accounts among clients, a new strategy of investing in Russian shares was announced.

**A++** RELIABILITY AND SERVICE QUALITY RATING OF EXPERT RA

- ◆ Two funds of Sberbank Asset Management were among the market leaders according to various indicators:
  - the "Natural Resources" fund was one of the top three highest yielding funds, demonstrating a growth in share value of 35.9%. This fund invests in the shares of companies engaged in the production and refining of natural resources;
  - the "Global Internet" fund (invests in the shares of Russian and global Internet companies) and the "Natural Resources" fund were also among the three leaders in attracting private investors, who invested RUB 6 billion in them over the course of the year.

- ◆ The line of closed funds investing in real estate was expanded. Three issues of combined CMIF (Sberbank — Rental business 3) were completed for qualified investors. Plans call for the purchase of a shopping mall in Moscow using these products.

**№ 1** MANAGEMENT COMPANY IN RUSSIA FROM 2014 TO 2018 (BASED ON THE RESULTS OF THE AUTHORITATIVE INTERNATIONAL RANKING OF THE EXTEL SURVEY FROM WECONVENE)

- ◆ For client convenience, online sales are expanding. They doubled during the year, reaching RUB 1.8 billion.

## SBERBANK INSURANCE BROKER

**№ 1** IN REGIONAL PRESENCE ON THE RUSSIAN MARKET AMONG INSURANCE BROKERS: MORE THAN 150 EMPLOYEES IN 62 CITIES

**№ 1** LEADER IN OPERATING INCOME: AROUND A 25% MARKET SHARE

This company offers the main insurance products for legal entities: property insurance, specialized machinery and equipment insurance, liability and financial risk insurance, comprehensive insurance of construction and assembly risks, voluntary health insurance, accident insurance, and also risk-audit advisory services.

The operating income of Sberbank Insurance Broker tripled during 2017-2018, equaling around RUB 2 billion.

- ◆ In 2018 a unique product for the Russian insurance market, "Protect Your Health" voluntary health insurance, was launched for small and medium-sized businesses, and for medium-sized businesses — "Risk-Audit".
- ◆ The Bank expanded onto international insurance markets.
- ◆ The claims settlement period under the insurance policies of Sberbank clients was reduced noticeably in 2018, as was the share of refusals to pay claims by insurance companies. In particular, Sberbank Insurance Broker assisted with the settlement of a number of the largest insured events on the Russian insurance market, with a total aggregate amount of claims of more than RUB 4 billion.

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<sup>1</sup> Individual investment account (IIA) — a special account for investment in securities by individuals that offers



## SBERBANK PPF

### POSITION OF SBERBANK PPF

based on the results for Q1-3 of 2018 (growth relative to September 30, 2017)

**№ 1**  
IN ASSETS, IN TOTAL PENSION SAVINGS, IN THE NUMBER OF INSURED PERSONS, IN THE AMOUNT OF PRIVATE PENSION COVERAGE

**RUAAA "STABLE"**  
THE HIGHEST RELIABILITY RATING FROM THE EXPERT RA RATING AGENCY, ACCREDITED BY THE BANK OF RUSSIA

**15.2%**  
↑ 2.0 p. p.

ASSETS MARKET SHARE

**21.8%**  
↑ 2.5 p. p.

PENSION SAVINGS MARKET SHARE

**23.9%**  
↑ 4.1 p. p.

INSURED PERSONS MARKET SHARE

**28.3%**  
↑ 8.8 p. p.

OF PRIVATE PENSION COVERAGE MARKET SHARE

### In this area:

- ◆ all agreements on private pension coverage and the liabilities and assets of Private Pension Fund VNIIEF-GARANT were transferred to Sberbank PPF. The liquidation of Private Pension Fund VNIIEF-GARANT has begun;
- ◆ the mobile app of Sberbank PPF for iOS and Android was launched. The personal account of the app can be accessed through the Unified Public Service Portal (UPSP) and Sberbank Online. Clients can receive information on pension savings in Sberbank Online;
- ◆ sale of individual pension plans<sup>1</sup> has started at the Bank's offices throughout Russia, including through Sberbank Premier;
- ◆ sale of mandatory pension insurance (transfer of funded pensions) at the Bank's offices with the submission of applications through the UPSP is being tested;
- ◆ sale of the corporate pension program to large and medium-sized businesses and companies of the regional public sector has been launched. A contract can be concluded in five days;
- ◆ after-sales servicing of large-scale pension products has been delegated to the Bank's regional network. All client applications now go from a Bank's office to the Fund and are opened in the Fund's systems within one day, i.e. almost immediately after the client submitted them. Clients can also see the progress and status of their applications in their PPF personal account;
- ◆ as part of the expansion of the "60+" ecosystem, two services for senior citizens ("Leisure Time" and "My Family") are being tested in the mobile and web-based applications of the PPF. The Strategy for creating a network of assisted living facilities for elderly care and the Financial Model have already been prepared;
- ◆ a Data Laboratory for Big Data analysis, improvements to product sales models and the preparation of personalized offers for clients has been created.

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<sup>1</sup> Individual pension plans — a flexible savings program for the receipt of pension payments in the future after retirement.



# CORPORATE CLIENTS

We seek to make sure that clients see us as a reliable business partner. That is why we pay special attention to the development of the business culture in Russia. In order to facilitate the first steps of our clients in the business world, Sberbank focused in 2018 on developing its banking and non-banking services and implementing remote services for easy business startups.

**14,331 BN ₺** ↑ 12.9%  
CORPORATE LOAN PORTFOLIO (GROUP, IFRS)

**12.8 TRN ₺** ↑ 12.5%  
LOAN ISSUANCES TO CORPORATE CLIENTS

**32.7%** ↑ 0.3 p. p.  
MARKET SHARE IN CORPORATE LENDING

**2.27 MLN** ↑ 445 k.  
NUMBER OF ACTIVE CLIENTS<sup>1</sup>

**2.97** ↑ 0.18  
NUMBER OF PRODUCTS PER CLIENT

**>1 MLN** ↑ 76%  
NUMBER OF OPENED ACCOUNTS

**69** INDEX OF CLIENT SATISFACTION AND LOYALTY OF CORPORATE CLIENTS TRIM-INDEX

Client satisfaction and loyalty index of corporate clients (TRIM-index) for 2018: the index for the large and medium businesses increased over the year from 74 to 75, which is higher than the level of our competitors (71), and stayed at the 2017 level for the small and medium businesses and CIB segment at 64 and 83, respectively.

**226 k** ↑ 67%  
DAILY ACTIVE USERS OF THE SBERBANK BUSINESS ONLINE MOBILE APP

**450 k** ↑ 74%  
MONTHLY ACTIVE USERS OF THE SBERBANK BUSINESS ONLINE MOBILE APP

**~65 PAYMENTS**  
PER MINUTE ARE MADE IN THE SBERBANK BUSINESS ONLINE MOBILE APP

Substantial growth of the client base in the small and microbusiness segment is largely due to the introduction of Agile principles, which make it possible to accelerate the launch of new products on the market, which is critically important given the exponential development of technologies and an unpredictable external environment.

To create a qualitatively new level of client service the Bank is constantly expanding the range of digital solutions. The OFD Platform which provides technological tools for business developments was added to the Corporate Solutions Center (CSC) in 2018.

### Merger of the CB and CIB blocks

In late August 2018, a decision was made to merge the Corporate Business and CIB blocks. Sberbank did this to create synergies for its two businesses working on the corporate market through improved customer experience and a pooling of the expertise accumulated at the Bank. As a result of the merger, hi-tech products were made available to all segments of corporate clients.

The number of new Russian companies choosing to open settlement accounts in Sberbank grew. Every second newly registered company chose Sberbank to open an account.

The number of FX conversion transactions processed by robot process automation algorithms increased from 50% to 90%. The number of back-to-back buy and sell transactions processed internally in Sberbank bypassing the exchange increased from 40% to 55%.

There was a twofold increase in the active users of the Sberbank Business Online mobile app in 2018.

Complex transactions are performed by cross-product teams in the Bank. Thanks to the implementation of new unconventional solutions, every second structured transaction on the market is financed by Sberbank.

**>300 k** clients are already using the non-banking services offered in the Sberbank Business Online system

Clients have noted a positive trend in the reliability and quality of processes, transaction speed, and quality of remote support for payments and technical support in Sberbank Business Online.

<sup>1</sup> The methodology for calculating active corporate clients has changed compared to the previous annual report, by excluding clients with bank servicing agreements that did not complete a single transaction in Sberbank Business Online in the past 90 days, and clients that have suspended their accounts.

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## SMALL AND MICRO BUSINESS SEGMENT

A convenient business registration procedure, access to educational programs and the Easy Start service package, launched in 2017 and beneficial in the initial stages of business development, significantly reduced the business entry threshold for new entrepreneurs. This contributed to the fact that every second entrepreneur chose Sberbank to open an account in 2018.

In 2018 the Bank offered small and micro business clients a new line of cash and settlement packages: Successful Season, Good Revenue, Active Settlements and Big Opportunities. The new service packages are well tailored to fit various needs of businesses and enable cost optimization on highly frequent transactions.



*Sberbank Business Online was recognized as the best digital bank:  
→ "WORLD'S BEST DIGITAL BANK AWARDS 2018" by GLOBAL FINANCE: Best digital corporate banking in Russia and the Central and Eastern European region  
→ RED DOT AWARDS 2018 / COMMUNICATION DESIGN 2018: Sberbank Business Online for Windows 10 was the winner in the category "Interface & User Experience Design"*

- Successful Season:** for organizations with low transaction activity and a seasonal business — no service fees are charged if there are no transactions
- Good Revenue:** for organizations that often make cash deposits — this package has the lowest tariffs on cash deposits
- Active Settlements:** for organizations that make a lot of payments — the unutilized payment limits roll over to next month
- Big Opportunities:** for mature organizations with high transaction activity — this package offers a 50% discount on services

In addition to the Easy Start service package introduced in 2017 for new entrepreneurs, Sberbank's current line of service packages represents a fully-fledged product line covering most of business needs in the small and microbusiness segment.

In 2018 more than one million clients, or 50% of the active client base, chose servicing under a service package. This number was even higher among new clients opening accounts in Sberbank — approximately 80% chose packaged solutions.

New clients open more than half of their settlement accounts with the help of software robots. The time needed to service clients and register accounts has been more than halved: from 1-1.5 hours to 35 minutes. The robots register more than 2,000 contracts for four different types of banking products every day, which saves clients a lot of time on paperwork.

In March the Bank began offering small businesses automated submission of loan and lease applications in Sberbank Business Online. This service was well received by small businesses, brought new clients to the Bank, and reduced labor inputs. In the period of less than one year that the service has been offered, clients made 136 thousand applications and 18,000 loans worth RUB 37 billion have been issued.

The Bank introduced a business registration service and remote opening of accounts for small and micro businesses in accordance with Resolution No. 1104 of the Russian Government dated 29 October 2016<sup>1</sup>. E-signatures are stored in the memory of a smartphone. The pilot was launched in Moscow in November, and by the end of the year 397 business registrations had been performed and 298 accounts opened using the service.

Sberbank is actively involved in state programs of financial support for small and medium businesses, which has made it possible to increase the accessibility of financing for entrepreneurs. Over a third of growth of the loan portfolio of small and medium businesses in 2018 was due to participation in preferential lending programs, primarily the programs of the Ministry of Agriculture of Russia and the Ministry of Economic Development of Russia.

Sberbank has revamped its small business website and made it more convenient for new companies and for existing clients of the Bank. The help center with video instructions, recommendations for clients on the rules of financial conduct set forth by federal legislation, the new sections "How to avoid having your account blocked", "Advice for beginning business" and a test for entrepreneurs on the compliance of their business with Federal Law No. 115-FZ "On Combating the Legalization (Laundering) of the Proceeds of Crime and Terrorist Financing" are easy to find on the website.

**Any Russian citizen who is a user of Sberbank Online and has a foreign passport and a smartphone can become an individual entrepreneur or open a single-member LLC without even visiting the Bank or the FTS.**

## SBERBANK'S NEW SERVICES FOR THE SELF-EMPLOYED

Since April 2019, in accordance with Federal Law No. 422<sup>2</sup>, Sberbank jointly with the FTS launched the pilot version of the "My Own Business" service for self-employed<sup>3</sup>. Using Sberbank Online application retail clients can register as a self-employed and then make transfers to cards, generate checks and make automatic tax payments in accordance with Russian legislation. In the future this service will allow the self-employed to seamlessly transition from the status of a self-employed person to an individual entrepreneur once they meet certain criteria.

<sup>2</sup> Federal Law No. 422 "On the Performance of an Experiment to Establish Special Tax Arrangements 'Tax on Professional Income' in the Federal City of Moscow, Moscow and Kaluga Oblasts, and the Republic of Tatarstan".

<sup>3</sup> The self-employed are individuals that receive income from business activity, do not have any employees, and earn an annual income of no more than RUB 2.4 million. The experiment on the taxation of self-employed Russians will be conducted in Moscow, Moscow and Kaluga Oblasts, and the Republic of Tatarstan from January 1, 2019 to December 31, 2028. The experimental tax rate is 4% if the self-employed person provides services to individuals, and 6% if the self-employed person provides services to legal entities.

<sup>1</sup> Resolution on the performance in 2016-2018 of an experiment to provide electronic document services for state registration of legal entities and individual entrepreneurs and the opening of accounts for them in credit institutions using a specialized secure computer system for the centralized creation and storage of enhanced encrypted and certified digital signatures and their remote use by the owners of the digital certificates of the e-signature verification key.



## BUSINESS KNOWLEDGE AND SERVICES PLATFORM

Sberbank devotes a lot of attention to the development of the business culture in Russia. The Bank develops new financial products and non-banking services with this goal in mind, and implements remote services to make its clients' first steps in business easier.

Two microteaching courses ("120 seconds for entrepreneurs" and "120 seconds. Woman") were developed under the "Knowledge platform and business services" project. The Eksmo Publishing House published the book "Business Hacks" based on the courses. More than 1,200 people have signed up for the courses. In 2018, 292.4 thousand people registered on the platform, with 185.7 thousand attending training sessions. The platform boasts more than 650 courses and videos from 200 partner suppliers.

The Bank is expanding the "Regional School" project. During 2018, 55 partnership agreements on educational programs were concluded with dozens of Russian regions. As part of the federal program "Small Business and Support for Individual Business Initiatives", classroom educational programs for businessmen were held in 38 regions and attended by more than 3,500 entrepreneurs. Two cycles of "School of Speakers" and "School of Facilitators" were conducted to prepare businessmen for work as speakers and mentors. Training in modern methods of teamwork using the model "Leaders Teach Leaders" was provided under the program "Agile Management Techniques" for the directors of the executive authorities and business support funds. Forty-five people from 30 regions took part in the training.

In 2018, the "Business Class" program for entrepreneurs, developed by Sberbank together with Google, was given an Effie Award. The program triumphed in one of the most competitive nominations — "Business Products and Services". The "Business Class" program had 215,000 participants from 36 regions of the country.

## LENDING TO LARGEST, LARGE AND MEDIUM BUSINESSES

Sberbank seeks to use a fully automated lending process, which will make bank-client interaction easier.

The milestone event for Sberbank in 2018 was the launch of the "Seven Minute Loan" service, which is an online loan for large business that has no equals in the country. In the "Seven Minute Loan" solution a decision on lending to a large corporate borrower is made in seven minutes, without a request for documents from the client. A loan can be received by clients who have current or outstanding loans with Sberbank, and also by clients that previously had not borrowed in Sberbank but had transactional track record on Sberbank accounts. The credit risk assessment is based on a set of models that use big data, including non-structural data, and the loan issue process involves the formation of individual transaction parameters (cost, interest rate, term, repayment schedule) for each borrower. This product was made available to clients in four regional banks at the end of the year, and will be made available throughout the country in 2019.

96% of corporate clients use electronic document management during the lending process. The share of hard copy document turnover fell from 37% to 10%, saving time for clients and having a positive effect on the environment.

The first infrastructural seed fund in Russia was created, with a potential to fund more than 120 projects to a total amount of RUB 12.3 billion.

Thanks to investments in the Fund, project ideas successfully pass through the preparation phase and are transformed into market-ready infrastructure projects. The result of the Fund's work for the regions is a ready-for-implementation project developed without state-budget funding. Private investors, in turn, receive a well-structured project with investment appeal.

Sberbank piloted lending to largest clients based on machine learning in 2018: alternative ML-based cash flow models were built for 12 companies from retail and telecommunication sectors. The pilot will be expanded to 200 large and medium-sized companies in 2019. Through automation, the period of work with the CF model during a transaction can be reduced from several days to four hours.

*The jury of the prestigious international Global Finance award recognized Sberbank Business Online as the best Internet bank for business in Russia and the best corporate bank in Central and Eastern Europe. Sberbank was also named the most innovative bank and the developer of the best banking website and the provider of the best financial services.*

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In late 2018 an RPA<sup>1</sup>-algorithm was introduced for the "Overdraft in One Day" product. In November-December, 13% of all transactions used robotic process automation, the share of successful applications using RPA equaled 97%, and the time-to-decision was halved to 4.5 hours.

<sup>1</sup> RPA (robotic process automation) — a business process automation technology that uses software robots or artificial intelligence.



## TRANSACTIONAL BUSINESS

Development of digital technologies is one of our strategic targets.



*The Banker magazine has named Sberbank the best transaction bank in Central and Eastern Europe for corporate clients. Sberbank won a Transaction Banking Award for the launch of new hi-tech products and services.*

Sberbank has created a series of online business processes covering 90% of the most popular Bank services for legal entities:

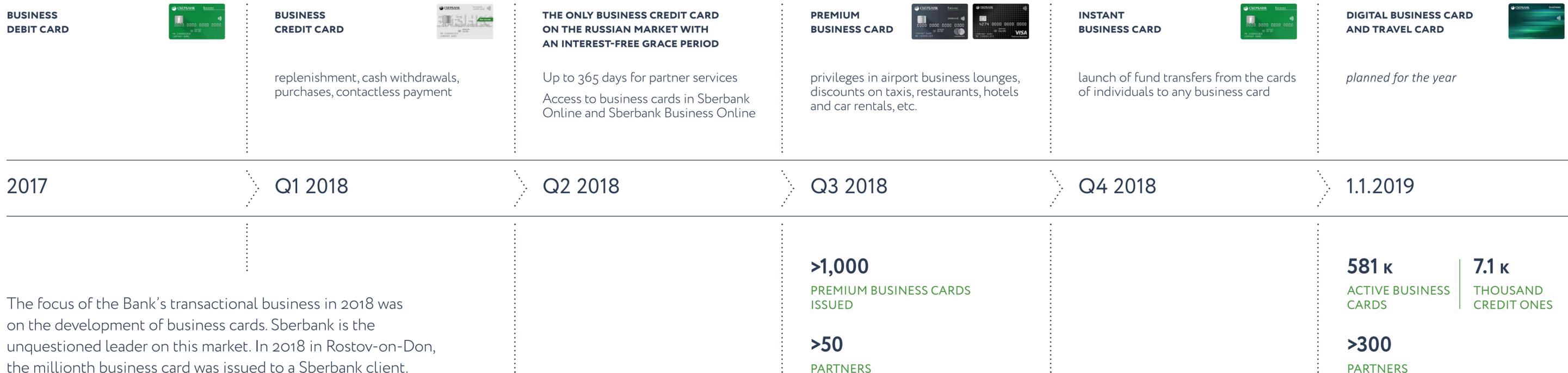
- ◆ Clients can remotely register enterprises and open new accounts online, saving their time.
- ◆ The Bank's payment system operates in the 23/7 mode and is available to the users regardless of their location.
- ◆ The Bank issued business cards for purchases with a 365 days interest-free grace period from partner companies and with various benefits.
- ◆ Sberbank offers clients high-tech cash flow management methods.
- ◆ Clients choose modern methods of trading and financing in real time

Sberbank is the first in Russia to implement a special Internet acquiring program for the largest property developers. A buyer can pay for an apartment, the down payment on a Sberbank mortgage loan, for a parking space and for utilities on the developer's website, and the buyer earns bonuses from the SPASIBO loyalty program for doing so.

An online encashment service has been established for our large clients: the deposit of revenue on the client's account is performed in 1-3 minutes after its acceptance by the cash-in-transit provider at the client's point of sale, and not the next day. This allows the company to make more effective use of its working capital.

A new partner non-banking service, "Customs Broker", has been introduced for corporate clients engaged in foreign trade. The service includes customs logistics services, customs clearance of freight, and certification of goods. A reliable partner organizes the "turn-key" delivery and registration of goods under foreign trade contracts with Bank clients. This service expands the foreign trade ecosystem and gives us an advantage over our competitor banks.

### A business card for all categories of clients



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## FOREIGN TRADE ACTIVITY

Sberbank performs settlements in more than 130 countries, in 18 currencies. November marked one year since the launch of the Bank of Business Partners online platform. From the time of launch to the end of 2018, the website was visited by more than 700,000 people. At the end of December 2018, the portal had registered more than 19,000 users from 149 countries worldwide, who had submitted to 10,000 offers.

During its first year of work, Sberbank's online platform for international business has gained not only popularity, but also acclaim and influence among Russian foreign trade participants. In many ways this was due to the diversity and reliability of its services: after registering, a user can search for business partners, services or goods; study the market and competitors; add a request for a specific good or service; receive a free online consultation on banking, logistics, customs, HR, and legal issues that relate to foreign trade activity; receive analysis on the export of goods to various countries; and also check the reliability of a potential business partner in 47 countries.

Sberbank's new online bank is distinguished by its extensive arsenal of corporate online banking tools, including, among other things, customs payments and foreign trade activity.

The Corporate Block's project Bank of Business Partners won both Russian and international awards in categories for supporting small and medium-sized business, as well as developing international cooperation and innovation: Best Social Project, Best for Russia, Digital Communications Awards, CX Awards, Tagline, Time for Innovation, Digital Summits.



*Bankofpartners.com is an online platform of import and export solutions and services. It is a unique platform that helps Russian companies access foreign markets and find success on the international arena.*

## TRANSACTIONS ON GLOBAL MARKETS

In our brokerage service we have implemented projects such as the opening of accounts in the mobile-version of Sberbank Online, the launch of Sberbank investment-grade bonds in real-world and digital channels, and the start of sales of brokerage services in the Sberbank Premier channel. The time needed to open a brokerage account has been reduced from seven days to one day for individuals, and from 30 days to two days for legal entities. As a result, over the year the Bank has doubled the number of its brokerage accounts and now ranks first on the Moscow Exchange in this indicator.

The Bank offers structured products to clients, helping them to invest in a wide variety of assets with capital protection. During 2018 the amount of internal structured products (Sberbank Investment-Grade Bonds) sold increased from zero to RUB 27 billion.

The number of foreign currency transactions hedged algorithmically over the course of the year increased from 50% to 87%. The number of back-to-back purchase and sale transactions performed at Sberbank without the participation of an exchange increased from 40% to 55%. This was achieved through the use of machine learning during the forecasting of client cash flows on the Sberbank Markets platform and offering the client a better price.

The Bank started to identify unusual trading transactions with the assistance of an artificial neural network. The network learns without human interference and is capable of detecting anomalies based on the structure of the data itself and not based on the rules downloaded into it. More than 60,000 transactions are processed daily. This helps to mitigate operating risks for the client and the Bank.

In addition to everything else, Sberbank also held the first ICO<sup>1</sup> in Russia in 2018 in the "regulatory sandbox"<sup>2</sup> of the Bank of Russia and the first off-exchange REPO in Russia using blockchain technology.



*The Sberbank Markets platform has received four international awards:*

- *Best FX Provider (Global Finance Award 2019).*
- *Best transactional bank in CEE (The Banker's Transaction Banking Awards 2018).*
- *Finalist in the FX Week e-FX Awards 2018 (Best e-FX platform for corporates).*
- *Finalist in the Financial Innovation Awards 2018 (Innovation in the delivery of financial products).*

## TRADE FINANCE

**31.3 BN \$** ↑ 22%

VOLUME OF TRADE FINANCE TRANSACTIONS AND THE GROUP'S TRADE FINANCE BUSINESS<sup>3</sup>

**1.1 TRN ₺** ↑ 64%

AMOUNT OF SETTLEMENTS ON RUSSIAN LETTERS OF CREDIT

**211 BN ₺** ↑ 113%

AMOUNT OF TRANSACTIONS WITH THE LETTERS OF CREDIT OF INDIVIDUALS<sup>4</sup>

**1386 TRANSACTIONS** ↑ 56%

COMMODITY TRADE FINANCE THROUGH SBERBANK (SWITZERLAND) AG

During the development of the Unified Front-End System, the functionality of remote bank servicing of trade finance operations (letters of credit, documentary collection) through Sberbank Business Online was implemented, allowing clients to send requests/queries/letters to the Bank in electronic form, to track their status online, and to see the register of their transactions. This service makes it possible to reduce the time required to service clients under letters of credit and documentary collection and improve client satisfaction.

The first transactions with a new product for the Russian market, discounting of export letters of credit, were performed.

Support for Russian exporters has been expanded through the implementation of the state support program for exporters (subsidized by the Russian Export Center).

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## ECOSYSTEM FOR LEGAL ENTITIES

In 2018 the Bank actively developed both its banking and non-banking services. The global trend toward digital bank transformation has led to business becoming truly accessible. Sberbank has given clients the opportunity to start and conduct their business without ever leaving their homes.

Thanks to Sberbank's extensive line of integrated services, our clients can use the online bank as a "one-stop shop" to resolve all their business issues. Sberbank Business Online provides entrepreneurs with services to cover all their needs – from the opening of accounts to self-development and settlement of legal issues. Many services are available to clients only when they are needed (for example, if risks have been identified, clients are given the chance to protect a transaction).

Today Sberbank Business Online provides 30 non-banking services. More than 300,000 clients have taken advantage of our paid services. Sberbank's range of non-banking services makes it possible to switch in full to electronic document management, to keep accounts and issue reports to the state authorities, to promote one's business and create websites, to purchase the equipment necessary to begin trading and perform warehouse inventory management, to perform checks on contractors, etc.

Our ecosystem services have already won international acclaim: the checking of contractors service received a Financial Innovation Award in the nomination "Innovation in supporting business or enterprise", and the Business Profile service received high marks from the jury of the Banking Technology Awards in the nomination "Best corporate payment initiative".

Our most popular platform services include E-Invoicing electronic document management (more than 60,000 companies use this paid service) and checking of contractors (more than 20,000 clients take advantage of the paid features of this service).

Twenty-four partners, including market leaders in their respective sectors such as Yandex.Money, Evotor, Operator of Fiscal Data, Moi sklad [My Warehouse] and Moe delo [My Business], have chosen Sberbank's Fintech API technology. Some of the largest Russian e-commerce companies, including Ozon.Travel, have joined the B2B-payment platform for convenient corporate settlements.

# 1.75 MLN

ACTIVE<sup>1</sup> CLIENTS OF SBERBANK BUSINESS ONLINE

*The Bank offers its clients an ecosystem of business services through its online bank Sberbank Business Online.*

### PAYMENTS AND DOCUMENT MANAGEMENT

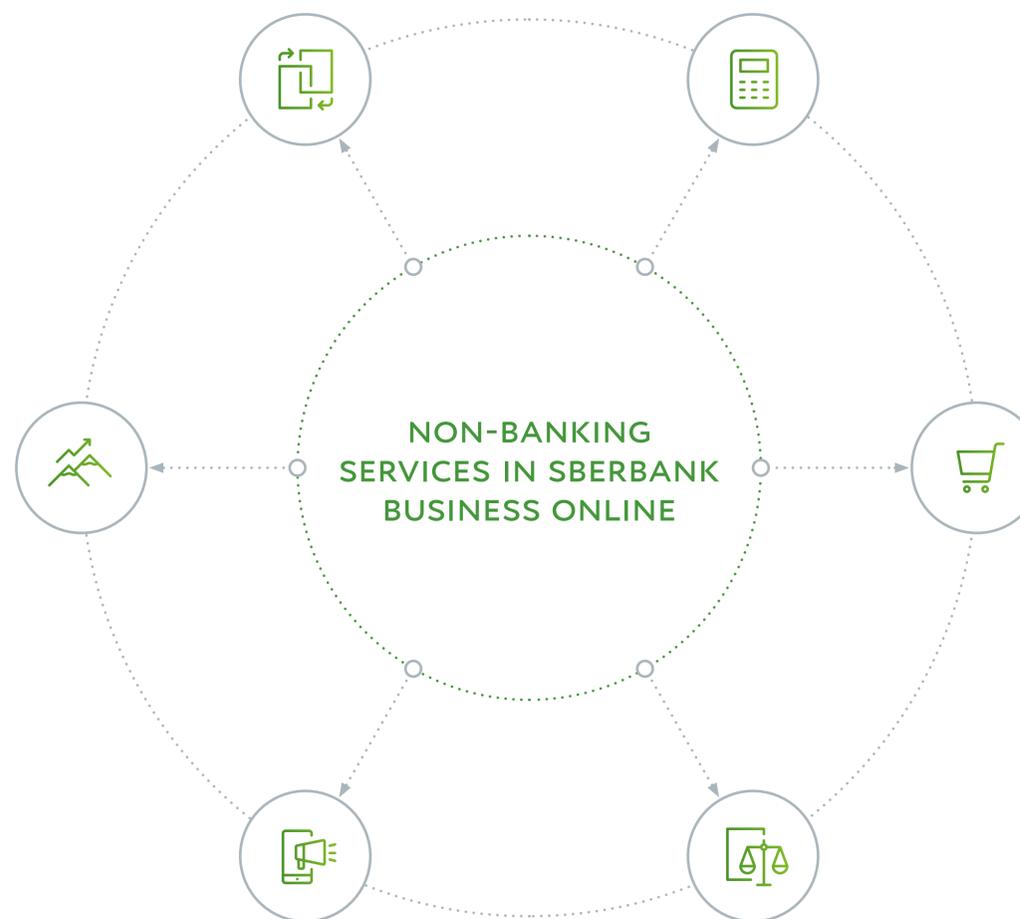
E-DOCUMENT MANAGEMENT, REPORTS FOR STATE BODIES, CHECKING OF CONTRACTORS, SECURE TRANSACTION, CUSTOMS PAYMENTS, E-INVOICING, DOCUMENT CONSTRUCTOR, E-ARCHIVE, ELECTRONIC SIGNATURE

### ASSISTANCE FOR BUSINESS

BUSINESS TRAINING PROGRAM "120 SECONDS", CRM, BUSINESS TRAVEL, MARKET PULSE, MY DELIVERY

### ONLINE PROMOTION

SITE FOR BUSINESS, WEBSITE FOR YOU, ONLINE BUSINESS PROMOTION



### ONLINE ACCOUNTANCY

MY ACCOUNTANCY (OUTSOURCING), ACCOUNTANCY FOR INDIVIDUAL, ENTREPRENEURS, BUSINESS ANALYTICS, MY TEAM (OUTSOURCING)

### TRADE SERVICES

MY TRADE, OFD PLATFORM, EVOTOR ONLINE CASH REGISTER, ONLINE CASH REGISTER FOR ONLINE STORES, B2B PAYMENTS, BUSINESS PROFILE

### LEGAL ASSISTANCE

DOCUMENT PREPARATION FOR THE REGISTRATION OF AN INDIVIDUAL ENTREPRENEUR AND LLC, PERSONAL LAWYER

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<sup>1</sup> Clients who used Sberbank Business Online in the past 90 days.



## CUSTOMER EXPERIENCE

Sberbank has integrated 15 services with the Interagency Electronic Interaction System used by the Federal Tax Service, the Russian Federal State Statistics Service, the Treasury, the Ministry of Agriculture, the Ministry of Digital Development, Communications and Mass Media, the Pension Fund of Russia, etc. Among other things, this integration enables users to open company accounts online.

The Bank, together with clients and industry associations, has created a knowledge base of industry-wide business schemes for cargo transportation, tourism, collection and primary processing of non-ferrous and ferrous metals, leasing, wholesale trade, grain trading, and building construction for use by various departments of the bank in their analytical work. The knowledge base allows you to improve customer experience.

All calls from corporate clients are centralized, with the establishment of a 24/7 support for all operational issues (cash and settlement transactions, payments, etc.), and the allocation of a priority support hotline. Consulting with the help of the robot “Anna” and a chatbot has been launched. Personalized communications have been implemented for 50% of incoming calls.

The claims service has been authorized to unblock personal accounts in Sberbank Business Online upon receiving a call from the client.

Sberbank implemented a procedure for the rehabilitation of clients who had previously faced a refusal to conduct a transaction or enter into a bank account agreement, subject to the elimination of the reasons for the refusal.

A service providing compensation for poor quality services has been launched. Now small and micro-business clients receive individualized service conditions for a period of one month if they have encountered problems with servicing due to the actions of Bank employees or IT malfunctions (including with remote services, their settlement account, bank cards, settlement transactions and self-encashment services, as well as poor quality service at a Bank branch).

We process around 350,000 free-form letters a month in the Business Mail service. Artificial intelligence has learned to automatically classify letters, and this has cut the time required to deliver them to the appropriate Bank employee to 15 minutes.

Artificial intelligence helps the Bank to establish a pre-qualified credit limit for small business clients based on the client’s current operating needs.

In 2018, 33,000 loans worth RUB 46 billion were issued using pre-qualification technology.

One of the brightest new stars in Sberbank’s list of non-financial services is the “Market Pulse” service, which uses artificial intelligence and big data technologies. “Market Pulse” collects real-time data from trading floors and uses complex machine algorithms to form a set of recommendations on trades that are most suitable for the user. The service also analyzes the news background and important legal events involving the company and its surroundings, processes this data set and provides the user with only the important information.

### Development of the Intelligent Management System

Sberbank is actively developing its Intelligent Management System (IMS), a computer program that continuously analyzes various aspects of business and promptly notifies the manager where a problem arose and which actions it recommends be taken. Use of the IMS will improve the quality of client servicing, increase productivity, and reduce the Bank’s costs.

The foundation of the system is automatic analysis of large data sets in various bank systems and evaluation of the actions of employees when performing business processes. When a deviation from normal work practices is noted in the actions of an employee, the IMS forms a recommendation on corrections and delivers it to the employee or his or her manager, thereby nudging employees to develop the knowledge and skills required for effective work and increased client satisfaction.

In 2018 four thousand users were connected to the system, 140,000 tasks were issued, algorithms for persistent deviations were introduced.

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## STATE PROGRAM OF SUPPORT FOR SMALL AND MEDIUM-SIZED BUSINESSES WITH THE PARTICIPATION OF SBERBANK

### Preferential lending to the agricultural sector

Under the program approved by Russian Government Resolution No. 1528 dated December 26, 2016, the Bank has been providing preferential short-term and investment loans to companies in the agricultural sector to develop the horticulture and animal husbandry sub-sectors and the refining of products in these agricultural sectors.

The interest rate on the loans ranges from 1% to 5% per annum. The Bank is compensated for the income not received under these loans in the form of subsidies from the Russian Ministry of Agriculture.

The effective term of short-term loans is up to one year, and varies from 2-15 years in the case of investment loans, depending on the sub-sector being financed. To receive a loan on preferential terms, the borrower must meet the Program requirements, while the conclusion of a loan transaction must be approved by the Ministry of Agriculture of Russia.

Loan agreements worth RUB 359 billion were concluded under the Program in 2018, RUB 233.5 billion of which has already been distributed.

### Support for small and medium-sized businesses in priority sectors

On February 12, 2018, Sberbank and the Ministry of Economic Development of Russia signed an Agreement on providing subsidies from the federal budget to Sberbank of Russia as compensation for the income not received under the loans issued at a preferential rate to small and medium-sized businesses in priority sectors in 2018.

The Program is a state financial support mechanism for small and medium-sized businesses and is being implemented by the Ministry of Economic Development of Russia. The interest rate for borrowers under the Program is 6.5%. There are no

additional commission fees and duties. Sberbank issued loans on preferential terms worth a total of RUB 42.6 billion and received RUB 314.7 million in subsidies under this Program during 2018.

### Support for entrepreneurs when purchasing equipment in certain industries

On April 24, 2018, Sberbank and the Ministry of Industry and Trade of the Russian Federation signed an Agreement on providing subsidies from the federal budget to Sberbank as compensation under loans issued for the purchase of agricultural, road construction and utilities equipment, as well as equipment for the food and food processing industries.

The Program stipulates the provision of loans in 2018 at a rate of 5.5% to 6% for the purchase of equipment. The loans are issued for a term of up to five years, with no limit on the amount. The Bank issued loans on preferential terms under this Program in 2018 worth RUB 1.6 billion and received RUB 7 million in subsidies.

### Preferential lending program for small and medium-sized businesses

The Program to promote lending to small and medium-sized businesses is a state support tool for lending to small and medium-sized businesses that stipulates a limit on the interest rate on bank loans to a level of no more than 9.6% per annum for medium-sized businesses and no more than 10.6% per annum for small businesses. Sberbank has been implementing the Program since 2016. Loans totaling RUB 9.3 billion were issued during 2018 under this Program.

## REFORM OF HOUSING CONSTRUCTION

The housing construction industry is transitioning to new rules starting from July 1, 2019: all new projects will be implemented without attracting the funds of citizens (without equity financing)

Sberbank has created the necessary infrastructure and launched the basic products for developers: escrow accounts for individuals and legal entities; project financing with escrow; banking support.

*In April 2018 Sberbank performed the first transaction in Russia based on project financing with escrow with the Brusnika Group of companies in Tyumen.*

Based on the results for 2018, there were a total of 54 approved transactions for lending to housing construction projects with escrow, and 394 escrow accounts were opened.

Under the procedures permitted by law, some of the developers used banking support services: 6,300 settlement accounts were opened for developers, on which 12,700 payments are performed on a daily basis.

## LENDING TO INDEPENDENT OIL COMPANIES

Sberbank has been financing the largest independent Russian oil refineries since 2012. The goal of the financing of the production facilities being created and modernized was to switch to the output of light petroleum products with high added value, to relieve the pressure on domestic prices on the motor fuel market, and to reduce the share of primary commodity exports. The decisions on investments were adopted by the shareholders of the refineries and Sberbank based on the tax arrangements then in effect and the modernization agreements concluded by the Bank's borrowers with FAS of Russia, the Federal Service for Environmental, Technological and Nuclear Oversight of Russia (Rostekhnadzor), and the Federal Agency on Technical Regulation and Metrology (Rosstandart). The projects met the requirements imposed on project finance, and their implementation facilitated an increase in the investment appeal of the Russian regions and the creation of a large number of new jobs.

Due to the change in the macroeconomic situation and the "big tax maneuver", in 2014-2015 independent oil refineries were faced with reduced profitability and increased payback periods for the modernization projects financed by Sberbank. Sberbank encountered the need to restructure the issued loans. The new amendments to tax legislation adopted in 2018 also had an impact on the business of independent oil refineries, which necessitated another restructuring of the loans (and, in some cases, a reconsideration of the modernization program and the provision of new financing). As the largest creditor in the Russian economy, Sberbank continues to support independent refining and is prepared to proactively participate in the stabilization of the situation in this industry. Among other things, the final version of the tax maneuver includes a proposal by Sberbank to provide reverse excise (i.e., a return of funds from the budget on certain types of petroleum products) to petroleum refineries that invest more than RUB 60 billion in modernization during the period from 2015 to 2024.

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# CREATION OF THE ECOSYSTEM

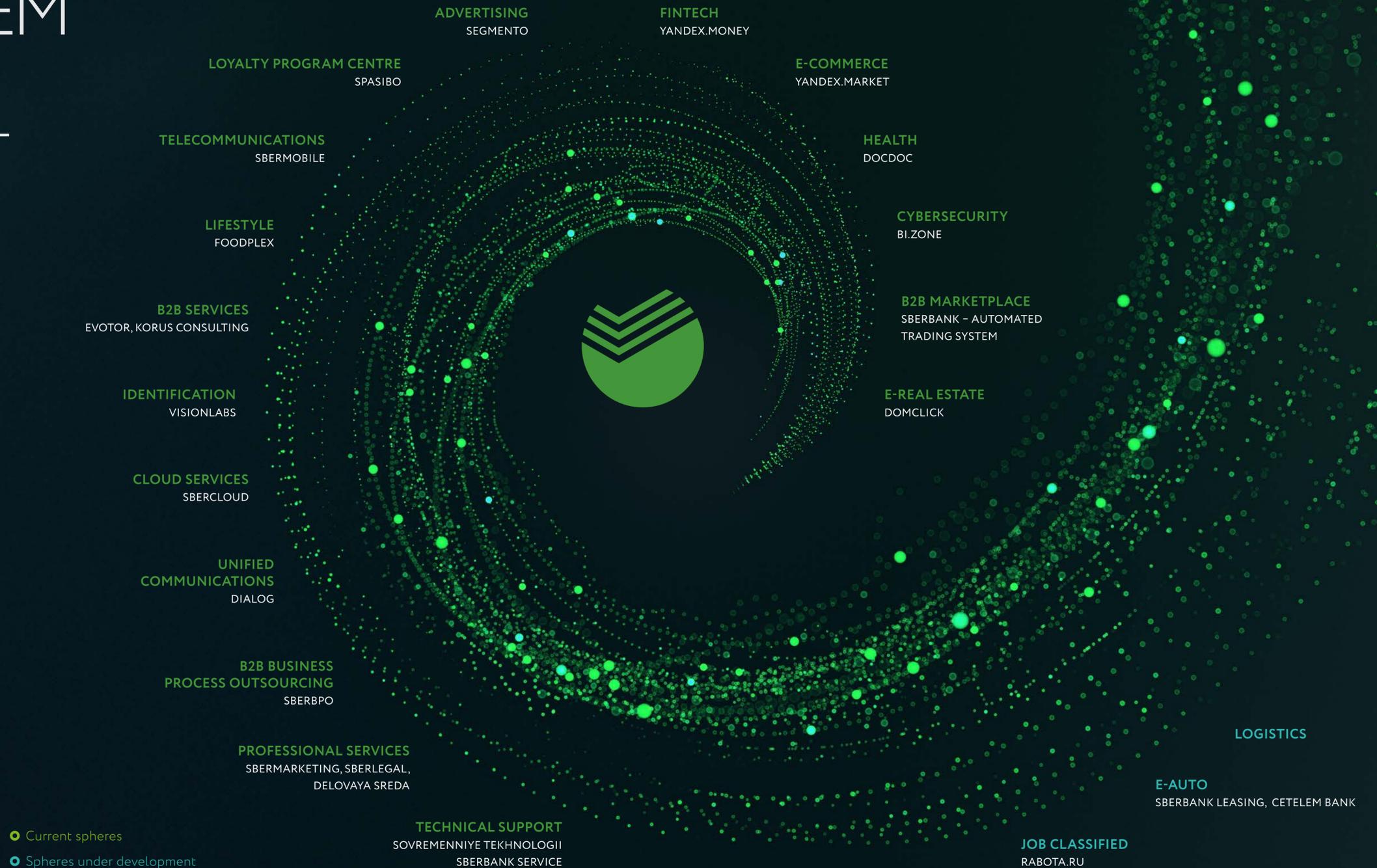
## COMPANIES IN SBERBANK'S ECOSYSTEM AND THEIR INTERACTION

In accordance with the adopted Strategy 2020, the past year has become an important step in the building of our ecosystem. As the needs of our clients go far beyond the financial sector, we started offering them non-financial products and services.

The development of digital technologies and the resulting changes in consumer behavioral preferences have led to the formation of ecosystems. Sberbank is creating its own digital ecosystem based on the banking platform. It enables to instantly connect partners, launch new products and personalization algorithms.

Sberbank's ecosystem focuses on such areas of people's lives as home, health, e-commerce, lifestyle, and also separately builds an ecosystem for entrepreneurs, based on the business development needs. The offer of additional services in these areas is aimed at improving the quality and depth of client relationships and maintaining Sberbank's competitiveness in the long term.

In 2018, we made a big leap in the development of the ecosystem: we advanced in the development of the platform, entered new markets and launched several large projects. We continue to work on synergies between ecosystem companies, both to optimize internal processes and to create new services. In particular, Sberbank began offering comprehensive service packages from different ecosystem companies, taking into account the clients' personal experience and accumulated knowledge about them.





## E-COMMERCE



A service for comparing prices and selecting goods visited by three million people a day. Includes more than 24,000 online stores carrying more than 160,000 products. The service provides direct traffic to sellers' websites. The Supercheck application was launched in March 2019 for purchases in online stores without going through checkout.



Internal e-commerce market platform, the beta version of which was launched in May 2018 and the full-service version in November. Fifteen different categories of goods from more than 1,000 partners can already be purchased in the marketplace and further expansion is planned. This service is used by 370,000 people a day. The first regional warehouse was opened in November in Rostov-on-Don, and strives to ensure next-day delivery. Plans include the development of a network of parcel pickup terminals (for package delivery) at Sberbank branches.



A cross-border trade platform, the beta version of which was introduced in November 2018. The full launch of the service is scheduled for Q2 2019. The focus of the Bringly business model is to develop supervised logistics for secure deliveries of name brand international products.

More than five million products can already be ordered from foreign online stores using this service. Today 20,000 suppliers are represented on the platform. Contracts were concluded in 2018 with trading platforms from India, South Korea and Turkey. A warehouse was opened in Riga to deliver the most popular products.

## HEALTH



A marketplace of medical services where visitors can make a doctor's appointment, hold a telemedicine session, receive a second opinion, schedule a check-up, etc. DocDoc.ru holds 53% of the market of online doctor's appointments, according to the research data of RBK. DocDoc's share on the Moscow market is 70%, and in Saint Petersburg – 40%.

DocDoc works with 49,000 doctors from more than 3,000 clinics. Since its launch, DocDoc's database has accumulated more than 240,000 doctor reviews from patients. In 2018, 646,000 doctor appointments were scheduled using DocDoc, and the client base increased by 3.8 million clients.

The marketplace is gearing up for the launch of B2C marketing. Telemedicine and a second medical opinion are included in the financial and insurance packages for Sberbank's retail clients. The VHI package for Bank employees also includes consultation with a psychologist. A project for the "Smart Watch" wearable gadget has also been introduced.

## LIFESTYLE

### FOODPLEX

An integrated digital solution for the restaurant business.

The company bundles services on table reservation and restaurant reviews, paying checks in restaurants, and optimizing restaurants' business processes. A service was launched in 2018 to personalize restaurant recommendations for guests. The service is in the process of a wide-scale rollout: more than 200 restaurants have already been connected.

## MOBILE OPERATOR



Since 2018 a mobile communications operator has worked under the SberMobile brand.

The operator provides services in IP telephony, push notifications, IvR in acquiring, and IoT/M2M. SberMobile is the only MVNO in Russia that provides Wi-Fi calling and seamless transition from Wi-Fi to GSM.

SberMobile was the first MVNO that was able to customize smartphones from leading manufacturers – Apple, Samsung and Huawei, and was also able to roll out its own Push platform for users of the Sberbank Online mobile app. The integration of IP-calls in Sberbank Business Online is under development.

In 2018, the service was expanded to 13 regions. In early 2019, the number of regions of presence increased to 32.

## PAYMENT SERVICES



A technological platform that serves as the basis for two business models: B2B (Checkout) and B2C (Wallet).

Yandex.Checkout is an online payment service for legal entities and the leader in the share of online stores served by payment aggregators in the rating of Payment Service Provider. Technological refinements were made to the site in 2018 to simplify navigation, improve user conversion, and increase the flexibility of interfaces for business.

Yandex.Wallet is a virtual account for online purchases. In 2018 a loyalty program with a cashback service was launched, as well as investment robo-advising.

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## BIOMETRICS



One of the world leaders in the field of computer vision and machine learning.

It takes 1st to 5th places according to the results of an independent evaluation in all categories of NIST FRVT tests, United States, and is third in the Leaderboard. It four times more efficiently consumes memory and 26 times faster compares faces compared to the world leader. The facial recognition function is employed in various scenarios: payment by face, access to facilities, unlocking automobiles.

Facial identification has been implemented in the entry-pass system of the Bank and its branches.

## ADVERTISING



The company targets Internet advertising for entrepreneurs on the basis of online and offline data in mobile apps, banners, and video.

Coverage through the Segmento platform is more than 290 million users with identification by cookies files, which is comparable to the figures for Yandex and Mytarget. The company's clients include leading international and Russian brands.

The company realizes synergies with major Russian retail chains and mobile operators possessing big data, which increases the effectiveness of advertising campaigns, and expands the types of data involved in the targeting process. The company uses the behavior of visitors to the Sberbank and DomClick websites in segmenting.

## CLOUD TECHNOLOGIES



A marketplace for cloud IT infrastructure. SberCloud serves 25 companies, including companies of the Sberbank Group.

In 2018 Sberbank took the strategic decision to focus on the development of standard cloud solutions based on its own technologies. In February 2019 the Virtual DPC product was launched, including computational resources, data storage systems, virtual networks, backup tools, and more.

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# CLIENT SECURITY

## ECONOMIC SECURITY

The Bank's economic security divisions continued their work to prevent the threat of economic losses being caused to the Bank and its clients. Sberbank checked the business reputation of 616,000 clients and contractors, finding negative information on 23,000 of them. This information was shared with the interested divisions and collegial bodies.

97% of all the risks from more than 1,000 uncovered cases of fraud were averted. The total amount of damage prevented equaled RUB 1.8 billion.

For example, we stopped 423 attempts to use stolen (lost) or forged passports, five attempts at fraud using forged payment documents, and prevented 99 cases of theft from the deposits of Sberbank clients using forged powers of attorney for a total amount of RUB 117 million.

In the corporate lending sector, we conducted 198 checks of the authenticity of information and forged documents. In 115 cases we identified instances of fraud and were able to prevent RUB 3 billion in damages.

Reviews of 23.7 thousand loan applications of individuals using "Credit Factory" technology were also performed and transferred for additional review to the economic security divisions. Instances of fraud were discovered in 863 cases. RUB 1.5 billion in potential damage was prevented.

As part of Sberbank's work on the criminal prosecution of those who commit crimes against the Bank and its clients, with the help of employees from Sberbank's economic security divisions law enforcement agencies were able to detain 363 suspects at the scene of the crime. In all, 1,400 statements were sent to law enforcement agencies, 671 criminal cases were instigated, and 228 people were prosecuted.

During their work with problem assets, the economic security divisions found 131 cases where there was evidence of possible collusion between the grantees and the Bank's debtors. By supporting the criminal prosecution of debtors and the beneficiaries of problem assets, Sberbank was able to recover RUB 222 million.

The Bank considered 309 draft internal regulations in its effort to improve its regulatory framework and ensure compliance with the Bank's economic security requirements.

## INTEGRATED SECURITY

In 2018 there was a total of 208 criminal attacks on the Bank's self-service terminals, including 64 that involved the blowing up of the safes of self-service terminals and 11 block box attacks. The measures taken to protect self-service terminals prevented the loss of RUB 420 million. Fifty-five perpetrators of criminal attacks on self-service terminals were detained.

Sberbank drafted a new standard to protect client information and prevent fraud when performing operations at self-service terminals. This standard includes protection from skimming (reading of information from the magnetic strip using special devices), black box attacks (connecting an outside device to a cash machine) and transaction reversal fraud (fraud when withdrawing cash from an automated teller machine through the manipulation of a card account).

At critical infrastructure facilities — in cash collection centers, data processing centers, office buildings, storage sites of material values — round-the-clock monitoring is conducted. In the premises where client information is processed, an access control system is used.

In 2018, security officers, in cooperation with law enforcement agencies and security organizations, prevented 25 robbery attacks against bank branches. The prevented damage amounted to RUB 149 million. Twelve intruders were detained. Criminal cases are initiated on the fact of illegal actions.

## ORGANIZING THE PROCESSING AND PROTECTION OF PERSONAL DATA

Sberbank performed a number of systemic measures to implement new requirements in connection with the entry into force of the new EU General Data Protection Regulation (GDPR) on May 25, 2018.

The most important phase of this work was the creation of the Personal Data Processing Management System. During this phase, the Bank appointed a Data Protection Officer, created the Center for the Processing and Protection of Personal Data, and the Organizational Model for work with personal data. The Model ensures control over personal data processing procedures at each stage of the life cycle and management of requirements on the processing and protection of personal data.

Personal data processing and protection is organized through a single integrated personal data processing and protection process created at the Bank. The process is built on the principle of simultaneous compliance with both Russian and European legislation.

Sberbank performed an audit and assessment of the compliance of its business processes, automated systems and internal documents with the requirements of Russian and European legislation. Measures were taken to meet the requirements of the GDPR based on the results, in particular:

- ◆ amendments were introduced to internal documents on the procedure for processing and protecting personal data;
- ◆ a Register of processes for personal data processing was approved;
- ◆ an assessment was performed of the impact of processes for personal data processing on data owners (Data Privacy Impact Assessment). This measure included an in-depth analysis of business processes, an assessment of cybersecurity risks and the possible consequences for data owners of a deviation of the processes being implemented from the legislative requirements;

- ◆ a personal data processing and protection representative was appointed in the EU, with notification being given to the EU regulator and personal data owners;
- ◆ the Austrian regulator was sent a notice on the appointment of a Data Protection Officer;
- ◆ the personal data processing procedure was brought to the attention of all personal data owners;
- ◆ the exchange of data with contractors and subsidiaries in the EU was ensured through a system of contractual relations, with the mandatory inclusion of the standard contractual clauses (SCC) published on the official website of the European Commission.

A procedure for the constant assessment of compliance with the requirements on processing and protection of personal data was organized for all planned personal data processing technologies and processes.

To align the requirements of Russian legislation with the new provisions of the modernized European Convention for the Protection of Individuals with Regard to Automatic Processing of Personal Data (the Protocol Amending the Convention for the Protection of Individuals with Regard to Automatic Processing of Personal Data was signed in Strasbourg on October 10, 2018), proposals have been drafted on amending the Federal Law "On Personal Data", among other things by adding provisions on anonymous data, the depersonalization of data, etc., to the Law.

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## CYBERSECURITY

The Cybersecurity Service works 24/7, using the latest data mining methods, to prevent attempts by fraudsters to carry out attacks on the Bank's systems. The potential damage to our clients from intercepted suspect transactions could have equaled more than RUB 42.6 billion in 2018.

Ninety-six DDoS<sup>1</sup> attacks were averted, and more than eight million computer viruses attempting to infiltrate Sberbank's systems were neutralized.

To resolve the pressing task of allowing clients to use banking services without being physically present at the Bank, Sberbank joined the Central Bank's biometric client identification project at the end of 2018. Under this initiative, Sberbank is an agent of the Unified Biometric System and began collecting biometric data for the Unified Identification and Authentication System. The remote biometric identification system, which makes it possible to recognize a person based on their unique characteristics (for example, their face or voice), is a reliable and convenient way to identify clients. To use this function, users must register in the Unified Identification and Authentication System and "give" their biometric parameters (face and voice templates) at the authorized bank. The implementation of state-of-the-art technologies will make the interaction between citizens and state agencies and banks more seamless, quick and reliable.

This product provides bank cards with insurance protection against the withdrawal of cash through unauthorized contactless payments from clients' smartphones or as a result of the introduction of malware to their smartphones. The solution includes the free installation of a security solution from Kaspersky Labs on smartphones. Thus, the converged solution protects the smartphone, where the information on bank cards is stored, and reduces the likelihood of falling victim to cyberattacks to a minimum. Even if the fraudsters are able to withdraw cash from the card using mobile data, the client will receive insurance indemnity up to a set limit. Another new product for insurance protection of corporate clients against the actions of cyber-fraudsters was also launched. This product is available for all types of business, regardless of their size.

Sberbank will continue to strengthen the protection of its systems in 2019, including through the use of leading global practices to prevent cyber fraud.

Work will also continue to use artificial intelligence in modern cross-channel fraud identification systems, to provide clients with secure services regardless of the service channel.

*In 2018 Sberbank was the first bank in Russia to introduce a product to insure bank cards from cyber incidents.*

<sup>1</sup> DDoS — Distributed Denial of Service.

## Cybersecurity leadership



*Sberbank was officially included in the list of founding partners of the WEF Center for Cybersecurity, or C4C.*

The end goal of most cyberfraudsters is financial gain. This makes banking activity one of the most attractive areas for organized cybercrime. The scale of the Bank's work in Russia and abroad creates a huge perimeter for attack by perpetrators.

Considering the global rise in cybercrime, it is already impossible to work in isolation to combat this problem. This is where modern information exchange on new threats and prevention methods (not only in Russia, but worldwide) comes to the forefront. With this fact in mind, Sberbank and the World Economic Forum (WEF) signed a partnership agreement in 2018 on information and technological cooperation in the fight with international cybercrime.

Together with Sberbank, which is the first founding partner and the only Russian company among the participants of the Center for Cybersecurity (C4C), world business leaders, key players on the international cybersecurity market, and representatives of law enforcement agencies will take part in the Center's work. The main goal behind the creation of the Center is a collaboration of international efforts in the fight with cybercrime through the accurate and rapid exchange of information, the prompt adoption of collective decisions, and the development of strategies and tactics to protect society from cyberthreats.

Sberbank and the WEF will set up the automated exchange of data on modern cyberthreats based on specialized platform solutions.

### The areas of cooperation within the C4C Center are:

- Automated exchange of data on modern cyberthreats based on platform solutions
- Building of a global network for cooperation between centers for rapid response to cyber incidents
- Formation of strategies and key areas for improvement of the cybersecurity industry
- Creation of a global analytical center for collection of data on the current situation in cyberspace and distribution of this information to the world community



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In the summer of 2018 we organized the first International Cybersecurity Congress (ICC) in Russia. The Congress brought together more than 2,200 participants and around 700 organizations from more than 50 countries. Russian President Vladimir Putin took part in the work of the Congress, which testifies to the fact that the pressing nature of the topic of cybersecurity is understood at the highest levels.

In November 2018 the wholly-owned Sberbank subsidiary BI.ZONE held an international conference on practical cybersecurity called OFFZONE 2018. The conference considered issues concerning possible attacks on the IT systems in use in the banking industry, the strengths and weaknesses of popular services, the research provided on the security of biometric authentication technology, and analyzed the modern approaches of perpetrators to phishing and attacks on banks.

**In 2017 Sberbank created its own cybersecurity Security Operations Center (SOC), and involved leading experts from more than 11 countries in its work. In 2018 this project was recognized as one of the best in the world and given an award at the international competition IPMA International Project Excellence Award 2018.**

**The SOC is now providing 24/7 cybersecurity for the Bank's IT platforms on par with world leaders in this area. It can be used to continuously track and assess the situation in real time, to forecast crises and immediately respond to all modern cyberthreats. The Center's capability to collect and visualize data makes it possible to simultaneously monitor all the Bank's business systems and security features.**

*In late 2018 BI.ZONE and the Association of Banks of Russia summed up the results of the pilot project of an information exchange platform on cyberthreats. Over the five months of the platform's work, at least RUB 3 billion in damage was prevented and more than 13,000 compromised devices were identified.*

The international community has already expressed intense interest in this platform and the capabilities of information exchange in the area of cybersecurity. A decision was adopted on the basis of the results of the project to launch the next version of the platform into commercial operation.

In the coming years, Sberbank will continue to ramp up international cooperation on cybersecurity issues, to ensure the highest possible level of protection of its clients' information and funds. For example, as early as the summer of 2019 Sberbank will hold Global Cyber Week 2019.

This event will combine the technical conference OFFZONE with the International Cybersecurity Congress (ICC). During the week the OFFZONE 2019 conference on practical cybersecurity will be held (on June 17-18), which will include a practical cybersecurity competition. Participants will try to solve experimental problems in this area, attack the services of adversaries and protect their own infrastructure. The week will continue with the International Cybersecurity Congress (on June 20-21), which will hold a global dialogue between the representatives of the state authorities, world business leaders, and key experts on the most urgent and pressing issues in ensuring cybersecurity in the era of globalization and digitalization.

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# 3.2 TECHNOLOGICAL LEADERSHIP

## TECHNOLOGICAL TRANSFORMATION OF SBERBANK

We validate priorities of technological leadership by continuing the technological and AI transformation. In 2018, we realized the announced plans in all key strategic areas: the development of a new Bank platform, increased reliability, AI-transformation, innovations development.

### Platform



Sberbank goes forward with the development its technology platform. In 2018, we reached a fundamentally new level of platform readiness: completed the development of all key technological components and started major migration of business functionality.

We drastically improved the quality of interaction between IT and business in order to also ensure effective joint creation of the Platform. For this, more than 8,000 engineers were transferred from the subsidiary of Sberbank-Technologies JSC to Sberbank PJSC to joint Agile teams.

### Infrastructure and reliability



Sberbank has always paid great attention to the reliability of its data processing and storage centers, and now it attaches particular importance to this. One of the achievements that we are proud of is the recently obtained Uptime Institute TIER III certificate, which confirms compliance with international safety and reliability standards.

A key focus for Sberbank remains ensuring high reliability of critical systems. In October 2018, we successfully completed the strategic program "Reliability of Critical Automated Systems of the Bank (99.99)" the availability of bank services at the level of 99.99 was ensured. The total downtime in 2018 due to incidents was reduced to 8 hours against 58.8 hours in 2013 (the year the program was launched).

Based on international experience, we have added a new area that complements our technological transformation the cloud IT architecture. The development of cloud services will radically change the technological landscape of Sberbank, will give a new level of scalability and speed of introduction of new products and services, will dramatically increase the utilization of resources.

### Innovations



At the end of 2017, innovative laboratories were created in Sberbank in currently important technological areas. In less than a year, an innovative team with unique competencies and expertise was formed, an infrastructure was created for the development of technological innovations, and a number of outstanding initiatives were implemented.

### AI-transformation



The Bank implements the AI-first concept, embedding artificial intelligence in all its processes. Thanks to the use of AI, the time for issuing loans to corporate clients in 2018 was reduced to 7 minutes. Due to the processes robotization and the reduction of manual labor in 2018, the efficiency of the back office was increased by 25% routine operations in 53 Bank processes are performed by robots instead of employees. Reading robots extract data from electronic documents and verify signatures on the basis of AI.

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# KEY ADVANCES IN TECHNOLOGY PLATFORM DEVELOPMENT IN 2018

## THE PLATFORM IS BEING CREATED THROUGH THREE STRATEGIC PROGRAMS

### Unified frontal system (UFS)



The UFS program creates a single service logic in all channels, based on the omnichannel principle, and significantly improves customer experience. A unified frontal system allows not only to increase comfort for customers, but also to increase employee efficiency.

The teams carry out an independent parallel development of the UFS, providing large-scale production of business functionality and replication as soon as they are ready (on demand). The key technological conditions for the development of the UFS are high performance, reliability and security of customer service.

In 2018, the architecture, development and functionality output in the industrial environment were improved, the possibility of multi-versioning was introduced, thanks to which technological services and client functionality can be developed independently and iteratively in their own release cycles. The stage of mass replication of the system for all customers in three remote banking services channels has begun.

### Business Development Support Platform (BDSP)



The BDSP program combines the processes of the Bank's middle and back office, creating technological components and product factories to provide services to clients.

In 2018, we made significant progress in developing the platform. Reliability and performance were ensured, 100% contracts of priority components required to start the replication of product factories to external customers were confirmed.

Mechanisms for switching the platform to work in Stand-In mode, as well as Stand-In applied factories were implemented, allowing to continue to work without interrupting customer service in case of incidents.

Frontal systems of all 14 thousand offices of the Bank began working with a single client profile. The list of products connected to the platform in a test mode was significantly expanded, including transfers to individuals, acquiring services, payroll projects, deposits and conversion operations of legal entities. A large-scale replication of business functionality has been launched.

