

# ANNUAL REPORT 2019





# About the Report

## OUR APPROACH TO THE REPORT

This 2019 Annual Report of Sberbank of Russia<sup>1</sup> (hereinafter, the Report) contains information about the results of operations of the bank and its subsidiaries<sup>2</sup> for the reporting period from January 1, 2019 through December 31, 2019.

This Report has been prepared in accordance with the legislation of the Russian Federation, including the following:

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

Furthermore, the contents of the Report complies with the following documents:

- the Moscow Exchange’s requirements for preparation of annual reports by joint-stock companies
- the provisions of the ISO26000 standard
- the Sustainable Development Goals set in 2015 by the United Nations General Assembly to the extent they apply to the bank’s activities
- global capital market regulation and requirements, including the UK Financial Services Authority’s information disclosure requirements and the London Stock Exchange Listing Rules.

This Report has been prepared in accordance with general disclosures of the GRI Sustainability Reporting Standards to ensure the bank’s transparency and promote the practice of corporate social responsibility within the Group.

Furthermore, the Report reflects Sberbank’s contribution to achievement of Sustainable Development Goals adopted by a 2015 UN General Assembly Resolution, Transforming Our World: the 2030 Agenda for Sustainable Development.

## SCOPE OF THE REPORT

Financial data are presented in the Report in accordance with our IFRS financial statements, unless explicitly stated otherwise.

Operating data are presented in the Sberbank Report, unless explicitly stated otherwise.

The data on sustainable development (ESG) are consolidated along a number of Group members, which have a significant social and economic impact on their regions of presence (see the table on the right), and also on Sberbank Corporate University ANO CPE (Autonomous Non-Profit Organization for Continuing Professional Education) (any other calculation perimeter will be directly stated in the indicator specification):

*For the subsidiary banks and companies listed on the right and acting as parent institutions for a group of companies, the Report presents information at the group level.*

### SUBSIDIARY BANKS

- Cetelem Bank LLC
- Sberbank PJSC (Ukraine)
- BPS-Sberbank JSC (Republic of Belarus)
- SB Sberbank JSC (Kazakhstan)
- Sberbank Europe AG

### OTHER SBERBANK GROUP COMPANIES

- AktivBiznesKonsalt LLC
- BI.ZONE
- DocDoc LLC
- Non-State Pension Fund of Sberbank JSC
- Sberbank-Automated Trade System CJSC
- Sberbank Leasing JSC
- Sberbank Service LLC
- Business Environment JSC
- Sberbank-Telecom LLC
- Sberbank Technology JSC
- Sovremennye Tekhnologii LLC
- Sber Resheniya LLC
- Centre of Speech Technologies LLC
- Tsentr Nedvizhimosti ot Sberbanka LLC (Sberbank Real Estate Center, DomClick)
- Sberbank Factoring LLC
- RABOTA DLYA VAS CJSC (renamed to Rabota.ru in 2020)
- MCC Vydayushiesya Kredity LLC
- Loyalty Program Center JSC
- Yandex.Money NBCO LLC

<sup>1</sup> Sberbank of Russia, hereinafter Sberbank or the Bank.  
<sup>2</sup> Sberbank and its subsidiaries, hereinafter collectively referred to as the Group or Sberbank Group.



# About the Report

## REPORT APPROVAL

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This Report has been provisionally approved by Sberbank’s Supervisory Board (Minutes No. 5 dated 17.03.2020).

## DISCLAIMER

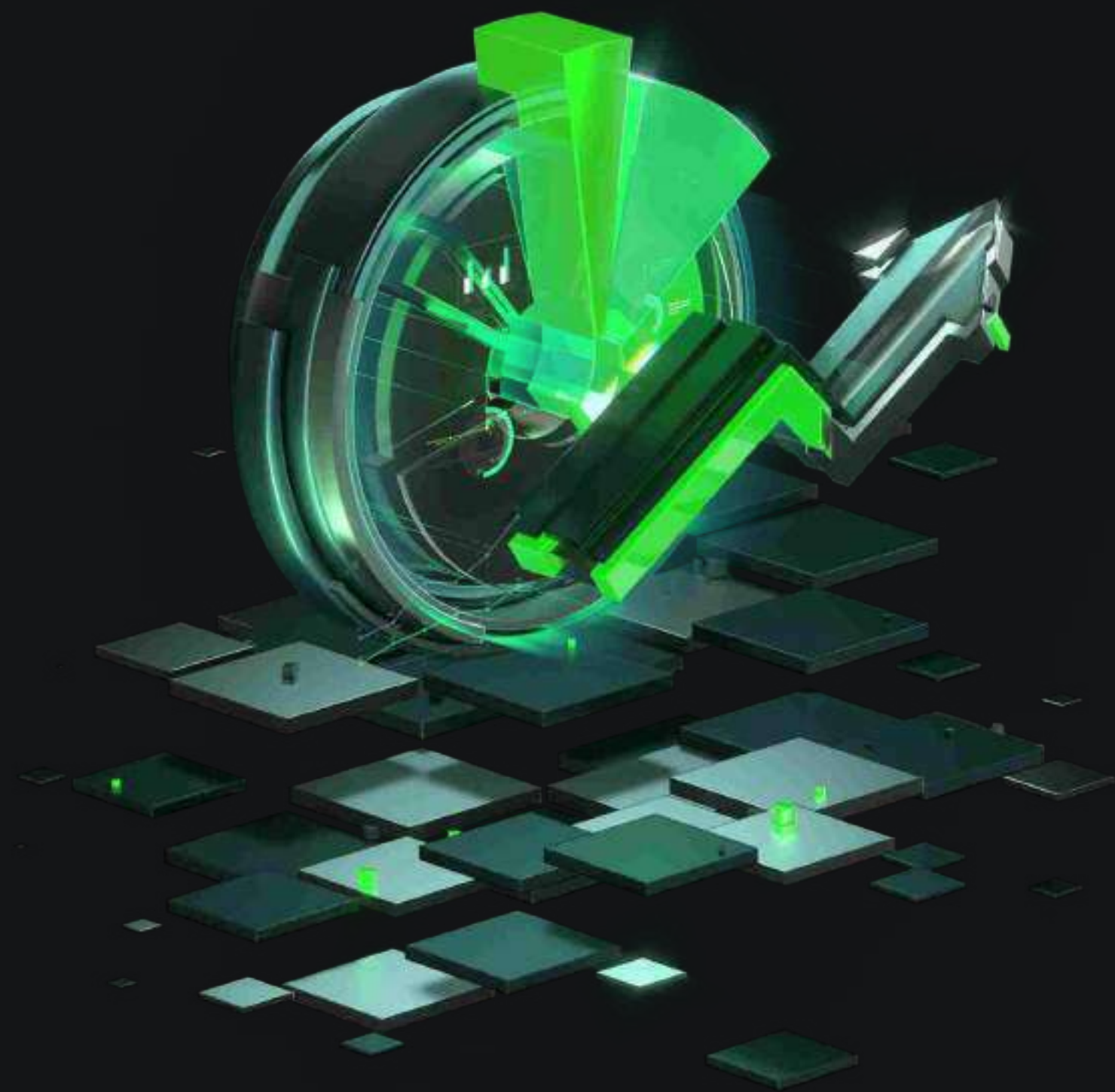
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This Annual Report has been prepared by Sberbank and does not constitute or form part of, and should not be construed as, any offer of, or any invitation to sell or issue, or any solicitation of any offer to purchase, subscribe for, underwrite or otherwise acquire, or a recommendation regarding, any shares or other securities representing shares in, or any other securities of Sberbank or any member of Sberbank Group, nor shall this Report or any part of it nor the fact of its presentation or distribution form the basis of, or be relied on in connection with, any contract or any commitment whatsoever or any investment decision.

The information contained in this Report or presented in oral statements made by Sberbank management may include forward-looking statements. Forward-looking statements may include any matters that are not historical facts, statements regarding Sberbank’s intentions, beliefs or current expectations concerning, among other things, Sberbank’s results of operations, financial position, liquidity, prospects, growth, targets, strategies, and the industry in which Sberbank operates. By their nature, forward-looking statements involve risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future.

Sberbank cautions users of the Report that forward-looking statements are not a guarantee of future performance and that its actual results of operations, financial position and liquidity and the development of the industry in which the Sberbank operates may differ materially from those made in or suggested by the forward looking statements contained in this Report or in oral statements made by Sberbank management. Furthermore, even if Sberbank’s results of operations, financial position and liquidity and the development of the industry in which Sberbank operates are consistent with forward-looking statements contained in this Report or made in oral statements, those results or developments may not be indicative of results or developments in future periods.

The information and opinions contained in this Report or in oral statements made by Sberbank management are provided as at the date of this Report and are subject to change without notice.



# Management report

Strategic report, review of key businesses  
and financial highlights, corporate governance



# Sustainability report

Environment, social responsibility  
and long-term investments

# MANAGEMENT REPORT





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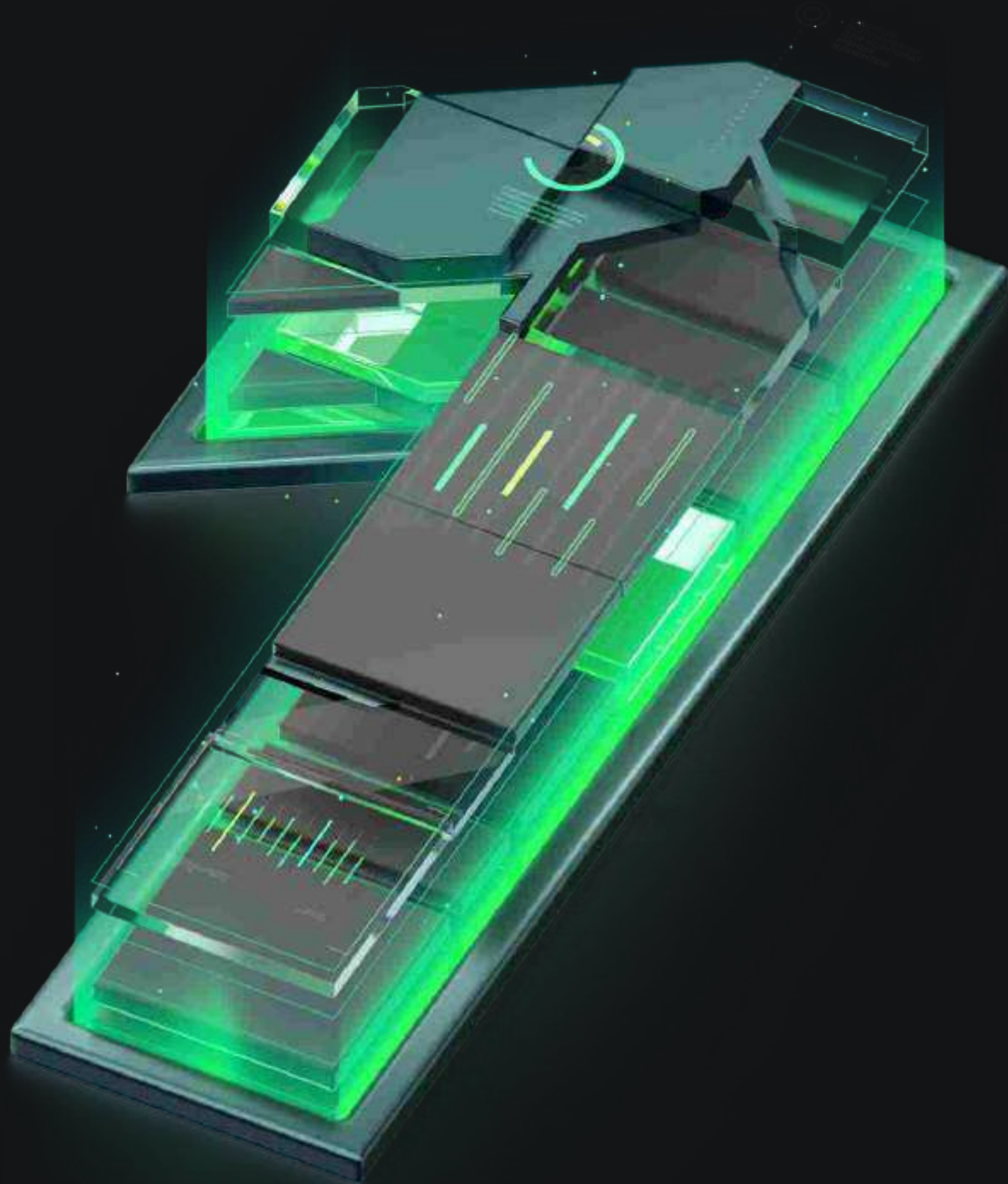
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# PORTRAIT OF THE GROUP

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# Sberbank is evolving into an ecosystem

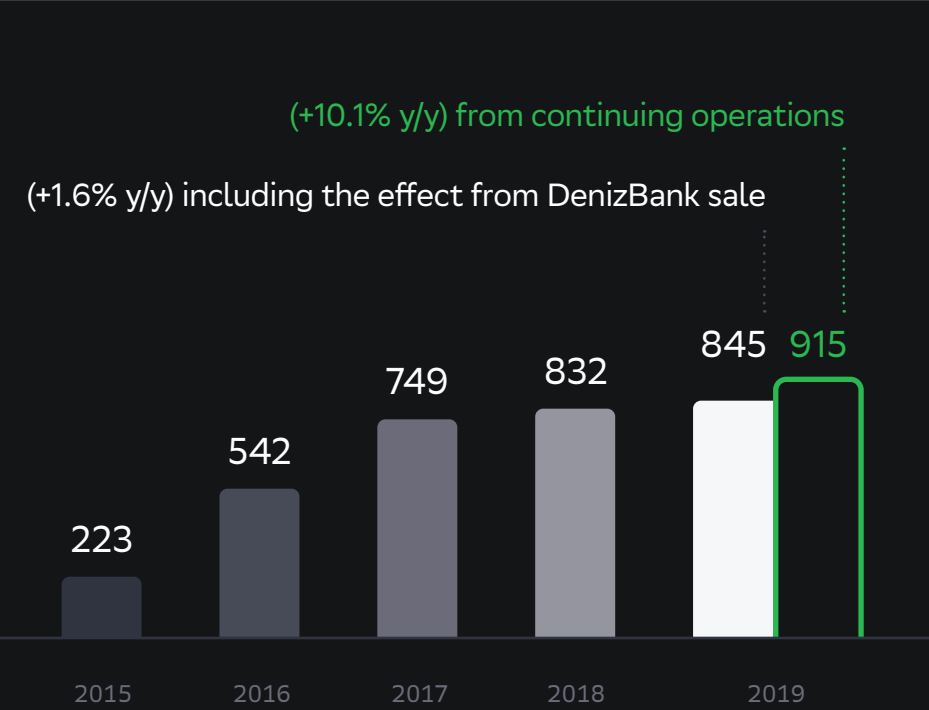




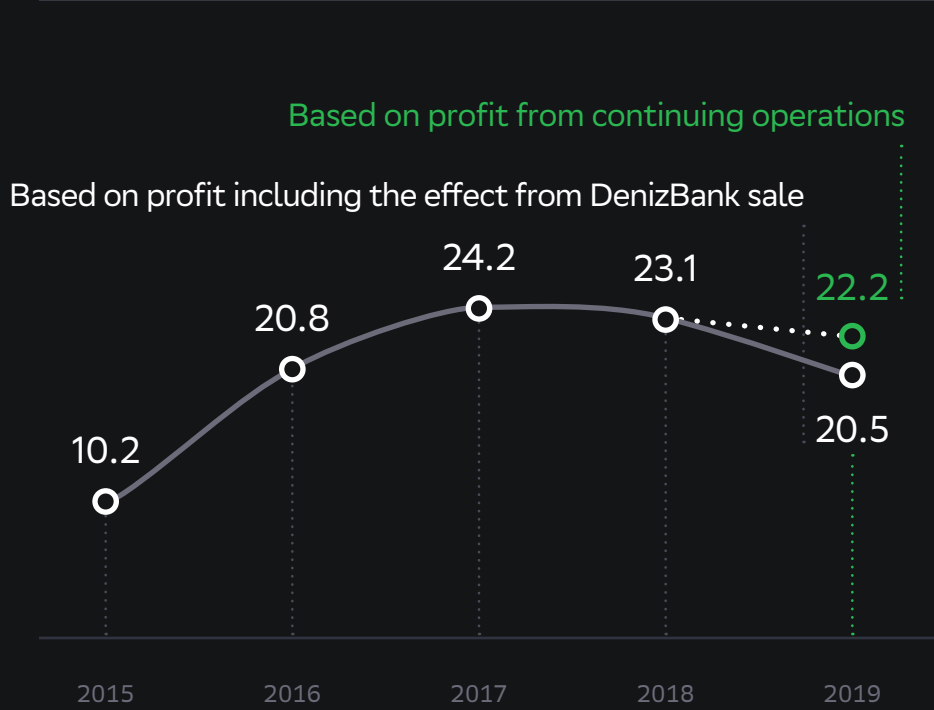
# Key financial results

Sberbank  
is one of the most efficient  
banks in the world

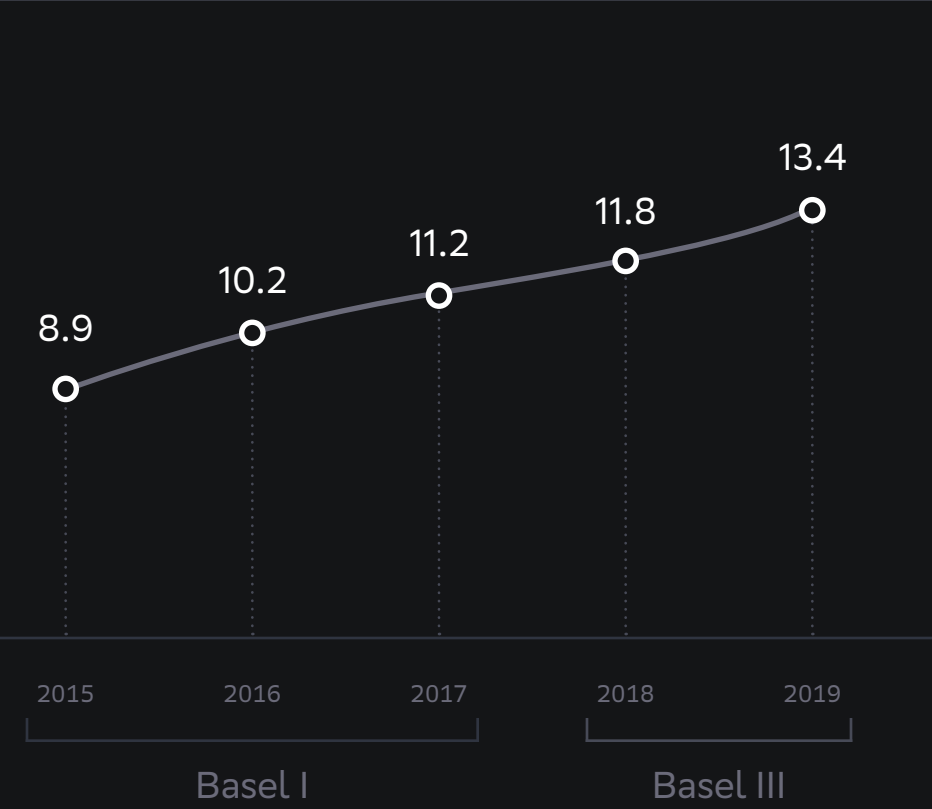
Net profit, bn ₺



ROE, %



CET1 Capital Adequacy Ratio, %



38.55 ₺ +1.0%

EARNINGS PER ORDINARY SHARE (EPS) INCLUDING THE EFFECT FROM DENIZBANK SALE

35.8%

COST-TO-INCOME RATIO (CIR)

+16.8% +7.9 tn ₺

RETAIL LOAN PORTFOLIO

+5.3% 14.2 tn ₺

DUE TO INDIVIDUALS

41.80 ₺ +9.6%

EARNINGS PER ORDINARY SHARE (EPS) BASED ON PROFIT FROM CONTINUING OPERATIONS

74 b.p.

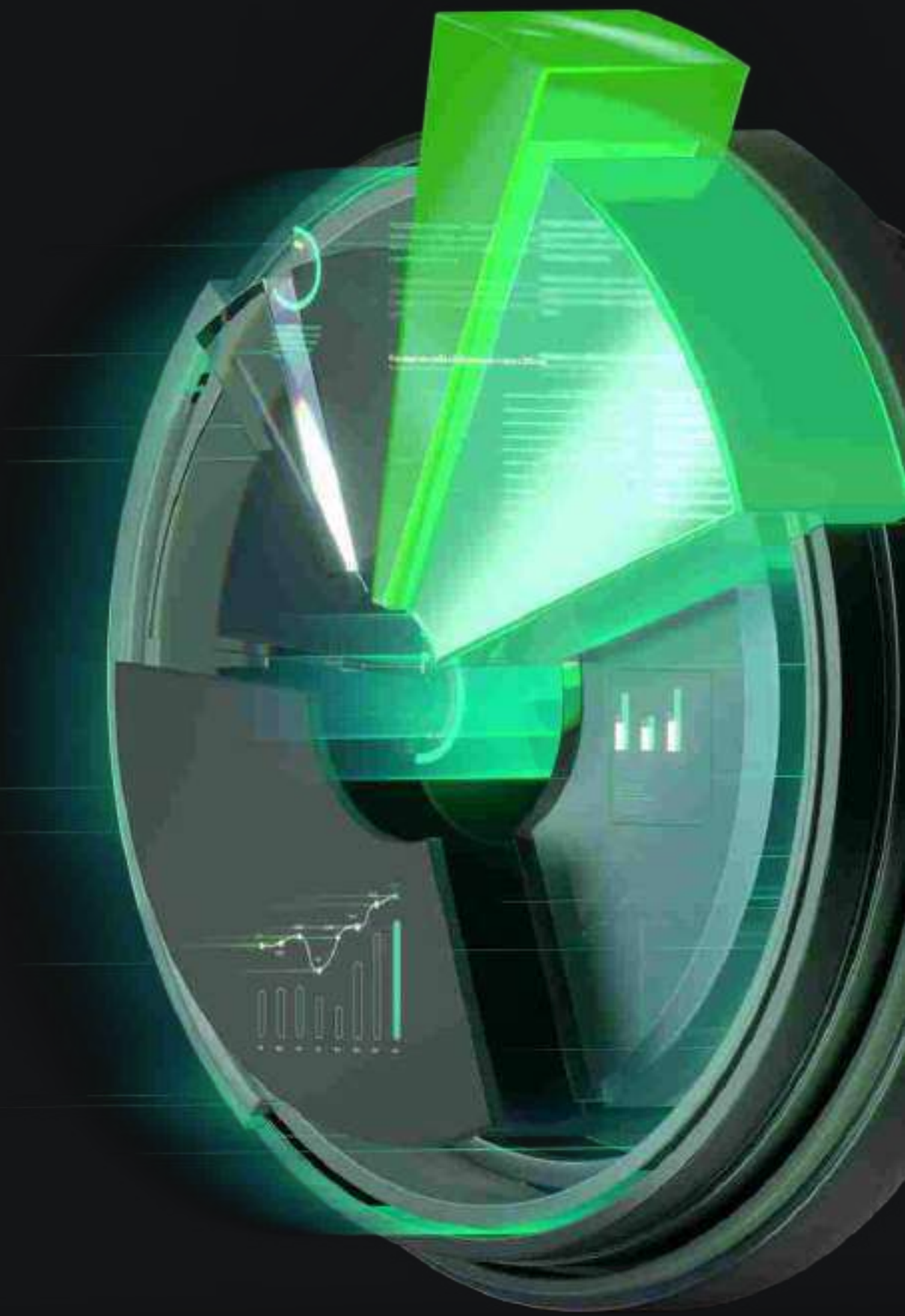
COST OF RISK (LOANS AT AMORTIZED COST AND FAIR VALUE) COR

-0.5% 7.4 tn ₺

DUE TO CORPORATE CLIENTS

+2.8% in real terms 13.9 tn ₺

CORPORATE LOAN PORTFOLIO -3.2% IN NOMINAL TERMS





# Sustainable development

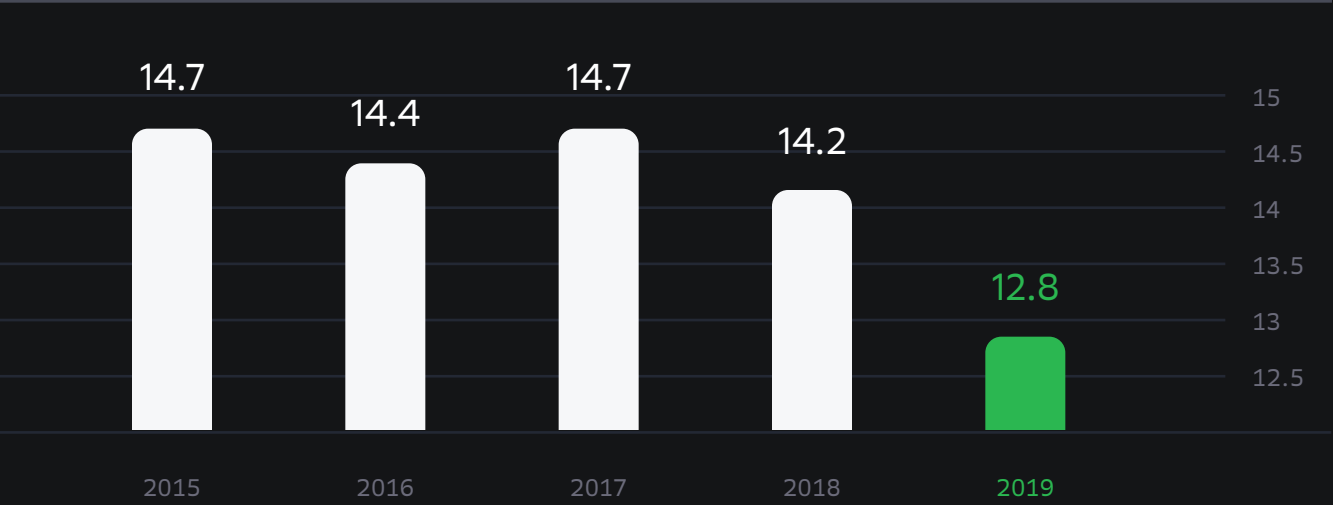
Sberbank wholeheartedly supports the Sustainable Development Goals (SDG) set in 2015 by the United Nations that are aimed at resolution of our planet’s most pressing environmental, economic and social issues.

Sberbank recognizes the importance of all 17 Sustainable Development Goals (SDG), and strives to contribute as much as possible to the achievement of all of the goals as part of our operations. We possess substantial capabilities to help achieve the SDGs, but by virtue of the nature of our business, 15 SDGs are a priority for Sberbank.

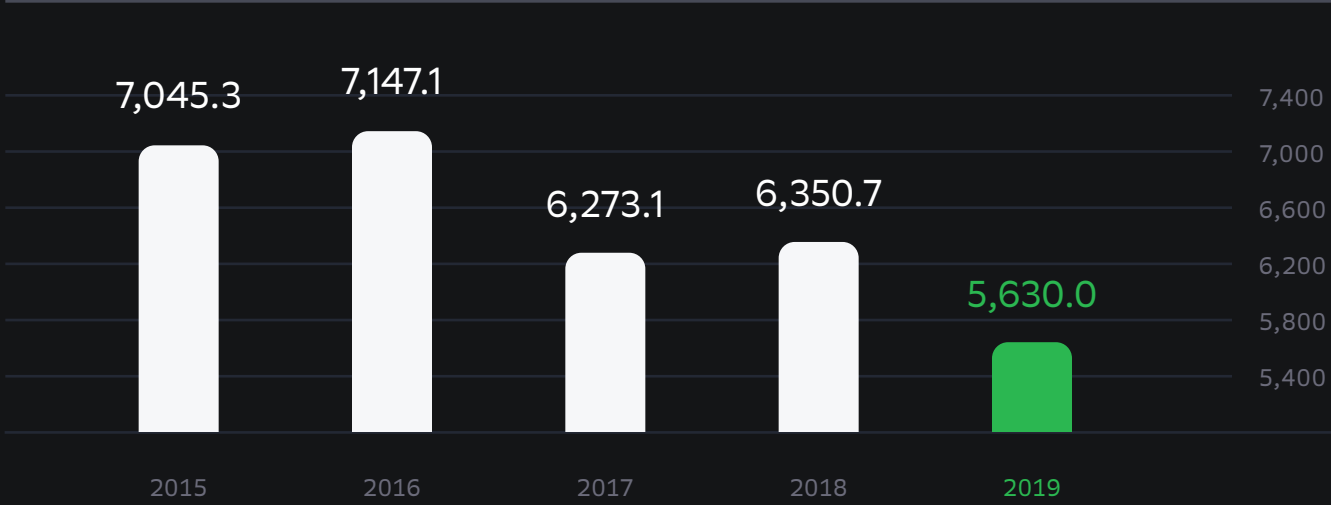
You can learn more about Sberbank’s contribution to achievement of the SDGs from the ESG Report in the Sustainable Development Management section



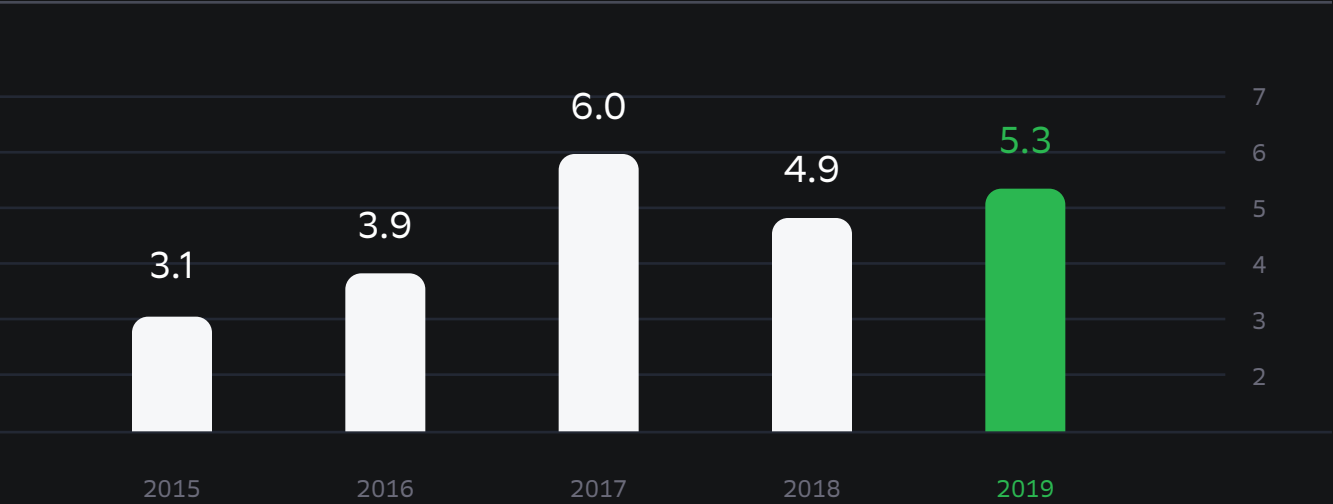
Staff turnover rate, %



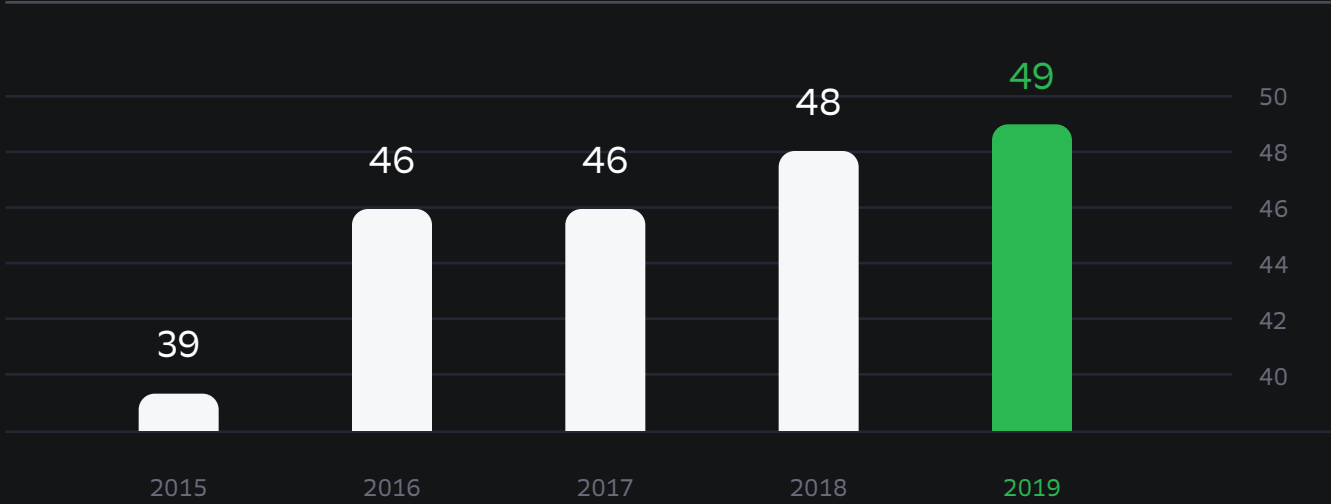
Total energy consumption of Sberbank Group, thousand GJ



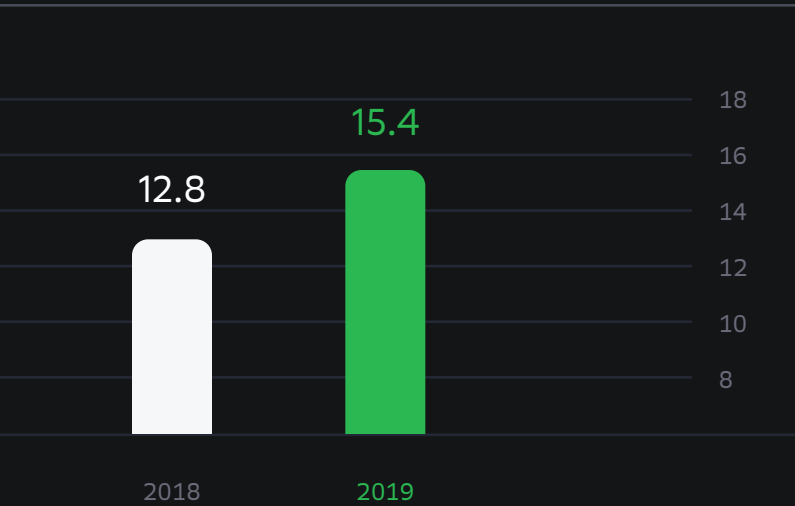
Total funds spent on charity, RUB bn



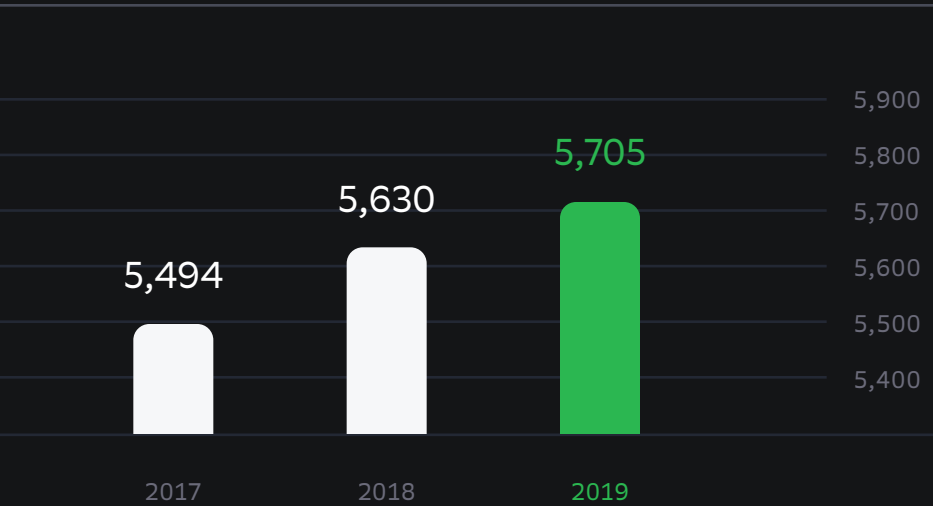
Share of small businesses in procurement budget, %



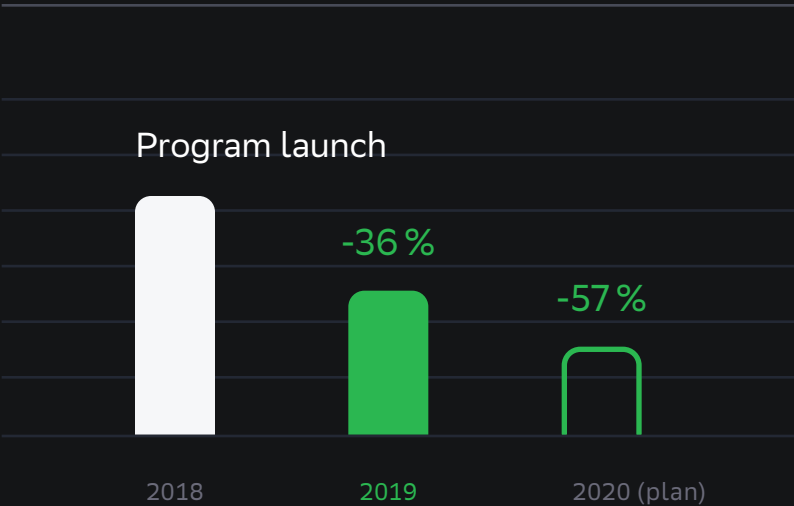
Total training hours, million hours



Branches equipped for disabled clients

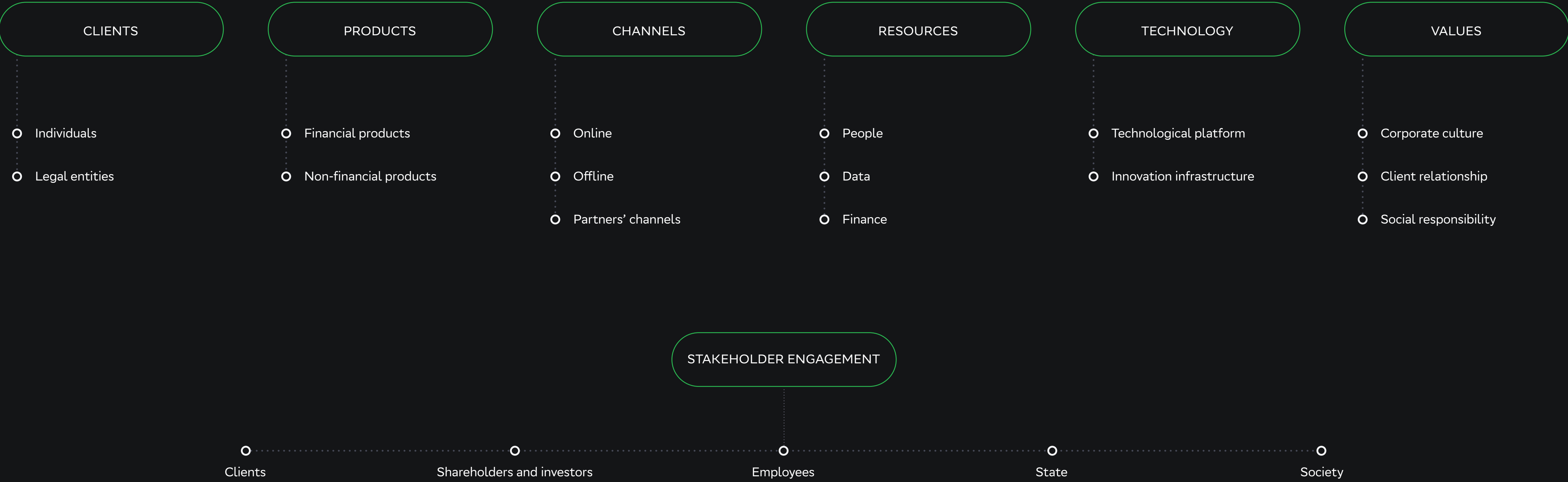


Reducing the volume of paper documents requiring archiving, %





# Sustainable business model





# Corporate governance

## Sberbank’s National Corporate Governance Rating (NCGR)

**8+**
 BEST CORPORATE GOVERNANCE PRACTICES



Sberbank is the only company in Russia with NCGR 8+ (the highest rating among all companies having NCGR)



BEST IR PROGRAM, Banks

## Bank’s shareholder structure<sup>1</sup>



- Bank of Russia — 50 % + 1 share
- Foreign institutional — 45.04 %
- Domestic retail — 3.15 %
- Domestic institutional — 1.81 %



Sberbank's compliance management system has been successfully certified during the audit by the International Compliance Association for compliance with ISO 19600:3014 “Compliance Function Management” and recertified for compliance with ISO 37001:3016 “Anti-bribery Management Systems”.

<sup>1</sup> As of the shareholders register closing date (29 April 2019)

## Sberbank's Corporate Governance Principles

1

Priority of shareholder rights and interests

2

Ensuring long-term sustainable business development

3

Distribution of authority and responsibility in business management

4

Conformity of competencies and qualifications of the Supervisory Board members to the scale of Sberbank activity

5

Complete accountability of management bodies to shareholders

6

Robustness and effectiveness of internal control and risk management systems

7

Information transparency

## Membership of the Supervisory Board by types of Directors

2 EXECUTIVE DIRECTORS



6 NON-EXECUTIVE DIRECTORS



6 INDEPENDENT DIRECTORS



## % of independent members in Supervisory Board committees



## Issues considered by the Supervisory Board in 2019



Supervisory Board Action Plan for 2020–2021 is being developed with due regard to sustainability issues (ESG factors)



# Digitalization of corporate governance



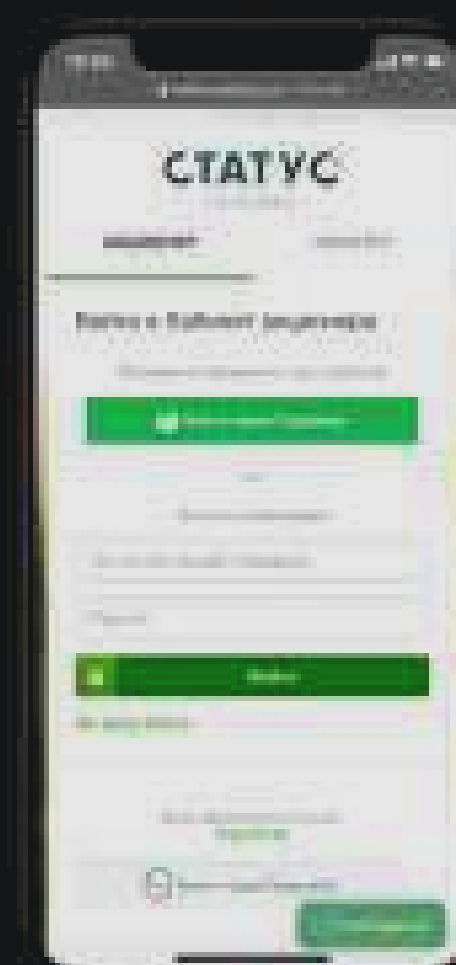
## DIGITALIZATION OF SUPERVISORY BOARD WORK PROCESS

## INTERACTION WITH SHAREHOLDERS VIA DIGITAL SERVICES



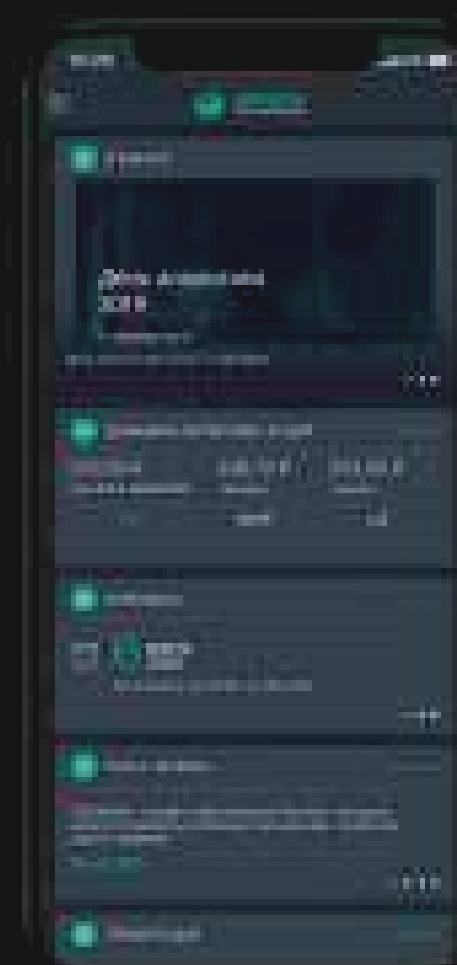
The Bank is digitalizing the support of activities and communications with members of the Supervisory Board.

Digitalization of preparation for and holding of the Supervisory Board meetings powered by the Senate automated system.



### Shareholder Online Account

Over 30 various functions, including the possibility of updating information in the shareholder register online.



### Sber IR mobile app for investors



# Sberbank equity story

## Client-centric ecosystem

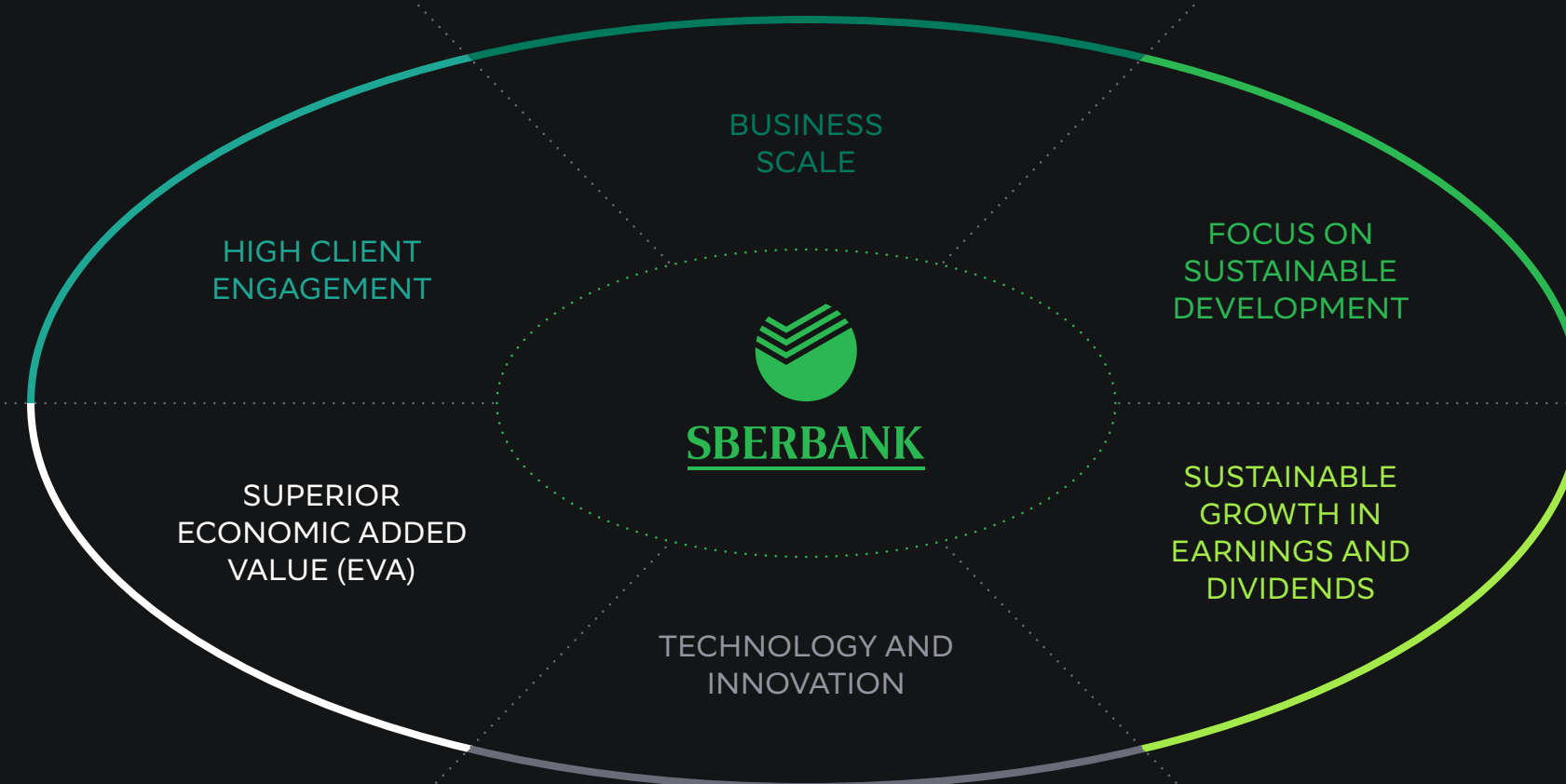


- 54 m Sberbank Online monthly active users (MAU)
- 47 m monthly client traffic in branches
- Sberbank Online — ranked TOP-5 fintech app globally by downloads
- Seamless client experience: >40 services available through SberID
- Ecosystem services satisfy majority of client needs

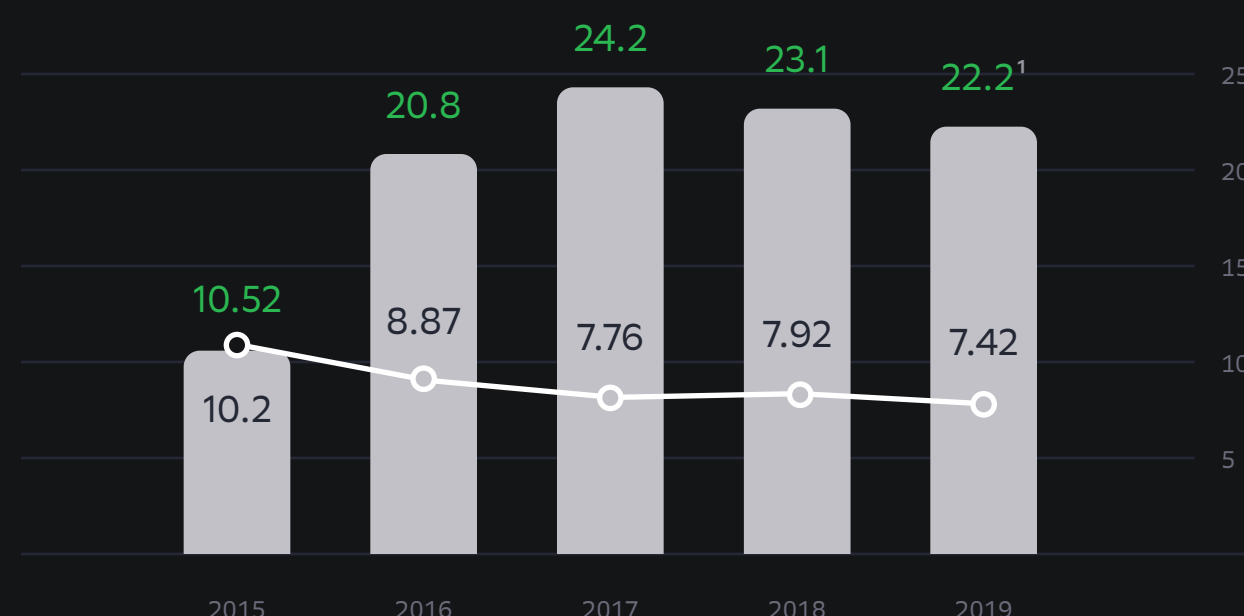
- 96.2 m active retail clients
- 2.6 m active corporate clients
- Sales network: 14.2 k branches / 76.9 k ATMs / >3,600 agent network in rural areas
- #5 acquirer globally by The Nilson report in 2018

### Leading market position in Russia:

- 54 % mortgages
- 41 % retail lending
- 31 % corporate lending
- 44 % retail deposits



- New digital platform
- Sberbank's own private cloud
- Integrated development environment SberWorks
- SberCloud offers cloud solutions to clients
- 8 AI-based platforms: Speech, NLP, IDP, etc.
- AI-cloud — infrastructure and services for ML/DL models



● Sberbank ROE, %    ○ 10-year OFZ yields, %

<sup>1</sup> ROE based on earnings from continuing operations.

<sup>2</sup> Sberbank Supervisory Board at the meeting on March 17, 2020 recommended submitting a resolution on dividend payments in the amount of RUB 18.7 per share on ordinary shares, and in the amount of RUB 18.7 per share on preferred shares for approval by the Annual General Meeting of Shareholders of Sberbank. This corresponds to the distribution of dividends on payment of 50.0% of net profit for 2019 under IFRS.



● EPS, RUB    ○ Dividend payout, %



# Outlook for 2020

2020 is the final year of the current three-year strategy aimed at redefining the efficiency of Sberbank and ensuring it can compete with global tech companies, while remaining the first-choice bank for retail and corporate clients.

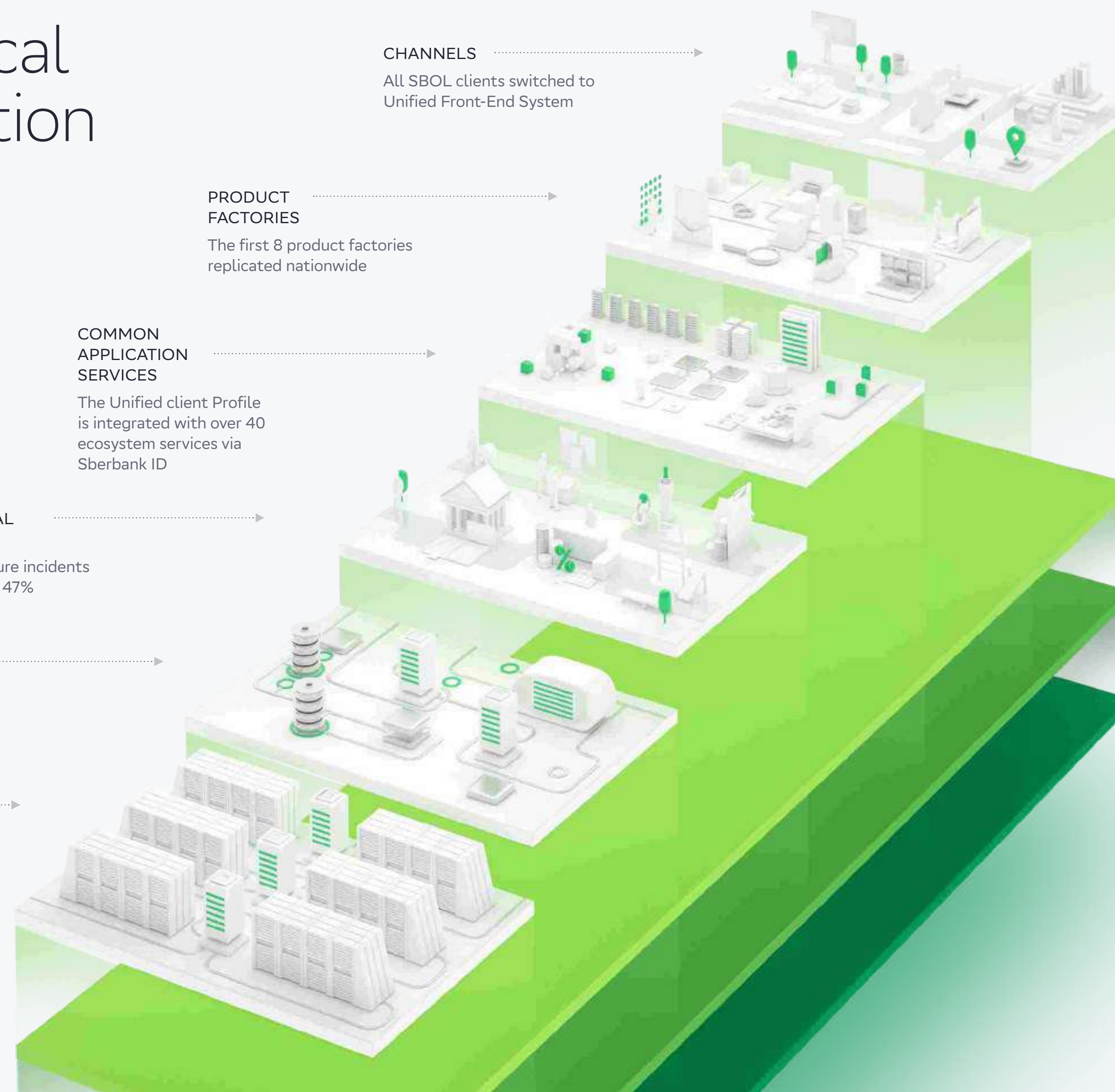
To deliver on its strategic goals, in 2020, Sberbank will continue to focus on the best client experience by expanding the range of banking and non-banking services and ensuring seamless navigation between Sberbank Ecosystem services thanks to new technological platform's enablers. In the meantime, the bank will continue to integrate state-of-the-art technologies in all products and banking processes and develop effective teams, focusing on employees' digital and soft skills crucial to achieve these goals.