### Data Factory Creation (DFC)



Data Factory consolidates the information asset of the Bank and allows to make decisions based on high-quality data.

In 2018, we finished the creation of infrastructure elements, loaded data from key internal and external sources. The 2018 Bank management reporting was based on the database and tools of the Data Factory.

The next step was the transition from creating a data storage to developing an analytical and AI platform, providing new opportunities in near-real time data processing, self-service and analytics.

We have already made progress in the implementation of the new architecture. A new approach to data quality management was launched. A mechanism for elastic resource allocation in less than 20 minutes was implemented. MVP DevOps for AI, which allows AI-models to be put into commercial operation in less than one day was, developed.

We continue to increase our technologies and competencies to consolidate, process and provide complete and relevant data across the Sberbank Group.

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# INFRASTRUCTURE AND RELIABILITY

## Infrastructure



The Bank transferred servers of 450 automated systems from leased data processing centers (DPCs) to the Skolkovo data center without affecting customer service and reducing reliability. At the same time, large-scale centralization and decommissioning of non-target automated systems and data centers was carried out. The Skolkovo data center in 2018 was certified against a third level of reliability (Tier 3).

The Dynamic Cloud Infrastructure Initiative was launched. The goal of the initiative is to create a world-class dynamic cloud infrastructure with the best customer experience, competitive price and required reliability, as well as a significant increase in the utilization of the Bank's infrastructure.

In late 2018, together with the Digital Platform tribe, the e-commerce approach (payment for the resources actually consumed) was successfully piloted when ordering infrastructure products. The replication of this approach to other divisions of the Bank has begun. The service of a dynamic infrastructure can be used not only through the interface, but also from the program code, which allows for the automatic scaling of the infrastructure depending on the required power.

The possibility of providing public cloud resources (SberCloud) on a commercial basis, for subsidiaries of the Bank, and in the long term – to an open market.

## Reliability



In October 2018, the strategic program “Reliability of Critical Automated Systems of the Bank (99.99)” was successfully completed. The program has achieved its goals to improve the availability of client services with regards to critical automated bank systems and supporting infrastructure. For a number of critical AS in the program the following results were achieved:

- ◆ The availability of bank services at 99.99 level is ensured. The total downtime because of incidents in 29 critical AS was reduced to 8 hours. This greatly exceeds the allowable rate of 17.15 hours.
- ◆ Stand-in mode for critical AS is realized, which makes it possible to preserve the efficiency of client services in the event of a failure or maintenance of technological work.
- ◆ Services are provided in continuous availability of customer services mode.
- ◆ Linear scaling technology of the systems was realized, allowing to increase system performance without revising architectural solutions.
- ◆ Since the launch of the program, a fivefold increase in client operations has been maintained and a further performance margin has been ensured.

Upon completion of the Program, the mission of ensuring reliability has become a key part of our regular activities.

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# ARTIFICIAL INTELLIGENCE

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## AI transformation

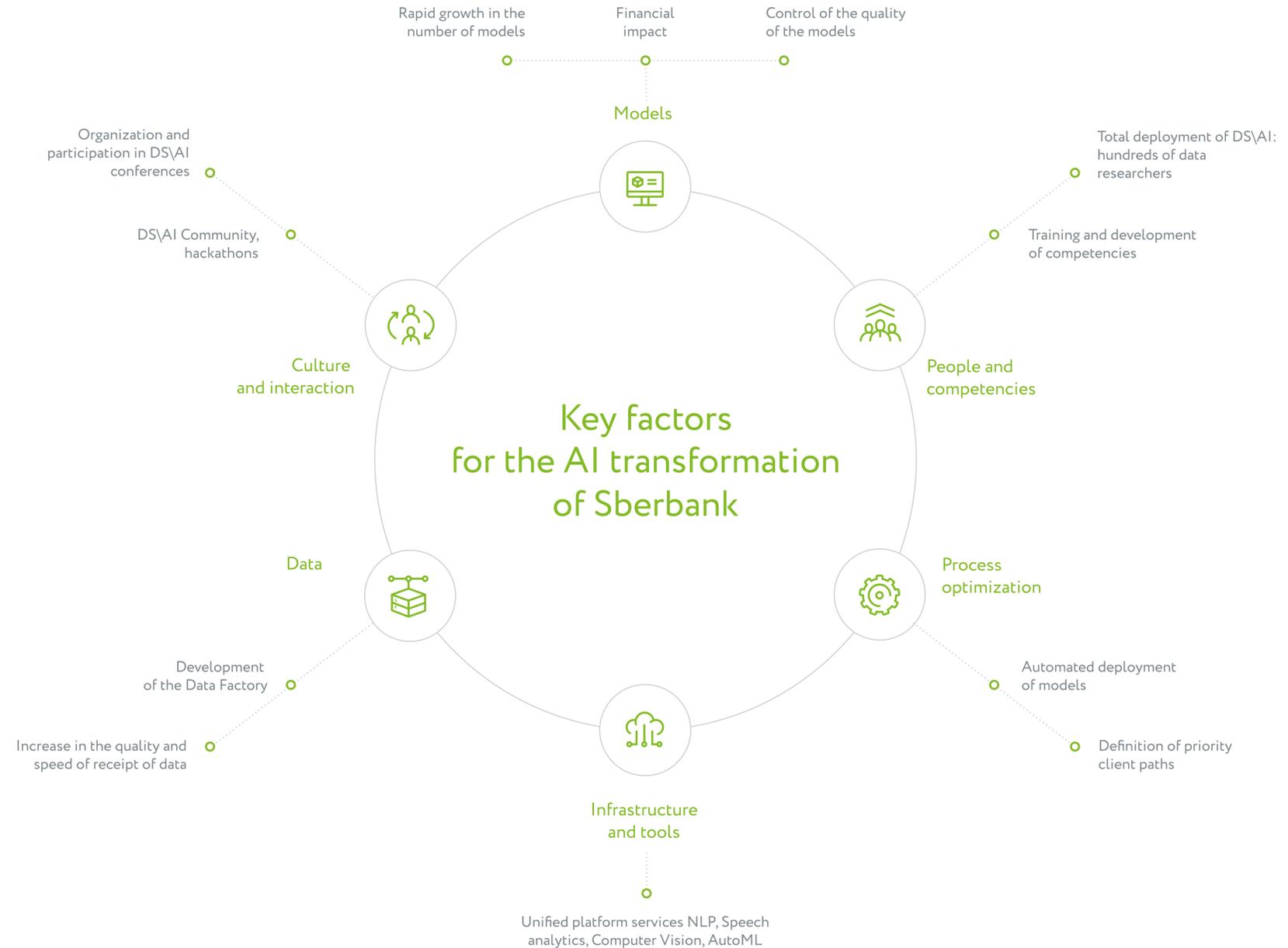


In 2018 the Bank focused on creating the necessary conditions for an AI transformation. In 2019 the Bank will focus on products, the customer experience, and the financial impact of using AI.

In order to achieve large-scale AI transformation, the Bank needs to prepare its infrastructure, data, models and processes and employ the right specialists.

To this end the Bank is creating unified open platforms to provide services to all internal business clients: NLP (chatbot), Speech Analytics platform, Computer Vision and AutoML.

## KEY FACTORS FOR THE AI TRANSFORMATION OF SBERBANK



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# ARTIFICIAL INTELLIGENCE

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## DS/AI components



As part of the creation of an AI culture, the Bank is developing DS/AI components not only among its employees, but also with the external community.

We are investing in R&D, joint accelerators, the delivery of training courses jointly with leading Russian universities, open conferences such as Sberbank Data Science Journey, Classic AI. An AI Academy program has been launched.

At present the Bank is already using AI in several products to improve customer experience.

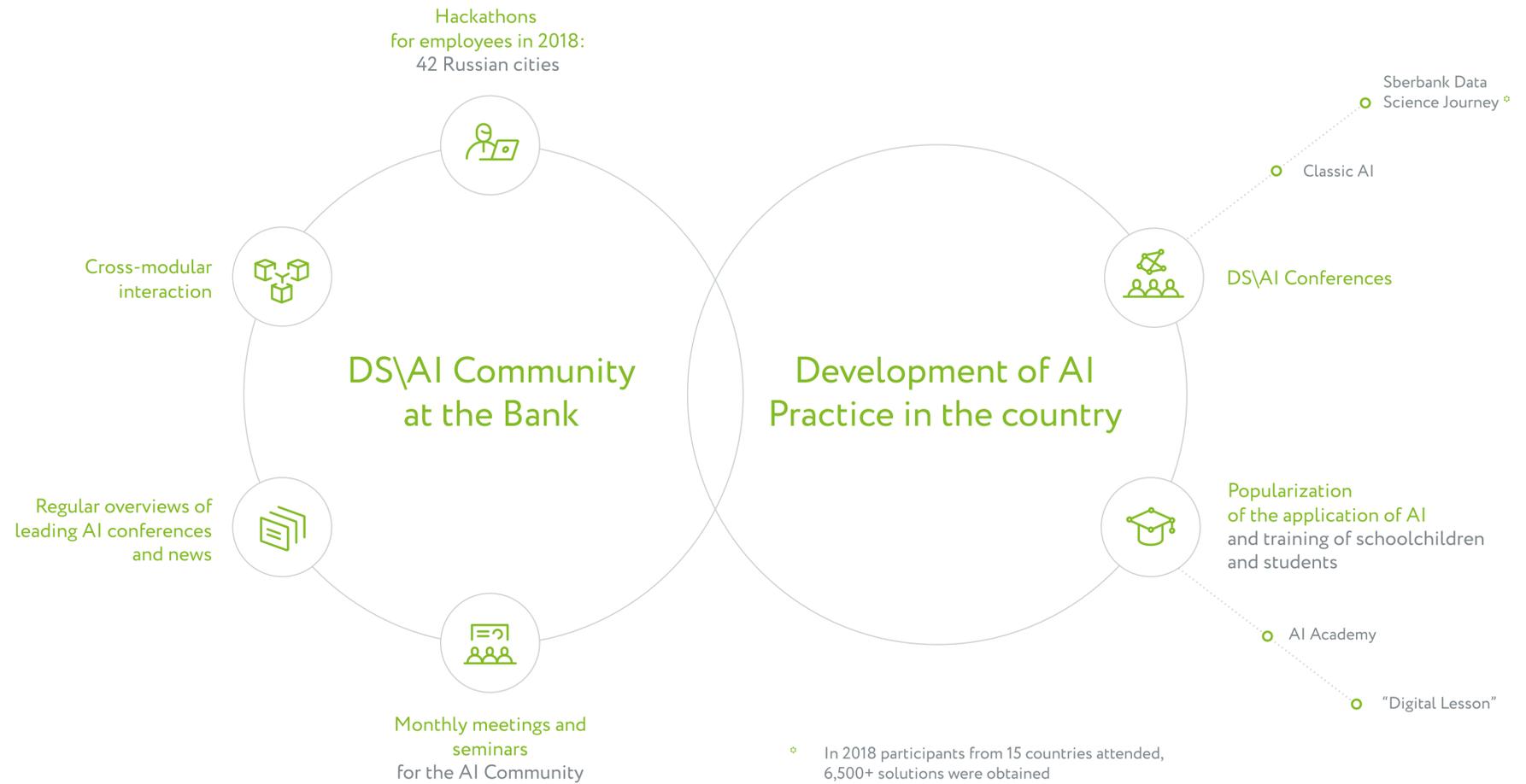
More personalized communications with clients have become possible due to the use of chat and voice bots, which are being used in communications with retail and corporate clients and also during the recovery of overdue debt.

“Smart Products” are changing the lending process: corporate clients can obtain a loan within seven minutes, while private clients need to spend only a few minutes completing online loan applications.

The Bank starts using biometrics to increase speed and enhance security if a client submits a request to the contact center, accesses mobile applications or uses self-service devices.

The use of AI in asset and liability management helps the Bank to model the structure of the balance sheet taking many factors into account, including macroeconomic ones, and to make optimal decisions in financial planning and setting product rates.

## DEVELOPMENT OF AI COMPETENCES BY SBERBANK



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# INNOVATIONS



BLOCKCHAIN



ARTIFICIAL INTELLIGENCE



GAMIFICATION



VR/AR



CYBERSECURITY



INTERNET OF THINGS



NEUROSCIENCES AND HUMAN BEHAVIOR



ROBOTICS



PROCESS ROBOTIZATION

## Innovative laboratories



Key tasks of nine innovative laboratories include:

- ◆ Conducting continuous monitoring of new technologies, so as not to miss the next big thing
- ◆ Increasing expertise in key technologies
- ◆ Introducing innovative solutions to Bank products and services
- ◆ Conducting applied research jointly with national universities and research centers

Products of the laboratories are solutions with possible further transfer to business units. In 2018, laboratories created more than 100 MVP (prototypes), some of which have already been put into commercial operation.

### Blockchain Laboratory

Sberbank has developed a blockchain-based solution for concluding repo transactions on the basis of both English legal practice and also Russian legislation. In addition, in 2018 a solution for a reconciliation check of the actual delivery of factoring transactions was transferred to the Hyperledger platform. The Bank tested solutions for transactions with mortgages, warranties and letters of credit on the basis of Masterchain jointly with the FinTech Association.

### Cybersecurity Laboratory

Sberbank developed a prototype of AR glasses with biometric face identification for physical security, systems for the authorized transfer and exchange of digital documents for Russian citizens, and prototype of a fraud analyst's workplace in VR, and also incident post-analysis scenario.

### IoT Laboratory – Internet of things

A prototype of the “Smart Barrier” was developed, allowing passage and payment of parking through the Bluetooth of the phone. The “Smart office” concept was also developed and is already being implemented in territorial banks, allowing to increase the level of safety and comfort of clients and employees, and to reduce operating expenses.

### Artificial Intelligence Laboratory

Sberbank has created a library to analyze the tonality of the clients' text appeals by using deep learning and visualization technologies, and also a general library for building and testing recommender systems. The initial deployment of a meta-training algorithm was developed which significantly speeds up and simplifies the development of standard models. New methods for interpreting neural networks have been developed; and research of the AI tools applicability in medicine and development of an Idea Stock Exchange analysis prototype were launched.

### Virtual and Enhanced Reality Laboratory

The laboratory developed the prototype of a Virtual Assistant using enhanced reality technologies, and initiated the development of a VR trainer for remote learning and a VR platform that displays real estate.

### Gamification Laboratory

Sberbank has developed a system of employee gaming achievements that increases productivity by up to 50%. A new system of levels has been developed for Sberbank Spasibo loyalty program, as well as a concept for the development, motivation and training of employees for the Bank's intelligent control system. A prototype was launched to train young people of the Z generation in the stock market game.

### Robotics Laboratory

Sberbank developed, patented, and began testing a robotic cash conversion section. Its unique feature is the joint work of the robot and man, allowing for a threefold increase in labor productivity. In addition, for the first time in the world, an experimental delivery of bank values was carried out with the help of an unmanned aerial vehicle. The Robotics Laboratory conducts its own research in logistics and personal robotics, integrating new hardware solutions with the unique capabilities of artificial intelligence systems developed at Sberbank.

### Process Robotization laboratory

At the end of 2018, software robots were in operation in 53 processes at Sberbank, including 30 that handled 100% of industrial operations volume, and at 23 processes, 50%-80% of industrial volume was handled. The number of operations performed by software robots equals 35,000 operations, and the speed of certain client processes has risen by a factor of 4-10. The Bank has created a competence of 200 experts on robotization processes.

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# ACCELERATORS

We seek to develop within the Bank a corporate leadership culture and proactive attitude to life. For this purpose, Sberbank organizes startup accelerators – competitions offering an opportunity to receive support with the development of a business, including the prospect of becoming part of the Bank’s ecosystem.

**Sberbank is developing two acceleration spaces:** for the employees of Sberbank Group and also to attract startups from the market. Acceleration is an accelerated business development program that makes it possible to assess in three-six months demand for a product and its possible deployment in the Sberbank Ecosystem.

The purpose of Sberbank’s accelerators is the rapid testing of the deployment of new technological products in the Ecosystem.

## Internal accelerator



The Bank’s employees have the best understanding of what Sberbank’s clients need. That is why each employee is given an opportunity to propose their own idea as part of the accelerator “Sber#Up”. The first accelerator wave was launched in 2018. In total 12 teams made it to the final and presented their results to the senior management of Sberbank. Six of the teams received development offers from Sberbank.

### At present Sberbank has launched the projects:

- ◆ **PayZakat**, a service for compulsory Muslim donations to reliable charities.
- ◆ **SportMe**, a marketplace for booking sports grounds and equipment.
- ◆ **GetMeBack**, a loyalty program constructor for small businesses.

The projects **Startup-Check-up** (an automated business plan generation service based on market data) and **LocalTarget** (a targeted advertising service for small businesses) are currently at the development stage. The **Stilus** project will be developed independently in connection with the departure of the founder from Sberbank.

## External accelerator



An accelerator boasting global experience and an international portfolio of 500 Startups was engaged as the partner for the project. It is the leader in terms of the number of invested startups in 2018. The company has invested in more than 2,000 startups from 60 countries and launched eight “unicorns”.

The Accelerators of Sberbank and 500 Startups are notable for the engagement of 25 partners, represented by the largest corporations interested in the development of innovations (S7, Rosseti, Magnit, VimpelCom, Rambler, Auchan, Rostelecom), and also investment funds (Ru-net, Orbita Capital, AD.RU). The representatives of partner companies had an opportunity to act as mentors for teams and discuss investments or hold pilots on the business of corporations.

### Results of the Moscow part of the acceleration:

- ◆ 582 meetings with clients and investors;
- ◆ 192 tried and tested hypotheses,
- ◆ 164 concluded contracts;
- ◆ average 40% MAU growth for B2C startups;
- ◆ average 47% increase in revenue for B2B startups.

On February 5, 2019 the Bank held Demo Day, attended by Herman Gref, Lev Khasis, Yuliana Slashcheva, Alexander Mamut and other senior managers of corporations. Based on the results of Demo Day, seven promising startups were recognized as having development potential on the international startup market, which will participate in the second part of the acceleration – the program by 500 Startups in Silicon Valley.

\* “Unicorn” – a startup whose estimated value rose to USD 1 billion in a short time.



# 3.3 PEOPLE: NURTURING NEW SKILLS IN EFFECTIVE TEAMS

An effective team of professionals committed to achieving ambitious goals is the key to success and to Sberbank’s continued meaningful development.

We do our best to remain an attractive and competitive employer by actively improving our human capital management processes. The creation of an adaptive and comfortable working atmosphere for our employees is an important aspect of our operations.

The Strategy 2020 sets forth Sberbank’s key development priorities for the HR system: transitioning to a team-based organizational model, crafting a transparent and understandable employee journey, automation and digitalization of HR processes. We are also committed to developing the corporate culture that is built on the employees’ aspiration for self-development, contributes to creating a technology company and the Bank’s ecosystem, helps to change the whole country for the better and allows employees to feel a sense of pride in the results of their work.

## Global trends affecting HR



Sberbank ranked eighth in the rating of Russia’s employers based on the results for 2018 prepared by the company HeadHunter. We are second among banks and third in the category “Most popular job seekers”, and sixth in the category “Most highly developed HR process.” The last time the Bank participated in this rating in 2012, it came 23rd.

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# PERSONNEL STRUCTURE

# 293.8 K

ACTUAL NUMBER OF GROUP EMPLOYEES AT THE END OF 2018

## Actual headcount of the Group, people<sup>1</sup>

	2015	2016	2017	2018
Sberbank	271,231	259,999	251,701	245,788
Subsidiary banks and companies	45,316	51,672	49,996	40,719
<b>Total</b>	<b>286,507</b>	<b>286,507</b>	<b>286,507</b>	<b>286,507</b>

At the end of 2018, the actual number of Group employees totaled 293.8 thousand people. The number of employees of the Group members, the data on which are included in this section, amounted to 286.5 thousand people or 97.5% of the total headcount of the Group.

Full-time employees account for 97% of all Group employees<sup>2</sup>, with 98% having a permanent employment contract. The collective bargaining agreement covers 100% of employees at Sberbank.

In all, we hired 53.4 thousand new employees in 2018, including 44.3 thousand at Sberbank. Staff turnover for the Group decreased by 0.5 percentage points in 2018, and equaled 14.2%. Staff turnover at Sberbank itself equaled 13.4%. Staff turnover is within the average for the world's banking sector.

Structure of the Group's management bodies by gender, %



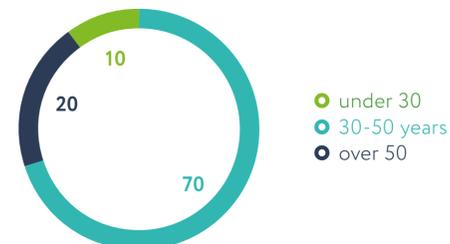
Actual headcount of the Group by gender, %



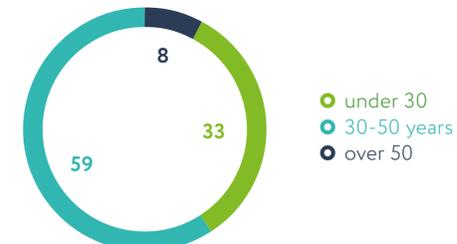
Actual headcount of the Group by employee category, %



Structure of the Group's management bodies by age, %



Actual headcount of the Group by age, %



Staff turnover, %<sup>3</sup>

	2015	2016	2017	2018
Staff turnover at subsidiary banks and companies	33	27	29	26
Staff turnover at Sberbank	12.8	11.9	12.6	13.4
Staff turnover for the Group	14.7	14.4	14.7	14.2

1 The information for 2015-2017 has been adjusted in connection with the updating of the data collection methodology and the inclusion of information on Sberbank Europe AG.

2 Indicator calculated based on overall staff numbers, including full-time and part-time Group employees.

3 The information for 2015-2017 has been adjusted in connection with the updating of the data collection methodology and the inclusion of information on Sberbank Europe AG..

# EMPLOYEE JOURNEY

The Strategy 2020 defines Sberbank’s approach to building transparent and honest relationships with employees throughout the entire period of their interaction with the Bank.

With this in mind, we have begun to develop a comfortable, understandable, and personalized employee journey at the Group, paying close attention to the people and professions that create maximum value for Sberbank.

We are convinced that the attitude of employees to Sberbank as an employer has a direct impact on the quality of customer experience. It is important that we build and maintain a high level of honest and trusting relationships with personnel, which will in turn facilitate an improvement in the quality of client relations.

## Employee journey Key stages



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# 01. ACQUAINTANCE AND INTEREST

Acquaintance with Sberbank and its culture is the first important step on the employee journey.

This stage meets two key objectives – first, potential candidates learn about the possibilities and nature of work at Sberbank, and, second, the Bank creates a productive environment for the subsequent hiring of specialists who meet its requirements.

The Bank’s internal career portal [sberbank-talents.ru](http://sberbank-talents.ru) and the Graduate portal [sbergraduate.ru](http://sbergraduate.ru), SMM career groups in the Facebook and VKontakte social networks, lead generation and advertising campaigns (contextual and banner advertising), e-mail and SMS mailshots, targeted and dark posting, etc. have become important channels for attracting new employees to the Bank. Sberbank also implements a referral recruitment program and an alumni relations program. Last year, more than 42 thousand employees gave their recommendations and about 2,300 people were hired.

**We use various formats to ensure that potential employees have a chance to get better acquainted with Sberbank’s culture and activities:**

- ◆ On-the-job training and internships programs for young specialists, organized at the central headquarters, Sberbank-Technology and in regional bank branches. In 2018, 9,748 people took part in these programs.
- ◆ The Sberseasons program of paid internships. This program was held in three waves and in six cities in addition to Moscow. Over the year, 506 students participated in the internships, 115 of whom went on to become Sberbank employees.
- ◆ Last year, SberDays in London for Russian-speaking students and graduates of British higher education institutions were held for the first time. The main goal of the meetings, which were held as interactive workshops, was to tell potential employees about the modern Sberbank and its global technological transformation.
- ◆ Cooperation with more than 600 higher and secondary education institutions. Sberbank’s joint educational programs cover all stages of education – from bachelor’s to post-graduate degree programs. In 2018, 555 people received education under these programs, including 81 who were subsequently hired on a full-time basis. Bank management also regularly organizes lectures, master classes, and webinars for the students at our partner educational institutions.

- ◆ Collaboration with business schools (preparatory and professional development) in areas of IT (Java, iOS, Android School, Moscow Coding School, School 21);
- ◆ Offline events: hackathons, conferences, seminars, forums, job fairs, etc. We organized more than 70 student events in 2018, including both traditional job fairs and career days and specialized events like the “Find IT” forum.

An area which we pay special attention to is the work with the employer’s brand. For example, we partitioned key groups of employees in whom Sberbank is interested, and a special value proposition that takes into account their professional interests, desires on the work organization, and other special features has been prepared for them. Continued work in this area is planned in 2019, to strengthen Sberbank’s position as an employer on the job marketplace.

For the second year in a row the project of subsidiary Sberbank Technology to develop the technology-based city of the future, Innopolis, has been given prestigious awards, such as the HR Brand Award and IT HR Awards.

In September 2018, Sberbank launched the youth career portal [sbergraduate.ru](http://sbergraduate.ru). This portal collects all the information that young people might need: vacancies, the Sberbank events calendar, educational programs, internships and on-the-job training, stipends, and grants. Materials on career advancement and the success stories of real people can also be found on this resource.

Since its launch, more than 96,000 unique users have visited the portal.



### School 21

In November 2018 Sberbank opened “School 21” – an innovative educational initiative to prepare global IT specialists.

Five hundred young people aged 18 to 30 who passed through a rigorous multistage selection process became students at the school. The average age of the students in the first class is 24. More than half of the students come from the Russian regions.

The school’s main task is to prepare well-rounded specialists with knowledge of everything from IT architecture to artificial intelligence technologies, blockchain, and cybersecurity.

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# 02. RECRUITMENT AND ADAPTATION

We are constantly working to improve the personnel recruitment process, striving to make it simple and convenient for candidates and quick and effective for the Bank.

Sberbank was recognized as bank No. 1 in the Best Company Award 2018 rating issued by the research company Changellenge

Sberbank recruits personnel in two key employment segments: mainstream and specialized. Various tools are used in the recruiting process, for example aptitude tests, personal questionnaires, professional case studies, and cross-functional interviews.

The main indicator of the effectiveness of employee recruitment is the time needed to fill a vacancy. In 2018 this indicator equaled 13 days: for the mainstream segment – 11 days, and for the specialized segment – 19 days. Last year, the timeframe for vacancies for the specialized segment was 25 days (it was not calculated for the mainstream segment).

We feel it is very important that new hires are comfortable at their new workplace. That is why we implement various measures to facilitate easy and quick adaptation.

**For example, a special training program has been developed that includes various teaching and support methods:**

- ◆ the SberCode mobile app;
- ◆ the “First Steps at Sberbank” webinar, where employees learn important information about the Bank and the opportunities that it offers to new employees;
- ◆ the “Sberbank Products” webinar, which explains the most effective way to use the Bank’s products to manage one’s personal finances;
- ◆ distance learning courses, including mandatory topics required for the start of work at the Bank (for example, Cybersecurity, IT Culture, Risk Management, Compliance, etc.);
- ◆ an adaptation seminar for newly hired managers, making it possible to integrate them into the Bank’s culture as quickly as possible, to create a system of values, acquaint them with the approaches to setting goals and tasks and assess their performance at the Bank.

We regularly monitor the effectiveness of the adaptation programs and adjust them as needed. For example, the satisfaction level with the adaptation program among newly hired specialists in 2018 equaled 4.76 out of a possible 5 points.

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# 03. TRAINING AND DEVELOPMENT

Ongoing personnel training and development is an important factor in improving employee productivity, and also directly influences their professional growth, loyalty to the Bank, and career advancement.

The Strategy 2020 sets forth the key skills that we expect from employees, which can be developed through persistent efforts to improve one's skills and knowledge. Therefore, one of our key tasks is to create a comfortable training system for the various groups of personnel.

Sberbank's training system encompasses both specialists and managers. Employees are trained through classroom, remote programs and e-courses. In 2018, all employees received access to Virtual School courses, previously available only for managers. The total number of courses available to bank employees has exceeded 600.

**Total number of training hours for staff in 2018, PJSC Sberbank**

Male	3,346,889
Female	6,956,594
Managers	3,555,614
Employees	6,747,870
<b>Total</b>	<b>10,303,483</b>

The training programs available to our employees include, on the one hand, general courses that are mandatory for all employees (for example, on risk management, anti-corruption and money laundering, digital skills, occupational health and safety). On the other hand, specialized training modules have been developed for dedicated specialists in areas such as preparation for the sale of ingots to individuals or work in specialized computer software.

A separate area is the development of soft skills. The Bank offers a large number of educational programs, including for Agile teams, which should enable employees to develop new competencies in accordance with the objectives of Strategy 2020, cooperation skills, conflict resolution, working in flat structures, change management, as well as emotional intelligence, stress and energy management. During 2018, 10,500 managers and about 87,000 specialists completed such skills.

In 2018 the Academy of Technology and Data of Sberbank's Corporate University won the Grand Prix HR Award "Crystal Pyramid" in the category "Corporate Training" for its digital skills training program.

Sberbank's Academy of Technology and Data of the Corporate University continues to create new in-demand training programs and courses to develop the digital skills of Sberbank employees. The existing and new programs and courses have been developed with the goal of providing

employees with the key knowledge they need to establish digital competencies that have a material impact on the operating efficiency of the Bank against the backdrop of global digital transformation. Over 30,000 employees of the Bank attended courses on the Academy's programs in 2018.

Sberbank provides employees with ample training and development opportunities, which are included in the regular HR cycle and are performed through the Success Factors system: the selection of a target role and preparation of an individual development plan to reach the required level, the selection of specific training programs to improve skills and competencies, 360-degree assessment of skills. All employees have access to the database of current vacancies in the Success Factors system, which also forms a list of the most suitable internal candidates for consideration and selection by a manager. Internal candidates are given priority when filling vacancies.

**New services based on Big Data with the use of artificial intelligence were introduced in 2018, making it possible for employees to effectively manage their career advancement:**

- ◆ **SMART-career** — a service for employees where they receive personal suggestions regarding the most suitable and promising positions for promotion and can apply for a vacancy.
- ◆ **SMART-development** — a targeted package of various training content and methods to develop the required skills.

More than 11,000 employees used these services during the first month after their launch.

There were 1,931 appointments to management positions in 2018, including 1,541 positions (80%) that were filled with internal candidates and 390 positions (20%) filled with external candidates. The number of internal transfers included 506 job rotations, including 168 cross-territorial job rotations (33%) and 338 cross-functional job rotations (67%).

More than 34,000 managers received training at Sberbank's Corporate University programs and courses in 2018, and another 213,000-plus specialists — bank's programs and courses.

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# 04.

## ASSESSMENT AND MOTIVATION

A simple and transparent appraisal system of employee work performance is one important aspect of personnel development.

All employees are given a regular performance assessment. The assessment results affect the employee's career advancement and the variable portion of their salary.

In addition to staff assessments, we are also working to improve the feedback system and endeavor to provide each employee with regular feedback. All managers go before personnel commissions once a year, and senior management discusses their personal results as part of performance dialogs with the President, usually based on the results for each quarter.

Sberbank uses a "5+" employee performance assessment system, which includes two indicators: individual performance and adherence to corporate values. Employees receive two scores (for performance and for adherence to values) pursuant to a letter grading system from A ("significantly exceeds expectations") to E ("unsatisfactory"). Mandatory calibration sessions are held in each division when determining the final assessments. The purpose of these sessions is to ensure objectivity when considering achievements and assigning scores.

### Employee remuneration

We strive to create favorable employment conditions for our employees, provide them with competitive wages and provide a comfortable benefits package.

The wages of our employees consist of a base salary and a variable salary. New versions of the Regulations on Bonus Payments to the Employees of Sberbank and the Regulations on Year End Bonuses for Sberbank Employees were approved in 2018. We included changes aimed at simplifying and improving the fairness of the remuneration system.

We conduct annual research into the level of wages of employees in the regions where we are present, estimate the inflationary forecasts and adopt a decision on the need to increase wages. We reviewed the level of employee wages based on the regional data. As a result the growth in wages at Sberbank Group increased by 6.5% in aggregate in 2018 compared to 2017.

The variable portion of employee wages depends directly on an evaluation of employees' performance and compliance with Sberbank's corporate values. We also try to develop additional bonus mechanisms. For example, we introduced amendments to the Regulations on the Long-Term Remuneration Program of the Employees of Sberbank, and also expanded the list of criteria for identifying the positions of employees affected by this document.

In addition, in 2018 the remuneration system of subsidiaries of Sberbank was synchronized with the approaches in use at the Bank, including the principles for managing the wages of the employees of subsidiaries, the bonus and performance appraisal system.

### Benefits package

In addition to decent wages, we also give our employees a competitive benefits package. The key components of the benefits package are voluntary health insurance and the corporate pension program. The voluntary health insurance program enables employees to receive comprehensive medical services, as well as access to a number of illness-prevention programs. The voluntary health insurance program covers all employees who have finished their probation period. The voluntary health insurance program was amended in 2018: employees who have been on the job at least one year can now choose between 100% coverage of all the services for themselves, or make the transition to an alternative family plan, entitling them to include their spouse and children under the age of 18, with access to upgraded clinics.

Sberbank has also put in place a corporate pension program for employees. Employees with a continuous length of service of more than one year are eligible for the corporate pension program. A total of 195,000 people participated in Sberbank's corporate pension program in 2018, and financing equaled RUB 1.8 billion.

In 2018 amendments were made to the terms of the corporate pension plan for employees leaving the Bank based on staffing redundancies or by agreement of the parties. For example, if an employee is dismissed before having participated in the program for five years, the employee retains all the pension accruals funded by Sberbank, and also has the opportunity to accrue the contribution from the Bank for a partial year, commensurate to the time worked at the Bank.

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#### Number of participants and amount of financing for the voluntary health insurance and corporate pension programs at Sberbank

	2015	2016	2017	2018
Number of participants in the voluntary health insurance program, '000 people	271	260	281	292
Amount of financing of the voluntary health insurance program, RUB mln	2,594	2,745	2,335	2,110
Number of participants in the corporate pension program, '000 people	155	168	175	195
Amount of financing of the corporate pension program, RUB mln	2,660	3,600	2,400	1,821



# 05. RETENTION AND SEPARATION

It is important for us to understand the reasons why an employee decides to bring his/her career at Sberbank to a close.

Therefore, we carefully analyze the factors and reasons behind the departure of employees. In particular, the Bank adheres to the practice of holding an exit interview with departing employees. The information received is used for more effective interaction with employees and as part of measures to improve the appeal of the employer's brand.

We put considerable effort into retaining key employees by making them special offers. However, if an employee decides to leave the Bank, we try to make his/her exit as easy as possible. We also implement an Alumni program for our former employees.

For those employees who leave the Bank as a result of reorganization and optimization of business processes Sberbank is implementing a special Outplacement Program, which actively facilitates the continued development and subsequent employment of employees.

**The Program includes the following areas:**

- ◆ free psychological support service provided to employees in priority order;
- ◆ possibility of early retirement;
- ◆ retention of voluntary health insurance;
- ◆ support during relocation in the case of employment within the system.

In addition, we have established contacts with more than 200 partnering companies which provide employment opportunities to employees leaving the Bank.

At the same time, we have developed educational initiatives: the remote courses "How to find work and behave during an interview" and "How to interact with an employee in instances of staff reductions". Employees also have access to the training courses "The art of parting with colleagues as friends" and "How to find employment".

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# EFFECTIVE MANAGER

It is our belief that a business cannot be successful without a strong and single-minded leader able to lead their team, motivate and inspire every employee.

That is why we focused on developing the leadership skills of managers and also improving their target competencies in Strategy 2020. Our new leaders are accountable not only for performance, but also set an example for their subordinates from the perspective of compliance with corporate values and adherence to the corporate culture of a Sberbank.

## Change in leadership style

**The employee engagement survey carried out at the end of 2017 identified key development areas for managers and determined the focus of work in 2018. Despite the growth in the number of managers using visionary and mentoring styles, and a decrease in the level of the directive style, we continue to pay attention to the following aspects:**

- ◆ Further development of leadership styles in managers that have an impact on engagement (first of all – mentoring), which help to increase the level of psychological security in teams and improve the quality of the feedback provided to employees.
- ◆ Improvement in the quality of communications on changes.
- ◆ Increase in collaboration between the divisions of the Bank; increase in authorities locally through the implementation of new management models (“turquoise”) and optimization of processes for the purpose of increasing opportunities for effective work and reducing overtime.

The results of the engagement survey were relayed at all organizational levels: approximately 4,000 managers received reports on their teams. We conducted more than 600 facilitated discussions and more than 150 in-depth diagnostics of the team atmosphere in order to develop improvement action plans.

## Development of managers

Continuous development and improvement of skills – this is an important challenge facing managers at all levels. To bring managers into line with the role model determined in Strategy 2020, we continued to develop managers’ personal management skills, emotional intelligence and empathy, and launched people management programs, including the mentoring and visionary leadership style development program.

During the 2018 **more than 8,600 managers** attended people management programs, including the mentoring and visionary leadership style development program.

**The most important training and career development programs for Sberbank managers included:**

- ◆ Management innovations: challenge of the 21st century (for senior management),
- ◆ Executive Development Program,
- ◆ Sberbank 2020 (previously Sberbank 500),
- ◆ Sberbank Mini-MBA,
- ◆ Retail and Corporate Business manager workshop,
- ◆ People management: my leadership style,
- ◆ Soft revolution,
- ◆ Self management.

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# EFFECTIVE MANAGER

## Assessment and promotion of managers

We are convinced that timely feedback facilitates effective and professional development. Sberbank has put in place various systems for assessing managers, which enable them to receive feedback on their work and engagement with colleagues. The key tools for assessing managers are:

- ◆ 360° performance assessment (survey of the managers, subordinates and colleagues of an employee to assess the level of development of competencies);
- ◆ Assessment of a manager's NPS (survey of the subordinates of a manager to receive feedback on their skills as a team leader, willingness to recommend): in 2018 7,500 managers received reports based on the results of the assessment, all the identified development areas regarding teamwork were analyzed for Sberbank as a whole and for each regional bank.

Managers at various levels go before annual personnel commissions for the collective discussion of their performance and compliance with the Bank's culture. Based on their results, a high-potential management Talent pool is formed and decisions on the promotion of the managers are taken. We continue to develop the Talent Pool. A new approach to its work was approved a year ago. Specifically, the system for selection to the Talent Pool was updated. A mentoring program is also in place. In 2018 talent pool members were given the opportunity to meet the Bank's senior management, to better understand their subsequent growth trajectory.

- **Assessment results and development of managers in 2018:**
- **12,100 managers** went before personnel commissions;
- **683 employees** are included in the HiPo management Talent pool, with 30% promoted;
- **1,931 people** were appointed to management positions, with 80% internal candidates.

In Q3 2018 the Sberleaders competition was held in which the teams were able to nominate their managers. The competition resulted in the selection of the 172 best managers, who will speak at academic programs as role managers and apply best practices at the Bank in teamwork, and as tutor and mentors for new managers.

## Succession

We believe that it is essential that Sberbank retain its key internal expertise, accumulated experience and Bank culture commitment. Accordingly, succession planning is conducted for management positions. The Bank has formed a succession pool of employees who are given the required knowledge and experience. The Talent Pool is a key succession management tool.

In 2018 a succession planning process was implemented in the Success Factors system, which makes it possible to establish the criteria for the selection of a successor, determines the appointment procedure, and also makes it possible to monitor and update the composition of successors.

In addition, Sberbank for several years is implementing the program "Leaders teach leaders", where an innovative approach is applied aimed at forming the conditions for the transfer of knowledge and best practices from key managers to the promising leaders of the Ban.

**82% of the managers, who are in office for more than one have successors with the readiness status "Ready now"**

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# CORPORATE CULTURE AND INTERNAL ENVIRONMENT

## Corporate culture development

A good corporate culture is the key to the successful implementation of the Bank's strategy. With this in mind, a project to develop Sberbank's culture as a competitive advantage has been in place since 2015. The project's priorities are accountability and self-development, openness and trust, teamwork at the Bank and a client-centric approach.

Today, after three years of project implementation, positive changes can be seen in all areas: employees note the importance of the corporate culture as a motivating factor to work at the Bank, the corporate culture has a positive effect on employee behavior, mentoring and a visionary style of management have become more prevalent, as have openness, accountability and the possibility to improve the receptiveness of employees, etc.

Nevertheless, we still have to go through some changes to ensure more openness, to create an atmosphere of psychological security within teams, to promote teamwork, and to improve personal accountability for results.

We use a wide range of tools to transform the corporate culture: various forms of feedback, the Net Promoter Score (NPS) of a manager, gauging the atmosphere within the team, various training programs (manage yourself/manage people – for managers, developing emotional intelligence – for employees), regular communication with an emphasis on the different aspects of corporate culture, etc.

In 2018, after successful piloting in 2017, we launched a Bank-wide selection of corporate culture leaders using sociometry. More than 100 thousand people took part in this program. In the end, 852 employees with most number of nominations were named the corporate culture leaders who will not only serve as role models but will also be involved in various HR processes (recruitment, on-boarding, change communication, mentoring, etc.), making it possible to promote the values of our corporate culture among a larger cross-section of employees.

The next stage in the transformation of the corporate culture will involve a considerable focus on personal development objectives for employees, their support with the establishment of the Bank as a technology company and ecosystem, and also making employees proud both of the changes that we are implementing in Russia, and of the performance of every single individual. As demonstrated by our surveys, this is a key factor when it comes to imbuing the work of the Bank's employees with additional meaning.

Leaders have a significant impact on culture. Their development is one of the key success factors for its transformation. They should focus on developing such qualities as: the art of data-based decision-making, team and energy management, tolerance for criticism and bad news (openness to "radical truth"), creating psychological security and entrepreneurial spirit in teams. (For more on the development of managers, see p. 71)

We expect from all our employees: a desire to develop 2020 competencies – a combination of soft and digital skills. In addition, staying physically fit is an important objective as well as energy management skills development. That is why we will relaunch the health program as "SberTeam Living to 100" (see p. 75).

The development of corporate volunteering (see p. 130) and different areas related to focus on employees (see p. 75) will remain an important part of the corporate culture.

**Sberbank's culture** – is a special environment helping employees to become a better version of themselves, in order to improve the lives of our clients and society.

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## Communications and holding a dialog with employees

We believe it is essential that our employees obtain the latest information on developments at the Bank and factors that influence the Bank, and that they have access to a mechanism for submitting complaints and comments. That is why a diversified system of internal corporate communications has been created at Sberbank. In order to notify employees of the goals, strategic objectives and the performance and achievements of the Bank, and key events with the participation of the Bank and intra-corporate events.

Various possible channels of corporate communications have been created for communications with employees: mailings to corporate e-mails, internal portal, Sberbank TV. Soon we will launch a corporate messenger for employees. All communications channels are two-way, as they have a built-in feedback function.

Where necessary, there are several channels that employees can use to submit comments or complaints, including the corporate web-site “Face Of A Friend”, HR contact center, Crisis Hotline, how to contact the Bank’s senior management. In addition, we monitor the discussions of bank services in social networks, and external industry portals (for example, banki.ru) and other sources. All comments are analyzed by experts at the Corporate Headquarters and the regional banks with the involvement of all interested divisions. The special internal bank automated system “FACE OF A FRIEND”, launched last year, enables us to keep a centralized record of the number and topics of most comments, and to monitor the time needed to address them.

On December 13, 2018 we held the traditional “Open Dialog” between Sberbank President Herman Gref and employees for the eighth time. This year 3,257 questions were received through various channels: corporate and personal e-mail (35% of the questions), the website (29%), the mobile app (28 %) and text message (8%).

During the session Herman Gref answered 24 questions on various topics. The answers to all the other questions were posted to the “Open Dialog” website. The topics of greatest interest to employees during the “Open Dialog” were questions about remuneration (16%), serving clients (14%) and services for employees (12%). Our colleagues also asked questions about the transformation and development of the retail sales network, Agile, the IT transformation of the Bank, development opportunities at the Bank, etc.

“Open Dialog” is an important event for us, enabling employees to make their opinion known to the head of the Bank and to ask questions of interest to them, which in turn enables management of the Bank to be aware of the topics of concern to employees and accordingly adjust communications policies within the company. This year Open Dialog was conducted under the sign “radical truth”, a greater willingness to speak openly about problems, which elicited the unprecedented interest of employees in the event (Open Dialog in 2018 attracted a larger audience – 186,913 connections, which is double the audience for the event in 2017).

The heads of regional banks and functional units also practice open dialog with employees.

In 2018 we received 1,039 complaints from employees on employment practices. All comments were processed and settled. In addition, the Bank considers appeals of employees on issues of ethics, relations with the head, equity incentives and others..

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## Focus on employees

As part of the implementation of Strategy 2020, we are making the transition to a new paradigm of mutual relations with our employees – instead of a paternalistic model, we are seeking to create a partnership environment where everybody assumes personal liability for their actions and also for their future, and the Bank creates opportunities for self-development and self-realization of employees

With the aim of instilling in employees a responsible approach to their lives and improving their skills, we continue to implement the program “Sberbank for children and their parents”. In 2018 9,000 children of employees in 80 cities participated in the annual Open Doors Day and visited the offices of the Bank and the subsidiaries where their parents work. Also, over 1,200 employees and their teenage children participated in the Open Prospects Day at the Corporate University, which was dedicated to the professions of the future. Similar events were held in the regional offices of the Bank. We are continuing the practice of holding theme-based “Family Weekends” at the campus of the Corporate University aimed at developing the relevant skills for participants, such as conflict management, digital literacy, etc. We plan to expand this program in 2019 to regional banks. It has become an important tradition to hand out developing gifts to the children at the New Year. This year, the themes of gifts were emotions management skills, the practice of informed choice, vocational guidance.

We are proactively developing forms of support for employees who are young parents. We organize on a quarterly basis “Meetings of Future Moms”, with the participation of both experienced partners from employees and also the best experts on child education and family psychology for employees in Moscow and in territorial banks.

We are developing online formats of interaction with the audience, we hold online webinars and lectures and we promote the portal for Sberbank employees who are parents – the audience for this site was more than 30,000 during the year. In addition, we created the group “Moms in Green” in the social network VKontakte, which tackles the problem of “live” communication for young parents.

A support program for large families and families raising children with special needs is also important. Under this program we provide free travel vouchers to health resorts and other benefits. In 2018, a social network was created that unites employees who are or are only thinking of becoming guardians or foster parents for orphan children. We conducted special lectures with experts for such employees, published materials on the Sberbank parents portal.

The Bank has put in place a system for providing financial support to employees in connection with special life circumstances. An important step in the development of the system of social guarantees of employees and non-working pensioners was the adoption of the Program of Social Guarantees and Material Support which established unified social security standards at the Bank.

### Focus on employee health

Healthy employees are the basis for the success of any company, so in Sberbank we actively promote healthy lifestyle ideas. In addition to the Bank’s programs for the care of physical health and future retirement (see p. 69) in 2018 we relaunched the corporate program to promote a healthy lifestyle – Health 2.0 – and defined the focus of the program (energy and stress management, a healthy diet, physical activity), as well as the long-term plan for its development.

#### The key program activities in 2018 were as follows:

- ◆ launch of the information and educational section of the program (“Lifestyle”) as part of the website for voluntary health insurance of Bank employees
- ◆ launch of a service for psychological support for employees as part of voluntary health insurance
- ◆ holding of a bank-wide Health Week
- ◆ pilot project and preparation for wide distribution to the entire Bank of a program to develop mindfulness for office employees
- ◆ regular educational lectures with experts on the program’s topics.

### A significant event in 2018 was the launch of the psychological support service as part of VHI.

All Bank employees were given the opportunity to consult with certified psychologists on difficult personal issues, family issues, work-related problems (stress, relations with colleagues, etc.). The consultations are conducted online as telemedicine sessions, which makes it convenient and accessible even in remote territories. Based on the results of the first few months of the service, employee demand for the service was at the global average level for such services.

### Following the modern trend of an increase in life expectancy and activity of every person, we have updated our healthy lifestyle development program under the name #SberTeam100years.

The emphasis of the program will be shifted to promoting tools and fostering habits that help to prolong the healthy, productive, and high-quality life of each person. These include regular checkups, techniques for managing energy levels and stress, physical activity, a healthy diet, and the rejection of unhealthy habits. We want to let all Sberbank employees know how to stay healthy and offer them the relevant services to the best of the Bank’s ability.

We strive to instill a healthy lifestyle culture in our employees and proactively assist with the development of sports.

We organize mass-participation health, fitness, and sports events – over 300 competitions and tournaments are held annually for the Group’s employees. We also provide employees with the opportunity to train in specially equipped premises, either owned by the Bank or leased facilities. For example, over 40,000 training courses are conducted monthly at 57 of the Bank’s own facilities.

### Sberbank Olympics 2018



The VII Sberbank Winter Olympics were held in Sochi from February 5-10, 2018. During the event we held meetings on relevant issues of the Bank’s activities, training seminars and sporting competitions in five sports. In total 23 sets of medals were awarded. The now traditional quest was held on Strategy of the Bank.

In 2018 the federal TV channels Rossiya 24, NTV, Match TV were invited to cover the event, resulting in record figures for the total audience – approximately 25 million people.

The Sberbank Olympics involved 1,200 employees participating from 12 regional banks, the central office of Sberbank, subsidiary banks from Belarus, Kazakhstan, Sberbank Europa, Sberbank Technology, Sberbank Leasing and Sberbank Life Insurance.

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# HR AUTOMATION AND DIGITALIZATION

As part of Strategy 2020, we are trying to improve HR processes. A key component in this area is the automation of HR processes and digitization of HR services.

Consequently, we are on the one hand addressing the problem of the protracted HR decision-making process – automation of the processes will help to materially reduce it, and on the other hand we are making HR services more accessible for employees.

## Automation of HR processes

To optimize the Group's HR processes, we decided to combine key data and analytics in human resources management into a single cloud-based IT system. The key component of this system will be the SAP Success Factors platform. We have taken the first steps to implement this system in 2017, and continued its development in 2018, expanding its functionality and increasing its coverage.

**As at the end of 2018 the following functionality in the Success Factors was available to employees:**

- ◆ hiring and adaptation,
- ◆ career growth and development, including available vacancies,
- ◆ 360 competence appraisal for employees and NPS assessment for managers,
- ◆ training programs,
- ◆ succession planning,
- ◆ chatbot consultations.

Approximately 247,000 people used the platform in 2018.

In 2018, part of the HR system functions in Sberbank CIB and Sberbank Leasing subsidiaries as well as in the Corporate University were transferred to the SuccessFactors platform.

## Digitization of HR services

We constantly work to improve HR services and make them more available to employees. For all existing HR services we are developing special programs and applications that our employees may use. Various digital tools for computers and mobile devices which enable employees to use our services at any time from any point in the world. For example, employees now have access to a mobile app ("COURSE") which had previously only been available in the Bank's internal network. They can already access such services as making a vacation request, requesting statements on paper, browsing their payslip, etc.

### 2018 Crystal Pyramid award

In 2018 Sberbank was awarded the "Crystal Pyramid" for its IT solutions. This award is given annually to leading companies for disseminating best practice management of companies and people, enhancing business efficiency and drawing the attention of the business community to human resources management.

**The following projects of Sberbank received nominations:**

- ◆ For the project Virtual School Digital Training and Development Platform, we came second in the category "HR Project of the Year"
- ◆ For the product line of adaptive electronic courses on the development of corporate competencies HR fundamentals in Sberbank Talent Development, Client Centricity and Service Management, we were awarded third place in the category "Corporate Training"

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# OCCUPATIONAL SAFETY

## In 2018, we approved an Occupational Health and Safety Policy aimed at ensuring:

- ◆ that preserving the lives and health of employees during their employment activities takes priority;
- ◆ that occupational health and safety management at Sberbank complies with universally recognized international and national health and safety standards, applied on the territory of the Russian Federation;
- ◆ Compliance of the Bank's activity with the nature and scale of occupational health and safety risks and the requirements of the effective legislation of the Russian Federation applicable to the activity of the Bank;
- ◆ a positive health and safety culture;
- ◆ that occupational health and safety risks related to the activities of the Bank are managed to ensure the prevention of work-related traumas and diseases;
- ◆ that the Bank's labor protection management system is improving continuously.

To assess our performance in occupational health and safety, we apply a system of key performance indicators which disclose the level of workplace injuries and occupational diseases. The injury frequency rate was reduced by 3.2% in 2018 (from 0.62 to 0.60), while the injury severity ratio was reduced by 7.9% (from 42.99 to 39.57).

Unfortunately, despite all our efforts to protect the safety of the lives and health of employees, in 2018 there were two fatalities as a result of traffic incidents. Investigations were performed in all cases, and corresponding measures were taken based on the results, aimed at minimizing the threat to the lives and health of our employees.

To reduce workplace injuries, we implement preventive and corrective actions, and also perform a mandatory investigation of all accidents at Sberbank's branches in accordance with the established procedure. Costs on improving working conditions and reducing injuries at Sberbank as a whole equaled RUB 922.3 million (including RUB 634.4 million to reduce injuries and RUB 287.9 million to improve working conditions), which is 28% more than the 2017 key performance indicator.

## Injury severity and frequency ratios at Sberbank

### Injury frequency

Formula:  $K_f = T \times 1000 / S$



### Injury severity

Formula:  $K_s = D / T$





# CORPORATE GOVERNANCE

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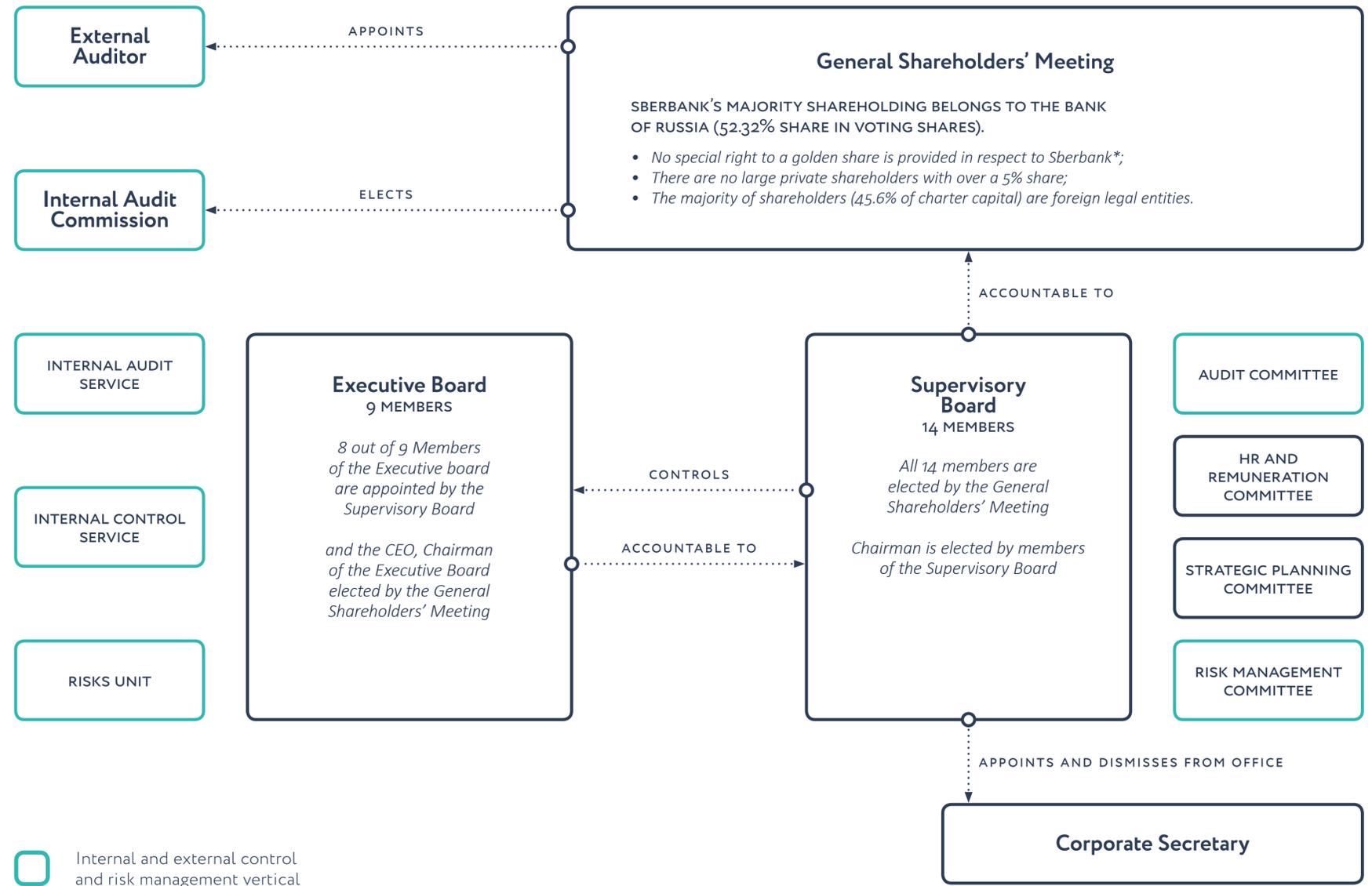
# CORPORATE GOVERNANCE SYSTEM

Sberbank understands corporate governance as a system of interrelations between shareholders (owners), the Supervisory Board, management, and other stakeholders, which establishes the rules and procedures for corporate decision-making and ensures management and control of the Bank's operations.

The key elements of Sberbank's corporate governance system are:

- ◆ The General Shareholders' Meeting;
- ◆ A two-level system of governance with transparent and effective separation of management functions between the Supervisory Board (general management of the Bank's activity) and the Executive Board (collegial executive body);
- ◆ An independent external audit;
- ◆ The Internal Audit Commission;
- ◆ Multi-level systems of internal control (subordinate to the Audit Committee of the Supervisory Board) and risk management (subordinate to the Risk Management Committee of the Supervisory Board);
- ◆ The Corporate Secretary.

## ELEMENTS OF THE CORPORATE GOVERNANCE SYSTEM OF SBERBANK



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\* Golden share is the conventional name for the corporate right belonging to the Russian Federation, government body or municipality which is a shareholder in the joint stock company. Serves the purposes of government control over the joint stock company.



# DESCRIPTION OF THE CORPORATE GOVERNANCE SYSTEM

The largest shareholder and founder of Sberbank is the Central Bank of the Russian Federation, which holds 50% of the authorized capital plus one voting share. The other shareholders of the Bank are international and Russian investors.

The ordinary and preferred shares of Sberbank are traded on the Moscow Stock Exchange and are included in the First-Tier (upper) quotation list. American depository receipts (ADRs) for Sberbank ordinary shares are listed on the London and Frankfurt Stock Exchanges, and have been admitted to over-the-counter trading in the USA.

Starting from 2016 the National Corporate Governance Rating (NCGR) value for Sberbank has been level 8 "Advanced Corporate Governance Practice", which is the highest assessment among Russian companies with an NCGR.



## Protection of shareholders' rights

Sberbank strives to create the most favorable opportunities for shareholders to exercise their rights to participate in the management of the Bank, share in the Bank's profits through dividends, and receive the necessary information:

- ◆ electronic procedures have been implemented for voting and participating in the General Shareholders' Meeting;
- ◆ the electronic service Shareholder Personal Account has been created for shareholders;
- ◆ notification of shareholders of the conduct of the General Shareholders' Meeting, and also placement of the relevant information for the meeting in the Shareholder Personal Account and on the Bank's website in Russian and in English, while complying with the recommendation to provide shareholders with additional materials to prepare for the meeting;
- ◆ the Bank has approved its Dividend Policy;
- ◆ public tender to select the external auditor is held on an annual basis;
- ◆ an actively operating Committee for Minority Shareholder Relations;
- ◆ the Sberbank Code of Corporate Governance has been approved.



## Activity of the management and control bodies

Sberbank has implemented a whole range of initiatives that indicate an effective corporate governance system:

- ◆ independent directors make up more than one-third of the Supervisory Board,
- ◆ a Senior Independent Director is elected from among the independent directors;
- ◆ Committees of the Board have been created and are functioning;
- ◆ Sberbank has implemented procedures for the comprehensive resolution of conflicts of interest of the members of the Supervisory Board and members of the executive bodies;
- ◆ in addition, their liability has been insured;
- ◆ the work of the Supervisory Board is subject to regular internal and external assessments;
- ◆ the internal control and risk management systems operate effectively,
- ◆ the internal audit function is well-established;
- ◆ the Bank follows the recommendations of the Corporate Governance Code of the Bank of Russia concerning the position of corporate secretary.



## Information disclosure

Sberbank discloses financial statements under Russian Accounting Standards and IFRS, including interim statements, detailed information on the members of management bodies, share capital structure, and structure of management compensation. The Sberbank annual report contains substantial additional information going beyond statutory requirements.



## Corporate social responsibility and sustainability

Sberbank has approved a Policy on Corporate Social Responsibility (CSR), a Code of Corporate Ethics, and an Anti-Corruption Policy. The Bank is active in pursuing CSR projects for all key stakeholders.

Since 2010, Sberbank has been voluntarily preparing sustainability reports in accordance with principles enshrined in international standards on Corporate Social Responsibility and sustainability: ISO 26000, AA1000, as well as the standards for information disclosure developed by the GRI (Global Reporting Initiative) group.



## Corporate governance approach

Sberbank is both a credit institution and a public company. For this reason, we closely monitor corporate laws and corporate governance practices in Russia and abroad. In our activity we comply with the following:

- ◆ the recommendations of the Basel Committee on Banking Supervision and the Financial Sustainability Council for financial institutions;
- ◆ the principles and recommendations of the Corporate Governance Code of Bank of Russia and other corporate governance requirements of the regulator (Bank of Russia);
- ◆ the requirements of the Listing Rules of the Moscow, London, and Frankfurt Stock Exchanges;
- ◆ the Corporate governance principles of G20/OECD;
- ◆ the international code of conduct and principles of international standards related to Corporate Social Responsibility and sustainable development: ISO 26000, AA1000, and standards for information disclosure developed by the GRI (Global Reporting Initiative) group.



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# DESCRIPTION OF THE CORPORATE GOVERNANCE SYSTEM

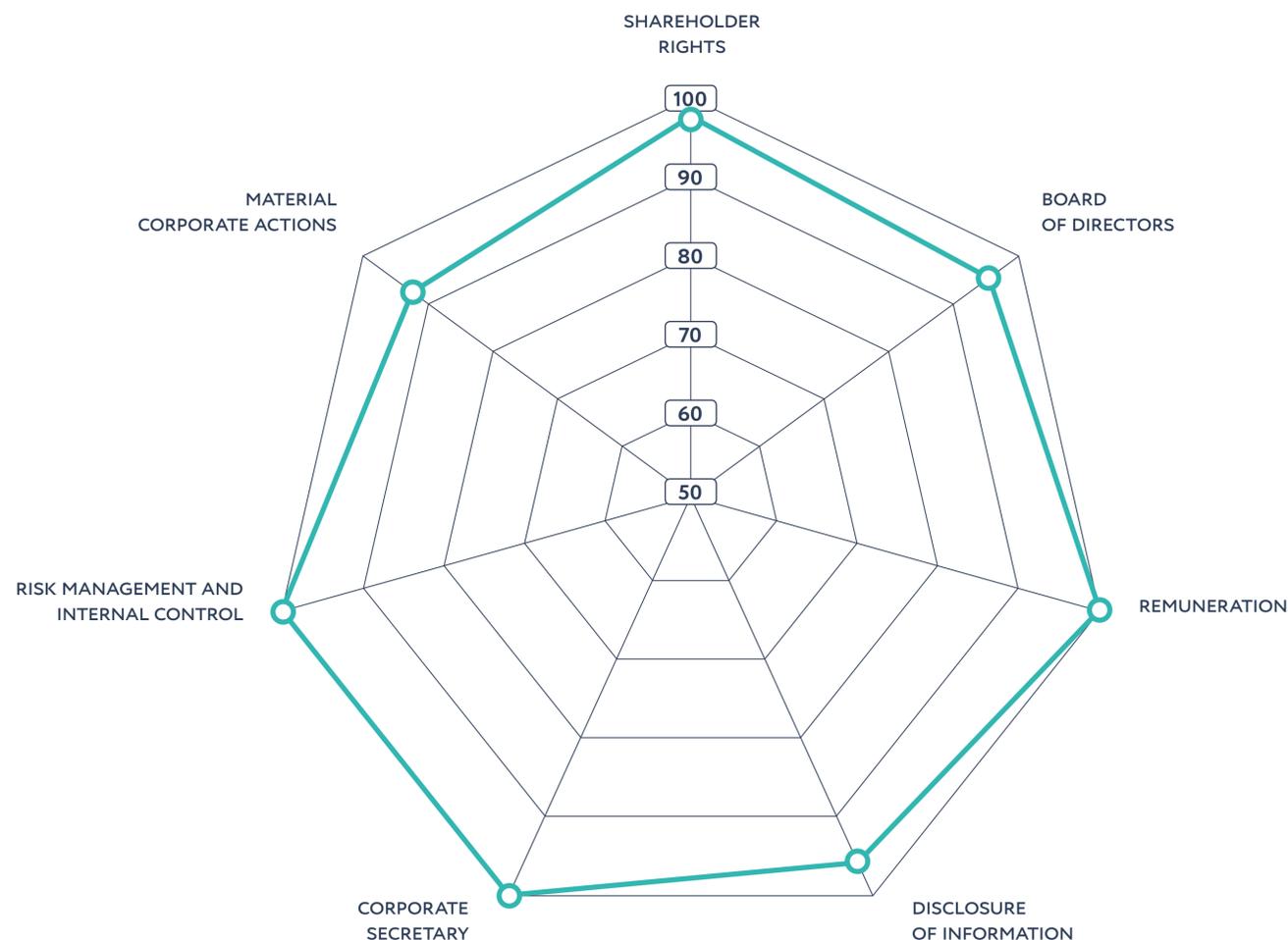


## Compliance with the Corporate Governance Code of the Bank of Russia

Sberbank currently complies with the majority of the principles and recommendations of the Corporate Governance Code of the Bank of Russia.

The Sberbank Report on Compliance with the Corporate Governance Code of the Bank of Russia is given on p. [168](#)

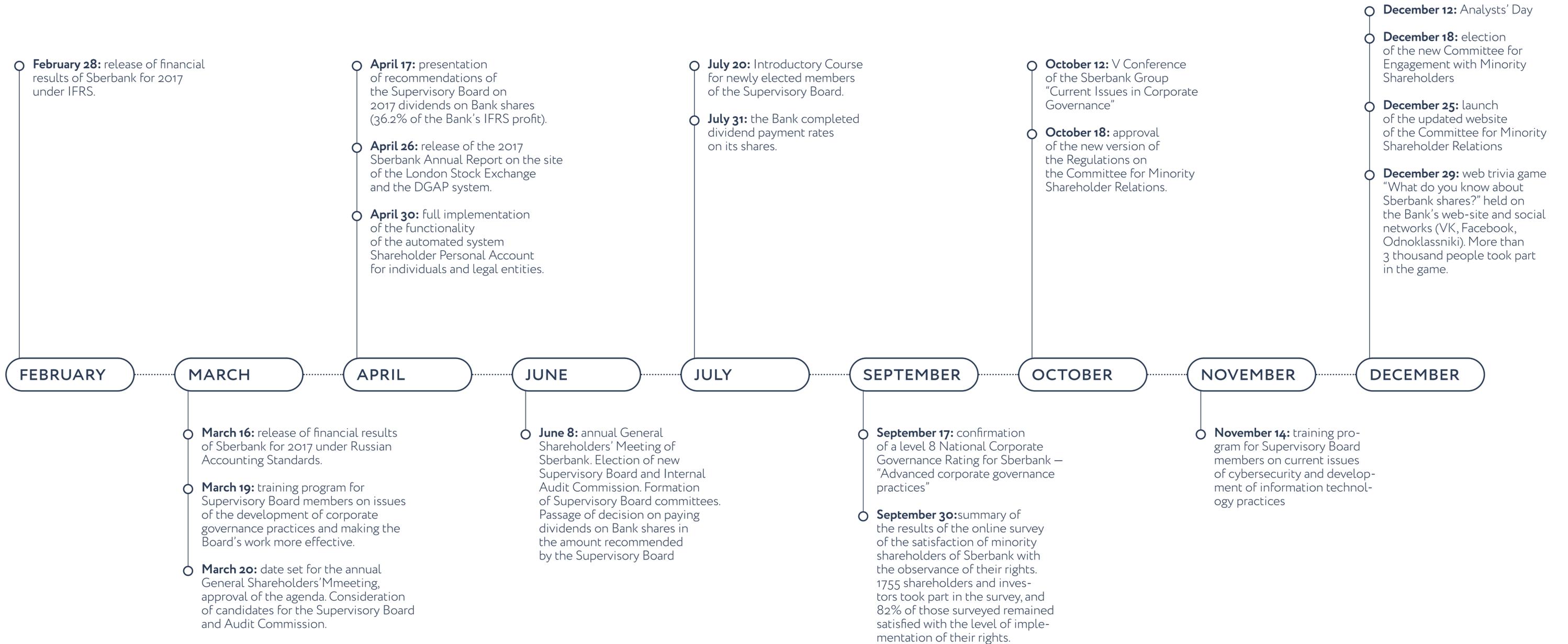
## COMPLIANCE BY SBERBANK WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE OF THE BANK OF RUSSIA



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# MAIN EVENTS OF THE 2018 CORPORATE YEAR



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# CORPORATE GOVERNANCE DEVELOPMENT VECTOR

The priority for development of corporate governance in 2018 was to ensure that investors and stakeholders were highly satisfied with Sberbank's corporate governance system.

The following were the main areas for improving corporate governance practices during the year:

- Implementation of electronic services in corporate governance processes
- Improving how shareholders see the Bank's corporate governance practices
- Creating conditions to allow the Supervisory Board and its committees to work effectively

## MEASURES IMPLEMENTED BY SBERBANK DURING 2018

### Ensuring shareholder rights and creating the conditions for their exercise

- ◆ The automated Shareholder Personal Account (SPA) system was put into full-scale operation for individuals and legal entities (the SPA has 17 functional features, the most important of which are remote participation in shareholder meetings and access to the share portfolio; one mobile app for shareholders has been additionally developed as part of the SPA);
- ◆ During the year the Bank's management and senior executives regularly held meetings with minority shareholders, including with the participation of the independent members of the Supervisory Board;
- ◆ Response times were shortened for queries from shareholders received through the SPA and retail channels of client contact (an answer is sent not later than five days after the query is received through the SPA, by e-mail, or by text message; shareholders are notified by text message of progress in consideration of their query).

More details on the results of the survey can be studied by clicking on the following link: [http://sberminor.ru/app/uploads/2018/12/Itogi\\_anketiorvaniya\\_2018.pdf](http://sberminor.ru/app/uploads/2018/12/Itogi_anketiorvaniya_2018.pdf)

## GENERAL AREAS FOR IMPROVING SBERBANK'S CORPORATE GOVERNANCE PRACTICES IN 2019

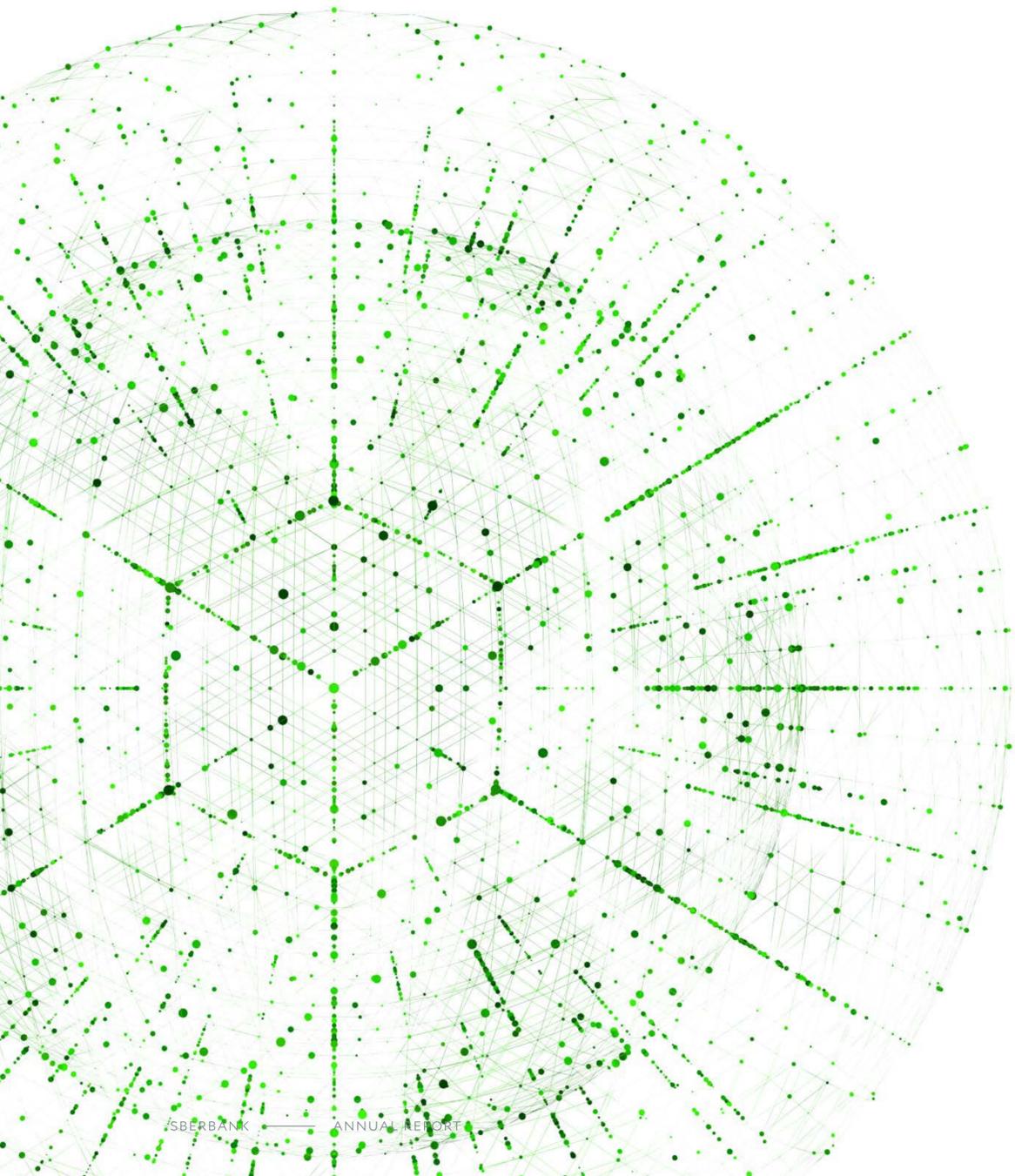
- ◆ Increasing shareholder involvement in corporate governance processes (promotion of the SPA and increasing the number of users of the service, use of gameification tools);
- ◆ Development of additional digital services using the SPA platform;
- ◆ Fostering investment literacy (making the SPA and the website of the Committee for Minority Shareholder Relations (sberminor.ru) more informative);
- ◆ Maintaining feedback (questionnaires for users of electronic services, online surveys, offline meetings and consultation).
- ◆ An annual online survey of Bank shareholders on the level of satisfaction with the exercise of their rights was held (82% of survey participants were satisfied with the exercise of their rights; 84% gave positive marks to the convenience and usefulness of the SPA).

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### Introduction of best practices in the activities of the Supervisory Board

- ◆ Development of a Professional Development Program for members of the Supervisory Board for 2018. Two training events were held for Board members: "Development of corporate governance practices and increasing the effectiveness of the Supervisory Board's work" and "Cybersecurity and information technology at the Bank";
- ◆ A self-assessment was made of the effectiveness of the Supervisory Board's work based on the results of 2017. The procedure for an external assessment of the Supervisory Board's work in 2018 was initiated;
- ◆ The Supervisory Board and the committees were formed in compliance with the Listing Rules of the Moscow Stock Exchange;
- ◆ The first of stage of automating the process of working with interested-party transactions was completed.
- ◆ Integrating the client journey of members of the Supervisory Board in the Digital Inside concept (paper-free, eliminating routine);
- ◆ Evolution of the process of selecting candidates for the Supervisory Board;
- ◆ Organization and conduct of a self-assessment of the activities of the Supervisory Board for 2019;
- ◆ Organization of events promoting the professional development of members of the Supervisory Board in accordance with their needs and interests.

# CORPORATE GOVERNANCE DEVELOPMENT VECTOR



MEASURES IMPLEMENTED BY SBERBANK DURING 2018

GENERAL AREAS FOR IMPROVING SBERBANK'S CORPORATE GOVERNANCE PRACTICES IN 2019

## Information disclosure. Ensuring informational transparency

- ◆ A report on the Bank's implementation of the Information Policy was presented to the Supervisory Board;
- ◆ A rating of level 8 "Advanced corporate governance practices" was confirmed by the National Corporate Governance Rating (NCGR);
- ◆ The 2017 Sberbank Annual Report was declared the best annual report in the financial sector in the annual competition of Annual Reports of the Moscow Stock Exchange
- ◆ Confirmation/improvement of the National Corporate Governance Rating assigned to Sberbank

## Development of corporate governance practices at Sberbank Group companies

- ◆ The Sberbank Corporate Structure automated software complex was put into commercial use;
- ◆ Training in the Corporate Governance web course was launched;
- ◆ The annual conference of the Sberbank Group on current corporate governance issues was held.
- ◆ Integration of the corporate governance processes of subsidiaries into a single automated target system;
- ◆ Development of functional capability for risk monitoring of Group companies within the IFRS perimeter;
- ◆ Implementation of a service for identifying and tracking related interested-party transactions.

## Updating internal corporate regulations. Development and support of legal initiatives in the field of corporate governance

- ◆ An audit was conducted of the Bank's documents in the area of corporate governance, involving an external consultant. A number of documents were updated to take into consideration the results of the audit;
- ◆ Legislative initiatives related to corporate governance were initiated.
- ◆ Updating of the Charter and internal documents of Sberbank related to corporate governance in accordance with the legislation of the Russian Federation and best practices and trends;
- ◆ Development and support of regulatory initiatives related to corporate governance.



# GENERAL SHAREHOLDERS' MEETING

The General Shareholders' Meeting is the highest governance body of Sberbank, tasked with taking decisions on the main issues involved in its activity.

The procedure for preparing for and holding the general shareholders' meeting is governed by the Regulations on the General Shareholders' Meeting, available on the Bank's website: <https://www.sberbank.com/investor-relations/disclosure/regulative-documents>

The annual general meeting was conducted using the registrar's software suite, integrated with the banking service Shareholder Personal Account, the functionality of which was fully implemented for individual shareholders and legal entities.

Shareholders were given the ability to register electronically using the identifiers of the Bank (Sberbank Online, Sberbank Business Online) and ESIA (Government services). The use of the new banking service for shareholders made it possible to increase the number of shareholders taking part in the meeting by 24% compared to 2017, and to increase the number of shareholders filling in the electronic ballot by 71%.

For the convenience of shareholders, a free mobile app was developed for the meeting in which it was possible to read the materials for the meeting, vote electronically, send questions, and watch an online broadcast of the meeting. In 2018 the voluminous printed materials provided to shareholders for the meeting were replaced with a notepad with brief information on the agenda of the meeting. The section of the website devoted to the 2018 meeting was also updated (information was systematized, and a convenient interface developed).

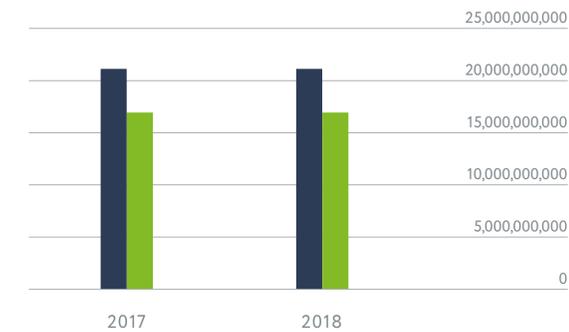
A full online broadcast of the meeting was once again available through various channels (the Bank's website, news agencies' websites, social networks, the Shareholder Personal Account).

**Shareholder structure of the Bank at the end of the operating day on May 14, 2018**  
(date of preparation of the list of persons entitled to participate in the 2018 annual General Shareholders' Meeting), %



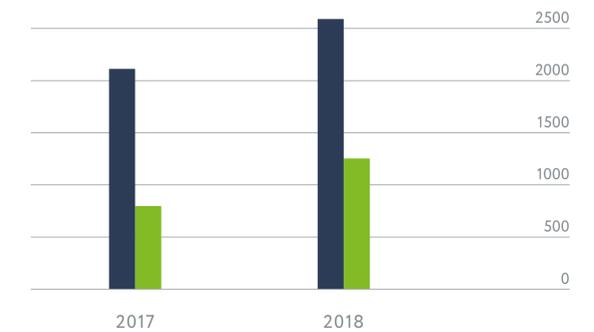
- Strategic investor (Bank of Russia) – **50,0% + 1 SHARE**
- Non-resident legal entities – **45,64%**
- Resident legal entities – **1,52%**
- Private investors – **2,84%**

**Quorum for the meeting**



- Total number of votes
- Number of votes of the shareholders that participated in the annual General Shareholder's Meeting

**Electronic voting**



- Number of the meeting's participants
- Number of electronic votes

**One General Shareholders' Meeting of Sberbank was held during 2018.**

TYPE OF MEETING	Annual general meeting
DATE OF MEETING	June 8, 2018
FORM OF MEETING	Joint attendance
PLACE	Central office of Sberbank, 19 ulitsa Vavilova, Moscow
ISSUES CONSIDERED	<ul style="list-style-type: none"> <li>Approval of the 2017 annual report.</li> <li>Confirmation of the 2017 annual financial statements.</li> <li>Distribution of profits and payment of dividends for 2017.</li> <li>Appointment of the audit firm.</li> <li>Election of members of the Supervisory Board.</li> <li>Election of members of the Internal Audit Commission.</li> <li>Provision of consent to interested-party transactions.</li> <li>Approval of the updated version of the Charter.</li> </ul>

RUSSIAN-LANGUAGE ELECTRONIC VERSION OF THE MINUTES OF THE MEETING

[sberbank.com/ru/investor-relations/corporate-governance/general-shareholders-meeting/overall\\_results\\_meeting](https://sberbank.com/ru/investor-relations/corporate-governance/general-shareholders-meeting/overall_results_meeting)

ENGLISH-LANGUAGE ELECTRONIC VERSION OF THE MINUTES OF THE MEETING

[sberbank.com/investor-relations/corporate-governance/general-shareholders-meeting/overall\\_results\\_meeting\\_en](https://sberbank.com/investor-relations/corporate-governance/general-shareholders-meeting/overall_results_meeting_en)



# SUPERVISORY BOARD

The Supervisory Board is responsible for the overall management of the Bank's activities and is accountable to the General Shareholders' Meeting.

The Supervisory Board determines the strategic goals and directions of development of the Bank, and also the basic principles for and approaches to the organization of the risk management and internal control system, monitors the activity of the executive bodies, including its compliance with the approved Sberbank's Development Strategy, is responsible for the formation, development and monitoring of the effectiveness of the corporate governance system, and also for the information transparency of the Bank's activity.

The Supervisory Board consists of 14 members. The Supervisory Board is headed by the Chairman, who has two deputies.

The Supervisory Board is formed by independent directors, non-executive directors (outside persons who are not employees of the Bank) and executive directors (representatives of management). A Senior Independent Director is elected from among the independent directors.

The activity of the Supervisory Board is governed by the Sberbank Charter and the Regulations on the Supervisory Board, which are available on the Bank's website: <https://www.sberbank.com/investor-relations/disclosure/regulative-documents>

## Structure of the Supervisory Board by type of director



The composition of the Supervisory Board is balanced in terms of skills, experience and independence, which allows Board members to effectively perform their functions. The members of the Supervisory Board meet the qualification and business reputation requirements imposed by the legislation of the Russian Federation, and possess knowledge and experience in the areas corresponding to the main lines of business of the Bank: finance, banking operations, regulation of banking activity, corporate governance, risk management, internal control, audit, and compliance.

The members of the Supervisory Board also possess knowledge of the functional demands of work in various positions in a broad spectrum of companies, an understanding of international markets and the business cultures of other countries. The Bank's Supervisory Board is balanced in terms of age, gender, and nationality.

## MEMBERS OF THE SUPERVISORY BOARD

At the annual General Shareholders' Meeting in 2018 the majority of directors from the previous Supervisory Board were reelected for a new term.

### The following left the Supervisory Board:

- **ALEXEY KUDRIN**  
CHAIRMAN OF THE ACCOUNTING CHAMBER OF RUSSIA  
(non-executive director)
- **GEORGY LUNTOVSKIY**  
PRESIDENT OF THE ASSOCIATION OF BANKS OF RUSSIA  
(non-executive director)
- **MARTIN GRANT GILMAN**  
PROFESSOR AT THE FACULTY OF ECONOMIC SCIENCES OF THE NATIONAL RESEARCH UNIVERSITY — HIGHER SCHOOL OF ECONOMICS  
(independent director)

### The following were elected to replace the departing members of the Supervisory Board:

- **VALERY GOREGLYAD**  
CHIEF AUDITOR OF THE BANK OF RUSSIA  
(non-executive director)
- **ALEKSANDER KULESHOV**  
RECTOR OF THE SKOLKOVO INSTITUTE OF SCIENCE AND TECHNOLOGY  
(independent director)
- **BELLA ZLATKIS**  
DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD OF SBERBANK  
(executive director)

## Changes in the Supervisory Board in 2018

From January to June 7, 2018 the Supervisory Board acted in accordance with the decision of the annual General Shareholders' Meeting dated May 26, 2017 and consisted of 14 members:

1. Sergey Ignatiev
2. Georgy Luntovskiy (terms ended starting from June 8, 2018)
3. Alexey Kudrin (terms ended starting from June 8, 2018)
4. Nadezhda Ivanova
5. Maksim Oreshkin
6. Olga Skorobogatova
7. Sergey Shvetsov
8. Herman Gref
9. Martin Grant Gilman (terms ended starting from June 8, 2018)
10. Vladimir Mau
11. Gennady Melikyan
12. Leonid Boguslavsky
13. Esko Tapani Aho
14. Nadya Wells

From June 8, 2018 to December 2018 the Supervisory Board acted in accordance with the decision of the annual General Shareholders' Meeting dated June 8, 2018 and consisted of 14 members:

1. Sergey Ignatiev
2. Valery Goreglyad (elected June 8, 2018)
3. Aleksander Kuleshov (elected June 8, 2018)
4. Nadezhda Ivanova
5. Maksim Oreshkin
6. Olga Skorobogatova
7. Sergey Shvetsov
8. Herman Gref
9. Bella Zlatkis (elected June 8, 2018)
10. Vladimir Mau
11. Gennady Melikyan
12. Leonid Boguslavsky
13. Esko Tapani Aho
14. Nadya Wells



## BRIEF BIOGRAPHICAL DATA ON MEMBERS OF THE SUPERVISORY BOARD

Detailed information on the members of the Supervisory Board is available at: [sberbank.com/ru/investor-relations/corporate-governance/supervisory\\_board](https://sberbank.com/ru/investor-relations/corporate-governance/supervisory_board)



### Sergey Ignatiev

Chairman of the Supervisory Board,  
Non-executive director

**Date of birth:** January 10, 1948

#### Current place of employment (position)

Advisor to the Governor of the Central Bank of the Russian Federation

#### Education

**1975** – Lomonosov Moscow State University in Economics

**1981** – Postgraduate student at Lomonosov Moscow State University Candidate of Sciences in Economics, Assistant Professor

#### Membership in Committees

No membership in Committees



### Sergey Shvetsov

Deputy Chairman of the Supervisory Board,  
Non-executive director

**Date of birth:** December 27, 1970

#### Current place of employment (position)

First Deputy Governor of the Central Bank of the Russian Federation

#### Education

**1993** – Lomonosov Moscow State University with a degree in Economic Cybernetics

#### Membership in Committees

Chairman of the Strategic Planning Committee



### Vladimir Mau

Deputy Chairman of the Supervisory Board,  
Independent director

**Date of birth:** December 29, 1959

#### Current place of employment (position)

Rector of the Russian Federation Presidential Academy of the National Economy and Public Administration

#### Education

**1981** – Plekhanov Moscow National Economic Institute, Department of Economics

**1987** – Institute of Economics of the USSR Academy of Sciences, Candidate of Sciences in Economics

**1994** – Institute of Economics of the USSR Academy of Sciences, Doctor of Economics

**1999** – Pierre Mendès-France University, Grenoble (France), PhD in Economics

#### Membership in Committees

Chairman of the Audit Committee, member of the HR and Remuneration Committee



### Valery Goreglyad

Member of the Supervisory Board,,  
Non-executive director

**Date of birth:** June 18, 1958

#### Current place of employment (position)

Chief Auditor of the Central Bank of the Russian Federation

#### Education

**1981** – Ordzhonikidze Moscow Aviation Institute, Mechanical engineer

**1996** – Candidate of Sciences (PhD) in Economics

**2003** – Doctor of Economics

**2012** – Professor

**2017** – Russian Federation Presidential Academy of the National Economy and Public Administration, Jurisprudence

#### Membership in Committees

Chairman of the HR and Remuneration Committee, member of the Audit Committee



### Nadezhda Ivanova

Member of the Supervisory Board,  
Non-executive director

**Date of birth:** June 13, 1953

#### Current place of employment (position)

Head of the Bank of Russia, Main Branch for the Central Federal District

#### Education

**1975** – Moscow Financial Institute with a degree in Finance & Credit

#### Membership in Committees

Member of the Audit Committee, member of the Risk Management Committee

BRIEF BIOGRAPHICAL DATA  
ON MEMBERS OF THE SUPERVISORY BOARD**Maksim Oreshkin**Member of the Supervisory Board,  
Non-executive director**Date of birth:** July 21, 1982**Current place of employment**  
*(position)*Minister of Economic Development  
of the Russian Federation**Education****2004** – Master's degree in Economics from the  
Higher School of Economics (Moscow, Russia)**Membership in Committees**

Member of the Strategic Planning Committee

**Olga Skorobogatova**Member of the Supervisory Board,  
Non-executive director**Date of birth:** June 4, 1969**Current place of employment**  
*(position)*First Deputy Governor of  
the Central Bank of Russia**Education****1990** – Plekhanov Russian University  
of Economics (with Honors)**1995** – California State University  
(USA), MBA in Economics**Membership in Committees**

Member of the Strategic Planning Committee

**Herman Gref**Member of the Supervisory Board,  
Executive director**Date of birth:** February 8, 1964**Current place of employment**  
*(position)*CEO, Chairman of the Executive  
Board of Sberbank**Education****1990** – Dostoyevsky Omsk State University  
with a degree in Legal studies**1993** – Postgraduate student in the Law  
Department, Saint Petersburg State University**2011** – Candidate of Sciences in Economics**Membership in Committees**

Member of the Strategic Planning Committee

**Bella Zlatkis**Member of the Supervisory  
Board, Executive director**Date of birth:** July 5, 1948**Current place of employment**  
*(position)*Deputy Chairman of the Executive  
Board of Sberbank**Education****1970** – Moscow Financial Institute,  
degree in Finance and Credit**1978** – Postgraduate student of the  
All-Union Correspondence Financial  
and Economic Institute, Candidate  
of Sciences (PhD) in Economics**Membership in Committees**

No membership in Committees

**Gennady Melikyan**Member of the Supervisory Board,  
Senior Independent Director**Date of birth:** November 27, 1947**Current place of employment**  
*(position)*

Currently holds no office.

**Education****1974** – Lomonosov Moscow State University  
with a degree in Political Economy**1978** – Postgraduate student at  
Lomonosov Moscow State University,  
Candidate of Sciences in Economics**Membership in Committees**Chairman of the Risk Management  
Committee, member of the Strategic  
Planning Committee, member of the HR  
and Remuneration Committee



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BRIEF BIOGRAPHICAL DATA  
ON MEMBERS OF THE SUPERVISORY BOARD**Esko Tapani Aho**Member of the Supervisory Board,  
Independent director**Date of birth:** May 20, 1954**Current place of employment**  
*(position)*Executive Chairman of the Board of Directors,  
East Office of the Finnish Industries**Education****1980** – University of Helsinki  
(Finland), Political History**Membership in Committees**Member of the Strategic Planning Committee,  
member of the Risk Management Committee**Leonid Boguslavsky**Member of the Supervisory Board,  
Independent director**Date of birth:** June 17, 1951**Current place of employment**  
*(position)*Chairman of the Board of Directors of  
"Ivi.ru" Limited Liability Company**Education****1973** – Moscow State University of Railway  
Engineering, Applied Mathematics**1996** – Doctor of Technical Sciences**Membership in Committees**

Member of the Strategic Planning Committee

**Aleksander Kuleshov**Member of the Supervisory Board,  
Independent director**Date of birth:** May 2, 1946**Current place of employment**  
*(position)*Rector of the Skolkovo Institute  
of Science and Technology**Education****1970** – Lomonosov Moscow State University,  
degree in Mathematics  
**1977** – Candidate of Technical Sciences (PhD  
in Engineering)  
**1987** – Doctor of Technical Sciences  
**1989** – Professor  
**2008** – Corresponding Member of the Russian  
Academy of Sciences  
**2011** – Academician of the Russian  
Academy of Sciences**Membership in Committees**Member of the Audit Committee, member  
of the Risk Management Committee**Nadya Wells**Member of the Supervisory Board,  
Independent director**Date of birth:** December 24, 1970**Current place of employment**  
*(position)*Independent professional investment  
and corporate governance advisor**Education****1993** – MA graduate of Oxford University  
(with Honors) with a degree in Modern  
History and Modern Languages**2000** – INSEAD Business  
School (France), MBA**Membership in Committees**Member of the Audit Committee, member of  
the Strategic Planning Committee, member  
of the Risk Management Committee1  
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## BRIEF BIOGRAPHICAL DATA ON MEMBERS OF THE SUPERVISORY BOARD

### Members of the Supervisory Board whose terms ended June 8, 2018:



#### Georgy Luntovskiy

until June 8, 2018, Deputy Chairman of the Supervisory Board, Non-executive director

**Date of birth:** April 12, 1950

#### Current place of employment (position)

President of the Association of Banks of Russia

#### Education

**1978** – All-Union Correspondence Financial and Economic Institute with a degree in Finance and Credit

**1997** – Russian Presidential Academy of National Economy and Public Administration with a degree in Management in Market Conditions

**1998** – Moscow State University of Economics, Statistics, and Informatics, Candidate of Economic Sciences

#### Membership in Committees

until June 8, 2018, Chairman of the HR and Remuneration Committee



#### Alexey Kudrin

until June 8, 2018, Deputy Chairman of the Supervisory Board, Non-executive director

**Date of birth:** October 12, 1960

#### Current place of employment (position)

Chairman of the Accounting Chamber of the Russian Federation

#### Education

**1983** – Zhdanov Leningrad State University, with a degree in Political Economy

**1987** – Postgraduate student of the Institute of Economics, USSR Academy of Sciences, Candidate of Sciences in Economics

#### Membership in Committees

until June 8, 2018, Chairman of the Strategic Planning Committee



#### Martin Grant Gilman

until June 8, 2018, member of the Supervisory Board, Independent director

**Date of birth:** August 11, 1948

#### Current place of employment (position)

Professor of the Faculty of Economic Sciences, National Research University – Higher School of Economics (Moscow, Russia)

#### Education

**1970** – University of Pennsylvania, Bachelor of Science (BS) in Economics (Wharton School) and Bachelor of Arts (BA) in Political Science (College of Liberal Arts)

**1971** – Certificate of International Studies at the School of International Studies at Johns Hopkins University in Bologna

**1972** – London School of Economics, MSc (Econ.)

**1981** – London School of Economics, PhD in Economics

#### Membership in Committees

until June 8, 2018, member of the Strategic Planning Committee, member of the Risk Management Committee

### Information on ownership of Sberbank shares by members of the Supervisory Board and the conclusion of transactions with these shares in 2018

FULL NAME	PARTICIPATION INTEREST IN SBERBANK'S AUTHORIZED CAPITAL, %	PERCENTAGE OF ORDINARY SHARES OWNED, %	INFORMATION ON THE CONCLUSION OF TRANSACTIONS WITH SBERBANK SHARES IN 2018
S. M. Ignatiev	-	-	Did not conclude any transactions
S. A. Shvetsov	-	-	Did not conclude any transactions
V. A. Mau	-	-	Did not conclude any transactions
N. Yu. Ivanova	-	-	Did not conclude any transactions
M. S. Oreshkin	-	-	Did not conclude any transactions
O. N. Skorobogatova	-	-	Did not conclude any transactions
V. P. Goreglyad*	-	-	Did not conclude any transactions
H. O. Gref	0.0031	0.003	Did not conclude any transactions
B. I. Zlatkis*	0.0004	0.0005	Did not conclude any transactions
G. G. Melikyan	0.0001	0.0001	Did not conclude any transactions
E. T. Aho	-	-	Did not conclude any transactions
L. B. Boguslavsky	-	-	Did not conclude any transactions
A. P. Kuleshov*	-	-	Did not conclude any transactions
N. Wells	-	-	Did not conclude any transactions
<i>Directors who left the Supervisory Board on June 8, 2018</i>			
G. I. Luntovskiy	-	-	Did not conclude any transactions
A. L. Kudrin	-	-	Did not conclude any transactions
M. G. Gilman	0.00018	0.00019	Did not conclude any transactions

\* a member of the Supervisory Board from June 8, 2018



## STRUCTURE OF THE SUPERVISORY BOARD

(Balance of directors as at December 31, 2018)

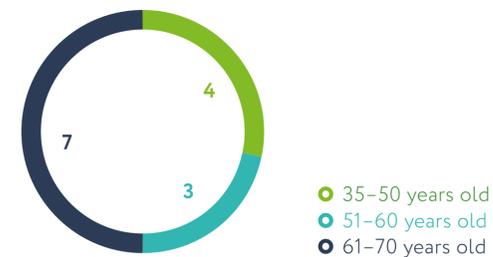
## Balance of directors



## Ratio of men and women on the Board



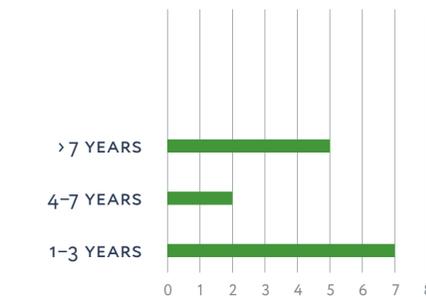
## Members of the Supervisory Board by age



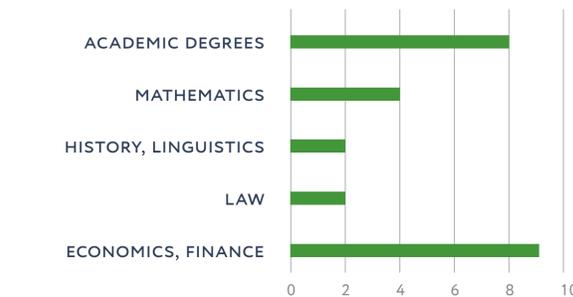
## Geographical breakdown



## Length of service on the Board



## Education



## Industry experience and other skills of the members of the Supervisory Board

FULL NAME	LENGTH OF SERVICE AT THE SUPERVISORY BOARD	BANKING	ECONOMICS, FINANCE INVESTMENTS	IT	CORPORATE GOVERNANCE	AUDIT, CONSULTING, LAW	SECURITIES MARKET, EXCHANGE ACTIVITIES,	INTERNATIONAL FINANCIAL INSTITUTIONS	PUBLIC SERVICE EXPERIENCE	TEACHING ACTIVITIES
S. M. Ignatiev	19	✓	✓		✓	✓			✓	✓
V. P. Goreglyad	1	✓	✓		✓	✓			✓	✓
A. P. Kuleshov	1		✓	✓	✓	✓				✓
H. O. Gref	14	✓	✓		✓	✓		✓	✓	✓
S. A. Shvetsov	9	✓	✓		✓	✓	✓			
N. Yu. Ivanova	17	✓	✓		✓	✓				
O. N. Skorobogatova	2	✓	✓	✓	✓	✓				
M. S. Oreshkin	2		✓		✓	✓	✓	✓	✓	
L. B. Boguslavsky	2		✓	✓	✓	✓				
G. G. Melikyan	5	✓	✓		✓	✓			✓	
B. I. Zlatkis	1	✓	✓		✓	✓	✓		✓	✓
N. Wells	5	✓	✓		✓	✓	✓	✓		✓
V. A. Mau	11	✓	✓		✓	✓			✓	✓
E. T. Aho	3		✓		✓	✓		✓	✓	✓
<i>Members of the Supervisory Board whose term ended on June 8, 2018</i>										
A. L. Kudrin	16	✓	✓		✓	✓	✓		✓	✓
G. I. Luntovsky	18	✓	✓		✓	✓				
M. G. Gilman	4	✓	✓		✓	✓		✓		✓

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## ON THE WORK OF THE SUPERVISORY BOARD IN 2018

In 2018 the Supervisory Board held 36 meetings, nine of which were held in praesentia, and 27 in absentia. In total, more than 110 issues were considered at the meetings.

During the year the Supervisory Board approved the updated Sberbank Group Strategy for Risk and Capital Management, as well as a new version of the Regulations on the Committees of the Supervisory Board and the second version of the Information Policy.

In 2018 the Supervisory Board considered the priority lines of business of the Bank, including the following:

- ◆ information technologies, cybersecurity;
- ◆ risk and capital management strategies;
- ◆ implementation of retail business development projects;
- ◆ implementation of the Sberbank Strategy up to 2020;
- ◆ implementation of the Corporate Social Responsibility Policy;
- ◆ corporate governance;
- ◆ appointment and termination of the powers of members of the Executive Board;
- ◆ heard management reports on the Bank's financial performance, on approval for the conclusion of interested-party transactions, and other issues.

### Issues considered by the Supervisory Board in 2018



## INDEPENDENT DIRECTORS

Independent directors are elected to the Supervisory Board to ensure the effectiveness of adopted decisions and to maintain a balance of interests of different shareholder groups. Independent directors are directors who possess sufficient professionalism, experience and independence to form their own opinion, and are also able to express unbiased and prudent judgments that are not influenced by the executive bodies, certain groups of shareholders, and other stakeholders.

A Senior Independent Director is appointed from among the independent directors, whose main tasks are to assist the Chairman of the Supervisory Board, organize an assessment of its work, coordinate interaction between independent directors, and develop (where necessary) a consolidated opinion of independent directors on issues under consideration.

The representation of independent directors on the Supervisory Board complies in full with the requirements of the Listing Rules of the Moscow Stock Exchange, the recommendations of the Corporate Governance Code of the Bank of Russia, and the provisions of the internal regulations of Sberbank.

The Supervisory Board assesses the independence status of the Board members on an annual basis. Based on the results of the most recent assessment of the independence of Board members conducted in 2018, it was declared that five directors — Esko Tapani Aho, Gennady Melikyan, Aleksander Kuleshov, Leonid Boguslavsky, and Nadya Wells — fully met with the independence criteria established by the Corporate Governance Code of the Bank of Russia and the Listing Rules of the Moscow Stock Exchange. It was decided to recognize Vladimir Mau in 2017 as an independent director, notwithstanding the formal criteria that he is related to Sberbank, the Russian Federation, and substantial counterparties of Sberbank. This decision was made by the Supervisory Board because the related-party nature of these criteria is not material and does not influence the ability of Mr. Mau to act in good faith and reasonably in the interests of the Bank and its shareholders, and also to form objective and independent opinions and judgments.

## PERFORMANCE ASSESSMENT OF THE SUPERVISORY BOARD

A performance assessment of the Supervisory Board has been conducted at the Bank since 2013. An external performance evaluation with the engagement of an independent consultant is performed once every three years (2013, 2016, 2019), but otherwise the Supervisory Board performs its own annual quality performance assessment of its work (through a questionnaire).

At the start of 2018 the Supervisory Board conducted a self-assessment of its performance based on the results for 2017. The results of the appraisal demonstrated the high level of organization of the work of the Supervisory Board and its Committees, internal effectiveness and interaction between the Board and the Bank, and the attainment by the Supervisory Board of set objectives.

Members of the Supervisory Board rated highly the detailed elaboration of risk-related issues put to the Board. The joint work of the Executive Board and the Supervisory Board during the drafting of the Sberbank's Development Strategy for the period 2018–2020 was highlighted as the main achievement of 2017. A significant improvement in corporate governance practices was also highlighted regarding the professional development of members of the Supervisory Board (delivery of training programs), including the onboarding program of newly elected directors.

The self-assessment resulted in the identification of several areas that required the attention of the Supervisory Board. The list of development areas includes issues on strengthening the composition of the Risk Management Committee, anti-crisis management, efficiency and cost management.

A regular external performance evaluation of the Supervisory Board and its committees based on the results for 2018 was conducted in early 2019 by independent external consultants (the company Oliver Wyman and the Russian Independent Directors Association (IDA) engaged in accordance with a decision of the Supervisory Board.

This is the third external performance evaluation of the Supervisory Board of the Bank. The evaluation highlighted substantial improvements in Sberbank's corporate governance practice since the previous external evaluation (for 2015), including regarding the composition of the Supervisory Board, the strengthening of the role of its Committees, improvements in the learning process of members of the Supervisory Board.

The external evaluation confirmed that Sberbank's corporate governance complies with the recommendations of the Corporate Governance Code of the Central Bank of the Russian Federation and international standards. Based on the results of the external performance evaluation, areas for further improvements in the Supervisory Board's performance were determined: the balancing of qualifications regarding the knowledge and experience of candidates during the formation of the Supervisory Board, development of succession practices for senior executives, and also an increase in the efficiency of discussions and the use of advanced formats for holding meetings.

In accordance with international best practice, the Supervisory Board continues to conduct a self-appraisal of its performance each year, as well as an external independent evaluation at least once every three years.



## LIABILITY INSURANCE

The liability of all members of the Supervisory Board related to the exercise of their duties at the Bank is insured under the Liability Insurance Contract of Directors, Officers and Companies (D&O). D&O liability insurance represents insurance against damage from the wrongdoing of officials to cover the Bank's possible losses from such wrongdoing.

### Key terms of the D&O Liability Insurance Contract

	CURRENT D&O CONTRACT	PREVIOUS D&O CONTRACT
Insurer	JSC SOGAZ	JSC SOGAZ
Period of coverage	July 1, 2018-June 30, 2020	July 1, 2017-June 30, 2018
Insurance premium	RUB 74,032,498 for two years of insurance	RUB 36,600,000 for one year of insurance
Amount of coverage (for each year of insurance)	RUB 6 billion	RUB 4.6 billion
Additional amount of coverage for an independent director <sup>1</sup>	RUB 30 million – for each RUB 150 million – in aggregate (for all)	

<sup>1</sup> Takes effect if the amount of coverage under the insurance contract is depleted

### Attendance of Supervisory Board members at the meetings in praesentia of the Board and committee meetings in 2018

FULL NAME OF SB MEMBER	NUMBER OF MEETINGS IN PRAESENTIA OF THE SB ATTENDED (of 9 meetings held)	NUMBER OF AUDIT COMMITTEE MEETINGS ATTENDED (of 5 meetings held)	NUMBER OF HR AND REMUNERATION COMMITTEE MEETINGS ATTENDED (of 11 meetings held)	NUMBER OF STRATEGIC PLANNING COMMITTEE MEETINGS ATTENDED (of 5 meetings held)	NUMBER OF RISK MANAGEMENT COMMITTEE MEETINGS ATTENDED (of 11 meetings held)
<b>S. M. Ignatiev</b>	9				
<b>S. A. Shvetsov</b>	6			4	
<b>V. A. Mau</b>	9	5	11		
<b>N. Yu. Ivanova</b>	8	5			11
<b>M. S. Oreshkin</b>	6			3	
<b>O. N. Skorobogatova</b>	6			4	
<b>V. P. Goreglyad*</b>	5	2	6		
<b>H. O. Gref</b>	9			5	
<b>B. I. Zlatkis*</b>	5				
<b>G. G. Melikyan</b>	9		11	5	11
<b>E. T. Aho</b>	6			5	8
<b>L. B. Boguslavsky</b>	9			5	
<b>A. P. Kuleshov*</b>	5	2			7
<b>N. Wells</b>	9	5		5	5
<i>Directors who left the Supervisory Board on June 8, 2018</i>					
<b>G. I. Luntovskiy</b>	3		5		
<b>A. L. Kudrin</b>	4			2	
<b>M. G. Gilman</b>	4			2	2

\* A member of the Supervisory Board from June 8, 2018

## ADAPTATION AND PROFESSIONAL DEVELOPMENT OF SUPERVISORY BOARD MEMBERS

Sberbank has a practice of holding an Introductory Course for newly elected members of the Supervisory Board. During this event, key top managers of the Bank, the curators of functional units, and other key employees of the Bank acquaint the new members of the Supervisory Board with Sberbank's Development Strategy, corporate governance system, the allocation of duties between the executive bodies, the foundations of the risk management and internal control systems, and other material information on the activity of the Bank.

The Bank also publishes a special interactive Directory as an aide to newly elected members of the Supervisory Board containing the main up-to-date information on the Bank, its organizational structure, the corporate governance system, the main rights and obligations of the members of the Supervisory Board and other useful information.

After the election of members of the Supervisory Board, and taking into account their wishes and management's proposals, an annual professional development program for the members of the Supervisory Board is drafted. The program typically includes visits to Bank branches, thematic conferences, and workshops with the participation of outside specialists.

In March 2018, as part of the approved professional development program a training on developing corporate governance practices and improving the efficiency of the Supervisory Board was held for the members of the Supervisory Board at the central office of Sberbank. The training was organized and conducted by Sberbank together with experts from the Russian Academy of National Economy and Public Administration (RANEP) and IMD Lausanne Business School. The program discussed a wide range of issues: geopolitics and changes in the modern

world system, the risks of the Supervisory Board and tools to improve its efficiency, new approaches to the development of leadership potential of managers, and examples of best corporate governance practices (development of the picture of risks at the level of the Supervisory Board, corporate governance based on corporate values).

In November 2018, members of the Supervisory Board took part in the Cybersecurity and Information Technologies in a Bank training program organized at the platform of the Skolkovo Innovation Center and the Sberbank Data Processing Center. The members of the Supervisory Board were familiarized with the latest technological trends and threats in the field of cybersecurity, approaches to ensuring cybersecurity in a bank and information about the work of the Sberbank Cybersecurity service, as well as information about the security of banking products and key systems of the Bank. The training included a discussion of the development of the Bank Platform, the creation of an analytical platform SberData, a dynamic cloud infrastructure SberInfra, a software production process SberWorks, and an engineering transformation of industrial systems. In addition, the new principles of operation of the Technology unit and the Sberbank 2020 Technology Strategy were considered.



# COMMITTEES OF THE SUPERVISORY BOARD

## DUTIES OF THE COMMITTEES OF THE SUPERVISORY BOARD

The following committees have been created for the preliminary consideration by the Supervisory Board of the most important issues falling within its competence and preparing recommendations to adopt decisions on these issues:

### 1. Audit Committee

### 2. HR and Remuneration Committee

### 3. Strategic Planning Committee

### 4. Risk Management Committee

*The committees are accountable to the Supervisory Board.*

*The chairmen of the committees submit reports to the Supervisory Board on the work performed by the committees containing the issues considered and the adopted decisions.*

*The workings of the Committees of the Supervisory Board are governed by the Regulations on the Committees of the Supervisory Board, which can be found on the Bank's website:*

[sberbank.com/ru/investor-relations/disclosure/regulative-documents](http://sberbank.com/ru/investor-relations/disclosure/regulative-documents)

# 1

## Audit Committee

# 2

## HR and Remuneration Committee

# 3

## Strategic Planning Committee

# 4

## Risk Management Committee

### PRELIMINARY CONSIDER ISSUES RELATED TO

- ◆ the Bank's financial statements
- ◆ risk management
- ◆ internal control
- ◆ corporate governance
- ◆ conducting internal and external audit
- ◆ preventing the bad faith actions of Bank employees and third parties
- ◆ consideration of the opinion of the Internal Audit Commission on the results of the audit of the Bank's financial and business activity

- ◆ succession planning and formation of the professional structure of the Supervisory Board, executive bodies and other key management positions at the Bank
- ◆ forming an effective remuneration system for the members of the Supervisory Board, executive bodies and other key Bank employees

- ◆ determining the strategic goals of the Bank's activity (together with the Bank's executive bodies)
- ◆ control over the implementation of the Bank's Development Strategy, development of recommendations for the Supervisory Board on its revision
- ◆ Risk and capital management strategy

- ◆ Risk and capital management strategy
- ◆ assessment of the Bank's remuneration policy for members of the Supervisory Board, executive bodies and other key Bank employees for compliance with the Risk and capital management strategy
- ◆ ensuring the completeness, accuracy and reliability of information on the risks assumed by the Bank

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# 01.

## AUDIT COMMITTEE

The Audit Committee was created as part of the structure of the Supervisory Board for the purpose of the preliminary consideration of the issues related to the control of financial and business activities.

### The main objectives of the Audit Committee are:

- ◆ to increase the effectiveness of the internal control, risk management and corporate governance systems;
- ◆ to ensure the performance of management and control functions of the Supervisory Board on issues regarding the functioning of these system;
- ◆ to control the reliability of the financial statements;
- ◆ to control the activity of the external auditor and the Internal Audit Service.

### Members of the Audit Committee

Most of the members of the Audit Committee are independent non-executive directors. The Chairman of the Audit Committee is an independent director.

**New members joined the Committee during 2018:** A. P. Kuleshov and V. P. Goreglyad, meaning that the number of Committee members increased from three to five.

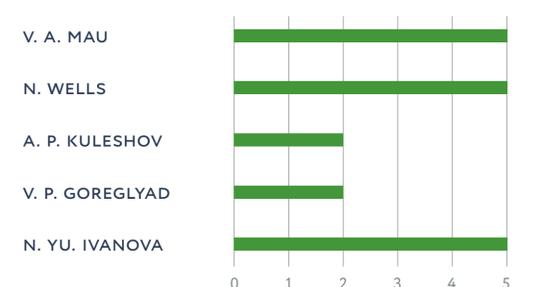
1. **V. A. MAU**  
CHAIRMAN  
*Independent director*
2. **N. WELLS**  
*Independent director*
3. **A. P. KULESHOV**  
*Independent director\**
4. **V. P. GOREGLYAD\***
5. **N. YU. IVANOVA**

\* a member of the Supervisory Board since June 8, 2018

### Attendance at the meetings of the Audit Committee

Five meetings of the Audit Committee were held in praesentia in 2018.

### Attendance at the meetings of the Audit Committee in 2018



### Interaction with the Internal Audit Commission

The Chairman of the Internal Audit Commission is invited to the meeting of the Audit Committee to consider the results of the audit of the financial and business activities of the Bank. The participation of the representative of the Internal Audit Commission in the meetings of the Audit Committee makes it possible to discuss constructively and meaningfully the opinion of the internal audit, hear their opinion on the compliance of the financial and business results of the Bank with the actual state of affairs. In 2018 the Chairman of the Internal Audit Commission participated in one meeting of the Audit Committee.

### Activity of the Audit Committee in 2018

**Within the framework of its competence, the Audit Committee considered the following issues in 2018:**

- ◆ assessment of the Auditor's report on the annual financial statements of the Bank for 2017;
- ◆ on the consolidated IFRS financial statements of the Bank for 2017;
- ◆ opinion of the Internal Audit Commission on the results of the audit of the financial and business activities of the Bank for 2017;
- ◆ candidacy of the auditor of the Bank for 2018 and Q1 2019;
- ◆ distribution of profits and recommendations on the amount of payable dividends for 2017;
- ◆ information on the results of the work of the audit organization Joint Stock Company PricewaterhouseCoopers Audit;
- ◆ results of the audits conducted by the Internal Audit Service.

### In 2018 the Audit committee approved:

- ◆ the Audit Plans of the Internal Audit Service of the Bank for 2019;
- ◆ the Work Plan of the Audit Committee for 2018–2019.

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# 02.

## HR AND REMUNERATION COMMITTEE

The HR and Remuneration Committee was created as part of the structure of the Supervisory Board for the purposes of forming the effective system of remuneration, succession planning and the formation of the professional structure of the Supervisory Board, executive bodies and other key management positions at the Bank.

### The main objectives of the HR and Remuneration Committee are:

- ◆ to strengthen the candidate pool and increase the effectiveness of the work of the Supervisory Board;
- ◆ to prepare proposals on the formation of an effective remuneration system for the members of the Supervisory Board, executive bodies of the Bank and other key management employees of the Bank.

### Members of the HR and Remuneration Committee

Most of the members of the HR and Remuneration Committee are independent directors. The Chairman of the HR and Remuneration Committee is a non-executive director.

**There was one change in the membership of the Committee during 2018:** The Committee Chairman, G. I. Luntovskiy, left the Supervisory Board and the Committee (he was not elected at the annual General Shareholders' Meeting held on June 8, 2018). V. P. Goreglyad was elected the new Committee Chairman. The number of Committee members did not change and remains at three people.

- V. P. GOREGLYAD**  
CHAIRMAN  
*Non-executive director\**
- V. A. MAU**  
*Independent director*
- G. G. MELIKYAN**  
*Independent director*

*Director who left the Supervisory Board on June 8, 2018:*

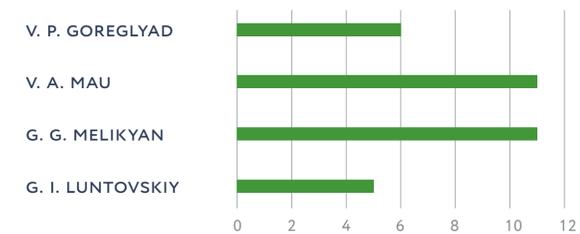
- **G. I. LUNTOVSKIY**  
CHAIRMAN  
*Non-executive director*

\* a member of the Supervisory Board since June 8, 2018

### Attendance at the meetings of the HR and Remuneration Committee

In 2018, eleven meetings of the HR and Remuneration Committee were held (nine in praesentia and two in absentia).

### Attendance at the meetings of the HR and Remuneration Committee in 2018



### Activity of the HR and Remuneration Committee in 2018

**Within the framework of its competence, the HR and Remuneration Committee considered the following issues in 2018:**

- ◆ the proposals received from Sberbank's shareholders on the nomination of candidates to the Supervisory Board for election at the annual General Shareholders' Meeting based on the results of 2017; 1
- ◆ the results of the self-assessment of the effectiveness of the activity of the Supervisory Board and the Committees based on the results for 2017; 2
- ◆ issues on the system of succession of the members of Bank management; 3
- ◆ on the Bank's organizational structure; 4
- ◆ issues on the remuneration system of the members of the Supervisory Board, the Bank's executive bodies and other key management employees; 5
- ◆ on the results of transformation and new areas of development of HR; 6
- ◆ on performing an independent performance appraisal of the Supervisory Board based on the results of 2018. 7

**The Work Plan of the HR and Remuneration Committee for 2018–2019 was also approved.**

# 03.

## STRATEGIC PLANNING COMMITTEE

A Strategic Planning Committee was created as part of the Supervisory Board for the purposes of preparing and submitting recommendations to the Supervisory Board on issues pertaining to the Bank's strategic development.

### The main objectives of the Strategic Planning Committee are:

- ◆ To perform a preliminary analysis of the issues of determining the strategic operating goals of the Bank, monitor implementation of the Bank's Development Strategy, draft recommendations to the Supervisory Board on how to adjust it, and assess the long-term performance of the Bank

### Members of the Strategic Planning Committee

Half the members of the Strategic Planning Committee are independent non-executive directors. The Chairman of the Strategic Planning Committee is a non-executive director.

**The following changes were made to the membership of the Committee during 2018:** Chairman of the Committee A. L. Kudrin and independent member of the Committee M. G. Gilman left the Supervisory Board and the Committee (they were not elected at the annual General Shareholders' Meeting held on June 8, 2018). S. A. Shvetsov was elected as the new Chairman of the Committee. No new members joined the Committee. The number of Committee members fell from ten to eight.

1. **S. A. SHVETSOV** — CHAIRMAN  
*Non-executive director*
2. **E. T. AHO**  
*Independent director*
3. **L. B. BOGUSLAVSKY**  
*Independent director*
4. **N. WELLS**  
*Independent director*
5. **G. G. MELIKYAN**  
*Independent director*
6. **H. O. GREF**
7. **O. N. SKOROBOGATOVA**
8. **M. S. ORESHKIN**

*Directors who left the Supervisory Board on June 8, 2018:*

- **A. L. KUDRIN** — CHAIRMAN  
*Non-executive director*
- **M. G. GILMAN**  
*Independent director*

### Attendance at the meetings of the Strategic Planning Committee

In 2018, five meetings of the Strategic Planning Committee were held in praesentia.

### Attendance at the meetings of the Strategic Planning Committee in 2018



### Activity of the Strategic Planning Committee in 2018

**Within the framework of its competence, the Strategic Planning Committee considered the following issues in 2018:**

- ◆ on Sberbank's international line of business;
- ◆ on the status and development prospects of information technologies at the Bank;
- ◆ on the progress in implementation of the Cybersecurity program;
- ◆ on the progress in implementation of the information policy and the development prospects for the Bank's marketing function;
- ◆ on the implementation of the Development Strategy;
- ◆ on the Corporate Social Responsibility Policy;
- ◆ on the Bank's laboratories.

**Approval of the The Work Plan of the Strategic Planning Committee for 2018–2019 was also approved.**

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# 04.

## RISK MANAGEMENT COMMITTEE

The Risk Management Committee was created as part of the Supervisory Board to prepare and submit recommendations to the Supervisory Board on risk management issues.

### The main objectives of the Risk Management Committee are:

- ◆ to conduct a preliminary review of the risk management strategy of the Bank and its Group, the risk appetite, and also to monitor implementation of the risk management strategy and compliance with the risk appetite.

### Members of the Risk Management Committee

Most of the members of the Risk Management Committee are independent non-executive directors. The Chairman of the Risk Management Committee is an independent director.

**There was one change to the membership of the Risk Management Committee during 2018:** independent member of the Supervisory Board M.G. Gilman left the Supervisory Board and the Committee (he was not elected at the annual General Shareholders' Meeting held on June 8, 2018). Independent member of the Supervisory Board A.P. Kuleshov joined the Committee. The number of members of the Committee did not change and remains at five people.

- G. G. MELIKYAN**  
CHAIRMAN  
*Independent director*
- E. T. AHO**  
*Independent director*
- N. WELLS**  
*Independent director*
- A. P. KULESHOV**  
*Independent director\**
- N. YU. IVANOVA**

*Director who left the Supervisory Board on June 8, 2018:*

- **M. G. GILMAN**  
*Independent director*

\* A member of the Supervisory Board from June 8, 2018

### Attendance at the meetings of the Risk Management Committee

Eleven meetings of the Risk Management Committee were held in 2018 (five in praesentia and six in absentia).

### Attendance at the meetings of the Risk Management Committee in 2018



### Activity of the Risk Management Committee in 2018

**Within the framework of its competence, the Risk Management Committee considered the following issues in 2018:**

- ◆ on strategic risk management;
- ◆ on the progress in implementation of the action plan on the internal procedures for assessing the capital adequacy of Sberbank and the Group;
- ◆ on updating the Risk Management and Capital Management Strategy of Sberbank Group;
- ◆ on the results of the structural transformation of the asset and liability management function;
- ◆ on the stress testing scenario and the results of its application;
- ◆ on the development level of the compliance system and the implemented and projected compliance risks management measures;
- ◆ risk reports and the results of monitoring of the internal rating-based approach (IRB) were considered.

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**The action plan of the Risk Management Committee for 2018-2019 was also approved.**



# CORPORATE SECRETARY

of effective legislation, the Charter, and Sberbank's internal regulations guaranteeing the exercise of the rights and legal interests of shareholders and assistance in the development of corporate governance practices.

The Corporate Secretary is appointed to the position by the Supervisory Board, and is accountable to and under the control of the Supervisory Board. The Corporate Secretary reports administratively to the CEO, Chairman of the Executive Board of the Bank.

*The activity of the Corporate Secretary is governed by the Regulations on the Corporate Secretary approved by the Supervisory Board of the Bank, which can be found on the Bank's website :*

[sberbank.com/ru/investor-relations/disclosure/regulative-documents](https://sberbank.com/ru/investor-relations/disclosure/regulative-documents)



## Oleg Tsvetkov

Corporate Secretary of Sberbank,  
Managing Director – Head of the  
Corporate Secretary Function

**Date of birth:** December 1, 1973

### Workplace *(position)*

**From September 12, 2014, to the present:**  
Corporate Secretary of Sberbank – Head  
of the Corporate Secretary Function

**From July 2011 to the present:** Chairman  
of the Board of the Russian National  
Association of Corporate Secretaries

### Education

**2008:** Business School of the University  
of Northumbria (UK), MBA Program

**2002:** Candidate of Sciences in  
Philology (English language)

**2000:** Moscow State Law Academy  
(Faculty of Jurisprudence)



# EXECUTIVE BODIES

## EXECUTIVE BOARD

The Executive Board of Sberbank is the collegial executive management body headed by the CEO, Chairman of the Executive Board, who is responsible for the overall management of the Bank's day-to-day activities.

The Executive Board submits to the Supervisory Board at least once a year a progress report on implementation of the Bank's strategy and the execution of the decisions of the Supervisory Board and the General Shareholders' Meeting, and on a quarterly basis — a report on the Bank's financial and business performance and the level of risks assumed by the Bank.

The members of the Executive Board are appointed and dismissed from office by decision of the Supervisory Board.

The CEO, Chairman of the Executive Board of the Bank heads the Executive Board and manages its activities, and also:

- ◆ performs operational management of the Bank;
- ◆ ensures implementation of the decisions of the Supervisory Board and the General Shareholders' Meeting;
- ◆ organizes the work of the Executive Board;
- ◆ allocates duties between members of the Executive Board;
- ◆ chairs the meetings of the Executive Board.

The CEO, Chairman of the Executive Board is elected by the General Shareholders' Meeting for a term of four years.

The CEO, Chairman of the Executive Board is responsible for the organization of the system for preparing and ensuring the accuracy of the Bank's financial statements, the timely disclosure of information and provision of information on the Bank's activities to shareholders, clients and other stakeholders.