The key financial target of Strategy 2020 to deliver high return on capital remains intact.

Being committed to the principles of transparency, Sberbank regularly drafts and publishes the near-term outlook for the Group. At the time of the publication of this annual report, the Group was revising its outlook for the global GDP and the Russian economy and analyzing various scenarios against the backdrop of continuing uncertainty on the global markets triggered by coronavirus and plummeting oil prices. Therefore, Sberbank will refrain from providing any guidance for the key economic and financial indicators for 2020 until there is more clarity globally and in the Russian economy.



# Technological transformation in 2019



## CHANNELS

All SBOL clients switched to Unified Front-End System

## PRODUCT FACTORIES

The first 8 product factories replicated nationwide

## COMMON APPLICATION SERVICES

The Unified client Profile is integrated with over 40 ecosystem services via Sberbank ID

## TECHNICAL SERVICES

Infrastructure incidents reduced by 47%

## DATA FACTORY

130 sources  
600+ data supermarket subscriptions

## SBERCLOUD

80% of new infrastructure provided in the cloud, Christofari: supercomputer #29 globally

# 99.99%

RELIABILITY LEVEL

- 50% less code for product development
- parallel development implemented
- systems interact in real time
- 38 k IT employees

## AI

Release to manufacturing of target platforms (NLP, Speech Analytics, biometrics)

## SYNAPSE

Cloud integration

## SBERWORKS

Sberbank developers CSI — 8.5



# Risk management in 2019

Advanced risk management system is  
an essential component of the Bank’s  
business strategy

## MODELS

- Risk management processes use hundreds of models, including AI-based ones.
- Risk assessment models undergo regular automated monitoring and are adjusted with due regard to relevant market trends.
- Advanced system of model risk management and models' validation is in place.

## DIALOGUE WITH THE REGULATOR

- The bank meets the regulator’s requirements.
- The first bank in Russia that obtained regulatory approval to use IRB approach to assess capital adequacy.
- Additional applications have been filed to use the IRB approach in individual segments of corporate and retail loan portfolios, which will allow the bank to implement the more accurate assessment of credit risks and to reduce the pressure on the capital adequacy ratio.
- The first bank that passed the assessment on compliance with ICAAP requirements set forth by the Bank of Russia.

## RISK MANAGEMENT IN LENDING

90%

OF LOAN APPLICATIONS FROM RETAIL  
CLIENTS ARE APPROVED WITH THE  
USE OF AUTOMATED SOLUTIONS,  
SBERBANK LENDING FACTORY IS  
BUILT UP

80%

OF LOAN APPLICATIONS FROM  
RETAIL CLIENTS WERE EVALUATED  
WITH THE USE OF THE 'ZERO FIELD'  
TECHNOLOGY IN 2019

15%

OF SHORT-TERM CORPORATE LENDING  
TRANSACTIONS OF LARGE AND  
MEDIUM-SIZED CORPORATE CLIENTS  
ARE APPROVED WITHIN 7 MINUTES  
AND CLIENTS RECEIVE A FULL PACK  
OF CREDIT DOCUMENTS

Loan in 7-Minutes was awarded with  
bronze in nomination of the Most  
Effective Digital Client Experience  
at European Contact Center and  
Client Service Awards 2019



# Retail business in 2019

## CLIENTS

|                |        |                          |        |
|----------------|--------|--------------------------|--------|
| 96.2 m         | +3.2 % | 4.5                      | +3.3 % |
| ACTIVE CLIENTS |        | BANK PRODUCTS PER CLIENT |        |

## DIGITAL CHANNELS

web + app Sberbank Online

|        |         |                        |  |
|--------|---------|------------------------|--|
| 59.6 m | +18.6 % | 9.5                    |  |
| MAU    |         | CSI DIGITAL            |  |
| 25.6 m | +49.1 % | 32.5 %                 |  |
| DAU    |         | SHARE OF DIGITAL SALES |  |

## TECHNOLOGIES

### AI

Pre-analysis of the client’s dialogue with the call center representative allows to automatically categorize the query and cut the resolution times 30 %

### BigData

Sberbank uses 1,000 parameters to personalize the mobile app

## Robotization (RPA)

|                                                                        |                                                              |
|------------------------------------------------------------------------|--------------------------------------------------------------|
| 100 %                                                                  | 40 %                                                         |
| of credit card applications are handled digitally without underwriters | of client queries are resolved automatically by the chat bot |

## AWARDS

- 

Sberbank Online was ranked the 3rd most-downloaded free iPhone app in AppStore
- 

The Most Innovative Bank in Central and Eastern Europe according to Global Finance. Sberbank Online platform also accommodates Dialogue & Search services
- 

DomClick recognized the best in nomination Marketplace by the annual RETAIL FINANCE AWARDS—2019

## PRODUCTS

### Credit cards

|                     |
|---------------------|
| 16 m                |
| ACTIVE CREDIT CARDS |

44.8 %

MARKET SHARE

### Consumer loans

+26 %

PORTFOLIO GROWTH OVER THE YEAR

56 %

OF DISBURSEMENTS ONLINE

### Debit cards

|                    |
|--------------------|
| 115 m              |
| ACTIVE DEBIT CARDS |

1 m

ACTIVE VISA DIGITAL CARDS

### Mortgages

23 %

OF DISBURSEMENTS VIA DOMCLICK

54 %

MARKET SHARE

60 %

OF APPLICATIONS APPROVED IN LESS THAN 1 HOUR

### Retail deposits

14.2 tn ₺

RETAIL DEPOSITS OUTSTANDING

43.8 %

MARKET SHARE

### Acquiring

#5 acquirer globally by The Nilson report in 2018



# Wealth management in 2019

## CHANNELS

### Structure of sales in offline channels, %

key channel—Sberbank branches



- 86 Sberbank offices, including:
- 36 Sberbank Premier
- 25 Sberbank First
- 9 institutional clients
- 5 sales through partners, etc.

### Share of sales in digital channels, %

key channel—Sberbank Online



- 18 life insurance
- 15 mortgage collaterals and life insurance
- 8 non-life
- 0.5 investment and savings products

5% of insurance products are sold in digital channels

## CLIENTS

Wealth management products are focused on a wide range of retail and corporate clients with the need for:

- life, property and other risk insurance
- investments and savings
- pension schemes
- health insurance

## TECHNOLOGIES

### AI

Over 30 data science models are used in sales campaigns in branches, through telemarketing and SMS. AI technologies generate replies for insurance product sales managers with due regard to personal history of requests.

### BigData

Integration of wealth management data into Data Factory was launched in 2019.

### Robotization (RPA)

Neural network-based voice robot makes property insurance extention by phone.

## PRODUCTS

### Insurance products

- Voluntary life insurance
- Property insurance
- Bank card insurance
- Accident insurance
- Liability insurance
- Health insurance

### Investment products

- Trust asset management
- Individual investment accounts with trust management
- Mutual investment funds
- Universal and investment life insurance
- Personal financial planning

### Pension products

- Mandatory pension insurance
- Non-state pension schemes

## ACHIEVEMENTS

### Sberbank Insurance

#1 on the property insurance market for retail clients

### Sberbank Asset Management

#1 on the market by AUM

### Sberbank Life Insurance

#1 in life insurance market

### Sberbank Private Pension Fund

#1 in mandatory pension insurance market

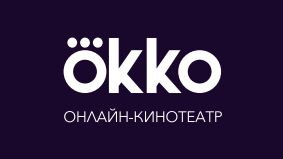


# Sales Network in 2019

## OFFLINE CHANNELS IN RUSSIA

|                               |                                                                     |
|-------------------------------|---------------------------------------------------------------------|
| 14,167                        | 2,512                                                               |
| BRANCHES                      | BRANCHES THAT PROVIDE SERVICES BOTH TO RETAIL AND CORPORATE CLIENTS |
| 76.9 k                        | 90 %                                                                |
| ATMs                          | ATMs OFFER CONTACTLESS SERVICE                                      |
| >3,600                        |                                                                     |
| AGENTS' NETWORK IN RURAL AREA |                                                                     |

## TRAFFIC AND NEW PRODUCTS IN BRANCHES

|                                                                                     |                                                                                     |                                                                                     |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
|  |  |  |
|   |  |  |
| 47 m                                                                                | 2 m                                                                                 | >1 m                                                                                |
| AVERAGE CLIENT TRAFFIC                                                              | CLIENTS ATTRACTED TO THE ECOSYSTEM IN 2019                                          | SBERMOBILE SIM CARDS SOLD IN SBERBANK BRANCHES                                      |

## SERVICE QUALITY

|                |                                |
|----------------|--------------------------------|
| 9.5            | -40 %                          |
| SBERBANK'S CSI | NEGATIVE QUERIES OVER THE YEAR |

## TECHNOLOGIES / MANAGEMENT

|                                                                                                            |                                                         |
|------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| IMS                                                                                                        | -12 %                                                   |
| Intelligent Management System based on AI models. Developing employee business skills through gamification | MANAGEMENT STAFF REDUCTION ACROSS NETWORK OVER THE YEAR |

Teal branches

+10 p.p.

Share of Teal grew from 8% to 18% over 2019



# Corporate business in 2019

## CLIENTS

|                                 |              |                                                           |      |
|---------------------------------|--------------|-----------------------------------------------------------|------|
| 2.6 m                           | +14%         | -16 k                                                     | -28% |
| ACTIVE CORPORATE CLIENTS, TOTAL |              | NUMBER OF COMPLAINTS                                      |      |
| 2.3 m                           | TRIM 67 (+3) | TRIM is a corporate client satisfaction and loyalty index |      |
| SMALL AND MICRO BUSINESSES      |              |                                                           |      |
| 102 k                           | TRIM 78 (+3) |                                                           |      |
| LARGE AND MEDIUM BUSINESSES     |              |                                                           |      |

## SELF-EMPLOYED

2 out of 3 self-employed in Russia are clients of Sberbank



The Self-employed service won The Best Banking Program for SMEs 2019 competition

## LENDING

|                                                                                |                                  |
|--------------------------------------------------------------------------------|----------------------------------|
| 35 %                                                                           | 125 bn ₺                         |
| MARKET SHARE IN SME LENDING                                                    | A LOAN IN 7 MINUTES: 1,267 DEALS |
| 21 k                                                                           |                                  |
| LOANS TO SMALL AND MICRO BUSINESSES PRODUCED ON ‘LOAN IN 3 MINUTES’ TECHNOLOGY |                                  |

## TECHNOLOGIES

|                                                                                 |
|---------------------------------------------------------------------------------|
| Fintech API                                                                     |
| 42 products connected                                                           |
| RPA                                                                             |
| Robots form and register contracts, make decisions on issuing a bank guarantees |
| BigData                                                                         |
| The data processing platform handles 3 m transactions of companies every day    |
| AI                                                                              |
| 11% of service related client queries are handled by cognitive assistants       |

## COLLABORATION WITH THE GOVERNMENT

Public-private partnership: 73 projects approved

## TRANSACTIONAL BUSINESS

|                                                                                   |                                                                          |
|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| 9 %                                                                               | 820 k                                                                    |
| OF ALL BUSINESSES REGISTRATIONS IN RUSSIA VIA SBERBANK REMOTE REGISTRAION SERVICE | TOTAL ACTIVE BUSINESS CARDS. LAUNCH OF DIGITAL AND TRAVEL BUSINESS CARDS |

## GLOBAL MARKETS & FOREIGN TRADE

|                                              |                                                                                 |
|----------------------------------------------|---------------------------------------------------------------------------------|
| Nº1                                          | 66 %                                                                            |
| BROKER IN RUSSIA >1 M RETAIL INVESTORS (>2X) | EXPORTERS IN AREAS OTHER THAN RAW MATERIALS AND ENERGY ARE SERVICED BY SBERBANK |

## ECOSYSTEM PRODUCTS

|                                                                     |                                  |
|---------------------------------------------------------------------|----------------------------------|
| >1,500 k                                                            | 4 bn ₺                           |
| ECOSYSTEM PRODUCT SALES ACCOMPLISHED THROUGH SALES-MANAGER VERTICAL | INCOME FROM NON-BANKING SERVICES |
| 7                                                                   |                                  |
| BUNDLES OF 25 BANKING AND ECOSYSTEM PRODUCT OFFERINGS               |                                  |

## CENTER FOR CORPORATE SOLUTIONS

|                                                         |            |
|---------------------------------------------------------|------------|
| Banking consultation 24/7 website, SBBOL chat, WhatsApp | 7.5        |
|                                                         | CSI (+0.5) |
| Quick identification of clients based on code           |            |

## SBERBANK BUSINESS ONLINE (SBBOL)

|                      |            |
|----------------------|------------|
| 37                   | 7.2        |
| NON-BANKING SERVICES | CSI (+1.1) |

## SBERBANK BUSINESS PLATFORM

Used by 1.1 k largest corporate clients

## AWARDS



Award-winner in nomination The best client experience in B2B, CXWorld Awards



The credit card for business with a partner program won the award of the Global Finance magazine in Innovation of the year nomination



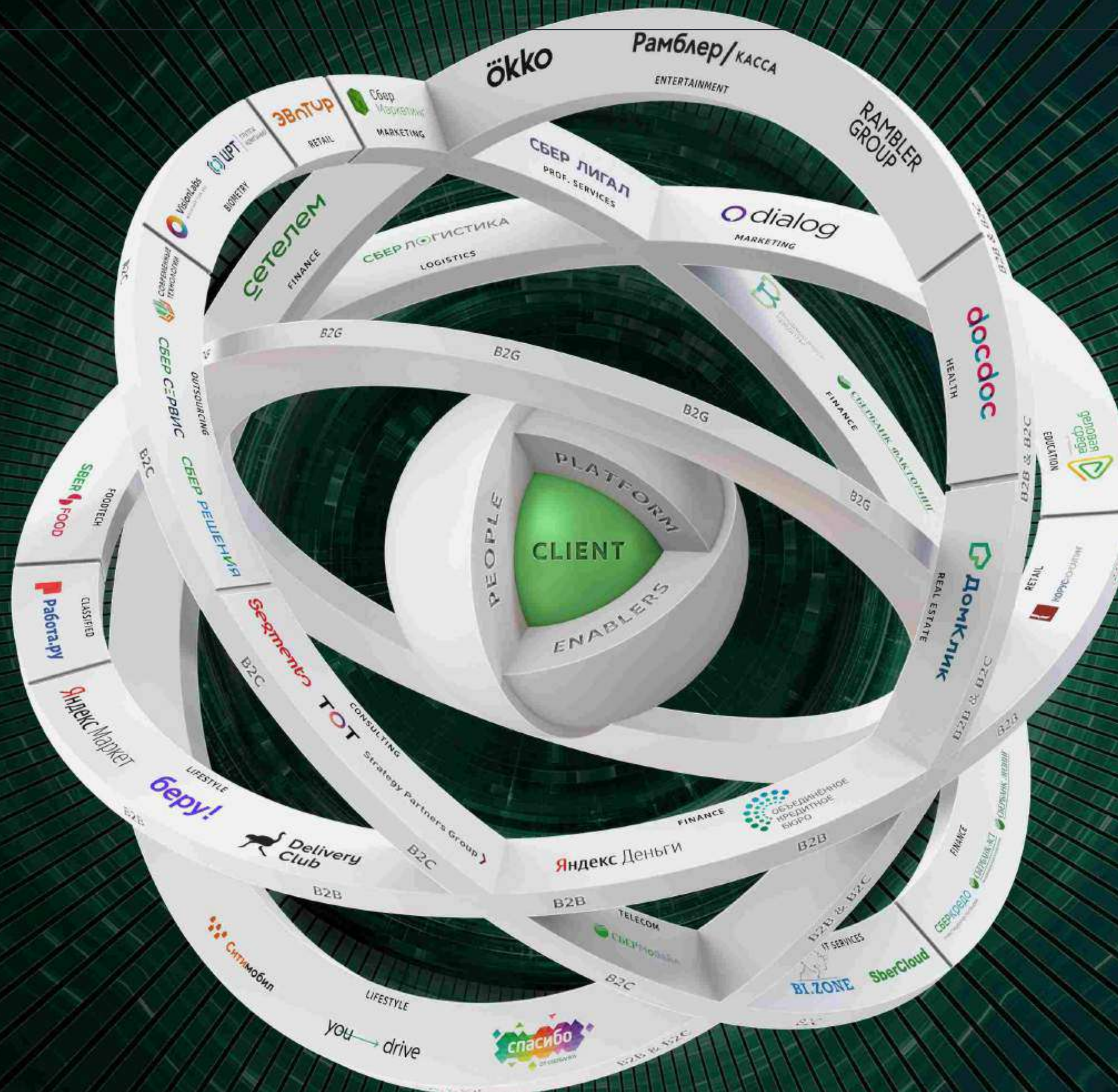
Global Finance – Best Online Treasury Services, Best Investment Management Services

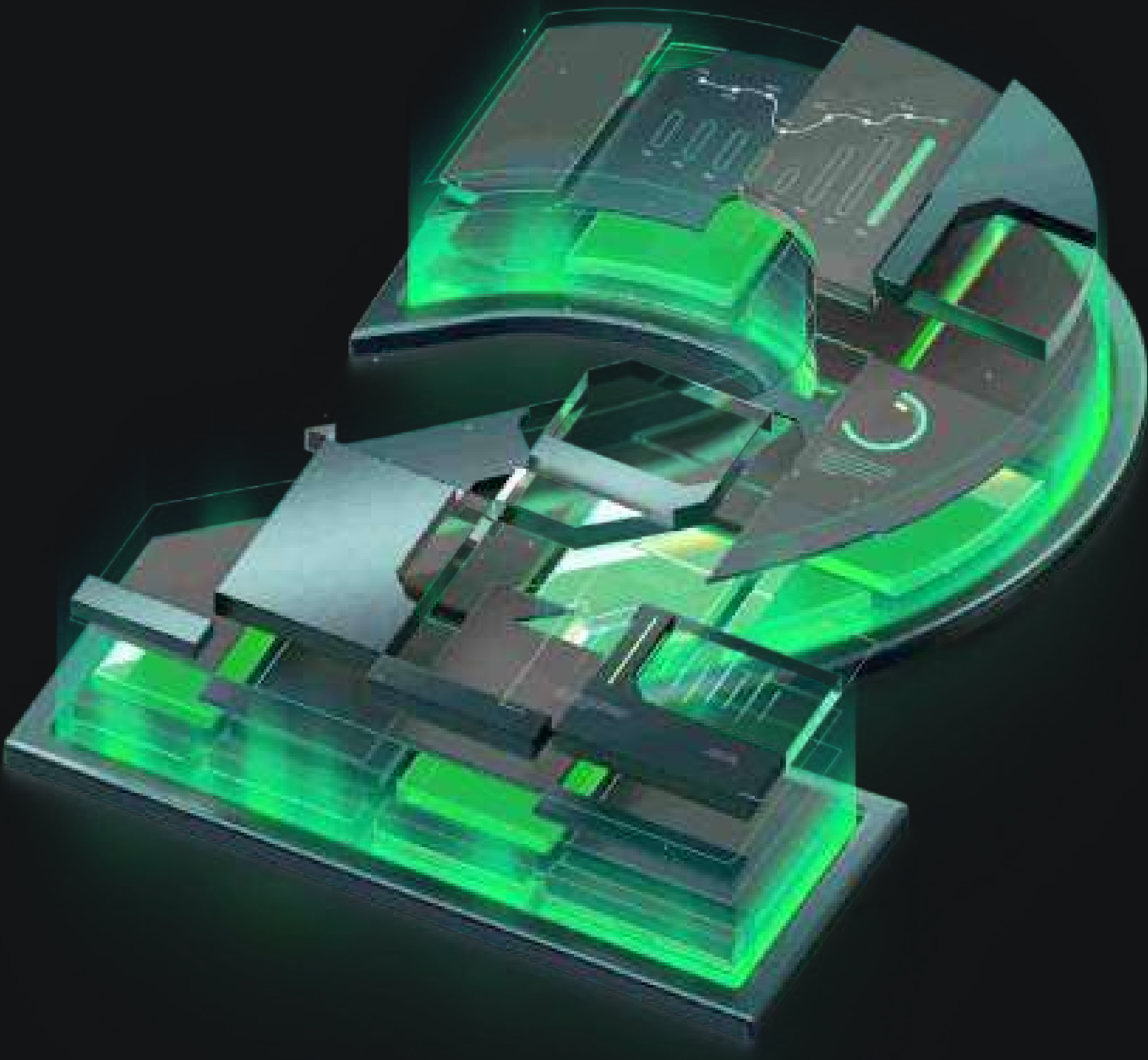


International CX Awards (UK)—award-winner in the Best Digital Strategy nomination

Sberba  
busine  
trol—the  
we par

Source: Forbes 22.11.2019





02

STRATEGIC  
REPORT

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# Address of the Chairman of the Supervisory Board



## Dear shareholders, clients and investors,

Sberbank's Supervisory Board views the bank's 2019 results with confidence. The financial results we achieved and the targets we met demonstrate both the quantitative and qualitative growth of our/the business.

As part of our Strategy 2020, the bank has set a task to achieve a high level of efficiency in order to be able to compete with global technology companies while remaining a reliable and efficient bank for individuals and for businesses. We can already say that encouraging results have been achieved across all priority areas.

2019 was not a bad year for Russia's economy. Despite a VAT hike to 20% and inflation spiking above 5% in the first half of the year, it dropped below the target level of 4% by the year-end. This allowed the Bank of Russia to cut its key rate to 6.25%. Oil prices were more or less stable and the ruble somewhat appreciated in the forex market. Sberbank benefited from its integrated, diversified and flexible business model to easily adapt to the changing environment and to keep its target market shares in various business segments for both retail and corporate clients. It was within that context, that the Supervisory Board performed its key task of maintaining the strategic direction of the Group's development across all areas and in all regions where Sberbank is present.

The number of transactions performed by our clients online rose steadily during the year. The bank launched a number of services that play an important role for all people in Russia. These include payment for purchases using a QR code, cross-border transfers, and automated loan decisions made within just two minutes. Business registration and loans are now available to corporate clients without having to visit a bank branch. This is only a small portion of our products that we developed based on our clients' input.

Our clients' expectations of the features, speed and accessibility of the services we provide, especially in digital channels, keep growing. Yet this trend does not take away from the value of Sberbank's branch network. Far from it—a human touch will always be important for certain types of banking services; that is why we view our branches as an important addition to our digital channels, and as a distinctive feature of Sberbank. It's worth noting that to ensure access to financial services in remote areas, Sberbank has extended a moratorium on shutting down rural branches, is developing an agent network and has introduced in-store cash withdrawals.

Our corporate governance is aimed at establishing a healthy and efficient corporate culture that fosters trust as well as value creation for our clients and shareholders. Important changes took place in the bank's corporate governance system in 2019. In particular, the powers to elect the bank's CEO, Chairman of the Executive Board were transferred from the AGM to the Supervisory Board. Given the scale of Sberbank's digital transformation, a fifth committee—the Information Technology Committee—was established within the Supervisory Board. Those positive changes played an important role in Sberbank's national corporate governance rating being upgraded to 8+.

While we achieved a considerable amount in 2019, it is important to keep the momentum going forward. Digital technology and services today present bank clients with more choices than ever before, so our clients' expectations will keep growing. Without a doubt, success is largely contingent on how we set our priorities. That's why our priorities include the development of conventional and novel services, the design of new products, the active implementation of digital technology and AI, and the establishment of affiliates to diversify our service offerings. Concurrently, we will continue with organizational transformation processes aimed at the optimization of management, better flexibility, and faster decision-making.

As with all other Supervisory Board members, I am confident that the bank has chosen the right direction, and the year 2019 proved that beyond any doubt.

*Chairman of the Supervisory Board of Sberbank*

*Sergey Ignatiev*



Russian GDP growth slowed to 1.3 % last year. This was due to global slowdown on the back of trade conflicts and tougher internal economic policy through a combination of the increase in VAT rate, slow national project spending, the Bank of Russia's tighter monetary policy at the beginning of the year and stiffer macro-prudential measures.

Further to the spike induced by the VAT rate increase at the beginning of the year, inflation started declining amid weak consumption and came in at 3 % by the end of the year, a whole percentage point short of the targeted level. As a result, the Bank of Russia responded by bringing the key rate down from 7.75 % to 6.25 % by the end of the year and continued its easing in 2020.

Bank lending growth somewhat slowed, albeit consumer lending was up by more than 18 %. The profit of the banking industry grew compared to 2018 and exceeded RUB 2 tn.

# Address of the CEO, Chairman of the Executive Board



**Dear Shareholders, Clients,  
Partners, and Employees,**

---

In 2019, the Sberbank Group earned RUB 845 bn of net profit under IFRS, which reflected the effect from the DenizBank sale, and RUB 914.8 bn of net profit from continuing operations. Earnings per ordinary share including the effect from DenizBank sale amounted to RUB 38.55 (+1.0% y/y), while earning per share from continuing operations increased by 9.6% y/y to RUB 41.80.

The Group loan portfolio expanded by 3.2%, while the portfolio quality remained stable. Retail lending increased by 16.8%, and the corporate loan portfolio expanded by 2.8% in real terms.

Due to constant improvement of client experience, we continued to increase our client base: as of the end of 2019, the number of our active retail clients in Russia grew by another 3 mn to 96.2 mn, and almost a half of all new clients were aged 14 to 21 years old. The number of active corporate clients reached 2.6 mn mainly due to small and medium enterprises. Also, Sberbank entered the self-employed segment by launching a number of solutions, including a service package “My Business”. By the end of 2019, 2 out of 3 self-employed people were served by Sberbank.

2019 was a landmark year for Sberbank’s transformation into a technological company: we launched our new digital platform. This is an important milestone on the path of implementing Strategy 2020 that aims to accomplish a seamless client experience in using the ecosystem services.

As we continually improve the quality and speed of the online user experience: The Sberbank Online mobile app is ranked in the Top-3 by number of downloads in the AppStore while the number of its daily active users has exceeded 24 mn people. Sberbank is now producing over a half of all consumer loans and every fourth mortgage online. Last year, users of our mobile app were able to make cross-border money transfers to 10 countries. Our real estate platform, DomClick, offers all most requested services in the real estate market and has the largest database on the secondary residential property market with over 2 mn listings.

Sberbank has built the world’s largest network of transportation acquiring that spans 102 Russian cities. Today, bank cards in Russia are used to pay for over 20% of all rides on public transport.

Lending to small and medium businesses remains a priority for Sberbank in the corporate segment. In 2019, the SME loan portfolio expanded by over 20% to more than RUB 1.6 tn.

We successfully rolled out the “7-Minute Loan” with an automatic loan approval procedure and by the end of last year it started accounting for 15% of all standardized loans issued to large and medium-sized businesses.

An important event of 2019 was the transformation in financing the residential construction market, in which Sberbank took a leading position. We developed comprehensive and timely escrow-based products for our clients, including an equity financing solution for developers. As a result, Sberbank now accounts for over 70% of all project financing transactions for residential construction under the new rules.

It is little surprise that the convenience of online banking has proved to be extremely popular for an ever increasing number of our clients. In the meantime, we serve around 47 mn clients monthly in our branches. This made us rethink the role of our branch network and start using it to as a hub for our clients to upgrade their digital skills and front-office to promote non-banking products and services.

In 2019, we defined the framework of our ecosystem. As we strive to offer the most relevant services to our clients, we strengthened our position in a number of promising areas, including food delivery and mobility, streaming video and media services in partnerships with the leading tech companies, a recruitment service. Additionally, we expanded our expertise in biometry through a stake in a speech recognition company and established several companies of our own in the areas of logistics, Internet of Things and auto-market. Our ecosystem remains open and comprises services provided by third parties that have proved to be reliable partners and providers of quality services.

After the industrial launch of the new digital platform where products can be developed and taken to market much quicker while maintaining the utmost reliability, we have started migration of our ecosystem services to ensure a seamless client experience. We have embarked on a massive redesign of internal processes and integration of the services through enablers on our technological platform. At the end of last year, over 40 services of our ecosystem became available via Sberbank ID that was in use by over 6 mn people.

We believe in the prospects of cloud technologies and we use them as the foundation for building our client-centric ecosystem. Last year we created our own private cloud which boosted 4-fold the efficiency of our infrastructure utilization. We also created a subsidiary company, SberCloud, to offer cloud solutions to our clients. Furthermore, we created an integrated development environment, SberWorks, to organize our developer teams effectively.

IT transformation is vital to Sberbank’s future and we treat the related funds spent as investments rather than operating expenses.

In 2019, Sberbank continued to act as the coordinator in advancing the government digitalization program. The bank has been introducing AI practically in every process and product. And at the end of 2019 we had a significant economic effect from AI implementation.

One of the key elements of Sberbank’s cloud is AI Cloud, which is based on the supercomputer Christofari, the most powerful in Russia and ranked 29th in the world. This machine radically improves the efficiency of solutions in the areas of speech and text recognition, computer vision, NLP and other applications.

Cybersecurity remains our undisputed priority. Last year we hosted the 2nd International Cybersecurity Congress which is the largest industry event in Russia and Eastern Europe.

Our employees are the main asset of Sberbank and without their dedication, the corporate transformation of the bank would have been unthinkable. Sberbank has been investing heavily in offering its employees a broad array of options in self-development and training. Also, we launched several incentives in Sberbank to help our employees make use of their business skills, including Sberbank Idea, where people can send their proposals for client experience improvement, and the internal technopark and accelerator Sber#Up, where people can realize their entrepreneurial potential.

Climate change is another global challenge that we face today and intend to properly cope with through implementation of our social and environmental agenda. We plan to establish an effective system to manage ESG-factors within Sberbank and become a leader in this area in Russia.

Finally, I would like to extend my gratitude to all our clients, employees and shareholders for choosing Sberbank. Thank you for sharing your feedback with us. We draw on it for faith and energy, it helps us implement innovative projects for our society, develop talents, make our country more powerful and successful and importantly, bring positive change to people’s lives.

CEO,  
Chairman of the Executive  
Board of Sberbank

Herman Gref





# Market overview

## GLOBAL ECONOMY

According to the IMF, global economic growth has slowed down. The slowdown has affected both developed and emerging economies.

### GDP growth

IMF data, % from previous year



Global industrial production and trade in goods shrank in some months of 2019 in year-on-year terms. Uncertainty caused by a protracted trade dispute between the US and China contributed to the global economic and trade slowdown.

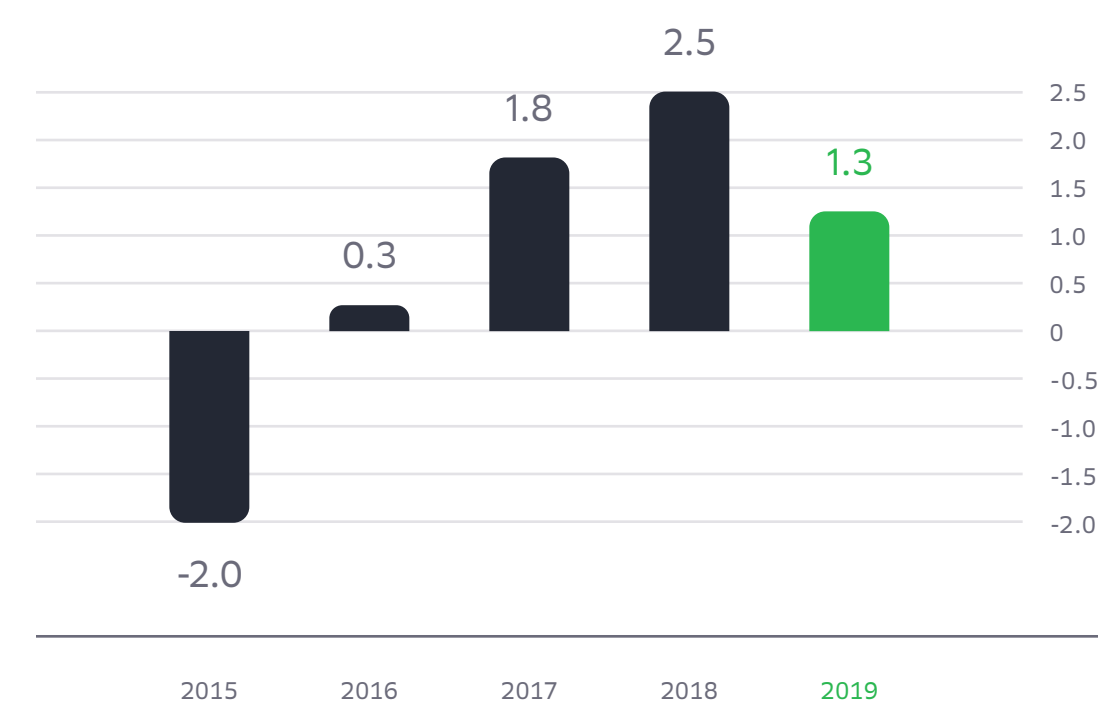
Regulators in many countries resorted to monetary easing. In particular, the US Federal Reserve cut its key rate three times during the year, and the ECB made one cut. Over the short term, the room for monetary maneuver remains limited for regulators. Stock markets finished 2019 on an upswing. The S&P 500 gained 29% and the DAX added 25%. China's Shanghai Composite advanced 22%.

## RUSSIA'S ECONOMY

The Russian economy slowed in 2019. Weak economic activity, a bumper crop and the ruble appreciation put a cap on inflation. As a result, the Bank of Russia switched to monetary easing.

### Russia's GDP growth

Rosstat data, % y/y



GDP growth slowed down to 1.3% in 2019 from 2.5% the year before. Economic growth suffered from a drop in net exports as external demand weakened, the OPEC+ restrictions, and a strengthening of the real effective exchange rate of the ruble. Final consumption expenditures remain a driver of Russia's GDP growth. That said, household consumption growth slowed as the VAT rate was hiked from 18% to 20%. This was partially offset by a higher rate of growth in public consumption as government spending increased in the second half of the year. Investments and an increase in inventories provided an added support to the economy. In sectoral terms, GDP growth slowed because of a drop in some of the services. Specifically, activities contracted in real estate, healthcare and administrative services. Driven by extraction and manufacturing, industrial production remained the main contributor to growth.

Implementation of national projects will buoy economic growth in 2020.

Inflation in annual terms slowed from 4.3% to 3% by the end of 2019. That said, prices grew at a fast pace early in the year because of the VAT hike. Yet weak economic activity, a bumper crop and the ruble appreciation held back inflation. To address the fast slowdown in inflation, the Bank of Russia cut its key rate from 7.75% to 6.25%.

The ruble exchange remained relatively stable. The 2019 average rate was RUB 64.7/USD compared to RUB 62.8 the year before. The exchange rate was supported by capital inflows into emerging economies as developed countries eased their monetary policies.

Oil prices dropped. The average price of Urals was \$64.3/bbl in 2019 compared to \$69.8 in 2018.

RUSSIA'S BANKING SECTOR

In 2019, the Bank of Russia continued its policy of banking sector rehabilitation and liquidation of banks that conduct risky lending policies and breach risk management laws and regulations.

The Bank of Russia took steps to manage the level of risk in the banking system. The IFRS-9 international standard was implemented in the area of provisioning, resulting in a substantial reduction of provisions and an increase in profits as the previous stricter requirements were lifted.

To prevent an overheating of the tax-free retail lending market, it was made mandatory to take the borrower’s maximum debt burden into account in making loan decisions. Since this approach was implemented in the fourth quarter of 2019, it will only be possible to make a complete assessment of the actual impact of the debt burden indicator on market performance and the quality of the loan portfolio in the current year.

The number of existing credit institutions authorized to carry out banking operations declined from 484 to 442 during 2019. Bank assets grew 2.7% in 2019 (vs.10.4 % in 2018).

The banking system’s loan portfolio expanded by 10.1 % in 2019, a decrease from 2018’s growth by 15.0%. Corporate lending slowed down too, rising 2.6 % (compared to the previous year’s 12.4 %), as did retail lending, with 18.5 % growth reported (down from 22.4 % the year before).

In 2019, the loan portfolio of the banking industry grew by 10.1%, while there was an increase by 15.0% in 2018. Loans in arrears rose from 5.5 % to 6.2 %, driven mostly by the corporate loan portfolio where arrears increased from 5.7 % to 7.1 %. Retail loan arrears decreased from 5.1 % to 4.3 %.

Provisions shrank by 1.6% in 2019 compared to a 1.5 % decrease the year before. The loan provisions to loan portfolio ratio fell from 14.2 % to 13.1% during the year.

Banks’ investments in securities declined by 1.6% after rising 7.1 % the year before.

Funds owed to legal entities, including budget funds raised by banks, increased by 4.8 % during 2019 (2018: +18.0 %). At the same time, the rate of growth of budget funds fell dramatically from the 2018: 6.8 % and 58 %, respectively.

Retail deposits grew by 7.3 % against the 9.5 % growth the previous by year. Funding owed to the Bank of Russia decreased 6.0% vs. 29.3 % growth in 2018.

In 2019, total book profits of the banking industry amounted to RUB 2,037 bn, 51.5 % more than the previous year (RUB 1,345 bn). Sixty nine of the 442 existing credit institutions (16 %) reported losses in 2019 (2018: 21 %).

SBERBANK’S POSITION  
IN THE RUSSIAN MARKET

Sberbank retained its leading positions in all segments of Russia’s financial market in 2019.

Sberbank market shares in Russia, %

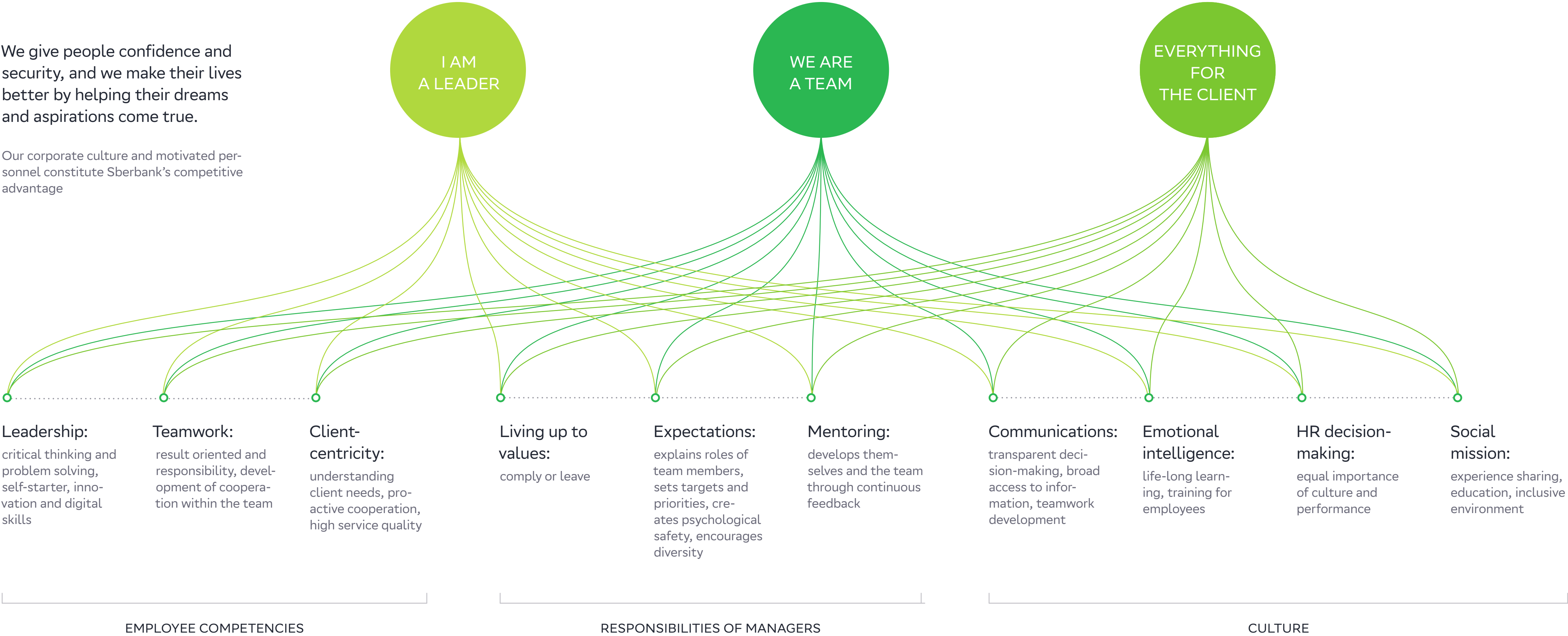
|                                 | 2018 | 2019 |
|---------------------------------|------|------|
| Assets                          | 30.4 | 30.5 |
| Loans to retail clients         | 41.4 | 41.0 |
| Loans to corporate clients      | 32.7 | 31.4 |
| Retail deposits and accounts    | 45.1 | 43.8 |
| Corporate deposits and accounts | 23.1 | 22.0 |



# Mission and values

We give people confidence and security, and we make their lives better by helping their dreams and aspirations come true.

Our corporate culture and motivated personnel constitute Sberbank’s competitive advantage





# Status of Strategy 2020

STRATEGY 2020  
KEY PRIORITIES

STATUS AS OF 2019



## Best client experience and ecosystem

### Retail clients

- +3 million active retail clients
- NPS at a steadily high level
- +55 % to 24.7 m mobile app daily average users (DAU)
- Strong client engagement in digital channels (mobile app DAU/MAU at 45 % (+7.5 p.p.)
- 56% share of retail loan sales via digital channels (+12 p.p.)
- 17 Sberbank Online mobile app releases on Android and iOS each
- Decisions on up to RUB 300 k retail loans made within two minutes
- Cross-border transfers from the mobile app for cash withdrawal to 10 FSU countries
- No. 1 brokerage service provider by the number of clients

### Corporate clients

- +319 k active corporate clients
- CSI 7.8 (+0.7)
- Every other newly registered small or micro business chooses Sberbank to open an account
- “Loan in 7 minutes”: 15 % of total short-term corporate lending to large and medium-sized businesses
- 820 k business cards (+35 %)
- 3.5 m online transactions daily
- A payment within one minute: 24/7
- 45 % of sales made through digital and remote channels
- SBBOL given the CX Award for best digital client experience

### Non-financial Services

Our ecosystem added 10+ services:

- **For retail clients (B2C):**  
Okko (video streaming), DeliveryClub (restaurant food delivery), SberFood (restaurant booking), SberMarket (store food delivery), You Drive (car sharing), CityMobil (taxi), Rambler (media assets)
- **For corporate clients (B2B):**  
SberCloud, Rabota.ru (also B2C), Speech Technology Center, Delivery Club, SberLogistics, r\_keeper
- **Technology:**  
Speech Technology Center, Cognitive pilot, DomClick e-housing platform with the largest database on the secondary residential property market



## Technological leadership

- We launched our new technological platform
- We initiated migration of 18 key legacy ASs to the new platform
- The UFES platform rolled out to all SBOL clients
- Eight BDSP product factories rolled out to all clients
- More than 600 new Data Factory base subscriptions
- 80% of infrastructure provided in the cloud



## People with new skills in effective teams

- 84 % of our employees are proud to work for Sberbank
- 81 % of HR processes switched to a mobile app
- Smart career: 115 k users, 49 % out of 22k transferred to recommended positions, >320 k development content selected
- 71 % of training delivered remotely with gamification features
- 187 k employees trained in digital skills
- 93 k employees improved their soft skills
- Some 10 k employees are bank volunteers

For more detail, see [Page 231](#)



# Sberbank met 2019 guidance

EFFICIENCY

Cost to income Ratio (CIR)

2019 r.  
As of July 2019

Flattish yoy

2019 r.  
actual

✓ 35.8 % (+0.6pp)

NIM

5.25–5.5 %  
(end of period)

✓ 5.35 %  
(old methodology)  
5.52 %  
(new methodology)

PROFITABILITY

Net Fees & Commissions Growth

Low to  
mid teens

✓ 13.6 %

Cost of Risk

100–110 bps

✓ 74 bps

ROE

Over 20 %

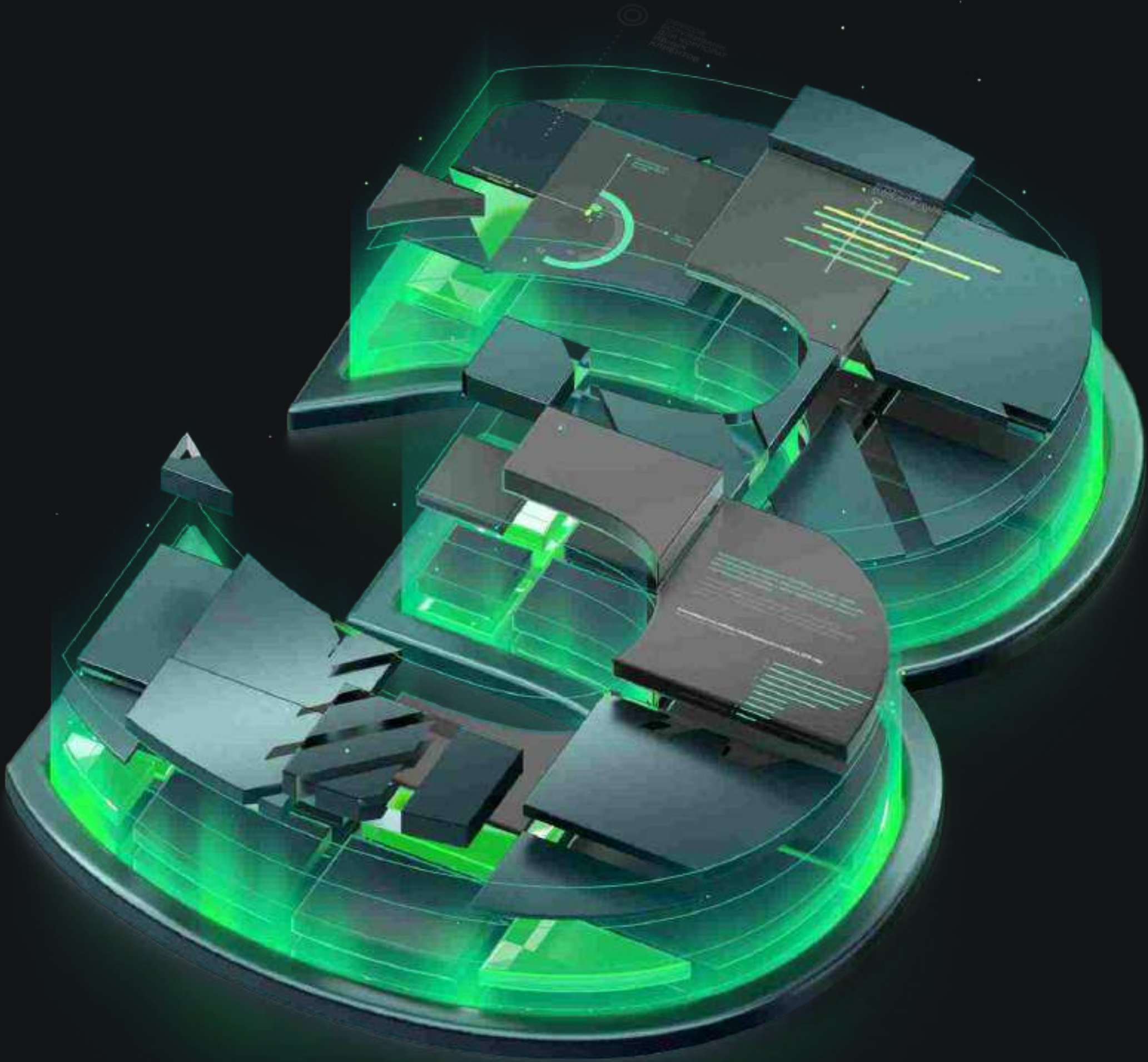
✓ 20.5 %

CAPITAL

CET 1 CAR under Basel 3  
for the Group

Over 13 %

✓ 13.4 %



# 03

## OVERVIEW

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# The best client experience and ecosystem

## Retail clients

Sberbank strives to offer each client banking and non-banking products that meet their needs best, provide top-quality services, and ensure maximum security. In 2019 Sberbank continued active efforts to attract youth: 67% of young people aged 14–21 years old are Sberbank clients, and almost half of our new clients are young audience.

96.2<sub>m</sub>

ACTIVE RETAIL CLIENTS

### SERVICE SECURITY

Client service security is a key area of efforts for Sberbank.

In 2019, the bank substantially strengthened the fraud monitoring system to protect our clients from third-party actions. We introduced text messaging to inform our clients of risky transactions on their deposits and accounts. Salary cards are issued without a PIN envelope, with clients setting a PIN at the time of receiving a card at the branch. It’s become easier to confirm risky transactions to minimize fraud—either with biometrics in the mobile app or through a voice assistant.



The silver in the Best Large Client Service Team category, Stavropol

### SERVICE QUALITY

Improving the quality of services is an important area of our activity. The bank took more than 300 action steps during the year to eliminate the root causes of client complaints, resulting in a 25% reduction in the number of complaints.

The processing of complaints has become more transparent as we created the My Complaints service in Sberbank Online where clients can view a list of their filed complaints together with their status and resolution deadline, and can ask additional questions in a chat.

The bank has substantially reduced the time it takes to resolve client issues by automating complaint processing: more than half of all complaints are resolved within 24 hours and 87% within five days. Repeat complaints were reduced by 32%.

#### Client Satisfaction Index, CSI

CSI—Client Satisfaction Index. Key diagnostic question: “Please rate the level of your satisfaction with today’s visit to Sberbank.” We use a 10-point scale where 1 means not satisfied at all and 10 means very satisfied.



The silver in the Best Large Contact Center category, Voronezh



CX-World Best contact center, Voronezh

Any client can give feedback to the bank through a variety of channels, from branches and call centers to chats, ATMs and the web bank, among others. Clients can give feedback on the quality of work of branch tellers, call center employees, chat operators, or direct sales people. The bank also collects feedback on our key products (cards, loans, payments and transfers) and service channels (ATMs, the mobile bank and the web bank).

To collect feedback, we use SMS dialog surveys and web-based questionnaires. We received 4.2 mn replies during the year. Clients can use questionnaires to describe an issue in detail. All poor feedback is automatically transmitted to a group of bank experts to contact the client ASAP and resolve the issue. Sberbank gauges client satisfaction using 153 event types, with 138 events assessed on a regular basis for use in motivation systems for employees at different levels.

9.5

CLIENT SATISFACTION INDEX, CSI  
2018: 9.3



AI: A new “workplace” for call center operators

The bank took a new approach to the call center operator workplace. In 2019, a workplace was launched to cover three substantial subject areas that account for more than 10% of all call-ins—bank card locking, unlocking and re-issue. The new workplace analyzes a client and an operator’s speech in real time to determine the subject of the call and launch an automated service script. As a result, clients spend 30% less time waiting for a resolution of their issues during the call, and get appropriate answers resolutions faster.

AI: customized self-service terminal menu

Static ATM menus have been replaced with a customized main menu driven by recommendation systems, with habitual withdrawal, payment and transfer amounts displayed for each client. A customized menu is displayed in real time upon client authentication using a bank card or a mobile phone number.

AI: chatbot

Our chatbot is capable of resolving client issues automatically in 40% of the times. The chatbot is available for clients in three channels: the mobile app, the web bank and the bank’s website. The chatbot is driven by an AI technology for client query subject recognition to launch an appropriate service script.



Best application of AI technology in CX for AI application in CC training



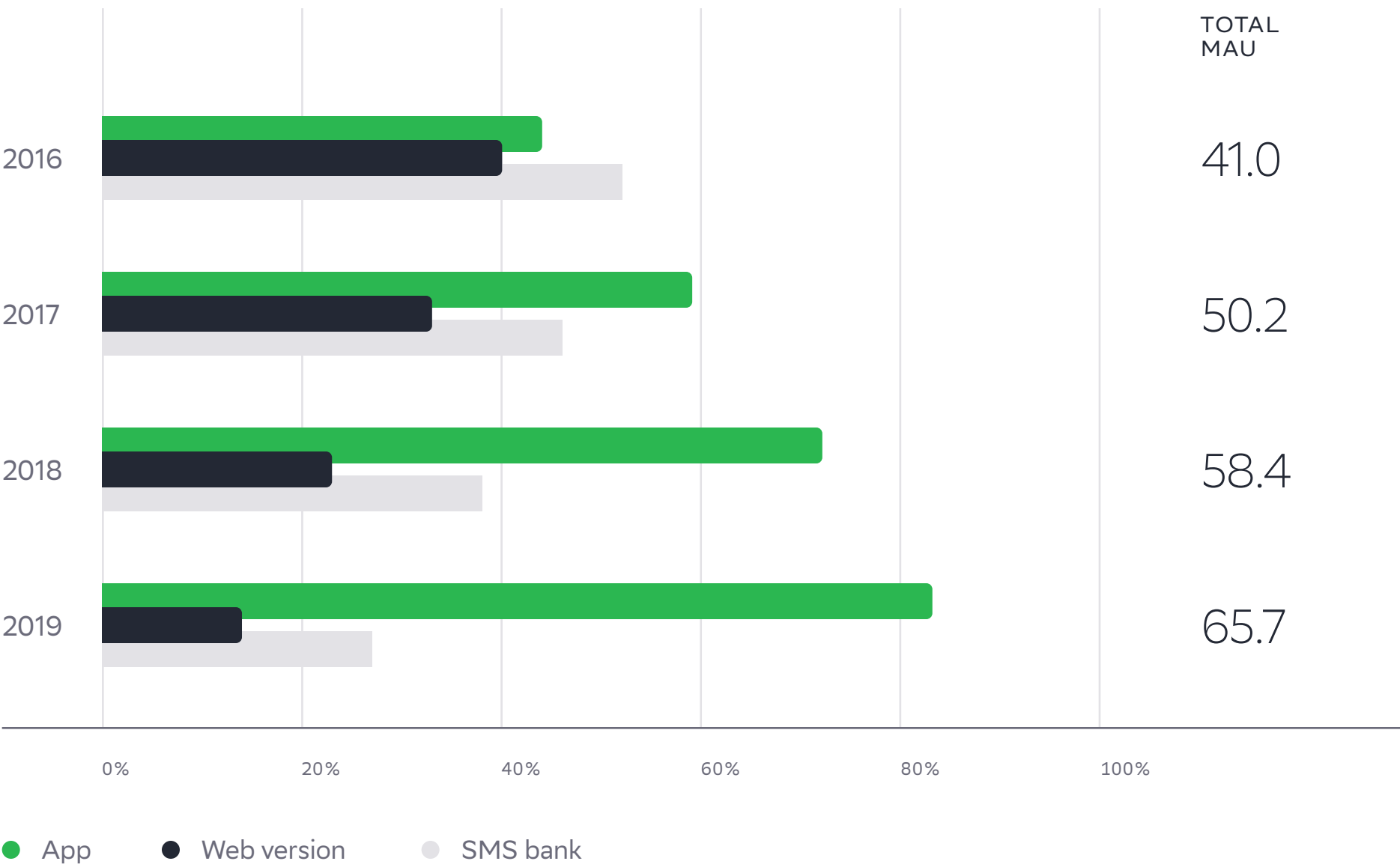
## ONLINE

### Sberbank Online exists as a web-version and as a mobile app.

The mobile app is the Bank’s most popular digital channel, with the monthly audience increased by 30% and exceeded 54 million people in 2019. Not only have the users become more numerous, but more engaged as well: the ratio of daily average users to monthly average users rose by 11 p.p. to 45%.

### Sberbank Online platform awards

-  A Runet award in the Mobile App category
-  A Golden Award in the FinTech Solution category of the Stevie International Business Awards for the Dialogs service
-  Golden prizes of the Tagline Awards: in the Best Mobile- /AR/VR/IoT Project category in the Best Financial/Insurance company category
-  A Retail Finance Awards prize in the Best Retail Bank IT Solution category for a massively updated version
-  The top prize of the Golden App competition in the Best App usability/UX and the Finance, Banks and Insurance categories. An award in the Best B2C App
-  A win in the Innovation of the Year category of the Innovation Time award



A massive update of Sberbank Online for iOS and Android was released in July 2019. The app now self-configures to meet the needs of each client, suggesting the most frequently used actions. To make the Sberbank Online user experience even more enjoyable, the app now displays new sign-in images showing a local attraction for users in certain regions. The app now also contains stories, a catalog, profiles, and animation. Sberbank Online allows users to configure notifications: enable or disable them, change the phone number to which a card is linked, or enable push notifications.