### Members of the Executive Board of Sberbank

as at December 31, 2018

- HERMAN GREF**  
CEO, CHAIRMAN OF THE EXECUTIVE BOARD
- ALEXANDER VEDYAKHIN**  
FIRST DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD
- LEV KHASIS**  
FIRST DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD
- OLEG GANEEV**  
DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD
- BELLA ZLATKIS**  
DEPUTY CHAIRWOMAN OF THE EXECUTIVE BOARD
- SVETLANA KIRSANOVA**  
DEPUTY CHAIRWOMAN OF THE EXECUTIVE BOARD
- STANISLAV KUZNETSOV**  
DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD
- ALEXANDER MOROZOV**  
DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD
- ANATOLY POPOV**  
DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD

### Changes in the membership of the Executive Board:

From January 1 to December 31, 2018, the following changes took place in the membership of the Executive Board of the Bank:

1	2	3	4
<b>By decision of the Supervisory Board on June 14, 2018:</b>	<b>Based on the decision of the Supervisory Board dated September 18, 2018:</b>	<b>Based on the decision of the Supervisory Board dated November 13, 2018:</b>	
from June 14, 2018, the authorities of First Deputy Chairman of the Executive Board Maksim Poletaev and member of the Executive Board and Senior Vice President Alexander Bazarov were terminated and they left the Executive Board;	from October 1, 2018, the authorities of Deputy Chairwoman of the Executive Board Yuliya Chupina were terminated and she left the Executive Board.	from December 1, 2018, the authorities of Deputy Chairman of the Executive Board Alexander Torbakhov were terminated and he left the Executive Board;	
from June 20, 2018, Alexander Vedyakhin and Anatoly Popov joined the Executive Board as First Deputy Chairman of the Executive Board and Deputy Chairman of the Executive Board, respectively, after the approval of their candidacy in the Bank of Russia.		from December 3, 2018, Svetlana Kirsanova joined the Executive Board as Deputy Chairwoman of the Executive Board, after her candidacy was approved at the Bank of Russia.	



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**BRIEF BIOGRAPHICAL DATA  
ON EXECUTIVE BOARD MEMBERS**

More detailed information on Executive Board Members  
[sberbank.com/ru/investor-relations/corporate-governance/sberbank-executive-board](https://sberbank.com/ru/investor-relations/corporate-governance/sberbank-executive-board)

**Herman Gref**

**Date of birth:** February 8, 1964

**Current place of employment  
(position)**

CEO, Chairman of the Executive Board of Sberbank

**Education**

**1990** – Dostoyevsky Omsk State University with a degree in Legal Studies

**1993** – Postgraduate student in the Law Department, Saint Petersburg State University

**2011** – Candidate of Sciences in Economics

**Year when he joined the Executive Board: 2007**

**Alexander Vedyakhin**

**Date of birth:** February 20, 1977

**Current place of employment  
(position)**

First Deputy Chairman of the Executive Board of Sberbank

**Education**

**1999** – Volgograd State Technical University with a degree in World Economy

**2001** – Candidate of Sciences in Economics

**2010** – Russian Presidential Academy of the National Economy and Public Administration, MBA, Banks, Business Management

**Year when he joined the Executive Board: 2018**

**Lev Khasis**

**Date of birth:** June 5, 1966

**Current place of employment  
(position)**

First Deputy Chairman of the Executive Board of Sberbank

**Education**

**1989** – Korolev Kuibyshev Aviation Institute of the Order of the Red Banner of Labor (Aircraft Engineering)

**1995** – Institute of Continued Education and Advanced Training for Financial and Banking Specialties at the Finance Academy under the Government of Russia (Banking)

**2001** – Saint Petersburg University of the Ministry of Internal Affairs of Russia (Law)

**2007** – Institute for Systems Analysis in the Russian Academy of Sciences, Doctor of Economics

**Year when he joined the Executive Board: 2013**

**Oleg Ganeev**

**Date of birth:** October 5, 1972

**Current place of employment  
(position)**

Deputy Chairman of the Executive Board of Sberbank

**Education**

**1995** – Ufa State Aviation Technical University with a degree in Automated Design Engineering Systems

**1997** – Bashkir State University with a degree in Economic and Social Planning

**2010** – Russian Presidential Academy of the National Economy and Public Administration, MBA, Strategic Management and Marketing

**2014** – London Business School, Management and Finance for Bankers

**Year when he joined the Executive Board: 2014**

**Bella Zlatkis**

**Date of birth:** July 5, 1948

**Current place of employment  
(position)**

Deputy Chairman of the Executive Board of Sberbank

**Education**

**1970** – Moscow Financial Institute, degree in Finance and Credit

**1978** – Postgraduate student of the All-Union Correspondence Financial and Economic Institute, Candidate of Sciences (PhD) in Economics

**Year when he joined the Executive Board: 2005**

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BRIEF BIOGRAPHICAL DATA  
ON EXECUTIVE BOARD MEMBERS**Svetlana Kirsanova****Date of birth:** December 23, 1983**Current place of employment**  
*(position)*

Deputy Chairwoman of the Executive Board of Sberbank

**Education****2008** – Russian State Social University with a degree in Finance and Credit**Year when he joined the Executive Board: 2018****Stanislav Kuznetsov****Date of birth:** July 25, 1962**Current place of employment**  
*(position)*

Deputy Chairman of the Executive Board of Sberbank

**Education****1984** – Military Institute with a Military and Political Specialization, including the study of foreign languages (German and Czech)**2002** – Law Institute of the Ministry of Internal Affairs of Russia (Law)**2005** – Candidate of Sciences in Law**Year when he joined the Executive Board: 2008****Alexander Morozov****Date of birth:** March 9, 1969**Current place of employment**  
*(position)*

Deputy Chairman of the Executive Board of Sberbank

**Education****1995** – Lomonosov Moscow State University (Economic Theory)**2004** – Harvard Business School, MBA Program**Year when he joined the Executive Board: 2008****Anatoly Popov****Date of birth:** December 5, 1974**Current place of employment**  
*(position)*

Deputy Chairman of the Executive Board of Sberbank

**Education****1995** – Novosibirsk State University with a degree in Applied Mathematics and Computer**1997** – Novosibirsk State University with a degree in Economics and Company Management**Year when he joined the Executive Board: 2018**1  
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BRIEF BIOGRAPHICAL DATA  
ON EXECUTIVE BOARD MEMBERS**Maksim Poletaev****Date of birth:** April 6, 1971**Until 14.06.2018**

First Deputy Chairman of the Executive Board of Sberbank

**Education****1993** – Yaroslavl State University with a degree in Accounting, Management, and Analysis of Business Activities**Year when he joined the Executive Board: 2013***Left the Executive Board from June 14, 2018***Alexander Torbakhov****Date of birth:** August 22, 1971**До 01.12.2018**

Deputy Chairman of the Executive Board of Sberbank

**Education****1994** – Sergo Ordzhonikidze Moscow Aviation Institute with a degree in Gyroscopic Instruments and Systems of Orientation, Navigation, and Stabilization**1997** – Moscow State Institute of International Relations (International Economic Relations)**2005** – The University of Chicago (USA), MBA Program**Year when he joined the Executive Board: 2010***Left the Executive Board from December 1, 2018***Yuliya Chupina****Date of birth:** November 11, 1970**До 01.10.2018**

Deputy Chairwoman of the Executive Board of Sberbank

**Education****1993** – Maurice Thorez Moscow State Linguistic University**1997** – ESADE Administration and Management Business School (Spain), MBA in Finance and International Management**1997** – New York University, Leonard N. Stern School of Business (USA), MBA in Finance and International Management**Year when he joined the Executive Board: 2016***Left the Executive Board from October 1, 2018***Alexander Bazarov****Date of birth:** August 5, 1962**До 14.06.2018**

Senior Vice President of Sberbank

**Education****1984** – Shevchenko Kiev State University with a degree in Political Economy**1987** – Postgraduate student at Shevchenko Kiev State University, Candidate of Sciences in Economics**1995** – University of Pennsylvania (USA), MBA Program**Year when he joined the Executive Board: 2008***Left the Executive Board from June 14, 2018***Members who left the Executive Board in 2018:**1  
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## INFORMATION ON THE OWNERSHIP OF SBERBANK'S SHARES BY MEMBERS OF THE EXECUTIVE BOARD AND ON THE CONCLUSION OF TRANSACTIONS WITH SHARES IN 2018

FULL NAME	PARTICIPATION INTEREST IN THE AUTHORIZED CAPITAL OF SBERBANK, %	PERCENTAGE OF ORDINARY SHARES OWNED, %	INFORMATION ON TRANSACTIONS CONCLUDED WITH SBERBANK'S SHARES IN 2018
Herman Gref	0.0031	0.003	Did not conclude any transactions
Alexander Vedyakhin	0.000027	0.000029	Did not conclude any transactions
Lev Khasis	0.0012	0.0013	Did not conclude any transactions
Oleg Ganeev	0.00051	0.00053	Concluded a transaction to purchase ordinary Sberbank shares on September 7, 2018. Prior to the transaction his participation interest in authorized capital and his percentage of ordinary shares owned were 0.
Bella Zlatkis	0.0004	0.0005	Did not conclude any transactions
Svetlana Kirsanova	-	-	Did not conclude any transactions
Stanislav Kuznetsov	0.00059	0.0006	Concluded a transaction to purchase ordinary Sberbank shares on April 10, 2018. Prior to the transaction his participation interest in authorized capital and his percentage of ordinary shares owned were 0.
Alexander Morozov	0.0017	0.001	Concluded a transaction to purchase ordinary and preferred Sberbank shares on April 10, 2018. Prior to the transaction his participation interest in authorized capital was 0.0014%, and his percentage of ordinary shares owned was 0.0009%.
Anatoly Popov	0.00024	0.00025	Concluded a transaction to purchase ordinary Sberbank shares on July 12, 2018. Prior to the transaction his participation interest in authorized capital was 0.000107%, and his percentage of ordinary shares owned was 0.000112%.  Concluded a transaction to purchase ordinary Sberbank shares on August 29, 2018. Prior to the transaction his participation interest in authorized capital and his percentage of ordinary shares owned were 0.
<i>Members who left the Executive Board</i>			
Maksim Poletaev	0.0001	-	Did not conclude any transactions
Alexander Torbakhov	-	-	Did not conclude any transactions
Yuliya Chupina	0.0001	-	Concluded a transaction to purchase preferred Sberbank shares on June 22, 2018.  Prior to the transaction her participation interest in authorized capital and her percentage of ordinary shares owned were 0.
Alexander Bazarov	0.0022	0.0023	Did not conclude any transactions

## PERFORMANCE OF THE EXECUTIVE BOARD OF SBERBANK IN 2018

The work of the Executive Board was organized in accordance with the previously approved six-monthly plans for holding meetings. In 2018 37 meetings of the Executive Board of Sberbank were held in presentia, during which more than 40 issues were considered.

### Issues considered by the Executive Board in 2018

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# REMUNERATION SYSTEM

## REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

### Remuneration to members of the Supervisory Board

TYPE OF REMUNERATION	AMOUNT OF REMUNERATION
Base remuneration	RUB 5.9 million
Additional remuneration for performing the duties of a member of any of the Committees of the Supervisory Board	+20% of base remuneration
Additional remuneration for performing the duties of Chairman of any of the Committees of the Supervisory Board and performing the duties of Senior Independent Director	+30% of base remuneration
Additional remuneration for performing the duties of Chairman of the Supervisory Board	+50% of base remuneration

The payment of remuneration to members of the Supervisory Board of Sberbank and compensation of expenses related to their participation in the work of the Supervisory Board are performed pursuant to the procedure established by an internal regulation of Sberbank – Regulations on Remuneration and Compensation to be Paid to the Members of the Supervisory Board, approved by the annual General Shareholders' Meeting of Sberbank on May 29, 2015 (Minutes No. 28 dated June 3, 2015), with due account of the amendments approved by the annual General Shareholders' Meeting of Sberbank on May 27, 2016 (Minutes No. 29 dated June 1, 2016).

Remuneration consists of a basic component, paid to the member of the Supervisory Board provided that they participated in at least half the meetings of the Supervisory Board during the settlement period, and also additional remuneration paid for work in Committees, for chairing Committees, performing the duties of Senior Independent Director, and also for chairing the Supervisory Board.

### Remuneration to members of the Supervisory Board related to their participation in this management body of Sberbank paid in 2018, RUB million

TYPE OF REMUNERATION	AMOUNT OF REMUNERATION
Base remuneration (9 people)	58.8
Additional remuneration	19.5
<b>Total:</b>	<b>78.3</b>

The remuneration was paid to members of the Supervisory Board who consented in writing to receive remuneration during the 12 months of 2018.

The regulations also stipulate that members of the Supervisory Board may be compensated for their operating expenses related to the performance of their duties as members of the board. During the 12 months of 2018, the operating expenses related to the exercise of the functions of members of the board were reimbursed to one member of the Supervisory Board in the amount of RUB 11.2 thousand.

## REMUNERATION TO MEMBERS OF THE INTERNAL AUDIT COMMISSION

Remuneration to the members of the Internal Audit Commission and compensation of expenses related to their participation in the work of this control body of Sberbank are paid in the amount and pursuant to the procedure established by the internal regulations of Sberbank "Regulations on the Internal Audit Commission", approved by the annual General Shareholders' Meeting of Sberbank on June 6, 2014

Remuneration of RUB 1 million is paid to the Chair of the Internal Audit Commission; each member of the Internal Audit Commission receives RUB 750 thousand.

The total remuneration paid to the members of the Internal Audit Commission for 2018 related to their participation in this control body of Sberbank equaled RUB 4.75 million.



# REMUNERATION SYSTEM

## REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD\*

### Remuneration to members of the Executive Board

	FIXED REMUNERATION	VARIABLE REMUNERATION	LONG-TERM REMUNERATION
REMUNERATION PAID TO MEMBERS OF THE EXECUTIVE BOARD FOR 2018, RUB bn	1.3	3.0	1.2
<b>TOTAL</b>	<b>RUB 5.5 billion</b>		
<b>GOAL</b>	Competitive incentive package to attract and retain highly qualified managers	Aimed at achieving individual and team performance targets	Aimed at the convergence of the interests of management and the shareholders of Sberbank and at the attainment of a long-term sustainable appreciation in value
<b>DESCRIPTION</b>	Fixed remuneration includes official salary, payment of leave, payment of vacation and payment for business trip expenses.  It is established on the basis of professional experience, the role in the management of Sberbank and level of remuneration on the labor market	Variable remuneration includes quarterly bonuses, remuneration based on the year-end results (includes part in the amount of RUB 0.5 billion payable in 2019), other lump-sum remuneration accrued in 2018. It is tied directly to the attainment of a range of key performance indicators: individual and team, financial and non-financial	Remuneration paid in the reporting year
<b>PAYMENT TERMS</b>	Monthly	Annually/quarterly provided established performance targets are met	Annually provided the performance targets of Sberbank are met

The Remuneration Policy for Members of the Executive Board in place at Sberbank stipulates that the remuneration depends on Sberbank's performance and the personal contribution of each member of the Executive Board to the attainment of this result, through the use of regular performance appraisal tools through a balanced scorecard. The salary structure includes fixed and variable components.

In 2015, in accordance with the requirements of Instruction No. 154-I of the Bank of Russia dated June 17, 2014 "On the Procedure for Assessing the Remuneration System at a Credit Institution and the Procedure for Forwarding a Directive to the Credit Institution to Eliminate the Violations in its Remuneration System", Sberbank adopted a long-term remuneration program based on the Sberbank's share price, including the payment of funds.

#### The program is based on the following parameters:

- ◆ 40% of the variable component of the annual remuneration is deferred and is paid in monetary form in three annual payments over three years;
- ◆ payments to program participants are contingent on the dynamics of the value of Sberbank's shares;
- ◆ long-term remuneration may be adjusted (up to and including cancelation in full) if material risks are realized, with due account of the extent of the employee's liability for the decisions that led to realization of the risks.

Corresponding liabilities are included in other liabilities in the consolidated statement of financial position until the payment is made.

As at December 31, 2018, liabilities on the payment of long-term stock-based remuneration equaled RUB 2.8 billion.

No early payments of long-term remuneration in the event of resignation were made during 2018. There were no instances of failure to pay or the withholding of long-term remuneration as a result of adjustments, taking into account assumed risks based on the results for 2018.

No severance pay was paid to members of the Executive Board in 2018.

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\* The amounts of remuneration are presented in this section in accordance with the data of Sberbank's annual financial statements for 2018



# CONTROL AND AUDIT SYSTEM

## INTERNAL AUDIT SERVICE

The Internal Audit Service is intended to help the management bodies of Sberbank to achieve set goals, ensuring the efficiency and strong performance of the Bank, and operates in compliance with the principles of continuity, independence, impartiality, honesty, objectivity and professional competence.

In its work, the Internal Audit Service uses internal audit best practices, including basic international principles of internal audit professional practice.

The Internal Audit Service is an independent structural unit, which performs inspections for the entire system of the internal control function, is accountable to the Supervisory Board and is subordinate administratively to the CEO, Chairman of the Executive Board. The Head of the Internal Audit Services is appointed and dismissed by the Supervisory Board.

Sberbank takes the necessary measures to ensure the independence and impartiality of the Internal Audit Service, and creates the conditions for the Internal Audit Service to perform its functions without obstruction and effectively.

The Internal Audit Service conducts audits in all areas of Sberbank's activities and monitors the effectiveness of the measures to mitigate the level of identified risks adopted by departments/units and management bodies based on the results of the audits.

The Head of the Internal Audit Service provides the Supervisory Board with the reports of the Service on the implementation of the Annual Audit Plan approved by the Supervisory Board and on the results of audits for each reporting period.

In 2018 the Internal Audit Service conducted over 8000 audits. Management of Sberbank and branches are duly notified of the results of all audits, and the execution of instructions is monitored by the Internal Audit Service. The results of the audits of the Internal Audit Service confirm that as a whole the internal control and risk management systems are commensurate with the nature and scale of the operations being performed, the level and combination of the assumed risks.



### Oleg Chistyakov

Head of the Internal Audit Service of Sberbank, Senior Managing Director – Director of the Internal Audit Division

**Date of birth:** October 22, 1964

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#### Workplace *(position)*

**From January 1, 2015 to present:**  
Senior Managing Director – Director of the Internal Audit Division, Sberbank

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#### Education

**1986:** Ordzhonikidze Moscow Management Institute, engineer-economist



## INTERNAL CONTROL SERVICE

An Internal Control Service was created at Sberbank to implement internal controls, to assist the management bodies of Sberbank in ensuring that Sberbank's activity complies with legislation, regulations and best practice, and also to create and apply effective methods and mechanisms for managing the risks of losses at Sberbank resulting from non-compliance with the legislation of the Russian Federation and the internal regulations of Sberbank, the standards of the self-regulatory organization, and/or the application of penalties and/or other enforcement actions by the regulatory authorities. The Service represents the totality of the structural units and employees of the Bank operating in accordance with the Regulations on the Internal Control Service.

The Internal Control Service operates on the principles of independence, continuity, objectivity, impartiality and professional competence.

The Internal Control Service is accountable to the Supervisory Board, the CEO, Chairman of the Executive Board, and the Executive Board of the Bank. The Internal Control Service submit reports at least once a year on its work to the bodies of the Bank, and in the established instances – to the Supervisory Board.



### Larisa Zalomikhina

Head of the Internal Control Service of Sberbank, Senior Managing Director – Director of the Compliance Division

**Date of birth:** January 4, 1973

#### Workplace *(position)*

**From December 1, 2014 to the present:** Senior Managing Director – Director of the Compliance Division, Sberbank

#### Education

**1996:** Moscow Institute of Physics and Technology, Applied Mathematics and Physics, engineermathematician

## RISK MANAGEMENT SERVICES



### Dzhangir Dzhangirov

Head of the Risk Management Service of Sberbank, Senior Vice President

**Date of birth:** September 21, 1981

#### Workplace *(position)*

**From June 25, 2018 to the present:** Senior Vice President, Sberbank

#### Education

**2004:** New Economic School, Economics, Program Economic Theory, Masters in Economics

**2002:** Lomonosov Moscow State University, Mathematics, Applied Mathematics, mathematician

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# EXTERNAL AUDITOR

Sberbank engages an independent audit firm to audit and confirm the reliability of the financial statements prepared both under Russian and international standards.

Sberbank holds a public tender each year to select the audit firm to provide audit services. The public tender documentation is approved by the tender commission and published on the official website of Sberbank. The audit firm selected by public tender is approved by the Executive Board, the Audit Committee of the Supervisory Board, and the Supervisory Board, and is appointed by the annual General Shareholders' Meeting of Sberbank.

**AO PricewaterhouseCoopers Audit was the audit organization of Sberbank in 2017 and 2018. In 2018, AO PricewaterhouseCoopers Audit performed the following types of work:**

- ◆ Audit of the annual financial statements of Sberbank for 2018 prepared in accordance with the requirements of the legislation of the Russian Federation;
- ◆ Audit of the consolidated financial statements of Sberbank for 2018 prepared in accordance with IFRS;
- ◆ Reviews of the interim condensed consolidated financial statements of Sberbank for three, six and nine months of 2018 prepared in accordance with IFRS;
- ◆ Audit of the interim financial statements of Sberbank for the first six months of 2018 prepared in accordance with the requirements of the legislation of the Russian Federation.

**Payments of Sberbank Group companies to the group companies of the auditor of Sberbank**

	PAYMENTS, RUB million, excluding VAT	
	2017	2018
Audit of the annual financial statements (including audit of the statutory financial statements, IFRS financial statements)	48.3	98.7
Interim audits and reviews	19.6	40.1
Tax consultancy services	23.9	37.9
Other non-tax consultancy services	173.9	227.9

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# INTERNAL AUDIT COMMISSION

The Internal Audit Commission is elected by the annual General Shareholders' Meeting to monitor the financial and business activities of Sberbank. In accordance with the Charter of Sberbank, the Internal Audit Commission has seven members. The members of the Audit Commission may not at the same time be members of the Supervisory Board or hold other positions in Sberbank's management bodies.

The Internal Audit Commission audits Sberbank's financial and operational activities based on annual financial performance and also at any other time on the initiative of the bodies and persons indicated in Federal Law No. 208-FZ dated December 26, 1995 "On Joint Stock Companies", the Charter of Sberbank, and the Regulations on the Internal Audit Commission of Sberbank approved on 6 June 2014 by the annual General Shareholders' Meeting.

The Internal Audit Commission assesses the accuracy of the data included in the annual report and contained in the annual financial statements of Sberbank, and is also entitled to convene an extraordinary General Shareholders' Meeting or meetings of the Supervisory Board of Sberbank in instances when the violations identified by internal audit in Sberbank's financial and operational activities, or a real threat to the interests of the Bank (its depositors), require decisions on matters that fall within the competencies of these bodies of Sberbank.

On June 8, 2018 the Annual General Meeting of Shareholders of the bank elected three external representatives and four representatives of Sberbank to the Internal Audit Commission.

## Chairwoman of the Internal Audit Commission:



**Natalya Borodina**

Deputy Director of the Internal Audit Department of the Central Bank of the Russian Federation

## Members of the Internal Audit Commission:



**Maria Voloshina**

Director of the Accounting Regulation Department of the Central Bank of the Russian Federation



**Yuliya Isakhanova**

Senior Managing Director – Head of the Financial Control Directorate of the Finance Department of Sberbank



**Alexey Bogatov**

Senior Managing Director – Director of the Integrated Risk Management Department of Sberbank



**Tatyana Domanskaya**

Executive Director, Head of the Department for Engagement with External Controlling Bodies of the Internal Audit Division of Sberbank



**Irina Litvinova**

Deputy Director of the Internal Audit Department of the Central Bank of the Russian Federation



**Alexey Minenko**

Senior Managing Director, Deputy Chief Accountant – Head of the Accounting and Reporting Division of Sberbank



# COMPLIANCE CONTROL

# 97%

OF THE TARGET AUDIENCE  
ATTENDED THE TRAINING

In 2018 the Bank's compliance management system successfully completed a second supervisory audit of the International Compliance Association for compliance with the quality standards ISO 19600:2014 "Compliance Management Function" and ISO 37001:2016 "Anti-Bribery Management System".

The Federal Financial Monitoring Service repeatedly thanked the Bank for cooperation in the area of combating money laundering, as well as for working together to identify channels for financing terrorist activities.

In 2018 the Central Bank of Russia completed an audit of the Bank's AML/CFT system. The audit identified certain shortcomings, which were eliminated promptly by the Bank. Innovative online procedures for monitoring client operations around the clock were introduced, which improved the system for identifying unusual client transactions.

A desk audit of the Bank was conducted by the National Association of Securities Market Participants (NAUFOR) from the perspective of compliance with the brokerage standards in effect on the commencement date of the audit. Based on the results of the audit, it issued certain recommendations to Sberbank. The NAUFOR recommendations were taken into account.

The Bank timely brings its activities in accordance with the requirements of EU regulation for reporting on over-the-counter derivatives and of the Standard Standard for brokerage activities of the Bank of Russia.

In 2018, new versions of the Anti-Corruption Policy and the Conflict of Interest Policy were developed and approved by the Board of the Bank. A matrix of personnel decisions has been approved to hold employees accountable for violation of the current legislation and the provisions of the Bank's internal regulatory documents in the areas of anti-corruption, conflict of interest management, insider trading and personal operations in the stock and commodity markets. The Bank conducts regular inspections (monitoring) to identify instances of conflicts of interest in the activities of Bank employees. The Compliance Hotline is maintained on an ongoing basis, ensuring the anonymity and confidentiality of information provided by employees, and provides protection procedures for individuals who have reported violations in good faith.

Compliance training of employees is carried out via remote multimedia courses. Training was conducted in 2018 on the following issues:

- ◆ combating the legalization (laundering) of the proceeds of crime and terrorist financing. The materials factor in the most recent amendments to legislation;
- ◆ combating corruption, management of conflicts of interest, the illegal use of inside information and market manipulation.

In total 97% of the target audience attended the training.

Additional training was organized for senior, middle and line management, including on the Compliance skills upgrade program based on Sberbank Corporate University platform.

All new hires attend an introductory course on compliance risks.

All compliance training programs for employees are developed by the employees of the Compliance Division. The training is conducted by online multimedia courses and in person through training courses and consultations.

The Bank is an active participant in the work of professional communities on compliance issues using the following platforms:

- ◆ Compliance Council of the Federal Financial Monitoring Service of the Russian Federation (Rosfinmonitoring);
- ◆ The International Training and Methodology Center for Financial Monitoring;
- ◆ The Compliance Risk and AML/CFT Committee of the Association "Russia";
- ◆ The Expert Group on AML/CFT Issues and Compliance Risks under the Economic Consultative Council of the Committee of the Bureau for Financial Intelligence of the Federation Council of the Federal Assembly of the Russian Federation for the Budget and Financial Markets;
- ◆ National Association of Securities Market Participants (NAUFOR);
- ◆ National Stock Association (NFA).

In 2018 the following issues were discussed at the meetings of professional communities on compliance issues:

- ◆ combating the legalization (laundering) of the proceeds of crime and terrorist financing, and the financing of the dissemination of weapons of mass destruction, including amendments to the requirements of legislative and regulatory acts,
- ◆ expert elaboration of initiatives on improvements to compliance procedures,
- ◆ implementation of special economic measures and the introduction of new legislation on investment advisors.

Such meetings enhance the operational efficiency of the exchange of information on new AML/CFT risks and make it possible to adopt uniform risk management approaches, with due account of the opinion of the regulatory authorities.

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# SHARE CAPITAL AND SECURITIES

## STRUCTURE OF SHARE CAPITAL

Sberbank has been operating on the Russian financial market as a joint stock company since 1991. During this time it has placed 13 share issues. Sberbank's shareholders are Russian and foreign investors.

The Bank's authorized capital is formed in the amount of RUB 67.8 billion and consists of ordinary and preferred shares. In 2018 the size of the share capital did not change.

### Structure of the share capital by types of shares as at 31 December 2018

TYPE OF SHARES	STATE REGISTRATION NUMBER OF THE SHARE ISSUE	PAR VALUE	NUMBER OF ISSUED SHARES
Ordinary shares	10301481B	RUB 3	21,586,948,000
Preferred shares	20301481B	RUB 3	1,000,000,000

The share capital amounts to RUB 67,760,844,000

The total number of shareholders of Sberbank as at 14 May 2018 — closing date of the shareholder register — equaled 213.8 thousand, including 206.8 thousand individual shareholders and 7.0 thousand legal entities. Shares of the authorized capital of Sberbank are allocated among the strategic investor — the Bank of Russia, legal entities and private investors.

### Sberbank shareholder structure as of the shareholders' register closing date \*

	2014	2015	2016	2017	2018	CHANGE 2018/2017
Strategic investor (Bank of Russia)	50.0% + 1 share	—				
Foreign legal entities	43.5%	43.3%	45.6%	45.4%	45.6%	+ 0.2 p. p.
Domestic legal entities	2.5%	2.8%	1.5%	1.9%	1.5%	0.4 p. p.
Private investors	3.96%	3.9%	2.9%	2.7%	2.8%	+ 0.1 p. p.

\* Date of the preparation of the list of persons entitled to participate in the Annual General Shareholders' Meeting (for 2018 — 14 May 2018).

### Sberbank shareholder structure as of the shareholders' register closing date (end of trading day 14 May 2018), %



- Strategic investor (Bank of Russia) — 50.0% + 1 SHARE
- Non-resident legal entities — 45.64%
- Resident legal entities — 1.52%
- Private investors — 2.84%

Sberbank does not have any other information on the ownership of more than 5% of the Bank's shares other than the information that has already been disclosed. In addition, we have no information on the possible acquisition and/or the acquisition by specific shareholders of a degree of control that is disproportionate to their participation in the authorized capital of Sberbank.

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# INFORMATION ON SECURITIES

At present Sberbank is a public market company whose securities trade on the Moscow, London and Frankfurt Stock Exchanges, and also on the US over-the-counter market. Sberbank issues different types of securities.

## Shares

The ordinary and preferred shares of Sberbank have been included by the Moscow Stock Exchange in the first-tier (upper) quotation list.

Sberbank's shares remain among the most preferred securities for investors in emerging markets: as of 31.12.2018 out of 17 analysts covering Sberbank, 15 analysts had "Buy" and 2 "Hold" recommendations.

Sberbank share price performance and trade volume in 2018, RUB



Sberbank's share price performance was volatile: ordinary shares prices traded within the range of RUB 165.9-285.0. On the one hand, the share price was supported by Sberbank's strong fundamental story, market expectations for higher dividend payout, and pending Denizbank sale closing. On the other hand, the share price was affected external factors: expanding U.S. sanctions, hawkish monetary policy rethorics from the Federal Reserve and European Central Bank, as well as currency weakness in the developing countries.

Structure of analysts' recommendations (as at 31 December 2018), %



Sberbank's shares remain the most liquid on the Russian trading platforms. Trading volumes in Sberbank's ordinary and preferred shares on the Moscow Exchange exceeded RUB 3.8 trillion in 2018, which accounted for about 37% of the total trading volume of shares included in the index of the MOEX Index.

The full list of analysts, their ratings for Sberbank's shares and target prices are available on the Bank's web-site [sberbank.com/ru/investor-relations/share-profile/analyst-coverage](http://sberbank.com/ru/investor-relations/share-profile/analyst-coverage)

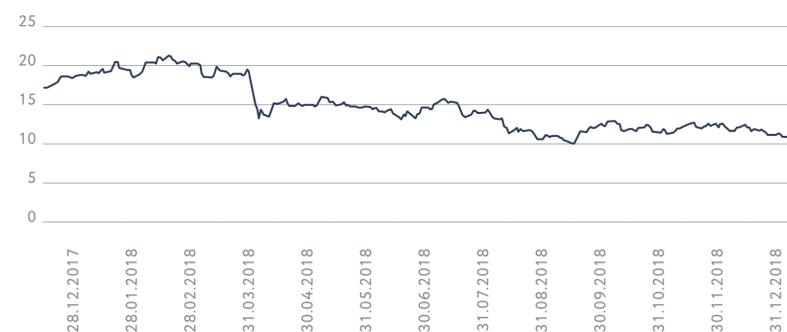


# INFORMATION ON SECURITIES

## American depositary receipts (ADRs)

ADRs on Sberbank's ordinary shares are quoted on the London and Frankfurt Stock Exchanges, and have been admitted for trading on the over-the-counter market in the USA since June 2011. JPMorgan Chase Bank, N.A. is the depositary bank for the depositary receipt programs of Sberbank. One American depositary receipt consists of four Sberbank's ordinary shares.

## Price of ADRs on Sberbank shares in 2018, USD



## Debt instruments

Sberbank is the issuer of exchange bonds, which support the additional financing of the Bank's activity. The current breakdown and a description of the debt securities portfolio are considered in the Financial Performance section of this Annual Report.

## Exchange indices

Sberbank's shares and depositary receipts for Sberbank shares are included in the basis used to calculate a number of exchange indices, and also the indices of leading Russian stock exchanges.

## Main indices that include Sberbank shares and their weighting as at December 31, 2018

INDEX	TYPE OF SECURITY	WEIGHT, %
MICEX/RTS Indices	Ordinary and preferred shares	14.58
MSCI Russia Index	Ordinary shares	16.23
MSCI Emerging Markets Index	Ordinary shares	0.60
FTSE Russia IOB Index	ADRs	15.88



# CREDIT RATINGS

In 2018 the credit ratings of Sberbank were confirmed by the international ratings agencies Fitch Ratings, Moody's and ACRA.

In the reporting year the Analytical Credit Rating Agency (ACRA) confirmed Sberbank's rating at AAA (RU). The high rating by the Russian agency is attributable to the Bank's systemic importance for the Russian economy, and also to Sberbank's creditworthiness.

During 2018 Moody's revised the outlook on the issuer's long-term default rating in the national currency from Stable to Positive.

In 2019 Moody's upgraded its long-term foreign currency deposit rating from the speculative Ba2 to investment level Baa3, with the outlook "Stable" and also increased the long-term national currency deposit rating from the speculative Ba2 to investment level Baa3, changing the outlook from Positive to Stable. In November 2018, Fitch Ratings confirmed the long-term issuer default rating in foreign currency at investment level BBB with a positive outlook.

## Sberbank's credit ratings

	2014	2015	2016	2017	2018
<b>FITCH RATINGS</b>					
Long-term, foreign currency	BBB	BBB-	BBB-	BBB-	BBB-
Long-term, rubles	BBB	BBB-	BBB-	BBB-	BBB-
Outlook	negative	negative	stable	positive	positive
<b>MOODY'S</b>					
Long-term, foreign currency	Ba1	Ba2	Ba2	Ba2	Ba2
Outlook	negative	stable	negative	stable	stable
Long-term, rubles	Baa2	Ba1	Ba1	Ba1	Ba1
Outlook	negative	stable	negative	stable	positive
<b>AKRA</b>					
Credit rating according to the national scale	-	-	-	AAA (RU)	AAA (RU)
Outlook				stable	stable

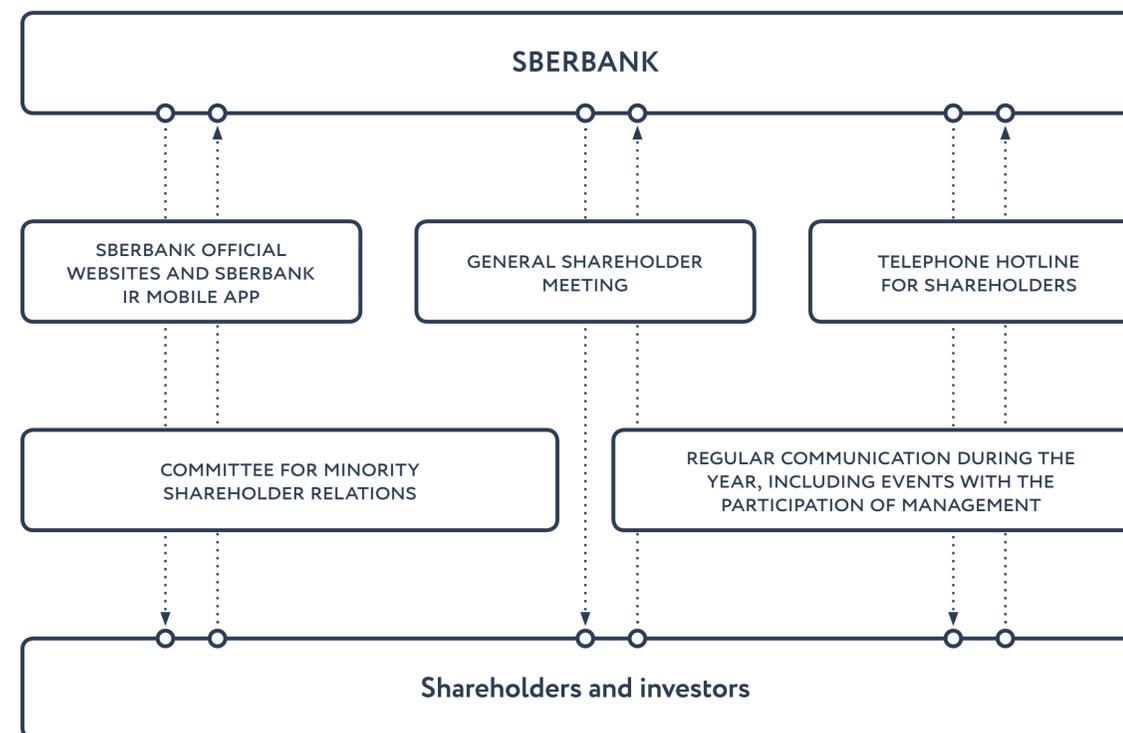


# SHAREHOLDER AND INVESTOR RELATIONS

Sberbank interacts with shareholders and investors to maintain information transparency and appeal of the Bank's equity story. Shareholders and investors may use any of the available communication channels.

We focus on developing technological solutions for investors and shareholders to enhance further accessibility and convenience of communication channels for shareholders and investors. For example, at the end of 2018 we upgraded the website of Committee for Minority Shareholder Relations [www.sberminor.ru](http://www.sberminor.ru)

## COMMUNICATION CHANNELS FOR SHAREHOLDERS AND INVESTORS





# INVESTOR RELATIONS

Sberbank Investor Relations (Sberbank IR) continued cooperation with investors taking into account multi-year experience in various communication formats.

In 2018 Sberbank IR held 483 one-on-one and group meetings with investors, attended 28 investor conferences, and had three non-deal roadshows. The annual communication agenda also comprised conference calls, arrangement of investor visits to bank offices and site visits.

At the end of December Sberbank's team held Analyst Day in Moscow, with management presentations and on several business areas and financial guidance for 2019 and followup discussions between management and investment community. Overall around 300 people took part in the event (either in person or through a webcast). The feedback showed overall satisfaction rate of 4.71 points out of 5.

The study of Sberbank's perception by major international investors and analysts in 2018 was conducted by in the beginning of 2019 by the Nasdaq Corporate Solutions. The study was based on feedbacks from 25 representatives of the investment community from the UK, the USA, Germany and the Russian Federation.

The study was based on a number of criteria, which were rated from 1 to 5 points. The overall rating of Sberbank fluctuates within 4.3 and 4.8 points, which fits the top 15% sample of Nasdaq Corporate Solutions' clients. The best result was obtained on such criteria as trust and transparency, accessibility and responsiveness as well as knowledge of business. At the same time, expectations on improvements were drafted for such criteria as the accessibility of management, the extent of the implementation of ESG aspects<sup>1</sup> in the activity of the Bank and disclosure of additional information on the development of the ecosystem.

# 483

INVESTOR MEETINGS IN 2018

## Minority Shareholder Relations

Committee for Minority Shareholder Relations has been established and is in operation at Sberbank.

In accordance with the Regulations on this Committee, its main competencies are:

- ◆ Comprehensive study of shareholders' proposals and initiatives on issues of improving corporate governance at Sberbank;
- ◆ Drafting of recommendations on issues of expanding the participation of minority shareholders in the activity of Sberbank, improvements in the quality of client service of Sberbank and the provision of services to them.

The Regulations on the Committee for Minority Shareholder Relations are available on Sberbank's website: [sberbank.com/ru/investor-relations/retail-shareholder-information/minority-committee](http://sberbank.com/ru/investor-relations/retail-shareholder-information/minority-committee)

In 2018 the Committee held nine meetings, including three on-site meetings at regional banks in the cities of Nizhny Novgorod, Voronezh and Tyumen. The participants of the meetings discussed the performance of Sberbank and macroeconomic trends, issues related to the Bank's interaction with development institutions, development of digital and retail business as well as improvement in the corporate governance practices.

An online survey of shareholders was conducted on the Bank's website in the period from May to July 2018 to obtain feedback from minority shareholders, and study their opinion on the level of their satisfaction with the exercise of their rights. In total 1,755 shareholders and investors participated in the survey. The results of the survey were analyzed by the Committee for Minority Shareholder Relations along with the Corporate Secretary Service and Sberbank IR.

The results of the survey showed that over 80% of respondents are satisfied with their ability to exercise their rights to obtain information, participation in the management and distribution of profits. In addition, over 95% of respondents are positive about the level of interaction of the Bank with its shareholders.

More details on the results of the survey can be studied by clicking on the following link : [sberminor.ru/app/uploads/2018/12/Itogi\\_anketiorvaniya\\_2018.pdf](http://sberminor.ru/app/uploads/2018/12/Itogi_anketiorvaniya_2018.pdf)

<sup>1</sup> ESG – sustainable development factors: impact on the environment, social, corporate governance.



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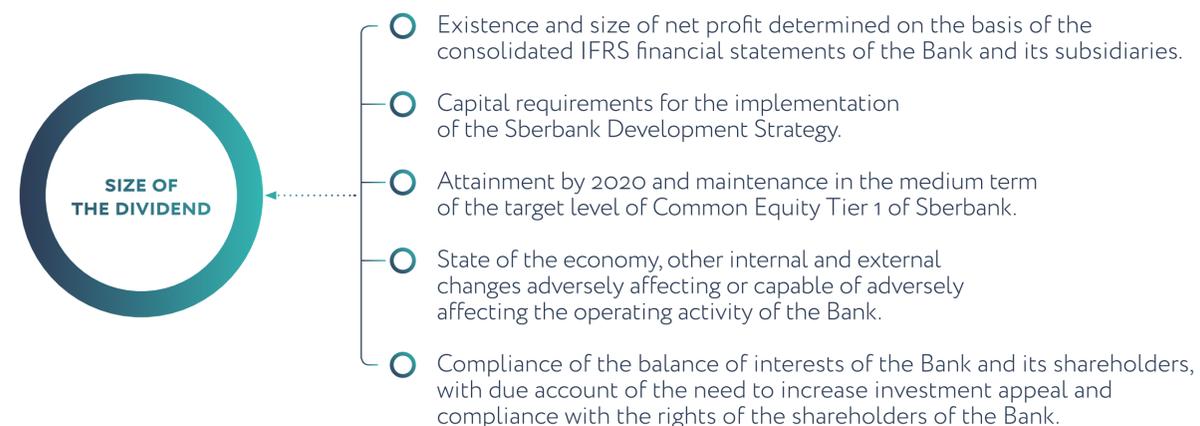
# DIVIDEND PAYMENTS

The right of shareholders to participate in Sberbank's profits is upheld through the [Dividend Policy](#).

The Supervisory Board of Sberbank considers and approves the Dividend Policy for the medium term, in effect for at least three years, depending on the external and internal economic factors affecting business development.

At the end of 2017 the Supervisory Board approved the new Dividend Policy for 2018–2020. This document stipulates a gradual increase in dividend distribution out of the net profit of Sberbank in accordance with IFRS from the current level up to 50% by 2020, taking into account the criteria affecting the amount of the dividend (achievement of the target adequacy of the core capital (Common Equity Tier 1) of 12.5% without taking into account the Russia's national countercyclical buffer set by the Central Bank of Russia pursuant to Basel III requirements.

## DIVIDEND DISTRIBUTION ON SBERBANK'S SHARES IS SUBJECT TO:



On June 8, 2018 the annual General Shareholders' Meeting approved to pay dividends for 2017 in the amount of RUB 12 per ordinary and preferred share, which is a record amount over the past seven years. The aggregate amount of dividends paid for all types of shares for 2017 was RUB 271.0 billion, or 36.2% of the net profit in 2017.

### History of dividend payments

YEAR OF PAYMENT	2014	2015	2016	2017	2018
Based on the results of the year	2013	2014	2015	2016	2017
Ordinary shares. RUB per share	3.2	0.45	1.97	6.0	12.0
Nominal value of an ordinary share. RUB	3	3	3	3	3
Preferred shares. RUB per share	3.2	0.45	1.97	6.0	12.0
Nominal value of preferred shares. RUB	3	3	3	3	3
Dividend payout based on net profit under IFRS, %	20.0	3.5	20.0	25.0	36.2

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# MAJOR TRANSACTIONS

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During 2018 Sberbank did not conclude transactions recognized as major transactions in accordance with the Federal Law “On Joint Stock Companies” or any other transactions, the conclusion of which is subject to the procedure for approving major transactions applicable in accordance with the Charter of Sberbank.

# INTERESTED-PARTY TRANSACTIONS

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In 2017 Sberbank concluded 80 transactions recognized as interested-party transactions in accordance with the Federal Law “On Joint Stock Companies”. Of these transactions, one was approved by the General Meeting of Shareholders of Sberbank, while the remainder were approved by the Supervisory Board. A full list of transactions and key information on them can be found in the appendix: “Report on interested-party transactions concluded by Sberbank in 2018” on page [198](#).

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# IMPACT ON THE SOCIETY

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# SBERBANK'S APPROACH TO MANAGING ITS IMPACT ON SOCIETY

Our activity has a significant effect on various areas of public life, not only throughout the Russian Federation but in a number of foreign countries as well. We acknowledge the full depth of our responsibility to the residents in the regions where the Bank has a presence, and we make every effort to improve their well-being.

*A key objective of Sberbank is to create public, social, educational, cultural and available infrastructure that has a beneficial effect on the lives of people in various regions of the country.*

Managing our impact on society is part of the Bank's overall system of management, and is an integral part of this system. Measures that will have an impact on society are performed through the system of business planning and project management. The main document governing our activities in developing the regions where we have a presence is the Sberbank Policy on Corporate Social Responsibility.

A specialized body — the Charity and Sponsorship Committee — and the Bank's Executive Board are responsible for considering charity and sponsorship projects. The members of the Supervisory Board are regularly informed of the results of activities in the area of corporate social responsibility, and periodically on results of charitable activities.

The highest priorities of Sberbank's activity in supporting the regions where we have a presence include charity and sponsorship, improving public financial literacy, and financing socially significant projects in regions where we have a presence. We also give significant attention to issues of improving the effectiveness of government administration, developing the supply chain, and also minimizing the adverse impact on the environment. At the same time, we are actively developing a volunteer movement among Sberbank employees. We provide our employees with the opportunity to implement various social projects or take part in projects organized by their colleagues.

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# CHARITY AND SPONSORSHIP PROJECTS

Charity and sponsorship are key areas of the Bank's participation in public life. Sberbank Group supports various charity projects at both the national and regional levels.

New Regulations on performing charitable activity were drafted in 2018 to form a unified approach to the organization of the charitable activity of the Bank and the Group. The document governs the process for providing charitable support, which is performed in a planned and systematic way. To improve the effectiveness of charitable activity, close attention is paid to systemic projects and projects to resolve the most pressing social problems. The priority areas of the Bank's charity activity in 2018 were: culture, scientific research and development, preservation of the country's cultural heritage. The Bank pays special attention to educational, social and developmental programs for children and youths that make it possible to form a responsible and economically active future generation.

To further increase the effectiveness of Sberbank's charity activity, in 2019 we plan to implement modern tools and create an integrated system for assessing charitable projects. These initiatives will allow us to pursue the principles of "smart charity", that means, they will focus on targeted, systemic solution of actual problems and long-term effects of their implementation, as well as help to select the charitable projects that are most in need for today's society.

**Group's spending on charity and sponsorship, RAS, RUB million**

AREA OF SUPPORT	2015	2016	2017	2018
Sports	248.0	577.4	588.9	455.0
Healthcare	63.0	194.8	180.5	297.4
Culture	282.0	615.6	2,591.2	939.6
Education	239.3	403.8	761.4	954.9
Child welfare facilities, fostering creativity in children, creating an inclusive environment	1,373.7	753.3	472.3	831.9
Veterans and people with disabilities	238.5	103.5	207.0	268.0
Financial assistance	109.3	348.9	17.3	37.8
Scientific innovations, environmental protection, and preservation of cultural heritage	619.4	923	1,186.4	1,095.3
<b>Total</b>	<b>3,172.3</b>	<b>3,920.2</b>	<b>6,005.0</b>	<b>4,880.0</b>

**Structure of Group's spending on charity and sponsorship, RAS, %**



- Sports
- Healthcare
- Culture
- Education
- Child welfare facilities, fostering creativity in children, creating an inclusive environment
- Veterans and people with disabilities
- Financial assistance
- Scientific innovations, environmental protection, and preservation of cultural heritage

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## SUPPORT FOR CULTURE

Every year, Sberbank supports a significant number of important cultural projects in Russia: we provide support to leading Russian theaters and museums, festivals, shows, concert programs, and we participate in the production of films and the restoration of historical monuments.

### GOLDEN MASK IN THE CINEMA FESTIVAL

Sberbank became a partner of the Golden Mask in Cinema project. As part of the festival, projects were conducted to expand the festival's audience:

- ◆ The public talks of the "Speak to Theatre" project, broadcast over the Internet, attracted more than 18 million viewers,
- ◆ Special online projects using the resources of Afisha magazine,
- ◆ Private viewings of shows for clients and guests of Sberbank,
- ◆ Organization of the work of the mobile app Art.Aloud, which can be used to give blind and vision-impaired people the opportunity to visit Festival shows

Sberbank has traditionally supported the leading Russian theaters, and for 16 years in a row we have been a partner of the Golden Mask Russian Performing Arts Festival. Since 2010, the Bank has provided support to the Moscow International Youth Competitive Festival of Circus Arts; for the past three years, it has been a partner of the Artmigration Festival for Young Directors of the Union of Theatrical Workers of Russia.

As part of its support for museums, in 2018 Sberbank was the partner of the exhibition "Rembrandt and His Era. Masterpieces of the Leiden Collection", the largest private collection of Dutch painting in the world. The exhibition opened at Moscow's Pushkin Museum, and then traveled to the Hermitage in Saint Petersburg, becoming an example of partnership between the country's two largest museums and the Sberbank brand. During its run, more than 1 million people attended the exhibition.

Sberbank provided assistance for the holding of the Twelfth International Diaghilev Festival in Perm. We helped to attract a bigger audience to the main festival sites, and to launch the online guide to the city, which showed the main sites of the festival and essential information.

Sberbank supported the Songs of Victory project in Moscow. In honor of Victory Day, the Turetsky Choir and the Soprano Art Group played shows at the Riga and Kazan Train Stations, and finished off with a gala concert with video effects and a light show at the Belarus Station Square. The gala concert attracted more than 20,000 concertgoers.

As part of its assistance to children being raised in orphanages, Sberbank, together with the famous musician and cultural specialist Mikhail Kazinik, held a first series of lectures on culture and art "I Hug You with Music". The lectures were held in five cities across Russia, and were heard by more than 800 children. In 2019, we plan to continue this cooperation.

In Kazakhstan Sberbank proactively supports national culture. For example, the Bank is a General Partner of the Lermontov Theatre, and has been a General Sponsor of the production of "Kozy Korpesh and Bayan Sulu" by the Theatre of the Astana Opera since 2018.

### Cultural events accessible for people living with disabilities

Sberbank seeks to make culture and art accessible to everyone, and this is why they support cultural projects for people living with disabilities.

In 2018 Sberbank was once again a partner of the Polytech360 Science and Technology Film Festival held at the Polytechnical Museum. The festival gave the public the opportunity to see the latest documentaries on diverse aspects of social development. The festival audience this year exceeded seven thousand. For the second year in a row, the app Art.Aloud adapted the festival to allow blind and visually-impaired people the chance to see the films.

The "See the Invisible" project continued in conjunction with the Pushkin Museum — an exhibition of tactile pictures that present famous works of art in relief. The tactile pictures are adapted for the visually impaired. The exhibition toured seven different cities in Russia in 2018. In each of these cities, the exhibition was expanded by adding a new tactile copy of a masterpiece from the collection of the museums participating in the project.

## PRESERVATION OF CULTURAL HERITAGE

To preserve our cultural heritage, we have implemented a cultural and educational initiative aimed at retaining the endangered languages of Russia. We launched a special language preservation website to help save and teach these vanishing languages. The pilot program, which combines mathematical linguistics methods and machine learning, allows anyone wishing to learn one of the endangered languages to contact three chatbots, each of which can help participants to learn one of the selected languages. Interaction has been gamified, and students can communicate with emoticons or choose a word or phrase from a pre-prepared list. For starters we selected three languages for the project: Nganasan, the language of the indigenous population of the Taymyr peninsula; Olcha, the language of the inhabitants of Khabarovsk Krai; and Ingrian, the language of the people living on the south coast of the Gulf of Finland.

We also allocated funds to restore the painting "Ivan the Terrible and His Son Ivan on 16 November 1581" by Ilya Repin, which was vandalized in spring 2018.

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## SUPPORT FOR EDUCATION

We believe that investing in education and youth development is essential for the development of the country. For this reason, the Bank allocates considerable funds to support institutions at all levels of the educational system and to maintain and improve the educational system itself. Events in this area included educational and scientific conferences, skills competitions, support for programs to develop the scientific potential of youth and the elaboration of advanced educational programs.

The Bank implements most of its educational projects in Russia through support of the “Contribution to the Future” (Vklad v Budushchee) Charity Fund.

### Key measures of the Contribution to the Future charity fund in “Modern Education”

AREA	COVERAGE AND RESULTS IN 2018
<p><b>Integrated program to develop personal potential (from July 2018<sup>1</sup>)</b></p>	
<p>An integrated program to develop personal potential that brings together programs and projects of the fund to develop skills and competencies for the 21st century, to organize their implementation in the system of general education</p>	<ul style="list-style-type: none"> <li>◆ Professional development programs have been created for managers and teachers in the educational system</li> <li>◆ An on-site tour was conducted of a course to train management teams, attended by 108 people from 20 schools and four kindergartens</li> <li>◆ Drafting of the second edition of the educational package “Social and Emotional Development” for preschoolers and primary students</li> <li>◆ A test of the package for adolescents was started in 13 schools in Moscow and Tyumen</li> </ul>
<p><b>Teacher for Russia</b></p>	
<p>Creation of a community of talented specialists who have studied the Russian educational system from the inside and are capable of pushing it to update and develop</p>	<ul style="list-style-type: none"> <li>◆ 177 young teachers — graduates of the best Russian universities from 64 schools in six regions of Russia took part in the program</li> <li>◆ The program covers 21,000 students</li> </ul>
<p><b>Platform for personalized competency education in school (from July 2018)</b></p>	
<p>Aimed at creating paradigms for personalized competency education in public schools by integrating a unique IT platform</p>	<ul style="list-style-type: none"> <li>◆ 11 schools were included in the pool of pilot schools participating in the program</li> <li>◆ Three schools were selected for implementing the Model of personalized competency education in school</li> <li>◆ An IT platform was developed to implement the program to which the pilot schools were connected</li> </ul>
<p><b>Digital skills and competencies</b></p>	
<p>Improving the skills of teachers and students in contemporary computer literacy</p>	<ul style="list-style-type: none"> <li>◆ Teaching materials have been prepared for teachers, including interactive and digital formats</li> <li>◆ Lessons were conducted in schools in Moscow and 11 regions</li> <li>◆ The event “A Lesson in Digits” was launched in 44,000 schools</li> <li>◆ Within the framework of the Academy of Artificial Intelligence, lessons were conducted for 60 thousand schoolchildren and over 3 thousand teachers were trained, the first hackathon was held</li> </ul>

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<sup>1</sup> The integrated program on personal potential unified a number of previous programs such as “Social and Emotional Intelligence”, “Educational Products Laboratory”, “Teach to Learn”, the parents’ program “Openness Practice”, and “The 4 Cs in School: Creative and Critical Thinking, Communication, and Cooperation”.



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Sberbank provides support for the development of creative post-secondary institutions, among them the Tchaikovsky Moscow State Conservatory. Sberbank has been supporting the Conservatory since 2014. In 2018, thanks to our extra support the Conservatory was able to stage operas by Igor Stravinsky – Mavra and Renard, which were part of the major international Festival by the London Philharmonic Orchestra, “Changing Faces: Stravinsky’s Journey”.

In September 2018, as part of the Eastern Economic Forum, Sberbank launched a second online mathematics competition for primary classes (bricsmath.com). The children’s math competition was held simultaneously in Brazil, Russia, India, China, and South Africa. To take part in the competition, it was enough to have a computer or tablet with Internet access and register on the site. The competition was conducted on the basis of the Russian educational platform Uchi.ru, with the support of the Agency of Strategic Initiatives.

Devoting special attention to issues of financial literacy among youth, Sberbank together with the “Contribution to the Future” charity fund became a partner of the International Economics Olympics for schoolchildren. Representatives of 15 countries took part in the competition – the winners of national competitions in economics and the fundamentals of financial literacy. The competition was held in three rounds, during which the schoolchildren solved mathematical economics problems, practical assignments on financial literacy, wrote essays, and solved business case studies.

To promote science and education and incite youths to intellectual pursuits, Sberbank once again supported the National Research University Higher School of Economics as part of the annual “HSE Day” celebration. In 2018 the festival featured a Sberbank Territory tent, where professionals gave lectures in the areas of cybersecurity, blockchain, robotics, and AR/VR technologies.

AREA

COVERAGE AND RESULTS IN 2018

### The “Skills School of the Twenty-First Century” educational initiatives competition (2017–2018)

- ◆ To identify the best ideas and practices in educational programs and organization models aimed to teaching children the skills of the twenty-first century, and facilitating their wide distribution
- ◆ to support innovative teaching and organizational and management planning when implementing the FSES<sup>1</sup>
- ◆ To start an open discussion platform to discuss the prospects for developing the school of the future
- ◆ 208 applications were received, and four winners were identified
- ◆ One grant for an internship in Singapore was issued, as were two grants of up to RUB 5 million to test the model

### Bring the World Closer

To popularize research activity for students and teachers specializing in natural sciences

- ◆ A Russian national competition was held for the best research using foldscopes
- ◆ 390 teachers from 329 schools in 110 Russian cities took part in the competition. 38 winners were selected in the competition

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<sup>1</sup> Federal State Educational Standard



## SUPPORT FOR CHILD WELFARE FACILITIES, FOSTERING CREATIVITY IN CHILDREN, CREATING AN INCLUSIVE ENVIRONMENT

Sberbank regularly works to support child development activities in general education institutions, orphanages and boarding schools. Our assistance includes the construction of new premises for educational institutions, strengthening their material and technical base, carrying out initiatives aimed at developing the creativity of students, and creating an inclusive environment for children with developmental challenges and children left without parental care.

In 2018, Sberbank financed the cost of construction of two schools in Khanty-Mansiysk, as well as schools in the Nenets Autonomous District. In addition, two kindergartens were built in the Voronezh Region.

The year saw the continuation of the Young Army Cadets project, the purpose of which is to cultivate a military and patriotic spirit, camaraderie, social responsibility, and leadership qualities in children, and to identify their talents and abilities. As part of the project, the International Army Games "Army-2018" were organized, which were attended by 3000 children from 27 countries.

We also continued a joint project with the federal operator of the Quantorium network of children's techno parks to build children's entertainment centers. In 2018, with the support of the bank, a center was built in Yaroslavl.

### "CONTRIBUTION TO THE FUTURE" CHARITY FUND

The "Contribution to the Future" charity fund was created in 2015 and carries out Sberbank's mission to create the conditions to improve people's quality of life and create equal opportunities for all categories. The fund's work concentrates on two key areas: "Modern Education" and "Inclusive Environment".

- ◆ The focus in the field of Modern Education is to help develop a modern educational environment that meets the challenges of the 21st century.
- ◆ The fund's Inclusive Environment programs are aimed at developing an inclusive environment that is intended to ensure equal opportunities for all. The fund supports disadvantaged children, as well as children with developmental challenges. Such problems as socialization, job skills, and finding employment are tackled. The programs help children to obtain the skills, knowledge and experience needed to have an independent and rewarding life.

All programs and projects are tailored for a wide audience: children, parents, and the teachers, directors and specialists of the general education system.

## Key measures of the Contribution to the Future charity fund in "Inclusive Environment"

AREA

COVERAGE AND RESULTS IN 2018

### The "Kind New Year's Gift" charity action

Increasing the accessibility of developmental exercises for children with developmental and health challenges and children left without parental care in the regions

- ◆ The program covers 18 regions in Russia, with 21 nonprofit organizations participating
- ◆ The scope of support by NGOs, including the contribution of the Fund, was RUB 8.1 million
- ◆ 18,000 exercises were conducted with 1600 children

### Inclusive museum

Developing better socialization processes and creative rehabilitation of children with disabilities, including cognitive disabilities; creating an accessible environment and museums

- ◆ The second Russian national campaign "an inclusive data museum" was organized. It included 312 museums and more than 15,000 people took part
- ◆ 390 webinars were conducted for museum employees on creating an environment accessible for children with developmental challenges
- ◆ Winners were selected in the Grant competition for best inclusive practices on museum tours and engagement with children with developmental difficulties

### Development of new educational practices

Creating an educational framework to work with children with special needs and orphans

- In conjunction with the Center for Therapeutic Pedagogy:
- ◆ A new method of instruction was developed for students of colleges of education to improve the effectiveness of psychological-pedagogical work with children
  - ◆ A collection was released of best practices on socialization and adaptation of children with special developmental needs

### Employment project for young people leaving orphanages and people with developmental challenges

Assistance in social adaptation of adolescents raised in orphanages

- ◆ The project covered 221 young people leaving orphanages, with employment being found for 31 of them, including two hired by Sberbank
- ◆ 17 volunteers were trained from among Sberbank employees
- ◆ Methodological recommendations were prepared for volunteers
- ◆ A project seminar was held on problems of finding employment

DenizBank repaired several rural elementary schools in partnership with Turkish public and departmental organizations. This subsidiary also helps children living in rural areas to receive a quality education.

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## SUPPORT FOR VETERANS AND SENIOR PEOPLE

In 2018, we continued implementing programs for targeted aid delivery, social rehabilitation, and adaptation of veterans into society.

Among other things, Sberbank continued to work with the Memory of Generations charitable fund; a considerable sum was donated to support the fund's programs, including the Red Carnation event. In this event, in conjunction with Sberbank the fund distributed more than two million commemorative pins, which helped to raise public awareness of the event.

## SUPPORT FOR SPORTS

Lifestyle, Sberbank provides charitable assistance to numerous sports federations and clubs, and organizes the holding of international tournaments and competitions in the Russian regions and abroad.

We organized a number of different sporting events and recreational activities for the most vulnerable members of society in various Russian cities in 2018.

Sberbank works with the Cycling, Figure Skating, Rugby, and Canoe Federations as part of its work to advance the Olympic movement.

In 2018 we continued our tradition and held the seventh annual "Green Marathon" together with the Naked Heart Foundation. Residents of 56 Russian cities, as well as residents of Kazakhstan and Belarus took part in the marathon. The event was attended by more than 160 thousand people, with 120 thousand taking part in the run. Various social campaigns to help children with special needs, urban beautification and environmental protection measures were also conducted at regional banks under this project.

In 2018 BPS-Sberbank became a general partner of the Belarusian Sailing Federation. A number of national competitions were held with BPS-Sberbank's support. It also actively supports the development of children's sailing.

## SUPPORT FOR SCIENTIFIC RESEARCH

We allocated significant funds in 2018 to support innovation in the country and develop scientific potential.

A number of events were carried out involving Sberbank in this branch of charity — forums, dialogues, meetings, conferences, discussions, and seminars — to develop solutions to overcome the crisis of the global financial and economic system. We took part in preparing and conducting events that promote scientific and technical progress and innovation. Sberbank assisted in a series of educational projects and events, as well as measures aimed at developing infrastructure, improving research and technical resources.

The Bank continued to support the development of research and educational projects and surveys conducted on the basis of the Gaidar Institute for Economic Policy and ensured implementation of the projects of the Association of Lawyers of Russia aimed at improving the legal system in the country.

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# ENHANCING FINANCIAL LITERACY

Enhancing the public’s financial literacy is one of Sberbank’s strategic goals. Recognizing the importance of outreach programs, the Bank holds training events covering the main banking products and the work of its remote services and fosters a responsible attitude to personal finance among the general public.

*The events are organized for the general public, and for individual social categories. We pay special attention to supporting children from orphanages as part of our charity projects, as well as to improving the level of financial knowledge among the representatives of professional communities (from beginning entrepreneurs and experts in individual market segments).*

## Examples of measures to enhance financial literacy organized in 2018

GOAL

COVERAGE AND RESULTS IN 2018

### Strategic partnership with the Ministry of Finance of the Russian Federation at Russian national financial literacy and Russian savings week

- ◆ Implementing the National strategy for enhancing the public’s financial literacy in priority areas
- ◆ Holding training events on the fundamentals of financial literacy for children and adults
- ◆ More than 500 events for children, young people and adults in 84 regions of the country, including lectures, webinars, and field trips to offices
- ◆ During Russian Savings Week for adults, the main emphasis was placed on digital communications channels
- ◆ More than five million people took part in the events

### “Active Age” for pensioners

Popularizing the image of an active, financially literate pensioner on [www.sberbankactivno.ru](http://www.sberbankactivno.ru)

Publication of courses on the “Active Age” platform with detailed information on personal and family budgets, financial tools and services with recommendations on their safe and effective use

### “Financial longevity” for pensioners and people with disabilities (together with Komsomolskaya Pravda)

Informing the elderly and people with disabilities on the possibilities of modern technology in the area of finance

- ◆ Distribution through several communications channels of advice from finance professionals and success stories from real people on their experiences using banking services, quizzes and surveys
- ◆ Based on the results of training sessions and quizzes, over the four months since the launch of the project readers have improved their level of knowledge (from 51% to 77% correct answers)
- ◆ The project has 6.8 million participants

### Financial advice for young people in the VKontakte social network (SberCat chatbot)

Teaching teenagers in an accessible and entertaining way about the fundamentals of financial literacy

- ◆ New formats were used: long reads, quizzes, games, checklists
- ◆ Coverage — 12 million people

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The “Contribution to the Future” Charity Fund plays an important role in promoting financial literacy among the general public. For example, as part of the Charity’s educational work a “Financial Literacy” program has been in place since June 2017 to raise public awareness of financial literacy through the creation of a community of teachers, a new methodological base and a platform for discussion and an exchange of educational materials and practices. As part of the program, a professional community of 100 teachers and methodologists, lessons and educational games for school children (including children living in orphanages), and an international online game that attracted 35,000 players from 13 countries were formed.

We plan to develop this area even further, including through the implementation of measures such as support for the implementation of a national financial literacy strategy, development and promotion of our own financial literacy projects, and creation of an ecosystem that includes advice on financial literacy issues at Sberbank offices.

GOAL

COVERAGE AND RESULTS IN 2018

Financial literacy for children and their parents using the SberKids app

The educational part of the SberKids project, aimed at improving the financial literacy of children and their understanding and use of banking products

- ◆ More than 40 narratives and three videos have been published
- ◆ Coverage — 5 thousand people

Financial literacy for the education sector

Organizing high-tech projects that are accessible to children and teachers in remote areas of Russia

- ◆ Implementation together with the Central Bank of Russia of “Online lessons for youngsters” for schoolchildren in grades 6-11 on the website www.dni-fg.ru, which produced 85 radio shows and had 166 thousand listens
- ◆ Organization of the All-Russian Academic Olympic Games on the Financial Market and Basic Consumer Knowledge for Upperclassmen, coverage — 15 thousand people

Developmental programs for Sberbank employees and their family members

- ◆ Increasing the level of financial literacy of Sberbank employees and creating incentives for more effective use of products and services
- ◆ Testing during the participation of employees in new approaches to learning about financial literacy and engaging employees in financial literacy projects for clients

- ◆ Implementation of the “Dialogue with an Expert” program, where employees teach their colleagues, among other things, the most important aspects of financial literacy. Sixty events were held, with the possibility to watch speeches online. Coverage — six thousand people
- ◆ More than 10 mailings with information on various financial literacy issues were sent, including a digest for parents prepared by the “Contribution to the Future” charity fund. Coverage — 300 thousand people

Stories in Sberbank Online for clients

Introducing mobile app users to financial features, terms and tools in a clear and understandable way

- ◆ Clients are offered illustrated cards with brief, understandable content on various financial literacy issues such as life hacks, how to put money away, cut down expenses, save, and spend wisely.
- ◆ Thirty recommendations on key financial literacy topics have been developed for different target audiences. Coverage — 7 million people

Advice for everyone on Yandex.Zen

This project explains to visitors the essence of financial terms, banking tools, their possibilities and risks in a clear and understandable way

- ◆ Materials have been drafted on key financial literacy topics. Coverage — 175 thousand people

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# CORPORATE VOLUNTEERING

Corporate volunteering is an important part of Sberbank’s corporate culture. We believe that promoting participation in volunteer projects has a positive impact on corporate culture, and facilitates the development of mentoring skills, team skills, project management skills and establishes an agreeable working environment.

## When organizing work in this area, Sberbank adheres to the following principles:

- ◆ each employee may organize their own volunteering project;
- ◆ the volunteering community is based on the self-organization of employees. Nobody can be forced to volunteer;
- ◆ any form of voluntary participation of employees to resolve social issues is welcome: from a monetary donation to the organization of their own project;
- ◆ the Bank does not place any constraints on employee initiatives, but at the same time has its own focus areas;
- ◆ the implementation of social projects by volunteers should be effective for the beneficiaries.

## Areas of corporate volunteering in 2018, %



- 32% Assistance to children in orphanages
- 12% Sberbank events
- 9% Support for the elderly (including veterans)
- 9% Assistance to people with serious illnesses
- 6% Financial literacy
- 6% Environmental initiatives
- 5% Education
- 5% Support for people with disabilities
- 5% Helping animals
- 4% Holiday and municipal events
- 3% Sporting events
- 3% Support for disadvantaged people

To encourage the idea of corporate volunteerism and to teach employees the basic premises, in 2018 we developed methodological guidelines for volunteers, organizers of social projects, and directors of bank divisions on organizing social initiatives with a focus on “intelligent help”. We also help volunteering employees to broaden the scope of their knowledge and skills through training with professional experts in the organization of social welfare initiatives.

The main areas of corporate volunteering in 2018 were assistance for children in orphanages and support for the elderly and people with serious illnesses and disease. More than 1,000 volunteer activities were held during the reporting period, with more than five thousand employees taking part. This is double the number for the previous year. In addition, more than two thousand volunteers participated in the corporate events “Green Marathon”, educational activities for children of employees: “Open House”, and “Day of Open Perspectives”.

In 2018 we held the second Social Project Competition, the main goal of which was to identify the most interesting volunteer projects and develop the practice of “intelligent help”. We received a total of 80 applications. The fifteen winners of the competition

*Sberbank has a unified online platform “Sberbank Volunteers”. By the end of 2018, more than 1,800 employees had registered on this platform. The platform unites Bank volunteers, allows each employee to organize their own volunteer project and to get their colleagues involved. The platform can be used to organize one-off events, post useful materials, publish news on volunteering initiatives, watch educational webinars, etc.*

received communications support and a certificate of recognition from Bank management. The most popular topics of these projects were: helping disadvantaged children, developing an inclusive atmosphere, help for animals, and assistance to adult cancer patients.

In late 2018, 40 Sberbank employees, participants of the best social projects, took part in the International Volunteer Forum and the “Volunteers of Russia 2018” awards ceremony.

A “Volunteer Job Fair” for our partner NGOs was held for the first time at Sberbank on International Volunteer Day. At this event employees learned about the activity of NGOs, received information about the most interesting volunteer projects, and heard how they can help deal with various social problems. Nearly 100 employees decided to help the NGO as volunteers while still at the job fair. We will continue this practice in 2019.

Our subsidiary Cetelem Bank also actively encourages corporate volunteering. For example, Cetelem Bank joined the Russian National “Green Spring” Environmental Saturday Cleanup in 2018. Cetelem Bank employees from 25 cities volunteered to participate in the public cleanup and helped to plant saplings.

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# FINANCING OF PROJECTS OF SOCIAL SIGNIFICANCE

*We create new jobs, facilitate an increase in tax revenues to the budget, build and repair infrastructure assets, support the development of domestic production and a reduction in consumer prices for products, all of which ultimately leads to an increase in living standards. Projects of social significance are aimed at the construction of transport, power, production, and social infrastructure assets in the regions where Sberbank has a presence.*

## CLEAN AIR PROJECT

At the end of 2018 Sberbank was named creditor and consultant of the Clean Air project overseen by the Ministry of Natural Resources and the Environment of Russia.

Sberbank plans to place its debt financing products in investment projects that will be implemented as part of the project. A key objective of the bank is to find optimal solutions for the participation of commercial funds in achieving the environmental indicators of the project.

The Clean Air project (part of the "Environment" national project) envisages a 20% reduction over the period from 2019–2024 in the atmospheric emissions in the 12 most polluted cities in Russia – major industrial centers such as Bratsk, Norilsk, Cherepovets, and Chita.

We feel that developing our areas of presence is a vital part of our work. That is why Sberbank finances major projects of social significance for individual regions and the country as a whole.

### Development of renewable energy

As part of its environmental initiatives, Sberbank has invested RUB 6.56 billion in the construction of a solar park in the Samara Region.

The Samara solar park makes it possible to obtain green energy by transforming the sun's rays into electrical power, with this power then transferred to the electrical grid. The generation of electrical energy at the solar park produces no CO<sub>2</sub> emissions compared to traditional generation, and does not have an adverse impact on the environment.

The Samara solar park will remain efficient for 25 years. This is Sberbank's first investment project involving solar power generation.

### Investments in agriculture

Sberbank has invested RUB 2.3 billion in the construction of a closed joint stock pilot sheep breeding complex in Kursk Oblast, with year round stabling of a population of 30,000 heads of highly productive ewes.

This is a strategically important project for the development of the agricultural sector, as it has no equal in scale or technological sophistication. The sheep farm is designed as a full-cycle farm: from the incubation of nuclei with good genetic makeup to the advanced processing of meat products.

The opening of the sheep breeding farm created more than 200 jobs. This project is aimed at satisfying demand on the domestic market and reaching the goal of doubling the export of agricultural products. If the pilot project is successful, the company plans to build 10 more farms with a total investment of around RUB 20 billion.

AREA, TOTAL AMOUNT OF FINANCING	PROJECTS
<b>Environmental protection and power engineering</b> RUB 10.1 bn	Construction of a solar park in Samara
	Guarantee of the performance of contractual obligations on the handling of solid municipal wastes in the Moscow, Tula and Yaroslavl Oblasts and in the Khanty-Mansi Autonomous Okrug-Yugra
	Providing guarantees and financing for the construction of a Heat Removal System at Kursk NPP-2
	Financing of construction costs and the purchase of equipment for treatment facilities in Kazan
<b>Education</b> RUB 3.3 bn	Financing and refinancing of costs on the construction of two schools in Khanty-Mansiysk and schools in the Nenets Autonomous Okrug
	Financing of the construction of two pre-schools
<b>Healthcare</b> RUB 4.1 bn	Financing of the construction of a regional hospital in Krasnoyarsk
<b>Housing, public utilities and critical services</b> RUB 19.3 bn	Guaranteeing and financing of road maintenance in Kirov Oblast
	Financing of the modernization of heating facilities, life support systems and the delivery of fuel for housing and utilities infrastructure in the Republic of Sakha (Yakutia)
	Financing of housing and utilities capital repair programs in Sverdlovsk Oblast
	Providing guarantees and financing under the programs of the Moscow Housing Renovation Fund
	Financing of investment programs under a concession agreement for the integrated modernization of heating systems in Mytishchi
<b>Jobs, regional agricultural development, ensuring food security</b> RUB 54.9 bn	Opening of the first industrial sheep breeding farm in Kursk Oblast
	Construction of a wholesale food distribution and processing center in Domodedovo
	Financing of an investment project to build a knitwear production facility in Kursk (creating 223 new jobs)
	Construction of a dairy processing plant and commercial dairy farms in the Kaluga region
	Construction of nine greenhouse facilities in various regions

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# ROLE OF SBERBANK IN IMPROVING THE EFFICIENCY OF STATE ADMINISTRATION

For Sberbank it is crucial to ensure a partnership between business and the state authorities. That is why we play a proactive role in improving the efficiency of state administration. This enables Sberbank to attain its strategic goals and, at the same time, to contribute to the development of the financial market as a whole.

*Sberbank has created a collegial advisory body, a Working Group to improve legislative regulation and create a favorable legal environment for the implementation of Strategy 2020, to ensure the most productive possible interaction with the state authorities.*

The main aspects of the Bank's activity in this area are:

-  Drafting of proposals on how to improve statutory regulation
-  Participation in the work of industry professional associations and support for the economic development initiatives of the state authorities
-  Delivery of training courses for the representatives of the state authorities

## IMPROVING LEGAL REGULATION

Sberbank seeks to adopt a hands-on position when it comes to improving legislative regulation. The Bank quickly prepares the relevant proposals and proactively responds to the legislative amendments prepared by the competent state authorities.

Sberbank monitors and analyzes on a weekly basis drafts of regulations subject to public discussion. At its meetings, the Working Group to improve legislative regulation drafts Sberbank's consolidated position on regulatory initiatives and draft laws which may have an impact on the business of Sberbank and the members of Sberbank Group. Subsequently, Sberbank's position is relayed to the relevant state authorities.

In 2018 Sberbank's position was taken into account during the adoption of a number of legislative initiatives, including: the introduction of amendments to a number of federal laws to strengthen criminal

liability for crimes committed using state-of-the-art information and computer technologies; the federal law establishing the legal grounds for cooperation between public and private partners in the area of information and communications technologies; as well as a number of other statutory regulations.

In 2018 Sberbank actively cooperated with the State Duma, the Russian Government, the Bank of Russia, the Ministry of Finance of Russia, the Ministry of Labor of Russia, the Ministry of Economic Development of Russia, the Ministry of Digital Development, Communications and Media of Russia, the Agency for Housing Mortgage Lending (AHML) and other agencies and departments.



*Sberbank has been approving a Plan of Regulatory Initiatives on an annual basis since 2014. The Plan contains those projects that are priorities for the implementation of Sberbank's strategy.*

**144**  
PROJECTS WERE INCLUDED  
IN THE PLAN IN 2018

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# ROLE OF SBERBANK IN IMPROVING THE EFFICIENCY OF STATE ADMINISTRATION

## PARTICIPATION IN EXPERT COMMUNITIES AND SUPPORT FOR THE INITIATIVES OF THE STATE AUTHORITIES

In 2018 Sberbank continued its active participation in implementing the program “Digital Economy of the Russian Federation”. The Bank makes a useful contribution to all five areas of the program. For example, the Bank is the competency center for the “Information Security” area, arranging the collection and consolidation of expert positions and defending business interests before the relevant state authorities.

The Bank also performed extensive work in the area “Staff and Education”, resulting in action plans that factor in as much as possible the staffing requirements of hi-tech sectors. As part of the program, we

also took part in the development of draft laws on personal and public data, cloud digital signatures, the electronic notary public, electronic HR document management, electronic archives and the transfer of electronic documents to compressed archivable files, identification and digital profiles.

We are active on the platform of the FinTech Association and always look for new technological solutions to further the development of Russia’s financial market. Sberbank believes that the work of this association will make it possible to create the regulatory framework and technological base necessary to develop the financial sector, implement

infrastructure projects in the areas of identification, authentication and management of digital identity, and create the conditions for the wholesale digitalization of the country’s economy.

Sberbank continued its cooperation with the Association of Banks of Russia. Together with other market participants, Sberbank formed the position of the banking community on the draft laws and regulations being prepared by the state authorities.

## ORGANIZATION OF EVENTS FOR THE REPRESENTATIVES OF THE STATE AUTHORITIES

Sberbank regularly organizes events for the representatives of the state authorities for the purpose of teaching them public administration best practices and increasing their level of financial and management skills.

In 2018 Sberbank delivered more than a dozen practical training events for the employees of municipal and regional administrations on the topic of preparing and supporting investment projects, with due account of the requirements of financial institutions.

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*Sberbank continues its work to make all contacts with the state agencies available electronically. For example, the Bank already uses the interagency electronic interaction system to work with the Federal Tax Service, Federal State Statistics Service and the Federal Antimonopoly Service on data verification and receipt of the required documents.*



# DEVELOPMENT OF PROCUREMENT INFRASTRUCTURE AND INTERACTION WITH SUPPLIERS

## We use the following approaches to do so:

- ◆ centralization of the procurement function at the level of service centers for the supply of units of central subordination of Sberbank of Russia;
- ◆ accreditation of suppliers for the list of products most in demand, with the establishment of additional requirements on reliability, procurement work experience, and the reputation of the company;
- ◆ mandatory audit of the market value and the need for procurement, to rule out economically inefficient expenditure or the misappropriation of funds;
- ◆ use of several stages for screening and assessing suppliers during the procurement of complex domestic products;
- ◆ use of the electronic procurement form as a priority (auctions, quotation requests), which increases the transparency of procurement activities and reduces the risk of corruption in the actions of bank officials;
- ◆ transition to the automation of procurement processes.

*Sberbank's procurement activity is governed by internal regulations (for example, the Regulations on Procurements at Sberbank) and the requirements of federal law.*

Sberbank takes the organization of supply very seriously, and works proactively to improve cooperation with suppliers.

## Quantitative characteristics of the procurement activity of Sberbank

INDICATOR	2015	2016	2017	2018
Total number of suppliers engaged by the organization	39,295	59,653	54,478	46,977
Total amount of payments sent to suppliers, RUB mln	183,025	216,407	261,264	288,297
Share of local suppliers in the procurement budget, %	96	99.5	99	98
Share of small and medium-sized businesses in the procurement budget, %	39	46	46	48

## ANTI-CORRUPTION MEASURES

To monitor procurement activity at the Group at the level of Headquarters and the divisions of central subordination, certain divisions operate Procurement Centers located in Moscow and Ekaterinburg.

In contracts with counterparties, Sberbank includes a special provision "Guarantees on the Prevention of Corruption in Procurement Activity", which stipulates a fine for violations of established anti-corruption norms.

Instructions have been issued at the Bank's divisions clarifying the procedure for the interaction of employees with third party counterparties and ethical rules of conduct. In addition, amendments have been introduced to the job descriptions of certain categories of employees, stipulating liability and consequences for engaging in corrupt practices.

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# DEVELOPMENT OF PROCUREMENT INFRASTRUCTURE AND INTERACTION WITH SUPPLIERS

## SUPPORT OF BUSINESS EVENTS

We understand that we have a significant impact on the business environment. That is why we continue supporting Russian and international business events aimed at facilitating exchanges of experience, developing international cooperation, attracting investors and increasing the economic appeal of the Russian Federation. In 2018 Sberbank was the partner of approximately 200 business events.

### Largest business events held with the support of Sberbank in 2018

EVENT	GOAL	COVERAGE	VENUE
<b>Russian Investment Forum Sochi-2018</b>	Discussion of investment projects, how to develop the global economy and increase investment and innovation potential	Over 6000 participants from 62 countries 500 speakers and moderators	Sochi
<b>Metro Expo 2018</b>	Establishment of a unique communications platform for the support and development of small and medium-sized businesses in Russia	Over 2000 participants	Krasnogorsk, Moscow Region
<b>Saint Petersburg International Economic Forum 2018</b>	Creation of a global platform to discuss key economic issues	Over 17,000 participants from different countries	Saint Petersburg
<b>Eastern Economic Forum 2018</b>	Strengthening of the relations of the international investment community, Russian business, the federal, regional and local authorities, comprehensive expert assessment of the economic potential of the Russian Far East	Over 6000 participants	Vladivostok
<b>XIII International Forum Russian Market of Derivative Financial Instruments – 2018</b>	Analysis of the current state and trends of the exchange and over-the-counter derivative market	300 participants	Moscow
<b>Project Olympus Competition</b>	Application of project management tools in the state sector and improvements in the performance of the state authorities	500 participants	Moscow
<b>IV Russian-British Business Forum</b>	Discussion of the development of trade and investment relations between Russia and Great Britain	800 participants	London, Great Britain
<b>SOC-Forum 2018 Practice of Countering Cyber Attacks and Building Information Security Monitoring Centers</b>	Exchange of experience and opinions of leading industry experts, discussion of the practice of building and operating information security monitoring centers	2500 participants	Moscow
<b>XIV International Finance Forum NFA-2018 // REPO Forum</b>	Discussion of key regulatory initiatives	700 participants	Moscow
<b>XVI Russian Bond Congress</b>	Discussion of key events on the Russian bond market, amendments to legislation and other innovations on the market	Approximately 600 participants	Saint Petersburg

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# ENVIRONMENTAL IMPACT MANAGEMENT

We seek to minimize the adverse impact of Sberbank's activity on the environment.

To achieve this goal, we take measures to reduce resource consumption and increase the energy efficiency of our main facilities – offices and service outlets. By decreasing resource consumption, we can also reduce the quantity of waste, which is also a key area of activity of the Group in environmental protection.

We are actively involved in the regulation of our activity to reduce the environmental impact of our operations. For example, some internal energy efficiency standards have already been drafted: the standard on illumination of real estate properties and the standard on organizing nature conservation measures during waste management. Our plans include the development of the Bank's Environmental Policy, Responsible Investment Policy, the setting and monitoring of achievement of resource conservation goals and other initiatives.

## Consumption of energy resources by type for Sberbank Group

RESOURCE	UNITS OF MEASUREMENT	2015	2016	2017	2018
Electricity consumption	GJ	3,601,131	3,524,155	3,623,038	3,596,782
Heat consumption	GJ	313,861	239,334	219,568	209,286
Diesel fuel	GJ	1,368,708	1,615,626	1,257,504	1,269,815
Gasoline	GJ	1,095,632	1,058,170	297,882	267,942
Gas	GJ	609,837	658,681	820,970	804,442
Coal	GJ	21,867	24,986	33,384	34,700
Firewood	GJ	32,751	24,102	20,779	23,400
Kerosene	GJ	1,561	2,071	2,328	1,966
<b>General energy consumption</b>	<b>GJ</b>	<b>7,045,349</b>	<b>7 147 124</b>	<b>6,273,125</b>	<b>6,350,721</b>

## Fuel and energy consumption in physical and monetary terms, Sberbank

PECYPC	2016		2017		2018	
	QUANTITY	COST, RUB '000	QUANTITY	COST, RUB '000	QUANTITY	COST, RUB '000
Electricity, kWh	956,691,858	4,941,574	971,944,192	5,230,372	898,083,540	5,067,851
Heat, Gcal	988,219	1,501,644	898,430	1,473,409	871,935	1,554,289
Drinking water, cubic meters	3,436,591	116,021	3,218,813	108,079	3,020,192	112,033
Diesel fuel, liters	19,669,230	680,576	34,825,385	1,273,096	34,652,050	1,422,645
Gasoline, liters	14,390,268	520,502	8,720,265	302,844	7,839,670	322,061
Gas, cubic meters	14,879,667	100,544	20,329,969	129,866	19,845,160	125,027
Coal, tons	961	3,757	1,284	5,181	1,335	5,737
Firewood, cubic meters	1,545	1,314	1,332	1,410	1,500	2,053
Kerosene, liters	47,612	1,530	53,512	1,911	45,200	3,500



## EFFICIENT CONSUMPTION

We use a responsible approach to the organization of office space and adhere to the green office concept. The following actions are being taken at Sberbank within the framework of this approach:

- ◆ Installation of LED lamps, lights and motion sensors;
- ◆ Installation of energy-saving office appliances;
- ◆ Reduction in the amount of paper used thanks to the introduction of electronic document management and archiving, as well as making double-sided printing the default setting;
- ◆ Installation of contactless sensors on faucets to reduce water consumption.

In 2018 the Digital Inside project was launched, the purpose of which is to create a digital environment and spur a radical reduction in the use of paper in the Bank's processes. We plan to transition to electronic document management and use as little paper as possible, which will make it possible to reduce the negative environmental impact of our operations.

We seek to align with best practices in our environmental protection activity, and for this reason when planning, building, and reconstructing banking facilities we adhere to green construction standards. For example, the silver-level LEED green standard was followed when building our Data Processing Center and designing the Technopark in the Skolkovo Innovation Center. This certification involves measures that make it possible to minimize the harm done to the environment, both at the time of construction and during the operation of the building.

A telemetry and remote control system has been installed at 1,743 facilities of the Bank, making it possible to track and manage energy consumption. Plans include the installation of this system at another 1,780 Bank facilities in the future.

The Bank has managed to significantly reduce its diesel fuel and gasoline consumption through the implementation of a new Transportation Policy.

*The total amount of energy consumed has been cut by two million gigajoules from 2014 to 2017.*

## RESPONSIBLE WASTE MANAGEMENT

The nature of Sberbank's activities determine the main types of the waste that are formed: office waste, paper waste and worn-out office equipment. In addition, waste is formed from cartridges, storage batteries and fluorescent lamps.

We apply the principle of separate waste collection. This enables us to decrease the weight of the waste sent to landfill sites for burial. As a result, over 97% of 1-3 hazard class waste formed and worn-out electronic and electrical equipment (hazard class 4)

is transferred for recycling and decontamination by specialized organizations. Household waste is classified as low-hazard and essentially non-hazardous class 4-5 waste formed as a result of the functioning of Sberbank's offices and sales outlets. All waste is transferred for burial to specially equipped municipal solid-waste landfill sites.

### Weight of paper waste transferred for recycling, for the Sberbank Group

	2015	2016	2017	2018
Weight of paper waste transferred for recycling, <i>tons</i>	1,427	2,355	3,399	2,999

### Quantity of hazardous waste formed and transferred for recycling and decontamination, for the Sberbank Group

	2015	2016	2017	2018
Hazardous waste formed, <i>tons</i>	2,805	1,909	6,847	11,889
Hazardous waste transferred for recycling and decontamination, <i>tons</i>	2,667	1,533	7,074	11,401

### Quantity of low-hazard and virtually non-hazardous waste formed and transferred for burial, for the Sberbank Group

	2015	2016	2017	2018
Office waste and household waste, <i>tons</i>	43,225	54,583	40,360	40,080
Other low-hazard waste, <i>tons</i>	10,901	12,560	11,869	11,407
<b>Total, <i>tons</i></b>	<b>54,126</b>	<b>67,143</b>	<b>52,229</b>	<b>51,487</b>

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# FINANCIAL RESULTS

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# DYNAMICS OF MAJOR PERFORMANCE INDICATORS

## Dynamics of major performance indicators of Sberbank Group under IFRS for five years<sup>1</sup>

(Results in the table are deconsolidated of Denizbank A.S. operations unless otherwise stated)

	2018	2017 <sup>2</sup>	CHANGE, %	2017 <sup>3</sup>	2016 <sup>3</sup>	2015 <sup>3</sup>	2014 <sup>3</sup>
<b>FOR THE YEAR, RUB bn</b>							
Operating income before credit loss allowance charge and revaluation of loans at fair value due to change in credit quality from continuing operations	1,936.3	1,790.3	8.2	1,903.3	1,697.5	1,429.8	1,300.7
Credit loss allowance charge for debt financial assets	(162.4)	(263.8)	(38.4)	(287.3)	(342.4)	(475.2)	(361.4)
Operating income	1,711.0	1,526.5	12.1	1,616.0	1,355.1	954.6	939.3
Operating expenses	(664.8)	(623.4)	6.6	(672.8)	(677.6)	(623.4)	(565.1)
Profit before tax	1,046.2	903.1	15.8	943.2	677.5	331.2	374.2
<b>Net profit</b>	<b>831.7</b>	<b>748.7</b>	<b>11.1</b>	<b>748.7</b>	<b>541.9</b>	<b>222.9</b>	<b>290.3</b>
<b>Profit from continuing operations</b>	<b>831.2</b>	<b>715.6</b>	<b>16.2</b>	-	-	-	-
	31 DECEMBER 2018	1 JANUARY 2018 (IFRS 9)	CHANGE, %	31 DECEMBER 2017 <sup>3</sup>	31 DECEMBER 2016 <sup>3</sup>	31 DECEMBER 2015 <sup>3</sup>	31 DECEMBER 2014 <sup>3</sup>
<b>AS OF THE DATE, RUB bn</b>							
Loans and advances to customers, net	19,585	16,663	17.5	18,488	17,361	18,728	17,757
Loans and advances to customers before loan loss provision	21,082	18,096	16.5	19,891	18,665	19,924	18,626
Total assets	31,198	27,045	15.4	27,112	25,369	27,335	25,201
Due to individuals and corporate customers	20,897	18,123	15.3	19,814	18,685	19,798	15,563
<b>Total liabilities</b>	<b>27,342</b>	<b>23,678</b>	<b>15.5</b>	<b>23,676</b>	<b>22,547</b>	<b>24,960</b>	<b>23,181</b>
<b>Total equity</b>	<b>3,856</b>	<b>3,367</b>	<b>14.5</b>	<b>3,436</b>	<b>2,822</b>	<b>2,375</b>	<b>2,020</b>

<sup>1</sup> Results in the table are deconsolidated of Denizbank A.S. operations unless otherwise stated.

<sup>2</sup> Disclosed under IAS 39, Denizbank deconsolidated.

<sup>3</sup> Disclosed under IAS 39, Denizbank consolidated.



# DYNAMICS OF MAJOR PERFORMANCE INDICATORS

Dynamics of major performance indicators of Sberbank Group under IFRS for five years<sup>1</sup>

(Results in the table are deconsolidated of Denizbank A.S. operations unless otherwise stated)

	2018	2017 <sup>2</sup>	CHANGE, %	2017 <sup>3</sup>	2016 <sup>3</sup>	2015 <sup>3</sup>	2014 <sup>3</sup>
<b>PER SHARE, RUB per share</b>							
Basic and diluted earnings per ordinary share	38.16	34.58	10.4	34.58	25.00	10.36	13.45
Basic and diluted earnings from continuing operations per ordinary share	38.3	33.04	15.4	-	-	-	-
Net assets per ordinary share	179.3	156.6 <sup>4</sup>	14.5	159.8	131.2	110.5	94.0
<b>FINANCIAL RATIOS, %</b>							
<b>PROFITABILITY RATIOS</b>							
Return on assets (ROA)	3.2	2.7	0.5	2.9	2.1	0.9	1.4
Return on equity (ROE)	23.1	24.2 <sup>3</sup>	-1.1	24.2	20.8	10.2	14.8
Spread (return on assets less cost of funds)	5.2	5.6 <sup>3</sup>	-0.4	5.6	5.3	4.1	5.5
Net interest margin (net interest income to average earning assets)	5.7	6.0 <sup>3</sup>	-0.3	6.0	5.7	4.4	5.6
Operating expenses to operating income before provisions (CIR)	34.2	34.7	-0.5	35.2	39.7	43.7	43.2
Net loans and advances to customers to current accounts and term deposits of individuals and corporate customers and savings certificates (net loans-to-deposits ratio)	93.1	90.1 <sup>4</sup>	-1.0	91.6	90.6	91.9	110.8

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<sup>1</sup> Results in the table are deconsolidated of Denizbank A.S. operations unless otherwise stated.

<sup>2</sup> Disclosed under IAS 39, Denizbank deconsolidated.

<sup>3</sup> Disclosed under IAS 39, Denizbank consolidated.

<sup>4</sup> As at 1 January 2018, disclosed under IFRS 9.



# DYNAMICS OF MAJOR PERFORMANCE INDICATORS

Dynamics of major performance indicators of Sberbank Group under IFRS for five years<sup>1</sup>

(Results in the table are deconsolidated of Denizbank A.S. operations unless otherwise stated)

	31 DECEMBER 2018	1 JANUARY 2018 (IFRS 9)	CHANGE, n.n.	31 DECEMBER 2017 <sup>2</sup>	31 DECEMBER 2016 <sup>2</sup>	31 DECEMBER 2015 <sup>2</sup>	31 DECEMBER 2014 <sup>2</sup>
<b>CAPITAL ADEQUACY RATIOS, %</b>							
Common equity Tier 1 capital adequacy ratio (Basel III / Basel I)	11.8	11.2	0.6	11.4	10.2	8.9 <sup>3</sup>	8.6 <sup>3</sup>
Total capital adequacy ratio (Tier I and Tier II) (Basel III / Basel I)	12.4	12.8	-0.4	13	12	12.6 <sup>3</sup>	12.1 <sup>3</sup>
Leverage	11.3	11.3	-	11.5	0	0	0
Equity to total assets	12.4	12.4	—	12.7	11.1	8.7	8.0
<b>ASSET QUALITY RATIOS</b>							
Non-performing loans to total loans outstanding (NPL ratio)	3.8	4.5	-0.7	4.2	4.4	5.0	3.2
Share of Stage 3 and POCI <sup>4</sup> loans in total loans at amortized cost	8.1	8.8 <sup>5</sup>	-0.7	—	—	—	—
Provision for loan impairment to total gross loans to customers	7.3	7.8	-0.5	7.1	7.0	6.0	4.7

<sup>1</sup> Results in the table are deconsolidated of Denizbank A.S. operations unless otherwise stated.

<sup>2</sup> Disclosed under IAS 39, Denizbank consolidated.

<sup>3</sup> Capital adequacy ratios for 31.12.2014 and 31.12.2015 are calculated based on the requirements of Basel.

<sup>4</sup> Purchased or originated credit-impaired.

<sup>5</sup> Including DenizBank



# ANALYSIS OF THE STATEMENT OF PROFIT AND LOSS

## General trends

The net profit of Sberbank Group under IFRS in 2018 increased to RUB 831.7 billion, which is 11.1% higher than in 2017. Profit from continuing operations increased by 16.2% to RUB 831.2 billion for 2018. The Group's operating income from continuing operations before credit loss allowance charge for debt financial assets and revaluation of loans at fair value due to change in credit quality in 2018 increased by 8.2% to RUB 1,936.3 billion, primarily due to net fee and commission income, net income from insurance and pension fund operations, net interest income. In 2018, net credit loss allowance charge for debt financial assets decreased by 38.4% to RUB 162.4 billion against RUB 263.8 billion in 2017. Staff and administrative expenses in 2018 increased by 6.6% to RUB 664.8 billion primarily due to changes in 3Q 2018 in principles for capitalization of expensing for in-house developed IT products.

	2017 RUB bn	2018 RUB bn	CHANGE, %
Net profit	748.7	831.7	11.1
Profit from continuing operations	715.6	831.2	16.2
Operating income before credit loss allowance charge and revaluation of loans at fair value due to change in credit quality	1,790.3	1,936.3	8.2
Staff and administrative expenses	(623.4)	(664.8)	6.6
Credit loss allowance charge for debt financial assets	(263.8)	(162.4)	(38.4)

## Net interest income

The Group's net interest income increased by 3.5% in 2018 to RUB 1,396.5 billion. This growth was primarily due to increase of interest income on the back of growth of loan portfolio.

	2017 RUB bn	2018 RUB bn	CHANGE, %
Net interest income	1,348.8	1,396.5	3.5

## Yield on interest earning assets and cost of funds (quarterly), %



- Return on interest-earning assets
- Net interest margin
- Cost of interest-bearing liabilities

\* beginning from 1Q2018 Denizbank deconsolidated

Net interest margin amounted to 5.7% in 2018, a 0.3 p.p. decrease compared to the ratio of 2017 (6.0%). Decrease of net interest margin was accompanied by reduction in 2018 in return on interest-earning assets, which exceeded notably reduction in cost of interest-bearing liabilities. Thus, return on interest-earning assets decreased in 2018 for 0.8 p.p. from 9.7% in 2017 to 8.9% in 2018, cost of interest-bearing liabilities decreased for 0.4 p.p. from 4.1% in 2017 to 3.7% in 2018.

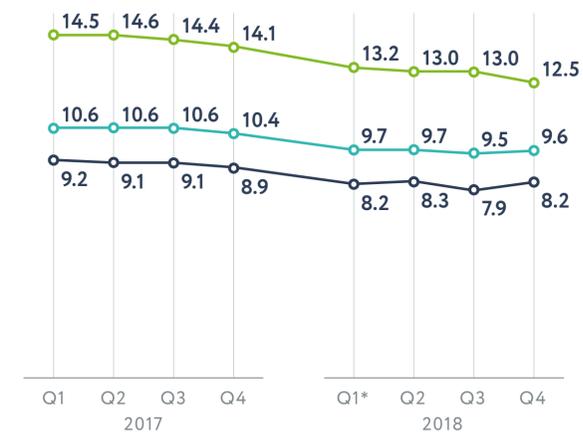
## Changes in net interest margin in 2018

<b>2017 NIM</b>	<b>6.0%</b>
Return on corporate loans	-0.4%
Return on retail loans	-0.4%
Return on amounts due from other banks	-0.1%
Structure of interest earning assets	0.2%
Cost of amounts due to individuals	0.3%
Structure of interest-bearing liabilities	0.1%
<b>2018 NIM</b>	<b>5.7%</b>

**Interest income of the Group, RUB bn**

	2017	2018	CHANGE, %
Interest income	2,131.4	2,188.3	2.7

Interest income of the Group increased by 2.7 % to RUB 2,188.3 billion. Increase of interest income on loans comprised 2.3 % in 2018.

**Average loan yields, %**

- Yield on retail loans (Q)
- Total yield on loans (Q)
- Yield on corporate loans (Q)

\* beginning from 1Q2018 Denizbank deconsolidated

**Interest expenses of the Group, RUB bn**

	2017	2018	CHANGE, %
Interest expenses (including insurance expenses)	(782.6)	(791.8)	1.2

Interest expenses increased by 1.2% in 2018 to RUB 791.8 billion supported by the growth of amounts due to individuals and corporate customers by 15.3% and by the growth of deposit insurance expenses. The main component of interest expenses – interest expenses on amounts due to individuals, which is a key source of financing for the Group, showed reduction by 4.8% in 2018, mainly due to decrease in cost of term deposits. This reduction was compensated by an increase in interest expenses on amounts due to corporate customers by 12.7% supported by an increase in volume of term deposits.

**Average customer deposits costs, %**

- Retail term deposits
- Corporate term deposits
- Current/settlement accounts

\* beginning from 1Q2018 Denizbank deconsolidated

## Fee and commission income and expense

### NET FEE AND COMMISSION INCOME

# +18.1%

2018: 445.3 BN ₺

In 2018, the commission income of the Group increased by 24.9% to RUB 598.5 billion. Net fee and commission income of the Group increased by 18.1% – to RUB 445.3 billion. The main driver of commission income growth was commission income from acquiring, payment systems and other similar fees. Commission income grew by 36.7% in 2018, or for RUB 62.4 billion, – to RUB 232.4 billion. Total commission income from operations with banking cards grew by 33.6% in 2018 and comprised RUB 296.5 billion. The share of this income in the Group's commission income was 49.5%. Significant share in the Group's commission income is attributed also to commission income from cash and settlement transactions with individuals and legal entities – 33.8%. This income grew by 13.3% in 2018. Also commission income from customer operations with foreign currencies and precious metals showed growth for 39.5% in 2018.

### Fee and Commission Income and Expense, RUB bn<sup>1</sup>

	2017	2018	CHANGE	
			RUB BN	%
Operations with banking cards	222.0	296.5	74.5	33.6
INCLUDING:				
Acquiring, commissions of payment systems and other similar commissions	170.0	232.4	62.4	36.7
Service fees	51.4	60.2	8.8	17.1
Other	0.6	3.9	3.3	550.0
Cash and settlements transactions	178.6	202.3	23.7	13.3
Customers operations with foreign currencies and precious metals	34.4	48.0	13.6	39.5
Documentary commissions	19.1	26.8	7.7	40.3
Agent commissions	12.4	9.9	(2.5)	(20.2)
Securities and commodities brokerage, custodian and investment banking (including syndications) commissions	4.2	7.1	2.9	69.0
Other	8.3	7.9	(0.4)	(4.8)
<b>Fee and commission income</b>	<b>479.0</b>	<b>598.5</b>	<b>119.5</b>	<b>24.9</b>
Commission expense on operations with banking cards	(92.7)	(138.7)	(46.0)	49.6
Other commission expense	(9.2)	(14.5)	(5.3)	57.6
<b>Fee and commission expense</b>	<b>(101.9)</b>	<b>(153.2)</b>	<b>(51.3)</b>	<b>50.3</b>
<b>Net fee and commission income</b>	<b>377.1</b>	<b>445.3</b>	<b>68.2</b>	<b>18.1</b>

<sup>1</sup> Results in the table are deconsolidated of Denizbank A.S. operations unless otherwise stated.

### Credit loss allowance charge against for loans at amortized cost, RUB bn\*



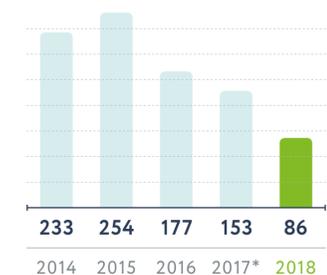
\* Results are deconsolidated of Denizbank A.S. operations unless otherwise stated

### Cost of risk by loan portfolio at amortized cost (quarterly), bp



\* beginning from 4Q2017 Denizbank deconsolidated

### Cost of risk by loan portfolio at amortized cost (annual figures), bp



\* beginning from 2017 Denizbank deconsolidated

In 2018 the credit loss allowance charge for loan portfolio at amortized cost decreased by 39.2% from RUB 263.7 billion in 2017 to RUB 160.2 billion in 2018. In accordance with IFRS 9, a part of loan portfolio is accounted for in the financial statements at fair value through profit or loss. Negative revaluation due to change in credit quality for amount of RUB 62.9 billion was recorded for loans at fair value in 2018. Taking into account this revaluation, the decrease in credit loss allowance charge for total loan portfolio would be 15.4% in 2018. The reason for a decrease in credit loss allowance charge was primarily the improving quality of the Group's loan portfolio.

The cost of credit risk based on credit loss allowance against loans at amortized cost decreased by 67 b.p. during 2018 from 153 b.p. in 2017 to 86 b.p. in 2018. Taking into account negative revaluation of loans at fair value combined cost of risk would be 115 p.p. in 2018.

### Negative revaluation of loans at fair value due to change in credit quality, RUB bn



### Combined cost of risk (including revaluation of loans at fair value) (quarterly and for 2018), bp





## Other operating income/expenses

Other net operating income, which include net income / (expenses) from operations with securities, derivative financial instruments, foreign currency, and net income / expenses from insurance and pension fund operations amounted to RUB 31.6 billion in 2018 showing decrease of 50.9 % compared to 2017. The decrease in other operating income in 2018 was affected by the net losses from non-derivative financial instruments at fair value through profit or loss, which amounted to RUB (69.8) billion against net income of RUB 5.1 billion in 2017. The main component of this figure for 2018 is the negative revaluation of loan portfolio accounted for at fair value according to IFRS 9 – RUB (62.9) billion. Excluding this component, other net operating income would have grown by 46.7 % in 2018. At the same time considerable increase was demonstrated by net income from insurance and pension fund operations – by 2.9 times compared to 2017. This dynamics is explained by growth of sales volumes in saving and investment life insurance products in 2018 by 80% compared to previous year as well as by increase in assets under management of the Wealth Management business by 35% in 2018.

## Staff costs and administrative expenses

RUB bn\*

	2017	2018	CHANGE	
			RUB BN	%
Staff costs	379.6	404.4	24.8	6.5
Depreciation of premises and equipment	39.3	46.7	7.4	18.8
Repairs and maintenance of premises and equipment	37	38.2	1.2	3.2
Administrative expenses	38.3	37.9	(0.4)	-1
Taxes other than on income	34.4	37.8	3.4	9.9
Operating lease expenses	25.9	26.2	0.3	1.2
Telecommunication expenses	24	24.2	0.2	0.8
Amortization of intangible assets	18.1	20.6	2.5	13.8
Consulting and assurance services	12.1	11.2	(0.9)	-7.4
Advertising and marketing services	5.9	8.4	2.5	42.4
Other	8.8	9.2	0.4	4.5
<b>Total staff costs and administrative expenses</b>	<b>623.4</b>	<b>664.8</b>	<b>41.4</b>	<b>6.6</b>

\* Results in the table are deconsolidated of Denizbank A.S. operations unless otherwise stated.

In 2018, the Group's staff and administrative expenses (operating expenses of the Group) increased by 6.6%. The growth was backed primarily by increase in staff costs, by changes in 3Q 2018 in principles for capitalization of expensing for in-house developed IT products as well as by revaluation of recurring expenses nominated in foreign currencies. Staff costs – the main component of operating expenses – demonstrated increase by 6.5% in 2018. The increase was shown by depreciation of premises and equipment (18.8%) and by amortization of intangible assets (13.8%). The ratio of operating expenses to operating income before credit loss allowance charge continued downward trend and amounted to 34.2% in 2018 compared to 34.7% in 2017 (decrease by 0.5 p.p.) taking into account revaluation of loan portfolio at fair value. The decrease of this ratio was supported mainly by the growth of operating income.

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# ANALYSIS OF THE ASSETS STRUCTURE

## General trends

In 2018, the Group's assets increased by 15.4% — to RUB 31.2 trillion — compared to RUB 27.0 trillion as at January 1, 2018. Loans and advances to customers remain the largest category of assets: their share at the end of 2018 amounted to 62.8 % of total assets. The proportion of liquid assets, including cash and cash equivalents, due from banks, securities portfolio comprised 23.3%. In 2018, the securities portfolio increased by 14.0% to RUB 3.7 trillion (figures for 2017 are disclosed under IAS 39, DenizBank included). The portfolio is almost totally comprised of bonds and is used primarily for liquidity management.

### Liquid and other assets breakdown, %



<sup>1</sup> Figures for 2017 are disclosed under IAS 39, DenizBank consolidated

<sup>2</sup> Other assets as at December 31, 2018 include assets of discontinued operations

↑ 15.4%

# 31.2 RUB TRN

GROUP'S ASSETS

## Loans and advances to customers

The total loan portfolio of the Group before credit loss allowance increased by 16.5% y-o-y to RUB 21.1 trillion. Corporate loans at amortized cost increased by 12.5% in 2018. Total corporate loans (at amortized cost and at fair value) increased by 12.9% in 2018; their share in the total loan portfolio slightly decreased in 2018 compared to 2017 and amounted to 68.0% (2017: 70.1%). This dynamics was influenced mainly by increase of the share of consumer loans (10% compared to 8.7% in 2017) and mortgage loans in the total loan portfolio (18.3% compared to 17.3% for the previous year).

Retail loan portfolio grew by 25.0% in 2018 y-o-y and comprised RUB 6.8 trillion. The rise in retail loan portfolio was observed throughout the year. The driver of growth in the retail lending was consumer loans — the increase was fixed at 34.2% for 2018, as well as mortgage loans, which grew by 22.9% in 2018. In 2018, the share of mortgage loans slightly decreased, but continued to remain the main component of the retail loan portfolio: 57.0% against 58.0% as at 1 January 2018. Sberbank's domestic market share in mortgage loans reached 56.3%.

Restructured loans at amortized cost before credit loss allowance increased by 3.8% compared to 2017; its share in the total loan portfolio accounted for at amortized cost comprised 6.2% as at December 31, 2018 (6.9% as at December 31, 2017).

### Loans and advances to customers, %



## Structure of the Group's loan portfolio

*Loans and Advances to Customers*

### Loans and Advances to Customers (at amortized cost and fair value)

	1 JANUARY 2018		31 DECEMBER 2018		RUB bn
	RUB bn	% of total	RUB bn	% of total	
Commercial loans to legal entities	11,064.0	61.1	12,634.8	60.0	
Specialized loans to legal entities	1,632.6	9.0	1,696.3	8.0	
Mortgage loans to individuals	3,132.2	17.3	3,850.6	18.3	
Consumer and other loans to individuals	1,574.9	8.7	2,113.1	10.0	
Credit cards and overdrafts	572.3	3.2	657.5	3.1	
Car loans to individuals	120.1	0.7	130.0	0.6	
<b>Total loans and advances to customers before loan loss provision</b>	<b>18,096.1</b>	<b>100.0</b>	<b>21,082.3</b>	<b>100.0</b>	

### Loans and Advances to Customers (at amortized cost)

	1 JANUARY 2018		31 DECEMBER 2018		RUB bn
	RUB bn	% of total	RUB bn	% of total	
Commercial loans to legal entities	10,777.0	61.4	12,420.0	61.0	
Specialized loans to legal entities	1,360.2	7.8	1,229.6	6.0	
Mortgage loans to individuals	3,132.2	17.8	3,850.6	18.9	
Consumer and other loans to individuals	1,573.1	9.0	2,108.7	10.3	
Credit cards and overdrafts	572.3	3.3	657.5	3.2	
Car loans to individuals	120.1	0.7	130.0	0.6	
<b>Total loans and advances to customers at amortized cost before loan loss provision</b>	<b>17,534.9</b>	<b>100.0</b>	<b>20,396.4</b>	<b>100.0</b>	

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## Quality of the loan portfolio

The provision coverage level of the total loan portfolio before credit loss allowance comprised 7.3% as at the end of 2018 with decrease of 0.5 p.p. compared to January 1, 2018. Loan portfolio quality improved bringing the NPL share down by 0.7 p.p. Thus, in 2018, the proportion of NPL90+ (non-performing loans with interest payments and/or principal overdue more than 90 days) in the Group's total loan portfolio decreased from 4.5% to 3.8%. At the same time, the provision coverage of non-performing loans (NPLs) in 2018 increased to 1.9 times as at the end of 2018 (1.7 times as at the end of 2017

under IAS 39, Denizbank included). The share of Stage 3 and POCI ("purchased or originated credit-impaired") loans in loan portfolio at amortized cost came at 8.1% as at the end of 2018 (as at the end of 1Q 2018 this share came at 8.9%). The total provision coverage of Stage 3 and POCI loans comprised 90.4% as at the end of 2018 (87.9% as at the end of 1Q 2018).

### Loans and Advances to Customers (at fair value)

	1 JANUARY 2018		31 DECEMBER 2018		RUB bn
	RUB bn	% of total	RUB bn	% of total	
Commercial loans to legal entities	287.0	51.2	214.8	31.3	
Specialized loans to legal entities	272.4	48.5	466.7	68.1	
Consumer and other loans to individuals	1.8	0.3	4.4	0.6	
<b>Total loans and advances to customers at fair value</b>	<b>561.2</b>	<b>100.0</b>	<b>685.9</b>	<b>100.0</b>	



## Securities portfolio

The Group's securities portfolio is represented mainly by debt instruments (98.1 %) with high quality risk-profile and is used primarily for liquidity management. Russian federal loan bonds (OFZ bonds) are the main component of the Group's securities portfolio with the share of 43.9 %, which grew by 2.7 p.p. compared to 2017. The proportion of corporate bonds in the portfolio structure comprised 31.9 % as at the year-end 2018 with 2.5 p. p. decrease y-o-y. The share of securities pledged under repurchase agreements increased from 7.9 % to 8.2 % in 2018.

### Structure of the securities portfolio of the Group

	31.12.2017*		31.12.2018	
	RUB bn	% of total	RUB bn	% of total
Russian federal loan bonds (OFZ bonds)	1,355.2	41.2	1,647.5	43.9
Corporate bonds	1,132.6	34.4	1,194.5	31.9
Foreign government and municipal bonds	292.8	8.9	137.0	3.7
Russian Federation Eurobonds	235.1	7.2	265.0	7.1
Russian municipal and subfederal bonds	122.1	3.7	161.6	4.3
Mortgage-backed securities	45.6	1.4	80.2	2.1
Bonds of the Bank of Russia	10.2	0.3	189.2	5.0
Promissory notes	1.4	0.0	1.4	0.0
<b>Total debt securities</b>	<b>3,195.0</b>	<b>97.1</b>	<b>3,676.4</b>	<b>98.0</b>
Corporate shares	83.1	2.6	57.3	1.6
Investments in mutual funds	11.3	0.3	15.8	0.4
<b>Total securities</b>	<b>3,289.4</b>	<b>100.0</b>	<b>3,749.5</b>	<b>100.0</b>

\* Data for 2017 disclosed under IAS 39, Denizbank consolidated.

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# ANALYSIS OF THE LIABILITIES AND EQUITY OF THE GROUP

## General trends

The Group's liabilities structure is dominated by amounts due to individuals and corporate customers, total amount of which comprised RUB 20.9 trillion as at 31 December 2018, or 76.4% of liabilities. The Group's total liabilities increased by 15.5% to RUB 27.3 trillion in 2018.

## Customers deposits

Amounts due to customers increased by 15.3% to RUB 20.9 trillion in 2018. Amounts due to individuals increased by 9.9% to RUB 13.5 trillion with term deposits demonstrating growth of 7.3%. In 2018 the share of due to individuals decreased slightly in the total structure of the Group's liabilities compared to 2017 and comprised 49.4% (2017: 51.9%). But at the same time, amounts due to individuals continue to remain the main source of financing for the Group. The volume of corporate customers increased by 26.6% to RUB 7.4 trillion.

## Debt securities issued by the Group

The volume of debt securities in issue decreased by 4.1% in 2018. The decline was mainly due the decrease in savings certificates balances by 59.9%, which at the same was compensated by considerable growth in bonds issued on the local market (by 165.5%) due to substantial amount of funds attracted by Sberbank in 2018 on the Russian market under the programme of exchange-traded bonds denominated in Russian Roubles.

### Customer deposits of the Group \*

	1 JANUARY 2018		31 DECEMBER 2018	
	RUB bn	% of total	RUB bn	% of total
<b>DUE TO INDIVIDUALS</b>				
Current/demand accounts	2,836.2	15.6	3,368.1	16.1
Term deposits	9,441.9	52.1	10,127.0	48.5
<b>Total due to individuals</b>	<b>12,278.1</b>	<b>67.7</b>	<b>13,495.1</b>	<b>64.6</b>
<b>DUE TO CORPORATE CUSTOMERS</b>				
Current/settlement accounts	2,072.0	11.4	2,423.9	11.6
Term deposits	3,773.2	20.9	4,978.3	23.8
<b>Total due to corporate customers</b>	<b>5,845.2</b>	<b>32.3</b>	<b>7,402.2</b>	<b>35.4</b>
<b>Total</b>	<b>18,123.3</b>	<b>100.0</b>	<b>20,897.3</b>	<b>100.0</b>

\* Results in the table are deconsolidated of Denizbank A.S. operations unless otherwise stated.

### Debt securities issued by the Group, RUB bn\*

	1 JANUARY 2018		31 DECEMBER 2018		CHANGE	
	RUB bn	%	RUB bn	%	RUB bn	%
Loan participation notes issued under the MTN programme of Sberbank	302.5		343.6		41.1	13.6
Savings certificates	374.9		150.4		(224.5)	-59.9
Promissory notes	103.4		97.6		(5.8)	-5.6
Bonds issued on the local market	94		249.6		155.6	165.5
Bonds issued under mortgage securitization programme of Sberbank	3.9		2.4		(1.5)	-38.5
Deposit certificates	0.7		0		(0.7)	-100.0
<b>Total debt securities in issue</b>	<b>879.4</b>		<b>843.6</b>		<b>(35.8)</b>	<b>-4.1</b>

\* Results in the table are deconsolidated of Denizbank A.S. operations unless otherwise stated.

## Equity of the Group

The Group's equity increased by 14.5% to RUB 3.9 trillion in 2018. The growth is attributed primarily to the Group's profit earned for the year.

### Equity of the Group, RUB bn

	1 JANUARY 2018	31 DECEMBER 2018	CHANGE	
			RUB BN	%
Share capital	320.3	320.3	-	0.0
Treasury shares	(15.3)	(18.1)	(2.8)	18.3
Revaluation reserve for office premises	60.8	56.2	(4.6)	-7.6
Fair value reserve for debt instruments measured at fair value through other comprehensive income	28.2	(35.1)	(63.3)	-224.5
Foreign currency translation reserve	(26.4)	(29.6)	(3.2)	12.1
Remeasurments of defined benefit pension plans	(1.3)	(2.4)	(1.1)	84.6
Retained earnings	2,996.2	3,560.7	564.5	18.8
<b>Total equity attributable to shareholders of the Bank</b>	<b>3,362.5</b>	<b>3,852.0</b>	<b>489.5</b>	<b>14.6</b>
Non-controlling interest	4.0	3.8	(0.2)	-5.0
<b>Total equity</b>	<b>3,366.5</b>	<b>3,855.8</b>	<b>489.3</b>	<b>14.5</b>

## Capital Adequacy Ratio of the Group

Common equity Tier 1 capital adequacy ratio under Basel III comprised 11.8% as at 31 December 2018 (standardised and IRB approach). Total capital adequacy ratio under Basel III amounted to 12.4% as at the year-end 2018 (standardised and IRB approach), which is significantly higher than the baseline set by Basel Committee (8%). Common equity Tier 1 capital adequacy ratio demonstrated increase in 2018 compared to 2017 driven by anticipatory growth of the Group's equity in comparison with the growth of risk weighted assets. At the same time Total capital adequacy ratio decreased by 0.4 p.p. compared to 2017 due to changes in methodology of including subordinated debt in calculation of Tier 2 capital as well as due to growth of risk weighted assets caused to some extent by the Rouble devaluation at the end of the reporting period and by changes in operational risk component on the back of calculation period shift.

### Capital Adequacy Ratio of the Group (Basel III), RUB bn

	1 JANUARY 2018 Standardized approach	31 DECEMBER 2018 Standardized and IRB approach
<b>Tier 1 capital</b>		
Share capital	87.7	87.7
Share premium	232.6	232.6
Retained earnings	2,996.2	3,560.7
Non-controlling interest	4.4	7.1
Treasury shares	(15.3)	(18.1)
Revaluation reserve for office premises	60.8	56.2
Fair value reserve for debt instruments measured at fair value through other comprehensive income	28.2	(35.1)
Foreign currency translation reserve	(21.0)	(29.6)
Remeasurement of defined benefit pension plans	(1.0)	(2.4)
less goodwill	(8.0)	(10.8)
less intangible assets	(60.8)	(64.6)
Other deductions from capital	(12.7)	(17.2)
<b>Tier 1 capital</b>	<b>3,291.1</b>	<b>3,766.5</b>
<b>Tier 2 capital</b>		
Eligible subordinated debt	459.7	142.1
Excess of total eligible provisions over expected loss amount under IRB approach	-	42.0
<b>Tier 2 capital</b>	<b>459.7</b>	<b>184.1</b>
<b>TOTAL CAPITAL</b>	<b>3,750.8</b>	<b>3,950.6</b>
<b>Risk weighted assets (RWA)</b>		
Credit risk	25,195.1	27,477.4
Operational risk	3,092.8	3,339.9
Market risk	1,081.1	975.8
<b>TOTAL RISK WEIGHTED ASSETS (RWA)</b>	<b>29,369.0</b>	<b>31,793.1</b>
<b>Common equity Tier 1 capital adequacy ratio</b> (Common equity Tier 1 capital to Total RWA), %	11.2	11.8
<b>Tier 1 capital adequacy ratio</b> (Tier 1 capital to Total RWA), %	11.2	11.8
<b>Total capital adequacy ratio</b> (Total capital to Total RWA), %	12.8	12.4
	1 JANUARY 2018	31 DECEMBER 2018
<b>LEVERAGE</b>		
Tier 1 capital	3291.1	3766.5
Total leverage ratio exposure	29,033.3	33,471.1
<b>Leverage ratio, %</b>	<b>11.3</b>	<b>11.3</b>



# FOREIGN SUBSIDIARY BANKS

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152 **SB SBERBANK JSC**  
KAZAKHSTAN

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153 **BPS-SBERBANK OJSC**  
BELARUS

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154 **SBERBANK JSC**  
UKRAINE

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155 **DENIZBANK A.S.**  
TURKEY

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156 **SBERBANK EUROPE AG**  
CENTRAL AND EASTERN EUROPE

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## SB SBERBANK JSC

Kazakhstan

# 17

REGIONAL  
BRANCHES

# 91

OFFICES

ACTIVE CLIENTS

# 44.8k

CORPORATE CLIENTS

# 1122k

RETAIL CLIENTS

### Economic environment in 2018

In 2018 Kazakhstan's economy grew strongly for the second year in a row due to rising oil prices and an increasing production of raw materials. As in the previous year, the economy grew by 4.1% led by consumption and investments. Growth in exports, in terms of both value and physical quantities, supported the current account, with the surplus amounting to USD 0.9 billion for the end of the year.

The slowdown in inflation enabled the National Bank to reduce the base rate four times in the first half of the year, from 10.25% to 9%. However, pressure from external factors resulted in tighter monetary policy — the National Bank raised key rate to 9.25% in October. At the same time, interest rates were low enough to support lending activity. The retail segment remained the key driver for lending. With the completion of some programs aimed at incentivizing and supporting the economy, in conjunction with the favorable macroeconomic situation, the consolidated budget recorded a surplus (USD 4.3 billion). The significant size of buffer assets guarantees the sustainability of public finances. At the end of the year the volume of international reserves and assets of the National Fund equaled USD 88 billion or 52% of the country's GDP.

During 2018 the assets of Kazakhstan's banking sector increased by 4%, the loan portfolio by 3%, and client funds by 2%<sup>1</sup>.

### Key performance highlights (management reporting)

	2017	2018
Assets, RUB billion	303	342
Capital, RUB billion	29	31
ROE, %	9.2	27.3
ROA, %	0.9	2.5
CIR, %	32.3	32.7 <sup>2</sup>
Headcount, '000	3.7	3.5

### Market position

- ◆ No. 2 by assets, with a 7.5% market share (7.2% in 2017, asset growth of 8% during the year<sup>3</sup>).
- ◆ No. 2 by client funds, with a market share of 8.4% (7.7 % in 2017).
- ◆ SB Sberbank JSC is one of the leaders in terms of lending volumes within the framework of the "2020 Business Roadmap".
- ◆ Fitch Credit Rating: BB+ positive.
- ◆ No. 2 in the rating of mobile applications of Kazakhstan's banks according to Kazakhstan Business Association of Internet and Mobile Commerce (AKIB) and Intervale Kazakhstan company.
- ◆ 91 offices, 17 regional branches, 44,800 active corporate clients and 1,122,000 active retail clients.

### Strategy 2020 priorities

- ◆ Implementation of the new IT strategy
- ◆ Development of sales and services via digital channels
- ◆ Focus on retail and small and medium business segments
- ◆ Expansion of sales network coverage

### 2018 performance on strategic priorities

- ◆ Non-performing loans declined by ~USD 330 million (-40 %) — the bank has the lowest NPL90+ ratio among top 10 largest banks.
- ◆ New retail products and services were launched (including contactless payment by telephone, online orders and card delivery).
- ◆ The bank focuses on Small and Medium-sized Business segment and expands both lending activity (ranked No. 2 in the "DAMU" program<sup>4</sup>) and offering new services to this segment (36 % of SME clients use self-cash collection service in 2018, up from 15 % a year ago).
- ◆ The bank is among market leaders by operating efficiency.