The bank has started adapting the mobile app for our younger clients. New young clients can view welcome stories, teenagers can receive push notifications with step-by-step instructions on how to use the bank’s products, parents of kids under one year old are sent offers of products and useful services for young parents, and our service catalog has become more youth-oriented. SberKot, a special channel for younger clients, was launched in Dialogs.

### Sberbank Online mobile app rankings

Nº1

IN THE USABILITYLAB RANKINGS BY CONVENIENCE AND THE FEATURE SET AMONG RUSSIAN BANKING APPS

Nº3

AMONG THE MOST FREQUENTLY DOWNLOADED FREE IPHONE APPS AT THE APPSTORE IN 2019

Nº5

GLOBALLY BY THE NUMBER OF INSTALLATIONS AMONG FINTECH MOBILE APPS ACCORDING TO THE SENSORTOWER.COM PLATFORM

4.8 ★

RATINGS AT THE APP STORE AND GOOGLE PLAY



SBERKOT VKONTAKTE–CHATBOT NO. 1 WITH 14.3 MILLION SUBSCRIBERS

### SBERBANK FIRST IS A CHANNEL FOR PREMIUM CLIENTS

The channel's main target is to provide services in the most convenient way for the clients. Clients of Sberbank's VIP branches can be served without passport if biometric authentication is applicable.

150

VIP BRANCHES

106

CITIES

82<sub>k</sub>

CLIENTS

Starting in 2019, VIP clients can pre-execute transactions before visiting a branch, reducing waiting time. Remote banking has gained widespread popularity, joined in 2019 by remote execution of transactions, which is also available to our clients' partners.

Other important Sberbank First features include support for business communication among our clients as part of the First Club business community, as well as educational projects such as public client discussions on important issues with opinion leaders in the First Talk format and the First Academy educational project.

### SBERBANK ID

In 2019, Sberbank ID became a single authentication system for convenient and secure sign-in to online services offered by Sberbank and our partners.

Sberbank ID now covers Delivery Club, Okko, Citymobil, Rambler, Beru, and other ecosystem services. Clients can now sign in to more than 40 services using Sberbank ID.

The services offer a more convenient authentication by a QR code and a push notification. Clients can seamlessly navigate between various ecosystem member companies using Sberbank ID, without the need to enter a username and password every time they need to sign in. Six million clients use Sberbank ID.

### A SPECIAL BANK

See the Sustainable Development (ESG) Report, [page 223](#).

# Lending

Retail loan portfolio, Sberbank Group, IFRS, RUB bn

|                                    | 31.12.2015 | 31.12.2016 | 01.01.2018 | 31.12.2018 | 31.12.2019 |
|------------------------------------|------------|------------|------------|------------|------------|
| Retail loan portfolio              | 4,966      | 5,032      | 5,399      | 6,751      | 7,884      |
| Mortgages                          | 2,555      | 2,751      | 3,132      | 3,851      | 4,291      |
| Consumer loans                     | 1,682      | 1,574      | 1,575      | 2,113      | 2,658      |
| Credit cards and overdrafts        | 587        | 587        | 572        | 658        | 794        |
| Car loans                          | 142        | 120        | 120        | 130        | 141        |
| DENIZBANK HAS BEEN DE-CONSOLIDATED |            |            |            |            |            |

## MORTGAGE LENDING

Sberbank is the biggest player in Russia’s mortgage market.

54.0%

SBERBANK’S SHARE OF THE RUSSIAN MORTGAGE MARKET

654<sub>k</sub>

MORTGAGE LOANS FOR A TOTAL OF **RUB 1.3 tn** WERE ISSUED BY SBERBANK IN 2019

4<sub>TIMES</sub>

SBERBANK CUT MORTGAGE RATES IN 2019

Sberbank is the biggest player in Russia’s home mortgage market, with a 54.0% market share.

From 2019, clients benefit from a new technology “Transaction Factory”, where services are provided by several managers simultaneously. This technology helped to decrease time to approval of property for a mortgage by 77% to 3.8 days and reduces 3-fold waiting time for the clients to just 30 minutes.

In 2019, mortgage application time-to-decision was dramatically reduced. On average, it takes 4 hours to approve a mortgage application. Time-to-decision for payroll clients is just 5 minutes. For 60% of the applications, the decision is taken in less than one hour.

In 2019, we launched a personal profile for mortgage clients where they can resolve any issues concerning the loan without visit to a branch.



DOMCLICK PLATFORM



DomClick is a top three Russian real estate platform with a monthly audience of 4.5 mn users. DomClick has the largest database on the secondary residential property market with number of listings increasing two-fold to over 2 mn offerings.



DomClick won the Retail Finance Awards-2019 in **Marketplace** category.

In 2019 the number of mortgage applications approvals through DomClick went up to 23%. In Moscow, every second loan is processed through DomClick. When clients buy an apartment through DomClick, they benefit from a special 0.3 pp discount on mortgage interest rate and they are not required to have an appraisal report.

In 2019, Sberbank’s DomClick platform was upgraded with many new functions:

- Database of commercial and non-residential property listings.
- Automatic removal of encumbrance upon repayment of mortgage.
- Sberbank was the first Russian bank to use electronic mortgage debentures for registering of mortgage deals.
- In November 2019, Sberbank made it possible to take a home loan at 1% pa for apartments in new developments published on DomClick.ru if the construction is financed by the bank with the use of escrow accounts.
- E-registration service has become available for deals with maternity capital, developer’s sales contract and shared ownership properties.

DomClick also offers products for diverse client segments:

- In 2019, Sberbank launched lending for a new client segment, self-employed.
- Far-Eastern mortgage with a 2% per annum rate was made available.
- We started to refinance existing mortgages when a client starts benefiting from a state-supported program “Mortgage for Families with Kids” at a 5% per annum rate.

CONSUMER LOANS

The volume of consumer loans issued by Sberbank in Russia in 2019 grew by 23% as compared to 2018.



Unsecured Consumer Loan—the best 2018 consumer loan among 700 loans featured on the Banki.ru portal

56%

OF SBERBANK'S CONSUMER LOANS WERE ISSUED ONLINE

33.9%

SBERBANKK'S MARKET SHARE IN RETAIL LENDING

The increase in lending was driven by the product’s improved convenience for clients and a gradual reduction of interest rates.

Clients can apply for and get a consumer loan and related insurance products in the Sberbank Online mobile app in under five minutes.

Loans up to RUB 300,000 can be obtained in any digital channel without having to submit income or employment verification documents; only an ID is needed to apply for such a loan at a branch.

Clients can service their loans at any branch, no matter where the loans originated.

Partial or full repayment of a loan in Sberbank Online is among our top three most popular services, according to mobile app store reviews

Consumer Loans under Surety have now become available to younger clients in the 18–21 demographic and to seniors, 60+ at the time of issue and up to 80 years old at the time of repayment.

Half of our clients can now apply for a loan without having to fill out an application, as all fields have already been prefilled.

We resumed issuing government-sponsored student loans. Some 3,200 people were able to enroll in universities in 2019 thanks to Sberbank.

POS LOANS



Buy Together with Sberbank is a service offering online Sberbank loans that brings together our clients, partners and financial institutions to facilitate purchase financing. Launched in December 2018, the service is aggressively expanding its client base.

Our clients use Buy Together with Sberbank to make purchases at our partners’ websites. An intuitive interface makes it possible to obtain a loan within minutes without having to visit a branch.

The service is available to partners across Russia’s regions. Both small online stores and big retailers such as Beru!, reStore and Lazurit have expressed interest in the service. Electronics and home appliances are among the most popular items purchased by our clients.

A full list of our partners is available at <https://www.pokupay.ru/partners>

CAR LOANS

№1

WE ARE THE TOP RUSSIAN AUTO LENDER BY THE SIZE OF OUR CAR LOAN PORTFOLIO

90 bn ₺

SBERBANK AND CETELEM BANK ISSUED A COMBINED IN CAR LOANS IN 2019

Cetelem Bank car loans are technologically integrated into our Sberbank Online web bank. To obtain a car loan, a client can apply in Sberbank Online and get approved by Cetelem Bank. All the while, Sberbank clients can take advantage of attractive car loan terms offered by Cetelem Bank, select an option that meets their needs, and get a quick loan decision. Clients can follow up on their loans and manage repayments in Sberbank Online as well.

# Payments and money transfers

10<sub>m</sub>

MONTHLY USERS  
OF QR PAYMENTS

2019 was a year when cross-border transfers by retail clients in Sberbank digital channels took off.

Clients can make transfers in different ways depending on their needs: transfers for cash withdrawal to FSU countries, or transfers to accounts or card numbers practically anywhere.

Transfers for cash payments are available to the following countries:

|            |              |
|------------|--------------|
| AZERBAIJAN | MONGOLIA     |
| BELARUS    | TAJIKISTAN   |
| GEORGIA    | TURKMENISTAN |
| KAZAKHSTAN | UZBEKISTAN   |
| KYRGYZSTAN | UKRAINE      |
| MOLDOVA    |              |

There are now more options available for topping up Sberbank cards: our clients can transfer funds using a phone number from a network of nine external partners that include Tinkoff Bank, Euroset, Svyaznoy, MTS stores, MTS Bank and others.

Sberbank Online now offers a convenient service of transfers to anyone for cash withdrawal at an ATM, as well as the new Collections and Spending service to facilitate cash collection for a party or to split a bill.

A new payment customization service was launched in 2019. Based on a client’s payment history, a feed is built in Sberbank Online featuring icons of service providers the client regularly makes payments to. By clicking on an icon, the client gets inside the provider’s record where payment details are already pre-filled and information on any issued invoices and connected Autopayments is displayed. More than 6 mn pre-filled bills were paid in 2019.

Every 5th recurring payment at Sberbank is made using invoices pre-filled by the bank

Bar code-based payments in Sberbank Online mobile app are a very popular feature. A client does not have to fill in the details by hand and spends just seconds to make a payment. Over 60% of mobile app payments are made by scanning a bill; for self-service terminals, this method accounts for 80%.

Sberbank has continued to develop the non-cash payment service over-the-counter in multifunctional centers (MFCs) to pay duties at the time of processing documentation.

In 45 cities of Russia, people pay for public services in MFCs through Sberbank's cashless solutions.

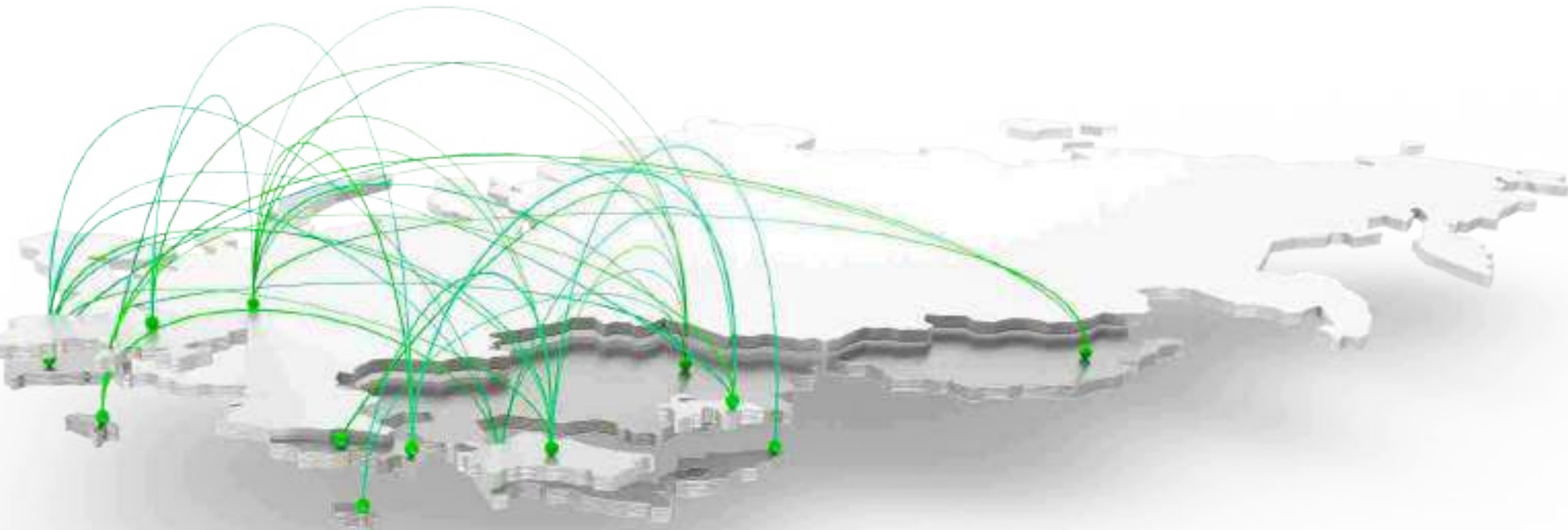
Sberbank has been improving the mechanism connecting service providers to the payment system via Sberbank Business Online without having to visit a branch. Today, an agreement can be signed for several services at a time, with providers gaining access to our payment channels within 5 minutes rather than an entire business day. Over the past year, 5,000 providers were so connected.

## AI AND FRAUD MONITORING

Sberbank’s fraud monitoring system incorporates solutions reducing unwarranted blocking of card-to-card transfers between clients. Taking note of payee behavior and their transactional activity has improved detection of fraudulent transfers and brought false positives down by 8%.

## CURRENCY CONVERSION

In 2019, Sberbank pursued a strategy of differentiated offerings of favorable exchange rates to clients depending on the service package used, the channel and the time of transaction. This approach increased demand for currency conversions by 16% compared to 2018. That said, the share of transactions in remote channels increased 5 p.p. to 36% over the year.



Gold in the **Best Bill Payment & Presentment** by The World's Best Consumer Digital Banks or Global Finance



The Online Agreement for Acceptance of Payments from Individuals in Sberbank Business Online product won a PayTech Award 2019 in the **Top PayTech Innovation** category

# Acquiring and bank cards

#5

ACQUIRER GLOBALLY BY THE NILSON REPORT IN 2018



Russian Post 2019 Awards Nomination: **The Best Financial Service for E-commerce 2019**, an independent award where the winners across categories are picked by the community in an open vote

In addition to conventional acquiring, in 2019 Sberbank launched the QR platform—a product for non-cash payment that is more affordable than acquiring and intended for small shops, beauty parlors, florist shops, farm markets, etc. Payment only requires an app from Sberbank or another bank that is connected to the QR platform.

Sberbank still implements the projects enabling change-over to the cashless world and actively supports the spread of non-cash services in Russia.

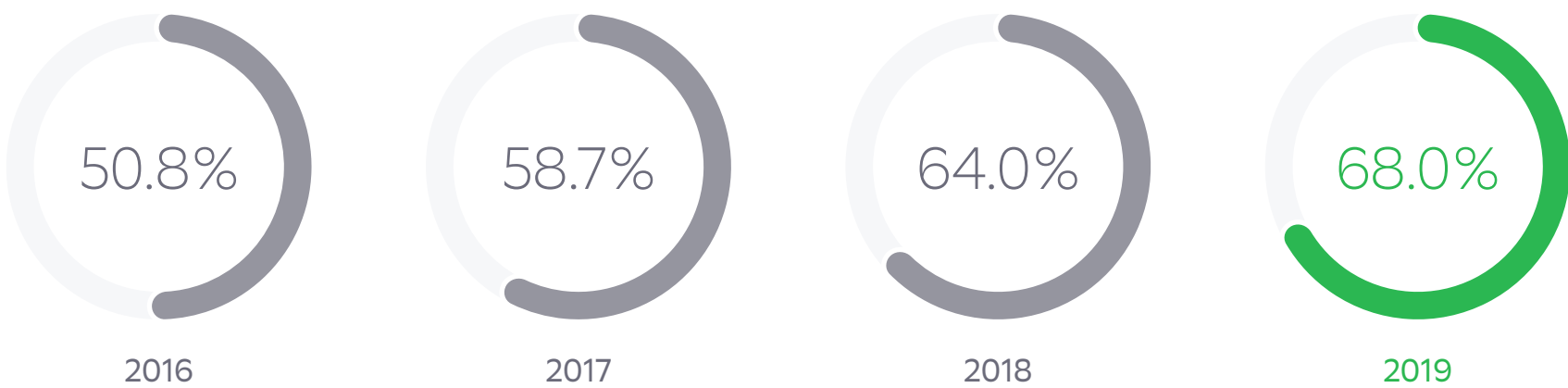
Using a card to pay the fare on public transportation has been increasingly popular: the share of such payments in overall passenger traffic exceeded 20%, having shot up 6-fold from the previous year.

## Sberbank’s service has enabled fare payment with a bank card in 102 Russian cities

- In June 2019, Sberbank first presented a technology that enables special fares for citizens with social benefits (fully free travel, discounts) using any card of the MIR payment system.
- Since May 2019, people in Saint-Petersburg have been able to use the Unified Card of St. Petersburg Resident.

*For more details, see the On Sustainable Development section on page 190*

## Share of non-cash turnover in Sberbank retail transactions



|                                                    | 2017  | 2018  | 2019  |
|----------------------------------------------------|-------|-------|-------|
| Number of active points of sale and service, ‘000  | 931   | 1,162 | 1,339 |
| Number of terminals in the acquiring network, ‘000 | 1,422 | 1,796 | 2,201 |

DEBIT CARDS

#10

RANKED AMONG THE  
WORLD’S LARGEST  
ISSUERS OF DEBIT  
CARDS BY THE NILSON  
REPORT IN 2018

115<sub>m</sub>

ACTIVE DEBIT CARDS

>1<sub>m</sub>

VISA DIGITAL CARDS

In 2019, Sberbank launched a service that allows clients to order any card in Sberbank Online and start using it before actually getting a plastic card at a Sberbank branch.

|                                                  | 2017 | 2018 | 2019 |
|--------------------------------------------------|------|------|------|
| Share of debit card sales in digital channels, % | 4.7  | 21.0 | 22.9 |

Debit card selection at branch

At a branch, clients will be offered a specific type of card selected by a recommendation system. Cards used to be selected using a funnel of questions about the client’s preferences and spending amounts in different categories. The time needed for card selection has decreased by one minute.

Sberbank has continued to develop its debit card lineup:



Sbercard Travel—a new product for Sberbank clients. This card can be used to accumulate Sbermiles that can be subsequently spent on the [Spasibo Travel](#) portal to buy air and railroad tickets or book hotels



A premium card in the Sberbank First service plan is the single access key to business lounges of over 1,100 airports worldwide that are members of the Lounge Key service.



The MasterCard Platinum card was relaunched with more Spasibo bonus points earned for purchases at gas stations, cafes, restaurants and supermarkets.



For nationals of nine countries, a debit card is available with the option of choosing the nation’s symbol to print on the card. This card can be used to transfer funds to CIS countries cheaper than via conventional remittance systems and pay for a work patent or mobile phone commission-free at any Sberbank self-service terminal.

## CREDIT CARDS

16<sub>m</sub>

ACTIVE CREDIT CARDS

44.8%

SBERBANK’S MARKET  
SHARE IN RUSSIA

Sberbank is a leader in the credit cards market. In 2019, our portfolio of credit card outstanding balance grew 20%, outperforming the market.

This development stemmed from better terms and expansion of our clients’ ability to manage their credit cards:

- the interest rate was cut by 2 percentage points
- the maintenance fee for gold and classic credit cards was abolished
- transfers from Sberbank credit cards to debit cards became available, and since then there have been 1.4 mn transfers from credit cards monthly;
- the upper age limit for credit card issuance was increased to 70 as part of pre-approved offers;
- credit cads were made available for clients who do not have a pre-approved offer from Sberbank, and over the year the share of such cards in new issuance went up from 1.3% to 15.1%.

Clients with pre-approved offers can now use a Digital credit card, a new product in the Russian market. The card can be requested in Sberbank Online and the credit limit is available for use right away, before even getting the plastic. If necessary, the plastic can be obtained at any branch.

## SPASIBO FROM SBERBANK

Sberbank has been incentivizing clients to actively use cards through own loyalty program “Spasibo from Sberbank”.

Spasibo from Sberbank is Russia’s largest banking loyalty program. The program has 42 million users with 5 million users added in 2019.

The system of privileges was simplified in 2019, which led to a much stronger user engagement; the monthly number of Sberbank Online users visiting the “Spasibo from Sberbank” section increased from 3 million to 12 million in 2019.

The renewed “Spasibo from Sberbank” platform used the omnichannel interface to unite the mobile app, the website and all loyalty program portals, such as Impressions, Travel, and Online Market.

The “Spasibo from Sberbank” platform enables a convenient integration for small and medium businesses. Clients’ personal profiles suggest solutions for marketing objectives using SPASIBO bonus points. 75 k partner stores are part of the program.

# Sales network development

Back in the late 2018, Sberbank made a decision to spin off sales network from Retail Business into a separate business division.

This spin-off has allowed Retail Business to concentrate on expanding and customizing its product line, and enabled the Sales Network Division to focus on developing a physical service network that comprises branches, cash-collection centers, agent network, self-service terminals, and external distributors.

Today, functions of the branch network are increasingly shifting from standard client service in settlements, receipts and payments, towards sales, consultations, and training of clients' digital skills. The sales network is also expanding service coverage to corporate clients. Sberbank's branches are playing an increasing role in development of the ecosystem.

## TECHNOLOGIES IN BRANCHES

### Client experience in branches

Sberbank’s branches have become a front line for sales of both banking and non-banking products and services. In 2019, the bank started aggressively promoting the products and services offered by our ecosystem companies: Beru, Okko, DocDoc, Sberlogistika, Sberbank Telecom, Delivery Club, Citymobil, SberMarket and others.

Expanded functions of the sales network and a new approach to client service have led to initiating a number of tests and pilots for updating the existing roles of our sales officers and introducing new ones. So, sales managers help clients receive banking and non-banking products and services using the tablet

Service consultants whose duties are to assist clients in any matters related to our service and orientation within branches, also get clients acquainted with Sberbank’s ecosystem services. Such employees carry tablets that display service prompts to make communication with clients more personal.

Sberbank started actively using a lead generation strategy in branches to equalize intraday workloads of product sales-force. Where there are personal offers for a client that has identified themselves on a self-service terminal or while completing a transaction with a manager’s assistance, a service officer can discuss those offers with clients if there are no other clients that require attention. Thanks to lead generation, more than 2 mn clients learned about opportunities available to them, with a positive effect on the sales performance of our service network.

*Sberbank adapts its branches for special clients to provide them with special services. For more details, go to the ESG Report, [the A Special Bank section](#).*

There have been several important changes in training and induction of employees. The program for entry into office is divided into several parts, and the sales standards are reduced for seamless induction of beginners. The innovations, among others, had a positive effect on the turnover of consultants, which fell by 6% over the year, and on the turnover of sales managers, which fell by 2%.

## BRANCH NETWORK IN RUSSIA

Among changes that took place in the branch network in 2019 were an extension of service coverage of retail branches to services to corporate clients along with an optimization of number of cash-collection centers.

|                | 31.12.2017 | 31.12.2018 | 31.12.2019 |
|----------------|------------|------------|------------|
| Regional banks | 14         | 12         | 11         |
| Branches       | 14,389     | 14,263     | 14,244     |

All the while, we have kept in place the 2016 moratorium on shutting down our rural branches

Sberbank’s overseas branch network includes a branch in India and representative offices in China and Germany. The West Siberian Bank was closed down on 01.05.2019 to improve the management structure and increase regional network efficiency. Its former branches were made part of other Sberbank regional banks, without any effect on the number of branches for retail or corporate clients.

## AGENT NETWORK DEVELOPMENT

>1,000

VKUSVILL SUPERMARKETS HAVE BEEN CONNECTED TO OUR IN-STORE BANK CARD CASH WITHDRAWAL SERVICE

>3,600

AGENTS' NETWORK IN RURAL AREAS

To ensure financial services inclusivity in remote or sparsely populated areas without branches or ATMs, Sberbank is developing an agent network by signing agreements with small business owners that have rural points of sale and use Sberbank’s acquiring.

Today, clients can withdraw cash from a bank card at any agent point of sale. The range of services is expanding; for example, more than 400 cash desks at rural stores can accept utility bills and fixed-line phone payments even using cards issued by any other bank. Rural clients can apply for a loan in 300 Sberbank rural branches.

## SELF-SERVICE TERMINALS

Self-service terminals (ATMs) offer Sberbank clients a practically full range of banking services, including payments and transfers and deposit opening, closing or top-up.

Sberbank is aggressively upgrading its fleet of self-service terminals, including by replacing conventional devices with recyclers that recirculate cash deposited by clients for withdrawal by other clients. The recycling feature helps us optimize our cash collection services and refund client cards automatically with an SMS notification if the client forgets to take the cash out of an ATM. By the end of 2019, a third of all Sberbank self-service terminals featured cash recirculation.

The bank pays great attention to working with client queries, and the use of modern technology helps us optimize the time for making decisions on problem transactions. If a client leaves a card at an ATM or the card is seized because of a technical failure, we will text the client with instructions on where and how to collect the card or get it reissued. The time for decision-making on failed transactions has been cut from 12 hours to 15 minutes.

*For details on how to use our self-service terminals in other languages, please refer to the ESG Report, [the Financial Services Inclusivity section](#)*

66.3<sub>k</sub>

ATMs WITH CONTACTLESS TECHNOLOGY

57 k self-service terminals feature a unique customized home screen, where clients are prompted with their most frequently performed transactions at sign-in

|                                                                     | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------------------------------------------|------|------|------|------|------|
| Number of self-service terminals, ‘000                              | 86.0 | 80.3 | 76.3 | 78.2 | 76.9 |
| Including self-service terminals featuring cash recirculation, ‘000 | 0    | 0.5  | 2.8  | 12.6 | 24.8 |

INCREASING THE AVAILABILITY OF SERVICES FOR CORPORATE CLIENTS

By expanding the functionality of its retail network, Sberbank has increased services available to corporate clients in branches.

By the end of 2019, the number of branches providing 70 most popular services increased from 773 to 2,512, including 616 branches in rural areas. 2,123 branches offer such services as: opening a settlement account, sale of Sberbank Business Online, cards for businesses, payroll project, self-service cash collection, merchant acquiring, IMS notification for business cards and accounts.

Also, since July 2019, corporate clients can carry out transactions in any branch within the Sberbank Head Branch (restrictions on tying to the branch where the client opened their account have been removed), which now number 77 throughout the country. Since October 2019, restrictions on the operational time of document reception for legal entities have been lifted – services are provided in the hours of operation of the branches themselves.

SBERBANK PREMIER

2<sub>m</sub>

CLIENTS

2,750

CLIENT MANAGERS

50%

NET PROMOTER SCORE (NPS)

2.2<sub>tn ₺</sub>

ASSETS UNDER MANAGEMENT

In 2019, the Sberbank Premier service package was launched in Sberbank Online, and the client has the ability to connect and disconnect the package and debit cards themselves. A single short telephone number 0440 has been introduced for Sberbank Premier clients. Clients can choose a preferred service branch in Sberbank Premier through a call center operator or through chat in Sberbank Online. Clients can order cash by phone—specifying the amount, date and branch of reception of the funds. Clients of the channel are offered exclusive opportunities: OKKO promo codes, public meetings with famous people, participation in the Usadba Jazz Festival in St. Petersburg and Sochi.

INTELLIGENT MANAGEMENT SYSTEM (IMS)

Executive IMS

The Executive IMS has become the main sales network management tool covering all management positions of service branches. In 2019, its mobile application for tablets was created.

The key feature of the Executive IMS are the built-in AI-models, which provide personal recommendations to the manager for effective management decisions in terms of recruitment, onboarding, discipline, development of employee competencies, forecasting fraud, risk events and client complaints. This allows one regional manager to effectively manage 18 branches instead of 12 as before. As a result, the number of service network managers was optimized by 12% in 2019.

Gamification and Development in IMS

In an effort to increase the interest of sales branch employees in business results, Sberbank is changing its culture, aiming to increase client focus and teamwork in developing client relations. The use of gamification in the retail IMS aims at professional development of employees and movement of the team towards a Teal organization. Each employee can see in the system what skills need improvement, watch training videos with practical tasks, and contact experienced colleagues, who are also selected by the system. The team can also monitor compliance with the criteria required to enter one of the leagues on the way to a Teal organization. Participation in the game is voluntary, but there is a lot of interest in it—60% of branch employees are active in the game.

TEAL BRANCHES

In 2019, Sberbank took the next step towards a Teal organization by introducing a number of initiatives aimed at uniting service branch teams and improving their level of self-organization.

Office managers are moving from control to mentoring, while the IMS provides individual hints to teams in their areas of attention. Teal branches are given extended powers, for example, a team interview is conducted when a candidate is hired, which takes into account the opinions of all employees.

The share of Teal branches is growing. At the beginning of 2019, the share of Teal branches was 8% of the total, and at the beginning of 2020 it was already 18%. Confidence leads to increased employee engagement. Teal branches display fewer complaints and higher client satisfaction.

Important changes in the self-organization of Sberbank's Teal branches in 2019:



The opportunity to work independently, without a visit from the immediate supervisor.



Fewer audits of the branch by related services.



Extra time is allocated for staff to develop themselves.



Managers are given corporate cards to solve client problems “here and now”.



Managers can manage their employees' working hours themselves.

SALES NETWORK SERVICE QUALITY

Development of branch employee soft-skills, including via gamification of the IMS, helps the bank deal with complaints and requests from clients at branches that receive special attention.

|                                 | 2017 | 2018 | 2019 |
|---------------------------------|------|------|------|
| Client satisfaction index (CSI) | 9.4  | 9.3  | 9.5  |

Most often, clients are dissatisfied with service quality, denial of service, service time, hard selling of products or with the branch itself. The bank keeps a systematic record of deviations for client complaints and low satisfaction ratings, takes into account particularly toxic complaints when evaluating managers, and implements predictive AI-models to prevent the occurrence of complaints.

Results of the client satisfaction survey show improvement in the indicator's dynamics in 2019, which reflects systematic work to eliminate the causes of client complaints.

MANAGEMENT OF OPERATIONAL RISKS IN BRANCHES

Sberbank is actively working to manage operational risks in its network. Special attention is paid to managing the risk atmosphere at branches and preventing operational risks. Critical operations are automatically monitored in terms of 52 indicators, and the individual Risk Profile tool has been created for preventive work with high-risk branch employees, including those with deviant financial behavior. Fraud monitoring is carried out online, over-limit transactions are also controlled, and employee cash on hand is recounted for verification. Change of access of employees to the automated systems of the bank is made automatically based on employment information on hiring, transfer, dismissal of personnel.

About 90% of operational losses are detected at the 1 to 2 lines of control in branches, with 72% of operational losses detected remotely by automated algorithms. In addition, the IMS has an AI-model for predicting employee errors, which selects an individual set of questions for employees in real time, and in 90% of cases the employee's error is not repeated.

The bank performs operational audits of compliance with cybersecurity requirements for the storage of client personal data. In processes where systemic problems have been identified, changes have been initiated to eliminate the possibility of errors. To ensure the safety of client data, files containing client personal data are cleaned from computers automatically. The procedure is implemented in all branches of the bank, piloted in DomClick and the direct sales channel.

## EXTERNAL DISTRIBUTION

Sberbank has created a Direct Sales channel that provides banking and ecosystem services to retail clients in companies participating in Sberbank payroll projects.

In 2019 the staff of this channel were making good progress in transitioning consumer and mortgage lending online. Thus, in December 2019 97% of consumer loans in the Direct Sales channel were processed in Sberbank Online and 95.9% of all mortgage applications came through DomClick.

Over the year, Sberbank consultants encouraged more than 591 k retirees to start receiving their pensions through Sberbank.

Following a series of successful pilot projects, the list of products offered by direct sales specialists was expanded to include an individual pension plan, an application for receiving salary on a Sberbank card, DocDoc services, personal legal advice, and tax refund.

Since the beginning of 2019, a geopositioning system for direct sales staff has been available in the Bank’s network, which allows managers to monitor the location and performance of their employees. An AI-assistant has been developed based on this geopositioning service, which helps specialists to view the potential of companies on the map and plan own client work in this interface. Additionally, the service can also create activities in the specialist’s calendar based on his/her contacts, existing products, NBO (personal client offer), remoteness and potential of the company. The pilot project is being rolled out in Krasnodar Head Branch of Yugo-Zapadny Bank.

The number of external distribution specialists is subject to cost of working hours, time needed for operations, location of companies, assessment of probability of sales to various clients, product NPV and targeted CIR of the entire channel, as well as client activity in branches and online. This model will be tested in Moscow, Povolzhsky, Uralsky and Srednerussky Banks.

### Total sales of key products through direct sales channel in 2019:

|                                        |                                                   |
|----------------------------------------|---------------------------------------------------|
| 573 k                                  | 317 k                                             |
| CONSUMER LOANS<br>(11% OF TOTAL SALES) | CLIENTS JOINED<br>LIFE INSURANCE<br>PRRGAMME (6%) |
| 61 k                                   | 140 k                                             |
| MORTGAGE<br>APPLICATIONS (5%)          | CREDIT CARDS (2%)                                 |

CSI increased from 9.6 to 9.7 in six months

## INNOVATIVE TOOLS FOR SALES NETWORK MANAGEMENT

In 2019, an analysis of data on the behavior of 85 million clients and studies of their purchases in retail networks using AI-models were conducted

Based on this analysis, tools were developed to forecast sales of non-financial and ecosystem products through physical channels. The model was tested in calculating the potential for client traffic at 2,500 SberLogistics pick-up point placement locations and 4,300 coffee and vending locations in the bank's network, including self-service branches.

To manage its physical network, the bank uses AI-models and takes into account 300 geodata features for all cities, as well as data on client transactions at branches, self-service terminals, POS-terminals and operating income. This is how the potential was calculated and locations were determined for the 55 new branches that will soon be opened in new residential areas and locations with overloaded branches in Moscow, St. Petersburg and other cities. In addition, the bank makes decisions on the opening or consolidation of branches by predicting the impact of changes to the network on client behavior and operating income.

In 2019, Sberbank tested a photo and video analytics platform based on computer vision (SberEye) technology that applied special-purpose video equipment, at the Office-2020 site. The platform enables computing the number of unique clients, accompanying visitors to branches, those served on a first come basis, or those who left without service. Deviations from the norm measured by five indicators are transferred to the IMS to improve the efficiency of interaction with the client.

# Wealth Management

Sberbank is developing wealth management products to provide its clients with a wide range of insurance and savings management opportunities.

Sberbank is represented in these markets by five subsidiaries

IC SBERBANK LIFE INSURANCE LLC

IC SBERBANK INSURANCE LLC

SBERBANK INSURANCE BROKER LLC

SBERBANK ASSET MANAGEMENT JSC

SBERBANK PRIVATE PENSION FUND JSC

Sberbank offers its clients both its own products and insurance products of other companies for legal entities through Sberbank Insurance Broker LLC.

## Wealth Management's assets under management

1,489 bn ₺  
+22%

325 bn ₺  
+41%

ASSET  
MANAGEMENT

475 bn ₺  
+35%

SBERBANK LIFE  
INSURANCE

14 bn ₺  
+25%

SBERBANK  
INSURANCE

675 bn ₺  
+8%

SBERBANK PRIVATE  
PENSION FUND

| MARKET SHARE OF SBERBANK SUBSIDIARIES IN RUSSIA,%    | 2018 | 2019 <sup>1</sup> | RANK BY<br>MARKET PLACE |
|------------------------------------------------------|------|-------------------|-------------------------|
| Voluntary life insurance market                      | 39.2 | 36.7              | 1                       |
| Property insurance market for individuals            | 20.5 | 24.0              | 1                       |
| Asset management market                              | 11.5 | 13.1              | 1                       |
| OEMF/IMF market (open-end and interval mutual funds) | 29.3 | 27.7              | 1                       |
| Investment life insurance market                     | 42.9 | 32.5              | 1                       |
| Life insurance market                                | 29.0 | 41.6              | 1                       |
| Mandatory pension insurance market                   | 22.2 | 21.8              | 1                       |
| Non-state pension schemes (NSPS) market              | 3.0  | 3.3               | 6                       |

9.1

CLIENT SATISFACTION INDEX  
(CSI) FOR SBERBANK WEALTH  
MANAGEMENT PRODUCTS

<sup>1</sup> Data for 2019—Sberbank Forecast

# Wealth Management

The main trend in the development of welfare products is transition to digital channels, the main of which is Sberbank Online.

The total share of wealth management product sales in digital channels at year-end was 5%. Voluntary life insurance products displayed the most significant digital sales share growth—from 12% in January to 18% in December 2019. Sberbank is actively working to develop this sales channel.

In 2019, the following features were introduced to Sberbank Online:

- mutual fund purchasing, replenishment of individual investment accounts and trust management accounts;
- filing an application for withdrawal of investment income for investment life insurance;
- replenishing pension accounts, including through Autopayment;
- displaying client pension contributions online;
- seamless transition from Sberbank Online to the Sberbank pension fund website.

Besides Sberbank Online, other digital channels were developed in 2019 as well, in particular:

- mortgage insurance was made available through DomClick;
- all post-sale services are available in digital format in the personal profile on Sberbank's non-state pension fund website: changes of personal data, application for payment, provision of a copy of the contract.

In regard to the development in branches, the main innovation of 2019 was the ability to open an individual investment account with a trust management strategy.

Insurance products

>15<sub>m</sub>

LIFE INSURANCE CLIENTS

7<sub>m</sub>

RISK INSURANCE CLIENTS

Investment products

350<sub>k</sub>

INVESTMENT LIFE INSURANCE CLIENTS

148<sub>k</sub>

INDIVIDUAL INVESTMENT ACCOUNTS

160<sub>k</sub>

LIFE INSURANCE CLIENTS

Pension products

8.9<sub>m</sub>

MANDATORY PENSION INSURANCE CLIENTS

1.5<sub>m</sub>

NON-STATE PENSION SCHEMES CLIENTS

PRODUCTS FOR RETAIL AND CORPORATE CLIENTS

Insurance products

- VOLUNTARY LIFE INSURANCE
- PROPERTY INSURANCE
- BANK CARD INSURANCE
- CATASTROPHE INSURANCE
- LIABILITY INSURANCE
- HEALTH INSURANCE

Investment products

- INDIVIDUAL INVESTMENT ACCOUNTS WITH TRUST MANAGEMENT
- MUTUAL INVESTMENT FUNDS
- TRUST ASSET MANAGEMENT
- INTEREST-BEARING AND INVESTMENT LIFE INSURANCE
- PERSONAL FINANCIAL PLANNING
- STRUCTURED PRODUCTS

Pension products

- MANDATORY PENSION INSURANCE
- NON-STATE PENSION SCHEMES

## LIFE INSURANCE

Sberbank remains a leader in the classic life insurance market and continues to actively develop this area. The bank offers life insurance product for borrowers. In 2019, a service of remote medical consultations was introduced and Sberbank Premier launched an onco-insurance program for clients—check-ups, treatment, medical second opinion.

### Life insurance conditions for mortgage borrowers have been improved:

- increased the non-underwriting limit (accelerated consideration) to RUB 20 mn;
- extended insurance coverage for certain categories of citizens—added insurance coverage for persons with disabilities and increased age limits;
- accelerated loss adjustment is being tested.

In addition to mortgages, life insurance products were launched in 2019 for credit card holders and POS loan borrowers.

## RISK INSURANCE

### For retail clients

The flagship risk insurance products for individuals are bank card and property insurance, including mortgaged property.

In 2019 the Card Protection product was supplemented with the ability to insure against cyber-risks, including ransomware. An antivirus for protection of personal mobile devices is offered with the product. Insurance of keys and documents has been added, as well as loss of personal belongings in case of their theft together with money taken from an ATM. The contract can be signed in Sberbank Online. This product is one of the focal points for development.

Insurance of country houses, summer houses and apartments has been supplemented with the possibility of insuring non-residential apartments, wooden houses and additional structures to private houses. The possibility to insure interior decoration, utilities equipment and civil liability has been added to mortgage insurance of real estate.

Following the entry into force of the citizens' housing emergency insurance law, the risk of forest fires, floods, hurricanes, mudflows, avalanches, etc. has been added to the mass boxed property insurance product.

In order to improve client experience, the technology for remote property inspection during loss adjustment has been implemented.

### For corporate clients

The bank's subsidiaries also offer the following products to corporate clients:

- insurance of property, motor vehicles, special machinery and equipment, including collateral;
- insurance of liability, financial risks, construction and installation risks;
- voluntary medical insurance, accident insurance;
- Risk Audit and Fire Navigator consulting services.

### On collateral insurance in 2019:

- non-underwriting limits increased;
- protection of interior decoration and civil liability is available in one mortgage insurance policy, i.e. a separate contract is no longer needed;
- lifted restrictions on insurance of non-residential apartments, non-residential premises, garages—clients can insure any type of object that they purchase on credit.

Over the year, the loss adjustment period for insurance contracts of Sberbank's clients, as well as the share of refusals to pay compensation by insurance companies have been reduced.

The Amur Oblast administration highly appreciated the contribution of IC Sberbank Insurance to the development of the insurance market of the region and active participation in work with citizens affected by the emergency situation in 2019. Rapid loss adjustment became possible thanks to the technology of receiving applications on the occurred insured events through remote inspections.

## INVESTMENT PRODUCTS

### Individual investment accounts (IIA)

Sberbank Asset Management opened to retail clients 148.2 k of individual investment accounts (IIA) with a trust-management strategy in 2019, three times more than at the beginning of the year. In terms of the number of such IIAs, the bank is ranked 1<sup>st</sup> on the Moscow Exchange with a 67% share.

### Trust management strategies

New trust management strategies have been launched for Sberbank First and Sberbank Premier—Global Bonds (USD), Russian Bonds (USD) and Russian Bonds (USD)-Premier.

During Q3, responding to the needs of Private Banking and Sberbank First premium channel clients to have higher-yield foreign currency instruments vs. deposits, the Currency Privilege and Russian Bonds (USD)-Private equity strategies were developed.

### Open-end mutual investment funds

Following the results of 2019, funds under the company's management in 23 open-end mutual investment funds amounted to RUB 133 bn. Following the results of 2019, several of the company's funds were among the market leaders by various indicators:

- The net asset value of the Natural Resources fund reached RUB 11.8 bn, and it became the largest open-end mutual investment equity fund in the market. The Fund invests into the shares of companies operating in the sector of extraction and processing of commercial minerals.
- Four of Sberbank's funds were among the top 10 in terms of net asset value.
- Three of Sberbank's funds were among the top 10 in terms of raising funds from private clients.

### Exchange-traded funds (ETF)

The bank maintains its leading position in the exchange-traded funds (ETF) segment, the range of which has been significantly expanded. In 2019, four new funds were launched—for the S&P 500, OFZ, Russian Eurobonds and corporate bonds indices. The company's current ETF line consists of 5 products, which are able to cover a wide range of client needs.

### Universal and investment life insurance

In terms of universal and investment life insurance, in 2019 the bank reduced commissions for investment life insurance, which makes this product more profitable for clients. At the same time, the bank started to shift its development focus towards universal life insurance with regular contributions, which is more attractive for clients.

### Personal Financial Planning

Sberbank is developing its Personal Financial Planning service, which will help clients manage their personal finances through managers at branches or using online services in Sberbank Online. The service will be useful to clients for managing their cash flows (analyzing expenditures, finding savings reserves, creating a financial safety net), as well as for creating and managing capital efficiently, taking into account the client's risk profile and financial goals.

As part of the development of the bank's Personal Financial Planning platform in 2019:

- a unified client investment risk profile was launched, which is used to determine the structure of investments and select instruments;
- a new service—a budget for calculation of available funds and obligatory expenditures—was launched;
- a showcase of investment products was launched in the Sberbank Online mobile app;
- 5 foreign currency and ruble trust management strategies (based on index mutual funds) were developed;
- the Personal Financial Planning service pilot is being tested in the Sberbank Premier channel.

## PENSION PRODUCTS

The Sberbank Private Pension Fund is the only PPF in the market that in 2019 provided clients, in a mass format, with the opportunity to transfer their savings from one PPF to another without losing investment income within a five-year term application.

As part of the development of non-state pension schemes, an individual pension plan was launched in 2019 for the self-employed and individual entrepreneurs. The product will help those who do not make pension contributions to the state during their working career to save for their future pension.



# Corporate clients

Sberbank aims to be a reliable business partner for Russian companies.

In 2019, Sberbank played an active role in financing the Russian economy.

Corporate loan portfolio grew in real terms by 2.8%, adjusted for the impact of exchange rate, and was down by 3.2% in nominal terms to RUB 13.9 tn. Sberbank's share in SME lending increased over the year from 32% to 35%.

Today, Sberbank's focus is on developing banking and non-banking services, as well as remote channel experience for corporate clients.

The bank is strongly developing ecosystem for corporate clients: a vertical of 150 ecosystem product salespeople was built, and seven bundles comprising 25 banking and ecosystem product offerings were launched.

2.6<sub>m</sub>

ACTIVE CORPORATE CLIENTS

## SMALL AND MICRO BUSINESSES

Sberbank regards small and micro businesses as a priority segment of its corporate business development, and therefore seeks to expand the range of businesses it serves.

The bank conducted federal advertising campaigns in social networks and the media, used transaction analytics to attract new clients, and developed the remote business registration and account opening service. The development of the partner channel played an important role—with the help of 6,400 agents the bank has attracted 228 k new clients.

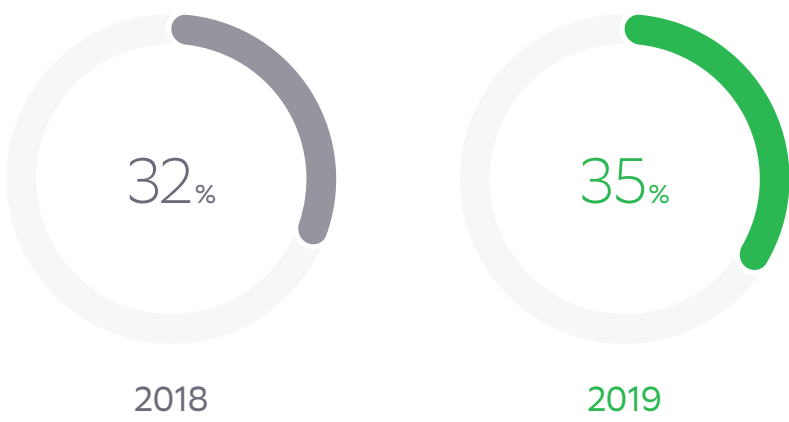
A database of prospective partners was developed for Sberbank's partner channel. An AI algorithm was created to search for new potential partners based on current partners who perform the largest number of transactions. The algorithm searches for similar companies throughout the market and displays selected potential partners to the bank's managers as tasks for attraction.

Work on containing the outflow of clients through the conducted special campaigns brought certain results. Familiarization of newcomers with the bank's services helped to increase their transaction activity by 12% on average. The overdue loan debts and overlimit notification service in Sberbank Business Online turned out to be highly popular.

Sberbank is the market leader in opening accounts for newly registered companies. Every second newly registered company chooses Sberbank to open an account

The bank is actively developing the technology of remote business registration and account opening, making it possible to register a business and open an account without visiting the tax office and multifunctional state centers. With the help of this service the bank has attracted more than 30 k new clients.

## SME lending market share



BEST IN SMM Award in Central and Eastern Europe from Global Finance

2.3<sub>m</sub> +16%

ACTIVE SMALL AND MICRO BUSINESS CLIENTS

9%

OF ALL BUSINESSES REGISTRATIONS IN RUSSIA VIA SBERBANK REMOTE REGISTRAION SERVICE

In 2019, Sberbank took a number of measures to reduce the time for processing the applications for small business loans:

- started using the Real Time Decision technology, and now individual entrepreneurs can obtain loans and credit cards online, without visiting the bank;
- makes decisions on transactions up to RUB 5 million online without financial statements;
- stopped requiring surety when lending to individual entrepreneurs;
- introduced online real estate valuation for ground floors of buildings without applying to the bank's collateral service;
- fully automated client verification in terms of reliability assessment and credit history when issuing loans, thus reducing the time for verification from 8 hours to 2 minutes;
- For complex credit transactions, we started issuing online approval for the application in 5 minutes instead of 4 days, without requiring collateral or financial documents.

Individual entrepreneurs are able to get approval for unsecured loans up to 10 million rubles in 3 minutes, with money credited to the account in 10 minutes.

21<sub>k</sub>

TRANSACTIONS WORTH  
RUB 22 bn HAVE BEEN  
EXECUTED

Sberbank has also significantly optimized the consideration of bank guarantees for small businesses:



Decisions on bank guarantees are made online.



No financial statements are required for guarantees of up to RUB 10 million.



The maximum guarantee term has been increased from 24 to 60 months.

More than 1 million small and micro business clients have a preapproved credit limit. Credit limits have been calculated for both existing and prospective clients of the bank

In 2019, the bank significantly improved the section of its website for small businesses. Traffic from search engines to the site increased 1.4 times to 2.7 mn sessions per month thanks to optimization. All product applications from the website are processed through the call center manager automated workstation. The system will call back the client within an hour on 90% of applications. Consultations can be obtained through WhatsApp.

For the convenience of clients who are planning or already managing their business, the following were added to the website:

- a catalog of franchises with the ability to send an application for a franchise;
- a section for the self-employed;
- a section with advice for aspiring entrepreneurs;
- the Olga bot, which helps website visitors to evaluate the effectiveness of a business idea, choose a suitable system of taxation and find out if it is possible to become self-employed;
- videos to help entrepreneurs evaluate the usefulness of products.

Some of the new services launched by Sberbank in 2019 for small businesses:

- the Foreign Trade Rubles option for clients who make settlements in rubles with counterparties abroad;
- the Credit History For Legal Entities service provides the client with a report containing the credit rating, detailed information on closed and active loans, credit cards, as well as requests made by banks and other organizations to check the credit history;
- new acquiring products—pay with QR (for cashless payments without a POS-terminal) and SmartPOS (cash register and POS-terminal in one device);
- new acquiring pricing model, which allows clients to manage their tariff; boxed cash collection tariffs were also introduced, and promotions were held with special conditions on cash management services to attract new clients.

## STATE SUPPORT PROGRAMS FOR SMALL AND MEDIUM-SIZED BUSINESSES WITH SBERBANK’S INVOLVEMENT

In 2019, Sberbank actively worked with 7 state support programs for small and medium-sized enterprises (SMEs):

- 1

PREFERENTIAL LENDING PROGRAM OF THE MINISTRY OF AGRICULTURE OF RUSSIA
- 2

PROGRAM 8.5 OF THE MINISTRY OF ECONOMIC DEVELOPMENT OF RUSSIA
- 3

PROGRAM OF THE FAR EAST DEVELOPMENT FUND
- 4

THE MONOCITIES DEVELOPMENT FUND,
- 5

THE INDUSTRY DEVELOPMENT FUND
- 6

GUARANTEE SUPPORT FACILITY
- 7

SME LENDING INCENTIVE PROGRAM

The loan portfolio of small and medium-sized businesses with state support exceeded RUB 370 bn in 2019.

One of the successful programs with state support is Preferential Lending to Agricultural Producers. The program was developed with Sberbank's proposals in mind and launched by the Russian Ministry of Agriculture in 2017. Agricultural companies receive preferential financing at a rate of up to 5% per annum directly from banks, and the bank takes over all necessary work with the Ministry of Agriculture on borrower approval, reporting and receipt of subsidies. In 2019, the bank entered into more than 8 thousand contracts worth RUB 199 bn under this program, of which small businesses account for RUB 44.3 bn. Of this amount, RUB 158 bn was provided by the bank to agricultural enterprises, including RUB 38.9 bn to small businesses.

Since 2019, a new large-scale Preferential Lending Program of the Ministry of Economic Development of the Russian Federation (MER-2019) was launched, under which SME companies are granted loans at an annual rate of up to 8.5%. Sberbank was the first bank to join this SME support mechanism and to date has concluded over 3.6 thousand loan agreements for RUB 270 bn. Of these, RUB 184 bn has already been issued to clients. Sberbank's share in the Program is over 40%.

Traditionally, Sberbank cooperates with organizations of the National Guarantee System: “Joint-stock company “Russian Small and Medium Business Corporation” and regional guarantee organizations. Under agreements with these organizations, Sberbank has the opportunity to use the instruments of the government guarantee support and attract independent guarantees and sureties for loans and bank guarantees when implementing SME projects. Guarantees and sureties, depending on the product, may cover up to 100% of the principal debt on the loan and are available to SMEs across of the country. During 2019, Sberbank issued around 1,800 loans for the total amount of RUB 43 bn under the program. Sberbank’s share in the overall guarantees and sureties portfolio of the National Guarantee System exceeds 30%.

## SELF-EMPLOYED



Sberbank won The Best Banking Program for SMEs—2019 award with its service for the self-employed.



MIXX RUSSIA AWARDS 2019 Influencer marketing award for #yasam (own business) project.

Sberbank has provided the possibility of registration as the self-employed through its My Business service package to support the Russian government’s pilot project to introduce a special tax regime for the self-employed, which spread to another 19 Russian regions on 1 January 2020.

It takes a couple of minutes to register oneself as a self-employed via Sberbank Online application to take advantage of the free digital card, checks processing, three legal advices, online calendar for client bookings. The self-employed are also offered voluntary health insurance, client liability insurance, the Personal Lawyer service adapted for the self-employed, and mortgage lending.

## COLLABORATION WITH THE GOVERNMENT

The separate area of Sberbank activities is working with the government and regional public sector companies.

### Public-private partnership (PPP)

Sberbank offers 6 out-of-the-box solutions for financing of concession projects in housing and utilities, education, geriatrics (homes for elderly), and transport. In 2019, we approved the construction of 17 social infrastructure projects, including construction of 7 schools in Khanty-Mansi Autonomous Area, in Nizhny Novgorod and Sverdlovsk Region and 9 kindergartens in Yamalo-Nenets Autonomous Area. We also approved the financing of 40 projects in 35 regions to upgrade the infrastructure of housing and utilities. Beyond its out-of-the-box solutions, the Bank also finances the construction of TsKAD-4 (Central Ring Road) and the airfield infrastructure of Sheremetyevo Airport.

It’s worth noting municipal solid waste treatment projects that have become especially important recently. Sberbank designed a standard solution for such projects, including instruments for financing the construction of waste treatment facilities. Sberbank participates in pilot concession projects that will serve as a basis for building the advanced waste treatment systems—four waste treatment projects were approved in 2019, and another five are in progress.

In 2019, the Bank elaborated the development strategies for 12 Russian regions and approved financing of 71 projects based on 6 out-of-the-box solutions of the Bank.

### Public Infrastructure Development Projects

Sberbank provides acquiring services for a number of state companies—social institutions, transport companies, multipurpose centers. In 2019, the number of acquiring points serviced by Sberbank rose to 50.2 thousand. Sberbank also participates in transport projects in 102 Russian cities, with 30 of them using technological solutions developed by its subsidiary, OOO Rasschetnie Reshenia (Settlement Solutions).

Sberbank provides public transport acquiring in 102 cities in Russia.

### Involvement in Technological Transformation of Public Authorities

Sberbank actively participates in technological transformation and digitalization of public authorities in Russia. For instance, it proposed an integrated gateway solution for document exchange to service the single currency Treasury account of the Federal Treasury. This is the first case of customizing the dedicated channel for a public sector client who administers high frequency international payments of all the federal executive authorities in the Russian Federation.

Sberbank became the venue for the Leader’s Perspective: Business Management, educational workshop where representatives of 16 federal executive agencies discussed the issues of macroeconomics, corporate finance, project finance, risk management, Agile and application of Smart Management System (SMS).

Sberbank Corporate University developed a special course for regional public authorities to develop their digital skills and managerial competences required for implementing IT projects, analyzing best industry practices when sourcing suppliers.

Sberbank has completed 390 deals to sell its ecosystem products, including biometric face recognition, voice filling-in of medical documents, financial outsourcing, cashless payments in Ladoshki (Palms) school for regional state and municipal organizations.

### Regional Tourism Development

Understanding the growing importance of tourism in solving social and economic challenges in regions (attracting investment, creating workplaces, improving urban environment, small business development), Sberbank has initiated a number of projects of regional collaboration in this area.

Sberbank subsidiary Strategy Partners develops turnkey tourism development strategies for the regions, offers consulting services and structuring of infrastructure projects. In 2019, the company completed the project for Irkutsk region.

Sberbank subsidiary, OOO Tekhnologii Otrasleyoy Transformatsii (Industry Transformation Technologies), works with 10 regions providing them with unique data analytics for tourism industry, designing a tourist profile and evaluating infrastructure sufficiency. Sberbank also finances the construction of infrastructure facilities, hotels, tourist attractions. For instance, Sberbank provided the financing for the construction of the new arrivals terminal of the airport in Mineralnye Vody—one of the key Russian tourist attraction.