<sup>1</sup> Calculation in the national currency.

<sup>2</sup> CIR 2018 is presented net of the write-off of intangible assets (IA). If IA are included, CIR = 35.7%.

<sup>3</sup> Calculation in the national currency.

<sup>4</sup> State program for subsidizing lending to small and medium-sized businesses.



## BPS-SBERBANK OJSC

Belarus

# 55

BRANCHES

ACTIVE CLIENTS

# 34k

CORPORATE CLIENTS

# 649k

RETAIL CLIENTS

### Economic environment in 2018

In 2018 the Belarusian economy demonstrated positive tendencies. Favorable external conditions (growth in physical exports by 4.8% against the backdrop of growth in export prices by 10.1%), with a balanced domestic economic policy (budget surplus of 4.1% of GDP) ensured 3% real GDP growth. Industry had the most positive impact on economic growth. During 2018 industrial output was up 5.7% in fixed prices. At the same time, the rapid growth in salaries (up 11.6% based on the results for the year) attributable to large extent to the policies of the authorities and the expansion of consumer lending boosted private consumption. Retail turnover rose by 8.4% in 2018.

Inflation was up by 5.6% y/y in December. The situation on the domestic currency market remained fairly stable. Net supply of foreign currency from the public was one of the key factors for the predictable exchange rate movement of the Belarusian ruble. During 2018 the Belarusian ruble depreciated against the US dollar by 9.5% while appreciating by 9.2% against the Russian ruble. At the same time, the volatility of the national currency increased during periods of complications in the geopolitical situation in the region and intensification of the sanctions regime.

During 2018 the assets of the banking sector in Belarus increased by 10.5%, the loan portfolio was up by 13.7%, and client funds increased by 7.7%<sup>1</sup>.

### Key performance highlights (management reporting)<sup>2</sup>

	2017	2018
Assets, RUB billion	108	133
Capital, RUB billion	16	20
ROE	17.3	19.4
ROA	2.6	3.0
CIR	46.4 <sup>3</sup>	47.1 <sup>4</sup>
Headcount, '000	2.2	2.3

### Market position

- ◆ No. 4 by assets, with a 6.1% market share (6.6% in 2017, assets grew by 13% in 2018<sup>5</sup>)
- ◆ No. 2 by retail lending, with a 9.4% market share<sup>6</sup> (10.7% in 2017)
- ◆ No. 5 by corporate lending, with a 5.9% market share (6.8% in 2017)
- ◆ 55 branches, 34,000 active corporate clients and 649,000 active retail clients

### Strategy 2020 priorities

- ◆ Implementation of the new IT strategy
- ◆ Development of sales and services in digital channels
- ◆ Focus on retail and small and medium business segments
- ◆ Increase in non-lending income in the large and medium corporate segments

### 2018 performance on strategic priorities

- ◆ New retail products and services were deployed for the market (including contactless payment by telephone, payment of travel in the Minsk Metro using bank cards, online orders, installment payment card)
- ◆ A mortgage lending center was opened and also the country's first digital self-service office
- ◆ The Bank retained its leading position among private banks in terms of market share (14%) and volume of cross-border payments of legal entities between Belarus and Russia

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<sup>1</sup> Calculation in the national currency.

<sup>2</sup> Net of the funding participation transactions of Sberbank.

<sup>3</sup> CIR 2017 is presented in 2018 methodology for comparability.

<sup>4</sup> CIR 2018 is presented net of the write-off of intangible assets (IA). If the IA write-off is included, CIR = 48.2%.

<sup>5</sup> Calculation in the national currency, excluding transactions of the funded participation of PJSC Sberbank (the volume of transactions decreased in 2018, which led to a decline in market share based on assets).

<sup>6</sup> Net of preferential loans.



## SBERBANK JSC

Ukraine

# 112

BRANCHES

ACTIVE CLIENTS

# 14k

CORPORATE CLIENTS

# 108k

RETAIL CLIENTS

### Economic environment in 2018

Ukraine's economy demonstrated moderate economic growth. According to the estimates of the National Bank of Ukraine, real GDP growth during 2018 increased by 3.3% – the best result for the past seven years. Agriculture and industries focused on domestic consumer demand such as trade, transport and the consumer services sector were the key growth drivers. Thanks to double-digit salary growth (12.5%) and a ramp-up in lending, retail trade rose rapidly (6.1%). The intensification in domestic demand coupled with the appreciation of the effective exchange rate of the national currency stimulated import growth. As a result, the current account deficit increased to USD 4.7 billion (3.5% of GDP) compared to USD 2.4 billion (2.1% of GDP) in the previous year. Consumer inflation slowed in 2018 to 9.8% from 13.7% in the previous year, which was the lowest level for the past five years.

One negative development of the subsidiary bank was the decision adopted in September 2018 by the Appeals Court of Kiev prohibiting the alienation of the bank's assets, any increase in the number of its shares, and also the extension of the personal special economic sanctions against the bank. On January 25, 2019 the Supreme Court of Ukraine clarified the wording of the decision, which made it possible to recapitalize the subsidiary bank on February 7, 2019.

### Key performance highlights (management reporting)

	2017	2018
Assets, RUB billion	87	77
Capital, RUB billion	11	12
ROE, %	3.5	-153 <sup>1</sup>
ROA, %	0.3	-21 <sup>1</sup>
CIR, %	54	52 <sup>2</sup>
Headcount, '000.	1.9	1.5

### Market positions

- ◆ Planned decrease in assets (by 28% vs 2017), 11th in terms of assets, with a 2.2% market share (3.2% in 2017)
- ◆ The bank has 112 branches, 14,000 active corporate clients and 108,000 active retail clients.

### Strategy 2020 Priorities

- ◆ Retention of operating margin
- ◆ Growth in non-lending income
- ◆ Return of distressed assets
- ◆ Work with potential investors and exit from the Ukrainian market through the sale of the bank

### 2018 performance on strategic priorities

- ◆ The bank retains an operating margin 1
- ◆ The level of coverage of client funds with liquid assets exceeds 100% 2
- ◆ The bank expanded traditional settlement services for clients, including portal and mobile applications that make it possible to perform payments and transfers using the cards of other banks, and the disbursement of retail loans of other banks 3

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<sup>1</sup> The loss in 2018 was attributable to the establishment of provisions at the demand of the regulator.

<sup>2</sup> CIR 2018 is represented net of the revaluation of real estate. If the revaluation is included, CIR = 68%.



## DENIZBANK A.S.

Turkey

# 754

BRANCHES

ACTIVE CLIENTS

# 5.1 MLN

ACTIVE CLIENTS.

# 1,2 MLN

RETIRED CLIENTS

# 518 K

CLIENTS FROM  
THE AGRICULTURAL  
SECTOR

### Economic environment in 2018

During 2018 the Turkish lira depreciated against the US dollar by ~40% (from TRY/USD 3.8 to 5.3). Owing to the depreciation of the lira, the inflation picked up abruptly and reached a 15-year peak in October 2018 at 25.2%. In response, the Central Bank of the Republic of Turkey raised the key rate by 6.25 percentage points to 24%. In total the rate has been increased by 11.25 percentage points since the start of 2018. The stringent monetary and credit policy helped to stabilize the lira and slow inflation to 20.3% in December.

### Key performance highlights (management reporting)

	2017	2018
Assets, RUB billion	2,426	2,588
Capital, RUB billion	206	195
ROE, %	15.4	16.5
ROA, %	1.3	1.2
CIR, %	40.8	35.8
Headcount, '000.	14.1	13.8

### Market positions

- ◆ Denizbank is one of the top five largest private Turkish banks in terms of assets, with a 5.1% market share (4.9% in 2017)
- ◆ Eighth in terms of loan portfolio (net), with a 5.7% market share (5.3% in 2017)
- ◆ Eighth in terms of client funds, with a 6.7% market share (6.2% in 2017)
- ◆ First among private banks in servicing pensioners (1.2 million clients, 35% market share) and clients from the agricultural sector (518,000 clients 42% market share)
- ◆ The branch network consists of 754 branches servicing more than 5.1 million active clients. It has subsidiary banks in Austria, Cyprus and Russia, also branches in Germany, Austria and Bahrain.

### Strategy 2020 Priorities

- ◆ Transformation into a universal retail bank. Priority segments are retail, small and medium businesses, agribusiness.
- ◆ Development of sales and services in digital channels
- ◆ Exit from the Turkish market. The sale of DenizBank is in progress

### 2018 performance on strategic priorities

- ◆ Against the backdrop of growing political and macroeconomic risks, the bank focused on growth in commission income, including from the sale of insurance products, credit card charges and commissions on foreign exchange transactions. Net commission income increased in 2018 by 51%<sup>1</sup> compared to 2017. Net profits increased by 18%<sup>1</sup>.

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<sup>1</sup> The increment was calculated in Turkish liras.



## SBERBANK EUROPE AG

### Central and Eastern Europe

# 189

BRANCHES

# 713k

CLIENTS

#### Economic environment in 2018

Economic growth in eurozone countries slowed based on the results for 2018, but remains high. Growth in Austria equaled 2.7% (in 2017 – 2.6%), and in Slovenia 4.5% (4.9%). The key growth drivers remain high consumer demand against the backdrop of rising salaries and employment, and also growth in investments due to low interest rates. Unemployment in Austria contracted to 4.9% (in 2017 – 5.5%), and in Slovenia to 5.4% (6.6%). Price growth slowed at the end of the year to 1.7% (in 2017 – 2.3%) in Austria and to 1.4% (1.9%) in Slovenia primarily due to low oil prices in the second half of the year. However, on average inflation changed insignificantly during the year (Austria – 2.1%, Slovenia – 1.9%).

Economic activity in Central and European Europe (CEE) was supported by growth in the eurozone. GDP growth in the Czech Republic in 2018 equaled 3%, and 4.8% in Hungary. The key growth driver for CEE economies is consumer demand which has been supported by growth in real salaries against the backdrop of the rigidity of the labor market. The level of unemployment in the Czech Republic based on the results for 2018 equaled 2.3%, and 3.7% in Hungary. Rising salaries create inflationary pressures. Nevertheless, inflationary indicators remain within the target ranges of Central Banks (2.1% in the Czech Republic and 2.9% in Hungary).

In 2018 Serbia's economic growth accelerated to 4.4%. Investments became the growth driver thanks to the implementation of infrastructure projects. Consumer demand also provided significant support against the backdrop of improvements in the situation on the labor market. During the year, inflation was kept to the lower boundary of the target corridor (2% on average). Based on the result of 2018, Croatia's economic growth slowed to 2.6% against 2.9% in 2017. Strong domestic demand and another record year in tourism remain the key driving forces of economic growth. Inflation accelerated on average for the year to 1.5% (in 2017 – 1.2%).

#### Market positions

Sberbank Europe Group AG is represented by universal subsidiary banks in the Czech Republic, Slovenia, Croatia, Hungary, Serbia, Bosnia and Herzegovina and in the Republika Srpska within Bosnia and Herzegovina, and also by a branch in Germany. The branch network of Sberbank Europe Group AG numbers 189 branches, the Group services over 713,000 clients.

An important moment in the development of the retail business in Europe was the launch of a pilot project on online lending in Germany. At the end of 2018 the online volume of retail loans in Germany EUR 71 million.

#### Real GDP growth and inflation for 2018 in countries of presence

	REAL GDP GROWTH	INFLATION
Austria	2.7	2.1
Germany	1.4	1.9
Czech Republic	3.0	2.1
Slovenia	4.5	2.0
Croatia	2.6	1.5
Hungary	4.8	2.9
Serbia	4.4	2.0
Bosnia and Herzegovina	3.0	1.3

#### Key performance highlights (management reporting)

	2017	2018
Assets, RUB bn	866	927
Capital, RUB bn	104	116
ROE, %	(13)*	2.3
ROA, %	(1.6)	0.3
CIR, %	78	75
Headcount, '000	4.1	4.1

\* The losses of Sberbank Europe AG in 2017 were attributable to the financial impact of the sale of the subsidiary banks in Ukraine (VS Bank) and expenses on the creation of loan loss provisions for a loan to a major borrower – international retailer

#### Strategy 2020 Priorities

- ◆ Development of retail online lending in Germany
- ◆ Building of the digital business (Digital bank)
- ◆ Increase in the operating efficiency of Sberbank Europe Group AG.

#### 2018 performance on strategic priorities

- ◆ The net profits of Sberbank Europe Group AG equaled EUR 34 million – the largest amount since the acquisition of the bank
- ◆ The IT strategy of Sberbank Europe Group AG, stipulating the building of an omnichannel platform and the creation of infrastructure for the development of Digital bank

#### Market share of Sberbank Europe AG, 2018, %

	IN ASSETS	IN LOANS TO PRIVATE CLIENTS	IN FUNDS OF PRIVATE CLIENTS
Austria	0.9	0.4	0.2
Banja Luka (Bosnia and Herzegovina)	9.9	11.9	10.2
Bosnia and Herzegovina	5.4	7.1	6.8
Slovenia	4.5	5.8	4.4
Czech Republic, Croatia, Hungary, Serbia	<4	<4	<4



# RISK REPORT

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# RISK MANAGEMENT STRATEGY

*The fundamental risk management principles are set out in the Risk and Capital Management Strategy of Sberbank Group. The 3rd release of the Strategy was approved by the Supervisory Board of Sberbank in April 2018*

Please use the [link](#) to see

## Risk management principles

- 1. Risk awareness
- 2. Risk-based performance management
- 3. Involvement of senior management
- 4. Principle of proportionality
- 5. Risk limits
- 6. Division of duties
- 7. Centralized and decentralized approaches
- 8. Information technology and data quality
- 9. Improvements in methods
- 10. Risk culture
- 11. Risk-based incentive system
- 12. Disclosure

# DEVELOPMENT OF THE RISK MANAGEMENT SYSTEM

The Group is improving the risk management system continuously.

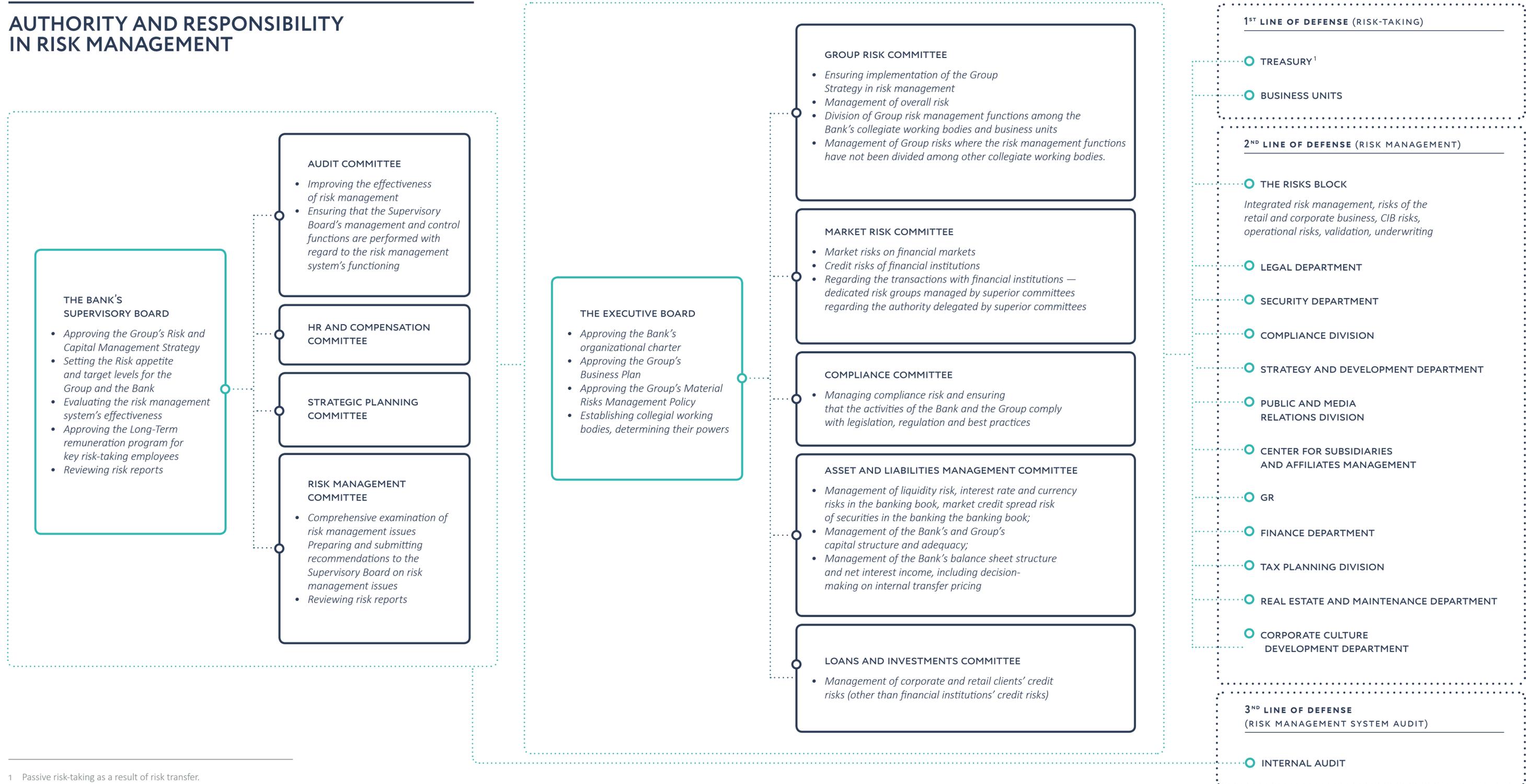
## The key achievements of 2018

- 1. Internal ratings-based (IRB) approach to credit risk covers more than 55% of the Bank's loan portfolio (exposure-based)
- 2. New fast decision-making technologies have been deployed for certain types of retail applications
- 3. Pilot project to review loan applications by corporate clients within 7 minutes has been launched

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# AUTHORITY AND RESPONSIBILITY IN RISK MANAGEMENT



1 Passive risk-taking as a result of risk transfer.



## CONTROL AND REPORTING

The Bank applies a “Three lines of defense” model for the organization of effective risk management

### Three lines of defense model



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## RISK CULTURE

The Group is working on project to establish risk culture to foster in employees the right attitude to risks when they perform their daily job, incl. but not limited to an open discussion and response to existing and potential risks, and also to generate an internal mindset of zero tolerance to any attempts to disregard or keep quiet about risks and ensure that employees are not indifferent to risky behaviors displayed by co-workers. The risk culture compliments the existing formal mechanisms and constitutes an integral part of the integrated risk management system.

### The risk culture is being developed through 3 main channels:

- ◆ by personal example of a manager (lead by example);
- ◆ official communication;
- ◆ training activities.

In 2018 the Group held large-scale facilitation sessions attended by over 90% of the Group's mid-level executives and line managers, with the subsequent cascading of knowledge from managers to employees. Particular attention was paid to the topic of psychological security — building an employee's state and appropriate environment where employees feel secure from any adverse psychological impact and are not afraid to admit mistakes, report issues, criticize the status quo, ask questions or suggest ideas.

Regular information-awareness campaigns are conducted in general banking communications channels driving targets for risk-prudent behavior.

In order to achieve a better understanding of risks and their impact on the bank's operations, risk management training programs have been put in place for all management levels and employees.

## RISK APPETITE

Risk appetite is the maximum total level of risk that the Group, Sberbank and Group members are willing to assume in creating shareholder value and reaching its strategic goals, including profitability targets.

The risk appetite is established for the Group, Sberbank and Group members subject to the requirements of the Bank of Russia and the regulators of the countries where the Group has a presence.

The risk appetite is established over a strategic planning horizon at least once a year. The Supervisory Board of Sberbank considers the issue of whether the Risk Appetite of the Group or Sberbank needs to be changed. Individual Risk Appetite limits may be updated during the financial year if economic circumstances change and/or if the Bank of Russia changes its requirements for credit institutions (a change to existing ratios or the introduction of new ratios).

### Sberbank's risk appetite is a three-tier system of indicators:

- ◆ The first tier contains key risk indicators: the target rating, capital adequacy, credit portfolio quality and liquidity;
- ◆ The second tier contains the limits on economic capital by line of business and risk type;
- ◆ The third tier includes all the other indicators.

The updated Risk Appetite covers all types of risks, divisions and lines of business.

## DISCLOSURE OF INFORMATION

Information on risk management and capital adequacy is disclosed by Sberbank in accordance with the requirements of the Bank of Russia on Sberbank's [corporate website](#).

## PLANS FOR 2019 TO DEVELOP THIS AREA

### The main actions planned for 2019 are the following:

- ◆ operationalizing decision-making on risks subject to RoRWA;
- ◆ developing technology and conduct risk management systems;
- ◆ including in the Agile scope the transformation of Sberbank's Risks IT products, which will make it possible to expedite development of IT products for the Block and the Bank as a whole

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# IDENTIFIED GROUP RISKS IN 2018

## CREDIT RISK

- Default risk
- Counterparty risk
- Concentration risk (inherent in credit risk)
- Residual risk
- Country risk

## MARKET RISK

- Trading Book**
- Market risk
- Banking Book**
- Currency risk
- Interest-rate risk
- Market credit spread risk of securities in the banking book
- Real estate risk

## OPERATIONAL RISK

- Operational risk
- Legal risk
- Cyber security risk

## LIQUIDITY RISK

- Physical liquidity risk
- Statutory liquidity risk
- Structural liquidity risk (concentration risk)

## OTHER RISKS

- Compliance risk
- Tax risk
- Strategic risk
- Business risk
- Regulatory risk
- Model Risk
- Insurance risk
- Reputational risk
- Social and environmental risks
- Risk of investments in companies of the New economy
- Participation risk
- Technology risk
- Conduct risk

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# APPROACH TO MANAGEMENT OF THE KEY RISKS OF SBERBANK GROUP

DETERMINATION OF THE RISK	DESCRIPTION OF THE RISK	RISK MANAGEMENT POLICES AND COMMITTEES	RISK MANAGEMENT AND ASSESSMENT
<b>Credit risk</b>	Risk of losses as a result of default on, late performance or incomplete performance by the counterparty of financial liabilities in accordance with the terms and conditions of a contract.	<b>Policy:</b> <ul style="list-style-type: none"> <li>◆ Credit Risk Management Policy;</li> <li>◆ Policy on Collateral Management</li> </ul> <b>Risk Management Committee:</b> <ul style="list-style-type: none"> <li>◆ Loans and Investments Committee</li> <li>◆ Market Risk Committee</li> </ul>	<p>Key credit risk management methods:</p> <ul style="list-style-type: none"> <li>◆ preventing credit risk by identifying, analyzing and assessing potential risks;</li> <li>◆ planning the level of credit risk by assessing the level of anticipated losses;</li> <li>◆ limiting credit risks by establishing limits and/or limitations on risks;</li> <li>◆ establishing provisions to cover potential losses on disbursed loans;</li> <li>◆ managing the collateral in transactions;</li> <li>◆ monitoring and controlling the credit risk level.</li> </ul> <p>The risk level is assessed by using statistical models of the quantitative assessment of the credit risk — PD, LGD, EAD.</p> <p>Credit risks of the Group's counterparties in respect of transactions bearing credit risk are assessed depending on the type of counterparties:</p> <ul style="list-style-type: none"> <li>◆ corporate clients — on the basis of a credit rating system depending on the counterparty's risk segment, and also by building cash flow forecasting models;</li> <li>◆ individuals — on the basis of a counterparty solvency rating, express appraisal rating, behavioral information and information from external sources at the disposal of Sberbank.</li> </ul> <p>A multi-tier system of limits is used to limit credit risk, including limits on the Group's risk appetite.</p>
<b>Market risk of the trading book</b>	Risk of losses or a decline in profits as a result of an adverse change in the market value of financial instruments, goods, foreign currencies and precious metals.	<b>Policy:</b> Policy for the Management of Market and Credit Risks in Transactions on Financial Markets  <b>Risk Management Committee:</b> Market Risk Committee	<p>The basis of the market risk management system is risk identification, assessment and subsequent management.</p> <p>The main management tool is establishing market risk limits at a portfolio level. The market risk limits are established on the four hierarchy levels of portfolios, starting with the aggregate level and ending with the limits of the level of separate sub-portfolios or strategies. The upper limits represent the Group's risk appetite metrics.</p> <p>The main market risk assessment method is the Value at Risk (VaR). The Bank performs the VaR assessment using the historical modeling method, with a 99% confidence probability level over a 10 day horizon.</p>

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# APPROACH TO MANAGEMENT OF THE KEY RISKS OF SBERBANK GROUP

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<b>Interest rate and currency risks in the banking book</b>	<p>Interest rate risk in the banking book – risk of losses, decline in profits, capital or capital adequacy as a result of an adverse change in interest rates on financial instruments in the banking book and/or market interest rates affecting the value of the financial instruments in the banking book.</p> <p>The currency risk in the banking book is the risk of financial losses, or of a decline in capital or capital adequacy as a result of a change in exchange rates and prices of precious metals in respect of the positions in the banking book.</p>	<p><b>Policy:</b> Banking Book Interest Rate and FX Risk Management Policy.</p> <p><b>Risk Management Committee:</b> Asset and Liabilities Management Committee.</p>	<p>The banking book interest rate and FX risks are managed on a centralized basis subject to the principles of consolidating positions and the three lines of defense.</p> <p>The main banking book interest rate and currency risk management procedures include:</p> <ul style="list-style-type: none"> <li>◆ identification and assessment of the banking book interest rate and currency risks;</li> <li>◆ restrictions on banking book interest rate and currency risks by establishing a system of limits;</li> <li>◆ management of the interest rate and currency positions of the banking book;</li> <li>◆ stress testing of banking book interest rate and currency risks;</li> <li>◆ monitoring of the level of banking book interest rate and currency risks and compliance with established limits;</li> <li>◆ reporting on banking book interest rate and currency risks;</li> <li>◆ validation of the models used for the quantitative assessment of banking book interest rate and currency risks;</li> <li>◆ assessment of the quality and effectiveness (internal audit) of the banking book interest rate and currency risk management system.</li> </ul> <p>The following metrics are used primarily at the Group to assess the interest rate and currency risks in the banking book:</p> <ul style="list-style-type: none"> <li>◆ change in net interest income (<math>\Delta</math>NIC);</li> <li>◆ regulatory open currency position;</li> <li>◆ economic capital.</li> </ul> <p>A multi-tier system of limits is used to limit banking book interest rate and currency risks, including limits on the Group's risk appetite.</p>
<b>Market credit spread risk of the securities in the banking book</b>	<p>The risk of losses or a decrease in the capital of the Bank as a result of a fall in the market prices of the securities FVOCI portfolio<sup>1</sup> as a result of an adverse change in market credit spreads.</p>	<p><b>Policy:</b> Policy for Managing Market Credit Spread Risk of Banking Book Securities.</p> <p><b>Risk Management Committee:</b> Asset and Liabilities Management Committee.</p>	<p>The main methods used to manage the market credit spread risk of the securities portfolio of the banking group (hereinafter market credit spread risk):</p> <ul style="list-style-type: none"> <li>◆ identification and assessment of the market credit spread risk, including assessment of economic capital;</li> <li>◆ limitations on the market credit spread risk (establishment of a system of limits);</li> <li>◆ stress testing of the market credit spread risk;</li> <li>◆ monitoring of the market credit spread risk level and compliance with established limits;</li> <li>◆ management of the market credit spread risk level through, among other things, the development and implementation of measures required to comply with the established limits on market credit spread risk;</li> <li>◆ validation of the models used for the quantitative assessment of market credit spread risk.</li> </ul> <p>The risk of the market credit spread of the securities of the banking book is assessed by using the Value-at-Risk (VaR) metric, which assesses the maximum losses of the fair value of the securities portfolio AFS as a result of a change in the market credit spreads during a predetermined time period with a predetermined probability (confidence level).</p> <p>A multi-tier system of limits is used to limit the credit spread risk, including limits on the risk appetite of the Group.</p>

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<sup>1</sup> FVOCI (fair value through other comprehensive income) portfolio – debt securities in the banking book measured at fair value through other comprehensive income; complies with the business model "held for the receipt of contractual cash flows or for sale within the classification framework under IFRS 9."



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# APPROACH TO MANAGEMENT OF THE KEY RISKS OF SBERBANK GROUP

DETERMINATION OF THE RISK	DESCRIPTION OF THE RISK	RISK MANAGEMENT POLICES AND COMMITTEES	RISK MANAGEMENT AND ASSESSMENT
<b>Operational risk</b>	<p>The risk of losses at the Group as a result of weaknesses in internal processes, the functioning of information systems, the unauthorized/illegal actions or mistakes of employees as a result of the impact of external events.</p> <p>In accordance with Basel II, it includes the following categories of events:</p> <ul style="list-style-type: none"> <li>◆ external fraud;</li> <li>◆ internal fraud;</li> <li>◆ HR policy and occupational health and safety;</li> <li>◆ clients, products and business practice;</li> <li>◆ damage to material assets;</li> <li>◆ business interruptions and system failures;</li> <li>◆ execution and provision of services and process management.</li> </ul>	<p><b>Policy:</b> Operational Risk Management Policy</p> <p><b>Risk Management Committee:</b> Risk Committee of the Group</p>	<p>Main management methods:</p> <ul style="list-style-type: none"> <li>◆ comprehensive regulation of business processes and procedures;</li> <li>◆ delimitation of powers;</li> <li>◆ internal control over compliance with the established procedure for performing operations and concluding transactions and discipline on limits;</li> <li>◆ a range of measures aimed at ensuring information security and business continuity;</li> <li>◆ improvements to audit procedures and control over the quality of automated systems and the hardware suite;</li> <li>◆ insurance of property and assets.</li> </ul> <p>Main risk identification methods:</p> <ul style="list-style-type: none"> <li>◆ weekly analysis of data on implemented operational risk events and the damage caused;</li> <li>◆ quarterly analysis of the data submitted by divisions during self-assessment regarding operational risk, and also based on the results of scenario analysis;</li> <li>◆ analysis of business processes (risk audit).</li> </ul> <p>To limit operational risk, limits have been established on the Group's risk appetite.</p>
<b>Liquidity risk</b>	<p>Liquidity risk is the risk manifested in the inability to finance activity, in other words, to ensure asset growth and/or meet obligations as they occur, or non-compliance with the requirements of regulators regarding liquidity risk.</p>	<p><b>Policy:</b> Liquidity Risk Management Policy</p> <p><b>Risk Management Committee:</b> Asset and Liabilities Management Committee</p>	<p>Main liquidity risk management methods:</p> <ul style="list-style-type: none"> <li>◆ business planning and development of the Funding Plan;</li> <li>◆ system of limits and trigger limits by risk metrics limiting liquidity risk;</li> <li>◆ product pricing;</li> <li>◆ transfer pricing;</li> <li>◆ approval of the terms for new products;</li> <li>◆ approval of major transactions;</li> <li>◆ maintenance of the liquidity buffer;</li> <li>◆ development of a crisis liquidity management plan.</li> </ul> <p>Main liquidity risk assessment methods:</p> <ul style="list-style-type: none"> <li>◆ calculation of risk metrics in order to monitor and measure liquidity risk;</li> <li>◆ "top-down" balance forecasting;</li> <li>◆ "bottom-up" balance forecasting;</li> <li>◆ scenario analysis;</li> <li>◆ stress testing.</li> </ul> <p>A multi-tier system of limits is used to limit liquidity risk, including limits on the Group's risk appetite.</p>

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# APPROACH TO MANAGEMENT OF THE KEY RISKS OF SBERBANK GROUP

DETERMINATION OF THE RISK	DESCRIPTION OF THE RISK	RISK MANAGEMENT POLICES AND COMMITTEES	RISK MANAGEMENT AND ASSESSMENT
<b>Compliance risk</b>	Risk of legal sanctions or sanctions being applied by the regulatory authorities, material financial losses or the reputation loss for the Bank or another member of the Group as a result of their non-compliance with laws, results, rules, the standards of self-regulatory organizations or code of conduct, and ethical norms of doing business.	<b>Policy:</b> Compliance Risk Management Policy  <b>Risk Management Committee:</b> Compliance Committee of Sberbank	Compliance risk management includes: <ul style="list-style-type: none"> <li>◆ preventing official misuse and corruption offenses by Bank employees and members of the Group;</li> <li>◆ preventing and settling conflicts of interest arising during the operations of Sberbank and Group members;</li> <li>◆ counteracting money laundering and the financing of terrorism;</li> <li>◆ ensuring market conduct and fair competition during the conclusion of transactions on financial markets and preventing bad-faith practices on financial markets (use of insider information, price manipulation, etc.);</li> <li>◆ complying with economic sanctions and restrictions established by the Russian Federation, and also international organizations and individual countries;</li> <li>◆ protecting the rights of clients, including investments.</li> </ul> <p>Compliance risk is factored into the Group's risk appetite.</p>

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# ADDENDUM

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## REPORT ON COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CODE OF CORPORATE GOVERNANCE

This Report on compliance with the principles and recommendations of the Code of Corporate Governance was reviewed by the Supervisory Board of Sberbank (the "Company", "Sberbank") at the meeting held on April 16, 2019, Minutes No.11.

The Supervisory Board confirms that the data contained in this Report represent the complete and credible information on Sberbank compliance with the principles and recommendations of the code of Corporate Governance (the "Code") in 2018.

No.	CORPORATE GOVERNANCE PRINCIPLES	CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES	STATUS <sup>1</sup> COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES	EXPLANATIONS <sup>2</sup> DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES
<b>1.1</b>	<b>The company shall provide for equal and fair treatment of all shareholders when they exercise their right to participate in the company's management.</b>			
1.1.1	The Company creates maximally favorable conditions for shareholder participation in the General Meeting and conditions for working out a well-founded position on General Meeting agenda items and coordinating their activities as well as the opportunity to express their views on the issues under consideration.	1. There exists a publicly available internal document of the company approved by the General Shareholders' Meeting and regulating the procedures for holding the General Meeting. 2. The Company provides an accessible way to communicate with the company, such as a hot line, e-mail, or forum on the Internet that allows shareholders to express their opinions and send in questions regarding the agenda during the preparation process for holding the General Meeting. The said steps were taken by the company before each General Meeting held in the reporting period.	Complied with	1 2 3 4
1.1.2	The procedure for notification of the holding of the General Meeting and for the provision of materials for the General Meeting gives shareholders the opportunity to properly prepare for their participation in it.	1. Notification on the holding of a General Shareholders' Meeting is posted (published) on the website no later than 30 days before the date of the General Meeting. 2. Notification on the holding of the Meeting specifies the location of the meeting and the documents required for admission to the building. 3. Shareholders were provided access to information about who proposed agenda items and who proposed nominees to the Board of Directors and Audit Commission of the company.	Complied with	5 6 7 8
1.1.3	During the course of preparation and the actual General Meeting, shareholders were able to receive information about the meeting and its related materials freely and in a timely manner, ask questions of the executive bodies and members of the Board of Directors of the company, and communicate with each other.	1. During the reporting period, shareholders were given the opportunity to ask questions to members of the executive bodies and to members of the Board of Directors of the company before and during the Annual General Meeting. 2. The positions of the Board of Directors (including special opinions included in the Minutes) on each item of the agenda of the General Meetings conducted during previous reporting periods was included in the materials for the General Shareholders' Meeting. 3. The Company provided the duly entitled shareholders with access to the list of people entitled to participate in the General Meeting starting from the date of its receipt by the company for every General Meeting held in the reporting period.	Complied with	
1.1.4	The exercise of a shareholder's right to demand convocation of the General Meeting, to nominate candidates to the governing bodies, and to submit proposals to be included in the agenda of the General Meeting did not involve undue difficulties.	1. During the reporting period, shareholders had the opportunity for at least 60 days following the end of the respective calendar year to submit proposals to be included in the agenda of the Annual General Meeting. 2. During the reporting period, the company did not reject any proposals for the agenda or candidates for the company's governing bodies due to typographical errors or other nonessential flaws present in the shareholder's proposal.	Complied with	



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1.1.5	Each shareholder had the opportunity to freely exercise their right to vote using the easiest and most convenient means.	1. The internal document (internal policy) of the company contains provisions pursuant to which each participant of the General Meeting is entitled, before the completion of the meeting in question, to request a copy of their completed ballot certified by the Tally Commission.	Complied with	1. Since the annual General Meeting of Shareholders held at the end of 2014, the Bank provides its shareholders with the opportunity to participate in the meeting remotely. In particular, due to the increasingly active implementation of electronic voting, the number of participants in the 2018 meeting (compared to 2017) increased by more than 25%.
1.1.6	The General Meeting procedure established by the company provides equal opportunity for all people attending the meeting to express their opinions and ask any questions they want.	1. During the General Shareholders' Meetings held in the reporting period in the form of a meeting (collective attendance of shareholders), there was sufficient time provided for reports concerning the agenda issues and time to discuss such issues. 2. Candidates for the Company's governance and control bodies were available to answer questions asked by shareholders at the meeting where their nominations were voted upon. 3. The Board of Directors, when making decisions related to the preparation and holding of General Shareholders' Meetings, considered the use of telecommunications facilities to provide shareholders remote access for participation in General Meetings during the reporting period.	Complied with	
<b>1.2</b>	<b>Shareholders were given an equal and fair opportunity to participate in the company's profits by receiving dividends.</b>			
1.2.1	The Company has developed and implemented a transparent and clear mechanism for determining the amount of dividends and paying them.	1. The Bank's dividend policy has been developed, approved by the Board of Directors, and disclosed. 2. If the dividend policy of the company uses indicators from the company's reporting to determine the amount of dividends, the relevant dividend policy provisions shall take the indicators of consolidated financial statements into account.	Complied with	
1.2.2	The company shall not make a decision on the payment of dividends if such a decision, without constituting a formal violation of the restrictions imposed by law, is economically unreasonable and may lead to the formation of misconceptions about the company's activities.	1. The company's dividend policy provides clear guidance on the financial/ economic circumstances where the company should not pay dividends.	Partially complied with	The dividend policy does not provide clear guidance as to under which circumstances the Bank should not pay dividends, however, it provides a list of internal and external conditions that should be analyzed by the Bank when deciding on dividend payments (or non-payments): <ul style="list-style-type: none"> <li>· availability and amount of net profit of the Group;</li> <li>· the Bank's needs in capital;</li> <li>· achievement and maintaining at the middle-term perspective of the target level of adequacy of the Tier I capital of the Sberbank Group (Basel III);</li> <li>· state of the business environment;</li> <li>· other internal and external changes that have (or potentially may have) a significant negative impact on the operating activities of the Bank;</li> <li>· force majeure circumstances, including natural disasters, wars;</li> <li>· maintenance of the balance of interests of the Bank and its shareholders.</li> </ul> In practice, the Bank's operations are profitable and the Bank follows the policy of regular dividend payments on shares. From the moment Sberbank went public (in 1991) dividends were paid to the shareholders annually: in 1991-1993, 1996-2017 – in cash, in 1994 and 1995 – by capitalization of the dividends payable to new shares. Taking into account the profitable operations of the Bank and the Bank's adherence to the unconditional exercise of the shareholder's right to fair participation in its profit, the Bank's intention to increase (gradually during the next three years) the share of the dividend payments from 25% to 50% of the net profit of the Sberbank Group (subject to the limitation above) until the termination of the Dividend Policy (December 2020) the approach to compliance with this criterion will not be revised.

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1.2.3	The company does not allow the deterioration of dividend rights for existing shareholders.	1. During the reporting period, the company did not take any action leading to the deterioration of the dividend rights of existing shareholders.	Complied with	
1.2.4	The company is committed to excluding shareholders' use of other ways to make profit (income) at the expense of the company besides dividends and disposal value.	1. To exclude shareholders' use of other ways to earn profit (income) at the expense of the company besides dividends and disposal value, the company's internal documents establish control mechanisms that ensure the timely identification and procedure for the approval of transactions with persons affiliated (associated) with substantial shareholders (persons entitled to dispose of votes from voting shares) in cases where the law does not formally recognize such transactions as related-party transactions.	Complied with	
<b>1.3</b>	<b>The corporate governance system and its practices ensure equal conditions for all shareholders holding shares of one category (type), including minority (small) shareholders and foreign shareholders, as well as their equal treatment by the company.</b>			
1.3.1	The company has created conditions for the fair treatment of each shareholder by the company's governing and control bodies, including conditions that ensure the inadmissibility of major shareholder abuses in relation to minority shareholders.	1. During the reporting period, the procedures for managing potential conflicts of substantial shareholders' interests were effective, and conflicts between shareholders, if there were any, were given due attention by the Board of Directors.	Complied with	
1.3.2	The company takes no actions that lead or may lead to an artificial redistribution of corporate control.	1. Quasitresury shares are absent or did not vote during the reporting period.	Complied with	
<b>1.4</b>	<b>Shareholders are provided with reliable and effective methods of accounting for rights to shares as well as with the possibility for free and unhindered disposal of the shares they hold.</b>			
1.4.1	Shareholders are provided with reliable and effective methods of accounting for rights to shares as well as with the possibility for free and unhindered disposal of the shares they hold.	1. The quality and reliability of the company's registrar activities for maintaining the register of securities holders meet the needs of the company and its shareholders.	Complied with	
<b>2.1</b>	<b>The Board of Directors carries out the company's strategic management, defines the basic principles and approaches to the company's risk management and internal control system, controls the operations of executive bodies, and also exercises other key functions.</b>			
2.1.1	The Board of Directors is responsible for making decisions related to the appointment to and release from executive body offices, inter alia, due to a failure of members of such bodies to perform their duties properly. The Board of Directors also supervises to ensure that the company's executive bodies act in accordance with the approved development strategy and main lines of the company's activity.	1. The Board of Directors has statutory powers to appoint to and release from office and also to define the contract terms for executive body members. 2. The Board of Directors has reviewed the report(s) of the sole executive body and the members of the collegial executive body on the company's implementation of strategy.	Partially complied with	1. At the time of preparation of this report, the principle is partially complied with. Regarding the appointment and dismissal of the members of the collegial executive body (the Executive Board), the principle is fully complied with. The election of the sole executive body (CEO, Chairman of the Executive Board of the Bank) is still referred to the competence of the General Shareholders' Meeting. Relevant changes to the Bank's Charter are prepared in order to transfer the authority to appoint (dismiss) the CEO, Chairman of the Executive Board of the Bank from the competence of the General Shareholders' Meeting to the competence of the Supervisory Board. These changes will be submitted for the approval of the annual General Shareholders' Meeting in 2019. 2. is complied with.

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2.1.2	The Board of Directors establishes the basic guidelines of the company's activities in the long term, evaluates and approves the key performance indicators and core business objectives of the company, and evaluates and approves the strategy and business plans for the company's core activities.	1. During the reporting period, the Board of Directors meetings discussed issues related to progress in the implementation and actualization of the strategy, the approval of the financial and economic plan (budget) of the company, and the consideration of criteria and indicators (including the interim ones) of the company's strategy and implementation of its business plan.	Partially complied with	In general, the principle 2.1.2 is complied with by Sberbank with respect to all applicable criteria. However, the approval of the business plan and budget and the monitoring of their implementation fall within the Executive Board's competence. Such segregation of duties has formed historically, as Sberbank is a multidivisional credit organization and the general business plan and budget of the Bank is formed by means of consolidation of business plans and budgets of the Banks' divisions (operating activities) that undergo an obligatory procedure of presentation and defense at the Executive Board of the Bank. The Executive Board also follows up the execution of the business plan and budget, including within regular reports of the heads of the Bank's divisions. This function is stipulated for the Executive Board in the internal document of the Bank – the Regulation on the Supervisory Board approved by the shareholders at the annual General Meeting in 2014. The Supervisory Board, in its turn, is regularly provided with the information on interim indicators of implementation of the Bank's Strategy, business plan and budget for the purpose of control of the implementation.
2.1.3	The Board of Directors determines the principles of and approaches to the organization of the risk management and internal control system of the company.	1. The Board of Directors has determined the principles of and approaches to the organization of the risk management and internal control system of the company. 2. The Board of Directors has assessed the risk management and internal control system of the company during the reporting period.	Complied with	
2.1.4	The Board of Directors determines the company's policy on the remuneration and/or reimbursement of expenditures (compensations) for the members of the Board of Directors, executive bodies, and other key executives of the company.	1. The company has developed and implemented a policy (policies) on the remuneration and/or reimbursement of expenditures (compensations) for members of the Board of Directors, executive bodies, and other key executives of the company approved by the Board of Directors. 2. Issues related to such policy (policies) were examined during the reporting period at the Board of Directors meetings.	Complied with	
2.1.5	The Board of Directors plays a key role in the prevention, detection, and resolution of internal conflicts between the company's bodies, the company's shareholders, and the company's employees.	1. The Board of Directors plays a key role in the prevention, detection, and resolution of internal conflicts. 2. The company has created a system for identifying transactions associated with conflicts of interests and a system of measures aimed at resolving such conflicts.	Complied with	
2.1.6	The Board of Directors plays a key role in ensuring the transparency of the company, the timeliness and completeness of the company's disclosure of information, and unhindered shareholder access to the company's documents.	1. The Board of Directors has approved the Regulation on Information Policy.	Complied with	Every year the Board of Directors reviews the status of the implementation of the information policy, and as a result (among others) the necessary changes to the provision are introduced.
2.1.7	The Board of Directors oversees the company's corporate governance practice and plays a key role in the company's significant corporate events.	1. During the reporting period, the Board of Directors examined the issue of corporate governance practices in the company and approved the main directions for improvement of the corporate governance system for the upcoming year.	Complied with	
<b>2.2</b>	<b>The Board of Directors is accountable to the company's shareholders.</b>			
2.2.1	Information about the operations of the Board of Directors is disclosed and submitted to shareholders.	1. The company's annual report for the reporting period includes information on the attendance of Board and Committee meetings by individual directors. 2. The "Shareholders and Investors" section of the corporate website contains current information on the activities of the Supervisory Board in the "Corporate Governance" tab.	Complied with	
2.2.2	The Chairman of the Board of Directors is available for communication with the company's shareholders.	1. The company has a transparent procedure that enables shareholders to submit questions to the Chairman of the Board of Directors and their own position regarding such questions.	Complied with	



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<b>2.3 The Board of Directors is an effective and professional management body of the company capable of making objective independent judgments and decisions in the interest of the company and its shareholders.</b>				
2.3.1	Only persons who have an excellent business and personal reputation as well as the knowledge, skills, and experience required to make decisions within the competence of the Board of Directors and required for the effective performance of its functions shall be elected as Board of Directors members.	1. The procedure for assessing the Board of Director's performance adopted by the company includes, inter alia, the assessment of the professional qualifications of Board of Directors members. 2. During the reporting period, the Board of Directors (or its Nomination Committee) assessed candidates for the Board of Directors from the perspective of whether or not they have sufficient experience, knowledge, business reputation, no conflicts of interest, etc.	Complied with	
2.3.2	The members of the Board of Directors are elected using a transparent procedure that allows shareholders to receive candidate-related information sufficient to provide insight into their personal and professional qualities.	1. In all cases of holding the General Shareholders' Meeting in the reporting period where the agenda included the issue of elections to the Board of Directors, the company submitted to shareholders biographical data on all candidates for the position, results of the assessment of candidates conducted by the Board of Directors (or the Nomination Committee), and information on a candidate's adherence to the criteria of independence in accordance with recommendations 102-107 of the Code, and the written consent of the candidates for election to the Board of Directors.	Complied with	1
2.3.3	The composition of the Board of Directors is balanced, inter alia, in terms of the qualifications of its members and their experience, knowledge, and business qualities and enjoys the trust of shareholders.	1. Within the framework of the procedure for the Board of Directors performance assessment held in the reporting period, the Board of Directors has analyzed its own needs related to professional qualifications, experience, and business skills.	Complied with	2 3 4
2.3.4	The number of members of the Board of Directors makes it possible to organize the activities of the Board of Directors in the most efficient manner, including the possibility of the formation of Board committees; it also enables a substantial minority of shareholders of the company to elect the candidate they vote for to the Board of Directors.	1. Within the framework of the procedure for the assessment of the Board of Directors held during the reporting period, the Board of Directors has examined the issue concerning whether the number of members of the Board of Directors meets the company's needs and shareholder interests.	Complied with	5 6 7 8
<b>2.4 The membership of the Board of Directors includes an adequate number of independent directors.</b>				
2.4.1	An independent director is a person possessing enough professionalism, experience, and independence to form their own opinion and who is able to express unbiased and scrupulous judgments that do not depend on the influence of executive bodies of the company, particular groups of shareholders, or other stakeholders. In addition, it should be noted that a candidate (selected to be a member of the Board of Directors) normally cannot be considered independent if they are associated with the company or a major shareholder, contractor, or competitor thereof or is associated with the state.	1. During the reporting period, all independent members of the Board of Directors met all independence criteria set forth in recommendations 102-107 of the Code or were recognized as independent upon the decision of the Board of Directors.	Complied with	
2.4.2	An assessment of whether the candidates to the Board of Directors comply with independence criteria is carried out, and the regular analysis of whether independent members of the Board of Directors comply with the independence criteria is carried out. When carrying out this assessment, substance shall take precedence over form.	1. During the reporting period, the Board of Directors (or the Nomination Committee of the Board of Directors) has formed an opinion on the independence of each candidate to the Board of Directors and has provided shareholders with a report to that effect. 2. During the reporting period, the Board of Directors (or the Nomination Committee of the Board of Directors) has considered the independence of existing members of the Board of Directors whom the company states in the annual report as independent directors at least once. 3. The company has developed procedures determining what a member of the Board of Directors must do if they cease to be independent, including the obligation to promptly report the fact to the Board of Directors.	Complied with	



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2.4.3	Independent directors shall make up not less than one-third of the elected membership of the Board of Directors.	1. Independent directors shall make up not less than one-third of the membership of the Board of Directors.	Complied with	
2.4.4	Independent directors play a key role in preventing internal conflicts in the company and carrying out some of the company's significant corporate actions.	1. Independent directors (who have no conflicts of interest) preevaluate significant corporate actions related to possible conflict of interests and provide the Board of Directors with the results of this evaluation.	Complied with	
<b>2.5</b>	<b>The Chairman of the Board of Directors shall facilitate the most effective fulfillment of the functions entrusted to the Board of Directors.</b>			
2.5.1	The Chairman of the Board of Directors shall be an independent director, or a senior independent director shall be determined from among the selected independent directors who coordinates the work of the independent directors and cooperates with the Chairman of the Board of Directors.	1. The Chairman of the Board of Directors is an independent director, or a senior independent director has been determined from among the independent directors <sup>3</sup> . 2. The role, rights, and liabilities of the Chairman of the Board of Directors (and the senior independent director, if applicable) are appropriately defined in the internal documents of the company.	Complied with	<sup>3</sup> The Chairman of the Supervisory Board is a Nonexecutive Director (a representative of the majority shareholder). The position of senior independent director has been introduced to strengthen the role of independent directors and coordinate their interaction in the development of a consolidated opinion when necessary as well as to assist the Chairman of the Supervisory Board. The role, rights and obligations of the Chairman of the Supervisory Board and the Senior Independent Director are appropriately defined by the Regulations on the Supervisory Board of Sberbank.
2.5.2	The Chairman of the Board of Directors maintains a constructive atmosphere during meetings, ensures the free discussion of issues on the agenda, and supervises the execution of resolutions adopted by the Board of Directors.	1. The effectiveness of the Chairman of the Board of Directors has been evaluated within the procedure of evaluation for the Chairman of the Board's effectiveness in the reporting period.	Complied with	
2.5.3	The Chairman of the Board of Directors takes the necessary measures to provide the members of the Board of Directors in a timely manner with the necessary information to adopt decisions on Agenda items.	1. The internal documents of the company establish the obligation of the Chairman of the Board of Directors to take measures to provide the members of the Board of Directors in a timely manner with materials on the Agenda items of the Meeting of the Board of Directors.	Complied with	
<b>2.6</b>	<b>The members of the Board of Directors shall reasonably, in good faith, and with due care and discretion perform their duties in the interests of the Company.</b>			
2.6.1	The members of the Board of Directors shall make decisions taking into account all information, having no conflict of interests, and demonstrating equal treatment toward shareholders of the company within the framework of usual business risks.	1. The internal documents of the company establish that members of the Board of Directors are obligated to notify the Board of Directors if they have a conflict of interest regarding any item on the agenda of the meeting of the Board of Directors or the committee of the Board of Directors before starting discussion on the relevant agenda issue. 2. The internal documents of the company stipulate that members of the Board of Directors shall abstain from voting on any issue where there is a conflict of interest. 3. The company has established a procedure allowing the Board of Directors to obtain professional advice on issues related to its competence at the expense of the company.	Complied with	
2.6.2	The internal documents of the company establish and clearly set forth the rights and obligations of the members of the Board of Directors.	1. The company has adopted and released an internal document that clearly defines the rights and obligations of the members of the Board of Directors.	Complied with	

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2.6.3	The members of the Board of Directors have enough time to fulfill their obligations.	<ol style="list-style-type: none"> <li>Individual attendance at the meetings of the Board and committees and the time allocated for the preparation of attendance at the meetings have been taken into account as part of the procedure of evaluation for the Board of Directors in the reporting period.</li> <li>In accordance with the internal documents of the company, members of the Board of Directors are obligated to notify the Board of Directors of their intention to be a member of the management bodies of other entities (besides subsidiaries and dependent entities of the company) and of the fact of such an appointment.</li> </ol>	Complied with	
2.6.4	All members of the Board of Directors have equal opportunities to access the documents and information of the company. Newly elected members of the Board of Directors are provided with sufficient information about the company and the activities of the Board of Directors within the shortest time possible.	<ol style="list-style-type: none"> <li>In accordance with the internal documents of the company, members of the Board of Directors have the right to obtain access to documents and to make a request concerning the company and its subsidiaries; the executive bodies of the company are obligated to provide the relevant information and documents.</li> <li>The company has a formal program of informational meetings for newly elected members of the Board of Directors.</li> </ol>	Complied with	
<b>2.7</b>	<b>The Meeting of the Board of Directors, the preparation for it, and the participation of the members of the Board of Directors in it shall ensure the effective operation of the Board of Directors.</b>			
2.7.1	Meetings of the Board of Directors are held as required, taking into account the scale of activities and challenges the company faces at the time.	<ol style="list-style-type: none"> <li>The Board of Directors held at least six meetings in the reporting year.</li> </ol>	Complied with	
2.7.2	The internal documents of the company establish the procedure for preparing and conducting meetings of the Board of Directors and provide for the opportunity of members of the Board of Directors to properly prepare for them.	<ol style="list-style-type: none"> <li>The company has approved an internal document defining the procedure for preparing and conducting meetings of the Board of Directors, which also establishes that notice of the meeting shall be given no less than 5 days before the date of the meeting.</li> </ol>	Complied with	
2.7.3	The form of the meeting of the Board of Directors is determined based on the importance of the agenda items. The most important issues are solved at meetings held by personal attendance.	<ol style="list-style-type: none"> <li>The Charter or internal documents of the company stipulate that the most important issues (according to the list provided in recommendation 168 of the Code) shall be considered at Board meetings held by personal attendance.</li> </ol>	Complied with	
2.7.4	Resolutions on the most important issues of the company's activities are adopted at a meeting of the Board of Directors by a qualified majority or a majority of votes of all elected members of the Board of Directors.	<ol style="list-style-type: none"> <li>The Charter of the company stipulates that resolutions on the most important issues stated in recommendation 170 of the Code shall be adopted at a meeting of the Board of Directors by a qualified majority (no less than three-quarters of the votes) or a majority of votes of all elected members of the Board of Directors.</li> </ol>	Complied with	
<b>2.8</b>	<b>The Board of Directors shall establish committees for preliminary consideration of the most important issues of the company's activities.</b>			
2.8.1	An Audit Committee consisting of independent directors has been created for the preliminary consideration of issues related to supervision of the financial and economic activities of the company.	<ol style="list-style-type: none"> <li>The Board of Directors has established an Audit Committee consisting solely of independent directors.</li> <li>The internal documents of the company determine the objectives of the Audit Committee, including objectives from recommendation 172 of the Code.</li> <li>At least one member of the Audit Committee who is an independent director has experience and knowledge in the preparation, analysis, assessment, and audit of accounting (financial) reports.</li> <li>Meetings of the Audit Committee were held at least once a quarter during the reporting period.</li> </ol>	Partially complied with	<ol style="list-style-type: none"> <li>Is partially complied with. Most of the Audit Committee members (three out of five) are independent directors. Two directors are non-executive (representatives of a majority shareholder). The Audit Committee is headed by an independent director. This practice complies with the requirements of the MOEX Listing Rules. However, complete execution of this recommendation by Sberbank to a great extent depends on the willingness of the majority shareholder to nominate and select a greater number of independent directors to the Supervisory Board of Sberbank, as well on its principal consent to replace its representatives in the Audit Committee with independent directors.</li> <li>Is complied with.</li> <li>Is complied with.</li> <li>Is complied with.</li> </ol>



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2.8.2	A Remunerations Committee, consisting of independent directors and headed by an independent director (not the Chairman of the Board of Directors), has been created for the preliminary consideration of issues related to the formation of effective and transparent practices of remuneration.	<ol style="list-style-type: none"> <li>The Board of Directors has established a Remunerations Committee that consists only of independent directors.</li> <li>The Chairman of the Remunerations Committee is an independent director who is not the Chairman of the Board of Directors.</li> <li>The internal documents of the company define the objectives of the Remunerations Committee, including objectives from recommendation <u>180</u> of the Code.</li> </ol>	Partially complied with	Criteria 1-2 are partially complied with. There is a HR and Remunerations Committee set up under the Supervisory Board; the tasks of the Committee are described in the Regulation on the Supervisory Board Committees in accordance with the recommendations of the Code. To date, the HR and Remunerations Committee cannot be formed only out of independent directors. The majority of the members of the Committee (two out of three) are independent directors. The Committee is headed by the non-executive director other than the Chairman of the Supervisory Board. The practice complies with the requirements of the MOEX Listing Rules. However, complete execution of this recommendation by Sberbank to a great extent depends on the willingness of the majority shareholder to nominate and select a greater number of independent directors to the Supervisory Board of Sberbank, as well on the principal consent of the majority shareholder to replace its representatives in the HR and Remunerations Committee with independent directors. 3. is complied with.
2.8.3	A Nomination (HR, Appointment) Committee, the majority of whose members are independent directors, has been created for the preliminary consideration of issues related to staff planning (succession planning), occupational structure, and the performance of the Board of Directors.	<ol style="list-style-type: none"> <li>The Board of Directors has established a Nomination Committee (or its objectives as stated in recommendation <u>186</u> of the Code are carried out in another Committee<sup>4</sup>), the majority of whose members are independent directors.</li> <li>The internal documents of the company determine the objectives of the Nomination Committee (or the respective Committee with combined functions), including objectives from recommendation <u>186</u> of the Code.</li> </ol>	Partially complied with	Criteria 1-2 are partially complied with. No separate Nominations Committee shall be formed under the Supervisory Board as The tasks of the said Committee shall be implemented within the frames of the HR and Remunerations Committee, which combines the functions of the remunerations committee and the nominations committee. The majority of the members of the HR and Remunerations Committee (two out of three) are independent directors. The tasks of the HR and Remunerations Committee are described in the Regulation on the Supervisory Board Committees in accordance with the recommendations of the Code. Taking into account the availability of the HR and Remunerations Committee, which combines the functions of the remunerations committee and the nominations committee, it appears unreasonable to create a separate nominations committee.
2.8.4	Taking into account the scale of activities and the risk level, the Board of Directors has ascertained that the members of its committees fully comply with the goals of the company's activities. Additional committees have been either created or deemed unnecessary (Strategy Committee, Corporate Management Committee, Ethics Committee, Risk Management Committee, Budget Committee, Health, Safety and Environment Committee, etc.).	<ol style="list-style-type: none"> <li>During the reporting period, the Board of Directors of the company considered the issue of the appropriateness of the membership of its committees to the objectives of the Board of Directors and the goals of the company's activities. Additional committees have been either created or deemed unnecessary.</li> </ol>	Complied with	<sup>5</sup> The list of other committees created under the Supervisory Board: <ul style="list-style-type: none"> <li>Strategic Planning Committee;</li> <li>Risk Management Committee.</li> </ul>
2.8.5	The composition of the committees is determined such as to allow comprehensive discussion of preliminarily considered issues, taking into account all different opinions.	<ol style="list-style-type: none"> <li>The committees of the Board of Directors shall be headed by independent directors.</li> <li>The internal documents (policies) of the company include provisions under which persons who are not members of the Audit Committee, the Nomination Committee, or the Remunerations Committee can attend committee meetings only on invitation of the Chairman of the committee in question.</li> </ol>	Partially complied with	<ol style="list-style-type: none"> <li>is partially complied with. Despite of the fact that representation of independent directors in the Supervisory Board complies with the requirements of the MOEX Listing Rules and recommendations of the Code, at the moment there is no possibility to assign an independent director to the position of the Chairman of each Committee (four Committees have been created under the Supervisory Board, which have only six independent directors). Two Committees the Audit Committee and the Risk Management Committee, are headed by independent directors. The HR and Remunerations Committee and the Strategic Planning Committee are headed by non-executive directors. Sberbank encourages further increase of the representation of independent directors in the Supervisory Boards, however complete execution of this recommendation by Sberbank to a great extent depends on the willingness of the majority shareholder to nominate and select a greater number of independent directors to the Supervisory Board of Sberbank.</li> <li>Is complied with.</li> </ol>
2.8.6	Chairpersons shall regularly inform the Board of Directors and its Chairperson on the activities of their committees.	<ol style="list-style-type: none"> <li>During the reporting period, the chairpersons shall regularly report on the activities of their committees to the Board of Directors.</li> </ol>	Complied with	

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<b>2.9 The Board of Directors shall provide a quality assessment of the activities of the Board of Directors along with its Committees and members.</b>				
2.9.1	The quality assessment of the activities of the Board of Directors aims to define the performance of the Board of Directors, committees, and members of the Board of Directors and the conformity of their activities with the developmental needs of the company as well as to intensify the activities of the Board of Directors to detect areas where such activities may be improved.	1. Self-assessment or external assessment of the Board of Directors conducted during the reporting period included a performance assessment of committees, members of the Board of Directors, and the Board of Directors as a whole.	Complied with	
2.9.2	Performance of the Board of Directors and the committees and members of the Board of Directors shall be assessed regularly at least once annually. A third-party organization (consultant) shall be engaged to conduct an independent performance assessment of the Board of Directors at least once every three years).	1. To conduct an independent performance assessment of the Board of Directors, the company engaged a third-party organization (consultant) at least once in the last three reporting periods.	Complied with	
<b>3.1 The Corporate Secretary of the company shall ensure current effective interaction with shareholders and the coordination of company activities to protect the rights and interests of its shareholders as well as provide support for the effective performance of the Board of Directors.</b>				
3.1.1	The Corporate Secretary shall have sufficient knowledge, experience, qualifications to perform the obligations imposed on them, an impeccable reputation and also enjoy the confidence of shareholders.	1. The company has adopted and disclosed an internal document, the Regulations on the Corporate Secretary. 2. The company website and annual report shall contain the biography of the Corporate Secretary with the same level of detail as that of members of the Board of Directors and the executive management of the company.	Complied with	1 2 3 4
3.1.2	The Corporate Secretary shall have sufficient independence from executive bodies of the company as well as the authorities and resources required to perform their tasks.	1. The Board of Directors shall approve the assignment, dismissal, and additional remuneration of the Corporate Secretary.	Complied with	5 6
<b>4.1 The amount of remuneration paid by the company shall be sufficient to engage, motivate, and retain persons with the competencies and skills necessary for the company. Members of the Board of Directors, executive bodies, and other key executive employees of the company shall be remunerated in accordance with the remuneration policy accepted in the company.</b>				
4.1.1	The amount of remuneration paid by the company to members of the -Board of Directors, executive bodies, and other key managers shall create sufficient motivation for them to work effectively, thus allowing the company to attract and retain competent and qualified specialists. At the same time, the company avoids remuneration exceeding the necessary level as well as an unreasonably large gap between the remuneration amounts of said managers and the employees of the company.	1. The company has adopted an internal document (documents) or a remuneration policy (policies) for members of the Board of Directors, executive bodies, and other key managers that clearly defines approaches to the remuneration of said officers.	Complied with	7 8
4.1.2	The remuneration policy of the company was drafted by the Remunerations Committee and approved by the Board of Directors. The Board of Directors, assisted by the Remunerations Committee, shall provide supervision over the introduction and implementation of the remuneration policy and, if needed, review and make amendments thereto.	1. During the reporting period, the Remunerations Committee considered the remuneration policy (policies) and implementation practices and submitted appropriate recommendations to the Board of Directors where applicable.	Complied with	



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4.1.3	The company's Remuneration Policy contains transparent mechanisms for determining the amount of remuneration for members of the Board of Directors, executive bodies, and for other key managers of the company and also regulates all payments, benefits, and privileges provided to the officers mentioned above.	1. The company's Remuneration Policy (Policies) contain(s) transparent mechanisms for determining the amount of remuneration for members of the Board of Directors, executive bodies, and other key managers of the company and also regulate(s) all payments, benefits, and privileges provided to the officers mentioned above.	Complied with	
4.1.4	The company shall define its reimbursement (compensation) policy specifying the list of expenses subject to compensation and the service level to which members of the Board of Directors, executive bodies, and other key managers of the company are entitled. Such policy may be a part of the company's remuneration policy.	1. The company's remuneration policy (policies) or other internal documents establish(es) the compensation rules for members of the Board of Directors, executive bodies, and for other key managers of the company.	Complied with	
<b>4.2</b>	<b>The system for remuneration of the members of the Board of Directors shall ensure that the financial interests of the directors are brought closer to the long-term financial interests of the shareholders.</b>			
4.2.1	The company shall pay fixed annual remuneration to the members of the Board of Directors. The company shall not pay remuneration for participation in individual meetings of the Board of Directors or committees thereof.	1. Fixed annual remuneration was the only monetary remuneration provided to members of the Board of Directors for their activities therein during the reporting period.	Complied with	
4.2.2	The company shall not use short-term motivation or additional material incentives in relation to members of the Board of Directors.	1. If the internal document(s) on the remuneration policy (policies) stipulate(s) provision of the company's shares to the members of the Board of Directors, the company shall set forth and disclose clear rules for shareholding by the members of the Board of Directors aimed at encouraging long-term possession of such shares.	Complied with	1
4.2.3	Long-term possession of shares best facilitates bringing the financial interests of the directors closer to the long-term financial interests of the shareholders. At the same time, the company shall not attach the condition of achievement of a certain level of performance to the right to sell shares, and the members of the Board of Directors shall not participate in option programs.	1. The company shall not provide any additional payments or compensations in the case of the early termination of powers of members of the Board of Directors due to a change of control over the company or other circumstances.	Complied with	2 3 4 5 6 7 8
<b>4.3</b>	<b>The system for remuneration of members of executive bodies and other key executive employees of the company shall provide for the dependence of the amount of remuneration on the performance results of the company and their personal contribution to achieving these results.</b>			
4.3.1	Remuneration for members of executive bodies and other key executive employees shall be determined in such a way as to ensure a reasonable and justified ratio between the fixed part of remuneration and the variable part thereof, which depends on company performance results and the personal (individual) contribution of the employee to the final result.	1. During the reporting period, annual performance indicators approved by the Board of Directors were used to determine the amount of variable remuneration for members of executive bodies and other key executive employees. In the course of the last assessment of the system for the remuneration of the members of executive bodies and other key executive employees, the Board of Directors (Remunerations Committee) ascertained that the company uses an effective ratio between the fixed and variable parts of remuneration. 3. The company applies a procedure that ensures the return of bonuses wrongly obtained by members of executive bodies and other key executive employees.	Complied with	



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4.3.2	The company has implemented a long-term incentive program for members of executive bodies and other key executive employees using company shares (options or other derivative financial instruments whose underlying asset is company shares).	1. The company has implemented a long-term incentive program for members of executive bodies and other key executive employees using company shares (financial instruments based on company shares). 2. The long-term incentive program for members of executive bodies and other key executive employees stipulates that the right to sell the shares or other financial instruments used in such program may be exercised not earlier than three years from the provision thereof. At the same time, the right to sell them is conditional upon the company's achievement of certain performance indicators.	Complied with	
4.3.3	The amount of compensation (golden parachute) paid to the members of executive bodies or key executive employees in the case of the early termination of their powers at the initiative of the company, provided there have been no unethical acts on the part of the officers mentioned, shall not exceed double the amount of the fixed part of their annual remuneration.	1. The amount of compensation (golden parachute) paid to the members of executive bodies or key executive employees during the reporting period in the case of the early termination of their powers at the initiative of the company, provided there have been no unethical acts on the part of the officers mentioned, did not exceed double the amount of the fixed part of their annual remuneration.	Complied with	Compensation to the members of executive bodies or key executive employees in the case of early termination of their powers at the initiative of the Bank, provided there have been no unethical acts on the part of the officers mentioned, is not provided for. The cases set forth in the Labor Code of Russia in relation to the executives of the company and reflected in labor contracts with members of the Executive Board constitute an exception. Such cases include: termination of labor contracts due to a change of ownership of the bank (Art. 181 of the RF Labor Code) or due to a decision to terminate the labor contract made by an authorized body of the bank's Executive Board, provided there have been no unethical acts on the part of the employee (Art. 279 of the RF Labor Code). In the said cases, the RF Labor Code stipulates that the compensation shall constitute at least triple the amount of the average monthly wage of the employee. Labor contracts define the minimum possible size, which is triple the amount. In the 2018 reporting year, no such cases occurred.
<b>5.1</b>	<b>The company has established an effective risk management and internal control system aimed at providing reasonable confidence in achieving the objectives set by the company.</b>			
5.1.1	The Board of Directors has defined principles and approaches to the organization of risk management and the internal control system in the company.	1. The functions of the Company's various executive bodies and units in the risk management system and internal control have been clearly defined in the internal documents/relevant policy approved by the Board of Directors.	Complied with	
5.1.2	The executive bodies of the company shall ensure the creation and maintenance of an effective risk management and internal control system.	1. The executive bodies of the company have ensured the distribution of functions and powers for risk management and internal control between subordinate managers (heads) of units and departments.	Complied with	
5.1.3	The risk management and internal control system of the company shall ensure an objective, fair and clear vision of the current condition and perspectives of the company, reporting integrity and transparency, and the reasonableness and admissibility of the risks accepted by the company.	1. The company has approved an anticorruption policy. 2. The company has established an accessible means of informing the Board of Directors or the Audit Committee thereof about violations of the law, internal procedures, or the Code of Ethics of the company.	Complied with	
5.1.4	The Board of Directors of the company shall take the measures necessary to ensure that the current risk management and internal control system complies with the organizational principles and approaches defined by the Board of Directors and functions effectively.	1. During the reporting period, the Board of Directors or the Audit Committee thereof has assessed the effectiveness of the risk management and internal control system applied in the company. Information on the main results of such assessment has been included in the annual report.	Complied with	

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<b>5.2</b>	<b>To conduct a systematic independent assessment of the reliability and effectiveness of the risk management and internal control system and corporate management practices, the company shall arrange for internal auditing.</b>			
5.2.1	To conduct internal auditing, the company has established a separate structural unit or engaged an independent external organization. The functional and administrative accountability of the internal audit unit shall be clearly delineated. The internal audit unit shall functionally report to the Board of Directors.	1. To conduct internal auditing, the company has established a separate structural unit functionally subordinate to the Board of Directors or the Audit Committee or engaged an independent external organization following the same accountability principle.	Complied with	
5.2.2	The internal audit unit shall conduct an assessment of the effectiveness of the internal control system, the risk management system, and the corporate governance system. The company shall apply generally accepted internal auditing standards.	1. During the reporting period, an internal audit provided an assessment of the effectiveness of the internal control and risk management system. 2. The company uses generally accepted approaches to internal control and risk management.	Complied with	
<b>6.1</b>	<b>The company and its activities are transparent to the shareholders, investors, and other stakeholders.</b>			
6.1.1	The company has elaborated and introduced an information policy that ensures effective information exchange between the company, shareholders, investors, and other stakeholders.	1. The Board of Directors of the company has approved an information policy based on the Code's recommendations. 2. The Board of Directors (or one of its committees) considered issues related to the company's compliance with its information policy at least once during the reporting period.	Complied with	
6.1.2	The company discloses information on the system and practice of corporate governance, including detailed information on compliance with the principles and recommendations set forth in the Code.	1. The company discloses information on its corporate governance system and the general principles of corporate governance applied in the company, including on its website. 2. The company discloses information on the membership of executive bodies and the Board of Directors, the independence of the members of the Board, and their membership in committees of the Board of Directors (as defined in the Code). 3. If there is an entity that controls the company, the latter shall publish a memorandum of the controlling entity on the plans of such entity related to corporate governance in the company.	Complied with	The memorandum will be published if prepared by the controlling entity.
<b>6.2</b>	<b>The company shall disclose full, relevant, and reliable information on the company in a timely manner to provide the shareholders of the company and investors with the opportunity to make sound decisions.</b>			
6.2.1	The company shall disclose information in accordance with the principles of regularity, consistency, and promptness as well as the accessibility, reliability, fullness, and comparability of the data disclosed.	1. The information policy of the company shall define approaches and criteria for defining information that can significantly influence the assessment of the company and the cost of its securities as well as procedures for ensuring the timely disclosure of such information. 2. If the securities of the company are traded in foreign organized markets, essential information shall be disclosed simultaneously and equivalently in Russia and in such markets during the reporting year. 3. If foreign shareholders hold a significant number of the company's shares, during the reporting period information was disclosed both in Russian and in one of the most widespread foreign languages.	Complied with	
6.2.2	The company avoids a formal approach to information disclosure and divulges essential information on its activities even if the disclosure of such information is not stipulated by the law.	1. During the reporting period, the company disclosed annual and semiannual financial statements prepared as per IFRS. The annual report for the reporting period includes summarized consolidated financial statements prepared as per audited consolidated financial statements along with the independent auditor's report. 2. The company discloses full information on the capital structure as per Recommendation 290 of the Code both in the annual report and on its website.	Complied with	
6.2.3	The annual report, as one of the most important instruments of information exchange with shareholders and other stakeholders, shall contain information making it possible to evaluate the results of the company's activities for the year.	1. The annual report of the company contains information about the key aspects of its operations and financial results. 2. The annual report contains information about environmental and social aspects of the company's activities.	Complied with	

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No.	CORPORATE GOVERNANCE PRINCIPLES	CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES	STATUS <sup>1</sup> COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES	EXPLANATIONS <sup>2</sup> DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES
<b>6.3 The company provides information and documents at the request of shareholders in accordance with the principles of equal and unhindered access.</b>				
6.3.1	Provision of information and documents by the company at the request of shareholders in accordance with the principles of equal and unhindered access.	1. The company's information policy defines the procedure for providing shareholders with unhindered access to information, including information about controlled legal entities, at the shareholders' request.	Complied with	
6.3.2	Provision of information to shareholders ensures a reasonable balance between the interests of certain shareholders and the interests of the company itself, which is concerned with the confidentiality of important -commercial information that could significantly influence its competitiveness.	1. During the reporting period, the company did not refuse to satisfy shareholders' information requests, or such refusals were reasonable. 2. In cases defined by the Company's Information Policy, shareholders are informed about the confidential nature of information and undertake to keep it in secret.	Complied with	
<b>7.1 Actions that significantly impact or could significantly impact the share capital structure and financial state of the company and, consequently, the position of the shareholders (significant corporate actions) shall be taken in a fair manner, ensuring the observation of the rights and interests of the shareholders and other stakeholders.</b>				
7.1.1	Reorganization of the Company, acquisition of 30 percent or more of its voting shares (takeover), performance of significant transactions, an increase or decrease in the Company's share capital, listing or delisting of shares, and other actions that could result in significant changes to the shareholders' rights or violations of their interests shall be deemed significant corporate actions. The Charter of the company defines the list (criteria) of transactions or other actions that are significant corporate actions, and such matters are reserved to the Board of Directors of the company.	1. The Charter of the Company defines the list of transactions or other actions that are significant corporate actions and the criteria for defining such actions. The making of decisions on significant corporate actions is reserved to the competence of the Board of Directors. In cases when such corporate actions are expressly reserved by law to the competence of the General Shareholders' Meeting, the Board of Directors shall provide shareholders with appropriate recommendations. 2. The Charter of the company deems at least the following actions to be significant corporate actions: reorganization of the company, acquisition of 30 percent or more of its voting shares (takeover), performance of significant transactions by the company, an increase or decrease in the company's share capital, and listing and delisting of its shares.	Partially complied with	Criteria 1–2 are complied with partially. The Banks' Charter does not provide a list of transactions or actions that are deemed significant or criteria for their identification. The list of significant corporate actions is provided in the Code of Corporate Management of Sberbank. Significant corporate actions include: reorganization of the Bank, acquisition of 30 percent or more of its voting shares (takeover) by one shareholder, performance of significant transactions (including major transactions, mergers and acquisitions), an increase or decrease in the Company's share capital, listing or delisting of shares, and other actions that could result in significant changes to the shareholders' rights or violations of their interests. The making of decisions on significant corporate actions is reserved by law and by the Bank's Charter to the competence of the General Shareholders' Meeting or the Supervisory Board. In case an issue falls under authority of the Supervisory Board, decisions on significant corporate actions, in accordance with the Charter of Sberbank, shall be made by qualified majority vote (at least three quarters of the votes). During the period of validity of the Code of Corporate Management of Sberbank (from April 2015) there were no significant corporate actions. At the moment the applied approach meets the needs of the Bank, it appears unreasonable to change it in the next few years.
7.1.2	The Board of Directors plays a key role in decision making or preparation of recommendations on significant corporate actions; the Board of Directors relies on the position of the Company's independent directors.	1. The company provides for a procedure for the independent directors to declare their position on significant corporate actions before the approval thereof.	Complied with	The Supervisory Board plays an important role in decision making as regards significant corporate actions. Sberbank's Code of Corporate Governance provides for the possibility of establishing an ad hoc interim committee for preliminary consideration of issues regarding significant corporate actions.
7.1.3	When performing significant corporate actions relating to the rights and legal interests of shareholders, the company ensures equal terms for all the shareholders of the company, and if legislation provides insufficient mechanisms for the protection of shareholders' rights, the company takes additional measures to protect the rights and legal interests of its shareholders. In this case, the company relies both on compliance with the formal requirements of the law and the principles of corporate governance set forth in the Code.	1. Considering particular aspects of the company's activities, the Charter determines criteria for classifying the company's transactions as significant corporate transactions that are lower than the minimal criteria determined by the law. 2. During the reporting period, all significant corporate actions underwent the approval procedure before they were taken.	Partially complied with	1. is complied with partially. The Charter of Sberbank does not provide criteria for classifying the Banks's transactions as significant corporate transactions that are lower than the minimal criteria determined by the law. When performing significant corporate actions, the Bank relies both on the requirements of the law and the provisions of the Bank's charter on making the decisions related to significant corporate actions by qualified majority vote of the members of the Supervisory Committee (at least three quarters of the votes), which to a great extent increases corporate control over transactions and at the moment meets the needs of the Bank. It appears unreasonable to change the existing approach in the next few years. 2. During 2018 there were no significant corporate actions.

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No.	CORPORATE GOVERNANCE PRINCIPLES	CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES	STATUS <sup>1</sup> COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES	EXPLANATIONS <sup>2</sup> DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES
<b>7.2</b>	<b>The company ensures a procedure for taking significant corporate actions that enables shareholders to obtain full information on such actions in a timely manner, provides them with the opportunity to influence such actions, and guarantees the observation and adequate protection of their rights when such actions are taken.</b>			
7.2.1	Information on significant corporate actions includes the reasons, conditions, and results of such actions.	1. During the reporting period, the company promptly disclosed detailed information on its significant corporate actions, including the grounds and terms thereof.	Complied with	
7.2.2	Rules and procedures related to significant corporate actions taken by the company are defined in its internal documents.	1. The internal documents of the company stipulate the procedure for engagement of an independent appraiser to determine the value of property alienated or acquired under a major transaction or an interested party transaction. 2. The internal documents of the company -stipulate the procedure for engagement of an independent appraiser to determine the value of share acquisition and repurchase. 3. The company's internal documents -stipulate an extended list of grounds for deeming members of its Board of Directors and other persons specified by the law to be parties interested in the company's transactions.	Complied with	

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1 The status "complied with" is indicated only if the company complies with all the criteria for assessment of compliance with the corporate governance principle. Otherwise the status "partially complied with" or "not complied with" shall be indicated.

2 Specified for each criterion for assessing compliance with corporate governance principles if the company complies only with a part of the criteria or with none of the criteria for assessment of compliance with the principle. If the company indicates the status "complied with," no explanation is required.

3 Indicate which of the two alternative approaches admitted by the principle is being implemented in the company and give reasons for the approach chosen.

4 If the objectives of the Nomination Committee are fulfilled by another committee, indicate its name.

5 Indicate the list of additionally established committees.



## SUMMARY IFRS CONSOLIDATED FINANCIAL STATEMENTS PREPARED FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS



### **Independent auditor's report on the summary consolidated financial statements**

To the Shareholders and the Supervisory Board of Sberbank of Russia

#### **Our opinion**

In our opinion, the accompanying summary consolidated financial statements of Sberbank of Russia (the "Bank") and its subsidiaries (together – the "Group") are consistent, in all material respects, with the audited consolidated financial statements of the Group for the year ended 31 December 2018, in accordance with the basis described in the footnote to the summary consolidated financial statements.

#### **The summary consolidated financial statements**

The summary consolidated financial statements of the Group derived from the audited consolidated financial statements of the Group for the year ended 31 December 2018 comprise:

- the consolidated statement of financial position as at 31 December 2018;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the consolidated statement of cash flows for the year then ended.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The audited consolidated financial statements and the summary consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

#### **The audited consolidated financial statements and our report thereon**

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 27 February 2019. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the audited consolidated financial statements of the current period.

#### **Management's responsibility for the summary consolidated financial statements**

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the basis described in the footnote to the summary consolidated financial statements.

AO PricewaterhouseCoopers Audit, White Square Office Center, 10 Butyrsky Val, Moscow, Russian Federation, 125047  
Telephone +7 (495) 967 6000, Fax +7 (495) 967 6001, www.pwc.ru



#### **Auditor's responsibility**

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 "Engagements to Report on Summary Financial Statements" (revised).

*E.N. Kriventsev*

15 March 2019  
Moscow, Russian Federation

*E.N. Kriventsev*



E.N. Kriventsev, certified auditor (certificate number 01-000198)  
AO PricewaterhouseCoopers Audit

Audited entity: Sberbank of Russia

Record made in the Unified State Register of Legal Entities on 16 August 2002 under State Registration Number 1027700132195

117997, Russian Federation, Moscow, Vavilova 19

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

Member of Self-regulated organization of auditors "Russian Union of auditors" (Association)

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 11603050547

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**Consolidated Statement of Financial Position**

<i>in billions of Russian Roubles</i>	31 December 2018	31 December 2017	1 January 2017
<b>ASSETS</b>			
Cash and cash equivalents	2,098.8	2,329.4	2,560.8
Mandatory cash balances with central banks	222.1	427.1	402.0
Due from banks	1,420.7	1,317.8	965.4
Loans and advances to customers	19,585.0	18,488.1	17,361.3
Securities	3,442.5	3,030.5	2,603.6
Financial instruments pledged under repurchase agreements	307.0	258.9	113.9
Derivative financial assets	177.6	140.9	206.6
Deferred tax asset	15.3	15.5	13.9
Premises and equipment	593.9	516.2	482.9
Assets of the disposal groups and non-current assets held for sale	2,569.9	10.5	5.8
Other assets	764.7	577.3	652.3
<b>TOTAL ASSETS</b>	<b>31,197.5</b>	<b>27,112.2</b>	<b>25,368.5</b>
<b>LIABILITIES</b>			
Due to banks	1,096.8	693.3	561.9
Due to individuals	13,495.1	13,420.3	12,449.6
Due to corporate customers	7,402.2	6,393.9	6,235.2
Debt securities in issue	843.6	934.6	1,161.0
Other borrowed funds	56.5	247.3	261.4
Derivative financial liabilities and obligations to deliver securities	181.6	164.4	212.9
Deferred tax liability	33.4	27.7	55.1
Liabilities of the disposal groups	2,235.1	—	0.8
Other liabilities	1,290.1	1,078.4	869.1
Subordinated debt	707.3	716.3	739.9
<b>TOTAL LIABILITIES</b>	<b>27,341.7</b>	<b>23,676.2</b>	<b>22,546.9</b>
<b>EQUITY</b>			
Share capital and share premium	320.3	320.3	320.3
Treasury shares	(18.1)	(15.3)	(7.9)
Other reserves	(10.9)	68.4	70.0
Retained earnings	3,560.7	3,058.6	2,435.7
<b>Total equity attributable to shareholders of the Bank</b>	<b>3,852.0</b>	<b>3,432.0</b>	<b>2,818.1</b>
Non-controlling interest	3.8	4.0	3.5
<b>TOTAL EQUITY</b>	<b>3,855.8</b>	<b>3,436.0</b>	<b>2,821.6</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>31,197.5</b>	<b>27,112.2</b>	<b>25,368.5</b>

Approved for issue and signed on behalf of the Executive Board on 27 February 2019.

 Herman Gref,  
Chairman of the Executive Board and CEO



 Mikhail Ratinskii,  
Chief Accountant

This summary consolidated financial statements of Sberbank of Russia and its subsidiaries (together – the "Group") have been prepared by extraction, without any modification, of the consolidated statements of financial position, profit or loss, comprehensive income, changes in equity and cash flows from the audited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards. The summary consolidated financial statements do not contain all the disclosures presented in the audited consolidated financial statements of the Group. For a better understanding of the Group financial position, its financial performance and its cash flows the summary consolidated financial statements should be read in conjunction with the audited consolidated financial statements.

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**Consolidated Statement of Profit or Loss**

<i>in billions of Russian Roubles</i>	Year ended 31 December	
	2018	2017
<b>Continuing operations</b>		
Interest income calculated using the effective interest method	2,047.3	2,098.3
Other interest income	141.0	33.1
Interest expense calculated using the effective interest method	(696.2)	(725.4)
Other interest expense	(22.0)	(2.1)
Deposit insurance expenses	(73.6)	(55.1)
<b>Net interest income</b>	<b>1,396.5</b>	<b>1,348.8</b>
Net credit loss allowance charge for debt financial assets	(162.4)	(263.8)
<b>Net interest income after credit loss allowance charge for debt financial assets</b>	<b>1,234.1</b>	<b>1,085.0</b>
Fee and commission income	598.5	479.0
Fee and commission expense	(153.2)	(101.9)
Net (losses) / gains from non-derivative financial instruments at fair value through profit or loss (2017: Net gains from trading securities and securities designated as at fair value through profit or loss)	(69.8)	5.1
Net gains from financial instruments at fair value through other comprehensive income (2017: Net gains from investment securities available-for-sale)	5.9	27.6
Net gains from derivatives, trading in foreign currencies, foreign exchange and precious metals accounts translation	52.2	20.1
Net (losses) / gains arising on initial recognition of financial instruments and loan modification	(0.5)	4.7
Impairment of non-financial assets	(11.3)	(20.8)
Net charge for other provisions	(25.4)	(15.0)
Revenue of non-core business activities	36.2	38.8
Cost of sales and other expenses of non-core business activities	(34.5)	(33.7)
Net premiums from insurance and pension fund operations	337.3	249.6
Net claims, benefits, change in contract liabilities and acquisition costs on insurance and pension fund operations	(271.0)	(232.6)
Income from operating lease of equipment	6.2	2.8
Expenses related to equipment leased out	(3.2)	(1.7)
Other net operating income	9.5	19.5
<b>Operating income</b>	<b>1,711.0</b>	<b>1,526.5</b>
Staff and administrative expenses	(664.8)	(623.4)
<b>Profit before tax</b>	<b>1,046.2</b>	<b>903.1</b>
Income tax expense	(215.0)	(187.5)
<b>Profit from continuing operations</b>	<b>831.2</b>	<b>715.6</b>
Profit from discontinued operations (attributable to shareholders of the Bank)	0.5	33.1
<b>Profit for the year</b>	<b>831.7</b>	<b>748.7</b>
Attributable to:		
- shareholders of the Bank	832.9	750.4
- non-controlling interest	(1.2)	(1.7)
<b>Earnings per ordinary share based on profit for the year attributable to the shareholders of the Bank, basic and diluted</b> (expressed in RR per share)	<b>38.16</b>	<b>34.58</b>
<b>Earnings per ordinary share based on profit from continuing operations attributable to the shareholders of the Bank, basic and diluted</b> (expressed in RR per share)	<b>38.13</b>	<b>33.04</b>

Approved for issue and signed on behalf of the Executive Board on 27 February 2019.

 Herman Gref,  
Chairman of the Executive Board and CEO



 Mikhail Ratinskii,  
Chief Accountant

This summary consolidated financial statements of Sberbank of Russia and its subsidiaries (together – the "Group") have been prepared by extraction, without any modification, of the consolidated statements of financial position, profit or loss, comprehensive income, changes in equity and cash flows from the audited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards. The summary consolidated financial statements do not contain all the disclosures presented in the audited consolidated financial statements of the Group. For a better understanding of the Group financial position, its financial performance and its cash flows the summary consolidated financial statements should be read in conjunction with the audited consolidated financial statements.

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**Consolidated Statement of Comprehensive Income**

	Year ended 31 December	
<i>in billions of Russian Roubles</i>	2018	2017
<b>Profit for the year</b>	<b>831.7</b>	<b>748.7</b>
<b>Other comprehensive income:</b>		
<b>Continuing operations</b>		
<i>Items to be reclassified to profit or loss in subsequent periods</i>		
Debt financial instruments measured at fair value through other comprehensive income (2017: Investment securities available-for-sale):		
- Net change in fair value, net of tax (2017: Net gains on revaluation of investment securities available-for-sale, net of tax)	(54.0)	31.5
- Impairment transferred to profit or loss, net of tax	—	0.2
- Accumulated gains transferred to profit or loss upon disposal, net of tax	(4.7)	(22.1)
- Exchange differences on translating foreign operations for the year	17.6	9.5
- Accumulated exchange differences on translating foreign operations transferred to profit or loss upon disposal of subsidiary	—	5.1
<b>Total other comprehensive (loss) / income to be reclassified to profit or loss in subsequent periods, net of tax</b>	<b>(41.1)</b>	<b>24.2</b>
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>		
Change in valuation of office premises transferred to other classes of assets, net of tax	(1.6)	(2.9)
Remeasurement of defined benefit pension plans	(0.7)	—
<b>Total other comprehensive loss that will not be reclassified to profit or loss in subsequent periods</b>	<b>(2.3)</b>	<b>(2.9)</b>
<b>Total other comprehensive (loss) / income from continuing operations</b>	<b>(43.4)</b>	<b>21.3</b>
<b>Total other comprehensive loss from discontinued operations to be reclassified to profit or loss in subsequent periods, net of tax</b>	<b>(25.6)</b>	<b>(19.5)</b>
<b>Total other comprehensive (loss) / income</b>	<b>(69.0)</b>	<b>1.8</b>
<b>Total comprehensive income for the year</b>	<b>762.7</b>	<b>750.5</b>
Attributable to:		
- shareholders of the Bank	764.0	752.2
- non-controlling interest	(1.3)	(1.7)
<b>Total comprehensive income for the year, attributable to shareholders of the Bank from:</b>		
- continuing operations	<b>789.1</b>	<b>738.6</b>
- discontinued operations	<b>(25.1)</b>	<b>13.6</b>

*These summary consolidated financial statements of Sberbank of Russia and its subsidiaries (together – the "Group") have been prepared by extraction, without any modification, of the consolidated statements of financial position, profit or loss, comprehensive income, changes in equity and cash flows from the audited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards. The summary consolidated financial statements do not contain all the disclosures presented in the audited consolidated financial statements of the Group. For a better understanding of the Group financial position, its financial performance and its cash flows the summary consolidated financial statements should be read in conjunction with the audited consolidated financial statements.*

The audited consolidated financial statements of the Group can be obtained from Sberbank of Russia and are available at the website [www.sberbank.com](http://www.sberbank.com).

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**Consolidated Statement of Changes in Equity**

<i>in billions of Russian Roubles</i>	Attributable to shareholders of the Bank						Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total		
<b>Balance as at 31 December 2016</b>	<b>87.7</b>	<b>232.6</b>	<b>(7.9)</b>	<b>70.0</b>	<b>2,435.7</b>	<b>2,818.1</b>	<b>3.5</b>	<b>2,821.6</b>
<b>Changes in equity for the year ended 31 December 2017</b>								
Net result from treasury shares transactions	—	—	(7.4)	—	4.0	(3.4)	—	(3.4)
Dividends declared	—	—	—	—	(134.9)	(134.9)	—	(134.9)
Transfer of revaluation reserve for office premises upon disposal or depreciation	—	—	—	(3.4)	3.4	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	2.2	2.2
<i>Profit for the year</i>	—	—	—	—	750.4	750.4	(1.7)	748.7
<i>Other comprehensive income for the year</i>	—	—	—	1.8	—	1.8	—	1.8
<b>Total comprehensive income / (loss) for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1.8</b>	<b>750.4</b>	<b>752.2</b>	<b>(1.7)</b>	<b>750.5</b>
<b>Balance as at 31 December 2017</b>	<b>87.7</b>	<b>232.6</b>	<b>(15.3)</b>	<b>68.4</b>	<b>3,058.6</b>	<b>3,432.0</b>	<b>4.0</b>	<b>3,436.0</b>
<b>Impact of adopting IFRS 9 as at 1 January 2018</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(7.1)</b>	<b>(62.4)</b>	<b>(69.5)</b>	<b>—</b>	<b>(69.5)</b>
<b>Restated balance as at 1 January 2018</b>	<b>87.7</b>	<b>232.6</b>	<b>(15.3)</b>	<b>61.3</b>	<b>2,996.2</b>	<b>3,362.5</b>	<b>4.0</b>	<b>3,366.5</b>
<b>Changes in equity for the year ended 31 December 2018</b>								
Net result from treasury shares transactions	—	—	(2.8)	—	(1.9)	(4.7)	—	(4.7)
Dividends declared	—	—	—	—	(269.8)	(269.8)	—	(269.8)
Transfer of revaluation reserve for office premises upon disposal or depreciation	—	—	—	(3.3)	3.3	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	1.1	1.1
<i>Profit for the year</i>	—	—	—	—	832.9	832.9	(1.2)	831.7
<i>Other comprehensive loss for the year</i>	—	—	—	(68.9)	—	(68.9)	(0.1)	(69.0)
<b>Total comprehensive (loss) / income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(68.9)</b>	<b>832.9</b>	<b>764.0</b>	<b>(1.3)</b>	<b>762.7</b>
<b>Balance as at 31 December 2018</b>	<b>87.7</b>	<b>232.6</b>	<b>(18.1)</b>	<b>(10.9)</b>	<b>3,560.7</b>	<b>3,852.0</b>	<b>3.8</b>	<b>3,855.8</b>

*These summary consolidated financial statements of Sberbank of Russia and its subsidiaries (together – the "Group") have been prepared by extraction, without any modification, of the consolidated statements of financial position, profit or loss, comprehensive income, changes in equity and cash flows from the audited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards. The summary consolidated financial statements do not contain all the disclosures presented in the audited consolidated financial statements of the Group. For a better understanding of the Group financial position, its financial performance and its cash flows the summary consolidated financial statements should be read in conjunction with the audited consolidated financial statements.*

The audited consolidated financial statements of the Group can be obtained from Sberbank of Russia and are available at the website [www.sberbank.com](http://www.sberbank.com).

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**Consolidated Statement of Cash Flows**

	Year ended 31 December	
<i>in billions of Russian Roubles</i>	2018	2017
<b>Cash flows from operating activities</b>		
Interest income calculated using the effective interest method received	2,277.2	2,271.0
Other interest income received	136.1	41.0
Interest expense calculated using the effective interest method paid	(779.7)	(845.0)
Other interest expense paid	(25.7)	(2.9)
Deposit insurance expenses paid	(70.4)	(55.7)
Fees and commissions received	650.5	498.8
Fees and commissions paid	(165.5)	(112.2)
Net gains received / (losses incurred) received on non-derivative financial instruments at fair value through profit or loss (2017: Net gains received from trading securities and securities designated as at fair value through profit or loss)	5.7	(2.1)
Net (losses incurred) / gains received from financial instruments at fair value through other comprehensive income	(4.6)	39.2
Dividends received	2.1	0.3
Net (losses incurred) / gains received on derivatives, trading in foreign currencies and operations with precious metals	(12.6)	68.9
Revenue received from non-core business activities	34.9	33.2
Expenses paid on non-core business activities	(26.3)	(28.4)
Insurance premiums received	228.2	140.0
Claims, benefits and acquisition costs on insurance operations paid	(19.0)	(5.6)
Pension fund premiums received	101.5	109.7
Claims, benefits and acquisition costs on pension fund operations paid	(17.8)	(21.8)
Income received from operating lease of equipment	7.7	3.5
Expenses paid related to equipment leased out	(0.7)	(0.4)
Other net operating income received	2.8	10.8
Staff and administrative expenses paid	(627.9)	(596.0)
Income tax paid	(218.8)	(210.1)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>1,477.7</b>	<b>1,336.2</b>
<b>Changes in operating assets and liabilities</b>		
Net decrease / (increase) in mandatory cash balances with central banks	39.7	(50.0)
Net increase in due from banks	(63.5)	(325.0)
Net increase in loans and advances to customers	(2,560.7)	(1,624.3)
Net increase in securities and financial instruments pledged under repurchase agreements	(553.6)	(626.1)
Net increase in derivative financial assets	(9.9)	(5.7)
Net (increase) / decrease in other assets	(193.1)	54.3
Net increase in due to banks	397.2	136.0
Net increase in due to individuals	914.2	1,084.8
Net increase in due to corporate customers	1,034.3	316.4
Net decrease in debt securities in issue	(70.7)	(197.3)
Net decrease in other borrowed funds	(26.3)	(7.4)
Net increase / (decrease) in obligations to deliver securities	3.2	(0.2)
Net increase / (decrease) in other liabilities	16.8	(26.9)
<b>Net cash from operating activities</b>	<b>405.3</b>	<b>64.8</b>

These summary consolidated financial statements of Sberbank of Russia and its subsidiaries (together – the "Group") have been prepared by extraction, without any modification, of the consolidated statements of financial position, profit or loss, comprehensive income, changes in equity and cash flows from the audited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards. The summary consolidated financial statements do not contain all the disclosures presented in the audited consolidated financial statements of the Group. For a better understanding of the Group financial position, its financial performance and its cash flows the summary consolidated financial statements should be read in conjunction with the audited consolidated financial statements.

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**Consolidated Statement of Cash Flows (Continued)**

	Year ended 31 December	
<i>in billions of Russian Roubles</i>	2018	2017
<b>Cash flows from investing activities</b>		
Acquisition of premises, equipment and intangible assets	(177.9)	(116.3)
Proceeds from disposal of premises, equipment and intangible assets including insurance payments	14.3	10.6
Acquisition of investment property	(0.1)	(0.7)
Proceeds from disposal of investment property	—	0.7
Acquisition of associates and joint ventures	(32.7)	(0.3)
Proceeds from disposal of associates	0.2	0.1
Acquisition of subsidiaries net of cash acquired	(0.8)	(1.4)
Proceeds from disposal of subsidiaries net of cash disposed	1.0	1.7
<b>Net cash used in investing activities</b>	<b>(196.0)</b>	<b>(105.6)</b>
<b>Cash flows from financing activities</b>		
Funds received from subordinated debt issued or reissued	4.6	0.6
Redemption of subordinated debt	(52.6)	(24.9)
Cash received from non-controlling shareholders	0.6	0.1
Purchase of treasury shares	(8.3)	(9.8)
Proceeds from disposal of treasury shares	3.6	6.4
Dividends paid	(268.5)	(134.7)
<b>Net cash used in financing activities</b>	<b>(320.6)</b>	<b>(162.3)</b>
Effect of exchange rate changes on cash and cash equivalents	150.8	(23.5)
Net effect of changes in cash and cash equivalents included in disposal groups except for discontinued operations	(0.5)	(4.8)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>39.0</b>	<b>(231.4)</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>2,329.4</b>	<b>2,560.8</b>
<b>Cash and cash equivalents of discontinued operations as at the end of the year</b>	<b>269.6</b>	<b>—</b>
<b>Cash and cash equivalents of continuing operations as at the end of the year</b>	<b>2,098.8</b>	<b>2,329.4</b>

These summary consolidated financial statements of Sberbank of Russia and its subsidiaries (together – the "Group") have been prepared by extraction, without any modification, of the consolidated statements of financial position, profit or loss, comprehensive income, changes in equity and cash flows from the audited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards. The summary consolidated financial statements do not contain all the disclosures presented in the audited consolidated financial statements of the Group. For a better understanding of the Group financial position, its financial performance and its cash flows the summary consolidated financial statements should be read in conjunction with the audited consolidated financial statements.

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## THE SUMMARY ANNUAL ACCOUNTING (FINANCIAL) STATEMENTS OF SBERBANK (RAS)

### ***Independent auditor's report on the summary annual accounting (financial) statements***

To the Shareholders and the Supervisory Board of Sberbank of Russia

#### ***Our opinion***

In our opinion, the accompanying summary annual accounting (financial) statements of Sberbank of Russia (the "Bank") are consistent, in all material respects, with the audited annual accounting (financial) statements of the Bank for the year 2018, in accordance with the basis described in the footnote to the summary annual accounting (financial) statements.

#### **The summary annual accounting (financial) statements**

The summary annual accounting (financial) statements of the Bank derived from the audited annual accounting (financial) statements of the Bank for the year 2018 comprise:

- the balance sheet (disclosure form) for the year 2018;
- the income statement (disclosure form) for the year 2018;
- the attachments to the balance sheet and the income statement:
  - the statement of capital adequacy level to cover risks (disclosure form) as of 1 January 2019;
  - the statement of changes in equity of credit institution (disclosure form) as of 1 January 2019;
  - the information on statutory ratios, the financial leverage ratio and short-term liquidity ratios (disclosure form) as of 1 January 2019;
  - the cash flows statement (disclosure form) as of 1 January 2019.

The summary annual accounting (financial) statements do not contain all the disclosures required by the Russian Federation regulations for preparation of the annual accounting (financial) statements by credit institutions. Reading the summary annual accounting (financial) statements and the auditor's report thereon, therefore, is not a substitute for reading the audited annual accounting (financial) statements and the auditor's report thereon. The audited annual accounting (financial) statements and the summary annual accounting (financial) statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited annual accounting (financial) statements.

#### **The audited annual accounting (financial) statements and our report thereon**

We expressed an unmodified audit opinion on the audited annual accounting (financial) statements in our report dated 15 March 2019. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the audited annual accounting (financial) statements of the current period.

TRANSLATOR'S EXPLANATORY NOTE: This version is a translation from the original, which was prepared in Russian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version takes precedence over this translation.

### ***Management's responsibility for the summary annual accounting (financial) statements***

Management is responsible for the preparation of the summary annual accounting (financial) statements in accordance with the basis described in the footnote to the summary annual accounting (financial) statements.

#### ***Auditor's responsibility***

Our responsibility is to express an opinion on whether the summary annual accounting (financial) statements are consistent, in all material respects, with the audited annual accounting (financial) statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 "Engagements to Report on Summary Financial Statements" (revised).

15 March 2019  
Moscow, Russian Federation

E.N. Kriventsev, engagement leader (certificate number 01-000198)  
AO PricewaterhouseCoopers Audit

Audited entity: Sberbank of Russia  
Record made in the Unified State Register of Legal Entities on 16 August 2002 under State Registration Number 102770132195  
117997, Russian Federation, Moscow, Vavilova 19

Independent auditor: AO PricewaterhouseCoopers Audit  
Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890  
Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431  
Member of Self-regulated organization of auditors "Russian Union of auditors" (Association)  
Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 11603050547

TRANSLATOR'S EXPLANATORY NOTE: This version is a translation from the original, which was prepared in Russian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version takes precedence over this translation.



Bank Reporting		
Territory code under OKATO	Code of the credit institution (branch) under OKPO	registration number (reference number)
45293554000	00032537	1481

**BALANCE SHEET**  
(disclosure form)  
for 2018

of the credit institution: Sberbank of Russia

Sberbank

Address (location) of the credit institution 19 Vavilova St., Moscow 117997

Form code under OKUD 0409806  
Quarterly (Annual)

Line number	Item	Note number	Figures for the reporting period, thous. RUB	Figures for the previous reporting year, thousand RUB
I	ASSETS			
1	Cash and cash equivalents	5.1	688 903 726	621 718 630
2	Funds of credit institutions held in the Central Bank of the Russian Federation	5.1	865 071 195	747 906 470
2.1	Mandatory cash balances		187 877 682	158 658 496
3	Due from credit institutions	5.1	406 318 847	299 995 122
4	Financial assets at fair value through profit or loss	5.2	198 280 654	91 468 983
5	Loans and advances to customers	5.3	20 142 853 304	17 466 111 114
6	Investment securities available-for-sale	5.4	2 966 414 621	2 517 864 732
6.1	Investments in subsidiaries and associates	5.5	803 429 663	664 464 539
7	Investment securities held-to-maturity	5.6	695 703 652	645 442 126
8	Income tax receivables		17 250 172	372 664
9	Deferred tax asset		21 930 576	21 311 177
10	Premises, equipment and intangible assets	5.7	500 047 693	483 555 870
11	Non-current assets available for sale	5.7	9 406 429	11 364 582
12	Other assets	5.9	387 749 066	251 808 469
13	Total assets		26 899 929 935	23 158 919 939
II	LIABILITIES			
14	Loans, deposits, and other funds of the Central Bank of the Russian Federation		567 221 798	591 164 171
15	Due to credit institutions	5.10	989 893 489	464 300 153
16	Due to individuals, including individual entrepreneurs	5.11	20 490 078 076	17 742 620 034
16.1	Due to individuals, including individual entrepreneurs		12 911 175 956	11 777 377 023
17	Financial liabilities at fair value through profit or loss		133 852 197	82 400 673
18	Debt securities in issue	5.12	538 280 337	575 341 051
19	Income tax payables		1 678 302	11 241 468
20	Deferred tax liability		0	0
21	Other liabilities	5.13	319 358 404	270 017 973
22	Provision for possible losses from credit related contingencies, other possible losses and transactions with offshore residents		59 271 263	62 686 684
23	Total liabilities		23 099 633 866	19 799 772 207
III	EQUITY			
24	Share capital	5.14	67 760 844	67 760 844
25	Treasury shares (interest) redeemed from shareholders (members)		0	0
26	Share premium		228 054 226	228 054 226
27	Reserve fund		3 527 429	3 527 429
28	Revaluation of securities available for sale at fair value net of tax		-11 998 855	54 667 423
29	Revaluation of fixed assets net of tax		34 547 801	39 933 964
30	Revaluation of liabilities (claims) for payment of long-term remunerations		-706 118	-17 982
31	Revaluation of hedging instruments		0	0
32	Grants and subsidies (contributions to assets)		0	0
33	Retained earnings (uncovered loss) of previous years		2 696 928 726	2 311 656 423
34	Profit (loss) for the reporting period		782 182 016	653 565 405
35	Total equity		3 800 296 069	3 359 147 732
IV	OFF-BALANCE LIABILITIES			
36	Irrevocable liabilities of the credit institution		14 043 679 980	10 134 992 202
37	Guarantees and sureties issued by the credit institution		1 483 669 811	1 341 462 264
38	Non-credit related contingent liabilities		142 841	142 841

CEO, Chairman of the Executive Board of Sberbank

H. Gref (Full Name) (Signature)

Senior Managing Director, Chief Accountant – Director of the Accounting and Reporting Department of Sberbank

M. Ratinsky (Full Name) (Signature)

L.S.

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These summary annual accounting (financial) statements of Sberbank of Russia (the "Bank") have been prepared by extraction, without any modifications, of the balance sheet (disclosure form), the income statement (disclosure form) and the appendices to the balance sheet and the income statement from the audited annual accounting (financial) statements of the Bank prepared in accordance with the Russian Federation regulations for preparation of the annual accounting (financial) statements by credit institutions. The summary annual accounting (financial) statements of the Bank do not contain all the disclosures presented in the audited annual accounting (financial) statements of the Bank. For a better understanding of financial position of the Bank, its financial performance and its cash flows the summary annual accounting (financial) statements of the Bank should be read in conjunction with the audited annual accounting (financial) statements of the Bank. The audited annual accounting (financial) statements of the Bank can be obtained from Sberbank of Russia and are available at the website www.sberbank.com.

Bank Reporting		
Territory code under OKATO	Code of the credit institution (branch) under OKPO	registration number (reference number)
45293554000	00032537	1481

**INCOME STATEMENT**  
(disclosure form)  
for 2018

of the credit institution: Sberbank of Russia

Sberbank

Address (location) of the credit institution 19 Vavilova St., Moscow 117997

Form code under OKUD 0409807  
Quarterly (Annual)

Line number	Item	Note number	Figures for the reporting period, thous. RUB	Figures for the same period of the previous year
I	Profits and losses			
1	Interest income, total, including:	6.1	2 093 457 717	2 032 170 704
1.1	From deposits and loans to credit institutions		107 840 803	116 102 323
1.2	From loans and advances to customers other than credit institutions		1 800 141 892	1 759 389 151
1.3	From services related to leasing		0	1
1.4	From investments in securities		185 475 022	156 679 229
2	Interest expenses, total, including:	6.2	727 320 975	730 382 293
2.1	On due to credit institutions		64 414 590	53 788 230
2.2	On due to customers other than credit institutions		626 811 855	636 868 978
2.3	On debt securities in issue		36 094 530	39 725 085
3	Net interest income (negative interest margin)		1 366 136 742	1 301 788 411
4	Total provision charge for loans and advances, balances on correspondent accounts and accrued interest income, including:		-189 388 369	-119 132 217
4.1	Provision charge for accrued interest income		-4 867 260	-8 926 467
5	Net interest income (negative interest margin) net of provision		1 176 748 373	1 182 656 194
6	Net income from operations with financial assets at fair value through profit or loss		68 790 128	12 395 172
7	Net income from operations with financial liabilities at fair value through profit or loss		0	0
8	Net income from operations with investment securities available for sale		4 940 658	24 365 165
9	Net income from operations with investment securities held to maturity		218 545	-13 596
10	Net income from operations with foreign currencies		20 854 480	38 955 167
11	Net income from foreign exchange translation	6.3	6 163 022	-13 134 618
12	Net income from operations with precious metals		-2 104 360	620 076
13	Income from other equity participation		31 515 087	13 796 624
14	Fee and commission income	6.4	514 912 348	422 337 011
15	Fee and commission expense		81 830 128	58 654 818
16	Provision charge for investment securities available for sale		0	0
17	Provision charge for investment securities held to maturity		1 498 123	653 231
18	Provision charge for other losses		-44 298 264	-111 546 646
19	Other net operating income		65 103 351	48 260 335
20	Net income (expenses)		1 762 511 363	1 560 689 297
21	Operating expenses	6.5	760 240 210	714 803 671
22	Profit (loss) before tax		1 002 271 153	845 885 626
23	Income tax compensation (expense)	6.6	220 089 137	192 320 221
24	Profit (loss) from continuing operations		782 651 154	653 589 923
25	Profit (loss) from discontinued operations		-469 138	-24 518
26	Profit (loss) for the reporting period		782 182 016	653 565 405

These summary annual accounting (financial) statements of Sberbank of Russia (the "Bank") have been prepared by extraction, without any modifications, of the balance sheet (disclosure form), the income statement (disclosure form) and the appendices to the balance sheet and the income statement from the audited annual accounting (financial) statements of the Bank prepared in accordance with the Russian Federation regulations for preparation of the annual accounting (financial) statements by credit institutions. The summary annual accounting (financial) statements of the Bank do not contain all the disclosures presented in the audited annual accounting (financial) statements of the Bank. For a better understanding of financial position of the Bank, its financial performance and its cash flows the summary annual accounting (financial) statements of the Bank should be read in conjunction with the audited annual accounting (financial) statements of the Bank. The audited annual accounting (financial) statements of the Bank can be obtained from Sberbank of Russia and are available at the website www.sberbank.com.

Section 2. Other comprehensive income

Line number	Item	Note number	Figures for the reporting period, thous. RUB	Figures for the same period of the previous year
1	2	3	4	5
1	Profit (loss) for the reporting period		782 182 016	653 565 405
2	Other comprehensive income (loss)		0	0
3	Items that will not be reclassified into profit or loss, total, including:		-8 417 605	-6 548 363
3.1	Change in the fixed asset revaluation fund		-7 729 469	-6 527 381
3.2	Change in remeasurement fund of defined contribution pension plan		-688 136	-17 982
4	Income tax related to items that may not be reclassified into profit or loss		-2 343 306	-1 060 446
5	Other comprehensive income (loss) that may not be reclassified into profit or loss, net of tax		-6 074 299	-5 484 917
6	Items that may be reclassified into profit or loss, total, including:		-83 332 847	18 459 197
6.1	Change in revaluation of financial assets available for sale		-83 332 847	18 459 197
6.2	Change in the cash flow hedging fund		0	0
7	Income tax related to items that may be reclassified into profit or loss		-16 666 569	3 691 840
8	Other comprehensive income (loss) that may be reclassified into profit or loss, net of tax		-66 666 278	14 767 357
9	Other comprehensive income (loss), net of tax		-72 740 577	9 282 440
10	Total comprehensive income for the reporting period		709 441 439	662 847 845

CEO, Chairman of the Executive Board  
Sberbank

H. Gref \_\_\_\_\_  
(Full Name) (Signature)

Senior Managing Director, Chief Accountant –  
Director of the Accounting and Reporting Department  
Sberbank

L.S. \_\_\_\_\_  
M. Ratinsky \_\_\_\_\_  
(Full Name) (Signature)

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Territory code under OKATO	Code of the credit institution (branch)		Bank Reporting	
	under OKPO	registration number (reference number)		
4529354000	00032537	4481		

STATEMENT OF CAPITAL ADEQUACY LEVEL  
TO COVER RISKS  
(disclosure form)  
as of January 1, 2019

of the credit institution: Sberbank of Russia  
Sberbank  
Address (location) of the credit institution 19 Vavilova St., Moscow 117997

Form code under OKUD 0409008

Quarterly (Annual)

Line number	Name of derivative of the indicator	Note number	Instrument cost (indicator size) as of the reporting date	Instrument cost (indicator size) as of the start of the reporting year	The link to the balance sheet items (the published form) which are sources of elements of the equity
1	2	3	4	5	6
<b>Sources of core capital</b>					
1	Share capital, share premium, total, including created:	8.1, 8.2	236 765 070	236 765 070	24, 26
1.1	Ordinary shares		236 765 070	236 765 070	24, 26
1.2	Preferred shares		0	0	0
2	Retained earnings (loss):		3 121 738 453	2 656 730 740	33, 34
2.1	of previous years		2 751 996 148	2 341 459 055	33
2.2	of the reporting year		370 142 784	315 270 685	34
3	Reserve fund		3 527 429	3 527 429	27
4	Fraction of share capital subject to gradual exclusion from the calculation of equity (capital)		not applicable	not applicable	
5	Subsidiaries' core capital instruments held by third parties		not applicable	not applicable	
6	Sources of core capital, total (line 1 + line 2 + line 3 - line 4 + line 5)		3 362 030 931	2 896 532 239	
<b>Items decreasing the sources of core capital</b>					
7	Trading portfolio adjustment		0	0	
8	Goodwill net of tax		0	0	
9	Intangible assets (except for goodwill and amounts related to rights for mortgage loan servicing), net of tax		89 389 636	60 755 720	10
10	Deferred tax assets dependent on future income		0	0	
11	Cash flow hedging provisions		0	0	
12	Incompletely created provision for possible losses		0	0	
13	Income from securitization transactions		not applicable	not applicable	
14	Income and expense related to changes in credit risk for liabilities at fair value		not applicable	not applicable	
15	Assets of defined benefit pension plan		not applicable	not applicable	
16	Investments in treasury shares		0	0	
17	Common investments of credit institutions and financial organization in Common Equity Instruments		12 762 996	19 689 413	
18	Non-material investments in core capital instruments of financial institutions		0	0	
19	Material investments in core capital instruments of financial institutions		82 075 457	89 534 208	6
20	Rights for mortgage loan servicing		not applicable	not applicable	
21	Deferred tax assets independent of future income		0	0	
22	Total amount of material investments and deferred tax assets in excess of 15 percent of core capital, total, including:		0	0	
23	Material investments in core capital instruments of financial institutions		0	0	
24	Rights for mortgage loan servicing of loans		not applicable	not applicable	
25	Deferred tax assets independent of future income		0	0	
26	Other items reducing the sources of core capital established by the Bank of Russia		0	0	
27	Negative amount of supplementary capital		0	88 733 800	
28	Items decreasing the sources of core capital, total (sum of lines 7 to 22 and lines 26 to 27)		184 224 089	258 713 141	
29	Core capital, total (line 6 - line 28)		3 177 805 842	2 637 819 098	
<b>Sources of additional capital</b>					
30	Additional capital instruments and share premium, total, including:		0	0	
31	those classified as capital		0	0	
32	those classified as liabilities		0	0	
33	Additional capital instruments subject to gradual exclusion from the calculation of equity (capital)		0	0	
34	Additional capital instruments of subsidiaries, which are held by third parties, total, including:		not applicable	not applicable	
35	Additional capital instruments of subsidiaries subject to gradual exclusion from the calculation of equity (capital)		not applicable	not applicable	
36	Sources of additional capital, total (line 30 + line 33 + line 34)		0	0	
<b>Items decreasing the sources of additional capital</b>					
37	Investments in the bank's own additional capital instruments		0	0	
38	Common investments of credit institutions and financial organization in additional capital		0	0	
39	Non-material investments in additional capital instruments of financial institutions		0	0	
40	Material investments in additional capital instruments of financial institutions		0	0	
41	Other items reducing the sources of additional capital established by the Bank of Russia, total, including:		0	88 733 800	6, 10
42	Negative amount of supplementary capital		0	0	
43	Items decreasing the sources of additional capital, total (sum of lines 37 to 42)		0	88 733 800	
44	Additional capital, total (line 36 - line 43)		0	0	
45	Fixed capital, total (line 29 + line 44)		3 177 805 842	2 637 819 098	
<b>Sources of supplementary capital</b>					
46	Supplementary capital instruments and share premium		590 207 581	583 971 028	10, 15, 16, 24, 33, 34
47	Supplementary capital instruments subject to gradual exclusion from the calculation of equity (capital)		496 203 360	532 754 200	16, 24

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The audited annual accounting (financial) statements of the Bank can be obtained from Sberbank of Russia and are available at the website www.sberbank.com.

48	Supplementary capital instruments of subsidiaries which are held by third parties, total, including:		not applicable	not applicable
49	Supplementary capital instruments of subsidiaries subject to gradual exclusion from the calculation of equity (capital)		not applicable	not applicable
50	Provision for possible losses		77 821 328	0
51	Sources of supplementary capital, total (line 46 + line 47 + line 48 + line 49)		1 184 252 202	1 116 725 228
Items decreasing the sources of supplementary capital				
52	Investments in the bank's own supplementary capital instruments		0	0
53	Counter investments of credit institution and financial organization in supplementary capital instruments		0	0
54	Non-material investments in the supplementary capital instruments of financial institutions		0	0
55	Material investments in the supplementary capital instruments of financial institutions		118 259 228	83 894 849
56	Other items reducing the sources of supplementary capital established by the Bank of Russia, total, including:		17 077	7 542 869
56.1	Accounts receivable overdue for more than 30 calendar days		17 077	133 540
56.2	Excess of total amount of loans, banking guarantees and sureties provided to own shareholders (participants) and insiders over its maximum amount		0	0
56.3	Investments in construction and acquisition of fixed assets and equipment		0	0
56.4	The difference between the actual cost of a share payable to participants who have withdrawn from the company and the cost for which this share was sold to another participant		0	0
57	Items decreasing the sources of supplementary capital, total (sum of lines 52-56)		118 276 305	86 437 718
58	Supplementary capital, total (line 51 - line 57)		1 065 975 894	1 030 287 510
59	Equity (capital), total (line 45 + line 58)		4 243 761 806	3 668 106 608
60	Risk-weighted assets		8	8
60.1	those necessary for defining core capital adequacy	8.4	28 599 628 790	24 657 847 239
60.2	those necessary for defining fixed capital adequacy	8.4	28 599 628 790	24 657 847 239
60.3	those necessary for defining equity (capital) adequacy	8.4	28 599 628 790	24 657 847 239
60.4	those necessary for defining equity (capital) adequacy	8.4	28 599 628 790	24 657 847 239
Equity (capital) adequacy ratios and buffers on equity (capital) adequacy ratio requirements, percentage				
61	Core capital adequacy (line 59 - line 60.1)		11.1	10.7
62	Fixed capital adequacy (line 45 - line 60.2)		11.1	10.7
63	Equity (capital) adequacy (line 59 - line 60.3)		14.8	14.9
64	Equity (capital) adequacy ratio buffers, total, including:		not applicable	not applicable
65	capital conservation buffer		not applicable	not applicable
66	countercyclical buffer		not applicable	not applicable
67	buffer for systemically important banks		not applicable	not applicable
68	Core capital available for directing to support of equity (capital) adequacy		not applicable	not applicable
Equity (capital) adequacy ratio requirements, percentage				
69	Core capital adequacy ratio		not applicable	not applicable
70	Fixed capital adequacy ratio		not applicable	not applicable
71	Equity (capital) adequacy ratio		not applicable	not applicable
Items accepted for the reduction of sources of capital which do not exceed the applicable materiality thresholds				
72	Non-material investments in capital instruments of financial institutions		0	0
73	Material investments in core capital instruments of financial institutions		335 987 830	360 400 485
74	Rights for mortgage loan servicing		not applicable	not applicable
75	Deferred tax assets independent of future income		21 930 576	21 311 178
Restrictions on the inclusion of provision for possible losses in the calculation of supplementary capital				
76	Provision for possible losses included in the calculation of supplementary capital, with regard to positions for which the credit risk is calculated using the standardized approach		not applicable	not applicable
77	Restrictions for inclusion in calculation of the supplementary capital of the amounts of provision for possible losses when using the standardized approach		not applicable	not applicable
78	Provision for possible losses included in the calculation of supplementary capital, with regard to positions for which the credit risk is calculated using the internal models		0	0
79	Restrictions for inclusion in calculation of the supplementary capital of the amounts of provision for possible losses when using approach on the basis of internal models		0	0
Items subject to gradual exclusion from the calculation of equity (capital) (it is applied from January 1, 2018 to January 1, 2027)				
80	The current limitation on including instruments subject to gradual exclusion from the calculation of equity (capital) in the list of core capital sources		0	0
81	Instruments not included in the list of core capital sources due to the limitation		0	0
82	The current limitation on including instruments subject to gradual exclusion from the calculation of equity (capital) in the list of additional capital sources		0	0
83	Instruments not included in the list of additional capital sources due to the limitation		0	0
84	The current limitation on including instruments subject to gradual exclusion from the calculation of equity (capital) in the list of supplementary capital sources		0	0
85	Instruments not included in the list of supplementary capital sources due to the limitation		0	0

**Section 4. Financial leverage ratio information**

Line number	Name of the indicator	Note number	Figures as of the reporting date	Value as of the date one quarter after the reporting date <1>	Value as of the date two quarters after the reporting date	Value as of the date three quarters after the reporting date <1>
1	Fixed capital, thousands of RUB	8.1, 8.2	3 177 805 842	3 187 052 093	2 778 497 648	3 084 066 554
2	Amount of balance sheet assets and off-balance-sheet liabilities at risk for calculating the financial leverage ratio, thousands of RUB		28 408 729 671	26 848 776 300	26 122 542 830	24 801 477 614
3	Financial leverage ratio per Basel III, percentage	8.5	11.2	11.9	10.6	12.4

**Section 5. Key characteristics of capital instruments**

Line number	Instrument characteristic	Description of instrument characteristics	Description of instrument characteristics	Description of instrument characteristics
	2	3	4	5
1	Abbreviated company name of a capital instrument issuer	Sberbank	Sberbank	Bank of Russia
2	Instrument identification number	10301481B; RU0009029540	20301481B; RU0009029557	Subordinated Loan Agreement of the Bank of Russia No. 13/1 dated 17 October 2008 (including addendums No. 1 and No. 2)
3	Governing law: country code	643	643	643
3.1	Governing law: country name	Russia	Russia	Russia
4	Regulatory conditions	core capital	supplementary capital	supplementary capital
5	Capital level in which the instrument is included after the Basel III transitional period	core capital	does not comply	supplementary capital
6	Consolidation level at which the instrument is included in the capital	on an individual basis and at the banking group level	on an individual basis and at the banking group level	on an individual basis and at the banking group level
7	Instrument type	ordinary shares	preferable shares	subordinated loan (deposit)
8	Cost of the instrument included in the capital calculation	64 760 844	2 970 000	135 000 000
9	Instrument nominal cost	0.003, Russian ruble	0.003, Russian ruble	150,000,000.00, Russian ruble
10	Instrument classification for accounting purposes	share capital	share capital	a liability recorded at the book value
11	Instrument issue (attraction, placement) date	11.07.2007	11.07.2007	25.03.2015
12	Maturity period for the instrument	no maturity period	no maturity period	has maturity period
13	Instrument repayment date	without limitation	without limitation	20.10.2058
14	Right to early redemption (repayment) of an instrument agreed on with the Bank of Russia	none	none	yes
15	Initial date (dates) for possible exercise of the early redemption (repayment) right, the terms for exercising this right, and the redemption (repayment) amount	none	none	right to early repayment with the consent of the Bank of Russia
16	Subsequent date (dates) for exercising the early redemption (repayment) right for the instrument	none	none	not applicable
17	Interest/dividends/coupon yield	floating rate	floating rate	fixed rate
18	Rate	not applicable	0.15	0.07
19	Presence of conditions for ceasing dividend payments on common shares	not applicable	yes	yes
20	Obligatoriness of dividend payment	fully at the discretion of the credit institution (parent credit institution and/or banking group participant)	fully at the discretion of the credit institution (parent credit institution and/or banking group participant)	partially at the discretion of the credit institution (parent credit institution and/or banking group participant)
21	Terms providing for an increase in payments on the instrument or other motivation for early redemption (repayment) of the instrument	none	none	none
22	Payment type	non-cumulative	non-cumulative	non-cumulative
23	Instrument convertibility	non-convertible	non-convertible	non-convertible
24	Instrument conversion terms	not applicable	not applicable	not applicable
25	Partial or full conversion	not applicable	not applicable	not applicable
26	Conversion rate	not applicable	not applicable	not applicable
27	Obligatoriness of conversion	not applicable	not applicable	not applicable
28	Level of capital into the instrument of which the instrument is converted	not applicable	not applicable	not applicable
29	Abbreviated company name of the issuer of the instrument into which the instrument is converted	not applicable	not applicable	not applicable
30	Possibility of writing off an instrument to cover losses	not applicable	not applicable	yes
31	Instrument write-off terms	not applicable	not applicable	provided that payments to the Bank of Russia provide for grounds for taking bankruptcy prevention measures. Right of the Bank of Russia to demand write-off is provided for by the agreement and the law
32	Partial or full write-off	not applicable	not applicable	partially or in full
33	Permanent or temporary write-off	not applicable	not applicable	permanent
34	Recovery mechanism	not applicable	not applicable	not applicable
35	Instrument subordination	not applicable	not applicable	not applicable
36	Compliance with the requirements of Bank of Russia Regulation No. 395-P and Bank of Russia Regulation No. 509-P	yes	yes	none
37	Description of discrepancies	not applicable	no loss absorption condition	no loss absorption condition

Note: complete information on the conditions of the issue (raising) of capital instruments, as well as relevant information from Section 5 of the Report is provided in the "Regulatory Disclosure" section at www.sberbank.com. Information on the line 18 has been updated due to the interest rate dimension change.