MAJOR, LARGE, MEDIUM BUSINESS

Sberbank continues to improve its credit products actively through application of advanced technologies.

A “Loan in 7-minutes” is a flagship innovative lending product for large businesses which is now available to more than 6 k clients across the country. In 2019, the “Loan in 7-Minutes” process incorporated proactive limits thus significantly increasing its popularity and allowing to issue loans under the terms of client's existing loans with Sberbank. There is now the possibility to carry out both unsecured transactions and transactions with subsequent and new property pledge, while the documents are signed in electronic form. Loans with Alternate and Key+ rates are also available now.

1,267

“LOAN IN 7-MINUTES” ISSUANCES FOR A TOTAL AMOUNT OF RUB 125 BN BY THE END OF 2019

15%

SHORT-TERM LOANS TO LARGE AND MEDIUM BUSINESS CLIENTS ARE ISSUED USING THE LOAN IN 7 MINUTES TECHNOLOGY

Sberbank has streamlined its lending process for large and medium businesses and government entities. Approval times for the following loans have been reduced: 89% of simple and simplified transactions are reviewed within 5 days, and 76% of structured transactions—within 25 days. For large and medium businesses more than 500 umbrella limits have been approved with 300 of them for consolidated groups.

In 2019, Sberbank focused on process efficiency. In major clients segment, Sberbank changed its approach towards currency lending and project financing to balance its risks and currency structure of lending portfolio. By implementing a robotized algorithm, Sberbank managed to remove the excessive internal document flow, reducing the time to issue a loan from 15 to 2 minutes. For bank guarantees it launched agency scheme thus simplifying the process for clients.

Sberbank has also started to issue electronic guarantees for the Federal Customs Service. By the end of 2019, it issued 141 guarantees for the amount of RUB 2.8 bn. The share of digital guarantees is 64% of the total amount of liabilities to the Customs Service.

In collaboration with ZAO Sberbank-AST (Sberbank-Automated Tender System), Sberbank has launched online guarantees for those clients who take part in public purchasing. With this new product, Sberbank clients get the advantage of electronic document flow, while approval only takes 3 hours. In 2019, 16,500 guarantees of that kind have been issued for a total of RUB 5.1 bn.

Financing of Residential Construction with Escrow Accounts

In line with the Federal Law No. 214-FZ on shared construction, the residential construction market had shifted towards the new model on 1 July 2019—new construction projects are now financed through escrow accounts rather than with clients' funds.

In 2019, the number of approvals for escrow-based project finance applications and the number of escrow accounts opened with Sberbank have drastically increased: the number of opened accounts grew from 130 to 28,000, with 2,000 of them already utilized and the funds paid to developers; the number of approved project financing transactions grew from 10 to 707. Sberbank accounts for 70% of the escrow-based financing by number of agreements.

The bundled product, which Sberbank offers to developers, reduces the mortgage interest rate up to 4 p.p. at the construction stage of the projects financed by Sberbank, while allowing developers to reduce their interest burden with accelerated sales and shorter loan repayment periods saving 15-20% of the overall project costs.

Sberbank has also started offering equity financing products which are growing more popular with developers as they need to develop new sites to execute announced plans for housing construction. Sberbank has launched a loan secured by future profits of the current projects and project bridge. By the end of the year, 37 equity financing transactions were approved for a total amount of RUB 41 bn.

Project bridge

Project bridge is the new bundled product for residential property financing allowing developers to reduce their share of equity at the early projects stages, recapitalize the shareholders’ costs, finance the acquisition of new sites, and obtain additional funds for the development of design documentation.

Loan secured by forthcoming earnings

Loan secured by forthcoming earnings is a product to finance initial stages of new construction projects, including acquisition and development of sites, prior to construction permission. Funds may be used for a landplot purchase, design and preparation of permissive documentation.

MAJOR, LARGE, MEDIUM BUSINESS

New Service Model  
for Holding Companies

In 2019, Sberbank shifted to a new model of working with major, large, and medium companies representing cross-segment holdings. The new model features cross-segment and cross-regional cooperation among employees, and sales are based on Big Data and machine learning (ML) tools.

Sberbank has created 12,700 holdings comprising companies in every segment. The composition of the holding is updated monthly using ML models. Every week, the data science (DS) model updates the sales potential for the holdings and sets tasks for Sberbank employees. Leading client manager for a given holding coordinates the activities of client managers working with this holding companies across all regions and segments. Client managers provide their feedback. Thus, a greater effect is achieved through synergies between team members.

The holding model is being further developed. Specifically, the bank is preparing to roll out sales to counterparties of its clients on terms beneficial to all parties.

Sberbank’s CRM system includes information on 12,700 Russian holdings. The effect from the launch of the new holding model amounted to RUB 5 bn in 2019.

Developing the industry-based model  
of business management

In 2019, the Bank continued to build its industry expertise actively. The project-based principle of workflow resulted in teams formed for each of Russia’s 12 key industries including agriculture, residential and commercial real estate, energy, oil and gas, metallurgy, transport and logistics, telecom. As part of this process, an updated industry classifier was formed, and industry-tailored product offers were prepared—now they consider the specifics and cater for the needs of the companies of a specific industry. A relevant legislative initiative agenda was also drawn. Further expansion of the industry expertise is underway, with deep digital transformation and industrial platform solutions serving as the keystones.

The industry-based business management model helped earn RUB 6.9 bn of income for the bank in 2019.

Non financial projects  
with largest clients

As part of partnering with multinationals, Sberbank has initiated a pilot project to open branches col-located with McDonald's. In December, Sberbank opened the first McCafé coffee point and launched a food delivery service to a Sberbank branch. The plans are to open McDonald's cafes with waiting areas co-located with Sberbank branches. This is the first partnership between McDonald's and a bank globally.

When partnering with financial institutions, Sberbank puts a special focus on promoting non-financial services and enhancing knowledge and innovative best practice sharing. Within the scope of Russian-Chinese Financial Council, Sberbank has entered into the framework banknote agreement with Harbin Bank. Sberbank’s digital services, including Bank of Business Partners project connecting companies all over the world for making business together, have been presented to major Indonesian banks.

Sberbank is involved in various non-banking projects with key Russian corporations in the sphere of digitalization and innovative technologies, servicing of the companies’ office appliances, server and network equipment, corporate data communication networks, telephony, etc.

Mezzanine Financing

In 2019, Sberbank significantly increased the volume of mezzanine financing. The Bank has approved and closed mezzanine transactions for a total of about RUB 100 bn (excluding associated senior loans).

Prior to 2019, the growth base of the Bank’s mezzanine portfolio was made up of transactions with major clients. In 2019, Sberbank expanded its client and geographical coverage and began to actively offer mezzanine financing to large and medium-sized corporate clients. Over 70% of transactions have been executed in the regions.

>300 bn ₺

TOTAL VOLUME OF MEZZANINE TRANSACTIONS (INCLUDING ASSOCIATED SENIOR LOANS)

×2

MEZZANINE TRANSACTIONS IN 2019

>70%

NUMBER OF TRANSACTIONS EXECUTED IN THE REGIONS

MAJOR, LARGE, MEDIUM BUSINESS

Financial Institutions

Sberbank is the largest provider of settlements in Russian rubles for Russian and international financial institutions. In 2019, the Loro correspondent accounts opened at Sberbank were used to execute 15.7 million transactions monthly in rubles and foreign currencies, which was 24% higher than in 2018. Monthly average transaction volumes rose 13% y/y to RUB 23.4 tn in 2019.

As of 1 January 2020, 571 financial institutions have 1,764 correspondent accounts opened with Sberbank in various currencies and precious metals.

To facilitate the development of foreign economic activity of our clients, Sberbank Group banks had opened 562 Nostro accounts in 36 currencies in 40 countries as by January 1, 2020.

15.7<sub>m</sub>

TRANSACTIONS IN RUBLES AND FOREIGN CURRENCIES

23.4<sub>tn ₺</sub>

AVERAGE MONTHLY TURNOVER ON LORO ACCOUNTS IN RUBLE EQUIVALENT

In 2019 Sberbank continued developing Sberbank FinLine, a remote banking system for financial institutions. An in-house Sberbank-developed product, this system performs two-way exchange of payment documents using correspondent accounts in various currencies with Russian and international clients and produces a legally valid document flow.

The number of financial institutions using Sberbank FinLine rose 15% to more than 340, with non-residents constituting more than a quarter of the total. Over 900 of client active accounts are serviced in Sberbank FinLine.

In 2019, a new version of Sberbank FinLine started featuring document signing with an enhanced qualified electronic signature issued by a client’s authentication center, a fundamental requirement of our major clients, including financial institutions and government authorities.

340

BANKS ARE CLIENTS OF SBERBANK FINLINE

>900

ACCOUNTS ARE SERVICED IN SBERBANK FINLINE

CLIENT EXPERIENCE

↓ 28%

NUMBER OF COMPLAINTS

CORPORATE CLIENT SATISFACTION AND LOYALTY INDEX (TRIM) HAS GROWN OVER THE LAST YEAR:

FROM 75 TO 78

FOR LARGE AND MEDIUM-SIZED BUSINESS

FROM 64 TO 67

FOR SMALL AND MICRO BUSINESS

Since 2017, the Corporate Solutions Center has operated in Sberbank. The Center makes a third of all sales to clients of the mass small and micro business segment and provides support to corporate clients on any issues.

The Center’s services are available 24/7 by phone, in the chat at sberbank.ru, in the mobile app and web version of Sberbank Business Online, and also in the WhatsApp messenger. 84% of clients are put through to operators within 30 seconds, with solving over 90% of issues at the first call. The text-oriented communication channel gains popularity, showing the increase in the share of processed queries to 16% at the end of 2019.

The Corporate Solutions Center develops regional centers, in particular, the second site has been opened in Tolyatti with the total number of jobs in the territory increased to 1,200.

To provide high quality service and quickly resolve any issues, Sberbank launched client identification with a personal code, cutting the time of interaction with clients by 5%. We have implemented the tool in IVR (Interactive Voice Response) to resolve the client issues before switching over to an operator. Clients receive proactive personal information selected by the recommendation system and based on a prediction of their actions.

Near 11% service queries in the voice and text channels are processed using AI technology. The chatbot, Anna the Virtual Operator, and the smart assistant of the Contact Center are all integrated with the NLP platform and the Bank’s other systems, so that all these assistants can use the same data in service scenarios.

Sberbank Business Online and the Bank’s website both actively use a chatbot that handles 500 client queries per day.

The artificial intelligence-based assistant classifies the topics of a client query and provides an operator with a ready-made answer to accelerate the service, for example, by searching for the nearest ATM or office hours.

Sberbank corporate Contact Center and Omnichanneling team have won the following awards



High Jury Approval at the prestigious Crystal Headset award



High points from the jury at the CX World Awards for the best multi/omnichannel client experience.

7.8

+0.7

CORPORATE CLIENT SATISFACTION INDEX (CSI)

SBERBANK BUSINESS ONLINE

Sberbank Business Online—  
from Transactional Business  
to Marketplace

In 2019, Sberbank essentially updated its key digital service for business—Sberbank Business Online. Sberbank clients can take advantage of the smart innovative internet bank with customization options. The product has been developed and launched within record-breaking 6 months, the shift of all the users took another 4 months.



Sberbank Business Online features new management elements and advanced operation logic. Key scenarios of the most frequent user actions have been streamlined. The new version retained its leadership on the internet banking market for its extensive client functionality.

The Stories feed informs clients about new services, useful tips, Sberbank news, legislative changes. As a result, the number of leads in the Internet bank grew 3.4 times, and the number of displays increased 1.5 times.

Interface is personalized. For example, a document statistics widget is available to clients making 100+ payments a day. A widget with limits and uncompleted transactions is available to clients holding more than 5 accounts.

Help section contains frequently asked questions and training tours to master the service. Online chat is available to ask questions about transactions or system operation. The search options are now more intuitive—a user can enter the first letter of a section, a counterparty, or payment order date in the search field on the home screen, and the system quickly redirects him/her to a screen or document in question. According to clients’ needs, screen tips and side prompts for information input screens have been incorporated.

Overall, Sberbank Business Online features more than 60 banking and non-financial services of Sberbank, its partners and subsidiaries.

Sberbank Business Online is gradually shifting from transactional internet bank to a technological platform with showcase of Sberbank ecosystem services for business. Through this marketplace a user can enable those services that he/she needs for a start as well as those that will help streamline the processes.

It includes 37 non-banking services (+7 in 2019) for business development and operation. Most of them are integrated into internet bank. Clients actively use these built-in services. For example, Counterparty Check Service, which provides a real time assessment of a beneficiary standing, is one of the most popular services with 560,000 thousand annual users. Document Flow and My Accountant Online are also highly-demanded services.

Besides non-banking services, Sberbank Business Online features embedded purchase of banking services. Comprehensive billing system (for charging fees) allows to easily add new products and by half reduce time-to-market. New services have been integrated with the billing: Statement on Schedule and Currency Control Notifications.

Sberbank has developed Fintech API, a solution that enables interaction with corporate clients and fintech companies and automated data exchange with Sberbank. This tool can be used for payment data exchange, generating statements, seamless Sber Business ID authorization and submission of payroll registers to Sberbank directly from client accounting systems. Each day, around 2 million queries from 50 thousand unique clients are processed through Fintech API. In 2019, more than 40 products were enabled and 6 paid integrations implemented through this service.

## SBERBANK BUSINESS ONLINE MOBILE APPLICATION

Sberbank Business Online mobile application proved itself to be a convenient way to promptly manage and supervise corporate transactions on a smartphone.

In 2019, enhanced functionality of the application on iOS and Android systems attracted more than 300,000 new users.

The application enables users to carry out a full range of operations with payments, payroll registers, statements, recognize invoices for instant payment, manage cards for businesses, create work completion certificates, switch between several organizations, make internet calls to support service.

A salary project can be enabled through SBBOL in less than a minute. Clients with salary projects can also use this functionality to make non-salary payments to individuals, such as dividend or insurance payments.

Budget payments by QR code and biometric verification of payment orders with Face ID or Touch ID are available in Sberbank Business Online mobile app.

Advanced user interface and experience of Sberbank Business Online deserve special attention. The application has the same operational logic and signature style on every operational system and every smartphone model.

### Sberbank Business Online awards

-   International CX Awards, UK. Best Digital Strategy bronze award. Sberbank Business Online
-   CX Awards 2019. Best digital client experience award and application of technologies in client experience award. Sberbank Business Online for Windows 10
-   Red Dot Award 2019, DE: Design Concept—an award for highest quality design. Sberbank Business Online for Windows 10
-   Communication design—User Interface Design/User Experience Design award. Sberbank Business Online for Windows 10
-   Banking Technology Awards (UK)—winner in the Best Use of IT in Corporate Banking category, FinTech product Sberbank Business Online API

800<sub>k</sub>

CLIENTS USE SBERBANK BUSINESS ONLINE MOBILE APPLICATION

4.7 ★

SBBOL IS THE LEADER AMONG RUSSIAN MOBILE INTERNET BANKS ACCORDING TO AVERAGE SCORE IN APP STORE AND GOOGLE PLAY: **4.7 OUT OF 5**

## SBERBANK BUSINESS PLATFORM

Sberbank Business is a platform for large and major clients who tend to have stricter requirements for system security and capacity due to intense document flow on their accounts—up to several dozens of payment documents per day.

In 2019, the new version of Sberbank Business was released that is adapted for operation on the domestic OS Astra Linux designed to protect confidential information and state secrets. This solution will help public companies comply with the Government’s Import Substitution Directive under the national program Digital Economy of the Russian Federation.

Sberbank Business is a Russian software that uses a data-base built on the basis of the open international project with Russian involvement. The platform enables working with payroll registers, electronic register for cards issue, business mail, electronic document flow E-invoicing.

1,100

SBERBANK BUSINESS PLATFORM ACTIVE CLIENTS

TRANSACTIONAL BUSINESS

A digital card has been added to a line of cards for businesses, which you can receive and start using on the very day of submitting an application. Moreover, Sberbank is the first bank in Russia to issue a card for business trips with a Travel loyalty program featuring conversion of cashback to bonuses from partners. B2B, B2P, and P2B transfers are available for all cards. You can receive a card for businesses at any Sberbank branch.

By streamlining cash management services for corporate clients, Sberbank has saved 43 million of paper sheets or 2.6 thousand trees.

- Since 2019, all key services for settlement operations are available through digital channels:
- REMOTE ACCOUNT OPENING
- ELECTRONIC POWER OF ATTORNEY
- AMENDMENTS TO THE LEGAL FILE
- FINALIZATION OF THE CONTRACTUAL DOCUMENTATION
- CASH COLLECTION CONTRACTS MANAGEMENT

820<sub>k</sub>

NUMBER OF ACTIVE CARDS FOR BUSINESSES

24/7

PAYMENTS PROCESSED WITHIN A MINUTE

31%

+10 p.p.

SBERBANK’S SHARE IN CORPORATE CLIENTS’ CASHLESS PAYMENTS

Awards of Sberbank’s transactional business in 2019

| AWARDS                                                                                | PRIZES                                                             | PRODUCT                                                                                                        | RESULT        |
|---------------------------------------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|---------------|
|    | Innovators of the year according to Global Finance                 | Credit card for businesses with partner program                                                                | ★ Winner      |
|    | The Banker: Best transactional banks in Central and Eastern Europe | 3 key transactional services:<br>1. Payments<br>2. Cash Collection portal<br>3. Digital card for businesses    | ★ Winner      |
|   | Tagline Awards 2019                                                | Chatbot for corporate clients                                                                                  | ★ Prizewinner |
|  | Innovation of the Year                                             | Line of cards for businesses has won an Innovation of the Year award in Finance and Consulting: Banks category | ★ Winner      |
|                                                                                       | Product of the Year                                                | Digital payment services have won a Product of the Year award in Finance and Consulting: Banks category        | ★ Winner      |
|  | Cash Management survey by Euromoney                                | Cash Management services                                                                                       | ★ Winner      |

## GLOBAL MARKETS

### Foreign Exchange

Thanks to active use of algorithms and algorithmic orders, Sberbank's annual currency conversion turnover reached about \$500 bn.

In 2019, the share of transactions with risk covered by reverse transactions without tapping external markets reached 70%. The share of algorithmically hedged transactions rose to 96%. Access to major global platforms has been implemented through API.

Sberbank has continued to develop its proprietary platform, Sberbank Markets, which offers conversions with 30+ currency pairs, transactions with currency derivatives and precious metals, deposits and minimal balance agreements and brokerage products. The hours of trade sessions have been extended: the platform is open from 3:30 till 23:45 Moscow time. Sberbank Markets users were the first to take advantage of TWAP algorithmic order (time-weighted average price) that evenly spreads out currency buy or sell orders in time and completes an order at an average rate on the platform over the specified period of time. A smart chatbot provides technical online support for platform clients, gives advice on the post-trade process, and uses sales assistant to process trading requests directly in the chat window of a trade terminal.

Sberbank is actively implementing AI and Big Data technologies to improve the client experience on the trading platforms. A neural network, which was created in 2019, processes 100,000 transactions daily in order to identify deviations from typical patterns in client currency operations and to improve client service. A special robot that collects, analyzes and structures data on Eurobond auctions, helps improve the quality of the trading information environment. In the near future, the focus will be on implementing more complex behavioral models.

### Building in-house Structured Products

Since 2018, Sberbank has been successfully developing proprietary structured products—Sberbank investment bonds.



According to SRP, the leading European aggregator of data on structured products, Sberbank is a winner in two categories—Best Performance and Best Distributor, Russia.

In 2018, turnover in investment bonds was RUB 27 bn, while in 2019 it rose to RUB 134 bn. Internal hedging technology for structured investment products and unique risk management models have made Sberbank the leader of this market and significantly reduced time-to-market for new products. A line of equity protection products has been extended, and some products tied to various index strategies have been launched, including to Russian shares strategy and Sberbank proprietary index, Economic Cycles.

GLOBAL MARKETS

SBERBANK—BROKER

>1<sub>m</sub> ×2

RETAIL INVESTORS

№1

SBERBANK IS THE LEADING RUSSIAN BROKER BY CLIENT BASE

28% +4 p.p.

MARKET SHARE

№1

SBERBANK IS THE LEADING RUSSIAN DEALER ON FEDERAL LOAN BONDS MARKET

Commodity Markets

In 2019, Sberbank continued to boost its operations on commodity markets. Sber Trading Swiss AG (STS), its Swiss subsidiary, will focus on advances and postpayments, on monetization of commodity inventories and physical deals with commodities. The creation of a company in the European jurisdiction will help Sberbank explore new markets and scale and diversify its commodity operations. To improve client service, Sberbank regularly distributes its research materials; moreover, some of its trade ideas resonated with clients, which allowed Sberbank to make a record number of deals with iron ore at its peak price.

Interest Rate Derivatives, Counterparty Risk and Market Risk Management

The decline in interest rates in major global markets in anticipation of monetary policy easing by central banks led to shrinking yields in emerging markets and lower volatility in exchange rates. This trend, augmented by the ongoing dedollarization of the Russian economy, has negatively affected client demand for currency hedging.

Meanwhile, the demand for interest hedging of the key rate of the Bank of Russia has been distinctly rising. Key rate derivativestrading turnover has tripled to RUB 660 bn. As a result,the total turnover of interest rate derivatives exceeded RUB 2 trillion, while Sberbank’s share in interest rate derivativesand currency options on the market has surpassed 50%. The launch of innovative interest rate hedging products line has won Sberbank The Banker award.

Awards



Global Markets team became one of the TOP-10 banks on CEEMEA currency market



Global Markets team has won in two categories in CEE: Best Online Treasury Services, Best Investment Management Services. SBM chatbot received a special citation in the Best Treasury & Cash Management Bank category

Sberbank is one of the TOP-3 dealers for Eurobonds of Russian issuers.



Sberbank has won awards for innovation in the area of currency and interest rate trading



Investment Research team #1 in Russia, 6 first places out of 12 categories in Russia—the best result on the market

Brokerage

In 2019, Sberbank became the first broker in Russia with over a million clients, reaching 1,262,000 by the year end, having increased its clientele by more than twofold for the second consecutive year. Sberbank's market share by number of accounts rose to 28% over the year.

In July, Sberbank launched a new product, Eurobonds in lots from \$/€ 1,000 in the Sberbank Investor application, in addition to a wide list of Eurobonds available for purchase in lots of USD 100,000 or 200,000.

The number of monthly users of the Sberbank Investor application increased by 8 times, and about 100,000 clients used it daily by the end of 2019. Such results have been achieved due to the launch of new services, such as the ability to register and sign in to the Sberbank Investor app using a Sber ID account, and also due to improving the client experience in online service channels, such as introducing a chat feature to assist clients using the app.

Sberbank is actively developing the Investment Intelligible platform in order to improve financial literacy. Within the platform, the investment digests were launched for both qualified or non-qualified investors at the Investment tariff in a video format; educational and analytical content was displayed in the Sberbank Online mobile app.

Awards

-  Best Broker for Retail Investors according to NAUFOR (National Association of Securities Market Participants)
-  Best Social Media in a Financial Company 2019 according to TAGLINE AWARDS: Investment Intelligible

FOREIGN TRADE

\$122<sub>bn</sub>

THE VOLUME OF CLIENT FOREIGN  
TRADE BUSINESS SERVICED BY  
SBERBANK



Product: Bank of Partners, the winner  
in the Sympathy of the Eurasian  
Economic Commission category  
of Eurasian Digital Platforms (EEU,  
Eurasian Economic Union)



Bank of Business Partners (BBP)—  
winner in the Top Digital Innovation  
category, Banking Technology  
Awards (UK)

markswebb

Markswebb: Business Internet Banking  
Rank 2019—Sberbank has risen  
3 positions as compared to a year  
ago and become the 3rd in The Best  
Internet Bank for Companies Engaged  
in Foreign Trade category

Sberbank offers new services for clients carrying  
out foreign trade.

Sberbank and the Federal Tax Service (FTS) have launched the  
Express VAT/Excise Refund service in which money is returned to  
the clients turnover within 7 business days. The service allowed  
approval of a unified electronic bank guarantee in favor of FTS.  
Sberbank is the only bank at the moment offering this service. As  
of January 1, 2020, 316 guarantees of this kind had been issued for  
an total amount of RUB 63 billion. The World Bank mentioned this  
innovation among the three key measures that helped Russia rise  
by two notches in the annul Doing Business rankings to become  
28th among 190 countries.

Currency Control Notifications service helps clients control all  
milestones of their international contracts to avoid potential  
violations of currency legislation and fines.

Export Accelerator is a joint initiative of Sberbank’s Bank of  
Business Partners platform and the Russian Export Center to  
promote potential exporters on international markets. More  
than 800 companies from 150 cities applied for participation  
in this project and underwent a diagnostics of their export  
readiness. 170 companies chose their target markets. Program  
members took part in 60 international exhibitions with gov-  
ernment support organized in 15 countries. Potential buyers  
have been found for 40 of these companies.

TRADE FINANCE

Sberbank offers unique services that have no  
analogues on the market.

“Escrow Accounts Dashboard” Escrow Accounts  
Dashboard

The service allows to track the number of opened accounts  
and client funds flows.

“Sberbank API. Letters of credit” new service  
for corporate clients

The bank offered clients a new service, Sberbank API. Letter  
of Credit, for convenient data transmission to our banking  
systems to open letters of credit. Moreover, Sberbank has  
drastically simplified the procedure of using Letters of Credit  
by corporate clients in real estate deals, thus a Letter of  
Credit can be issued in 10 minutes.

The volume of operations in trade finance and documentary  
business has grown by 25% and now amounts to \$40 bil-  
lion taking into account Sberbank of Russia, Sberbank  
Switzerland, BPS-Sberbank, Sberbank Europe, and Sberbank  
Kazakhstan. The volume of settlements made with domestic  
Letters of Credit has grown to RUB 1.5 tn.

The volume of retail transactions using Letters of Credit—  
transactions with real estate, shares, movable property sale,  
cross-border transactions—went up 1.8 times to RUB 368 bn.

The Commodity Trade Finance portfolio based on Sberbank  
AG (Switzerland) has also almost doubled to reach \$1.3 bn.

As of December 31, 2019, more than 650 developers were exe-  
cuting apartment sales using escrow accounts in Sberbank for  
more than 1,400 projects.

\$40<sub>bn</sub>

+26%

TRADE FINANCE AND  
DOCUMENTARY BUSINESS  
TRANSACTIONS

1.5<sub>tn ₺</sub>

+31%

THE VOLUME OF SETTLEMENTS  
MADE WITH DOMESTIC  
LETTERS OF CREDIT

68<sub>bn ₺</sub>

OUTSTANDING BALANCE  
ON ESCROW ACCOUNTS

## DEPOSITORY

Sberbank Depository is the market leader by the volume of client assets in custody (RUB 9.5 tn) and by the number of depository receipts programs being serviced (44 programs for shares of 25 Russian issuers).

The quality of the Sberbank Depository's services is confirmed with consistently high assessments from the authoritative international journal Global Custodian, formed on the basis of feedback from international clients. According to a 2019 survey, Sberbank's Depository once again confirmed its leadership positions and qualified for the Category Outperformer, Market Outperformer and Global Outperformer awards.

We launched a depository factory for servicing electronic deeds of pledge from across Russia by organizing a continuous process of receipt and verification of electronic deeds of pledge sent by Rosreestr made under mortgage loans issued by Sberbank.

Russia's first decentralized industrial depository blockchain system for keeping records of electronic deeds of pledge was launched on the Masterchain platform.

Mortgage-backed bonds for the amount of RUB 44 bn were issued under the project Factory of Mortgage-Backed Securities DOM.RF.

Major international banks and sovereign funds from Europe, Asia and America has been provided with direct access to the Russian market. Process automation enables these clients to carry out their transactions with the same speed as Russian market participants.

Sberbank has started to integrate depository services into Sberbank Business Online; for example, clients are able now to view the securities balance of their custody accounts.

## TECHNOLOGIES

Development of platform solutions and Big Data are some of the most important areas of Sberbank activities as they can add value for its clients.

To accumulate information on its corporate clients, Sberbank created **the Data Platform**, which now contains 80 terabyte of data both from external and internal sources, including from Federal Tax Service, the Bank of Russia, Pravo.ru, Integrum, zakupki.gov.ru, etc. The sources of data are constantly updated with 11 new sourced added in 2019. In accordance with the Order of the Russian Government No. 1471-R, the platform has been integrated with 30+ electronic services of government agencies.

Master system for managing **Unified Client Profile** based on Sberbank’s target technological platform processes 3 million transactions of corporate clients daily.

Data from the platform and master system are used by more than 100 banking business processes as well as in AI models to predict client behavior and generate customized offers.

Machine learning and Big Data tools help introduce non-banking products for client business growth as well. Example of such product is SberSovetnik (Sberbank Adviser)—Analytics of key business indicators, sector assessment, business performance comparison with similar companies. Neural networks allow to identify what B2C and B2B companies are doing and gives them recommendations on establishing business connections based on the comparison of a client business with the business of its peers.

During international IT conference ORACLE OPENWORLD, **CRM Corporate** was recognized as the best 2019 Client eXperience solution based on Oracle technologies.

Sberbank continues to develop its **Intelligent Management System** (IMS) to work with corporate clients—more than 90% of managers use it. In 2019, the system was successfully piloted to a public body and a large construction company.

Sberbank successfully applies **AI and RPA (robotic process automation) tools** to reduce its operational risks and streamline daily routines.

- A system for prevention of operational defects (errors in documents) has been created for processing payroll records to avoid unnecessary client visits to a branch when an error is found by the back office.
- A client should only sign one online document for banking services, and program robots will automatically execute agreements for 11 products: cash management services, service package, a card for businesses, SBBOL, self-service cash collection, merchant acquiring, QR payments, SmartPos, Evotor+, salary project, Foreign Trade in rubles.



CRM Corporate was recognized as the best 2019 Client eXperience solution based on Oracle technologies, During international IT conference ORACLE OPENWORLD.

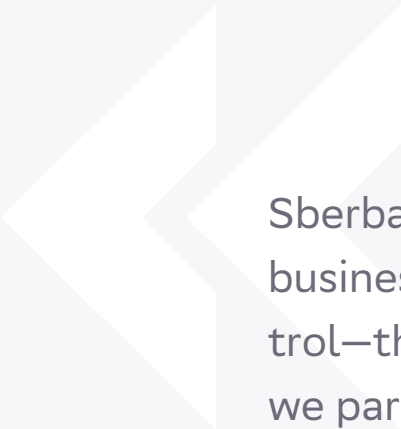
Sberbank calculates projected future **profit per client** across the entire client base for salary products, acquiring, and loan and deposit products. Such calculation allows to prioritize sales and accurately choose the best channel of communication with a client. Here, the Bank applies the ML models to forecast the client salary transfers and acquiring volumes, the Bank’s assets and liabilities; the prices for conversion and deposits are displayed for clients in Sberbank Business Online.

Sberbank has designed a **revenue prediction model** to forecast revenue of the current year for all active corporate clients 9 months prior to its official publication. This enables proactive planning of client campaigns. Moreover, the model is able to make forecasts for individual entrepreneurs, while no open source can provide such data yet.

To improve the efficiency of communication with small- and microbusiness clients and increase sales, we have developed a model for identifying clients’ needs for purchasing real property, equipment and transportation. The model is trained on the data received as a result of communication with the client, as well as on payment order data. Identifying a need allows for a better offer to be made to the client.

# Building the Ecosystem

In 2019, Sberbank set the key areas for the development of our ecosystem in the main client segments B2C, B2B and B2G.



Sberbank is building an open ecosystem. There are some businesses that we consider as key areas and strive to control—these are mainly financial services. In some businesses we participate as a minority stakeholder. Finally, there are areas that we consider to be potentially very important for our clients. They too will become part of our ecosystem, yet we won't participate in them directly; we will only verify how reliable our partners are and if they provide high-quality services before offering them to our clients.

Herman Gref  
*(Source: Forbes 22.11.2019)*

In 2019 Sberbank ecosystem added several new services through



a joint venture with Mail.ru Group in transportation and food delivery



a partnership with Rambler Group for development in media and entertainment



an acquisition of the Rabota.ru job search service



an investment in the Speech Technology Center to build a biometric authentication system



new companies::

- SberLogistics,
- SberAvto,
- SberDevices.

We have started switching our ecosystem services to a new digital platform and integrating them through platform enablers including SberbankID, Sber Profile, Sber API, Sber CyberSecurity, Sber Cloud, Sber Data Exchange, Sber 247, Sber CRM and other enablers the number of which will increase along with development of Sberbank's ecosystem.

By the end of last year, more than 40 services had become available via Sberbank ID that is used to set up a Unified Client Profile and enable a seamless transition between the services. Sberbank ID covered 6 million clients.

Corporate clients received access to 36 services of B2B ecosystem via SberBusiness ID. via SberBusiness ID. Over 60 k users log in daily via SberBusiness ID.

>40

SERVICES AVAILABLE VIA SBERBANK ID

6<sub>m</sub>

SBERBANK ID CLIENTS



## OUR PARTNERSHIP WITH MAIL.RU GROUP

### Joint Venture with Mail.ru Group

#### FOOD ORDERING AND DELIVERY, TAXI, CAR SHARING, RESTAURANT MARKET

In December 2019, Sberbank and Mail.ru Group closed a deal to establish an O2O (online-to-offline) joint venture on Russia’s two largest consumer markets based on Delivery Club food delivery service and citymobil taxi, as well as complementary services such as YouDrive (car sharing), SberMarket (delivery from supermarkets), SberFood (restaurant booking service) and others.

The Delivery Club and CityMobil services have been already integrated into the Sberbank ecosystem through SberID, while the integration of all the joint venture services is planned to be completed in the first half of 2020. Also, it is now possible to pay for the Delivery Club and CityMobil services with Spasibo bonuses from Sberbank loyalty program.

That said, the companies actively interact not only with Sberbank, but also with each other (for example, cross-sales of Okko and CityMobil).

**Delivery Club** specializes in delivery of prepared meals and combines a proprietary and partner delivery networks to cover more than 13.7 k cafes and restaurants in more than

150 Russian cities. The company also offers DC Daily vending kiosks based on AI technology and computer vision to be filled according to clients’ needs. Delivery Club leads the restaurant delivery market and is constantly increasing its value proposition for clients, having connected delivery from dark kitchens and fast food delivery from dark stores (within 20 minutes) in partnership with Bistronom and Samokat. Total orders of Delivery Club rose 122% during the year to 3.35 mn in December 2019. Revenue more than doubled in 2019 to RUB 4.46 bn.

**CityMobil** offers taxi services in 17 major cities of Russia. The number of rides exceeded 13 million in December 2019, a 3.5-fold increase from the previous year. December 2019 turnover was RUB 3.6 bn. Citymobil users take 540 k rides monthly. CityMobil rapidly expands in the regions, having entered into 15 of 17 cities in 2019 (in December 2018, it operated in Moscow and Yaroslavl only). The company is a top 2 carrier in 13 cities where it operates and a top 3 carrier in all cities of presence. In late 2019 Citymobil entered the corporate client services market.

**FoodPlex** offers a comprehensive digital solution for the B2C and B2B restaurant business. Clients can choose a restaurant based on reviews, book a table, make a pre-order and pay a bill with a tip without having to wait for a waiter. Those services have been implemented in the Sberfood app launched in 2019 as a result of integrating the features of Plazius and Afisha Restaurants. About 2 k restaurants are connected to the app whose monthly audience approaches 500 k. Restaurants are offered to install the r\_keeper software, an integrated business management tool and a digital marketing system featuring audience analysis by preferences and setup of bonus and discount systems. 60 k Russian restaurants use the software.

### Acquisition of 36% in MF Technologies

#### DIGITAL PRODUCTS

As part of Sberbank’s partnership with Mail.ru Group, November 2019 saw the signing of binding agreement on the acquisition of a 36% stake in MF Technologies JSC, which controls 58.3% of voting shares in Mail.ru Group. The partnership will unite financing and technology of Sberbank and Mail.ru Group to develop digital products and services through synergies between their complementing ecosystems.

The parties plan to apply their expertise to develop digital economy and products based on artificial intelligence in Russia. The companies intend to create unique joint products to expand the range of services for clients, provide a seamless user experience, improve the predictivity and personalization of offers for clients. Other areas of potential cooperation include advertising products for small and medium-sized businesses, joint offers for clients and users of Mail.ru Group and Sberbank, exchange of expertise in technology and new integrated solutions, and other joint strategic projects.

# RAMBLER GROUP

## PARTNERSHIP WITH RAMBLER GROUP

### DIGITAL MEDIA

In August 2019, Sberbank and Rambler Group closed the deal that gave Sberbank a 46.5% equity stake in the media group.

The deal comprised the Okko video streaming and more than 30 popular media assets, including Lenta.ru, Gazeta.ru, Afisha.ru, Rambler.ru and others. Rambler Group’s aggregatemonthly audience exceeds 62 million. Realizing a synergy between the companies will help create a leader of the Russian media and entertainment market by improving the user content recommendation technology, increasing the volume of exclusive content, and developing joint comprehensive deals. The Okkoand Rambler.Kassa services have been integrated into Sberbank’s ecosystem via Sberbank ID.

**The Okko** video streaming service is Russia’s second largest player. An active promotion of the video streaming to Sberbank clients at the end of 2019 led to a 2.8-fold increase in its monthly paying audience to 1.1 million users. Okko reported 2019 revenue up 96% to RUB 4.2 bn.

**Rambler.Kassa** is an online aggregator of cinema, theater, concert and sports event ticket sales in Moscow, St. Petersburg and 90 cities across Russia. The aggregator’s monthly audience has approached 3 million.



## YANDEX.MARKET

### E-COMMERCE

An e-commerce joint venture between Sberbank and Yandex reported 2019 sales up 145%.

The Beru marketplace strengthened its position in the e-commerce market by expanding its active client base to more than 2.5 million and bringing its product selection to more than 600 k SKU. The website offers goods ranging from electronics and large-sized home appliances to children’s toys and food products. Almost 4 k partners sell their wares on Beru, bringing their share of total sales of the marketplace to 40%.

The daily audience of the marketplace exceeded 1 million, while its turnover amounted to RUB 4 bn per month. Just for a year of operation, the Beru marketplace has entered the TOP-10 players in Russia by annualized GMV run-rate.

The Beru infrastructure was supplemented at the end of 2019 with a logistics center in Sofyino near Moscow. Clients can pay for purchases with Spasibo from Sberbank bonuses and use Sberbank Online to sign into the website.

**Yandex.Market**, a product selection and price comparison service is visited by 4 million unique users daily. The website features more than 200 mn offers from 25 k Russian and international online stores. Annual sales amounted to RUB 200 bn in 2019. Last year Yandex.Market introduced numerous new features: users can now ask questions about products, buy goods on credit from more than 6 mn stores, or find discounted offers. To improve user content, Yandex.Market collects client reviews of goods and stores—more than 1.5 million reviews were collected in 2019.

## YANDEX.MONEY

### PAYMENT SERVICES

Yandex.Money operates in two segments:

- **Yandex.Kassa** helps companies accept online payments (online acquiring), enables sales of goods and services on credit or in instalments with instant online approval, and facilitates online settlements between legal entities. Besides the payment options, Yandex.Kassa provides a variety of services to entrepreneurs via the Business Market option, including an anti-online fraud system and a context ad management service to promote goods and services online. More than 120 k websites are now connected to Yandex.Kassa, with the number of active stores increased to 22 k. Yandex.Kassa sales grew 28% to RUB 386 bn in 2019.
- **Yandex.Wallet** is the third most popular e-payment service after bank cards and Sberbank Online in the B2C segment. Users of the service can set up an e-wallet and have a virtual or plastic card issued for it with a common balance. 2019 saw an increase in active Yandex.Wallets to 1.8 million, while turnover rose 14% to RUB 116 bn.



JOB SEARCH

One of Russia’s largest job and staff search services. The service contains 16 million resumes and has 460 k registered employers posting more than 250 k vacancies every month. Customized recommendations and search system help 400 k daily users look for work. The service has been part of Sberbank’s ecosystem since May 2019.

2019 saw a rebranding and the presentation of a new brand identity. We launched a free service called A Verified Employer that evaluates financial performance of employers, gathers information on them and helps candidates find reliable jobs. The service reported 2019 sales up 14% to RUB 452 million.



CLOUD TECHNOLOGIES

SberCloud, a cloud-based IT infrastructure marketplace, offers ready-made IT solutions and a proprietary cloud platform independent from external vendors to Sberbank and our ecosystem member companies as well as to our clients. SberCloud is simultaneously an unifying technology element.

SberCloud provides the capacity of its Christofari supercomputer for AI-related projects.



BIOMETRICS

A developer of state-of-the-art technologies in speech synthesis and recognition, audio and video information analysis, face recognition, voice and multimodal biometric systems.

Sberbank uses the company’s technologies to build a single platform for biometric identification (using face, voice, and fingerprint data). The platform will form a basis for Sberbank’s ecosystem as it ensures end-to-end identification when servicing clients.

The Speech Technology Center also carries out government-sponsored digitalization projects and provides its solutions to major companies across industries.



HEALTH

A marketplace for medical services including doctor search and appointments. The Company has created one of the leaders in the Russian telemedicine market from scratch for one year. In 2019, the Company obtained a medical license and launched its own telemedicine provider while increasing the number of partner companies up to 380. The number of online consultations through the DocDoc platform exceeded 10 k in December. A project selling telemedicine packages was launched at Sberbank branches. DocDoc reported 2019 sales up 200% to RUB 1.5 bn.



BIOMETRICS

The company operates in the area of computer vision and machine learning, and specializes in developing solutions for face and object recognition.

In 2019, Visionlabs made it to the top three face recognition algorithms based on the results of a global testing by the US National Institute of Standards and Technology (NIST). The company successfully carries out large-scale national and international biometrics contracts and develops a proprietary range of biometric devices. VisionLabs technologies are important both for Sberbank and for our clients in various areas, including retail, banking and GR. In particular, VisionLabs technology serves as a basis for the building access system implemented at Sberbank branches.



A MOBILE OPERATOR

A virtual mobile operator The company offers a product combining telecom, banking, and innovative IT. It is present in 66 Russian regions. Its active subscriber base exceeds 900 k.



LOGISTICS OPERATOR

A logistics operator developing a proprietary warehousing infrastructure, courier delivery service, and order drop-off network across all regions of Russia. SberLogistics delivers ready logistic solutions for businesses and individuals and uses Sberbank service office sites. The company’s development strategy provides for the possibility of concluding more strategic partnerships to accelerate business growth.

2019 saw the beginning of operations at five warehouses, and courier services are up and running in 19 cities. The company optimizes in-house logistic solutions used by Sberbank and the Beru marketplace.

# Technological leadership

## Sberbank Technological Transformation

In 2019, a number of key activities were implemented in the area of Sberbank technological transformation:

- a new technology platform has been launched with key automated systems being now transitioned to it;
- single ecosystem architecture has been set up, its integrating elements are being rolled out;
- proprietary cloud platform has been launched that will fundamentally change the infrastructure usage experience.

### TECHNOLOGY PLATFORM



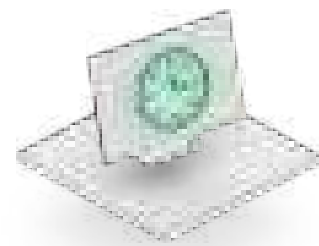
99.99%  
RELIABILITY LEVEL



PARALLEL  
DEVELOPMENT  
IMPLEMENTED



50%  
LESS CODE



SYSTEMS  
INTERACT IN  
REAL TIME

### UNIFIED FRONT-END SYSTEM (UFS)

The UFS program provides technology basis for standardization of client services across all channels: at a branch, in a mobile app, web browser, phone, at an ATM or a POS terminal. It is built on the omni-channel principle, where a transaction can be initiated in one channel and continued in another channel, greatly improving service friendliness.

The UFS enables a large-scale, parallel and independent business functionality that can be launched and replicated as it becomes ready, facilitating productivity growth as well as client service reliability and safety.

The UFS platform has been replicated onto all Sberbank Online retail clients, with a pilot for the service branch network.

The UFS platform currently has three installations at Sberbank:

- for retail clients in remote service channels as well in the service branch network where a pilot has been launched;
- in mobile apps for corporate clients, including SberSovetnik and SberClub;
- for Sberbank employees working at the Credit Decisions Center, in the SberDrug app and in some service branches—network replication underway.

The fourth installation has been launched at our subsidiary bank in Kazakhstan.

## BUSINESS DEVELOPMENT SUPPORT PROGRAM (BDSP)

BDSP provides omnichannel back-office solutions and API services to enable the connection of partners, making possible a radical change in the current approach to doing business.

BDSP implementation in a cloud infrastructure ensures that it is highly reliable and accessible. Clients’ transaction history, existing contracts and up-to-date personalized offers will all be available online.

As of the end of 2019, the Single Retail Client Profile had been introduced into all key service channels, including Sberbank branches, the web and the mobile app, self-service terminals and the Contact Center. More than 40 services provided by our subsidiaries and ecosystem partners are connected to the Unified Client Profile via Sberbank ID.

BDSP will help cut the time it takes to implement new features to a single day and reduce the cost of maintaining Sberbank’s IT systems, thereby increasing productivity and enabling linear scalability in real time. BDSP’s reliability was confirmed at 99.99%, while the level of its maturity has made it possible to start replicating factories and services at a commercial scale.

Services and products whose replication was completed in 2019 include cross-border transfers, individuals’ transfers, acquiring settlements, salary projects, online contracts, contract settlements, deposits and conversion transactions of corporate clients, and item-by-item recording of corporate clients’ loan collaterals. Replication of loro account settlements has been launched.

More than 40 services provided by our subsidiaries and ecosystem partners are connected to the BDSP-based Unified Client Profile via Sberbank ID.

## SYNAPSE

The Synapse integration platform was developed and test-launched in 2019 on the basis of a totally new technology stack.

This is the first service mesh technology-based enterprise-level solution that enables Sberbank to switch from vendors to open-source technology. The new platform takes productivity to a whole new level, enabling Sberbank’s banking and ecosystem services to exchange millions of events in real time.

## DATA FACTORY

The data factory creates conditions for Sberbank to attain a competitive time to market for new products, accelerate decision making and cut down data mining and data owning costs.

The program development takes into account the current trends in corporate data warehouse and analytical platform building. The aim is to establish an integrated corporate analytical data processing platform.

The data factory was reformatted in 2019. In particular, a model of co-responsibility of business and IT has been adopted; some 3 k data quality checks and more than 1 k quality standard compliance checks have been conducted. Reliability of the key Corporate Analytical Platform components has been increased to 99.99%.

The first eight product factories, including the Single Client Profile, deposits of corporate clients, acquiring settlements, etc. have been replicated on a national scale.

130  
EXTERNAL AND INTERNAL  
DATA SOURCES HAVE  
BEEN CONNECTED  
TO DATA FACTORY

>600  
BUSINESS USERS’  
SUBSCRIPTIONS HAVE BEEN  
CONNECTED TO THE DATA  
SUPERMARKET

# Infrastructure and Reliability

## RELIABILITY

Sberbank is increasing the reliability of existing infrastructure and building new facilities for technology breakthrough.

The Bank’s portfolio includes 76 construction projects in 27 cities. Goals in construction of SberCity facilities have been achieved ahead of schedule (373K sq.m). The large-scale projects such as Technopark (266K sq.m) and Mega Data Centers (4 k rack spaces) are being developed.

We ensure continuous operation of 256 critical infrastructure facilities.

The hi-tech Cyberdefense Center continuously controls the situation and responses to threats, including those related to cyberfraud, DDOS attacks, virus infections.

During 2019, the bank reformatted its approach to ensuring reliability; today, each client transaction is important, as is proactive detection and elimination of potential points of failure. The bank developed Sber911, a mobile app to track the bank’s IT health in real time and promptly respond to any deviations.

The number of incidents reported in automated systems and IT infrastructure decreased by 39% in 2019 as compared to 2018.

7 key systems responsible for processing, a network of self-service devices and the mobile bank in Sberbank Online have been transferred to new segments of the high performance network ensuring increased fail safety.

The bank is developing a system of applied monitoring techniques. For example, the Loan in 7 Minutes product involves end-to-end transaction monitoring that encompasses six of the bank’s systems: Sberbank Business Online, CRM, Credit Risk Assessment, etc. Another example involves automatic predictive registration of incidents in systems. Over the year, the number of internal incidents and requests for IT services has decreased by 18%.

To improve reliability at subsidiaries and affiliates, technology risks have been identified at 4 companies and work is underway to mitigate them. The App and Business Service Reliability Program has been launched. It includes risks inherent in implementation of releases and teams working to conduct destructive testing of chaos engineering in retail and corporate projects.

## INFRASTRUCTURE AND CLOUD TECHNOLOGY

Sberbank has launched a proprietary cloud, thereby totally changing the experience of infrastructure delivery and usage.

Developer teams can order the necessary infrastructure products via the portal, the cycle time of orders and infrastructure delivery has reduced to a few minutes thus accelerating time to market.

A milestone was reached in 2019, with more than 80% of new equipment issued dynamically via the portal and the cloud accounting for a substantial share of our total data center infrastructure.

By enhancing the recycling of infrastructure, the Bank has improved its efficiency. Resources are delivered upon request depending on load times and peaks. Internal tariffing has been introduced and cost accounting is based on the actual usage of resources.

The level of infrastructure automation has increased, and the reliability and efficiency of releases is now guaranteed. Server operating systems get updated automatically in regular cycles, which helps maintain a high level of security.



# Environment for developers IT Support for Employees

To achieve a competitive time to market for new products and services, Sberbank is working to make the software development process as convenient and fast as possible. Sberbank has also established dedicated units to support the software development production process and IT support for business to free up time for developers to pursue creative goals.

## SBERWORKS

SberWorks, a Sberbank unit in charge of supporting the software development production process, covers every requirement of developer teams.

8.5

DEVELOPERS' SATISFACTION WITH PRODUCTION PROCESS TOOLS (CSI) IN 2019

We have designed four metrics to gauge the production process efficiency:

- Deployment Frequency—the frequency of commercial launches of new releases (PROM)
- Lead Time—time from task setting to commercial release
- Change Failure Rate—the share of commercially released changes that need to be corrected
- Mean Time To Restore—the mean time it takes to recover after a failure

## BOOTCAMP

In March 2019, Sberbank launched Bootcamp, an intensive training course for new developers enabling them to quickly acquire the knowledge and skills required for work at Sberbank. Bootcamp has no lectures, instructors or grades—all you need for training are computers and a room. Future co-workers give assignments to each other, thereby developing collaboration and mutual assistance as they make their very first steps at Sberbank.

Bootcamp incorporates a customized learning model. The individual path of a future employee features adaptive difficulty and study pace, enabling them to learn basic professional skills in addition to product-specific knowledge. Each module can be studied at a level that is required for further work.

Some 385 developers passed through Bootcamp in 2019. The most prominent result of learning the material and completing all the tasks was 4 days, while on average it takes 2 weeks.

In 2019, SberStart, a pilot project for accelerated recruiting and onboarding, was started. 27 junior and middle Java developers completed training under the project, 18 of them have been permanently hired by Sberbank.

## SBERSUPPORT + SBERUSER

The SberSupport team is responsible for timely connection of bank employees to our IT infrastructure, improvement of the quality of operating and IT business support, and the reduction of the flow of IT support requests by implementing new technologies. A single employee IT support hotline was implemented in 2019. Escrow account maintenance support has been deployed as a separate project.

SberUserSoft, a self-service portal where employees can find any software they need to install, was launched in 2019. More than 9% of all software installations are now performed without engaging IT support.



# Leveraging Artificial Intelligence

Sberbank took part in designing Russia’s National AI Development Strategy until 2030 approved by the President of Russia on 10 October 2019, and has been designated as a national AI Competence Center.

In November, Sberbank joined the AI Alliance along with Mail.ru, Yandex, Gazprom Neft, MTS, and the Russian Direct Investment Fund:



Finding solutions to social issues and improving living standard is a global trend in AI technology application.

Sberbank and Russia’s Emergency Situations Ministry held a machine learning and AI competition to develop a solution for automatic classification of wildfire types based on satellite data. The objective is to find a solution for timely identification of wildfire locations and first response to prevent emergency situations on a national scale. Competitions like this one open up new opportunities for innovative solutions that can substantially improve public safety by preventing natural and man-made disaster threats.

Sberbank is actively applying AI technology and implementing AI processes, relying on its more than a thousand data scientists. Implementation of AI initiatives saved Sberbank RUB 42 bn in 2019. AI is now integrated into all levels of Sberbank’s platform. Eight platforms have already been launched commercially, including NLP, Speech Analytics, biometrics, etc. At the end of 2019, Sberbank and SberCloud inaugurated the commercial launch of the Christofari supercomputer for our corporate clients.

## SberDevices

All of Sberbank’s chatbots and the first ecosystem chatbot on the DomClick platform have been switched to the SberDevices NLP platform. The platform processed 10 million user messages during the year. In December 2019 alone, the platform served 4 million clients.

Sberbank’s proprietary ASR replaced Apple’s speech recognition system in Sberbank Online. A beta version of a virtual assistant featuring P2P transfers has been launched in Sberbank Online

We at Sberbank consider it our mission to make supercomputing and AI-driven solution development accessible to all companies no matter their size, industry, or location. With this in mind, we are offering a promotional campaign entitled 100 Rubles for 100 Minutes of the Entire Christofari Supercomputer Capacity for model training through July 12, 2020.

The autumn of 2019 saw the start of AI Journey, a series of AI and data analysis events sponsored by major Russian companies including Sberbank. Online competitions and large-scale conference were organized in 8 Russian cities. With more than 5,000 visitors over two days, AI Journey held in Moscow became Eastern Europe’s largest AI and data analysis conference.

Launched to develop DS and AI skills among schoolchildren, AI-ACADEMY gathered 2,438 participants from 12 countries in 2019.

Sberbank’s top AI development priority is to raise the national AI level and establish an integrated cloud-based platform for the bank and our clients (ML as a Service).

Sberbank is an AI Competence Center in Russia

The Christofari is Russia’s most powerful supercomputer and the world’s 29th according to the Top 500 global supercomputer rankings. The Christofari’s capacity is provided to commercial clients from SberCloud, a unique feature among the world’s top supercomputers. The Christofari is the only Russian supercomputer designed specifically to work with AI algorithms. Its capacity enables training of complex neural network-based software models in a record short time. The supercomputer is intended for use at R&D institutions, commercial firms and government agencies working across industries.



# Innovations

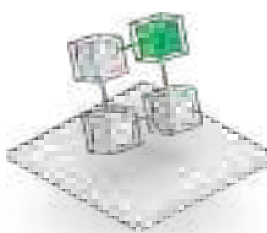
Sberbank’s innovation labs pursue better expertise in key areas, implementation of innovations into the bank’s products, and joint scientific research with national institutes and research centers. Products developed in these laboratories are then handed over to business units for use.



CYBERSECURITY LAB



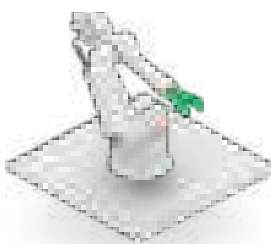
VR/AR LAB



BLOCKCHAIN LAB



ROBOTICS LAB



RPA (ROBOTIC PROCESS AUTOMATION) LAB



GAMIFICATION LAB



AI LAB



IOT LAB



NEUROSCIENCE & HUMAN BEHAVIOR LAB



CLIENT EXPERIENCE AND NEW SALES TECHNIQUES LAB

## CYBERSECURITY LAB

As part of the lab activities in 2019, it obtained 4 patents for invention and 3 patents for design. Its key developments include several prototypes of innovative solutions.

In the field of cyberfraud prevention, we have developed an android-based prototype of ‘aggressive honeypot’ to accelerate the detection of new types of malware (designed for thefts via mobile bank client) and an algorithm for detection of social engineering cases with connection of fraudsters’ phones via ATM/terminals; both solutions have been commissioned and are still being improved and configured.

The Cyberdefense Center has developed a prototype of a Breach and Attack Simulation solution to robotize the simulation of various attacks on the Bank. These developments were delivered for introduction as an individual module into the Threat intelligence platform. We have developed an MVP of the system for 24×7 video detection of anomalous behavior in SST zones and successfully tested it together with the Security Equipment section in the Moscow Bank and Sberbank by Your Side Tribe. The solution was transferred to the Integrated Security Division to build in the bank’s video analytics platform.

## VR/AR LAB

In 2019, we completed the development of core features of a tactical VR simulator to train cash collectors remotely.

The simulator was tested as a shooting competition for cash collectors and security officers among our regional banks. The solution has been delivered for implementation in commercial operation.