CEO, Chairman of the Executive Board  
Sberbank

Senior Managing Director, Chief Accountant –  
Director of the Accounting and Reporting Department  
Sberbank

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Bank Reporting		
Territory code under OKATO	Code of the credit institution (branch)	
4529354000	under OKPO	registration number (reference number)
	00032537	1481

Statement of Changes in the Capital of a Credit Institution  
(disclosure form)  
as of January 1, 2019

of the credit institution: Sberbank of Russia  
Sberbank  
Address (location) of the credit institution 19 Vavilova St., Moscow 117997

Form code under OKUD 040910  
Quarterly (Annual)  
thous. RUB

Line number	Item	Note number	Share capital	Treasury shares (interest) redeemed from shareholders (members)	Share premium	Revaluation of securities available for sale at fair value net of tax	Revaluation of fixed assets and intangible assets net of tax	Income (deductions) in liabilities (commitments) for payment of long-term employee benefits upon termination of a labor activity in case of discharge	Revaluation of hedging instruments	Reserve fund	Grants and subsidies (contributions to assets)	Retained earnings (loss)	Equity total
1	Signatures at the beginning of the previous year	3	4	5	6	7	8	9	10	11	12	13	14
1	Signatures at the beginning of the previous year	3	47 700 844	0	228 054 236	39 900 064	47 460 901	0	0	3 527 826	0	2 444 277 421	3 228 920 835
2	Revaluation of changes in accounting policy	7	0	0	0	0	0	0	0	0	0	0	0
3	Effect of correction of errors	0	0	0	0	0	0	0	0	0	0	0	0
4	Impact of the transition of the previous year (corrected)	0	0	0	0	0	0	0	0	0	0	0	0
5	Impact of changes in accounting policy	0	0	0	0	0	0	0	0	0	0	0	0
6	Impact of the transition of the previous year (corrected)	0	0	0	0	0	0	0	0	0	0	0	0
7	Effect of correction of errors	0	0	0	0	0	0	0	0	0	0	0	0
8	Impact of changes in accounting policy	0	0	0	0	0	0	0	0	0	0	0	0
9	Impact of the transition of the previous year (corrected)	0	0	0	0	0	0	0	0	0	0	0	0
10	Other non-comprehensive income	0	0	0	0	0	0	0	0	0	0	0	0
11	Share issue	0	0	0	0	0	0	0	0	0	0	0	0
12	Other non-comprehensive income	0	0	0	0	0	0	0	0	0	0	0	0
13	Share issue	0	0	0	0	0	0	0	0	0	0	0	0
14	Share premium	0	0	0	0	0	0	0	0	0	0	0	0
15	Treasury shares (interest) redeemed from shareholders (members)	0	0	0	0	0	0	0	0	0	0	0	0
16	Revaluation of fixed assets and intangible assets	0	0	0	0	0	0	0	0	0	0	0	0
17	Income (deductions) in liabilities (commitments) for payment of long-term employee benefits upon termination of a labor activity in case of discharge	0	0	0	0	0	0	0	0	0	0	0	0
18	Revaluation of hedging instruments	0	0	0	0	0	0	0	0	0	0	0	0
19	Reserve fund	0	0	0	0	0	0	0	0	0	0	0	0
20	Grants and subsidies (contributions to assets)	0	0	0	0	0	0	0	0	0	0	0	0
21	Retained earnings (loss)	0	0	0	0	0	0	0	0	0	0	0	0
22	Equity total	0	0	0	0	0	0	0	0	0	0	0	0

CEO, Chairman of the Executive Board of Sberbank

H. Gref (Full Name) (Signature)

Senior Managing Director, Chief Accountant – Director of the Accounting and Reporting Department Reporting Department of Sberbank

M. Ratinsky (Full Name) (Signature)

L.S.

This summary annual accounting (financial) statements of Sberbank of Russia (the "Bank") have been prepared by extraction, without any modifications, of the balance sheet (disclosure form), the income statement (disclosure form) and the appendices to the balance sheet and the income statement from the audited annual accounting (financial) statements of the Bank prepared in accordance with the Russian Federation regulations for preparation of the annual accounting (financial) statements by credit institutions. The summary annual accounting (financial) statements of the Bank do not contain all the disclosures presented in the audited annual accounting (financial) statements of the Bank. For a better understanding of financial position of the Bank, its financial performance and its cash flows the summary annual accounting (financial) statements of the Bank should be read in conjunction with the audited annual accounting (financial) statements of the Bank. The audited annual accounting (financial) statements of the Bank can be obtained from Sberbank of Russia and are available at the website www.sberbank.com.

Bank Reporting		
Territory code under OKATO	Code of the credit institution (branch)	
4529354000	under OKPO	registration number (reference number)
	00032537	1481

INFORMATION ON STATUTORY RATIOS, THE FINANCIAL LEVERAGE RATIO AND SHORT-TERM LIQUIDITY RATIOS (disclosure form) as of January 1, 2019

of the credit institution: Sberbank of Russia  
Sberbank  
Address (location) of the credit institution 19 Vavilova St., Moscow 117997

Form code under OKUD 040913  
Quarterly (Annual)

Line number	Name of the indicator	Note number	Standard value, percent	Actual value, percent					
				as of the reporting date		as of the start of the reporting year			
				5	6	7	8		
1	The core capital adequacy ratio of a bank (R1.1) or a group of banks (R20.1)	3	4	5	6	7	8		
1	The core capital adequacy ratio of a bank (R1.1) or a group of banks (R20.1)	8.5	4.5	11.1			10.7		
2	The fixed capital adequacy ratio of a bank (R1.2) or a group of banks (R20.2)	8.5	6.0	11.1			10.7		
3	The equity (capital) adequacy ratio of a bank (R1.0) or a group of banks (R20.0)	8.5	8.0	14.8			14.9		
4	Equity (capital) adequacy ratio of a non-banking credit institution entitled to make transfers of funds without opening bank accounts and other related bank transactions (R1.3)								
5	Financial leverage ratio of a bank (R1.4), a banking group (R20.4)		3.0	11.2					
6	Quick liquidity ratio of a bank (R2)	10.4	15.0	185.8			161.1		
7	Current liquidity ratio of a bank (R2)	10.4	50.0	232.1			263.8		
8	Long-term liquidity ratio of a bank (R4)	10.4	120.0	64.0			57.6		
9	Maximum risk ratio per a borrower or group of related borrowers of a bank (R6)		25.0	Maximum amount	number of violations	Duration	Maximum amount	number of violations	Duration
9	Maximum risk ratio per a borrower or group of related borrowers of a bank (R6)		25.0	16.3			16.6		
10	Maximum major credit risks ratio of a bank (R7) or a group of banks (R22)		800.0	113.4			115.5		
11	Ratio of maximum amount of loans, bank guarantees and warranties issued by the bank to its members (shareholders) (R9.1)		50.0	0.0			0.0		
12	Aggregate risk ratio of the bank's insiders (R10.1)		3.0	0.3			0.4		
13	The ratio of the use of bank equity (capital) for the purchase of stocks (shares) of other legal entities (R12), the ratio of the use of the banking group's equity (capital) for the purchase of stocks (shares) of other legal entities by the parent credit institution of the banking group or members of the banking group (R23)		25.0	11.5			13.4		
14	Ratio of the amount of liquid assets maturing within the next 30 calendar days to the amount of liabilities of non-bank settlement credit institutions (R15)								
15	Liquidity ratio of a non-banking credit institution entitled to make transfers of funds without opening bank accounts and other related bank transactions (R15.1)								
16	Ratio of maximum aggregate loans to customers involved in settlements for completion of settlement (R16)								
17	Ratio of loans to borrowers, other than those involved in settlements, from non-bank settlement credit institutions on their own behalf and for their own account (R16.1)								
18	Minimum ratio of mortgage coverage and the volume of emission of mortgage-backed bonds (R18)								
19	Ratio of the maximum extent of risk on one borrower or group of the related borrowers of banking group (R2.1)			Maximum amount	number of violations	Duration	Maximum amount	number of violations	Duration
19	Ratio of the maximum extent of risk on one borrower or group of the related borrowers of banking group (R2.1)			20.0			8.4		
20	Ratio of the maximum extent of risk on the person (group of the persons) (R25) related to a bank			Maximum amount	number of violations	Duration	Maximum amount	number of violations	Duration
20	Ratio of the maximum extent of risk on the person (group of the persons) (R25) related to a bank			20.0			8.4		

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## LIST OF THE MAIN SUBSIDIARIES AND AFFILIATES OF SBERBANK

NO.	NAME	COUNTRY OF REGISTRATION	COUNTRY OF BUSINESS	CUMULATIVE INTEREST FROM THE POINT OF VIEW OF THE GROUP
1	Autction LLC	Russian Federation	Russian Federation	100,00%
2	Most LLC	Russian Federation	Russian Federation	47,50%
3	Medexpert Plus LLC	Russian Federation	Russian Federation	100,00%
4	Kiparis 2 LLC	Russian Federation	Russian Federation	100,00%
5	Moscow Municipal Golf Club LLC	Russian Federation	Russian Federation	100,00%
6	Special Technologies of Control LLC	Russian Federation	Russian Federation	99,97%
7	GARANT-SV LLC	Russian Federation	Russian Federation	100,00%
8	GORIZONT-SERVIS LLC	Russian Federation	Russian Federation	100,00%
9	GAMMA-S LLC	Russian Federation	Russian Federation	100,00%
10	SB Development LLC	Russian Federation	Russian Federation	100,00%
11	Safe information area LLC	Russian Federation	Russian Federation	100,00%
12	Sberbank Capital LLC	Russian Federation	Russian Federation	100,00%
13	Sberbank Leasing JSC	Russian Federation	Russian Federation	100,00%
14	SB LEASING IRELAND LIMITED	Ireland	Russian Federation	100,00%
15	Nord JSC	Russian Federation	Russian Federation	100,00%
16	Sberbank Leasing Kazakhstan LLP	Republic of Kazakhstan	Republic of Kazakhstan	100,00%
17	SB JSC Sberbank	Republic of Kazakhstan	Republic of Kazakhstan	100,00%
18	SBERBANK PJSC	Ukraine	Ukraine	100,00%
19	BPS-Sberbank OJSC	Republic of Belarus	Republic of Belarus	98,43%
20	BPS Leasing CJSC	Republic of Belarus	Republic of Belarus	98,43%
21	Sberbank – Automated Trading System CJSC	Russian Federation	Russian Federation	100,00%

NO.	NAME	COUNTRY OF REGISTRATION	COUNTRY OF BUSINESS	CUMULATIVE INTEREST FROM THE POINT OF VIEW OF THE GROUP
22	Sovremennye Tekhnologii LLC	Russian Federation	Russian Federation	100,00%
23	Registrar Company Status JSC	Russian Federation	Russian Federation	40,00%
24	United Credit Bureau CJSC	Russian Federation	Russian Federation	50,00%
25	Promising Investments LLC	Russian Federation	Russian Federation	100,00%
26	Rublevo-Archangelskoe JSC	Russian Federation	Russian Federation	100,00%
27	Sberbank Financial Company LLC	Russian Federation	Russian Federation	100,00%
28	Sberbank Specialised Depository LLC	Russian Federation	Russian Federation	100,00%
29	Settlement decisions JSC (Universal Electronic Card JSC)	Russian Federation	Russian Federation	100,00%
30	Regional Information Centre of the Oryol Region JSC	Russian Federation	Russian Federation	51,00%
31	Regional Unified Information and Settlement Centre JSC	Russian Federation	Russian Federation	51,00%
32	Regional Information Centre of the Kirov Region JSC	Russian Federation	Russian Federation	49,00%
33	Unified Information and Settlement Centre of the Kaluga Region JSC	Russian Federation	Russian Federation	51,00%
34	NCO Settlement decisions LLC (NCO Universal Electronic Card LLC)	Russian Federation	Russian Federation	100,00%
35	Universal Electronic Card of the Irkutsk Region JSC	Russian Federation	Russian Federation	51,00%
36	Unified Settlement Centre of Mari El Republic JSC	Russian Federation	Russian Federation	49,00%
37	Regional Information Centre of the Kemerovo Region JSC	Russian Federation	Russian Federation	41,67%
38	Unified Billing and Processing Centre of Khanty-Mansi Autonomous Okrug Yugra JSC	Russian Federation	Russian Federation	74,90%
39	Regional Information and Settlement Centre JSC	Russian Federation	Russian Federation	50,00%
40	Strategy Partners Group JSC	Russian Federation	Russian Federation	74,75%

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NO.	NAME	COUNTRY OF REGISTRATION	COUNTRY OF BUSINESS	CUMULATIVE INTEREST FROM THE POINT OF VIEW OF THE GROUP
41	Sberbank Investments LLC	Russian Federation	Russian Federation	100,00%
42	SBERBANK INVESTMENTS LIMITED	Republic of Cyprus	Russian Federation	100,00%
43	Sberbank Finance Limited	Republic of Cyprus	Russian Federation	100,00%
44	Sberbank Technologies JSC	Russian Federation	Russian Federation	100,00%
45	Loyalty Programmes Centre JSC	Russian Federation	Russian Federation	100,00%
46	SB CIB Holding LLC (Bylinnye Bogatyry LLC)	Russian Federation	Russian Federation	100,00%
47	SB Finance Holding LLC (SIB Financial Broker LLC)	Russian Federation	Russian Federation	100,00%
48	Sberbank CIB USA, Inc.	USA	USA	100,00%
49	SBGB Cyprus Limited	Republic of Cyprus	Russian Federation	100,00%
50	Sberbank CIB (UK) Limited	United Kingdom of Great Britain and Northern Ireland	United Kingdom of Great Britain and Northern Ireland	100,00%
51	SA&PM (Cyprus) Limited (TDAM)	Republic of Cyprus	Russian Federation	100,00%
52	SIB (CYPRUS) Limited	Republic of Cyprus	Russian Federation	100,00%
53	Troika Capital Partners Limited (Cyprus)	Republic of Cyprus	Russian Federation	100,00%
54	Arimero Holding Limited	Republic of Cyprus	Russian Federation	100,00%
55	Formovochnye Avtomaty LLC	Russian Federation	Russian Federation	100,00%
56	Format-Neva LLC	Russian Federation	Russian Federation	100,00%
57	PF LAGOM CJSC	Russian Federation	Russian Federation	100,00%
58	Khochtovary LLC	Russian Federation	Russian Federation	100,00%
59	Lagom-Ukraine LLC	Ukraine	Ukraine	100,00%
60	Binotek LLC	Russian Federation	Russian Federation	100,00%
61	Lagom-Ural LLC	Russian Federation	Russian Federation	100,00%
62	SMG Plastic LLC	Russian Federation	Russian Federation	100,00%
63	Sabon LLC	Russian Federation	Russian Federation	100,00%
64	Sategor CJSC	Russian Federation	Russian Federation	100,00%
65	Sberbank CIB JSC	Russian Federation	Russian Federation	100,00%

NO.	NAME	COUNTRY OF REGISTRATION	COUNTRY OF BUSINESS	CUMULATIVE INTEREST FROM THE POINT OF VIEW OF THE GROUP
66	SB Raw Materials Trading LLC	Russian Federation	Russian Federation	100,00%
67	SIB FINANCIAL CONSULTANT JSC	Russian Federation	Russian Federation	100,00%
68	SB Prosperity LLC (Bogatyrskaya TROIKA LLC)	Russian Federation	Russian Federation	100,00%
69	TD SOFT LLC	Russian Federation	Russian Federation	100,00%
70	Sberbank Asset Management JSC	Russian Federation	Russian Federation	100,00%
71	Sberbank (Switzerland) AG	Swiss Confederation	Swiss Confederation	99,82%
72	Insurance company Sberbank insurance life LLC	Russian Federation	Russian Federation	100,00%
73	Sberbank Europe AG	Republic of Austria	Republic of Austria	100,00%
74	SBERBANK BH D.D.	Bosnia and Herzegovina	Bosnia and Herzegovina	100,00%
75	SBERBANK A.D. BANJA LUKA	Bosnia and Herzegovina	Bosnia and Herzegovina	100,00%
76	SBERBANK D.D.	Republic of Croatia	Republic of Croatia	100,00%
77	Sberbank Srbija A.D.	Republic of Serbia	Republic of Serbia	100,00%
78	"SUPER KARTICA" d.o.o. Beograd	Republic of Serbia	Republic of Serbia	33,00%
79	SBERBANK Banka d.d.	Republic of Slovenia	Republic of Slovenia	99,99%
80	Privatinvest d.o.o.	Republic of Slovenia	Republic of Slovenia	99,99%
81	SBERBANK CZ, A.S.	Czech Republic	Czech Republic	100,00%
82	Sberbank Magyarorszag Zrt (MAGYARORSZAGI VOLKSBANK RT.)	Hungary	Hungary	98,93%
83	BEVO-Holding GmbH	Republic of Austria	Republic of Austria	100,00%
84	ALB EDV-Service GmbH	Republic of Austria	Republic of Austria	100,00%
85	Pronam Nekretnine d.o.o. (Sberbank Nekretnine d.o.o.)	Republic of Croatia	Republic of Croatia	100,00%
86	KORUS Consulting CIS LLC	Russian Federation	Russian Federation	100,00%
87	Micro-credit company Vidayuchiesya kredity LLC	Russian Federation	Russian Federation	100,00%
88	Sberbank Factoring LLC	Russian Federation	Russian Federation	100,00%
89	Delovaya Sreda JSC	Russian Federation	Russian Federation	100,00%

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NO.	NAME	COUNTRY OF REGISTRATION	COUNTRY OF BUSINESS	CUMULATIVE INTEREST FROM THE POINT OF VIEW OF THE GROUP
90	Cetelem Bank LLC (Commercial Bank BNP Paribas Vostok Limited Liability Company)	Russian Federation	Russian Federation	79,20%
91	SB Securities S.A.	Grand Duchy of Luxembourg	Grand Duchy of Luxembourg	100,00%
92	DENIZBANK A.S.	Turkish Republic	Turkish Republic	99,85%
93	Deniz Faktoring Anonim Sirketi	Turkish Republic	Turkish Republic	99,85%
94	Deniz Yatirim Menkul Kiymetler Anonim Sirketi	Turkish Republic	Turkish Republic	99,84%
95	Deniz Portfoy Yonetimi A.S.	Turkish Republic	Turkish Republic	99,83%
96	Deniz Gayrimenkul Yatirim Ortakligi A.S. (Deniz Yatirim Ortakligi A.S.)	Turkish Republic	Turkish Republic	88,74%
97	Intertech Bilgi islem ve Pazarlama Ticaret A.S.	Turkish Republic	Turkish Republic	99,85%
98	Deniz Kartli Odeme Sistemleri A.S.	Turkish Republic	Turkish Republic	99,85%
99	Acik Deniz Radyo ve Televizyon Iletisim Yayıncılık Ticaret ve Sanayi A.S.	Turkish Republic	Turkish Republic	99,84%
100	EKSPRES BILGI ISLEM VE TICARET A.S.	Turkish Republic	Turkish Republic	99,85%
101	Denizbank Kultur Sanat Yayıncılık Ticaret ve Sanayi A.S.	Turkish Republic	Turkish Republic	99,85%
102	Euro Deniz International Banking Unit Limited	Republic of Cyprus	Republic of Cyprus	99,76%
103	DENIZBANK AG	Republic of Austria	Republic of Austria	99,85%
104	Deniz Finansal Kiralama Anonim Sirketi	Turkish Republic	Turkish Republic	99,85%
105	Deniz Immobilien Service GmbH	Republic of Austria	Republic of Austria	99,85%
106	Denizbank Moscow Joint Stock Company	Russian Federation	Russian Federation	99,85%
107	CR Erdberg Eins GmbH & Co KG	Republic of Austria	Republic of Austria	99,85%
108	Bantas Nakit ve Kıymetli Mal Tasima ve Guvenlik Hizmetleri A.S.	Turkish Republic	Turkish Republic	33,28%
109	Sotsialnye Garantii OJSC	Russian Federation	Russian Federation	49,87%
110	ActiveBusinessCollection LLC	Russian Federation	Russian Federation	100,00%
111	PS Yandex.Money LLC	Russian Federation	Russian Federation	75,00%
112	Non-Banking Credit Institution Yandex.Money LLC	Russian Federation	Russian Federation	75,00%

NO.	NAME	COUNTRY OF REGISTRATION	COUNTRY OF BUSINESS	CUMULATIVE INTEREST FROM THE POINT OF VIEW OF THE GROUP
113	Sberbank Service LLC	Russian Federation	Russian Federation	100,00%
114	SB Capital S.A.	Grand Duchy of Luxembourg	Grand Duchy of Luxembourg	0,00%
115	Non-state Pension Fund of Sberbank JSC	Russian Federation	Russian Federation	100,00%
116	Non-state Pension Fund VNIIEF-GARANT JSC	Russian Federation	Russian Federation	100,00%
117	Insurance company Sberbank insurance LLC	Russian Federation	Russian Federation	100,00%
118	Sberbank Insurance Broker LLC	Russian Federation	Russian Federation	100,00%
119	Professional consultant LLC	Russian Federation	Russian Federation	100,00%
120	RuTarget LLC	Russian Federation	Russian Federation	100,00%
121	Sberbank Real Estate Centre LLC	Russian Federation	Russian Federation	100,00%
122	Digital Technologies LLC	Russian Federation	Russian Federation	100,00%
123	EVOTOR LLC	Russian Federation	Russian Federation	40,00%
124	Digital Assets LLC	Russian Federation	Russian Federation	100,00%
125	S-Marketing LLC	Russian Federation	Russian Federation	100,00%
126	Intercomp JSC	Russian Federation	Russian Federation	100,00%
127	Foodplex LLC	Russian Federation	Russian Federation	35,00%
128	VisionLabs B.V.	Russian Federation	Russian Federation	25,07%
129	Yandex.Market B.V.	Russian Federation	Russian Federation	49,97%
130	Dialog LLC	Russian Federation	Russian Federation	60,00%
131	SBCloud LLC	Russian Federation	Russian Federation	60,00%
132	Technologies of Industry Transformation LLC	Russian Federation	Russian Federation	100,00%
133	Cloud Technologies LLC	Russian Federation	Russian Federation	100,00%
134	Management Company SBVK CJSC	Russian Federation	Russian Federation	100,00%
135	Sberbank-Telecom LLC	Russian Federation	Russian Federation	100,00%
136	Segmento LLC	Russian Federation	Russian Federation	50,00%
137	Natiaco Holding Limited	Republic of Cyprus	Russian Federation	82,65%

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NO.	NAME	COUNTRY OF REGISTRATION	COUNTRY OF BUSINESS	CUMULATIVE INTEREST FROM THE POINT OF VIEW OF THE GROUP
138	DocDoc LLC	Russian Federation	Russian Federation	82,65%
139	DocDoc Territory of Health LLC	Russian Federation	Russian Federation	82,56%
140	Innovation Services LLC	Russian Federation	Russian Federation	82,65%
141	MedCenterPlus LLC	Russian Federation	Russian Federation	82,65%
142	SB Structured Issuance B.V.	the Netherlands	the Netherlands	0,00%
143	IKS JSC	Russian Federation	Russian Federation	100,00%
144	Centre of bankruptcy technologies LLC	Russian Federation	Russian Federation	60,00%
145	Specialized Financial Company SB Credit Products 1 LLC	Russian Federation	Russian Federation	100,00%
146	Lending technologies LLC	Russian Federation	Russian Federation	100,00%
147	Sber Legal LLC	Russian Federation	Russian Federation	100,00%

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## INFORMATION ABOUT INDIVIDUAL FINANCIAL INDICATORS OF THE GROUP BY JURISDICTION

IN WHICH THE COMPANIES OF THE GROUP ARE REGISTERED

RUB BN	JURISDICTION																TOTAL BEFORE EFFECT OF INTERCOMPANY OPERATIONS	NET EFFECT OF INTERCOMPANY OPERATIONS	TOTAL	
	RUSSIAN FEDERATION	REPUBLIC OF AUSTRIA	REPUBLIC OF BELARUS	BOSNIA AND HERZEGOVINA	REPUBLIC OF CROATIA	REPUBLIC OF CYPRUS AND OTHER JURISDICTIONS	CZECH REPUBLIC	UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND	SWISS CONFEDERATION	HUNGARY	IRELAND	REPUBLIC OF KAZAKHSTAN	REPUBLIC OF SERBIA	REPUBLIC OF SLOVENIA	TURKISH REPUBLIC	UKRAINE				USA
Net interest income	1359.10	3.40	5.30	2.50	2.60	4.00	5.10	-	(0.70)	2.20	(3.20)	12.10	2.40	2.50	-	6.20	-	1403.50	(7.00)	1396.50
Net provision charge for creating reserve for loan losses on debt financial assets	(209.30)	(0.50)	(1.30)	(0.70)	(0.40)	(1.70)	(0.90)	-	0.10	(0.20)	-	(6.10)	(0.70)	(0.30)	-	(19.80)	-	(241.80)	79.40	(162.40)
Net fee and commission income	493.10	-	4.40	1.30	0.70	(1.20)	1.20	-	1.00	1.70	-	7.20	1.00	0.70	-	0.80	0.10	512.00	(66.70)	44530.00
Net other operating income	84.40	3.60	2.30	-	-	(2.20)	0.60	1.80	2.00	0.40	3.00	3.00	0.20	-	-	(1.10)	0.10	98.10	(66.50)	31.60
Operating income	<b>1727.30</b>	<b>6.50</b>	<b>10.70</b>	<b>3.10</b>	<b>2.90</b>	<b>(1.10)</b>	<b>6.00</b>	<b>1.80</b>	<b>2.40</b>	<b>4.10</b>	<b>(0.20)</b>	<b>16.20</b>	<b>2.90</b>	<b>2.90</b>	<b>-</b>	<b>(13.90)</b>	<b>0.20</b>	<b>1771.80</b>	<b>(60.80)</b>	<b>1711.00</b>
Operating expenses	(622.20)	(5.70)	(6.30)	(2.50)	(2.30)	(2.40)	(4.70)	(1.30)	(2.70)	(3.40)	0.10	(7.50)	(2.10)	(2.20)	-	(3.60)	(0.40)	(669.20)	4.40	(664.80)
Profit/(loss) before tax	1105.10	0.80	4.40	0.60	0.60	(3.50)	1.30	0.50	(0.30)	0.70	(0.10)	8.70	0.80	0.70	-	(17.50)	(0.20)	1102.60	(56.40)	1046.20
Income tax expense	(218.60)	-	(0.50)	(0.10)	(0.10)	(0.20)	(0.30)	-	-	(0.20)	-	(1.10)	-	(0.10)	-	-	-	(221.20)	6.20	(215.00)
Net profit/(loss) from continuing operations	886.50	0.80	3.90	0.50	0.50	(3.70)	1.00	0.50	(0.30)	0.50	(0.10)	7.60	0.80	0.60	-	(17.50)	(0.20)	881.40	(50.20)	831.20
Net profit/(loss) from discontinued operations	0.80	14.30	-	-	-	-	-	-	-	-	-	-	-	-	33.80	-	-	48.90	(48.40)	0.50
Net profit/loss	887.30	15.10	3.90	0.50	0.50	(3.70)	1.00	0.50	(0.30)	0.50	(0.10)	7.60	0.80	0.60	33.80	(17.50)	(0.20)	930.30	(98.60)	831.70
Capital expenditures	135.80	0.40	0.60	0.20	0.10	0.40	0.90	0.10	0.20	0.70	27.00	1.60	0.20	0.20	6.20	1.30	-	175.90	-	175.90
Net interest income	1 307.90	22.70	6.40	2.40	2.50	2.10	4.10	-	-	1.60	(1.80)	13.30	2.20	2.20	77.00	7.90	-	1 450.50	1.60	1 452.10
Net provision charge for impairment of debt financial assets	(221.60)	(10.30)	(3.10)	(0.80)	(2.90)	(1.60)	(0.50)	-	(1.00)	0.30	0.10	(10.60)	(0.70)	(0.80)	(20.90)	(6.10)	-	(280.50)	(6.80)	(287.30)
Net fee and commission income	395.90	0.30	3.60	0.90	0.50	(0.20)	0.70	-	0.80	1.20	-	6.00	0.70	0.50	25.80	0.80	-	437.50	(43.30)	394.20
Net other operating income	49.00	(13.90)	1.50	0.20	0.30	1.90	-	0.10	4.40	1.00	2.50	0.20	0.30	0.20	(29.50)	1.50	0.10	19.80	37.20	57.00
Operating income	<b>1 531.20</b>	<b>(1.20)</b>	<b>8.40</b>	<b>2.70</b>	<b>0.40</b>	<b>2.20</b>	<b>4.30</b>	<b>0.10</b>	<b>4.20</b>	<b>4.10</b>	<b>0.80</b>	<b>8.90</b>	<b>2.50</b>	<b>2.10</b>	<b>52.40</b>	<b>4.10</b>	<b>0.10</b>	<b>1 627.30</b>	<b>(11.30)</b>	<b>1 616.00</b>
Operating expenses	(592.70)	(8.50)	(6.30)	(2.10)	(1.90)	(2.30)	(3.80)	(1.10)	(2.40)	(3.00)	(1.50)	(6.70)	(1.70)	(1.90)	(41.30)	(3.50)	(0.50)	(681.20)	8.40	(672.80)
Profit/(loss) before tax	<b>938.50</b>	<b>(9.70)</b>	<b>2.10</b>	<b>0.60</b>	<b>(1.50)</b>	<b>(0.10)</b>	<b>0.50</b>	<b>(1.00)</b>	<b>1.80</b>	<b>1.10</b>	<b>(0.70)</b>	<b>2.20</b>	<b>0.80</b>	<b>0.20</b>	<b>11.10</b>	<b>0.60</b>	<b>(0.40)</b>	<b>946.10</b>	<b>(2.90)</b>	<b>943.20</b>
Income tax expense	(189.70)	(3.40)	(0.20)	(0.10)	0.20	(0.70)	(0.30)	-	-	(0.20)	0.10	(0.10)	-	-	(2.50)	-	-	(196.90)	2.40	(194.50)
Net profit/loss	<b>748.80</b>	<b>(13.10)</b>	<b>1.90</b>	<b>0.50</b>	<b>(1.30)</b>	<b>(0.80)</b>	<b>0.20</b>	<b>(1.00)</b>	<b>1.80</b>	<b>0.90</b>	<b>(0.60)</b>	<b>2.10</b>	<b>0.80</b>	<b>0.20</b>	<b>8.60</b>	<b>0.60</b>	<b>(0.40)</b>	<b>749.20</b>	<b>(0.50)</b>	<b>748.70</b>
Capital expenditures	84.00	1.10	0.60	0.30	0.30	0.70	0.80	0.10	0.10	0.40	31.50	1.80	0.10	0.20	4.60	1.90	-	128.50	-	128.50

FOR THE YEAR ENDED 31 DECEMBER 2018

FOR THE YEAR ENDED 31 DECEMBER 2017

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## REPORT ON INTERESTED-PARTY TRANSACTIONS CONCLUDED BY SBERBANK IN 2018

This Report presents a list of transactions concluded by Sberbank in 2018 that are recognized as interested-party transactions in accordance with the requirements of Federal Law No. 208-FZ dated December 26, 1995 "On Joint-Stock Companies". The consent/approval of the Supervisory Board of Sberbank was received for the transactions indicated in points 1–3 and 5-14; the consent of the annual General Shareholders' Meeting of Sberbank was received for the transaction indicated in point 4. The grounds for recognition as a party interested in the conclusion of transactions and the participation interest of the interested parties in the share (joint) capital (percentage of shares belonging to the interested parties) in legal entities that are parties to the transactions, are shown at of the time of the conclusion of the transactions.

The accuracy of the data entered in the Report has been confirmed by the Internal Audit Commission of Sberbank.

The Report has been approved by the Supervisory Board of Sberbank (Minutes No. 11 dated April 16, 2019).

NO.	MATERIAL TERMS OF THE TRANSACTION		NUMBER OF TRANSACTIONS IN THE SECTION	NUMBER OF TRANSACTIONS AS A CUMULATIVE TOTAL
1	<b>Counterparty: Gazprom Public Joint Stock Company</b>			
	Interested party and grounds for recognition as a party interested in the conclusion of the transaction: member of the Supervisory Board of Sberbank V.A. Mau is simultaneously a member of the Board of Directors of Gazprom.			
	Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank: 0% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Gazprom: 0%			
	Determination of the terms and conditions and procedure for the conclusion by the parties of futures transactions on financial markets (General Agreement) and the conclusion of futures transactions on financial markets within the framework of the General Agreement.	RUB 100 billion	1	1
2	<b>Counterparty: SBERBANK Public Joint Stock Company (Ukraine)</b>			
	Interested party and grounds for recognition as a party interested in the conclusion of the transaction: member of the Executive Board of Sberbank, First Deputy Chairman of the Executive Board of Sberbank L.A. Khasis is simultaneously the Chairman of the Board of Directors of SBERBANK (Ukraine).			
	Participation interest of the interested party in the share capital of Sberbank: 0.0012% Percentage of the voting shares of Sberbank belonging to the interested party: 0.0013% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SBERBANK (Ukraine): 0%			
	Additional Agreement to the Agreement on the General Terms and Conditions for Performing Bilateral Transactions on the Inter-Bank Market (Framework Agreement)	USD 870 million	1	2
	Transactions concluded on the basis of the Framework Agreement	USD 345.99 million	1	3
3	<b>Counterparty: Cetelem Bank Limited Liability Company</b>			
	Interested party and grounds for recognition as a party interested in the conclusion of the transaction: member of the Executive Board and Deputy Chairman of the Executive Board of Sberbank A.Yu. Torbakhov was simultaneously the Chairman of the Board of Directors of Cetelem Bank.			
	Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank: 0% Participation interest of the interested party in the share capital of Cetelem Bank: 0%			
	Interested party and grounds for recognition as a party interested in the conclusion of the transaction: member of the Executive Board and Deputy Chairman of the Executive Board of Sberbank A.V. Morozov is simultaneously a member of the Board of Directors of Cetelem Bank.			
	Participation interest of the interested party in the share capital of Sberbank: 0.0014% Percentage of the voting shares of Sberbank belonging to the interested party: 0.0009% Participation interest of the interested party in the share capital of Cetelem: 0%			
	Revolving framework credit facility with differentiated interest rates (Agreement)	Lending limit RUB 70 billion	1	4
	60 inter-related credit transactions concluded under the Agreement on the Opening of a Revolving Framework Credit Facility with Differentiated Interest Rates	RUB 56.5 billion	60	64
	Additional Agreement No. 1 to the Agreement on the Opening of a Revolving Framework Credit Facility with Differentiated Interest Rates on an Increase in the Limit of the Credit Facility	RUB 56.5 billion	1	65



NO.	MATERIAL TERMS OF THE TRANSACTION	NUMBER OF TRANSACTIONS IN THE SECTION	NUMBER OF TRANSACTIONS AS A CUMULATIVE TOTAL
4	<b>Counterparty: Gas Industry Insurance Company Joint Stock Company (SOGAZ)</b>		
	Interested parties and grounds for recognition as a party interested in the conclusion of the transaction:		
	· member of the Supervisory Board of Sberbank S.M. Ignatiev is a beneficiary in the transaction.		
	Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank: 0% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		
	· member of the Supervisory Board of Sberbank G.I. Luntovsky is a beneficiary in the transaction.		
	Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank: 0% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		
	· member of the Supervisory Board of Sberbank A.L. Kudrin is a beneficiary in the transaction.		
	Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank: 0% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		1
	· member of the Supervisory Board of Sberbank E.T. Aho is a beneficiary in the transaction.		2
	Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank: 0% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		3
	· member of the Supervisory Board of Sberbank L.B. Boguslavsky is a beneficiary in the transaction.		4
	Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank: 0% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		5
	· member of the Supervisory Board of Sberbank of Russia M.G. Gilman is a beneficiary in the transaction.		6
	Participation interest of the interested party in the share capital of Sberbank: 0.00018% Percentage of the voting shares of Sberbank belonging to the interested party: 0.00019% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		7
	· member of the Supervisory Board of Sberbank N.Yu. Ivanova is a beneficiary in the transaction.		8
	Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank: 0% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		
	· member of the Supervisory Board of Sberbank V.A. Mau is a beneficiary in the transaction.		
	Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank: 0%		
	Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		
	· member of the Supervisory Board of Sberbank G.G. Melikyan is a beneficiary in the transaction.		
	Participation interest of the interested party in the share capital of Sberbank: 0.0001% Percentage of the voting shares of Sberbank belonging to the interested party: 0.0001% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		



NO.	MATERIAL TERMS OF THE TRANSACTION	NUMBER OF TRANSACTIONS IN THE SECTION	NUMBER OF TRANSACTIONS AS A CUMULATIVE TOTAL
	<ul style="list-style-type: none"> <li>member of the Supervisory Board of Sberbank M.S. Oreshkin is a beneficiary in the transaction.</li> </ul> Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank: 0% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		
	<ul style="list-style-type: none"> <li>member of the Supervisory Board of Sberbank O.N. Skorobogatova is a beneficiary in the transaction.</li> </ul> Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank: 0% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		
	<ul style="list-style-type: none"> <li>member of the Supervisory Board of Sberbank N. Wells is a beneficiary in the transaction.</li> </ul> Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank: 0% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		
	<ul style="list-style-type: none"> <li>member of the Supervisory Board of Sberbank S.A. Shvetsov is a beneficiary in the transaction.</li> </ul> Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank: 0% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		1
	<ul style="list-style-type: none"> <li>CEO and Chairman of the Executive Board of Sberbank, member of the Supervisory Board of Sberbank H.O. Gref is a beneficiary in the transaction.</li> </ul> Participation interest of the interested party in the share capital of Sberbank: 0.0031% Percentage of the voting shares of Sberbank belonging to the interested party: 0.003% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		2
	<ul style="list-style-type: none"> <li>member of the Executive Board of Sberbank and Senior Vice-President of Sberbank A.V. Bazarov is a beneficiary in the transaction.</li> </ul> Participation interest of the interested party in the share capital of Sberbank: 0.0022% Percentage of the voting shares of Sberbank belonging to the interested party: 0.0023% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		3
	<ul style="list-style-type: none"> <li>member of the Executive Board of Sberbank, Deputy Chairman of the Executive Board of Sberbank O.V. Ganeev is a beneficiary in the transaction.</li> </ul> Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank: 0% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		4
	<ul style="list-style-type: none"> <li>member of the Executive Board of Sberbank, Deputy Chairwoman of the Executive Board of Sberbank B.I. Zlatkis is a beneficiary in the transaction.</li> </ul> Participation interest of the interested party in the share capital of Sberbank: 0.0004% Percentage of the voting shares of Sberbank belonging to the interested party: 0.0005% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		5
	<ul style="list-style-type: none"> <li>member of the Executive Board of Sberbank, Deputy Chairman of the Executive Board of Sberbank S.K. Kuznetsov is a beneficiary in the transaction.</li> </ul> Participation interest of the interested party in the share capital of Sberbank: 0.00059% Percentage of the voting shares of Sberbank belonging to the interested party: 0.0006% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		6
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NO.	MATERIAL TERMS OF THE TRANSACTION	NUMBER OF TRANSACTIONS IN THE SECTION	NUMBER OF TRANSACTIONS AS A CUMULATIVE TOTAL
	<ul style="list-style-type: none"> <li>member of the Executive Board of Sberbank, Deputy Chairman of the Executive Board of Sberbank A.V. Morozov is a beneficiary in the transaction.</li> </ul> Participation interest of the interested party in the share capital of Sberbank: 0.0017% Percentage of the voting shares of Sberbank belonging to the interested party: 0.001% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		
	<ul style="list-style-type: none"> <li>member of the Executive Board of Sberbank and First Deputy Chairman of the Executive Board M.V. Poletaev is a beneficiary in the transaction.</li> </ul> Participation interest of the interested party in the share capital of Sberbank: 0.0001% Percentage of the voting shares of Sberbank belonging to the interested party: 0% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		
	member of the Executive Board of Sberbank, Deputy Chairman of the Executive Board of Sberbank A.Yu. Torbakhov is a beneficiary in the transaction.  Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank: 0% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		
	<ul style="list-style-type: none"> <li>member of the Executive Board of Sberbank, First Deputy Chairman of the Executive Board of Sberbank L.A. Khasis is a beneficiary in the transaction.</li> </ul> Participation interest of the interested party in the share capital of Sberbank: 0.0012% Percentage of the voting shares of Sberbank belonging to the interested party: 0.0013% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		1
	<ul style="list-style-type: none"> <li>member of the Executive Board of Sberbank, Deputy Chairwoman of the Executive Board of Sberbank Yu.G. Chupina is a beneficiary in the transaction.</li> </ul> Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank: 0% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SOGAZ: 0%		2
	D&O Liability Insurance Contract of Sberbank and Sberbank Group companies <ul style="list-style-type: none"> <li>Insurance premium: RUB 74 million</li> <li>Insured amount: RUB 6 billion</li> <li>Additional insured amount for independent directors: RUB 30 million</li> <li>Aggregate additional insured amount for independent directors: RUB 150 million</li> </ul>	1	66
<b>5</b>	<b>Counterparty: SBERBANK Public Joint Stock Company (Ukraine)</b>  Interested party and grounds for recognition as a party interested in the conclusion of the transaction: member of the Executive Board of Sberbank, First Deputy Chairman of the Executive Board of Sberbank L.A. Khasis is simultaneously a member of the Board of Sberbank (Ukraine).  Participation interest of the interested party in the share capital of Sberbank: 0.0012% Percentage of the voting shares of Sberbank belonging to the interested party: 0.0013% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank (Ukraine): 0%		
	Acquisition by Sberbank of additional issue of ordinary registered shares	UAH 8.3 billion	1
			67



NO.	MATERIAL TERMS OF THE TRANSACTION	NUMBER OF TRANSACTIONS IN THE SECTION	NUMBER OF TRANSACTIONS AS A CUMULATIVE TOTAL
<b>6</b>	<b>Counterparties: Sberbank Switzerland AG, SB Credit Products 1 Specialized Finance Company LLC (under the Assignment Agreement)</b>		
	Interested party and grounds for recognition as a party interested in the conclusion of the transaction: member of the Executive Board of Sberbank, Deputy Chairman of the Executive Board of Sberbank A.V. Morozov is simultaneously a member of the Board of Directors of Sberbank Switzerland AG.		
	Participation interest in the share capital of Sberbank: 0.0017% Percentage of the ordinary shares of Sberbank belonging to the interested party, 0.001% Participation interest in the share capital of Sberbank Switzerland AG, 0%		
	Framework agreement determining the general procedure for the conclusion, execution and termination of derivative transactions	-	1 68
	Credit default swap transaction (CDS 1)	RUB 5 billion + interest accrued on CDS 1	1 69
	Assignment Agreement	-	1 70
	Credit default swap transaction (CDS 2)	RUB 5 billion + interest accrued on CDS 2	1 71
	Credit Assistance Agreement (CSA), covering the obligations under transaction CDS 2	RUB 5 billion + interest accrued on the initial margin amount	1 72
<b>7</b>	<b>Counterparty: Gazprom Public Joint Stock Company</b>		
	Interested party and grounds for recognition as a party interested in the conclusion of the transaction: member of the Supervisory Board of Sberbank V.A. Mau is simultaneously a member of the Board of Directors of Gazprom.		
	Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank: 0% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Gazprom: 0%		
	Contract of Suretyship as security for the performance of the obligations that arose from the credit facility agreement concluded between Sberbank and Gazprom Space Systems	EUR 530 million	1 73
<b>8</b>	<b>Counterparty: Gazprom Public Joint Stock Company</b>		
	Interested party and grounds for recognition as a party interested in the conclusion of the transaction: member of the Supervisory Board of Sberbank V.A. Mau is simultaneously a member of the Board of Directors of Gazprom.		
	Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Sberbank: 0% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Gazprom: 0%		
	Additional Agreement to the Agreement on the Opening of a Credit Facility	RUB 60 billion + interest for the use of the credit	1 74



NO.	MATERIAL TERMS OF THE TRANSACTION	NUMBER OF TRANSACTIONS IN THE SECTION	NUMBER OF TRANSACTIONS AS A CUMULATIVE TOTAL	
<b>9</b>	<p><b>Counterparty: Sberbank Capital Limited Liability Company</b></p> <p>Interested party and grounds for recognition as a party interested in the conclusion of the transaction: member of the Executive Board of Sberbank, First Deputy Chairman of the Executive Board of Sberbank M.V. Poletaev was simultaneously a member of the Board of Directors of Sberbank Capital.</p> <p>Participation interest in the share capital of Sberbank, 0.0001% Percentage of ordinary shares owned in Sberbank, 0% Participation interest in the share capital of Sberbank Capital, 0%</p> <p>Additional Agreement to the Agreement concluded between Sberbank and Sberbank Capital</p>	RUB 12 billion + interest for the use of the credit	1	75
<b>10</b>	<p><b>Counterparty: SBERBANK Joint Stock Company (Ukraine)</b></p> <p>Interested party and grounds for recognition as a party interested in the conclusion of the transaction: member of the Executive Board of Sberbank, First Deputy Chairman of the Executive Board of Sberbank L.A. Khasis is simultaneously a member of the Board of Sberbank (Ukraine).</p> <p>Participation interest of the interested party in the share capital of Sberbank: 0.0012% Percentage of the voting shares of Sberbank belonging to the interested party: 0.0013% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SBERBANK (Ukraine): 0%</p> <p>Interested party and grounds for recognition as a party interested in the conclusion of the transaction: member of the Executive Board, First Deputy Chairman of the Executive Board A.A. Vedyakhin is simultaneously Deputy Chairman of the Supervisory Board of SBERBANK (Ukraine).</p> <p>Participation interest of the interested party in the share capital of Sberbank: 0.000027% Percentage of the voting shares of Sberbank belonging to the interested party: 0.000029% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of SBERBANK (Ukraine): 0%</p> <p>Acquisition by Sberbank of additional issue of the ordinary registered shares</p>	UAH 3.3 billion	1	76
<b>11</b>	<p><b>Counterparty: State Corporation Bank for Development and Foreign Trade Activity (Vnesheconombank)</b></p> <p>Interested party and grounds for recognition as a party interested in the conclusion of the transaction: member of the Supervisory Board of Sberbank M.S. Oreshkin is simultaneously a member of the Board of Directors of Vnesheconombank.</p> <p>Participation interest of the interested party in the share capital of Sberbank: 0% Percentage of the voting shares of Sberbank belonging to the interested party: 0% Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Vnesheconombank: 0%</p> <p>Approval of the Assignment Agreement between Sberbank and State Corporation Bank for Development and Foreign Trade Activity (Vnesheconombank) regarding the transfer of claims under credit facility agreements.</p>	USD 556.8 million	1	77

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NO.	MATERIAL TERMS OF THE TRANSACTION	NUMBER OF TRANSACTIONS IN THE SECTION	NUMBER OF TRANSACTIONS AS A CUMULATIVE TOTAL
12	<p><b>Counterparties: Yandex.Market B.V. (Netherlands), Yandex N.V. (Netherlands), Stichting Yandex. Market Equity Incentive (Netherlands)</b></p> <p>Interested party and grounds for recognition as a party interested in the conclusion of the transaction: CEO and Chairman of the Executive Board of Sberbank, member of the Supervisory Board of Sberbank H.O. Gref is simultaneously a member of the Board of Directors of Yandex N.V.</p> <p>Participation interest of the interested party in the share capital of Sberbank: 0.0031%            Percentage of the voting shares of Sberbank belonging to the interested party: 0.003%            Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Yandex N.V.: 0%</p> <p>Conclusion of Shareholders' Agreement regarding the company Yandex.Market B.V. (Netherlands) (Shareholders' Agreement relating to Yandex.Market B.V.) Has no monetary value</p>	1	78
13	<p><b>Counterparties: Yandex.Market B.V. (Netherlands), Yandex N.V. (Netherlands)</b></p> <p>Interested party and grounds for recognition as a party interested in the conclusion of the transaction: CEO and Chairman of the Executive Board of Sberbank, member of the Supervisory Board of Sberbank H.O. Gref is simultaneously a member of the Board of Directors of Yandex N.V.</p> <p>Participation interest of the interested party in the share capital of Sberbank: 0.0031%            Percentage of the voting shares of Sberbank belonging to the interested party: 0.003%            Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) of Yandex N.V.: 0%</p> <p>Conclusion of the Deed of Guarantee and Undertaking on the provision by Yandex N.V. of a financial guarantee as security for the performance of its obligations and the obligations of other persons of Yandex Group under the Shareholders' Agreement. RUB 30 billion</p>	1	79
14	<p><b>Counterparties: Yandex.Market B.V. (Netherlands), Yandex N.V. (Netherlands)</b></p> <p>Interested party and grounds for recognition as a party interested in the conclusion of the transaction: CEO and Chairman of the Executive Board of Sberbank, member of the Supervisory Board of Sberbank H.O. Gref is simultaneously a member of the Board of Directors of Yandex N.V.</p> <p>Participation interest of the interested party in the share capital of Sberbank: 0.0031%            Percentage of the voting shares of Sberbank belonging to the interested party: 0.003%            Participation interest of the interested party in the share capital (percentage of the voting shares belonging to the interested party) Yandex N.V.: 0%</p> <p>Conclusion of the Deed of Guarantee and Undertaking on the provision by Sberbank of a financial guarantee as security RUB 30 billion for the performance of its obligations under the Shareholders' Agreement before Yandex N.V. and Yandex.Market B.V.</p>	1	80

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## PROCESS FOR DEFINING MATERIAL TOPICS

To determine the contents of the Report, we assessed the significance of different operating aspects of the Group and compiled a list of material topics to be disclosed in the Report. This process was performed in three main stages: the identification of material topics, their prioritization and approval. Based on analysis, we compiled a list of 23 topics declared by the working group to be material for both internal and external stakeholders.

### Procedure for determining the material topics of this Report



### List of the material topics of the Report

MATERIAL TOPICS DEFINED BY THE GROUP	CORRESPONDING MATERIAL TOPICS OF THE GRI STANDARDS	CORRESPONDING SUSTAINABILITY GOALS OF THE UN	
<b>Best customer experience and ecosystems</b>			
1 Development of socially oriented products	· Client privacy Local communities · Product portfolio	4 Quality education	
2 Support for small business		10 Reduced inequalities	
3 Increase in the financial literacy of the population			
4 Improvement in the quality of client service			
5 Ensuring client safety and preventing fraud			
6 Ensuring the accessibility of services			
<b>Technological leadership</b>			
7 Increase in the reliability of products and services	· Energy	9 Industrialization and infrastructure	1
8 Ensuring cybersecurity			2
9 Environmentally sound IT			3
10 Work with data and analytics			4
11 Development of innovations			5
<b>People: nurturing new skills in effective teams</b>			
12 Professional development and training of employees	· Employment · Occupational Health and Safety Training and education	3 Good health and wellbeing	6
13 Social protection of employees		5 Gender equality	7
14 Employee health		8 Decent work and economic growth	8
15 Effective assessment and remuneration system of employees			
16 Transformation of the HR function			
17 Development of corporate culture			
18 Development of the brand of an appealing IT employer and talent retention			
<b>Corporate governance</b>			
19 Improvements to corporate governance	· Anti-counteracting · Socioeconomic Compliance		
20 Countering corruption and management of compliance risk			
<b>Impact on Society</b>			
21 Contribution to regional development: financing of projects of high social significance	· Indirect economic impacts · Local communications · Energy · Effluents and waste · Procurement practices	11 Sustainable cities and communities	
22 Implementation of charitable and sponsorship projects		12 Responsible consumption and production	
23 Green office		16 Peace, justice and strong institutions	
24 Improving the efficiency of public administration		17 Partnerships for the goals	



## SUSTAINABLE DEVELOPMENT GOALS

In 2015 the UN General Assembly adopted 17 Sustainable Development Goals, which are aimed at securing general welfare, inclusivity, sustainable development, and stability all over the world. These goals are set and described in “Transforming Our World: The 2030 Agenda for Sustainable Development”, and are aimed at helping business and society to prosper.

The 17 goals for sustainability are relevant to all sectors of the economy, including the financial sector. Sberbank recognizes the importance of these goals, and focuses in its operations on the ten goals described below. Our contribution to achieving each of these goals is disclosed further on the pages of the Report.

### Sberbank’s contribution to the achievement of the Sustainable Development Goals

GOAL NO.				
				
<p><b>3</b> <b>Ensure healthy lives and promote wellbeing</b></p>	<p><b>4</b> <b>Ensure inclusive and equitable quality education and promote lifelong learning opportunities</b></p>	<p><b>5</b> <b>Achieve gender equality and empower all women and girls</b></p>	<p><b>8</b> <b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work</b></p>	<p><b>9</b> <b>Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation</b></p>
<ul style="list-style-type: none"> <li>◆ Promote and support a healthy lifestyle among employees (healthy eating, psychological support, sports initiatives)</li> <li>◆ Ensure safe working conditions for employees</li> <li>◆ Provide access to medical services on favorable terms</li> <li>◆ Support public health by offering life insurance services</li> <li>◆ Support medical institutions</li> </ul>	<ul style="list-style-type: none"> <li>◆ Create in-house training programs for employees, including female employees of the Bank on childcare leave</li> <li>◆ Training of external stakeholders (clients, partners)</li> <li>◆ Implementation of charitable projects aimed at supporting education in the regions of presence.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Creating equal working conditions and career opportunities</li> <li>◆ Ensuring a balance of jobs and human resources</li> <li>◆ Providing an equal system for performance evaluation and compensation</li> </ul>	<ul style="list-style-type: none"> <li>◆ Supporting employment and decent working conditions in regions of presence</li> <li>◆ Support for business development, including in the micro and small-business segments, by providing financial services</li> <li>◆ Sustainable economic growth of Sberbank as the national bank by implementing new technologies</li> <li>◆ Initiatives aimed at making financial services more accessible in the regions of presence (development of service channels and infrastructure, financial literacy projects)</li> <li>◆ Fighting corruption, money laundering, and the financing of terrorism</li> </ul>	<ul style="list-style-type: none"> <li>◆ Financing of socially important projects</li> <li>◆ Development of infrastructure in the regions of presence (agriculture, pharmaceuticals, minerals extraction, transportation, and other economic sectors)</li> <li>◆ Development of and support for implementation of innovative technologies in the financial sector</li> </ul>

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## SUSTAINABLE DEVELOPMENT GOALS

GOAL NO.



### 10 Reduce inequality within and among countries

- ◆ Support for older clients by offering convenient and understandable access to financial services
- ◆ Development of products for youth
- ◆ Support for physically challenged individuals by creating an inclusive environment in the Bank's offices and in the digital space



### 11 Make cities and human settlements inclusive, safe, resilient and sustainable

- ◆ Supporting Russian small and medium enterprises in difficult economic conditions in the regions of presence
- ◆ Assisting in the construction of transportation, production, and other facilities that are socially important for the development of the regions and the country



### 12 Ensure sustainable consumption and production patterns

- ◆ Reduction of energy and water consumption in the Bank's offices through the use of resourceefficient equipment
- ◆ Reduction in the amount of waste produced by implementing separate collection of paper and office equipment consumables
- ◆ Implementation of an initiative on the responsible use of resources



### 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

- ◆ Participation in the process of improving regulatory oversight in the financial sector
- ◆ Partnerships with professional associations and government authorities in developing initiatives in economic and social development



### 17 Strengthen the means of implementation and active international cooperation for sustainable development

- ◆ Development of national and international business partnerships by organizing and participating in business events (forums, conferences)

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## ACRONYMS

<b>A.Ş.</b> — Anonim Sirketi (Turkish)	<b>CSA</b> — Credit Assistance Agreement	<b>FTS</b> — federal tax service	<b>ISO 37001</b> — International standard “Anti-bribery management system”	<b>NFC</b> — near field communication	<b>SPA</b> — shareholder personal account
<b>ACRA</b> — analytical credit rating agency	<b>CSC</b> — corporate solutions center	<b>G20</b> — the Group of Twenty	<b>ISO/IEC 27001</b> — International standard “Information security management”	<b>NGO</b> — non governmental organization	<b>SST</b> — self-service terminals
<b>ADR</b> — American depositary receipt	<b>CSI</b> — client satisfaction index	<b>GDP</b> — gross domestic product	<b>IT</b> — Information technologies	<b>NIM</b> — net interest margin	<b>UFS</b> — unified front-end system
<b>AFS</b> — available for sale	<b>CSR</b> — corporate social responsibility	<b>GDPR</b> — EU General Data Protection Regulation	<b>IVR</b> — interactive voice response system	<b>NPL</b> — non-performing loans	<b>UN</b> — the United Nations
<b>AG</b> — joint stock company (German — Aktiengesellschaft)	<b>D&amp;O</b> — directors and officers	<b>GDR</b> — global depositary receipt	<b>JCB</b> — Japan Credit Bureau	<b>NPS</b> — net promoter score	<b>URCCP</b> — unified retail and corporate client profile
<b>AGM</b> — annual general meeting of shareholders	<b>DAU</b> — daily active users in digital channels	<b>GRI</b> — Global Reporting Initiative	<b>JSC</b> — joint stock company	<b>OECD</b> — Organization for Economic Cooperation and Development	<b>UPSP</b> — unified public service portal
<b>AHML</b> — Agency for Housing Mortgage Lending	<b>DAU/MAU</b> — the ratio of the number of daily active users to monthly active users in digital channels	<b>HNWI</b> — high-net-worth individual	<b>LEED</b> — Leadership in Energy and Environmental Design	<b>OFZs</b> — federal loan bonds	<b>VaR</b> — value at risk
<b>API</b> — Application programming interface	<b>DCM</b> — debt capital market	<b>HR</b> — human resources	<b>LLC</b> — limited liability company	<b>OJSC</b> — open joint stock company	<b>VAT</b> — value added tax
<b>AR</b> — augmented reality	<b>DDoS</b> — distributed denial of service	<b>HSE</b> — Higher School of Economics	<b>M&amp;A</b> — mergers and acquisitions	<b>PhD</b> — Doctor of Philosophy	<b>VHI</b> — voluntary health insurance
<b>AS</b> — automated system	<b>DevOps</b> — development and operations	<b>ICA</b> — International Compliance Association	<b>M.Sc</b> — Master of Science	<b>PJSC</b> — public joint stock company	<b>VR</b> — virtual reality
<b>BA</b> — Bachelor of Arts	<b>DPC</b> — data processing center	<b>ICC</b> — international cybersecurity congress	<b>MAU</b> — monthly active users in digital channels	<b>POCI</b> — purchased or originated credit-impaired	<b>WEF</b> — World Economic Forum
<b>Bank of Russia</b> — the Central Bank of the Russian Federation	<b>ECM</b> — equity capital market	<b>ICO</b> — initial coin offering	<b>MBA</b> — Master of Business Administration	<b>POS</b> — point of sale	
<b>BDSP 18+</b> — Business development support platform (18+)	<b>EMBI</b> — emerging market bond index	<b>IDA</b> — Independent Directors Association	<i>MIF</i> — mutual investment fund	<b>PPF</b> — private pension fund	
<b>BS</b> — Bachelor of Science	<b>EPS</b> — earnings per ordinary share	<b>IFRS</b> — International Financial Reporting Standard	<b>MOEX</b> — Moscow exchange	<b>Repo</b> — security purchase transaction with an obligation to sell it back after a certain period at a price fixed in this agreement	
<b>CEE</b> — Central and European Europe	<b>ESIA</b> — Russian information system that allows users (individual applicants and government officials) authorized access to information contained in government information systems and other information systems.	<b>IIA</b> — individual investment account	<b>MTN</b> — medium-term note issue program	<b>RPA</b> — robotic process automation	
<b>CIB</b> — corporate investment block that operates under the brand Sberbank CIB since October 8, 2012	<b>ESG</b> — environment, social, corporate governance	<b>IMF</b> — International Monetary Fund	<b>MVNO</b> — mobile virtual network operator	<b>ROA</b> — return on assets	
<b>CIR</b> — Cost-to-Income	<b>ETF</b> — exchange-traded fund	<b>IMS</b> — intelligent management system	<b>NAFI</b> — National Agency for financial information	<b>ROE</b> — return on equity	
<b>CJSC</b> — closed joint stock company	<b>EU</b> — European Union	<b>IoT</b> — internet of things	<b>NAUFOR</b> — National Association of Securities Market Participants	<b>RWA</b> — risk weighted assets	
<b>COR</b> — cost of risk	<b>FCR</b> — First Contact Resolution	<b>IPO</b> — initial public offering	<b>NCGR</b> — national corporate governance rating	<b>SB</b> — subsidiary bank	
<b>CRM</b> — client relationship management		<b>ISD</b> — internal structural divisions	<b>NFA</b> — National Stock Association	<b>SBE</b> — Sberbank Europe	
		<b>ISO 26000</b> — International standard “Guidance on social responsibility”		<b>SCC</b> — standard contractual clauses	
				<b>SOC</b> — security operations center	



## GLOSSARY

**Corporate social responsibility** — a set of principles and obligations the bank complies with in the course of its activity with regard to:

- ◆ assessment and management of impact on the national economy, social sphere and environment;
- ◆ management of stakeholder engagement.

**Credit Factory** — a lending process for retail clients and small business entities which is based on the centralized and automated processing of credit applications, followed by a decision on the possibility of lending.

**Dividend** — a part of the income earned by a business entity which is distributed among its shareholders.

**Ecosystem** — network of companies that is based on the platform and uses its' services for creating best offers for clients and access to it in order to meet all requirements of different clients — legal entities and individuals.

**Employee engagement** — the emotional and intellectual state of an employee in which he/she tries to perform his/her work in the best possible way, and is willing to contribute to the company's development and success.

**Golden share** — conventional name for the corporate right belonging to the Russian Federation, government body or municipality which is a shareholder of the joint stock company. Serves the purposes of government control over the joint stock company.

**Regulatory sandbox** — is a legal framework that allows companies developing new financial products to perform small-scale testing of the products on implementation without the risk of a violation of effective legislation.

**Stakeholders** — private and corporate clients or groups of entities that influence the bank and its activity and/or are influenced by the bank (clients, employees, shareholders, governmental authorities, nonprofit organizations, etc.).

**Stand-In** — mode of the system ensuring clients to perform operations by interactive services in case if the system is unavailable in real-time mode.

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