Jointly with DomClick, we launched pilot operation of a VR property presentation app with beta connection of external partners, including major developers and design bureaus.

An AR assistant for the visually impaired has been accepted for testing by a relevant unit of Sberbank.

The SberVR content management platform was handed over to Sberbank Corporate University in 2019.



# Innovations

## BLOCKCHAIN LAB

A new version of the blockchain platform for Sberbank Factoring was developed and delivered to the client in 2019, with connection of new participants initiated.

Sberbank and the Singapore-based multinational exchange company Trafigura PTE Ltd made a blockchain deal at the Eastern Economic Forum 2019 to discount receivables for West-Siberian oil supplies. The deal has been carried out on the basis of a solution developed by the Blockchain Lab using the Hyperledger Fabric framework, with the deal date, amount and term, supply volume, product characteristics and financial terms and conditions all recorded in blockchain.

Together with Rostech, we developed a Russian government-approved road map entitled Distributed Register Systems— a strategic tool for setting priorities and determining the outlook for the development of end-to-end digital technologies in the Russian Federation.

## ROBOTICS LAB

In 2019, delivery and acceptance testing of a robotized cash-counting section were completed, with three patents received.

The invention is aimed at tripling the productivity of cash-management centers’ banknote counting operations.

A pilot project for mail delivery by an autonomous office courier robot called Gleb has also been completed in the reporting year. The Navigation as a Service and Robot as a Service platforms offer robotized indoor logistics solutions.

Testing of the ExoChair Mk3 exoskeleton was completed as part of experimental implementation at the logistics and document recording sector of the Tomilino archive center. Implementation of the invention will result in higher productivity of archive and logistics centers’ employees and reduce the incidence of musculoskeletal diseases and fatigue of employees performing physically demanding work.

As part of the Digital Avatar project, a prototype solution has been developed to generate an announcer’s video image in real time based on artificial neural networks. The avatar will reduce the time and costs associated with video content production.

Moreover, in 2019 the Robotics Lab and Microsoft Research began joint applied research into AI applications in industrial robotics.

## RPA (ROBOTIC PROCESS AUTOMATION) LABORATORY

The Robotic Process Automation platform continued its operation in 2019. It enables creation of autonomous software robots on a virtual machine to perform routine tasks instead of employees.

It has helped automate 103 processes resulting in savings of 2.8 million robo/hours, an equivalent of ~930 full-time jobs.

An assistant robot based on the Robotic Desktop Automation technology was put into test operation in 2019. The robots help employees with repetitive tasks to be performed on a personal computer, 12 pilot processes have been automated with their help. Employee productivity rose 27% in pilot processes.

The cloud-based RPA PaaS (Robotic Process Automation Platform as a Service) has been launched via SberCloud. The platform provides external clients with a full cycle of RPA algorithms development and support. Clients won’t need to invest in hardware or software in advance, with the provider supplying all that is needed.

Four pilot projects using the “reading robot” tool based on the Auto Named Entity Recognition technology have been completed. The robot can extract the necessary information from scanned semi-structured or non-structured documents



# Innovations

## GAMIFICATION LAB

The lab has developed SberStart, a system for search and preliminary selection of IT specialists using a gamified questionnaire, as well as a gaming module for Bootcamp, a new hire adaptation program of the Technology block.

The first module called Achievements was developed as part of the gamification platform creation. The Lab is planning to supplement the platform with more modules in 2020: Points, Leader Boards, Quests, and Skills.

While creating training tools, the Executive Acceleration Board was developed to teach TOP executives modern technology, as well as EasyStocks, a stock trading teaching game for our clients.

A game character for the deviation management system was added to the SMS.

## AL LAB

AutoML, a library for automation of standard decision-making models, was developed.

The cross-platform alienable solution can on its own or with minimal human input complete a limited range of tasks in the end2end mode, thereby freeing up highly-skilled human resources for completion of more complex tasks. The library has demonstrated performance on par with level 2 according to the OpenML international benchmark. The solution has already been successfully implemented across a number of projects within the Sberbank Group to identify employee errors, conduct various advertising campaigns, design an optimal educational track, etc.

In 2019 the Lab created an MVP of a recommendation platform that enables fast prototyping of recommendation systems for various scenarios typical for Sberbank and its ecosystem. This platform is special in that its modules are highly reusable; even a new scenario won’t require recoding the entire recommendation system rom scratch. This solution formed the basis for the stories recommendation system prototype in the Sberbank Online mobile app.

As part of our efforts in the area of intellectual knowledge base management, we applied some new approaches to completing NLP tasks. The four completed pilots were judged successful, and preparations for production implementation of the technology are underway. Pilot project subjects: “smart” information search driven by the Sberbank.Idea! crowdsourcing platform data base, detection of supposed idea duplicates on the platform, prediction of an expert opinion on the proposal to relieve internal platform moderators, recommendation of ideas to users based on their past activity on the platform. All of this will held obtain the necessary information online and use available resources in an optimal manner.

As part of the Medical AI area, a number of successful studies were completed on how to use AI tools to diagnose and predict diseases based on analysis of diagnostic images.



# Accelerators

## EXTERNAL ACCELERATOR

In 2019, Sberbank held the second wave of startup accelerator in partnership with 500 Startups<sup>1</sup>.

Second wave key highlights :

218

HYPOTHESES  
TESTED

67

PILOT PROJECTS  
INITIATED

×2

STARTUPS' REVENUE  
HAS ON AVERAGE  
DOUBLED DURING  
ACCELERATOR

792

MEETINGS WITH CLIENTS AND  
FOUNDATIONS ORGANIZED

+110%

B2C STARTUPS' MAU  
STEPPED UP

13

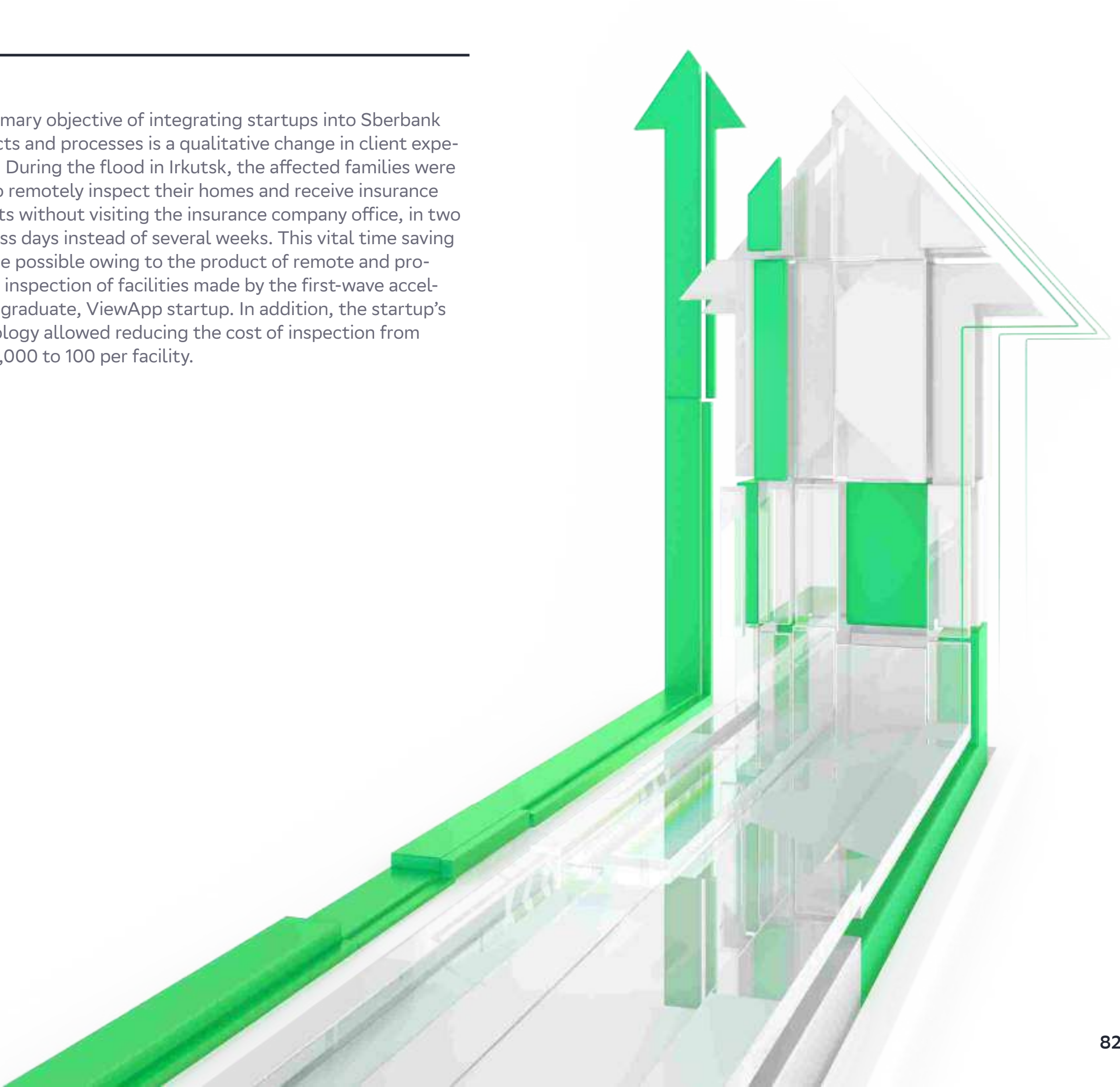
STARTUPS WON IN CONTESTS  
ORGANIZED IN RUSSIA BY  
INTERNATIONAL COMPANIES  
AND OTHER ACCELERATORS

The Accelerator Demo Day was held on 12 December and for the second time became the largest venue for meeting of the best Russian startups, investors, and executives of technology corporations that actively introduced innovations into their business. Over 500 guests from the venture and corporate industries, with participation of Herman Gref and Lev Khasis, evaluated the performances of 25 startups, as a result of which the jury announced 8 strongest projects that would receive additional investment from Sberbank.

The second wave of the accelerator overtook its predecessor by speed and efficiency. The first contract for piloting the startup technology in the Sberbank ecosystem (Legium startup in SberLogistics) has been concluded even before the accelerator's equator. At the year end, 3 cooperation contracts were concluded and 17 pilots were under discussion or launch.

Sberbank and 500 Startups Accelerator represent the first project at the intersection of advanced knowledge from Silicon Valley and the capabilities of the largest ecosystem in Russia. The first wave of the accelerator ended in February 2019 and also brought together over 500 representatives of venture capital funds, corporations, and business angels on the Demo Day. 60 venture capitalists became interested in startup investment; over the year, 7 first-wave graduates attracted over RUB 250 million of external investment.

The primary objective of integrating startups into Sberbank products and processes is a qualitative change in client experience. During the flood in Irkutsk, the affected families were able to remotely inspect their homes and receive insurance benefits without visiting the insurance company office, in two business days instead of several weeks. This vital time saving became possible owing to the product of remote and protected inspection of facilities made by the first-wave accelerator graduate, ViewApp startup. In addition, the startup's technology allowed reducing the cost of inspection from RUB 3,000 to 100 per facility.



<sup>1</sup> 500 Startups is #1 most active global investor by VC deal account in 2019 and #1 most active venture firm globally in exits according to the annual Globe League Tables by PitchBook”



# Accelerators

## INTERNAL ACCELERATOR

In 2019, Sberbank continued to develop internal entrepreneurship and initiated the second wave of Sber#up—accelerator for Sberbank employees.

At the program final, the teams presented their projects to Sberbank top executives. All employees of Sberbank Group may participate in the program, regardless of their location, length of service, or position.

### Some of these teams already advanced a lot during 2019:

- VanLav has already implemented the service for searching for the other half within Sberbank,
- while Hurma is conducting the pilot staff recruitment project with SberLeasing, a subsidiary of Sberbank.
- Quick Dining Room has launched three pilot projects, one of them in collaboration with Sberbank, while the other two with external partners.
- Help4Good is applying Agile approach to charity activities and has already managed to engage 2,000 active users and provide support to 30 families.

Five teams have been announced the winners and received offers for further cooperation:

1. **HURMA**  
is the service of personnel assessment finding candidates similar to your existing best employees.
2. **VANLAV**  
is an AI-based dating app analyzing users’ profiles and identifying a person with similar interests.
3. **QUICK DINING ROOM**  
is a platform designed to reduce queues in canteens. The system is able to identify the dishes on a tray to generate checks.
4. **ZARYAD**  
is a portable chargers rental service.
5. **HELP4GOOD**  
is a service for people with adopted children, who find themselves in a difficult circumstances, aimed at connecting them with charity providers, foundations and shops offering favorable terms to buy products or services for those in need.

## SCHOOL ACCELERATOR

Sberbank, in collaboration with Department of Education and Science of Moscow has launched SberZ, a school accelerator for students of 8 to 11 grades.

The school accelerator has started on 30 November and will last 15 school weeks. The first pilot wave of the program is being implemented in four schools of Moscow: Khoroshevskaya School PEI (Private Educational Institution), Pokrovsky Kvartal (Pokrovsky Quarter) School SBEI (State Budget Educational Institution), SBEI School No. 875, SBEI School No. 947. In total, the program involves about 100 students and 8 teachers, and also mentors which are the founders of startups being graduates of the first two waves of the Sberbank and 500 Startups Accelerator. Thus, Sberbank ensures interrelation and transfer of experience between two generations of entrepreneurs.

The program target is, on the one hand, to develop the skills of the 21st century (such as teamwork, setting and achieving goals, including in the face of constant changes, finding an approach to any interlocutor, etc.) and, on the other, help teenagers to launch their own first business project based on the knowledge gained.

The startup ideas of schoolchildren are focused both on the B2C market and on B2B and even B2B2C; one of the school teams independently found a scientist and developed the monetization model for his patent. By the middle of the Accelerators program, some teams has already come up with ready-made prototypes of applications and websites.

The Accelerator will end with the large-scale Demo Day, where the teams of school entrepreneurs will present their achievements to parents, friends, representatives of Sberbank, and most importantly, potential investors and clients represented by large corporations and universities that actively collaborate with young innovators. The best projects will receive support from Sberbank and its partners.

In case of high performance, the SberZ program will become an integration platform for interaction between the education and business segments, will be rolled out to other regions and may become a separate school discipline for high school students



# Efficient services for the bank

The bank implements an integrated approach to improve the quality and efficiency of service delivery.

Consistent implementation of best international practices in management of **real estate** as a profit center allowed us to reduce the number of facilities and maintain operating expenses at the level of previous years

87

OPTIMIZED CONCEPTS FOR REAL ESTATE MANAGEMENT  
ARE BEING IMPLEMENTED THROUGHOUT RUSSIA

-641 k sq. m

IS THE REDUCTION OF THE BANK’S REAL ESTATE PORTFOLIO

-0.9 bn ₺

IS THE REDUCTION OF OPERATING EXPENSES IN REAL ESTATE

Development of **cash management and cash transportation service** as an independent profit center allowed us to focus on the efficient development of liquidity and service provision costs

-12 bn ₺

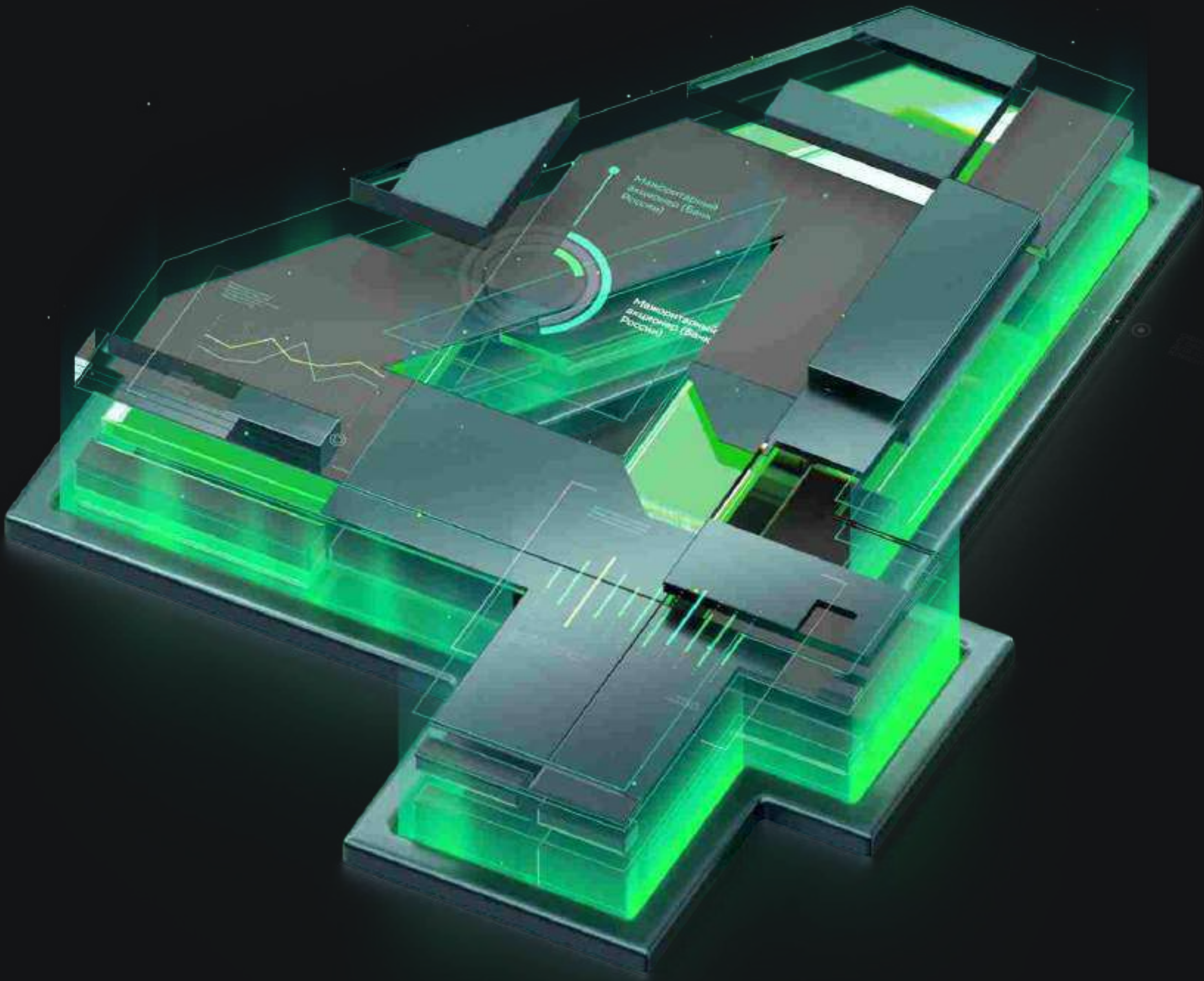
IS THE OPTIMIZATION OF AVERAGE DAILY BALANCE OF CASH

-3.5 bn ₺

IS THE REDUCTION OF OPERATING EXPENSES DUE TO OPTIMIZATION MEASURES

117 CREDIT INSTITUTIONS

ARE THE BANK'S CLIENTS IN CASH MANAGEMENT SERVICES



04

CORPORATE GOVERNANCE

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# Corporate governance

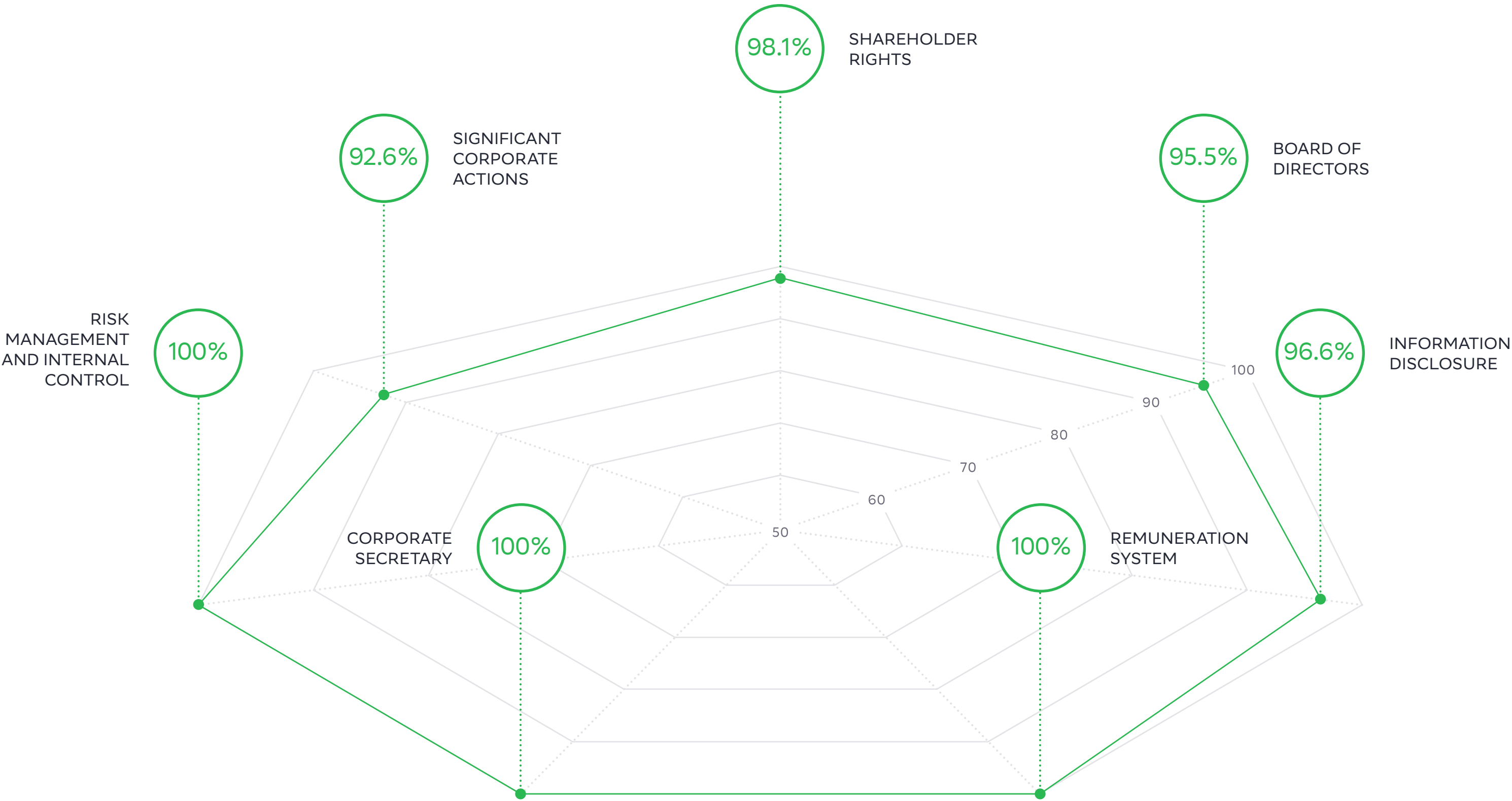
Being a credit institution as well as a public company, Sberbank closely monitors the changes in corporate legislation and new corporate governance practices in Russia and abroad while complying with:

- Recommendations of the Basel Committee on Banking Supervision and the Financial Stability Board for financial institutions;
- principles and recommendations set out in Corporate Governance Code of the Bank of Russia as well as other requirements of the regulator (the Bank of Russia) in the area of corporate governance;
- requirements of the Listing Rules of the Moscow Exchange, the London Stock Exchange and the Frankfurt Stock Exchange;
- G20/OECD Corporate Governance Principles;
- international norms and principles set forth in international standards on corporate social responsibility and sustainable development: ISO 26000, AA1000, as well as information disclosure standards developed by GRI (Global Reporting Initiative) group.

## COMPLIANCE WITH THE BANK OF RUSSIA CORPORATE GOVERNANCE CODE

Sberbank complies with the most 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 [page 159](#).

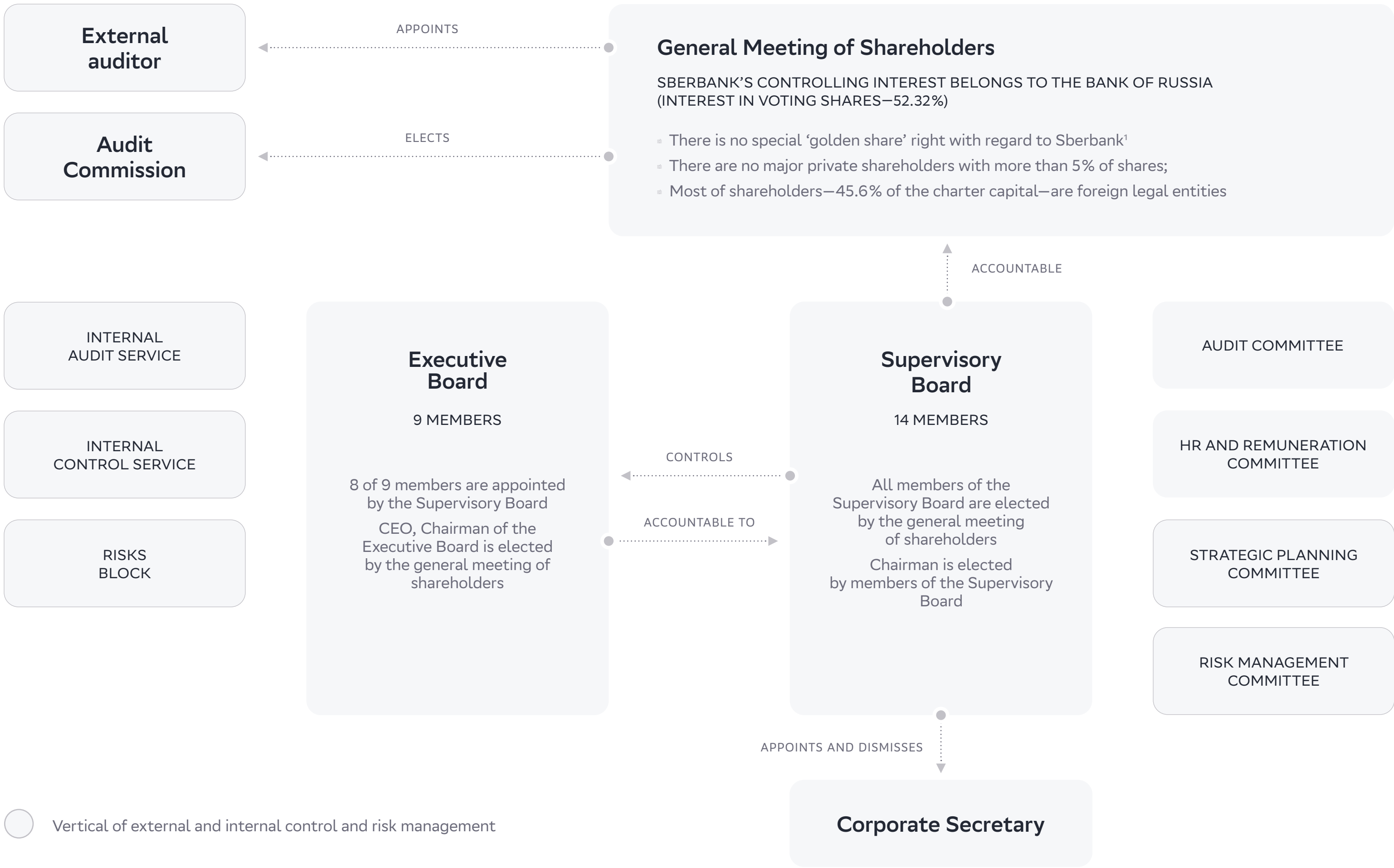




# Corporate Governance System

Corporate governance system at Sberbank is the system of interrelations between the shareholders (owners), the Supervisory Board, management and other stakeholders, which sets out the rules and procedures to take corporate actions and ensures due management and control over Sberbank's activities.

## ELEMENTS OF SBERBANK CORPORATE GOVERNANCE SYSTEM BEFORE MODIFICATION



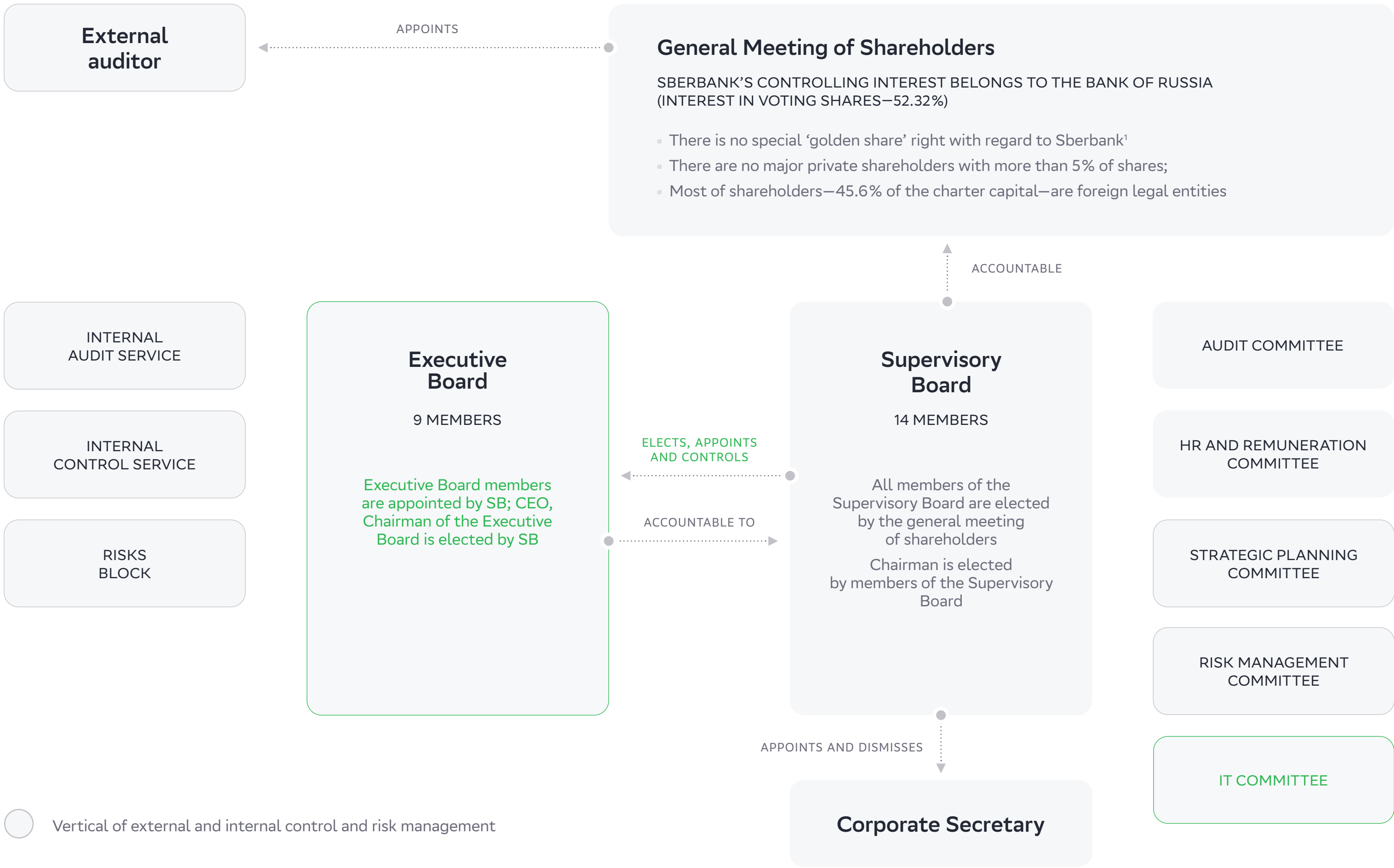
<sup>1</sup> "Golden share" is a conventional name of the corporate right belonging to the Russian Federation, government or municipal authority being shareholders of a joint stock company. It is used for state control over joint stock companies.



# Corporate Governance System

In 2019, Sberbank corporate governance system went through significant changes. By the resolution of the annual General Meeting of Shareholders held on 24 May 2019, the powers to elect Sberbank’s CEO, Chairman of the Executive Board were transferred from the AGM to the Supervisory Board. The Audit Commission has also been liquidated according to this resolution. The 5<sup>th</sup> committee—IT Committee—has been established within the Supervisory Board.

## ELEMENTS OF SBERBANK CORPORATE GOVERNANCE SYSTEM **AFTER MODIFICATION**



<sup>1</sup> “Golden share” is a conventional name of the corporate right belonging to the Russian Federation, government or municipal authority being shareholders of a joint stock company. It is used for state control over joint stock companies.

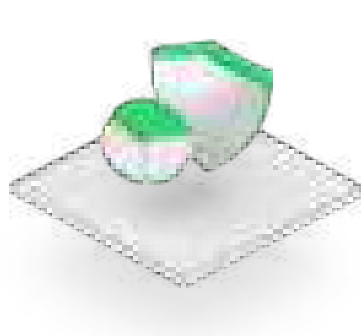


SUMMARY OF THE CORPORATE GOVERNANCE SYSTEM

The major shareholder and founder of Sberbank is the Central Bank of the Russian Federation holding 50% of the share capital plus one voting share. Other shareholders of the Bank include international and Russian investors.

Sberbank's ordinary and preferred shares are included in the quotation list of the first (top) level by the Moscow Stock Exchange. American depositary receipts (ADR) for Sberbank’s ordinary shares are quoted on the London and Frankfurt Stock Exchanges and were admitted to trading on the US over-the-counter market.

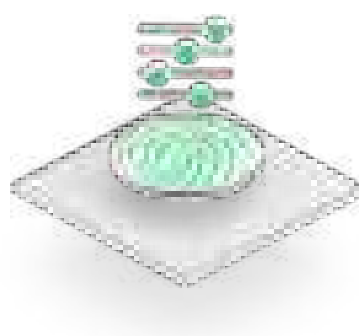
From 2016 through 2019, the National Corporate Governance Rating of Sberbank was at 8 level. In November 2019, the rating was improved to 8+, Advanced Corporate Governance Practice, the best rating among participating Russian companies. Over the entire rating history (since 2004), Sberbank has become the first company to receive such a high evaluation of its corporate governance standards and practices.



PROTECTION OF SHAREHOLDERS’ RIGHT

Good level

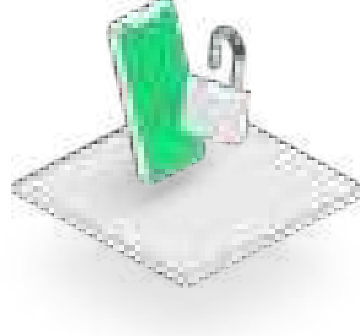
Sberbank takes all measures to mitigate the risks of violating shareholders’ rights: the Annual General Meeting of Shareholders as well as the relevant information are announced on Sberbank’s website and in a special mobile application 30 days prior to the Annual Meeting, Sberbank complies with most recommendations on providing shareholders with additional materials to prepare for the Meeting, with possibility of remote/ electronic voting, the dividend policy has been approved, external auditor is appointed by bidding process, the Committee for Minority Shareholder Relations is actively operating, the Corporate Governance Code has been approved.



ACTIVITIES OF MANAGEMENT AND SUPERVISORY BODIES

High level

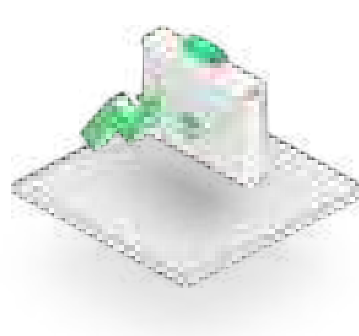
Sberbank has implemented a number of initiatives to create an efficient corporate governance system. Independent Directors constitute more than a third of the Supervisory Board, there are several actively operating committees, comprehensive procedures for resolving conflicts of interest of the Supervisory Board and executive bodies’ members have been adopted, their liability is insured. The Supervisory Board performance is independently assessed, internal control and risk management systems demonstrate efficiency, internal audit system is well developed, recommendations of the Russian Corporate Governance Code with regard to Corporate Secretary are complied with.



INFORMATION DISCLOSURE

High level

Sberbank ensures timely disclosure of IFRS and RAS financial statements, including IFRS interim statements, detailed information on management bodies’ composition and on resolutions adopted by them, on the remuneration of the external auditor. Sberbank annual report contains material information alongside information that is required by law.



CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

High level

Sberbank adopted the Corporate Social Responsibility (CSR) Policy, Code of Corporate Ethics, Anti-Corruption Policy. Sberbank is actively implementing CSR projects for all key stakeholders. Since 2016, Sberbank has been producing integrated annual report by incorporating CSR report with the table of common standard GRI (Global Reporting initiative) elements into it.

# Trends in Corporate Governance

Key trends of the corporate governance developments at Sberbank in 2019 were: development of shareholders interaction practices, digitalization of corporate governance processes, creating an efficient Supervisory Board membership and standards of work.

MEASURES **IMPLEMENTED** BY SBERBANK DURING 2019

OVERALL AREAS OF IMPROVING CORPORATE GOVERNANCE PRACTICES FOR 2020

## Ensuring shareholders' rights

- Shareholders are now more engaged in corporate governance processes: the number of Shareholder Online Account (SOA) users has grown (71,000+ accounts), gamification tools have been implemented (two browser games, EasyStocks and EasyStocks Run, have been launched), the Shareholders' Handbook (interactive guide) can be found on the website
- There are additional digital services on SOA platform (15 new services have been added to 17 existing)
- Raising investment awareness: SOA and Minority Shareholder Relations Committee site (sberminor.ru) information content has been improved
- Feedback support: survey among electronic services users, offline meetings and consultations
- Annual online shareholder survey (1,691 respondents, 83% of whom are satisfied with information disclosure level, 90% use digital services)

## Ensuring shareholders' rights and creating conditions for exercising them

- Initiatives to increase the involvement of Sberbank's shareholders in corporate governance processes (EasyStoks Run update, themed quizzes, AGM interactive card, modernization of the mobile application for AGM, implementation of the speech tools into shareholder communication (robot-consultant, voice activities, etc.))
- Monitoring of the level of confidence in the corporate governance system based on feedback (questionnaires for users of electronic services, online surveys, offline meetings and consultations)
- Migration of updated AGM mobile applications to target Sberbank platforms

## Incorporation of best practices into the Supervisory Board activity

- Integration of the Supervisory Board members' client journey with the Digital Inside concept (paperless document flow, no routine procedures): digitalization of the Supervisory Board meetings preparation and holding on AS Senate platform, start of SB Member Online Account mobile app development
- Development of the recruiting process for the Supervisory Board membership
- Self-assessment of 2019 performance of the Supervisory Board (in progress until February 2020)
- Initiatives to support professional development of the Supervisory Board members in line with their needs and interests (five training sessions for the Supervisory Board members organized in 2019)

## Supervisory Board and its Committees

- Development, implementation and promotion of SB Member Online Account mobile application
- Activities for SB members, including induction course and training program on sustainable development and work practices of the Supervisory Board
- Self-assessment of 2019 performance of the Supervisory Board
- Initiation of the SB Action Plan 2020–2021 preparation taking into account sustainable development issues (ESG factors)



# Trends in Corporate Governance

MEASURES **IMPLEMENTED** BY SBERBANK DURING 2019

OVERALL AREAS OF IMPROVING CORPORATE GOVERNANCE PRACTICES FOR 2020

## Ensuring information transparency

- Sberbank corporate governance rating has been increased to 8+: Advanced Corporate Governance Practices
- Sberbank’s Annual Report for 2018 won in The Best Annual Report of a Company with Market Capitalization over RUB 200 bn and The Best Annual Report in the Financial Sector categories at the MOEX Annual Report Competition
- A report on the implementation of the Information policy at Sberbank has been presented to the Supervisory Board

## Information disclosure

- Automation of information disclosure procedures in the form of notices of material facts

## Cascading of Sberbank corporate governance practices to Sberbank Group companies

- Integration of corporate governance processes at subsidiary companies into the single target automated system AS SCS (Sberbank Corporate Structure)—the center of interaction between Sberbank and Group companies
- Development of functionality for Group-wide risk monitoring in IFRS scope (preparation of reports means regulatory risks mitigation)
- Introduction of the service for identification and record keeping of related-party transactions

## Development of corporate governance practices in Sberbank Group companies

- Development of the following products on the SCS platform:
- a single communication space for Sberbank Group (online communication between Sberbank and Group companies, including collection of information for other Sberbank automated systems that accumulate information about the Group, and routine intragroup interaction)
  - full automatization of large and related-party transactions processing at Sberbank

## Development and support of legislative initiatives in the field of corporate governance

- The Charter and Sberbank internal documents (Regulation on the Supervisory Board, Regulation on the Executive Board) have been updated to reflect changes in Russian legislation, the best practices and trends
- Regulatory proposals in the area of corporate governance have been initiated

## Development and support of legislative initiatives in the field of corporate governance

- Initiation and support of regulatory proposals in the area of corporate governance



# General Meeting of Shareholders

General Meeting of Shareholders is a superior management body of the bank, which takes decisions on the core issues of its activity.

*The procedure for preparation and holding of the General Meeting of Shareholders is regulated by the Regulation on the General Meeting of Shareholders which can be found on Sberbank corporate website: <http://sberbank.com/ru/investor-relations/disclosure/regulative-documents>*

## SHAREHOLDER COMMUNICATION DURING PREPARATION TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

In 2019, Sberbank, to prepare for the Annual General Meeting of Shareholders as well as to increase shareholders’ engagement in Sberbank corporate governance processes, implemented a number of digital activities for shareholders.

Sberbank corporate website and its social media accounts (VK, Facebook, Odnoklassniki) featured the New Year quizz “What do you know about Sberbank shares?” (2,800 participants) and a quizz on the General Meeting of Shareholders “What do you know about AGM?” (3,500 participants) that demonstrated a high level of engagement.

A series of topic-specific videos on shares and investments has been launched on Sberbank TV: Issue 1: Let’s talk about Sberbank shares; Issue 2: How to become an investor?; Issue 3: Investments with additional benefits.

In April 2019, a month prior to the Meeting of Shareholders, a special online webinar for Sberbank shareholders and investors has been organized.

In April 2019, a special browser game for Sberbank shareholders and investors, EasyStocks, was launched on popular social media (VK, Facebook, Odnoklassniki, Instagram). The slogan of the game was: “Try yourself in investor battle!”. The main character is the beginner investor Easy. As the game progresses, he learns about the operation of the stock market, buys and sells shares of fake companies, receives dividends. More than 17,000 people played the game. The game was designed to promote the stock market, primarily among young shareholders, raise investment awareness, and increase the number of Sberbank applications users.

In 2019, the Annual General Meeting of Shareholders of Sberbank took place.

|                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| TYPE OF THE MEETING                                         | Annual General                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| DATE OF THE MEETING                                         | 24 May 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| FORM OF THE MEETING                                         | Joint attendance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| VENUE                                                       | 19 Vavilova St., Moscow, Central HQ                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| ISSUES CONSIDERED                                           | <ul style="list-style-type: none"><li>On approval of the Annual Report for 2018</li><li>On approval of the annual accounting (financial) statements for 2018</li><li>On distribution of profit and payment of dividends for 2018</li><li>On appointment of an auditing organization</li><li>On election to the Supervisory Board</li><li>On election of CEO, Chairman of the Executive Board</li><li>On approval of the new version of the Charter</li><li>On approval of the new version of the Regulation on the Supervisory Board</li><li>On approval of the new version of the Regulation on the Executive Board</li><li>On election of members to the Audit Commission</li></ul> |
| ELECTRONIC VERSION OF THE MINUTES OF THE MEETING IN RUSSIAN | <a href="http://sberbank.com/common/img/uploaded/redirected/com/gosa2019/docs/pr_2019.pdf">sberbank.com/common/img/uploaded/redirected/com/gosa2019/docs/pr_2019.pdf</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| ELECTRONIC VERSION OF THE MINUTES OF THE MEETING IN ENGLISH | <a href="http://sberbank.com/common/img/uploaded/redirected/com/gosa2019/docs/report_2019.pdf">sberbank.com/common/img/uploaded/redirected/com/gosa2019/docs/report_2019.pdf</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |



# General Meeting of Shareholders

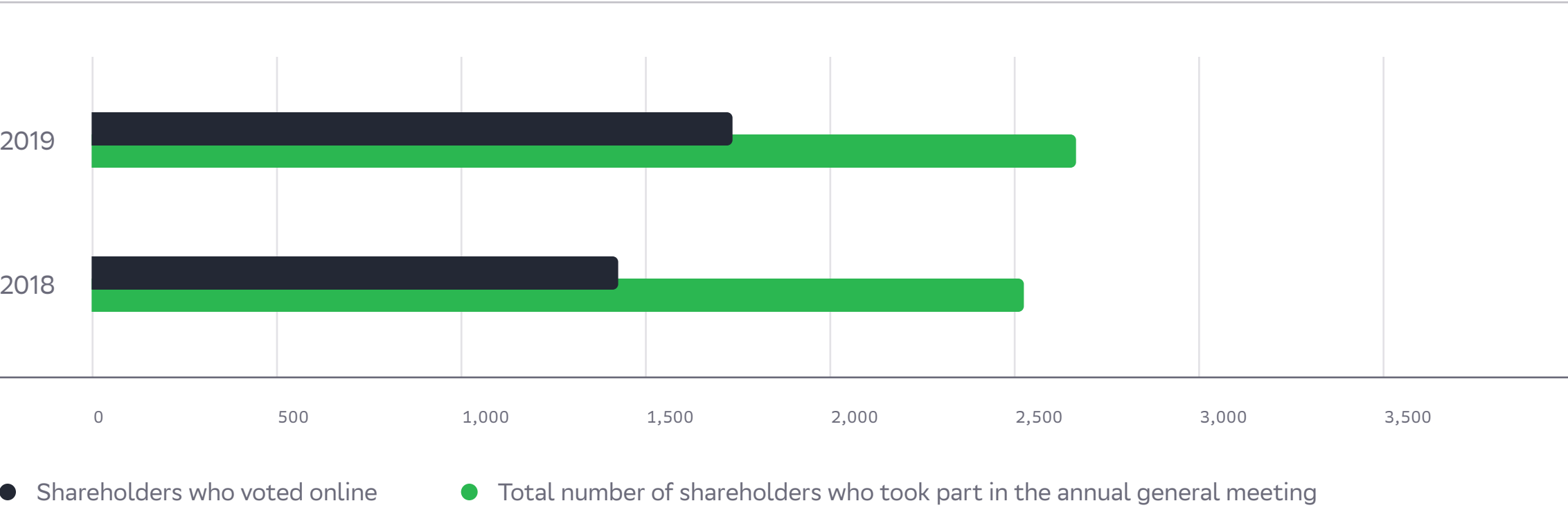
The Annual General Meeting of Shareholders adopted a resolution on shifting the competence to elect CEO, Chairman of the Executive Board of Sberbank from the Meeting of Shareholders to the Supervisory Board, as establishing efficient executive bodies and ensuring effective control over their activities is one of the key responsibilities of the Board of Directors. Relevant changes approved by the Meeting of Shareholders have been introduced to Sberbank Charter.

The Audit Commission has also been liquidated according to the resolution of the General Meeting of Shareholders. According to changes made to the Federal Law On Joint-Stock Companies, public joint-stock companies have the right to avoid establishing an audit commission, but they have to build an internal audit system to assess the reliability and efficiency of the risk management and internal control systems. The system of internal audit has been existing in Sberbank for years in the form of the Three Lines of Defense model. It is an independent structural unit accountable to the Supervisory Board. The Audit Commission had no decision-making powers, so the decision to liquidate it and to focus on strengthening Internal Audit Service was aimed at streamlining corporate governance structure at Sberbank, therefore, it did not infringe the shareholders’ rights.

Over the past three years, Sberbank used various combinations of electronic voting services during General Meetings of Shareholders: in 2017, the electronic voting was enabled via E-voting, an electronic service of the National Settlement Depository (NSD); in 2018—via the Status Online. Shareholder Account service of the JSC Status Registrar; in 2019 Sberbank used both services to significantly boost the shareholders’ activity during the Meeting of Shareholders.

As compared to 2018, the number of participants at the Annual General Meeting of Shareholders increased by 17.13%, while the number of shareholders who voted electronically, stepped up by 37.18%. The Status Online. Shareholder Account feature set service was enhanced by adding 15 new features, among them the ability to carry out online transactions in the register, request information, pay for the Registrar’s services via Sberbank online acquiring, get feedback on user satisfaction, and retransmit Sberbank’s news feed to the Shareholder Online Account.

## Electronic voting

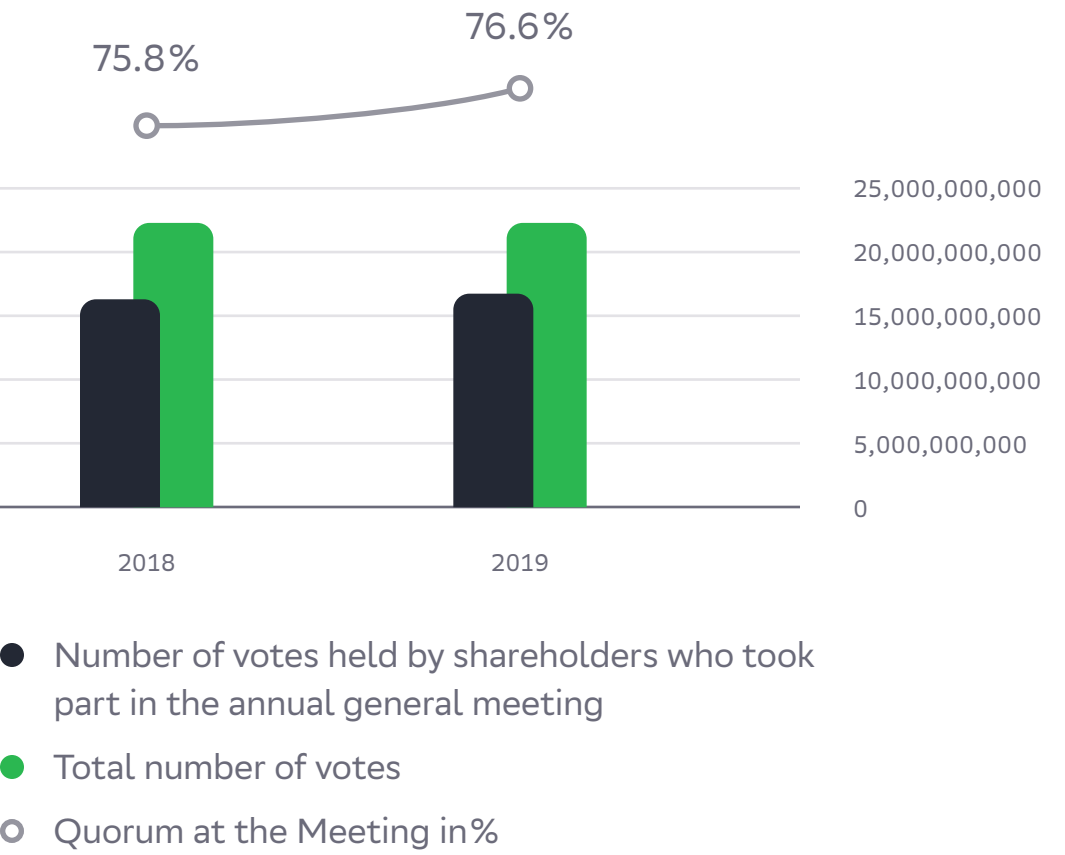


## Composition of the Bank's shareholders<sup>1</sup>



- Bank of Russia — **50% + 1 share**
- Foreign institutional — **45.04%**
- Domestic retail — **3.15%**
- Domestic institutional — **1.81%**

## Quorum at the Meeting



<sup>1</sup> Sberbank shareholders composition as of the close of business on 29 April 2019 (the date of compiling the list of persons entitled to participate in the Annual General Meeting of Shareholders in 2019)



# Supervisory Board

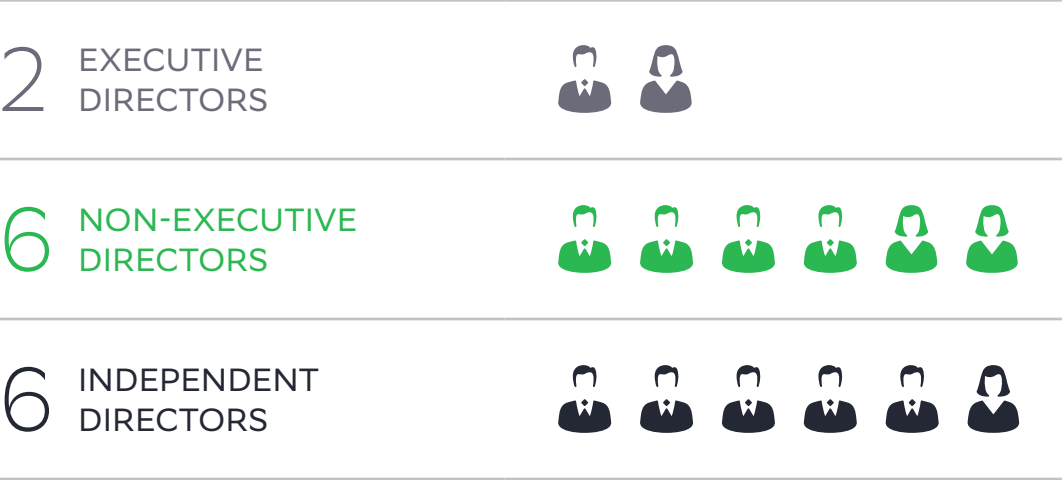
The Supervisory Board performs overall management of Sberbank and is accountable to the General Meeting of Shareholders.

The Supervisory Board sets the strategic goals and defines the directions of Sberbank development, key principles and approaches for building the system of risk management and internal control, exercises control over the executive bodies’ activity, including for alignment of their activity with the approved Sberbank Development Strategy, is responsible for building, development and performance monitoring of the corporate governance system as well as for providing informational transparency of the bank’s activities.

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

The Supervisory Board consists of Independent Non-Executive Directors (external persons, non-employees) and Executive Directors (members of the management). A Senior Independent Director is elected from among Independent Directors.

## Membership of the Supervisory Board by types of Directors<sup>1</sup>



The membership of the Supervisory Board is balanced in terms of skills, experience and independence, which allows its members to effectively perform their functions. Supervisory Board members meet qualification and business reputation requirements as established by applicable laws, have an ample knowledge and experience in the areas appropriate to Sberbank's main activities: finance, banking operations, regulation of banking activities, corporate governance, risk management, internal control, audit and compliance. Supervisory Board members also have an understanding of the functional specifics of working at various positions in different companies, know the nature of international markets and the way business is done in foreign cultures, represent different ages, genders and nationalities.

## MEMBERSHIP OF THE SUPERVISORY BOARD

In 2019, the membership of the Supervisory Board stayed largely the same.

Vladimir Mau, Rector of the Russian Presidential Academy of National Economy and Public Administration (Independent Director), has left the Supervisory Board.

Nikolay Kudryavtsev, Rector of Moscow Institute of Physics and Technology (National Research University) (Independent Director), has taken his place.

## INDEPENDENT DIRECTORS

In order to ensure the effectiveness of decisions made and to support a balance of interests of different shareholder groups, Independent Directors form a part of the Supervisory Board membership. An Independent Director is a member of the Supervisory Board who has sufficient professionalism, experience and independence to form their own opinions and is able to make objective and honest judgements, which are not affected by executive bodies, certain groups of shareholders, or other stakeholders.

A Senior Independent Director is appointed from among Independent Directors whose main tasks will be to assist the Chairman of the Supervisory Board, arrange the assessment of his/her work, coordinate interaction between Independent Directors, and develop a consolidated opinion of Independent Directors on the issue under consideration, when necessary.

Representation of Independent Directors in the overall membership of Sberbank’s Supervisory Board is in full compliance with the Listing Rules of the Moscow Exchange, recommendations of the Corporate Governance Code of the Bank of Russia and provisions of the internal documents of Sberbank.

The Supervisory Board performs the annual assessment of the independency status of the Board members. According to the results of the independency assessment carried out in 2019, five Directors—Esko Tapani Aho, Gennady Melikyan, Alexander Kuleshov, Leonid Boguslavskiy, Nadya Christina Wells—have been recognized as fully complying with the independency criteria set forth by the Corporate Governance Code of the Bank of Russia and Listing Rules of the Moscow Exchange. With regard to Nikolay Kudryavtsev a decision was made to recognize him as an Independent Director notwithstanding the fact that there are formal criteria of his association with the Russian Federation. Such decision was made by the Supervisory Board in view of the fact that this association according to the above criteria is not substantial and does not affect his ability to act in good faith and reasonably in the interests of Sberbank and its shareholders, to form objective and independent opinions and judgments.

<sup>1</sup> Ratio of Directors as of 31/12/2019



COMPOSITION OF THE SUPERVISORY BOARD

Ratio of Directors as of 31/12/2019 (persons)

Ratio of Directors



- Independent Directors
- Non-executive Directors
- Executive Directors

Membership of the Supervisory Board by Gender



- Men
- Women

Membership of the Supervisory Board by Age



- 35–50 years old
- 51–60 years old
- 61–70 years old
- Over 70 years old

Geographical allegiance



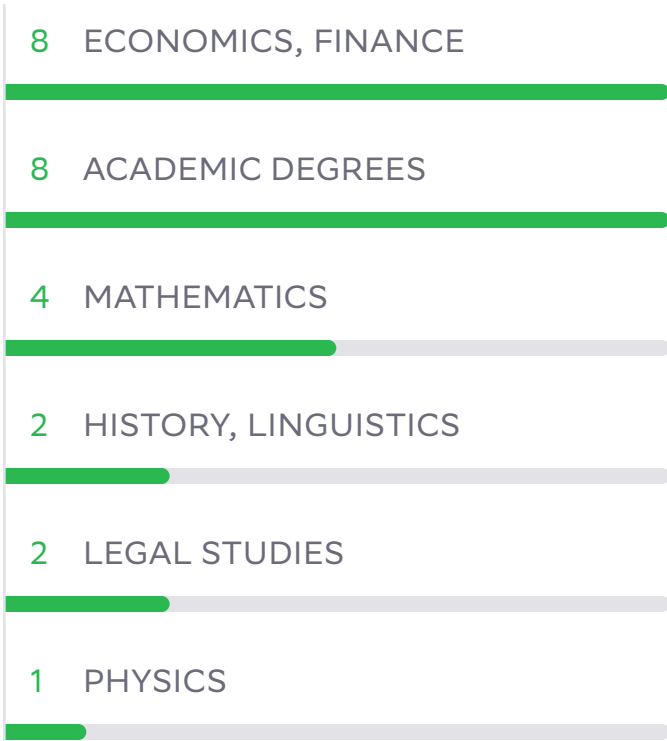
- Russia
- Europe

Durability in Office



- 1–3 years
- 4–7 years
- Over 7 years

Education



Industry-specific experience and other skills of Supervisory Board members

| NAME                                                                          | LENGTH OF WORK IN SB | BANKING ACTIVITIES | ECONOMICS, FINANCE, INVESTMENTS | IT | CORPORATE GOVERNANCE | AUDIT, CONSULTING, LAW | SECURITIES MARKET, EXCHANGE ACTIVITIES | INTERNATIONAL FINANCIAL INSTITUTIONS | EXPERIENCE IN CIVIL SERVICE | TEACHING ACTIVITIES |
|-------------------------------------------------------------------------------|----------------------|--------------------|---------------------------------|----|----------------------|------------------------|----------------------------------------|--------------------------------------|-----------------------------|---------------------|
| S. Ignatiev                                                                   | 20                   | ✓                  | ✓                               |    | ✓                    | ✓                      |                                        |                                      | ✓                           | ✓                   |
| V. Goreglyad                                                                  | 2                    | ✓                  | ✓                               |    | ✓                    | ✓                      |                                        |                                      | ✓                           | ✓                   |
| A. Kuleshov                                                                   | 2                    |                    | ✓                               | ✓  | ✓                    | ✓                      |                                        |                                      |                             | ✓                   |
| H. Gref                                                                       | 15                   | ✓                  | ✓                               |    | ✓                    | ✓                      |                                        | ✓                                    | ✓                           | ✓                   |
| S. Shvetsov                                                                   | 10                   | ✓                  | ✓                               |    | ✓                    | ✓                      | ✓                                      |                                      |                             |                     |
| N. Ivanova                                                                    | 18                   | ✓                  | ✓                               |    | ✓                    | ✓                      |                                        |                                      |                             |                     |
| O. Skorobogatova                                                              | 3                    | ✓                  | ✓                               | ✓  | ✓                    | ✓                      |                                        |                                      |                             |                     |
| M. Oreshkin                                                                   | 3                    |                    | ✓                               |    | ✓                    | ✓                      | ✓                                      | ✓                                    | ✓                           |                     |
| L. Boguslavskiy                                                               | 3                    |                    | ✓                               | ✓  | ✓                    | ✓                      |                                        |                                      |                             |                     |
| G. Melikyan                                                                   | 6                    | ✓                  | ✓                               |    | ✓                    | ✓                      |                                        |                                      | ✓                           |                     |
| B. Zlatkis                                                                    | 2                    | ✓                  | ✓                               |    | ✓                    | ✓                      | ✓                                      |                                      | ✓                           | ✓                   |
| N. Wells                                                                      | 6                    | ✓                  | ✓                               |    | ✓                    | ✓                      | ✓                                      | ✓                                    |                             |                     |
| N. Kudryavtsev <sup>1</sup>                                                   | 1                    |                    | ✓                               | ✓  | ✓                    | ✓                      |                                        |                                      | ✓                           | ✓                   |
| E. Aho                                                                        | 4                    |                    | ✓                               |    | ✓                    | ✓                      |                                        | ✓                                    | ✓                           | ✓                   |
| THE MEMBERS OF THE SUPERVISORY BOARD WHOSE POWERS TERMINATED FROM 24/05/2019: |                      |                    |                                 |    |                      |                        |                                        |                                      |                             |                     |
| V. Mau                                                                        | 12                   | ✓                  | ✓                               |    | ✓                    | ✓                      |                                        |                                      | ✓                           | ✓                   |

<sup>1</sup> On the Supervisory Board since 24/05/2019

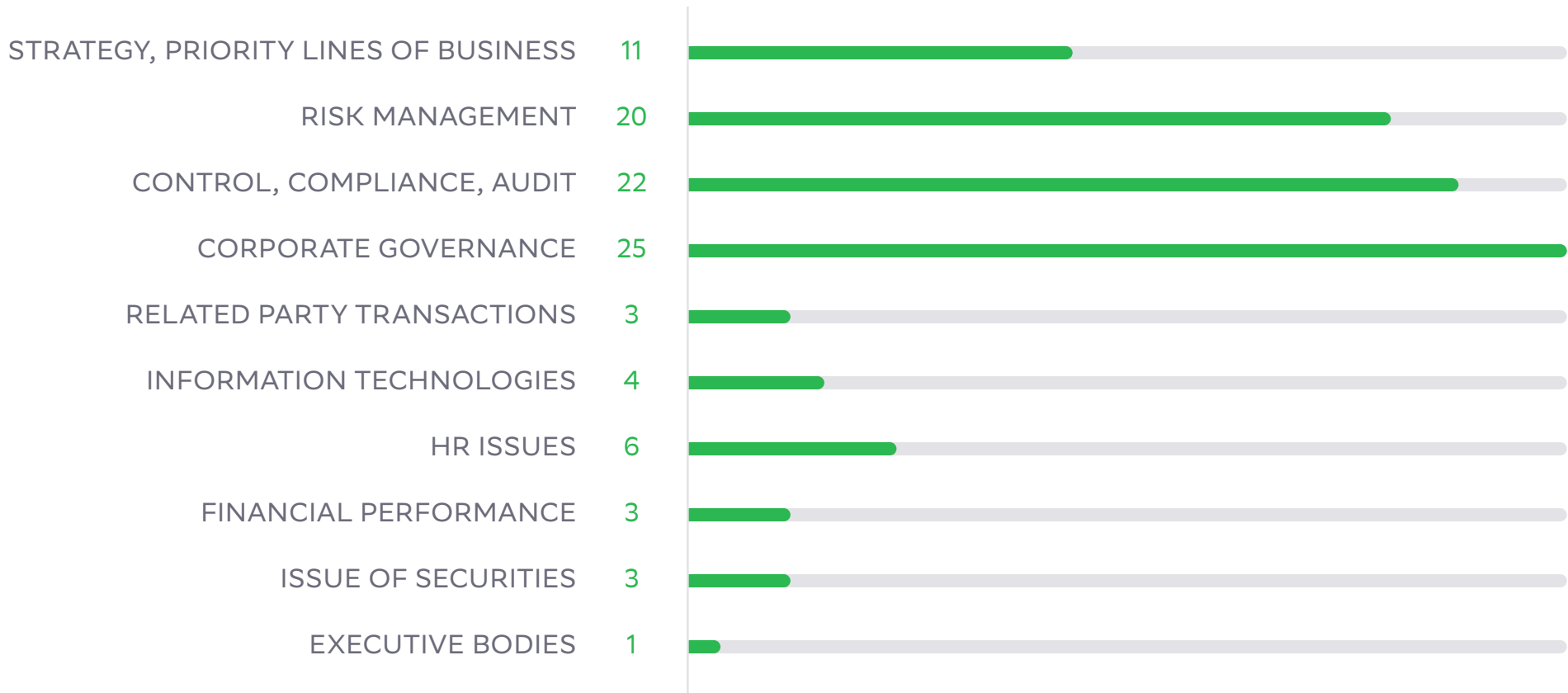


ON THE ACTIVITY OF THE SUPERVISORY BOARD  
IN 2019

In 2019, the Supervisory Board held 33 meetings, 7 of them were in-person, 26—in the form of absentee voting. In total, 98 issues have been reviewed during the meetings.

In the course of the year, the Supervisory Board reviewed the issues in the priority areas of Sberbank activity: business (lending to small and medium-sized enterprises, development of corporate and investment business, international operations, etc.), information technologies, risk and capital management strategy, internal control, compliance and audit, corporate governance, termination of powers of one of the Executive Board members. Reports of the management were heard concerning Sberbank business performance, granting consent to carrying out related-party transactions, and other issues.

Issues reviewed by  
the Supervisory Board in 2019



Participation of the Supervisory Board members in  
in-person Board meetings and committee meetings in 2019

| NAME OF THE MEMBER                                                            | NUMBER OF SUPERVISORY BOARD IN-PERSON MEETINGS ATTENDED (OUT OF THE 7 MEETINGS HELD) | NUMBER OF AUDIT COMMITTEE MEETINGS ATTENDED (OUT OF THE 8 MEETINGS HELD) | NUMBER OF HR AND REMUNERATION COMMITTEE MEETINGS ATTENDED (OUT OF THE 7 MEETINGS HELD) | NUMBER OF STRATEGIC PLANNING COMMITTEE MEETINGS ATTENDED (OUT OF THE 4 MEETINGS HELD) | NUMBER OF RISK MANAGEMENT COMMITTEE MEETINGS ATTENDED (OUT OF THE 10 MEETINGS HELD) | NUMBER OF IT COMMITTEE MEETINGS ATTENDED (OUT OF THE 1 MEETING HELD) |
|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Sergey Ignatiev                                                               | 7                                                                                    |                                                                          |                                                                                        |                                                                                       |                                                                                     |                                                                      |
| Sergey Shvetsov                                                               | 7                                                                                    |                                                                          |                                                                                        | 4                                                                                     |                                                                                     |                                                                      |
| Gennady Melikyan                                                              | 7                                                                                    |                                                                          | 7                                                                                      | 4                                                                                     | 10                                                                                  |                                                                      |
| Nadezhda Ivanova                                                              | 7                                                                                    | 6                                                                        |                                                                                        |                                                                                       | 10                                                                                  |                                                                      |
| Maksim Oreshkin                                                               | 5                                                                                    |                                                                          |                                                                                        | 2                                                                                     |                                                                                     |                                                                      |
| Olga Skorobogatova                                                            | 3                                                                                    |                                                                          |                                                                                        | 1                                                                                     |                                                                                     |                                                                      |
| Valery Goreglyad                                                              | 6                                                                                    | 8                                                                        | 6                                                                                      |                                                                                       |                                                                                     |                                                                      |
| Herman Gref                                                                   | 7                                                                                    |                                                                          |                                                                                        | 4                                                                                     |                                                                                     |                                                                      |
| Bella Zlatkis                                                                 | 7                                                                                    |                                                                          |                                                                                        |                                                                                       |                                                                                     |                                                                      |
| Nikolay Kudryavtsev <sup>1</sup>                                              | 4                                                                                    | 5                                                                        |                                                                                        |                                                                                       |                                                                                     | 1                                                                    |
| Esko Tapani Aho                                                               | 7                                                                                    |                                                                          |                                                                                        | 4                                                                                     | 6                                                                                   |                                                                      |
| Leonid Boguslavskiy                                                           | 7                                                                                    |                                                                          | 4                                                                                      | 4                                                                                     |                                                                                     | 1                                                                    |
| Aleksander Kuleshov                                                           | 7                                                                                    | 8                                                                        |                                                                                        |                                                                                       | 9                                                                                   | 1                                                                    |
| Nadya Christina Wells                                                         | 7                                                                                    | 8                                                                        |                                                                                        | 4                                                                                     | 9                                                                                   |                                                                      |
| THE MEMBERS OF THE SUPERVISORY BOARD WHOSE POWERS TERMINATED FROM 24/05/2019: |                                                                                      |                                                                          |                                                                                        |                                                                                       |                                                                                     |                                                                      |
| Vladimir Mau                                                                  | 3                                                                                    | 3                                                                        | 3                                                                                      |                                                                                       |                                                                                     |                                                                      |

<sup>1</sup> On the Supervisory Board since 24/05/2019



ASSESSMENT OF SUPERVISORY BOARD PERFORMANCE

The assessment of the Supervisory Board performance has been carried out at Sberbank since 2013. Once every three years, the Supervisory Board undergoes an external assessment of its performance by an independent consultant (in 2013, 2016, 2019), at all other times the Supervisory Board carries out annual performance self-assessment (by way of questionnaire survey).

SB HR and Remuneration Committee:

- organizes self-assessment of performance of SB and its committees in terms of efficiency of their work in general, as well as individual contribution of each member in the general performance of SB
- determines the self-assessment methodology

Self-assessment allows:

- taking into account opinions of SB members while improving the practice of its work and determining whether it complies with requirements set forth in international and national standards and recommendations in the field of corporate governance
- identifying staffing needs of SB

In the early 2019, independent external consultants, Oliver Wyman and Russian Independent Directors Association (IDA), completed the third external assessment of the Supervisory Board performance. The assessment helped to determine the areas for further Supervisory Board’s performance improvement: Ensure the balance of skills between the candidate members of the Supervisory Board in terms of knowledge and experience for the new Supervisory Board, develop succession practices for top managers, make discussions more effective and organize meetings in new formats. The assessment confirmed that the Bank’s corporate governance complies with the recommendations of the Code of Corporate Governance of the Bank of Russia and international standards

In December 2019, the Supervisory Board assessed its own 2019 performance.

The following areas were selected for self assessment

- Organization of work and composition of the Supervisory Board;
- Internal efficiency of the Supervisory Board;
- Interaction between the Supervisory Board and the Bank;
- Achievement of objectives by the Supervisory Board;
- Organization of work and efficiency of each Supervisory Board’s committee.

In the opinion of the performance assessment participants, the Supervisory Board plays a key role in the Bank’s corporate governance system and pays close attention to strategic matters, as well as closely monitors the Bank’s performance.

The self-performance assessment results also showed a high level of understanding among the Supervisory Board members of their role, powers, and scope of responsibility, which is greatly facilitated by the effective performance of the duties by the Chairman of the Supervisory Board.

The survey also resulted in a list of aspects related to the work undertaken by the Supervisory Board’s and the Committees that require additional attention and improvement.

BANK PRACTICE





LIABILITY INSURANCE

Liability of all members of the Supervisory Board related to the performance of their duties at the Bank is insured under the Liability Insurance Agreement for Directors, Officers and Companies.

D&O liability insurance provides the indemnity insurance that ensures the compensation for damages caused to the bank from the misjudgment of responsible persons.

The main Terms and Conditions of the D&O Liability Insurance Contract

|                                                           |                                                    |
|-----------------------------------------------------------|----------------------------------------------------|
| INSURER                                                   | JSC SOGAZ                                          |
| PERIOD OF COVERAGE                                        | July 2018—June 2020                                |
| INSURANCE PREMIUM                                         | RUB 74 m                                           |
| AMOUNT OF COVERAGE (FOR EACH YEAR OF INSURANCE)           | RUB 6 bn                                           |
| ADDITIONAL AMOUNT OF COVERAGE FOR AN INDEPENDENT DIRECTOR | RUB 30 m—for each RUB 150 m—in aggregate (for all) |

ONBOARDING AND PROFESSIONAL DEVELOPMENT OF THE MEMBERS OF THE SUPERVISORY BOARD

In 2019, the following training sessions were organized to foster the skills and professional knowledge of the members of the Supervisory Board:

|                                                                                             |                                                                                             |                                                                     |                                                                                          |                                                            |
|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------|
| MARCH 20                                                                                    | JUNE 25                                                                                     | SEPTEMBER 18                                                        | OCTOBER 15                                                                               | NOVEMBER 13                                                |
| Couching session “Corporate University practices and the challenges of modern neuroscience” | Educational ses- sion “Sberbank Supervisory Board's practices” (introduc- tory course—2019) | Program for SB audit committee members with the participation of EY | Discussion session “The sustainability and development of the Bank's financial business” | Educational session “Information technol- ogy in the Bank” |

THE INFORMATION ON SBERBANK SHARES OWNED BY THE MEMBERS OF THE SUPERVISORY BOARD AND ON TRANSACTIONS WITH SHARES IN 2019

| NAME OF THE MEMBER | EQUITY INTEREST IN THE CHARTER CAPITAL OF SBERBANK,% | SHARE OF OWNED COMMON SHARES,% | INFORMATION ON TRANSACTIONS WITH SBERBANK SHARES IN 2019 |
|--------------------|------------------------------------------------------|--------------------------------|----------------------------------------------------------|
| S. Ignatiev        |                                                      |                                | No transactions settled                                  |
| Sergey Shvetsov    |                                                      |                                | No transactions settled                                  |
| G. Melikyan        | 0.0001                                               | 0.0001                         | No transactions settled                                  |
| Nadezhda Ivanova   |                                                      |                                | No transactions settled                                  |
| M. Oreshkin        |                                                      |                                | No transactions settled                                  |
| Olga Skorobogatova |                                                      |                                | No transactions settled                                  |
| V. Goreglyad       |                                                      |                                | No transactions settled                                  |
| H. Gref            | 0.0031                                               | 0.003                          | No transactions settled                                  |
| B. Zlatkis         | 0.0004                                               | 0.0005                         | No transactions settled                                  |
| N. Kudryavtsev     |                                                      |                                | No transactions settled                                  |
| Esko Tapani Aho    |                                                      |                                | No transactions settled                                  |
| L. Boguslavskiy    |                                                      |                                | No transactions settled                                  |
| A. Kuleshov        |                                                      |                                | No transactions settled                                  |
| N. Wells           |                                                      |                                | No transactions settled                                  |

THE MEMBERS OF THE SUPERVISORY BOARD WHOSE POWERS TERMINATED FROM 24/05/2019:

|              |                         |
|--------------|-------------------------|
| Vladimir Mau | No transactions settled |
|--------------|-------------------------|

1 on the Supervisory Board of the Bank from 24/05/2019



BRIEF BIOGRAPHICAL DATA ON SUPERVISORY BOARD MEMBERS



Sergey Ignatiev

CHAIRMAN OF THE SUPERVISORY BOARD,  
NON-EXECUTIVE DIRECTOR

Born on: 10/01/1948

Current place of work (position): Advisor  
to the Governor of the Bank of Russia

Education:

1975: Lomonosov Moscow State  
University, major in Political Economy;

1981: Post-graduate student of  
Lomonosov Moscow State University,  
PhD in Economics, associate professor

Membership in Committees: no member-  
ship in Committees



Sergei Shvetsov

DEPUTY CHAIRMAN OF THE SUPERVISORY BOARD  
NON-EXECUTIVE DIRECTOR

Born on: 27/12/1970

Current place of work (position): First  
Deputy Governor of the Bank of Russia

Education:

1993: Lomonosov Moscow State  
University, major in Economic Cybernetics

Membership in Committees: Chairman of  
the Strategic Planning Committee



Gennady Melikyan

DEPUTY CHAIRMAN OF THE SUPERVISORY BOARD  
SENIOR INDEPENDENT DIRECTOR

Born on: 27/11/1947

Currently holds no positions

Education:

1974: Lomonosov Moscow State  
University, major in Political Economy;

1978: Post-graduate student of  
Lomonosov Moscow State University,  
PhD in Economics

Membership in Committees:  
Chairman of the Risk Management  
Committee Member of the Strategic  
Planning Committee Member of HR  
and Remuneration Committee



Valery Goreglyad

MEMBER OF THE SUPERVISORY BOARD,  
NON-EXECUTIVE DIRECTOR

Born on: 18/06/1958

Current place of work (position): Chief  
Auditor of the Bank of Russia

Education:

1981: Ordzhonikidze Moscow Aviation  
Institute, major in Aircraft Production;

1996: PhD in Economics;

2003: Doctoral Degree in Economics,

2012: Professor;

2017: the Russian Presidential Academy  
of National Economy and Public  
Administration, major in Legal Studies

Membership in Committees: Chairman of  
the Human Resources and Remuneration  
Committee, member of the Audit  
Committee



Nadezhda Ivanova

MEMBER OF THE SUPERVISORY BOARD,  
NON-EXECUTIVE DIRECTOR

Born on: 13/06/1953

Current place of work (position): Head  
of the Main Directorate of the Bank of  
Russia in the Central Federal District

Education:

1975: Moscow Financial Institute with  
a specialization in Finance & Credit

Membership in Committees: member of  
the Audit Committee, member of the Risk  
Management Committee

Detailed information on the members of the Supervisory Board:  
<https://psi-www-sberbank-com.sberbank.ru/investor-relations/corporate-governance/supervisory-board>



BRIEF BIOGRAPHICAL DATA ON SUPERVISORY BOARD MEMBERS



Maksim  
Oreshkin

MEMBER OF THE SUPERVISORY BOARD,  
NON-EXECUTIVE DIRECTOR

Born on: 21/07/1982

Current place of work (position):  
Adviser to the President of the  
Russian Federation

Education:

2004: Master's degree in Economics  
from the Higher School of Economics  
(Moscow), majoring in Economics

Membership in Committees: Member  
of the Strategic Planning Committee



Olga  
Skorobogatova

MEMBER OF THE SUPERVISORY BOARD,  
NON-EXECUTIVE DIRECTOR

Born on: 04/06/1969

Current place of work (position): First  
Deputy Governor of the Bank of Russia

Education:

1990: Plekhanov Russian University  
of Economics (with Honors);  
  
1995: California State University (USA),  
MBA in management and economics

Membership in Committees: member  
of the Strategic Planning Committee,  
member of the Information Technology  
Committee



Herman  
Gref

MEMBER OF THE SUPERVISORY BOARD,  
EXECUTIVE DIRECTOR

Born on: 08/02/1964

Current place of work (position): CEO,  
Chairman of the Executive Board  
of Sberbank

Education:

1990: F. M. Dostoyevsky Omsk State  
University majoring in Law;  
  
1993: postgraduate studies in the Law  
department at St. Petersburg State  
University;  
  
2011: PhD in Economics

Membership in Committees: Member  
of the Strategic Planning Committee



Bella  
Zlatkis

MEMBER OF THE SUPERVISORY BOARD,  
EXECUTIVE DIRECTOR

Born on: 05/07/1948

Current place of work (position): Deputy  
Chairman of the Executive Board of  
Sberbank

Education:

1970: graduated from Moscow Financial  
Institute majoring in Finance & Credit;  
  
1978: post-graduate study at the  
All-Union Correspondence Institute of  
Finance and Economy, PhD in Economics

Membership in Committees: no member-  
ship in Committees



Esko Tapani  
Aho

MEMBER OF THE SUPERVISORY BOARD,  
INDEPENDENT DIRECTOR

Born on: 20/05/1954

Current place of work (position): Senior  
Adviser, East Office of Finnish Industries

Education:

1980: University of Helsinki (Finland),  
Political History  
  
Membership in Committees: member of  
the Strategic Planning Committee, mem-  
ber of the Risk Management Committee



BRIEF BIOGRAPHICAL DATA ON SUPERVISORY BOARD MEMBERS



Leonid Boguslavskiy

MEMBER OF THE SUPERVISORY BOARD,  
INDEPENDENT DIRECTOR

Born on: 17/06/1951

Current place of work (position):  
Independent investor

Education:

1973: Moscow State University of  
Railway Engineering, major in Applied  
Mathematics;

1996: Second Doctoral degree  
in Technical Sciences

Membership in Committees: member of  
HR and Remuneration Committee, mem-  
ber of the Strategic Planning Committee,  
member of the Information Technology  
Committee



Nikolay Kudryavtsev

MEMBER OF THE SUPERVISORY BOARD,  
INDEPENDENT DIRECTOR

Born on: 08/05/1950

Current place of work (position):  
Rector of Moscow Institute of Physics  
and Technology (National Research  
University)

Education:

1973: Moscow Institute of Physics and  
Technology (MIPT), major in Physics  
and Chemical Process Mechanics;

1987: Doctor of Physical and  
Mathematical Sciences;

1990: Professor;

2003: Corresponding Member of the  
Russian Academy of Sciences (RAS)

Membership in Committees: member of  
the Audit Committee, member of the  
Information Technology Committee



Aleksandr Kuleshov

MEMBER OF THE SUPERVISORY BOARD,  
INDEPENDENT DIRECTOR

Born on: 02/05/1946

Current place of work (position): Skoltech  
President

Education:

1970: Lomonosov Moscow State  
University, major in mathematics;

1977: PhD in Technical Sciences;

1987: Second Doctoral degree  
in Technical Sciences;

1989: Professor degree;

2008: Corresponding Member of  
the Russian Academy of Sciences;

2011: Academician of the Russian  
Academy of Sciences

Membership in Committees: Chairman of  
the Information Technology Committee,  
member of the Audit Committee, mem-  
ber of the Risk Management Committee



Nadya Wells

MEMBER OF THE SUPERVISORY BOARD,  
INDEPENDENT DIRECTOR

Born on: 24/12/1970

Current place of work (position):  
Independent Investment and Corporate  
Governance Consultant

Education:

1993: Master’s degree from Oxford  
University (with Honors), major in Modern  
History and Modern Language;

2000: INSEAD Business School (France),  
MBA.

Membership in Committees: Chairman  
of the Audit Committee, Member of the  
Strategic Planning Committee, Member  
of the Risk Management Committee

The members of the Supervisory  
Board whose powers terminated  
from 24/05/2019:



Vladimir Mau

UNTIL 24/05/2019, DEPUTY CHAIRMAN  
OF THE SUPERVISORY BOARD  
INDEPENDENT DIRECTOR

Born on: 29/12/1959

Current place of work (position): Rector  
of the Russian Presidential Academy  
of National Economy and Public  
Administration

Education:

1981: Moscow Plekhanov Institute  
of National Economy, Economics  
Department;

1987: Institute of Economics of the USSR  
Academy of Sciences, PhD in Economics;

1994: Institute of Economics of the USSR  
Academy of Sciences, Second Doctoral  
degree in Economics;

1999: Pierre Mendès-France University  
(France), Ph.D in Economics.

Membership in Committees: until  
24/05/2019, Chairman of the Audit  
Committee, member of the Human  
Resources and Remuneration Committee



# Committees of the Supervisory Board

Committees of the Supervisory Board are the bodies established within its structure for preliminary review of the most important issues related to the competence of the Supervisory Board and make recommendations thereon. The committees include:

|    |                                  |
|----|----------------------------------|
| 01 | THE AUDIT COMMITTEE              |
| 02 | HR AND REMUNERATION COMMITTEE    |
| 03 | STRATEGIC PLANNING COMMITTEE     |
| 04 | RISK MANAGEMENT COMMITTEE        |
| 05 | INFORMATION TECHNOLOGY COMMITTEE |

The Committees report to the Supervisory Board. The heads of the committees provide reports to the Supervisory Board on the work they have done, the content of the items reviewed and resolutions adopted.

## COMPETENCE OF SUPERVISORY BOARD COMMITTEES



### Preliminary examination of issues in connection with:

|                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• The Bank's accounting (financial) documents;</li><li>• Risk management;</li><li>• Internal control;</li><li>• Corporate management;</li><li>• Internal and external audit;</li><li>• Suppression of unlawful acts committed by the Bank's employees and third parties</li></ul> | <ul style="list-style-type: none"><li>• Succession planning and planning of the composition of the Supervisory Board, executive boards and other key business executive positions within the Bank;</li><li>• Composition of an effective compensation system for Supervisory Board members, executive members and other employees of the Bank</li></ul> | <ul style="list-style-type: none"><li>• Determining the Bank's strategic goals (in cooperation with the Bank's executive organs);</li><li>• Managing the implementation of the Bank's development strategy and the development of recommendations for the Supervisory Board on adjusting this strategy;</li><li>• Evaluating the long-term performance of the Bank.</li></ul> | <ul style="list-style-type: none"><li>• Risk management and Bank's capital management strategies;</li><li>• Evaluating the Bank's policy on compensations for Supervisory Board members, executive organs and other key executive positions in order to ensure compliance with the risk and capitals management strategies;</li><li>• Ensuring the completeness, accuracy and credibility of the information on risks the Bank has accepted</li></ul> | <ul style="list-style-type: none"><li>• Development of recommendations for the Supervisory Board on the implementation of IT strategy, IT policies and Technological Risk Management Policy, as well as recommendations for solving ongoing issues with the development of the Bank's IT technologies;</li><li>• Supervision of the management of IT process structuring;</li><li>• Reviewing the issues of usage of data for the purpose of preserving and growing the Bank's intellectual capital</li></ul> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

# The Audit Committee

The Audit Committee has been created under the Supervisory Board for preliminary review of items related to control over the bank’s financial and economic activities.

## The main objectives of the Audit Committee:

- Enhance internal control, risk management, and corporate governance systems;
- Support the Supervisory Board in its administration and control regarding the functioning of these systems;
- Ensure the accuracy of the accounting (financial) statements;
- Monitor the performance of the external auditor and the Internal Audit Service.

## COMPOSITION OF THE AUDIT COMMITTEE

Most members of the Audit Committee are independent non-executive directors. The Chairman of the Audit Committee is an independent director.

During 2019, the membership of the Committee changed:

- Vladimir Mau, the Chairman of the Committee resigned from the Supervisory Board and the Committee (he was not elected during the Annual General Meeting of Shareholders held on 24/05/2019);
- Nadya Wells was elected new Chair of the Committee. Nikolay Kudryavtsev, a new independent member of the Supervisory Board, was included in the Committee. Thus the Committee still consists of five members.

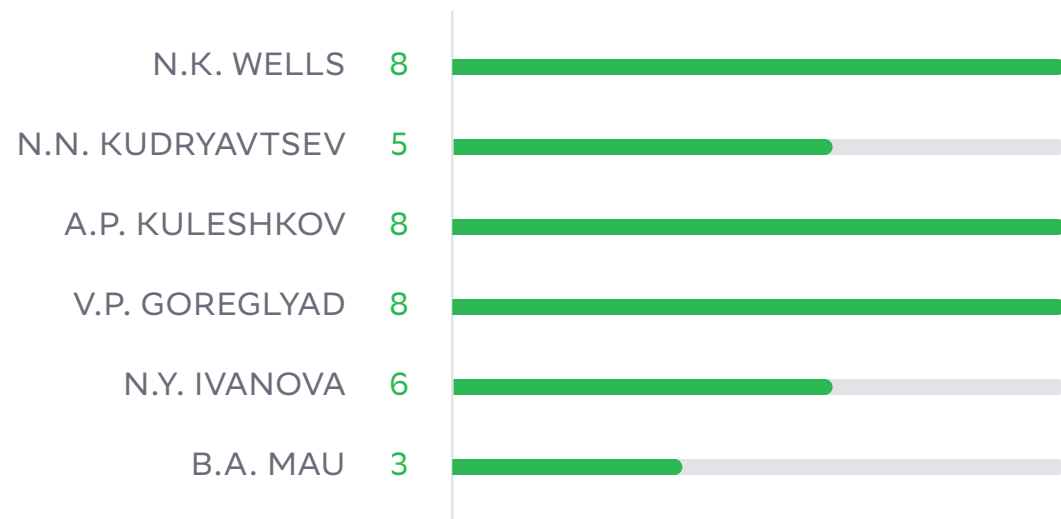
Thus the Committee still consists of five members:

|    |                                                    |
|----|----------------------------------------------------|
| 1. | N. Wells                                           |
|    | CHAIR, INDEPENDENT DIRECTOR                        |
| 2. | N. Kudryavtsev <sup>1</sup>                        |
|    | INDEPENDENT DIRECTOR                               |
| 3. | A. Kuleshov                                        |
|    | INDEPENDENT DIRECTOR                               |
| 4. | V. Goreglyad                                       |
| 5. | Nadezhda Ivanova                                   |
|    | POWERS TERMINATED FROM 24/05/2019:<br>Vladimir Mau |

<sup>1</sup> member of the Supervisory Board from 24/05/2019

## THE ATTENDANCE OF THE AUDIT COMMITTEE MEETINGS

In 2019, Audit Committee convened eight times (seven in-person meetings and one in absentia meeting).



## INTERACTION WITH AUDIT COMMISSION

The Chairman of the Audit Commission is invited to the Audit Committee meeting to review the item on financial and economic activity of the bank. Thanks to the participation of the Audit Commission member on the Audit Committee’s meetings, it is possible to have a constructive and meaningful discussion on the audit opinion, hear the opinion on whether the results of the financial and economic activity of the bank correspond to the real situation. In 2019, the Chairman of the Audit Commission joined one Audit Committee meeting.

In 2019, the Audit Commission was liquidated according to the resolution of the Meeting of Shareholders. The decision to liquidate it and to focus on strengthening Internal Audit Service was aimed at streamlining corporate governance structure at Sberbank, therefore, it did not infringe the shareholders’ rights.

## ACTIVITIES OF THE AUDIT COMMITTEE IN 2019

In 2019, the Audit Committee reviewed the following items within the scope of its competencies:

- Results of inspections carried out by Internal Audit Service of Sberbank for 2018, first half of 2019, and 9 months of 2019;
- Draft audit opinion of PwC Audit, an independent auditor, that audited the bank’s annual accounting (financial) RAS statements and IFRS consolidated statements for 2018;
- Auditor's opinion on annual accounting (financial) statements of Sberbank for 2018;
- Preliminarily reviewed Sberbank’s annual IFRS consolidated financial statement for 2018;
- Reviewed the candidate audit organization for Sberbank for 2019 and first quarter of 2020, for 2020 and first quarter of 2021;
- Heard the opinion of the Audit Commission on the results of audit of the financial and economic performance of Sberbank in 2018;
- Reviewed the distribution of profits and delivered recommendations on the amount of dividends payable for 2018;
- Approved the Audit Committee's Work Plan for 2019–2020;
- Heard the performance assessment of the Head of the Internal Audit Service of Sberbank;
- Heard the performance assessment of PwC Audit and recommendations following the audit for 2018;
- Reviewed the main items of the external 2019 audit and draft audit opinions related to the bank’s annual accounting (financial) RAS statements and IFRS consolidated statements for 2019;
- Approved Sberbank Internal Audit Service Work Plan for 2020;
- Reviewed the item on the amount of fees for additional services of the auditor—PwC Audit;
- Reviewed the draft Regulation of the Internal Audit Service of Sberbank.



# HR and Remuneration Committee

The HR and Remuneration Committee under the Supervisory Board is tasked with creating the efficient system for calculating remuneration, planning succession and ensuring the professional level of the members of the Supervisory Board and executive bodies, and other key managers of the bank.

## The main objectives of the HR and Remuneration Committee

- Strengthen the staff and increase the effectiveness of the Supervisory Board;
- Prepare proposals on development of an effective remuneration system for the Supervisory Board members, the bank's executive bodies and other key managers of the bank.

## COMPOSITION OF THE HR AND REMUNERATION COMMITTEE

The majority of the members of the HR and Remuneration Committee are independent directors. The Committee is chaired by a non-executive director.

During 2019, the membership of the Committee changed:

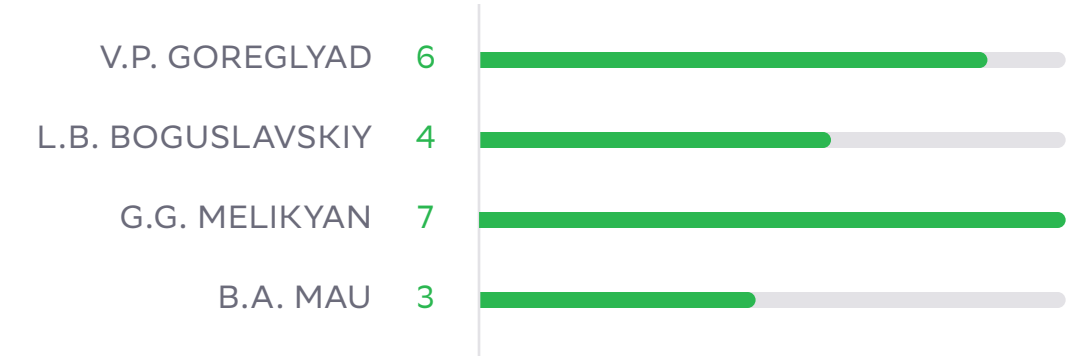
- Vladimir Mau, a member of the Committee left the Supervisory Board and the Committee (He was not elected by the Annual General Meeting of Shareholders held on 24/05/2019);
- Leonid Boguslavskiy is the newly elected member of the Committee.

Thus the Committee still consists of three members:

|                                    |                                                     |
|------------------------------------|-----------------------------------------------------|
| 1.                                 | V. Goreglyad                                        |
|                                    | CHAired BY AN INDEPENDENT OR NON-EXECUTIVE DIRECTOR |
| 2.                                 | L. Boguslavskiy                                     |
|                                    | INDEPENDENT DIRECTOR                                |
| 3.                                 | G. Melikyan                                         |
|                                    | INDEPENDENT DIRECTOR                                |
| POWERS TERMINATED FROM 24/05/2019: |                                                     |
| V. Mau                             |                                                     |

## ATTENDANCE OF THE HR AND REMUNERATION COMMITTEE’S MEETINGS

In 2019, the HR and Remunerations Committee held seven in-person meetings.



## ACTIVITIES OF THE HR AND REMUNERATION COMMITTEE IN 2019

In 2019, within the scope of its competencies, the HR and Remuneration Committee reviewed the following items:

- Findings of independent assessment of performance of Sberbank’s Supervisory Board and its Committees based on results of 2018;
- Candidates to the Supervisory Board and position of CEO, Chairman of the Executive Board to be elected at the Annual General Meeting of Shareholders of Sberbank on 2018 performance;
- Launch of a new cycle of the Long-term Remuneration Program for Sberbank’s employees taking risks;
- Keeping the current version of internal regulatory documents regulating the employee remuneration system of Sberbank and on results of assessment of Sberbank’s remuneration system;
- Approved the 2019–2020 Work Plan of the HR and Remuneration Committee;
- Reviewed the item on the Corporate Governance System of Sberbank;
- Reviewed the item on self-assessment of the Supervisory Board of Sberbank and its Committees based on 2019 performance;
- Approved the Action Plan following independent performance assessment of Sberbank's Supervisory Board and its Committees based on 2018 results;
- Reviewed the items on remuneration of CEO, Chairman of the Executive Board, and members of the Executive Board.

# The Strategic Planning Committee

The purpose of the Strategic Planning Committee is to prepare and present recommendations on the strategic development of the Bank to the Supervisory Board.

## The main tasks of the Strategic Planning Committee

- Analyze the items related to the setting of strategic goals, monitor the execution of the bank’s Development Strategy, draft recommendations to amend the Strategy to the Supervisory Board, assess the long-term performance of the bank.

## COMPOSITION OF THE STRATEGIC PLANNING COMMITTEE

Half of the members of the Strategic Planning Committee are independent non-executive directors. The Strategic Planning Committee is chaired by a non-executive director.

During 2019, the composition of the Strategic Planning Committee did not change:

|    |                  |                                                     |
|----|------------------|-----------------------------------------------------|
| 1. | S. Shvetsov      | CHAired BY AN INDEPENDENT OR NON-EXECUTIVE DIRECTOR |
| 2. | E. Aho           | INDEPENDENT DIRECTOR                                |
| 3. | L. Boguslavskiy  | INDEPENDENT DIRECTOR                                |
| 4. | N. Wells         | INDEPENDENT DIRECTOR                                |
| 5. | G. Melikyan      | INDEPENDENT DIRECTOR                                |
| 6. | H. Gref          |                                                     |
| 7. | O. Skorobogatova |                                                     |
| 8. | M. Oreshkin      |                                                     |

## ATTENDANCE OF THE STRATEGIC PLANNING COMMITTEE’S MEETINGS

In 2019, the Strategic Planning Committee held four in-person meetings.



## ACTIVITIES OF THE STRATEGIC PLANNING COMMITTEE IN 2019

In 2019, the Strategic Planning Committee reviewed the following items within the scope of its competencies:

- Status of the investment program for digital business development at Sberbank;
- Development of corporate culture and HR brand;
- Status of AI Transformation Program;
- Implementation of strategic programs of Sberbank: Unified Front-End System (UFES), Business Development Support Program (BDSP) and Data Factory Program (SFD);
- International business of Sberbank;
- Approval of the Strategic Planning Committee’s Work Plan for 2019–2020;
- Status of the Sberbank Information Policy and the outlook for marketing.

# The Risk Management Committee

The purpose of the Risk Management Committee is to prepare and present recommendations on risk management to the Supervisory Board.

## Risk Management Committee’s main goals

- Review risk management strategy and risk appetite of the bank and the Group in advance;
- Monitor the implementation of the risk management strategy and risk appetite.

## MEMBERS OF THE RISK MANAGEMENT COMMITTEE

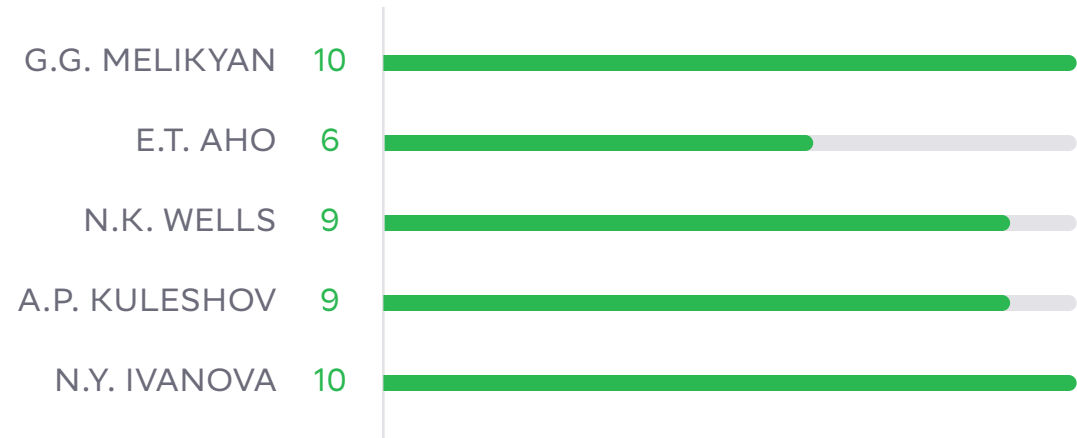
Most members of the Risk Management Committee are independent non-executive directors. Risk Management Committee is chaired by an independent director.

During 2019, the composition of the Risk Management Committee did not change:

- |    |                                |
|----|--------------------------------|
| 1. | G. Melikyan                    |
|    | CHAIRMAN, INDEPENDENT DIRECTOR |
| 2. | E. Aho                         |
|    | INDEPENDENT DIRECTOR           |
| 3. | N. Wells                       |
|    | INDEPENDENT DIRECTOR           |
| 4. | A. Kuleshov                    |
|    | INDEPENDENT DIRECTOR           |
| 5. | N. Ivanova                     |

## THE ATTENDANCE OF THE RISK MANAGEMENT COMMITTEE MEETINGS

In 2019, the Risk Management Committee held ten meetings (five in-person and five in-absentia meetings).



## ACTIVITIES OF THE RISK MANAGEMENT COMMITTEE IN 2019

In 2019, the Risk Management Committee reviewed the following items within the scope of its competencies:

- Sberbank report on risks for 2018;
- Monitoring results for IRB ratings systems for Q4 2018, Q1 2019 and Q2 2019;
- Update of the Risk Management and Capital Management Strategy of Sberbank Group and Sberbank (including Risk Appetite, planned levels and planned structure of capital);
- Update of the Risk Appetite of Sberbank Group;
- Sberbank Group Risk Report for Q1 and Q2 2019;
- Approved new versions of internal regulatory documents, which establish the methods, procedures and systems of control over the use of the internal ratings based approach (IRB) and regulate the methods of realization by the Supervisory Board of its powers in using the IRB.
- Item on applying banking risk management methods and quantitative risk assessment model for Sberbank’s capital adequacy calculation;
- Item on submitting an application to obtain permission to make substantial changes to the banking risk management methodologies and quantitative risk assessment models for retail borrowers used to determine the internal ratings-based amount of credit risk for the purposes of calculating the capital adequacy ratios of Sberbank;
- Approved the Work Plan of the Risk Management Committee for 2019–2020;
- Reviewed the item on the update of the Risk Appetite of Sberbank Group.



# Information Technology Committee

In the second half of 2019, a new, fifth Committee, the Information Technology Committee, was established within the Supervisory Board’s structure to address the scale of the bank’s technology transformation and IT-related items. It was created in line with the wishes of the Supervisory Board’s members that they voiced during the Supervisory Board’s performance assessment.

## The main task of the Committee

- Prepare recommendations on introducing, utilizing, developing and managing information technologies and submit them for review to the Supervisory Board.

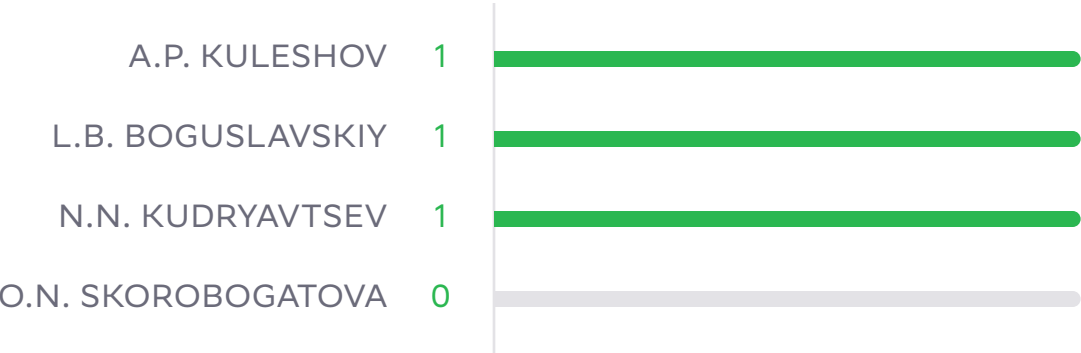
## COMPOSITION OF THE INFORMATION TECHNOLOGY COMMITTEE

The Information Technology Committee mostly consists of independent non-executive directors and IT experts. The Information Technology Committee is chaired by an independent director.

- |    |                                |
|----|--------------------------------|
| 1. | A. Kuleshov                    |
|    | CHAIRMAN, INDEPENDENT DIRECTOR |
| 2. | L. Boguslavskiy                |
|    | INDEPENDENT DIRECTOR           |
| 3. | N. Kudryavtsev                 |
|    | INDEPENDENT DIRECTOR           |
| 4. | O. Skorobogatova               |

## ATTENDANCE OF THE INFORMATION TECHNOLOGY COMMITTEE’S MEETINGS

In 2019, the Information Technology Committee convened in-person once.



## ACTIVITIES OF THE INFORMATION TECHNOLOGY COMMITTEE IN 2019

In 2019, within the scope of its competencies, the Information Technology Committee reviewed the following items:

- Performance of Sberbank laboratories;
- Approved the Work Plan for the Information Technology Committee for 2019–2020.

# Executive Bodies

## EXECUTIVE BOARD

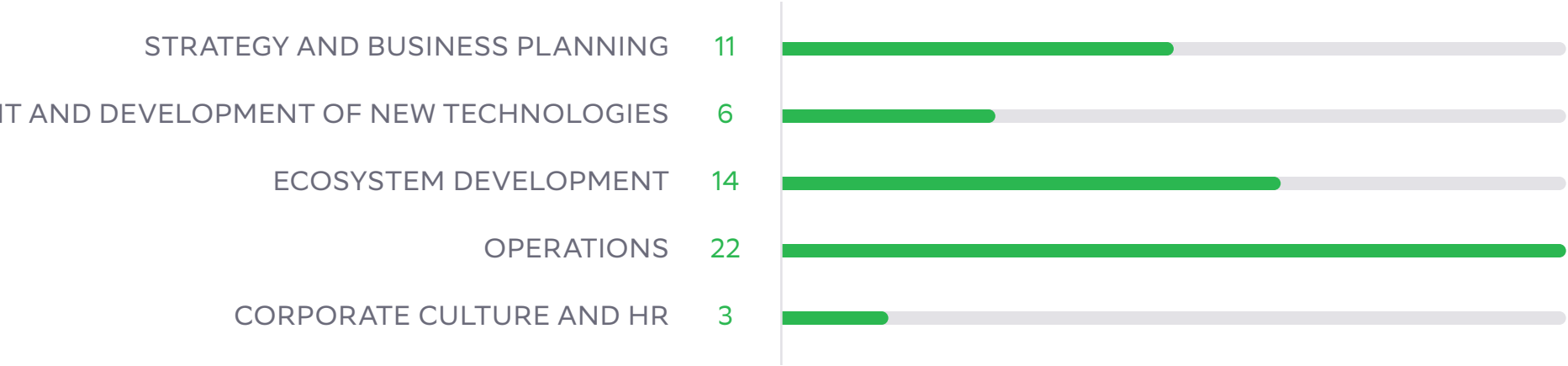
The Executive Board of the bank is a collective executive governing body headed by the CEO and the Chairman of the Executive Board, which is responsible for the general management of the bank's current activities.

At least once a year the Executive Board provides to the Supervisory Board a report on the progress of the bank's strategy and the execution of the resolutions approved by the Supervisory Board and General Meeting of Shareholders, and on a quarterly basis delivers a report on the bank's financial and economic performance and the level of risks assumed by the bank. Board members are appointed and dismissed by resolutions of the Supervisory Board.

The CEO and Chairman of the Executive Board of the Bank heads the Executive Board and manages its activities, manages the operations of the Bank, enforces the resolutions of the Supervisory Board and General Meeting of Shareholders, organizes the work of the Executive Board, allocates responsibilities among the members of the Executive Board, and chairs the Executive Board's meetings. CEO, Chairman of the Executive Board is elected by the Supervisory Board for 4 years.

The CEO and Chairman of the Executive Board is responsible for organizing the training system and reliability of the bank's accounting (financial) statements, the timely disclosure of information, and providing its shareholders, the bank's clients and other interested parties, with information about the bank's activities.

## Items reviewed by the Executive Board in 2019



## Composition of the Executive Board of Sberbank<sup>1</sup>

1.

Herman Gref

CEO, CHAIRMAN OF THE EXECUTIVE BOARD
2.

Alexander Vedyakhin

FIRST DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD
3.

Lev Khasis

FIRST DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD
4.

Oleg Ganeev

DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD
5.

Bella Zlatkis

DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD
6.

Svetlana Kirsanova

DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD
7.

Stanislav Kuznetsov

DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD
8.

Alexander Morozov

DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD
9.

Anatoly Popov

DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD

## Executive Board membership changes

- From 1 January to 31 December 2019 the membership of the Executive Board remained unchanged.
- The meeting of the Supervisory Board held on 12 November 2019 adopted a resolution to terminate the powers of Alexander Morozov, a Deputy Chairman of the Executive Board, from 1 July 2020 and remove him from the Executive Board.

<sup>1</sup> as of December 31, 2019



Ownership of shares by the members of the Executive Board of Sberbank

| NAME OF EXECUTIVE BOARD MEMBER | EQUITY INTEREST IN THE CHARTER CAPITAL OF SBERBANK, % | SHARE OF OWNED COMMON SHARES, % | INFORMATION ON TRANSACTIONS WITH SBERBANK SHARES IN 2019                                                                                                                                                                                                         |
|--------------------------------|-------------------------------------------------------|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Herman Gref                    | 0.0031                                                | 0.003                           | No transactions settled                                                                                                                                                                                                                                          |
| Alexander Vedyakhin            | 0.000027                                              | 0.000029                        | No transactions settled                                                                                                                                                                                                                                          |
| Lev Khasis                     | —                                                     | —                               | On 07 June 2019, settled transaction for the sale of ordinary shares of Sberbank. Before the transaction, the stake in the authorized share capital—0.0012%, share of the ordinary shares held—0.0013%.                                                          |
| Oleg Ganeev                    | 0.0012                                                | 0.00053                         | On 29 March 2019, purchased preferred shares of Sberbank. Before the transaction, the stake in the authorized share capital—0.00051%, share of the ordinary shares held—0.00053%.                                                                                |
| Bella Zlatkis                  | 0.0004                                                | 0.0005                          | No transactions settled                                                                                                                                                                                                                                          |
| Svetlana Kirsanova             | —                                                     | —                               | No transactions settled                                                                                                                                                                                                                                          |
| Stanislav Kuznetsov            | 0.00059                                               | 0.0006                          | No transactions settled                                                                                                                                                                                                                                          |
| Alexander Morozov              | 0.0017                                                | 0.001                           | No transactions settled                                                                                                                                                                                                                                          |
| Anatoly Popov                  | —                                                     | —                               | On 30.01.2019 sold ordinary shares of Sberbank. Before the transaction, the stake in Sberbank charter capital amounted to 0.00024%, the stake in ordinary shares amounted to 0.00025%. Notification of the transaction was received and disclosed in March 2020. |



BRIEF BIOGRAPHICAL DATA ON EXECUTIVE BOARD MEMBERS



Herman  
Gref

Born on: 08/02/1964

Current place of work (position): CEO,  
Chairman of the Executive Board  
of Sberbank

Education:

- 1990: F. M. Dostoyevsky Omsk State  
University majoring in Law
- 1993: postgraduate studies in the  
Law department at St. Petersburg State  
University
- 2011: PhD in Economics

Became a member of the Executive Board  
in: 2007



Aleksander  
Vedyakhin

Born on: 20/02/1977

Current place of work (position): First  
Deputy Chairman of the Executive Board,  
Sberbank

Education:

- 1999: Volgograd State Technical  
University, major in Global Economics
- 2001: awarded a degree of Candidate of  
Economic Sciences
- 2010: Academy of National Economy  
under the Government of the Russian  
Federation, MBA Banks program

Became a member of the Executive Board  
in: 2018



Lev  
Khasis

Born on: 05/06/1966

Current place of work (position): First  
Deputy Chairman of the Executive Board,  
Sberbank

Education:

- 1989: the Korolev Kuibyshev Aviation  
Institute of the Order of the Labor Red  
Banner (Aircraft Engineering)
- 1995: the Institute of Retraining and  
Advanced Training in Finance and Banking  
of the Financial Academy under the  
Government of the Russian Federation  
(Banking)
- 2001: St. Petersburg University of the  
Ministry of Internal Affairs of the Russian  
Federation (Law)
- 2007: Institute for Systems Analysis  
of Russian Academy of Sciences, PhD  
in Economics (second doctoral degree)

Became a member of the Executive Board  
in: 2013



Oleg  
Ganeev

Born on: 05/10/1972

Current place of work (position): Deputy  
Chairman of the Executive Board of  
Sberbank

Education:

- 1995: Ufa State Aviation Technical  
University with a specialization  
in Automated Design Engineering  
Systems
- 1997: Bashkir State University with  
a degree in Economic and Social Planning
- 2010: MBA program in Strategic  
Management and Marketing at the  
Academy of National Economy under the  
Government of the Russian Federation
- 2014: London Business School,  
Management and Finance for Bankers

Became a member of the Executive Board  
in: 2014



Bella  
Zlatkis

Born on: 05/07/1948

Current place of work (position): Deputy  
Chairman of the Executive Board of  
Sberbank

Education:

- 1970: Moscow Financial Institute, major  
in Finance and Credit
- 1978: post-graduate study at the All-  
Union Correspondence Institute of  
Finance and Economy, PhD in Economics

Became a member of the Executive Board  
in: 2005

For more information in the members of the Executive Board, please visit  
<https://www.sberbank.com/investor-relations/corporate-governance/sberbank-executive-board>



BRIEF BIOGRAPHICAL DATA ON EXECUTIVE BOARD MEMBERS



SVETLANA  
KIRSANOVA

Born on: 23/12/1983

Current place of work (position) Deputy  
Chairman of the Executive Board of  
Sberbank

Education:

2008: Russian State Social University,  
major in Finance and Credit

Became a member of the Executive Board  
in: 2018



Stanislav  
Kuznetsov

Born on: 25/07/1962

Current place of work (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, major in Law

2005: PhD in Law

Became a member of the Executive Board  
in: 2008



Aleksander  
Morozov

Born on: 09/03/1969

Current place of work (position) Deputy  
Chairman of the Executive Board of  
Sberbank

Education:

1995: Lomonosov Moscow State  
University major in Economic Theory

2004: MBA from Harvard Business School

Became a member of the Executive Board  
in: 2008



Anatoly  
Popov

Born on: 05/12/1974

Current place of work (position) Deputy  
Chairman of the Executive Board of  
Sberbank

Education:

1995: Novosibirsk State University, major  
in Applied Mathematics and Informatics

1997: Novosibirsk State University, major  
in Economics and Enterprise Management

Became a member of the Executive Board  
in: 2018



# Corporate Secretary

The position of Corporate Secretary has been established in the bank to ensure the compliance with the current law, Charter and internal regulatory documents of the bank that guarantee the rights and legitimate interests of shareholders and support the development of corporate governance practices.

The Corporate Secretary is appointed by the Supervisory Board, which the Corporate Secretary is accountable to and controlled by. The Corporate Secretary reports administratively to the CEO, Chairman of the Executive Board.

The activities of the Corporate Secretary are governed by the Regulation on the Corporate Secretary approved by the Supervisory Board: <https://www.sberbank.com/investor-relations/disclosure/regulative-documents>



Oleg  
Tsvetkov

CORPORATE SECRETARY, SBERBANK;  
MANAGING DIRECTOR, HEAD OF THE CORPORATE  
SECRETARY SERVICE

Date of Birth: 01 December 1973

Place of work (position)

September 2014 to present: Corporate Secretary of Sberbank—Head of the Corporate Secretary Service;

July 2011 to present: Chairman of the Board of Russian public organization “National Association of Corporate Secretaries”

Education

2000: Moscow State Law Academy, majoring in Legal Studies;

2002: PhD in Philology (English);

2008: Business School at the Northumbria University (UK), MBA.



# Remuneration system

## REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD

Payment of remuneration to members of the Supervisory Board of the Bank and compensation of expenses connected with their participation in work of the Supervisory Board shall be made according to the procedure established by the Bank's internal document—that is, Regulation on Remuneration and Compensation to the Members of the Supervisory Board (hereinafter, the Regulation) approved by Annual General Meeting of Shareholders of Sberbank on 29 May 2015 (Minutes No. 28, dated 3 June 2015), taking into account the changes approved by Annual General Meeting of Shareholders of Sberbank on 27 May 2016 (Minutes No. 29, dated 1 June 2016).

Remuneration consists of a basic part, which is paid to a member of the Supervisory Board provided that he or she participated in no less than a half of the Supervisory Board meetings held in the billing period, and additional remuneration for work in the Committees, for chairing the Committees and performance of duties of the senior independent director, and for chairing the Supervisory Board.

In calculating the remuneration of a member of the Supervisory Board for the current Payment Period, the amounts of the base and additional remuneration established at the time of his or her election to the Supervisory Board shall apply.

The remuneration for the members of the Supervisory Board for 12M2019 for their work in this Bank’s management body amounted to RUB 63.1 m, including:

- RUB 47.2 m as the base remuneration;
- RUB 3.5 m for performing the duties of the Committee chairpersons of the Supervisory Board and the Senior Independent Director (RUB 1,770 thousand to each chairperson);
- RUB 12.4 m for performing the duties of Committee members.

| TYPE OF REMUNERATION                                                                                                                                        | SIZE OF REMUNERATION           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| Basic remuneration                                                                                                                                          | RUB 5.9 m                      |
| Additional remuneration for the performance of duties of a member of any of the Committees of the Supervisory Board                                         | +20% of the basic remuneration |
| Additional remuneration for the performance of duties of the Chairman of any of the Committees of the Supervisory Board and the Senior Independent Director | +30% of the basic remuneration |
| Additional remuneration for the performance of duties of Chairman of the Supervisory Board                                                                  | +50% of the basic remuneration |

Information on the remuneration specified for members of the Supervisory Board who gave their written consent to receive remuneration. Also, the Regulation provides the possibility of compensation to members of the Supervisory Board of target expenses related to the performance of their duties as Board members. In the 12 months of 2019, one member of the Supervisory Board received compensation for special expenses related to the performance of that member’s functions in the amount of RUB 6.4 thousand.

## REMUNERATION FOR MEMBERS OF THE AUDIT COMMISSION

The Annual General Meeting of Shareholders of Sberbank held on 24 May 2019 approved the new version of the Charter, which does not provide for the establishment of an Audit Commission at the Bank. In this regard, the Audit Commission in Sberbank is not elected starting in 2019. Until 2019, the number of the members of the Audit Commission was 7 (3 external representatives and 4 representatives of Sberbank).

Remuneration for 2018 paid to the members of the Audit Commission and compensation for expenses resulted from their contribution to the work of this control body were made in the amount and under the procedure established by the Bank’s internal document—the Regulations on the Audit Commission, an internal document of Sberbank approved by the Annual General Meeting of Shareholders of the Bank on 6 June 2014. For the performance of their duties, the Chairman of the Audit Commission was paid remuneration of RUB 1 m; the members of the Audit Commission—RUB 750 thousand each.

The total remuneration paid to the members of the Audit Commission in 2019 amounted to RUB 84.5 m and was paid to the members of the Audit Commission who are employees of the Bank:

- Remuneration for performing the duties of members of the Audit Commission—RUB 2.2 m;
- Remuneration (official salary, bonuses, paid leave, payment of average earnings during business trips) to the amount of RUB 82.3 m.

There was no payment of remuneration to Audit Commission members not employed by the Bank for 12 months of 2019.



REMUNERATION OF MEMBERS OF THE EXECUTIVE BOARD

Sberbank's Policy for the remuneration of Executive Board members provides for the dependence of remuneration on the results of the bank's performance and each Board member's personal contribution to the achievement of such a result through the use of tools for regular performance evaluations through a system of balanced performance indicators.

The wage structure includes fixed and variable components. The variable remuneration is directly linked to key performance indicators and fulfillment of a number of key efficiency indicators, including individual and team, financial and non-financial indicators. The basic elements of the variable component of remuneration are quarterly bonuses and remuneration depending on performance results for the year.

In 2015, the Bank also adopted a long-term incentive program for key executive staff, which was based on the value of Bank shares and which provided for cash payments. The program was created on the basis of the risk-oriented remuneration concept, and it fully meets the requirements of the Bank of Russia for remuneration payment systems in Russian credit institutions.

The program is based on the following parameters:

- 40% of the variable part of the annual remuneration is deferred and will be paid in the future in three annual payments;
- payments to the program participants depend of the positive results of the bank's activities. Long-term remuneration may be corrected (up to complete cancellation) taking into consideration the responsibility of the employee, the participant of the long-term remuneration program in adopting the solutions that led to the risk realization.

The respective liabilities shall be included in other financial liabilities in the consolidated statement of financial position before payment is made.

Obligations on repayment of long-term remuneration based on shares amounted to RUB 3.8 billion as of 31 December 2019.

During 2019, there were no cases of prepayment of deferred remuneration upon dismissal. In 2019, there were no cases of non-payment or withholding of deferred remuneration due to adjustments based on the risks accepted. In 2019, there was no severance payments for the members of the Executive Board.

| TYPE OF REMUNERATION                                                             | FIXED REMUNERATION                                                                                                                                                                               | VARIABLE REMUNERATION                                                                                                                                                                                                                                                                                                     | LONG-TERM REMUNERATION                                                                                                |
|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Remuneration for the members of the Executive Board in 2019, RUB bn <sup>1</sup> | 1.4                                                                                                                                                                                              | 2.9                                                                                                                                                                                                                                                                                                                       | 2.0                                                                                                                   |
| TOTAL: RUB 6.3 bn                                                                |                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                           |                                                                                                                       |
| Target                                                                           | Competitive incentives to attract and retain high skilled managers                                                                                                                               | Aimed at delivering on personal and team performance indicators                                                                                                                                                                                                                                                           | Aimed at aligning the interests of the top management and the bank’s shareholders, long-term sustainable value growth |
| Description                                                                      | Paid fixed remuneration includes official salaries, paid leave, business trips compensation. Set based on the experience, management role in Sberbank and remuneration level on the labor market | The paid variable remuneration includes quarterly bonuses, remuneration based on the yearly performance, accrued in 2019. Directly related to the status of a number of key performance indicators: <ul style="list-style-type: none"><li>• Personal and team KPIs;</li><li>• Financial and non-financial KPIs;</li></ul> | Remuneration paid in the reporting year                                                                               |
| Frequency of payments                                                            | Monthly                                                                                                                                                                                          | Quarterly/annually, subject to KPI delivery                                                                                                                                                                                                                                                                               | Annually if Sberbank performance is positive                                                                          |

<sup>1</sup> The amount of remuneration for 2019 is shown in accordance with Sberbanks' quarterly report.



# Compliance

The bank has developed and uses the following main documents regulating compliance activities, three of which are available on the bank's website:

- Compliance Risk Management Policy;
- Anti-Corruption Policy<sup>1</sup>;
- Conflict of Interests Management Policy<sup>2</sup>;
- Policy on Countering Illegitimate Use of Insider Information and Market Manipulation<sup>3</sup>;
- Policy on Special Economic Measures Imposed by International Organizations and Individual Countries;
- Policy on Implementation of the United States Foreign Account Tax Compliance Act (FATCA);
- Rules of Internal Control to Combat Money Laundering, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction.

## COMPLIANCE ACTIVITY AND ACHIEVEMENTS IN 2019

- Sberbank's compliance management system has been successfully certified during the audit by the International Compliance Association for quality standards ISO/IEC 19600:2014 “The Compliance Function Management” and recertified for international standard ISO/IEC 37001:2016 “Anti-bribery Management Systems”;
- Professional development program “Compliance” has been successfully certified by EFMD EOCCS (European Foundation for Management Development Online Course Certification System);
- Training has been conducted under the Anti-Corruption professional development program within the framework of the National Anti-Corruption Plan for 2018–2020. The program has been developed by experts of the Compliance Division, RANEPa and Sberbank Corporate University for employees of the bank whose official and/or functional responsibilities include anti-corruption issues;
- Machine learning tools have been incorporated in key compliance control processes to improve the quality of suspicious transaction identification;
- Efficiency of monitoring operations with signs of market manipulation has been improved: there has been a threefold increase in the number of reports about suspicious transactions sent to the regulator;
- Compliance support has been provided for Sberbank activities to align them with the requirements for rendering individual investment recommendations to clients;
- The bank has started digitalization of the processes for monitoring conflicts of interest and anti-corruption processes at the bank;
- The bank has been maintaining the Compliance Hotline to ensure anonymity and confidentiality of the reported information and has been conducting anti-corruption expertise of internal regulatory documents developed by the bank's units as well as other activities to implement the anti-corruption system at the bank.

<sup>1</sup> <https://www.sberbank.com/common/img/uploaded/files/harmony.society/anticorruptionpolicyeng.pdf>

<sup>2</sup> [https://www.sberbank.com/common/img/uploaded/files/pdf/normative\\_docs/conflict\\_of\\_interest\\_management\\_policy\\_en.pdf](https://www.sberbank.com/common/img/uploaded/files/pdf/normative_docs/conflict_of_interest_management_policy_en.pdf)

<sup>3</sup> [https://www.sberbank.com/common/img/uploaded/com/compliance/insinform/anketa\\_fin\\_m\\_en.pdf](https://www.sberbank.com/common/img/uploaded/com/compliance/insinform/anketa_fin_m_en.pdf)

COMPLIANCE TRAINING

All compliance educational efforts are developed by the Compliance Division employees and held remotely through multimedia electronic courses as well as during in-person trainings and consultations.

All new employees of the bank learn about the main compliance requirements and basic provisions of the Code of Corporate Ethics as part of their compliance induction course. Certain provisions of the Code are included in electronic courses on conflict of interest management and anti-corruption. Together with the Directorate for Corporate Culture Development, short videos with ethical dilemmas that employees need to solve based on the bank’s values set forth in the Code were developed.

97%

OF THE TARGET AUDIENCE (THE BANK’S EMPLOYEES) HAVE SUCCESSFULLY COMPLETED THE COMPLIANCE TRAINING

In 2019, the training events focused on the following areas:

- Anti-money laundering and combating the financing of terrorism training followed by a test;
- Countering corruption and controlling conflict of interest in the format of skill-building program entitled ‘Counteracting Corruption’; The training was attended by more than 4,500 employees whose job descriptions or functional duties include countering corruption;
- General compliance control, including professional development program ‘Compliance’, electronic courses ‘Introduction to compliance for top executives’ and ‘Introductory course in compliance risk management for new employees’;
- Regulatory requirements to investment advisory, securities and derivatives sales (3.7k employees participated in the training);
- FATCA/CRS requirements implementation. More than 50,000 employees of the bank underwent this training program.
- An electronic training course focused on illegal use of insider information was developed and launched for the employees categorized as insiders. Additionally, two in-person insider information protection trainings were held for the employees of Financial Department and IT division of the Corporate and Investment Business. About 400 employees took part in the trainings.

The educational events for the members of the Supervisory Board also included in-person educational session entitled “Work Practices of the Supervisory Board of Sberbank” that focused on a number of topics including compliance risk management. 14 members of the Supervisory Board underwent the session.

The number of employees trained in anti-money laundering and counter-terrorist financing

| COURSE                                                                          | NUMBER OF TRAINED EMPLOYEES, THOUSANDS |
|---------------------------------------------------------------------------------|----------------------------------------|
| Primary test of AML/CFT knowledge                                               | 40                                     |
| Planned AML/CFT training for 2019                                               | 160                                    |
| Ad-hoc AML/CFT training focused on the National Risk Assessment                 | 146                                    |
| Ad-hoc AML/CFT training focused on the amendments in the Internal Control Rules | 160                                    |

All Sberbank employees benefited from awareness-raising campaigns focused on complying with the provisions of the Code of Corporate Ethics and Gift Rules. The formats included screensavers, posters and animated cartoon.



PARTICIPATION IN PROFESSIONAL COMMUNITIES

The bank is actively involved in the work of professional communities, engages and shares compliance information with the following organizations:

- Compliance Council of the Federal Financial Monitoring Service
- International Training and Methodology Centre for Financial Monitoring
- Compliance Risk and AML/CFT Committee of the Association “Russia”
- Expert panel on AML/CFT and compliance risks of the Council of the Federation Budget and Financial Markets Committee
- National Association of Stock Market Participants (NAUFOR)
- National Fund Association (NFA)
- Compliance Club established by the Interdisciplinary Laboratory for Anti-Corruption Policy of HSE University
- Working group for the project of the Fintech Association “KYC Platform” for lending organizations.

The meetings discussed anti-money laundering and combatting the financing of terrorism and proliferation of weapons of mass destruction, countering corruption, and conflict of interest management, including the amendments to the law and regulations. The experts analyzed the initiatives to improve compliance procedures and reviewed the issues related to the implementation of special economic measures. Such collaboration helps to speed up the process of sharing information on new ML/FT risks and other compliance-related topics and to adopt consistent risk management approaches that consider the view of the regulators.

KEY COMPLIANCE PLANS FOR 2020

There are plans for 2020 to roll out a set of measures aimed at digitalizing compliance processes related to the conflict of interest management and countering corruption:

- Develop and launch a chat bot that will provide online consultations for employees;
- Ensure that the information on conflicts of interest is disclosed automatically;
- Ensure automatic update of information and control of conflict of interest;
- Develop and provide an electronic service for coordinating employee participation in entertainment and educational activities.

There are also plans for 2020 to further improve the methodological base as regards to compliance control, anti-corruption, and control of conflict of interest, as well as update the training programs and electronic courses in these areas. It is planned to develop multimedia content for the training events related to the Code of Corporate Ethics, control of conflict of interest and gift and further improve the procedures using machine learning.

In 2020, we expect to create a single workplace for compliance employees to ensure compliance across all bank’s products.

*For more information about the ethics and bank’s efforts to counter corruption, please read the ESG Report in the Sustainable Development Management System section*

Compliance risk fines and non-financial sanctions

| PARAMETER NAME                                                                 | 2015 | 2016  | 2017 | 2018  | 2019  |
|--------------------------------------------------------------------------------|------|-------|------|-------|-------|
| The total amount of significant compliance risk management fines, RUB thousand | 520  | 1,450 | 450  | 8,200 | 1,000 |
| The number of compliance risk management litigations against the bank          | 0    | 13    | 0    | 0     | 0     |



# Audit and Control System

## INTERNAL CONTROL SERVICE

The Internal Control Service has been established in the bank in accordance with the requirements of Regulation No. 242-P (242-П)<sup>1</sup>. The main purpose of the Internal Control Service is to assist the bank's management bodies in ensuring that its activities comply with legislation, regulation and best practices, as well as to create and apply effective methods and instruments for managing regulatory risk.

The Internal Control Service is guided by the principles of independence, continuity, objectivity, impartiality, and professional competence.

The Internal Control Service is accountable to CEO, Chairman of the Executive Board of the bank. Reports on Internal Control Service activities may be considered by the Supervisory Board and Executive Board of the bank in accordance with competencies of these management bodies.

During the annual risk significance assessment procedure, regulatory risk was put in a separate category and the materialized events related to this type of risk were accounted for.

Unit self-assessment to identify regulatory risk was also carried out. In 2019, the new version of the Regulation on the Internal Control Service and Regulatory Risk Management Policy were approved.

In 2020, Sberbank plans to further develop the Internal Control Service in the following areas:

- Scale the approach to regulatory risk management onto the perimeter of bank’s branches and group;
- Develop a full set of internal regulatory documents on regulatory risk management;
- Match all business processes with the “regulatory risk” attribute and applicable regulation based on the single design environment of AS ARIS;
- Organize accounting of non-materialized regulatory risk incidents in the target AS



Larisa  
Zalomikhina

HEAD OF INTERNAL CONTROL SERVICE OF SBERBANK;  
SENIOR MANAGING DIRECTOR—DIRECTOR OF THE  
COMPLIANCE DIVISION

Date of Birth: 04 January 1973

Place of work (position)

December 2014 to present: Senior Managing  
Director—Director of the Compliance Division  
of Sberbank

Education

1996: Moscow Institute of Physics and  
Technology (MIPT), majoring in Applied  
Mathematics and Physics, engineer,  
mathematician

ICA Professional Postgraduate in governance,  
risk and compliance, ICA

<sup>1</sup> Bank of Russia Regulation No. 242-P dated 16 December 2003, “On organising internal controls in credit institutions and banking groups”

THE INTERNAL AUDIT SERVICE

The Internal Audit Service is intended to support the Sberbank's governing bodies in achieving its goals, ensuring the efficiency and high performance of the bank. It operates in line with the principles of continuity, independence, impartiality, integrity, objectivity, and professional competence.

The Internal Audit adheres to the best internal audit practices, including the international standards of internal audit professional practice.

The Internal Audit Service is an independent structural unit that performs inspections of the entire system of internal control, is accountable to the Supervisory Board, and is administratively subordinate to the CEO and Chairman of the Executive Board. The Head of the Internal Audit Service is appointed to and removed from office by the Supervisory Board.

The Bank takes all the necessary steps to ensure independence and impartiality of the Internal Audit Service, creating the environment for the Internal Audit Service so that it performs seamlessly and efficiently.

The Internal Audit Service conducts audits in all areas of the bank's activities and monitors the effectiveness of the measures taken by departments and governing bodies to reduce risks identified by audits.

The Head of the Internal Audit Service provides the Supervisory Board with the Service's reports on the implementation of the Yearly Plan of Audits as approved by the Supervisory Board, and on the results of audits of the Bank for the respective periods.



Oleg Chistyakov

HEAD OF THE INTERNAL AUDIT SERVICE OF SBERBANK;  
SENIOR MANAGING DIRECTOR, DIRECTOR OF THE  
INTERNAL AUDIT DIVISION

Date of Birth: 22 October 1964

Place of work (position)

January 2015 to present: Senior managing director, director of the Internal Audit Division of Sberbank

Education

1986: S. Ordzhonikidze Moscow Management Institute, Engineer-Economist

RISK MANAGEMENT SERVICE

To manage risks, the bank established the Risk Management Service, which is a combination of structural business units and committees of the bank, whose main function is to manage risks.

To avoid any conflict of interest, the bank ensured the independence of business units responsible for risk management from business units engaged in operations/transactions exposed to risks.



Dzhangir Dzhangirov

HEAD OF THE RISK MANAGEMENT SERVICE,  
SENIOR VICE-PRESIDENT

Date of Birth: 21 September 1981

Place of work (position)

June 2018 to present: Senior Vice-President, Sberbank

Education

2004: Russian Economic School (Institute), Economic, Economic Theory, MA in Economics

2002: Lomonosov Moscow State University, majoring in Mathematics. Applied Mathematics



EXTERNAL AUDITOR

In order to check and verify the reliability of financial (accounting) statements compiled both under Russian and international standards, Sberbank employs an independent audit organization.

Sberbank holds annually an open tender for selecting the auditing organization that will be entitled to provide audit services. Tender documentation for the open tender is approved by the tender committee and published on the official website of Sberbank. The auditing organization selected following the open tender is approved by the Executive Board, Audit Committee of the Supervisory Board, and Supervisory Board and appointed by the Annual General Meeting of Shareholders of Sberbank.

AO PricewaterhouseCoopers Audit was the auditing organization for Sberbank for 2018 and 2019. In 2019, AO PricewaterhouseCoopers Audit performed the following tasks:

- Audit of the Sberbank's 2019 annual accounting (financial) statements prepared in accordance with the Russian law;
- Audit of Sberbank's consolidated financial IFRS statements for 2019;
- Reviews of interim condensed consolidated financial statements of Sberbank for 3, 6, and 9 months of 2019 prepared in accordance with IFRS;
- Audit of the Bank's interim accounting (financial) statements for 3 months of 2019 prepared in accordance with the Russian law.

Payments made by Sberbank Group’s companies  
to the companies of the Sberbank auditor’s group, RUB million, excluding VAT

|                                                                                   | 2018  | 2019  |
|-----------------------------------------------------------------------------------|-------|-------|
| Audit of annual report (including audit of regular reporting and IFRS statements) | 98.7  | 152.6 |
| Interim audits and reviews                                                        | 40.1  | 60.0  |
| Tax consulting services                                                           | 37.9  | 26.2  |
| Other non-tax consulting services                                                 | 227.9 | 178.4 |



# Share capital and securities

## SHARE CAPITAL STRUCTURE

Sberbank has been operating on the Russian financial market as a joint stock company since 1991. During this period, there has been 13 issues of shares that are held by Russian and foreign investors. Charter capital of the bank amounts to RUB 67.8<sup>1</sup> bn and consists of ordinary and preferred shares. In 2019, there have been no changes in the amount of the authorized capital.

The total number of Sberbank shareholders as of 29 April 2019 (shareholders register closing date) was 253,700. Among them—246,800 private individuals and 6,900 legal entities. The shares in the Sberbank’s charter capital are divided between the Bank of Russia that is the strategic investor, legal entities and private investors.

### Bank’s shareholder structure<sup>2</sup>



- Bank of Russia — **50% + 1 share**
- Foreign institutional — **45.04%**
- Domestic retail — **3.15%**
- Domestic institutional — **1.81%**

## Share capital structure with a breakdown by share types as of 31 December 2019

| TYPE OF SHARES   | STATE REGISTRATION NUMBER OF THE SHARES ISSUE | NOMINAL VALUE, RUB | NUMBER OF ISSUED SHARES |
|------------------|-----------------------------------------------|--------------------|-------------------------|
| Ordinary shares  | 10301481B                                     | 3                  | 21,586,948,000          |
| Preferred shares | 20301481B                                     | 3                  | 1,000,000,000           |

Charter capital size is RUB 67,760,844,000

## Share capital structure with a breakdown by shareholder types

as of the shareholders register closing date<sup>3</sup>

|                                     | 2015               | 2016               | 2017               | 2018               | 2019               | CHANGE 2019/2018 |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| Strategic Investor (Bank of Russia) | 50,0%<br>+ 1 share | 50,0%<br>+ 1 share | 50,0%<br>+ 1 share | 50,0%<br>+ 1 share | 50,0%<br>+ 1 share | —                |
| Non-resident legal entities         | 43.3%              | 45.6%              | 45.4%              | 45.6%              | 45.0%              | –0.6 p.p.        |
| Resident legal entities             | 2.8%               | 1.5%               | 1.9%               | 1.5%               | 1.8%               | +0.3 p.p.        |
| Private Investors                   | 3.9%               | 2.9%               | 2.7%               | 2.8%               | 3.2%               | +0.3 p.p.        |

Sberbank does not have any other information on the existence of more than 5% stake in shares apart from the information disclosed. There is also no information on the possible or actual purchase of the controlling interest by certain shareholders that would be disproportionate to their stake in Sberbank’s charter capital.

<sup>1</sup> For the purposes of IFRS statements preparation, the charter capital size was inflated in accordance with IFRS 29

<sup>2</sup> As of the shareholders register closing date (29 April 2019)

<sup>3</sup> Date when the list of persons entitled to participate in the Annual General Meeting of Shareholders was compiled (for 2019, 29 April 2019 was selected)..



INFORMATION ON SECURITIES

Sberbank is currently a public market company listed in Moscow, London and Frankfurt stock exchanges, as well as traded on the U.S. OTC market. The bank is an issuer of various types of securities.

For full list of analysts and their recommendations and target prices for Sberbank shares, please visit: <http://www.sberbank.com/investor-relations/share-profile/analyst-coverage>

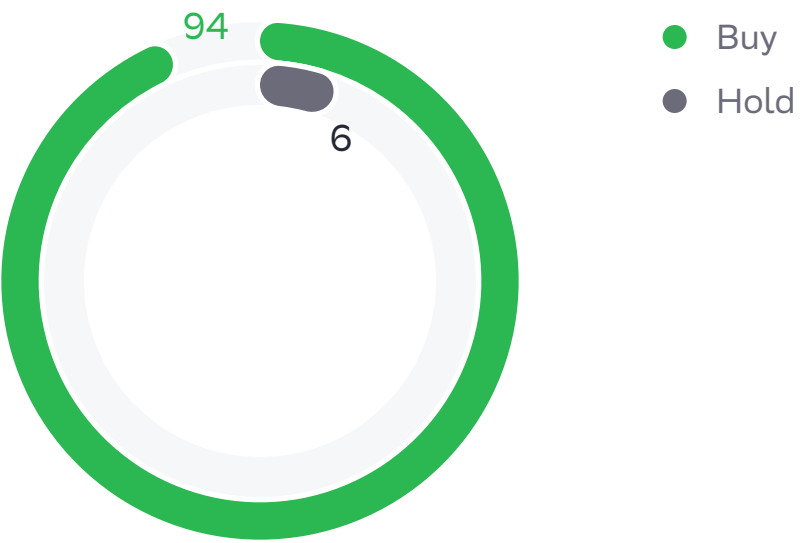
The Bank's ordinary and preferred shares are included in the quotation list of the first (top) level by the Moscow Stock Exchange.

In 2019, Sberbank shares demonstrated positive dynamics: the value of ordinary shares went up by 36.74% during the year and amounted to RUB 254.75 per share as of 30/12/2019. The securities were supported by a strong and solid reputation of Sberbank, sale of Denizbank, and the expected growth of dividend payouts. At the same time, the share dynamics was influenced by diverse external factors, such as the trade conflict between the U.S. and China, easing of the monetary policy of the global central banks, and temporary sanctions risks growth in Russia.

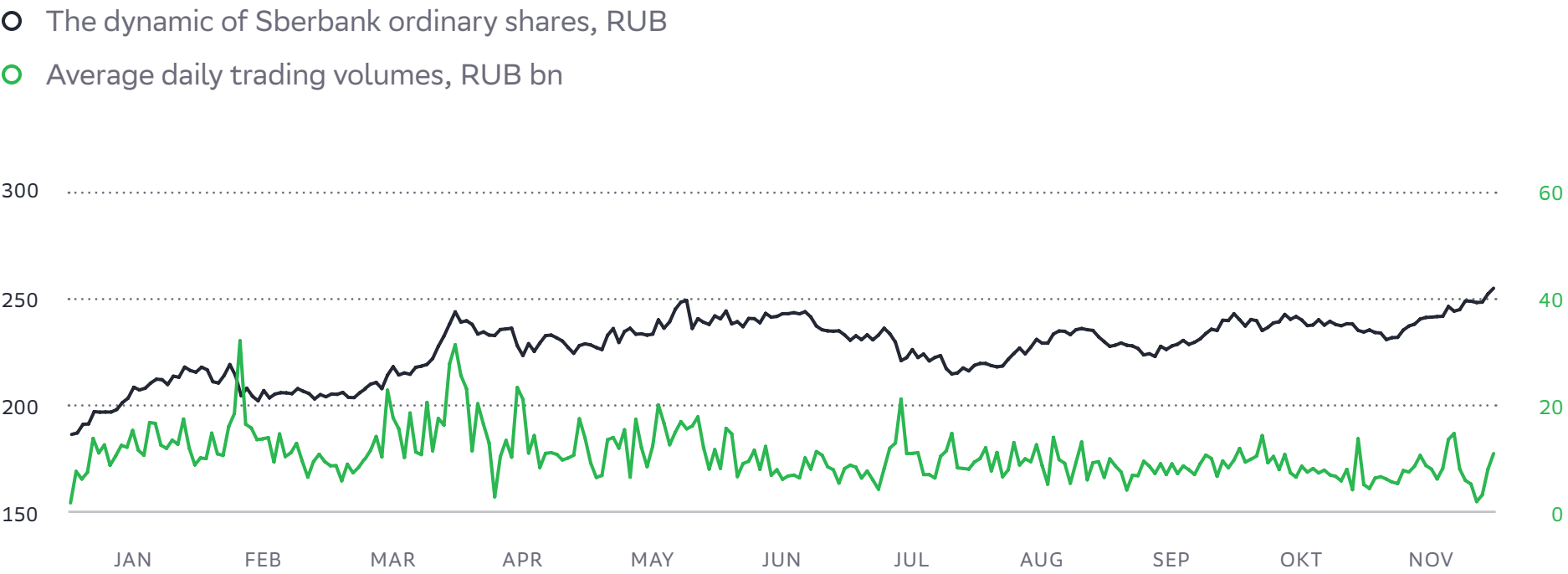
Sberbank shares remain on the top priority list of securities for investments among emerging markets companies: as of 31/12/2019, among 16 analysts actively covering Sberbank, 15 recommend to “buy”, and 1 to “hold”.

Sberbank shares are still the most liquid on the Russian trading platforms: In 2019, the trading volume in Sberbank’s ordinary and preferred shares on Moscow Exchange exceeded RUB 2.9 tn, which amounted to 26% of the total trading volume in shares listed on the Moscow Exchange.

Analysts recommendations structure as of 31/12/2019, %



Sberbank ordinary share price and trading volumes in 2019





AMERICAN DEPOSITARY RECEIPTS

American Depositary Receipts (ADR) for ordinary shares of Sberbank are quoted on the London and Frankfurt stock exchanges and are accepted for trading on the U.S. OTC market since June 2011. JPMorgan Chase Bank, N.A. is the depository bank for depositary receipts of Sberbank. One American depositary receipt is equivalent to four ordinary shares of Sberbank.

Shares and depositary receipts for Sberbank shares are included in the index calculation of a number of stock exchanges, as well as indices of the leading Russian stock exchanges.

The dynamics of Sberbank's ADRs, USD



The main indices that include Sberbank shares and their weight, as of 31/12/2019

| INDEX                        | SECURITY TYPE               | WEIGHT,% |
|------------------------------|-----------------------------|----------|
| MICEX/RTS                    | Common and preferred shares | 15.70    |
| MSCI Russia Index            | Ordinary shares             | 18.16    |
| MSCI Emerging Markets +2.7%. | Ordinary shares             | 0.71     |
| FTSE Russia IOB Index        | ADR                         | 18.72    |

CREDIT RATINGS

In February 2019, Moody’s upgraded the long-term foreign currency deposit rating from speculative ‘Ba2’ to investment ‘Baa3’ with the ‘Stable’ outlook, and increased the long-term local currency deposit rating from speculative ‘Ba1’ to investment ‘Baa3’ with the ‘Stable’ outlook.

In August 2019, after Russia’s ratings were revised upwards by Fitch Ratings with long-term issuer default ratings in foreign and national currencies increasing from BBB- to BBB with ‘Stable’ forecast and short-term issuer default ratings

in foreign and national currencies going up from F3 to F2. Sberbank ratings given by international rating agencies are limited by a country rating’s ceiling.

In the reporting year, the Analytical Credit Rating Agency (ACRA) confirmed AAA(RU) rating for Sberbank. The high ratings given by the agencies are explained by the bank’s systemic importance for the Russian economy and high level of its creditworthiness.

The dynamics of Sberbank’s credit ratings

|               | 2015                                | 2016     | 2017     | 2018     | 2019     |          |
|---------------|-------------------------------------|----------|----------|----------|----------|----------|
| FITCH RATINGS | Long-term, foreign currency         | BBB–     | BBB–     | BBB–     | BBB      |          |
|               | Long-term, rubles                   | BBB–     | BBB–     | BBB–     | BBB      |          |
|               | Forecast                            | negative | stable   | positive | positive | stable   |
| MOODY'S       | Long-term, currency                 | Ba2      | Ba2      | Ba2      | Ba2      | Baa3     |
|               | Forecast                            | stable   | negative | stable   | stable   | stable   |
|               | Long-term, rubles                   | Ba1      | Ba1      | Ba1      | Ba1      | Baa3     |
|               | Forecast                            | stable   | negative | stable   | positive | stable   |
| ACRA          | Credit rating on the national scale | –        | –        | AAA (RU) | AAA (RU) | AAA (RU) |
|               | Forecast                            |          |          | stable   | stable   | stable   |

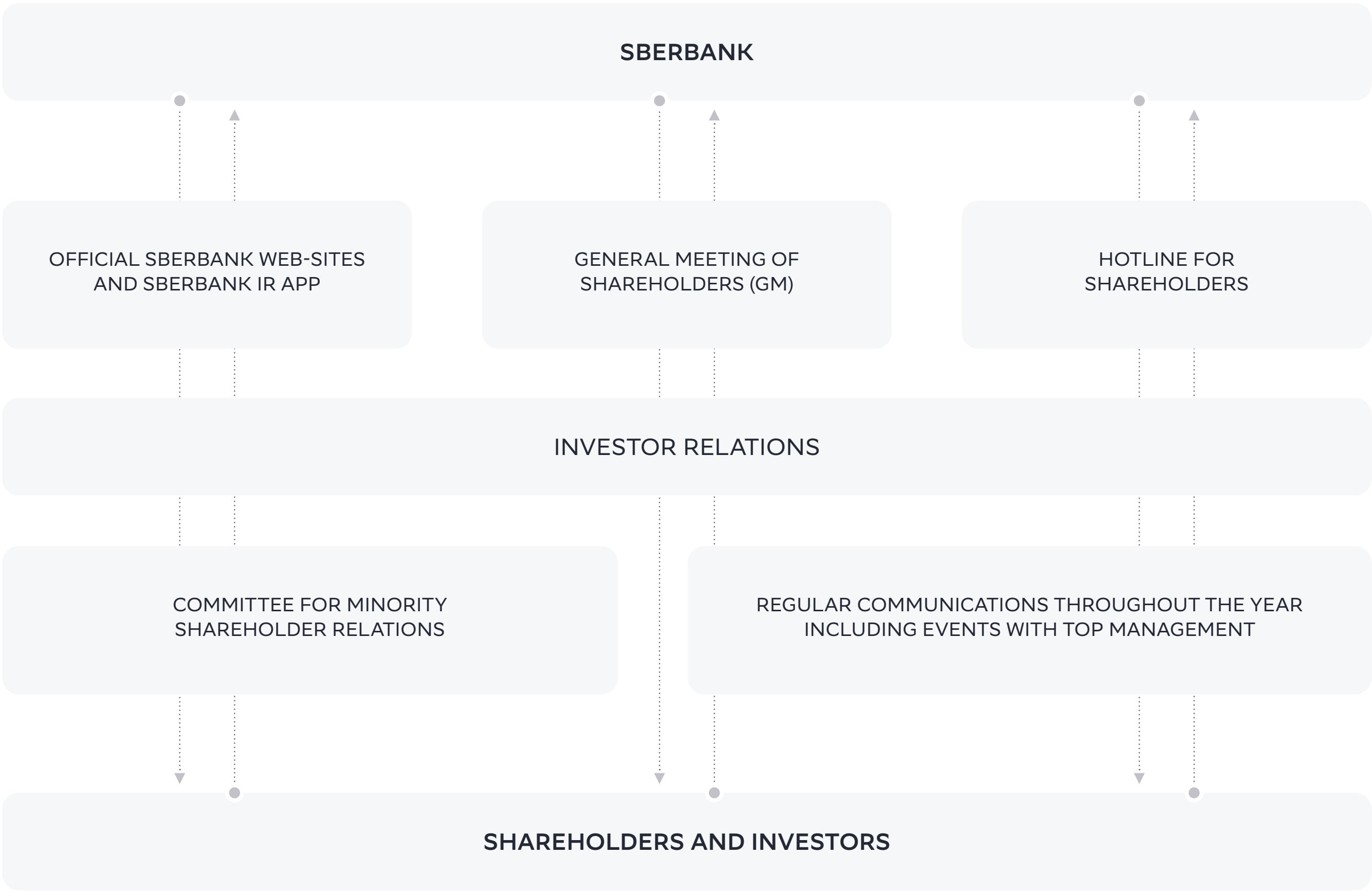


# Communication with investors and shareholders

Sberbank’s shareholder and investor relations system ensures information transparency and investment attractiveness of the bank's activities. Investors and shareholders can use any available communication channel.

We are committed to developing and integrating new technology solutions in communications with shareholders and investors to make the process more efficient, accessible and convenient.

THE MAIN CHANNELS OF COMMUNICATION WITH INVESTORS AND SHAREHOLDERS



### INVESTOR RELATIONS

In 2019, Investor Relations implemented the communication with Sberbank investors with a focus on technology transformation.

25

INVESTMENT  
CONFERENCES

>500

MEETINGS

8

NON-DEAL  
ROADSHOWS

9

CMSR MEETINGS

#### Committee for Minority Shareholder Relations (CMSR)

An advisory board established with a view to maintain meaningful and effective contacts with Sberbank’s minority shareholders and to increase the Bank’s investment appeal. The activities of the Committee are aimed at helping to protect the rights and legitimate interests of its shareholders through the full assistance in their exercise.

In 2019, the Sberbank investor base was expanded, with a special focus on dividend funds, as well as funds oriented at investments in tech companies and responsible investing (ESG).

The formats of communication with investors were also expanded: a tour to a pilot providing Ecosystem services in branches, IMS presentation, DomClick presentation, a tour to the Cybersecurity Center. Investor Relations also held ESG due-diligence sessions upon request of ESG focused funds.

In 2019, the Sberbank Group website—sberbank.com—was redesigned based on the client experience analysis and in accordance with best international practices.

In 2019, the Committee held 9 meetings, including 3 off-site meetings. In 2019, it was decided to expand the geography of offsite meetings at regional banks to cities that had not hosted such events before: Kaliningrad, Khanty-Mansiysk, and Volgograd. Also in 2019, the Committee members were offered tours of the Central Head Office, Sberbank Agile Home, and the Cybersecurity Center. At the end of 2019, a traditional annual meeting was held with Senior Independent Director and Deputy Chairman of the Supervisory Board Gennady Melikyan.

*The Regulation on the Committee for Minority Shareholder Relations is available at: <https://sberminor.ru/statute/>*



IR MAGAZINE: SBERBANK IR TEAM was included in Top 5 in financial sector in Europe in Europe



EXTEL 2019: best IR team in Russia among Large Cap companies



MOST HONORED COMPANY

BEST IR PROGRAM, Banks, Sberbank #2

BEST IR PROFESSIONAL Anastasia Belyanina #2

BEST CFO Alexander Morozov #1

#### Analyst Day

- 13 speakers, over 220 slides
- 7 hours of presentations and discussions
- over 900 participants from around the world, including the webcast
- financial and tech analysts

At the end of December, Sberbank team held Analyst Day in Moscow. During the event, the Sberbank management shared the information about the status of the strategy, gave an overview of the banking business performance, technological platform development and ecosystem development, as well as presented Sberbank’s 2020 financial guidance. The event was attended by the leading international and Russian investment funds, banks, and global brokerage companies. Apart from financial sector experts, tech analysts and investors showed interest to the event. The total number of participants, including those connected to the broadcast, was more than 900.

From April till July 2019, minority shareholders were able to use an online survey hosted on the bank’s website to leave feedback on the level of satisfaction with how their rights are protected. 1,691 shareholders and investors took part in the survey. The results were analyzed by the Committee for Minority Shareholder Relations together with the Corporate Secretary Service and Investor Relations. The results showed that more than 83% of those surveyed are satisfied with the level of exercising their rights to receive information. Besides that, more than 90% shareholders use digital services to exercise their rights.

*For more information on the survey results, please visit: <https://www.sberbank.com/common/img/uploaded/files/pdf/stockholders/2019-online-qv-results.pdf>*

DIVIDEND PAYMENTS

The shareholder right to participate in Sberbank’s profit distribution is exercised through our Dividend Policy .

Sberbank’s Supervisory Board reviews and approves a medium-term Dividend Policy that remains in effect for at least three years, subject to external and internal economic factors that affect business development.

At the end of 2017, the Supervisory Board approved and implemented a new 2018–2020 Dividend Policy. According to this document, the share of net profit under IFRS allocated to dividend payout is expected to increase by 2020 from the current level to 50% subject to conditions that affect the amount of dividends (achieving a Common Equity Tier 1 target level of 12.5% net of the Bank of Russia’s anti-cyclical add-on, in line with Basel III requirements).

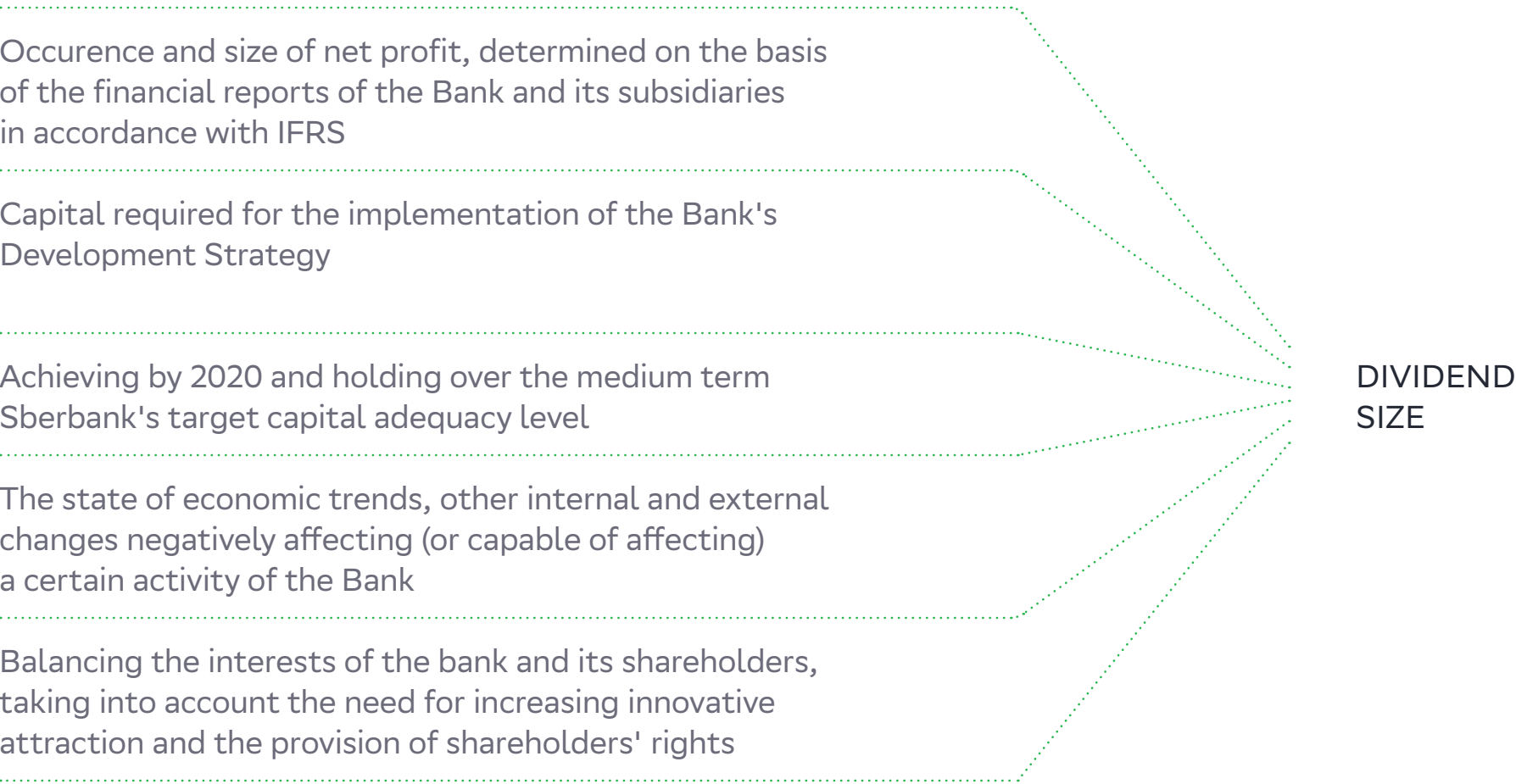
On 24 May 2019, an Annual General Meeting of Shareholders of Sberbank approved a record-high dividend for 2018 that amounted to RUB 16 per ordinary and preferred share. Dividend payout for shares of all categories totaled RUB 361.4 bn, or 43.5% of net profit for the previous reporting period.

<http://www.sberbank.com/investor-relations/disclosure/regulative-documents>

History of dividend payments

| YEAR OF PAYMENT                                    | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------------------------------------|------|------|------|------|------|
| Based on results of the year                       | 2014 | 2015 | 2016 | 2017 | 2018 |
| Ordinary shares, RUB per share                     | 0.45 | 1.97 | 6.0  | 12.0 | 16.0 |
| Par value of ordinary share, RUB                   | 3    | 3    | 3    | 3    | 3    |
| Preferred shares, RUB per share                    | 0.45 | 1.97 | 6.0  | 12.0 | 16.0 |
| Par value of preferred share, RUB                  | 3    | 3    | 3    | 3    | 3    |
| Dividend payout ratio,% from net profit under IFRS | 3.5  | 20.0 | 25.0 | 36.2 | 43.5 |

Conditions affecting the amount of Sberbank’s dividends





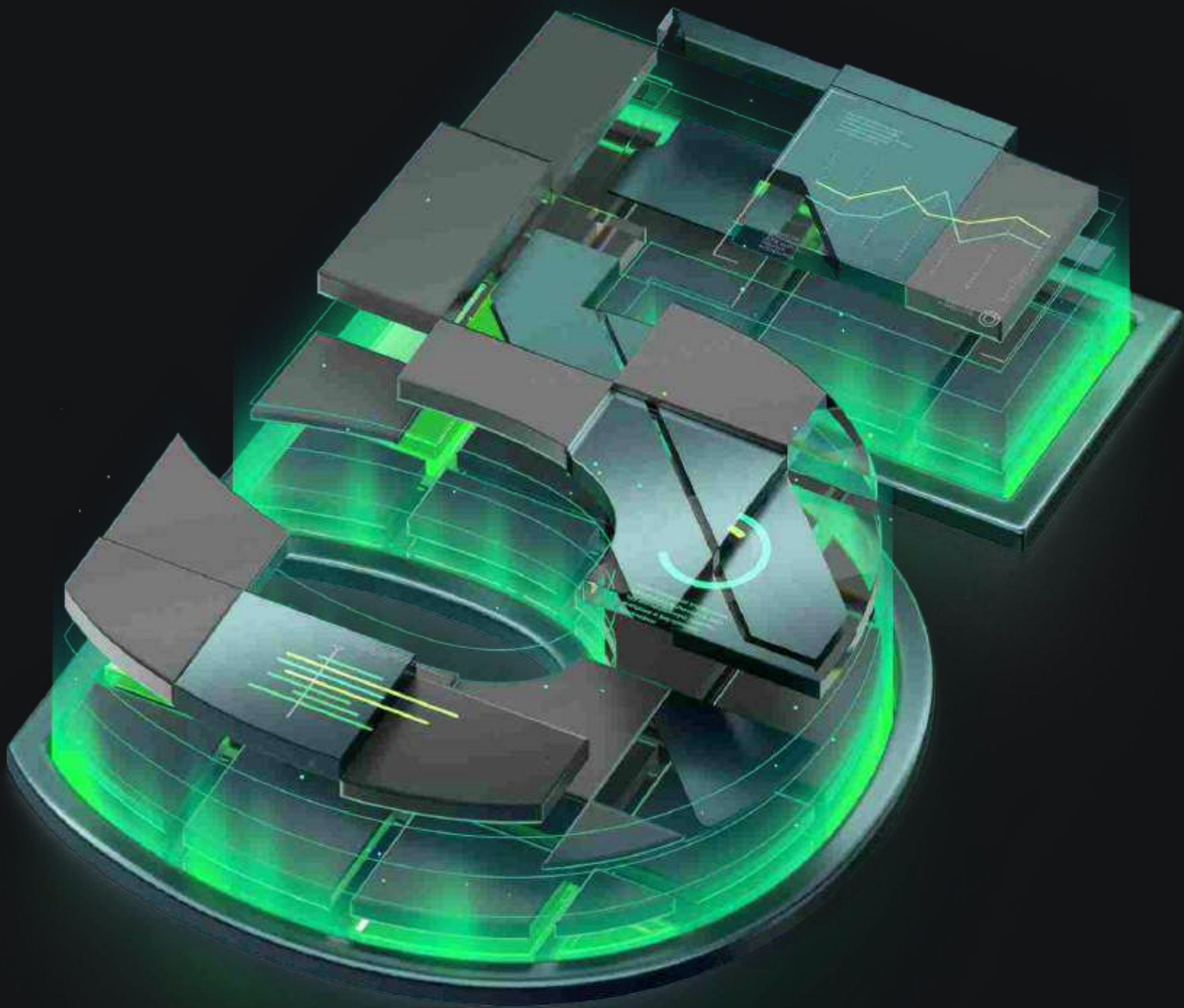
# Major transactions

During 2019, Sberbank did not carry out any transactions deemed major transactions in line with the Federal Law On Joint-Stock Companies.

# Related-party transactions

In 2019 Sberbank concluded 5 transactions recognized as related-party transactions in accordance with the Federal Law 'On Joint Stock Companies'.

*A full list of transactions and key information on them can be found in the appendix: “Report on Sberbank's related-party transactions made in 2019” on page 188.*



05

# FINANCIAL RESULTS

|     |                                                                                      |
|-----|--------------------------------------------------------------------------------------|
| 129 | DYNAMICS OF MAJOR PERFORMANCE INDICATORS OF SBERBANK GROUP UNDER IFRS FOR FIVE YEARS |
| 131 | ANALYSIS OF THE STATEMENT OF PROFIT AND LOSS                                         |
| 136 | ANALYSIS OF THE ASSETS STRUCTURE                                                     |
| 139 | ANALYSIS OF THE LIABILITIES AND EQUITY OF THE GROUP                                  |
| 143 | RISK MANAGEMENT STRATEGY                                                             |



# Dynamics of major performance indicators of Sberbank Group under IFRS for five years

|                                                                                                                                                        | 2019    | 2018    | CHANGE, % | 2017 <sup>1</sup> | 2016 <sup>2</sup> | 2015 <sup>2</sup> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|-----------|-------------------|-------------------|-------------------|
| FOR THE YEAR, RUB, bn                                                                                                                                  |         |         |           |                   |                   |                   |
| Operating income before credit loss allowance charge and revaluation of loans at fair value due to change in credit quality from continuing operations | 2,012.8 | 1,857.9 | 8.3       | 1,790.3           | 1,697.5           | 1,429.8           |
| Credit loss allowance charge for debt financial assets                                                                                                 | (92.6)  | (96.8)  | −4.3      | (263.8)           | (342.4)           | (475.2)           |
| Operating income                                                                                                                                       | 1,863.3 | 1,703.8 | 9.4       | 1,526.5           | 1,355.1           | 954.6             |
| Operating expenses                                                                                                                                     | (724.6) | (657.6) | 10.2      | (623.4)           | (677.6)           | (623.4)           |
| Profit before tax                                                                                                                                      | 1,138.7 | 1,046.2 | 8.8       | 903.1             | 677.5             | 331.2             |
| Net profit                                                                                                                                             | 845.0   | 831.7   | 1.6       | 748.7             | 541.9             | 222.9             |
| Profit from continuing operations                                                                                                                      | 914.8   | 831.2   | 10.1      | 715.6             | —                 | —                 |

|                                                                    | 31 DEC 2019 | 31 DEC 2018 | CHANGE, % | 1 JAN 2018 (IFRS 9) | 31 DEC 2016 <sup>2</sup> | 31 DEC 2015 <sup>2</sup> |
|--------------------------------------------------------------------|-------------|-------------|-----------|---------------------|--------------------------|--------------------------|
| AS OF THE DATE, RUB, bn                                            |             |             |           |                     |                          |                          |
| Loans and advances to clients, net                                 | 20,364      | 19,585      | 4.0       | 16,663              | 17,361                   | 18,728                   |
| Loans and advances to clients before provision for loan impairment | 21,749      | 21,082      | 3.2       | 18,096              | 18,665                   | 19,924                   |
| Total assets                                                       | 29,959      | 31,198      | −4.0      | 27,045              | 25,369                   | 27,335                   |
| Due to individuals and corporate clients                           | 21,574      | 20,897      | 3.2       | 18,123              | 18,685                   | 19,798                   |
| Total liabilities                                                  | 25,472      | 27,342      | −6.8      | 23,678              | 22,547                   | 24,960                   |
| Total equity                                                       | 4,487       | 3,856       | 16.4      | 3,367               | 2,822                    | 2,375                    |

Results in the table are deconsolidated of Denizbank A.S. operations unless otherwise stated

<sup>1</sup> Disclosed under IAS 39  
<sup>2</sup> Disclosed under IAS 39, Denizbank consolidated



|                                                                                                                                                                     | 2019  | 2018  | CHANGE,%  | 2017 <sup>1</sup>  | 2016 <sup>2</sup> | 2015 <sup>2</sup> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|-----------|--------------------|-------------------|-------------------|
| PER SHARE, RUB PER SHARE                                                                                                                                            |       |       |           |                    |                   |                   |
| Basic and diluted earnings per ordinary share                                                                                                                       | 38.55 | 38.16 | 1.0       | 34.58              | 25.00             | 10.36             |
| Basic and diluted earnings from continuing operations per ordinary share                                                                                            | 41.80 | 38.13 | 9.6       | 33.04              | —                 | —                 |
| Net assets per ordinary share                                                                                                                                       | 208.7 | 179.3 | 16.4      | 156.6 <sup>3</sup> | 131.2             | 110.5             |
| FINANCIAL RATIOS,%                                                                                                                                                  |       |       |           |                    |                   |                   |
| Profitability ratios                                                                                                                                                |       |       |           |                    |                   |                   |
| Return on assets (ROA)                                                                                                                                              | 3.1   | 3.2   | −0.1 p.p. | 2.7                | 2.1               | 0.9               |
| Return on equity (ROE)                                                                                                                                              | 20.5  | 23.1  | −2.6 p.p. | 24,2 <sup>2</sup>  | 20.8              | 10.2              |
| Net interest margin (net interest income to average earning assets)                                                                                                 | 5.2   | 5.7   | −0.5 p.p. | 6 <sup>2</sup>     | 5.7               | 4.4               |
| Net interest margin (net interest income to average earning assets)—methodology 2019 <sup>4</sup>                                                                   | 5.4   | 5.9   | −0.5 p.p. |                    |                   |                   |
| Operating expenses to operating income before allowances (CIR)                                                                                                      | 35.8  | 35.2  | 0.6 p.p.  | 34.7               | 39.7              | 43.7              |
| Net loans and advances to clients to current accounts and term deposits of individuals and corporate clients and savings certificates (net loans-to-deposits ratio) | 94.2  | 93.1  | 1.1 p.p.  | 90.1 <sup>3</sup>  | 90.6              | 91.9              |

|                                                                         | 31 DEC 2019 | 31 DEC 2018 | CHANGE,%  | 1 JAN 2018 (IFRS 9) | 31 DEC 2016 <sup>2</sup> | 31 DEC 2015 <sup>2</sup> |
|-------------------------------------------------------------------------|-------------|-------------|-----------|---------------------|--------------------------|--------------------------|
| Capital adequacy ratios,%                                               |             |             |           |                     |                          |                          |
| Common equity Tier 1 capital adequacy ratio (Basel III / Basel I)       | 13.4        | 11.8        | 1.6 p.p.  | 11.2                | 10.2                     | 8.9                      |
| Total capital adequacy ratio (Tier I and Tier II) (Basel III / Basel I) | 13.6        | 12.4        | 1.2 p.p.  | 12.8                | 12                       | 12.6                     |
| Leverage                                                                | 13.7        | 11.3        | 2.4 p.p.  | 11.3                | 0                        | 0                        |
| Equity to total assets                                                  | 15.0        | 12.4        | 2.6 p.p.  | 12.4                | 11.1                     | 8.7                      |
| Asset quality ratios                                                    |             |             |           |                     |                          |                          |
| Non-performing loans to total loans outstanding (NPL ratio)             | 4.3         | 3.8         | 0.5 p.p.  | 4.5                 | 4.4                      | 5.0                      |
| Share of Stage 3 and POCI loans in total loans at amortized cost        | 7.5         | 8.1         | −0.6 p.p. | 8.8 <sup>5</sup>    | —                        | —                        |
| Credit loss allowance to total gross loans to clients at amortized cost | 6.7         | 7.3         | −0.6 p.p. | 7.8                 | 7.0                      | 6.0                      |

<sup>1</sup> Disclosed under IAS 39

<sup>2</sup> Disclosed under IAS 39, Denizbank consolidated

<sup>3</sup> As at 1 January 2018, disclosed under IFRS 9

<sup>4</sup> Starting from 2019 the denominator for calculating NIM was clarified adjusting the volume of Stage 3 loans to the amount of provisions created against them

<sup>5</sup> Denizbank consolidated

Results in the table are deconsolidated of Denizbank A.S. operations unless otherwise stated



# Analysis of the statement of profit and loss

## GENERAL TRENDS

The net profit of Sberbank Group under IFRS in 2019 increased to RUB 845.0 billion, which is 1.6% higher than in 2018. Net profit result was affected by disposal of Denizbank (loss in the amount of RUB 69.8 billion). Profit from continuing operations increased by 10.1% to RUB 914.8 billion for 2019. The Group's operating income from continuing operations before credit loss allowance charge and revaluation of loans at fair value in 2019 increased by 8.3% to RUB 2,012.8 billion, primarily due to net fee and commission income and

net interest income. In 2019, net credit loss allowance charge for debt financial assets decreased by 4.3% to RUB 92.6 billion against RUB 96.8 billion in 2018. Staff and administrative expenses in 2019 increased by 10.2% to RUB 724.6 billion primarily due to growth of IT costs.

| RUB, bn                                                                               | 2018    | 2019    | CHANGE,% |
|---------------------------------------------------------------------------------------|---------|---------|----------|
| Profit for the year                                                                   | 831.7   | 845.0   | 1.6      |
| Profit from continuing operations                                                     | 831.2   | 914.8   | 10.1     |
| Operating income before credit loss allowance charge and revaluation of loans at fair | 1,857.9 | 2,012.8 | 8.3      |
| Staff and administrative expenses                                                     | −657.6  | −724.6  | 10.2     |
| Credit loss allowance charge for debt financial assets                                | −96.8   | −92.6   | −4.3     |

## NET INTEREST INCOME

| RUB, bn                                                  | 2018    | 2019    | CHANGE,% |
|----------------------------------------------------------|---------|---------|----------|
| Net interest income                                      | 1,396.5 | 1,415.5 | 1.4      |
| Interest income                                          | 2,188.3 | 2,396.0 | 9.5      |
| Interest expenses (including deposit insurance expenses) | −791.8  | −980.5  | 23.8     |

The Group's net interest income increased by 1.4% in 2019 to RUB 1,415.5 billion. Interest income of the Group increased by 9.5% to RUB 2,396.0 billion. This growth was primarily due to increase of interest income on total loan portfolio, which grew by 7.6% in 2019. At the same time increase of interest income on loans to individuals comprised 14.6%, backed by the growth of volumes of retail lending (by 16.8% in 2019). Growth was observed for interest income on other balance sheet items—due from banks (increase of 29.2% in 2019) and securities (increase of 17.6% in 2019). Growth in volumes of almost all balance sheet items along with optimization of structure of interest earning assets became the main factor for interest income growth.

Interest expenses increased in 2019 by 23.8% versus 2018 and amounted to RUB 980.5 bn. This increase was due to the growth in the average amount of retail and corporate client funds by 13.2% in 2019 as well as the growth in the average cost of borrowed funds during 2019 by 10.8 p.p. (from 3.7% to 4.1%). The main interest expense component is still interest expenses for retail funds, which as the key source of funding for the Group. The share of these expenses stood at 58.0% of the total interest expenses versus 60.0% at the end of 2018. In 2019 interest expenses for retail funds increased 19.6% mainly due to the raised cost of term deposits.



Net interest margin amounted to 5.4% in 2019, a 0.5 p.p. decrease compared to the ratio of 2018 (5.9%). Decrease of net interest margin was influenced by growth of cost of interest-bearing liabilities throughout 2019 (from 3.7% to 4.1% in 2019) as well as reduction of return on interest-earning assets (from 9.3% to 9.1% in 2019).

Return on interest-earning assets comprised 8.8% for the Q4 2019, remaining unchanged compared to the Q4 2018 (8.8%). However for 2019 return on interest-earning assets decreased from 9.3% to 9.1%. The cost of funds was increasing throughout the first three quarters of 2019, but reduced in 4Q 2019 to 3.9% due to a reduction of interest rates in economy, remaining almost the same compared to 4Q 2018 (3.8%).

Changes in net interest margin in 2019<sup>1</sup>

| 2018 NIM                                  | 5.9%       |
|-------------------------------------------|------------|
| Return on retail loans                    | −0.2 p. p. |
| Structure of interest earning assets      | 0.1 p. p.  |
| Cost of amounts due to corporate clients  | −0.3 p. p. |
| Cost of amounts due to individuals        | −0.2 p. p. |
| Structure of interest-bearing liabilities | 0.1 p. p.  |
| 2019 NIM                                  | 5.4%       |

Yield on interest earning assets and cost of funds, quarterly, %

|                                      | 2018 |     |     |     | 2019 |     |     |     |
|--------------------------------------|------|-----|-----|-----|------|-----|-----|-----|
|                                      | 1Q   | 2Q  | 3Q  | 4Q  | 1Q   | 2Q  | 3Q  | 4Q  |
| Return on interest-earning assets    | 8.9  | 8.9 | 8.9 | 8.8 | 8.6  | 8.9 | 8.7 | 8.8 |
| Net interest margin <sup>1</sup>     | 6.0  | 6.1 | 6.0 | 5.6 | 5.3  | 5.4 | 5.3 | 5.5 |
| Cost of interest-bearing liabilities | 3.7  | 3.6 | 3.6 | 3.8 | 4.1  | 4.3 | 4.1 | 3.9 |

Average client deposit costs, %

|                               | 2018 |     |     |     | 2019 |     |     |     |
|-------------------------------|------|-----|-----|-----|------|-----|-----|-----|
|                               | 1Q   | 2Q  | 3Q  | 4Q  | 1Q   | 2Q  | 3Q  | 4Q  |
| Retail term deposits          | 4.9  | 4.6 | 4.6 | 4.7 | 5.2  | 5.4 | 5.3 | 5.1 |
| Corporate term deposits       | 2.7  | 3.0 | 3.4 | 3.6 | 4.4  | 4.4 | 4.5 | 4.3 |
| Current / settlement accounts | 1.1  | 1.1 | 1.1 | 1.2 | 1.2  | 1.2 | 1.1 | 1.0 |

Average loan yields, %

|                              | 2018 |      |      |      | 2019 |      |      |      |
|------------------------------|------|------|------|------|------|------|------|------|
|                              | 1Q   | 2Q   | 3Q   | 4Q   | 1Q   | 2Q   | 3Q   | 4Q   |
| Yield on corporate loans (Q) | 8.2  | 8.3  | 7.9  | 8.2  | 8.0  | 8.6  | 8.1  | 7.8  |
| Yield on retail loans (Q)    | 13.2 | 13.0 | 13.0 | 12.5 | 12.0 | 12.2 | 12.1 | 12.5 |
| Total yield on loans (Q)     | 9.7  | 9.7  | 9.5  | 9.6  | 9.3  | 9.8  | 9.5  | 9.5  |

<sup>1</sup> Net interest margin is calculated using methodology 2019: starting from 2019 the denominator for calculating NIM was clarified adjusting the volume of Stage 3 loans to the amount of provisions created against them



FEE AND COMMISSION INCOME AND EXPENSE

In 2019, the commission income of the Group increased by 15.1% to RUB 688.9 billion. Net fee and commission income of the Group increased by 13.6%—to RUB 497.9 billion. The main driver of commission income growth was commission income from acquiring, which grew by 22.8% in 2019 to RUB 285.4 billion. Total commission income from operations with banking cards grew by 19.6% in 2019 and comprised RUB 354.6 billion. The share of this income in the Group's commission income was 51.5%. Significant share in the Group's commission income is attributed also to commission income from cash and settlement transactions with individuals and legal entities—32.3%. This income grew by 9.8% in 2019.

497.9 bn ₹

+13.6%

NET COMMISSION INCOME  
OF THE GROUP

| RUB, bn                                                                                                     | 2018    | 2019    | CHANGE  |       |
|-------------------------------------------------------------------------------------------------------------|---------|---------|---------|-------|
|                                                                                                             |         |         | RUB, bn | %     |
| Operations with banking cards, including:                                                                   | 296.5   | 354.6   | 58.1    | 19.6  |
| • Acquiring, commissions of payment systems and other similar commissions                                   | 232.4   | 285.4   | 53.0    | 22.8  |
| • Service fees                                                                                              | 60.2    | 63.6    | 3.4     | 5.6   |
| • Other                                                                                                     | 3.9     | 5.6     | 1.7     | 43.6  |
| Cash and settlements transactions                                                                           | 202.3   | 222.2   | 19.9    | 9.8   |
| Client operations with foreign currencies and precious metals                                               | 48.0    | 52.0    | 4.0     | 8.3   |
| Documentary commissions                                                                                     | 26.8    | 22.0    | −4.8    | −17.9 |
| Agent commissions                                                                                           | 9.9     | 9.7     | −0.2    | −2.0  |
| Securities and commodities brokerage, custodian and investment banking (including syndications) commissions | 7.1     | 9.6     | 2.5     | 35.2  |
| Other                                                                                                       | 7.9     | 18.8    | 10.9    | 138.0 |
| Fee and commission income                                                                                   | 598.5   | 688.9   | 90.4    | 15.1  |
| Commission expense on operations with banking cards                                                         | (145.9) | (177.2) | −31.3   | 21.5  |
| Other commission expense                                                                                    | (14.5)  | (13.8)  | 0.7     | −4.8  |
| Fee and commission expense                                                                                  | (160.4) | (191.0) | (30.6)  | 19.1  |
| Net fee and commission income                                                                               | 438.1   | 497.9   | 59.8    | 13.6  |



In 2019, the credit loss allowance charge for loan portfolio at amortized cost increased by 3.5% from RUB 95.4 billion in 2018 to RUB 98.7 billion in 2019. 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 56.9 billion was recorded for loans at fair value in 2019.

The cost of credit risk based on credit loss allowance against loans at amortized cost decreased by 2 b.p. during 2019 from 51 b.p. in 2018 to 49 b.p. in 2019. Taking into account negative revaluation of loans at fair value combined cost of risk decreased by 4 b.p. during 2019 from 78 b.p. in 2018 to 74 b.p. in 2019.

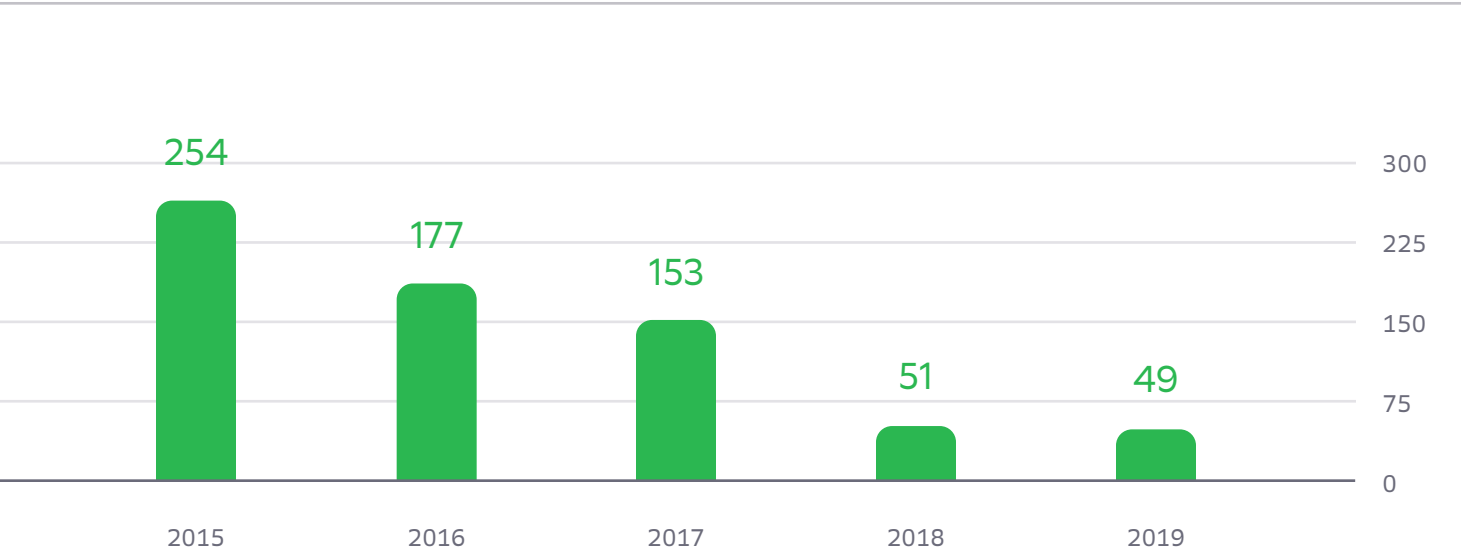
Credit loss allowance charge for loans

|                                                                                              | 2018 |      |      |      | 2019 |      |      |      |
|----------------------------------------------------------------------------------------------|------|------|------|------|------|------|------|------|
|                                                                                              | 1Q   | 2Q   | 3Q   | 4Q   | 1Q   | 2Q   | 3Q   | 4Q   |
| Credit loss allowance charge for loans at amortized cost (RUB, bn)                           | 21.9 | 10.3 | 43.1 | 20.1 | 22.1 | 7.7  | 31.8 | 37.1 |
| Cost of risk (based on credit loss allowance for loans at amortized cost) (quarterly) (b.p.) | 50   | 23   | 90   | 39   | 44   | 15   | 63   | 72   |
| Negative revaluation of loans at fair value due to change in credit quality (RUB, bn)        | 1.1  | 23.8 | 17.2 | 15.2 | 28.2 | -0.4 | 23.4 | 5.7  |
| Combined cost of risk (including revaluation of loans at fair value) (quarterly) (b.p.)      | 51   | 72   | 122  | 67   | 96   | 14   | 106  | 80   |

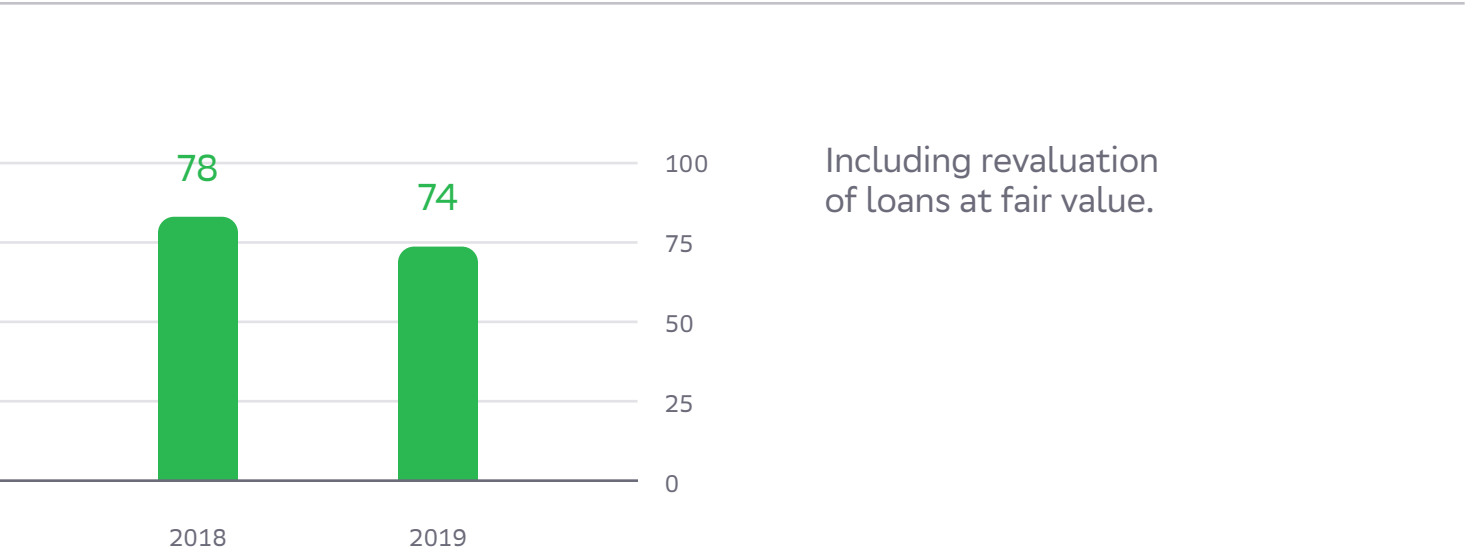
OTHER OPERATING INCOME / EXPENSES

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 99.4 billion in 2019 showing increased 3.3 times compared to 2018 (RUB 23.3 billion). The increase in other operating income in 2019 was affected by net gains / losses from non-derivative financial instruments at fair value through profit or loss, which amounted to RUB 30.3 billion against net loss of RUB (6.9) billion in 2018 (excluding negative revaluation of loans at fair value), as well as net gains / losses from derivatives, trading in foreign currencies, foreign exchange and precious metals accounts translation, which comprised RUB 59.0 billion against (19.0) billion in 2018.

Cost of risk (based on credit loss allowance against loans at amortized cost) (annual figures) (b.p.)



Combined cost of risk (annual figures) (b.p.)





OPERATING EXPENSES

In 2019, the Group's staff and administrative expenses (operating expenses of the Group) increased by 10.2%. The growth was backed primarily by increase in IT costs, related to the industrial launch and further development of the new technological platform. The VAT rate increase from the January 1, 2019 also affected the cumulative operating expenses dynamics. Staff costs—the main component of operating expenses—demonstrated increase by 11.2% in 2019. The increase was shown by depreciation of premises and equipment (for 58.7%), by amortization of intangible assets (for 15.0%), by telecommunication expenses (for 19.4%). Operating lease expenses decreased by 65.3% due to changes in methodology for calculating these expenses after application of IFRS 16 “Leases”. The ratio of operating expenses to operating income before credit loss allowance charge amounted to 35.8% in 2019 compared to 35.2% in 2018 (increase by 0.6 p.p.).

Staff and administrative expenses

| RUB, bn                                           | 2018  | 2019  | CHANGE  |       |
|---------------------------------------------------|-------|-------|---------|-------|
|                                                   |       |       | RUB, bn | %     |
| Staff costs                                       | 404.4 | 449.7 | 45.3    | 11.2  |
| Depreciation of premises and equipment            | 46.7  | 74.1  | 27.4    | 58.7  |
| Repairs and maintenance of premises and equipment | 38.2  | 36.3  | (1.9)   | −5.0  |
| Administrative expenses                           | 37.9  | 41.4  | 3.5     | 9.2   |
| Taxes other than on income                        | 30.6  | 32.4  | 1.8     | 5.9   |
| Operating lease expenses                          | 26.2  | 9.1   | (17.1)  | −65.3 |
| Telecommunication expenses                        | 24.2  | 28.9  | 4.7     | 19.4  |
| Amortization of intangible assets                 | 20.6  | 23.7  | 3.1     | 15.0  |
| Consulting and assurance services                 | 11.2  | 8.6   | (2.6)   | −23.2 |
| Advertising and marketing services                | 8.4   | 9.4   | 1.0     | 11.9  |
| Other                                             | 9.2   | 11.0  | 1.8     | 19.6  |
| Total staff and administrative expenses           | 657.6 | 724.6 | 67.0    | 10.2  |

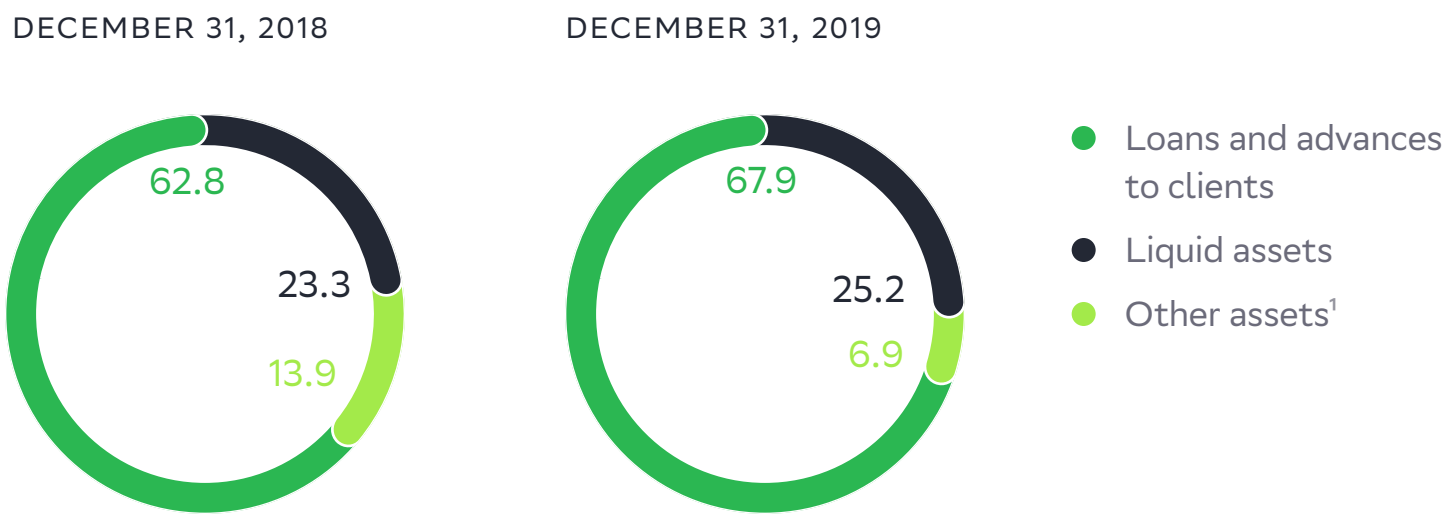


# Analysis of the assets structure

## GENERAL TRENDS

In 2019, the Group's assets decreased by 4.0%—to RUB 30.0 trillion—compared to RUB 31.2 trillion as at December 31, 2018. The reduction was influenced mainly by the disposal of Denizbank A.S. in the third quarter 2019 and by the exchange differences on translating assets in foreign currencies throughout the year. Loans and advances to clients remain the largest category of assets: their share at the end of 2019 amounted to 67.9% of total assets. The proportion of liquid assets, including cash and cash equivalents, due from banks, securities portfolio comprised 25.2%. In 2019, the securities portfolio increased by 16.5% to RUB 4.4 trillion. The portfolio is almost totally comprised of bonds and is used primarily for liquidity management.

### Liquid and other assets breakdown, %



<sup>1</sup> Other assets for 2018 include assets of discontinued operations

30.0 <sub>tn ₺</sub>      -4%

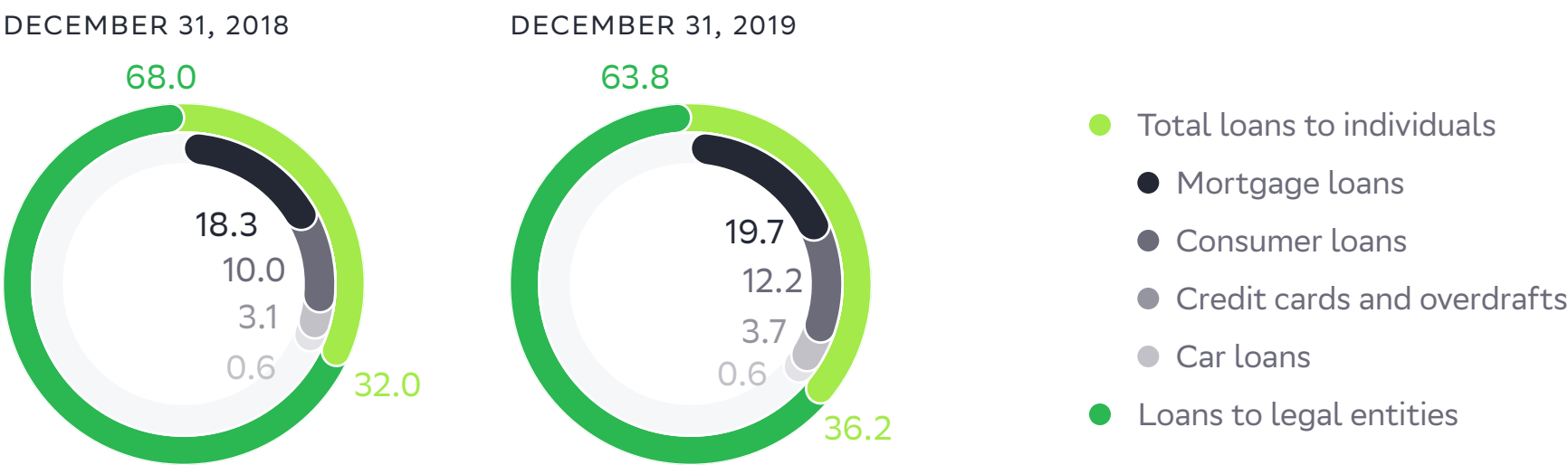
## ASSETS OF THE GROUP

## LOANS AND ADVANCES TO CLIENTS

The total loan portfolio of the Group before credit loss allowance increased by 3.2% y-o-y to RUB 21.7 trillion. Corporate loans (at amortized cost and at fair value) in nominal terms decreased by 3.2% in 2019, in real terms (adjusted for FX revaluation) they grew by 2.8%. Their share in the total loan portfolio slightly decreased in 2019 compared to 2018 and amounted to 63.8% (2018: 68.0%). The share of consumer loans in the total loan portfolio reached 36.2% compared to 32.0% in 2018.

Retail loan portfolio grew by 16.8% in 2019 y-o-y and comprised RUB 7.9 trillion. The driver of growth in the retail lending was consumer loans (the increase was fixed at 25.8% for 2019) due to fast-growing online sales that accounted for 56% of total origination at the end of the reporting period vs. 44% a year ago. Mortgage loans grew by 11.4% in 2019. This dynamics is primarily supported by reduction in interest rates on these loans, significant decrease in time of the underwriting process (60% of mortgage approvals are executed for less than an hour) and development of online channels (DomClick platform).

### Loans at amortized cost and fair value, %





Loans and Advances to Clients at amortized cost and fair value

|                                                                  | DECEMBER 31, 2018 |       | DECEMBER 31, 2019 |       |
|------------------------------------------------------------------|-------------------|-------|-------------------|-------|
|                                                                  | RUB, bn           | %     | RUB, bn           | %     |
| Commercial loans to legal entities                               | 12,634.8          | 60.0  | 11,564.8          | 53.2  |
| Project finance loans to legal entities                          | 1,696.3           | 8.0   | 2,300.6           | 10.6  |
| Mortgage loans to individuals                                    | 3,850.6           | 18.3  | 4,291.2           | 19.7  |
| Consumer and other loans to individuals                          | 2,113.1           | 10.0  | 2,658.2           | 12.2  |
| Credit cards and overdrafts                                      | 657.5             | 3.1   | 794.0             | 3.7   |
| Car loans to individuals                                         | 130.0             | 0.6   | 140.6             | 0.6   |
| Total loans and advances to clients before credit loss allowance | 21,082.3          | 100.0 | 21,749.4          | 100.0 |

Loans and Advances to Clients at amortized cost

|                                                                                    | DECEMBER 31, 2018 |       | DECEMBER 31, 2019 |       |
|------------------------------------------------------------------------------------|-------------------|-------|-------------------|-------|
|                                                                                    | RUB, bn           | %     | RUB, bn           | %     |
| Commercial loans to legal entities                                                 | 12,420.0          | 61.0  | 11,378.0          | 54.7  |
| Project finance loans to legal entities                                            | 1,229.6           | 6.0   | 1,561.3           | 7.5   |
| Mortgage loans to individuals                                                      | 3,850.6           | 18.9  | 4,291.2           | 20.6  |
| Consumer and other loans to individuals                                            | 2,108.7           | 10.3  | 2,631.6           | 12.7  |
| Credit cards and overdrafts                                                        | 657.5             | 3.2   | 794.0             | 3.8   |
| Car loans to individuals                                                           | 130.0             | 0.6   | 140.6             | 0.7   |
| Total loans and advances to clients at amortized cost before credit loss allowance | 20,396.4          | 100.0 | 20,796.7          | 100.0 |

Loans and Advances to Clients at fair value

|                                                   | DECEMBER 31, 2018 |       | DECEMBER 31, 2019 |       |
|---------------------------------------------------|-------------------|-------|-------------------|-------|
|                                                   | RUB, bn           | %     | RUB, bn           | %     |
| Commercial loans to legal entities                | 214.8             | 31.4  | 186.8             | 19.6  |
| Project finance loans to legal entities           | 466.7             | 68.0  | 739.3             | 77.6  |
| Consumer and other loans to individuals           | 4.4               | 0.6   | 26.6              | 2.8   |
| Total loans and advances to clients at fair value | 685.9             | 100.0 | 952.7             | 100.0 |



QUALITY OF THE LOAN PORTFOLIO

The provision coverage level of the total loan portfolio before credit loss allowance comprised 6.7% as at the end of 2019 with decrease of 0.6 p.p. compared to December 31, 2018. The share of Stage 3 and POCI (“purchased or originated credit-impaired”) loans in loan portfolio at amortized cost came down by 0.6 p.p. in 2019 to 7.5%. At the same time total provision coverage of Stage 3 and POCI loans comprised 89.3% as at the end of 2019 (90.4% as at the end of 2018). In 2019, 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 increased from 3.8% to 4.3%. At the same time, the provision coverage of non-performing loans (NPLs) amounted to 1,8 times as at the end of 2019 (1,9 times as at the end of 2018).

SECURITIES PORTFOLIO

The Group’s securities portfolio is represented mainly by debt instruments (97.2%) 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 44.0%, which was stable in 2019 (43.9% as at the end of 2018). The proportion of corporate bonds in the portfolio structure remained almost unchanged as well—31.8% compared to 31.9% as at the year-end 2018. The share of securities pledged under repurchase agreements decreased from 8.2% to 4.3% in 2019.

Loan portfolio structure

|                                        | DECEMBER 31, 2018 |              | DECEMBER 31, 2019 |              |
|----------------------------------------|-------------------|--------------|-------------------|--------------|
|                                        | RUB, bn           | SHARE,%      | RUB, bn           | SHARE,%      |
| Russian federal loan bonds (OFZ bonds) | 1,647.5           | 43.9         | 1,923.5           | 44.0         |
| Corporate bonds                        | 1,194.5           | 31.9         | 1,389.7           | 31.8         |
| Foreign government and municipal bonds | 137.0             | 3.7          | 119.7             | 2.7          |
| Russian Federation Eurobonds           | 265.0             | 7.1          | 282.8             | 6.5          |
| Russian municipal and subfederal bonds | 161.6             | 4.3          | 183.8             | 4.2          |
| Mortgage-backed securities             | 80.2              | 2.1          | 98.4              | 2.3          |
| Bonds of the Bank of Russia            | 189.2             | 5.0          | 249.2             | 5.7          |
| Promissory notes                       | 1.4               | 0.0          | 1.4               | 0.0          |
| <b>Total debt securities</b>           | <b>3,676.4</b>    | <b>98.0</b>  | <b>4,248.5</b>    | <b>97.2</b>  |
| Corporate shares                       | 57.3              | 1.6          | 95.3              | 2.2          |
| Investments in mutual funds            | 15.8              | 0.4          | 25.9              | 0.6          |
| <b>Total securities</b>                | <b>3,749.5</b>    | <b>100,0</b> | <b>4,369.7</b>    | <b>100,0</b> |

# 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 clients, total amount of which comprised RUB 21.6 trillion as at 31 December 2019, or 84.7% of liabilities. The Group’s total liabilities decreased by 6.8% to RUB 25.5 trillion in 2019.

25.5 TN ₹

–6.8%

LIABILITIES OF THE GROUP AS AT THE YEAR-END 2019

## CLIENT DEPOSITS

Amounts due to clients increased by 3.2% to RUB 21.6 trillion in 2019. Amounts due to individuals increased by 5.3% to RUB 14.2 trillion with term deposits demonstrating slight growth of 2.1%, making 72.8% share in total amount due to individuals. In 2019 the share of due to individuals showed growth in the total structure of the Group’s liabilities compared to 2018 and comprised 55.8% (2018: 49.4%). Thus, amounts due to individuals continue to remain the main source of financing for the Group. The volume of corporate clients remained almost unchanged and stayed at RUB 7.4 trillion. Balances on current/settlement accounts of both individuals and corporate clients increased by 13.2% in 2019 to RUB 6.6 trillion.

## Structure of client deposits

|                                          | DECEMBER 31, 2018 |            | DECEMBER 31, 2019 |            |
|------------------------------------------|-------------------|------------|-------------------|------------|
|                                          | RUB, bn           | % OF TOTAL | RUB, bn           | % OF TOTAL |
| DUE TO INDIVIDUALS                       |                   |            |                   |            |
| Current/demand accounts                  | 3,368.1           | 16.1       | 3,869.5           | 18.0       |
| Term deposits and direct repo agreements | 10,127.0          | 48.5       | 10,340.1          | 47.9       |
| Total due to individuals                 | 13,495.1          | 64.6       | 14,209.6          | 65.9       |
| DUE TO CORPORATE CLIENTS                 |                   |            |                   |            |
| Current/settlement accounts              | 2,423.9           | 11.6       | 2,684.6           | 12.4       |
| Term deposits and direct repo agreements | 4,978.3           | 23.8       | 4,680.2           | 21.7       |
| Total due to corporate clients           | 7,402.2           | 35.4       | 7,364.8           | 34.1       |
| Total                                    | 20,897.3          | 100.0      | 21,574.4          | 100.0      |



The volume of debt securities in issue decreased by 13.5% in 2019. The decline was mainly due the decrease in balances of loan participation notes issued under the MTN programme of Sberbank by 58.6%, savings certificates balances by 78.5%, which at the same time was compensated by considerable growth in bonds issued on the local market (by 89.2%) due to substantial amount of funds attracted by Sberbank in 2019 on the Russian market under the programme of exchange-traded bonds denominated in Russian Roubles and through the issues of structured principal protected bonds.

Debt securities issued by the group

|                                                                     | RUB, bn          |                  | CHANGE         |              |
|---------------------------------------------------------------------|------------------|------------------|----------------|--------------|
|                                                                     | DECEMBER 31,2018 | DECEMBER 31,2019 | RUB, bn        | %            |
| Bonds issued on the local market                                    | 249.6            | 472.2            | 222.6          | 89.2         |
| Loan participation notes issued under the MTN programme of Sberbank | 343.6            | 142.2            | (201.4)        | −58.6        |
| Promissory notes                                                    | 97.6             | 82.9             | (14.7)         | −15.1        |
| Savings certificates                                                | 150.4            | 32.4             | (118.0)        | −78.5        |
| Bonds issued under mortgage securitization programme of Sberbank    | 2.4              | 0                | (2.4)          | −100.0       |
| <b>Total debt securities in issue</b>                               | <b>843.6</b>     | <b>729.7</b>     | <b>(113.9)</b> | <b>−13.5</b> |

The Group’s equity increased by 16.4% to RUB 4.5 trillion in 2019. The growth is attributed primarily to the Group’s profit earned for the year. Also the growth of equity was supported by the increase in fair value reserve for debt instruments measured at fair value through other comprehensive income due to positive revaluation of these securities in 2019. As at the end of 2019 this reserve comprised RUB 88.2 billion compared to RUB (35.1) billion in 2018.

Equity of the group

|                                                                                                   | RUB, bn          |                  | CHANGE FOR THE YEAR |             |
|---------------------------------------------------------------------------------------------------|------------------|------------------|---------------------|-------------|
|                                                                                                   | DECEMBER 31,2018 | DECEMBER 31,2019 | RUB, bn             | %           |
| Share capital and share premium                                                                   | 320.3            | 320.3            | —                   | 0.0         |
| Treasury shares                                                                                   | (18.1)           | (21.5)           | (3.4)               | 18.8        |
| Revaluation reserve for office premises                                                           | 56.2             | 44.6             | (11.6)              | −20.6       |
| Fair value reserve for debt instruments measured at fair value through other comprehensive income | (35.1)           | 88.2             | 123.3               | 351.3       |
| Foreign currency translation reserve                                                              | (29.6)           | 1.8              | 31.4                | 106.1       |
| Remeasuments of defined benefit pension plans                                                     | (2.4)            | (2.1)            | 0.3                 | −12.5       |
| Liabilities reserve for buyout of non-controlling interest                                        | —                | (2.2)            | (2.2)               | n.a.        |
| Retained earnings                                                                                 | 3,560.7          | 4,049.2          | 488.5               | 13.7        |
| <b>Total equity attributable to shareholders of the Bank</b>                                      | <b>3,852.0</b>   | <b>4,478.3</b>   | <b>626.3</b>        | <b>16.3</b> |
| Non-controlling interest                                                                          | 3.8              | 8.4              | 4.6                 | 121.1       |
| <b>TOTAL EQUITY</b>                                                                               | <b>3,855.8</b>   | <b>4,486.7</b>   | <b>630.9</b>        | <b>16.4</b> |

CAPITAL ADEQUACY RATIO OF THE GROUP

Common equity Tier 1 capital adequacy ratio under Basel III comprised 13.4% as at December 31, 2019. Total capital adequacy ratio under Basel III amounted to 13.6% as at the year-end 2019, which is significantly higher than the baseline set by Basel Committee (8%). Capital adequacy ratios demonstrated increase in 2019 compared to 2018 (common equity Tier 1 capital adequacy ratio—by 1.6 p.p., total capital adequacy ratio—by 1.2 p.p.) driven by growth of the Group’s equity outpacing the growth of risk weighted assets. Leverage of the Group showed growth by 2.4 p.p. to 13.7% in 2019.

Capital Adequacy Ratio

|                                                                                                   | DECEMBER<br>31, 2018 | DECEMBER<br>31, 2019 |
|---------------------------------------------------------------------------------------------------|----------------------|----------------------|
| TIER 1 CAPITAL                                                                                    |                      |                      |
| Share capital                                                                                     | 87.7                 | 87.7                 |
| Share premium                                                                                     | 232.6                | 232.6                |
| Retained earnings                                                                                 | 3,560.7              | 4,049.2              |
| Non-controlling interest                                                                          | 7.1                  | 11.9                 |
| Treasury shares                                                                                   | (18.1)               | (21.5)               |
| Revaluation reserve for office premises                                                           | 56.2                 | 44.6                 |
| Fair value reserve for debt instruments measured at fair value through other comprehensive income | (35.1)               | 88.2                 |
| Foreign currency translation reserve                                                              | (29.6)               | 1.8                  |
| Remeasurement of defined benefit pension plans                                                    | (2.4)                | (2.1)                |
| less goodwill                                                                                     | (10.8)               | (13.6)               |
| less intangible assets                                                                            | (64.6)               | (78.4)               |
| Other deductions from capital                                                                     | (17.2)               | (22.8)               |
| <b>Tier 1 capital</b>                                                                             | <b>3,766.5</b>       | <b>4,377.6</b>       |

|                                                                                            | DECEMBER<br>31, 2018 | DECEMBER<br>31, 2019 |
|--------------------------------------------------------------------------------------------|----------------------|----------------------|
| TIER 2 CAPITAL                                                                             |                      |                      |
| Eligible subordinated debt                                                                 | 142.1                | 55.1                 |
| Excess of total eligible provisions over expected loss amount under IRB approach           | 42.0                 | 3.0                  |
| <b>Tier 2 capital</b>                                                                      | <b>184.1</b>         | <b>58.1</b>          |
| <b>Total capital</b>                                                                       | <b>3,950.6</b>       | <b>4,435.7</b>       |
| RISK WEIGHTED ASSETS (RWA)                                                                 |                      |                      |
| Credit risk                                                                                | 27,477.4             | 28,062.7             |
| Operational risk                                                                           | 3,339.9              | 3,486.8              |
| Market risk                                                                                | 975.8                | 1,084.6              |
| <b>Total risk weighted assets (RWA)</b>                                                    | <b>31,793.1</b>      | <b>32,634.1</b>      |
| Common equity Tier 1 capital adequacy ratio (Common equity Tier 1 capital to Total RWA), % | 11.8                 | 13.4                 |
| Tier 1 capital adequacy ratio (Tier 1 capital to Total RWA), %                             | 11.8                 | 13.4                 |
| Total capital adequacy ratio (Total capital to Total RWA), %                               | 12.4                 | 13.6                 |

Leverage

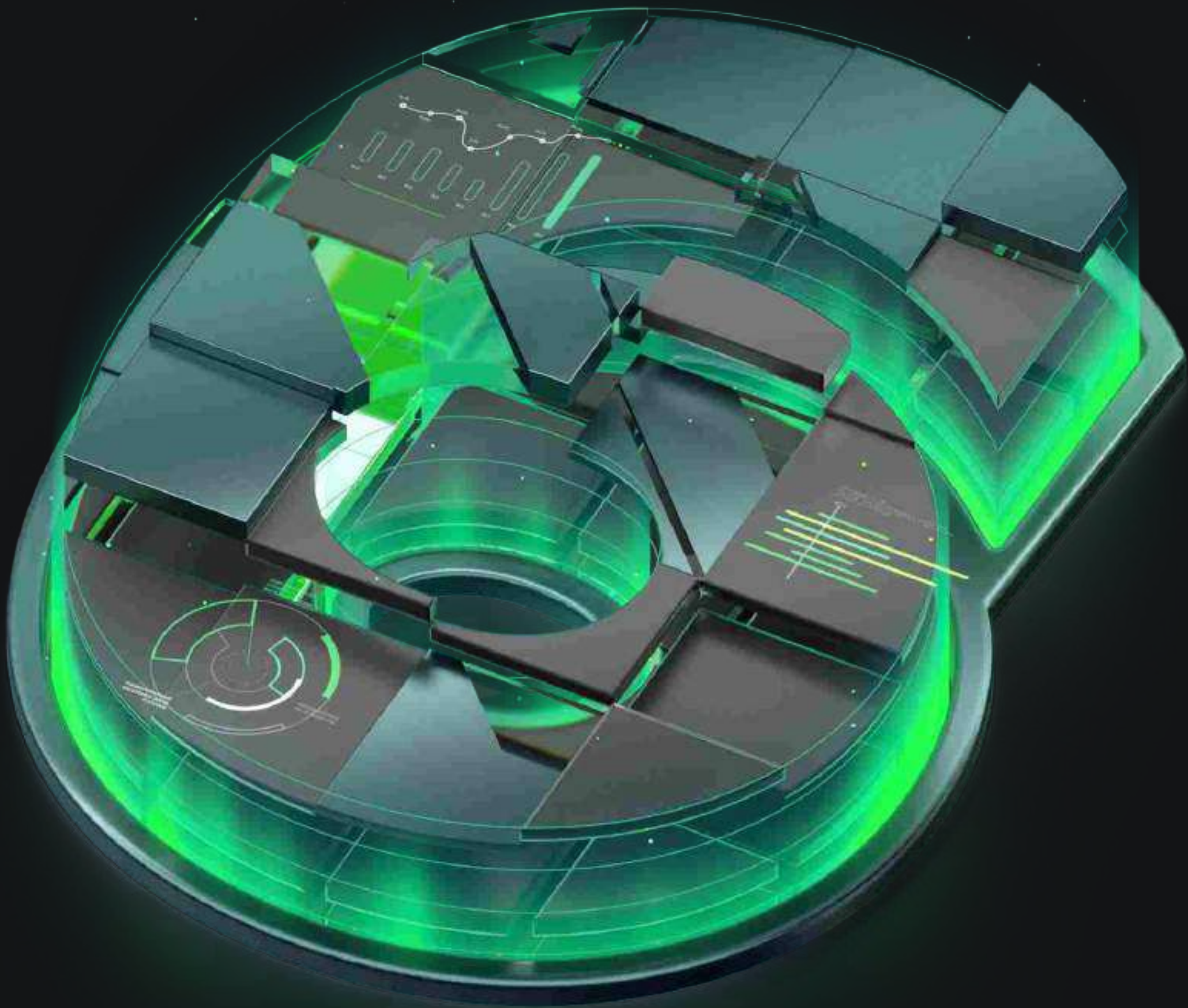
|                               | DECEMBER<br>31, 2018 | DECEMBER<br>31, 2019 |
|-------------------------------|----------------------|----------------------|
| Tier 1 capital                | 3,766.5              | 4,377.6              |
| Total leverage ratio exposure | 33,471.1             | 31,885.0             |
| <b>Leverage ratio, %</b>      | <b>11.3</b>          | <b>13.7</b>          |



06

# RISKS REPORT

|     |                                                  |
|-----|--------------------------------------------------|
| 143 | RISK MANAGEMENT<br>SYSTEM DEVELOPMENT            |
| 147 | RISKS OF THE GROUP IN 2019                       |
| 148 | APPROACH TO MANAGEMENT OF KEY RISKS OF THE GROUP |





# Risk management strategy

The basic risk management principles have been established in the Sberbank Group Risk and Capital Strategy. Its 4<sup>th</sup> edition was approved by the Supervisory Board in April 2019.

The Strategy can be found at:  
[https://www.sberbank.com/common/img/uploaded/files/pdf/normative\\_docs/group\\_risk-and-capital-strategy\\_rus.pdf](https://www.sberbank.com/common/img/uploaded/files/pdf/normative_docs/group_risk-and-capital-strategy_rus.pdf)

## RISK MANAGEMENT PRINCIPLES

|                                         |                                             |
|-----------------------------------------|---------------------------------------------|
| 01 RISK AWARENESS                       | 07 CENTRALIZED AND DECENTRALIZED APPROACHES |
| 02 RISK-ADJUSTED PERFORMANCE MANAGEMENT | 08 INFORMATION TECHNOLOGY AND DATA QUALITY  |
| 03 TOP MANAGEMENT INVOLVEMENT           | 09 METHODOLOGY DEVELOPMENT                  |
| 04 PROPORTIONALITY PRINCIPLE            | 10 RISK CULTURE                             |
| 05 RISK MITIGATION                      | 11 RISK-BASED INCENTIVE PROGRAM             |
| 06 ALLOCATION OF POWERS AND AUTHORITY   | 12 INFORMATION DISCLOSURE                   |

# Risk management system development

The Group continuously improves its risk management system

2019

Key achievements

- Corporate client loan products pricing based on RoRWA indicator has been implemented
- Operational risk and technology risk appetite has been established
- A quantitative model risk assessment methodology developed for more than 50% of the bank’s models
- Sberbank Credit Machine has been built up, 80% of retail loan applications evaluated with the use of “Zero Fields” technology

2020

Plans

- Develop the risk management system at ecosystem companies
- Improve the model risk management system
- Increase the share of positive automated credit decisions on retail clients to 95%, and of Zero Fields to 100%
- Implement a concept dubbed “Risk Return Trade Off on Retail Customer Level Based on Capital Allocation”



RISK MANAGEMENT POWERS AND RESPONSIBILITY



1 Passive risk taking as a result of risk transfer.



CONTROL AND REPORTING

The bank uses the Three Lines of Defense model for effective risk management

Three Lines of Defense Model





RISK CULTURE

The Group is continuously developing a risk culture fostering project aimed at cultivating the right attitude toward risks among employees as they perform their daily duties, including (but not limited to) open discussion and response to existing and potential risks as well as intolerance of ignoring or concealing risks and a lack of indifference towards risky behavior by coworkers. The risk culture supplements the existing formal mechanisms and is an integral part of our integrated risk management system.

The risk culture is forged via three key channels:

- a personal example set by managers;
- bank-wide communications;
- training.

Priority development areas have been identified based on a 2018 risk culture measurement and communicated to bank executives and to mid-level and line management.

A monthly competition entitled Risk Culture Story Time was held among bank employees in 2019 to increase their engagement in the risk culture development process.

Regular information campaigns promoting the target principles of aware behavior are held in bank-wide communication channels on a regular basis.

Risk management training programs are available to all levels of management and rank-and-file employees in order to improve their understanding of risk and its impact on the bank’s activities.

RISK APPETITE

Risk appetite is the aggregate maximum risk level the Group/Sberbank/a Group member are ready to accept in the course of creating shareholder value and achieving set strategic goals, including target margins. Risk appetite is established for the Group, Sberbank, and Group members with account taken of the requirements of the Bank of Russia and regulators in the countries of presence of the Group.

Risk appetite is established for the strategic planning horizon, and Sberbank’s Supervisory Board considers the necessity to change the Group and Sberbank risk appetite at least once a year. Specific risk appetite limits may be updated during a fiscal year in case of changes in the economic situation or in the Bank of Russia’s requirements for credit institutions (modification of existing ratios or introduction of new ones).

Sberbank’s risk appetite comprises a three-level system of indicators:

- level one contains key risk indicators: a target rating, capital adequacy, loan portfolio quality, and liquidity;
- level two contains economic capital limits by business area and type of risk;
- level three contains all other indicators.

The updated Risk Appetite encompasses all types of risk, all business units, and all business areas.

CONDUCT RISK

A conduct risk management policy was approved in 2019 to develop the system for managing this type of risk. Risk management training programs were supplemented with conduct risk content.

DISCLOSURE

Sberbank timely discloses risk management and capital adequacy data at its corporate website [www.sberbank.com](http://www.sberbank.com) in accordance with the Bank of Russia requirements.



# Risks of the Group in 2019

Based on the findings of a survey of the Group members and Business Units in Charge of Risks, Sberbank’s experts have drafted a list of substantial/material risks at the Group level:





# Approach to management of key risks of the Group

| RISK DEFINITION          | RISK DESCRIPTION                                                                                                                                                          | RISK MANAGEMENT POLICIES AND COMMITTEES                                                                                                                                                                                                                                                   | RISK MANAGEMENT AND ASSESSMENT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Credit Risk              | The risk of losses occurring due to a failure to perform, a delay in performance, or an incomplete performance of contractual financial obligations by a counterparty.    | <b>Policy:</b> <ul style="list-style-type: none"><li>• Credit Risk Management Policy</li><li>• Loan Product Security Policy</li></ul> <b>Risk Management Committee:</b> <ul style="list-style-type: none"><li>• Credit and Investment Committee</li><li>• Market Risk Committee</li></ul> | <p>Key credit risk management methods:</p> <ul style="list-style-type: none"><li>• prevent credit risk by identifying, analyzing, and assessing potential risks;</li><li>• project credit risk level by assessing the level of expected losses;</li><li>• contain credit risk by imposing risk limits and/or restrictions;</li><li>• create loan loss provisions;</li><li>• manage transaction security;</li><li>• monitor and control the level of credit risk.</li></ul> <p>The risk level is assessed using statistical models for credit risk quantification—PD, LGD, or EAD.</p> <p>Assessment of credit risks of the Group’s counterparties for transactions that carry credit risks is made depending on the type of counterparty:</p> <ul style="list-style-type: none"><li>• corporate clients – based on a credit rating system depending on the counterparty’s risk segment, as well as by building projected cash flow models;</li><li>• individuals—based on an assessment of the counterparty’s solvency, an express assessment, behavior data and information from external sources available to Sberbank.</li></ul> <p>A multi-level limit system, including Group risk appetite limits, is used to contain credit risk.</p> |
| Trading Book Market Risk | Risk of losses or reduction of profit associated with adverse changes in the value of financial instruments, as well as foreign exchange rates and precious metal prices. | <b>Policy:</b> <ul style="list-style-type: none"><li>• Policy for Managing Market and Credit Risks Arising from Financial Markets Transactions</li></ul> <b>Risk Management Committee:</b> <ul style="list-style-type: none"><li>• Market Risk Committee</li></ul>                        | <p>The basis for the management system is risk identification, assessment and further management.</p> <p>The key management tool is to set market risk limits at the portfolio level. Market risk limits are imposed on four levels of portfolio hierarchy, from the aggregated level to limits of the level of individual sub-portfolios or strategies. Top-level limits constitute Group risk appetite metrics.</p> <p>Value at Risk (VaR) is the key market risk assessment metric. The bank assesses VaR using the historic modeling methodology with a confident probability level of 99% at a 10-day horizon.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |



# Approach to management of key risks of the Group

| RISK DEFINITION                                      | RISK DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | RISK MANAGEMENT POLICIES AND COMMITTEES                                                                                                                                                                                                                                   | RISK MANAGEMENT AND ASSESSMENT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Banking Book Interest Rate and Currency Risks</b> | <p>Interest rate risk in the banking book is a risk of losses or a decrease in profit, capital or capital adequacy due to an adverse change in interest rates of financial instruments in the banking book and/or market interest rates affecting the value of the banking book financial instruments.</p> <p>The banking book currency risk is a risk of financial losses or a decrease in capital or capital adequacy as a result of changes in foreign exchange rates or precious metal prices in banking book positions.</p> | <p><b>Policy:</b></p> <ul style="list-style-type: none"><li>Banking Book Interest Rate and Currency Risk Management Policy</li></ul> <p><b>Risk Management Committee:</b></p> <ul style="list-style-type: none"><li>Assets and Liabilities Management Committee</li></ul> | <p>Management of banking book interest rate and currency risks (BBIRCR) is performed in a centralized manner, taking into account the principles of position consolidation and the Three Lines of Defense.</p> <p>The key procedures for BBIRCR management include:</p> <ul style="list-style-type: none"><li>BBIRCR identification and assessment;</li><li>BBIRCR mitigation by establishing a limit system;</li><li>management of banking book interest rate and currency positions;</li><li>BBIRCR stress testing;</li><li>control of BBIRCR levels and compliance with established limits;</li><li>BBIRCR reporting;</li><li>validation of models used for quantitative assessment of BBIRCR;</li><li>assessment of the quality and efficiency (internal audit) of the BBIRCR management system.</li></ul> <p>The Group primarily uses the following metrics to assess BBIRCR:</p> <ul style="list-style-type: none"><li>change in NII (<math>\Delta</math>NII);</li><li>regulatory OFXP;</li><li>economic capital.</li></ul> <p>A multi-level limit system, including Group risk appetite limits, is used to contain BBIRCR.</p> |
| <b>Banking Book Credit Market Spread Risk</b>        | <p>The risk of losses or a decrease in capital because of a decline in market prices of securities in the banking book acquired under the ‘receipt of contractual cash flows’ or ‘receipt of contractual cash flows and sale’ business models and carried at fair value as a result of an adverse change in market credit spreads.</p>                                                                                                                                                                                           | <p><b>Policy:</b></p> <ul style="list-style-type: none"><li>Banking Book Market Credit Spread Risk Management Policy</li></ul> <p><b>Risk Management Committee:</b></p> <ul style="list-style-type: none"><li>Assets and Liabilities Management Committee</li></ul>       | <p>Key methods for banking book market credit spread risk (BBMCSR) management:</p> <ul style="list-style-type: none"><li>BBMCSR identification and assessment, including economic capital assessment;</li><li>BBMCSR mitigation (by establishing a system of limits);</li><li>BBMCSR stress testing;</li><li>control of BBMCSR level and of compliance with set limits;</li><li>BBMCSR management, including the development and implementation of measures required to comply with set BBMCSR limits;</li><li>validation of models used for quantitative assessment of BBMCSR.</li></ul> <p>To assess BBMCSR, the Value-at-Risk (VaR) metric is used, which is an estimate of the maximum loss in the fair value of securities in the banking book as a result of changes in market credit spreads over a given period of time with a given probability (confidence level).</p> <p>A multi-level limit system, including Group risk appetite limits, is used to contain credit spread risk.</p>                                                                                                                                      |



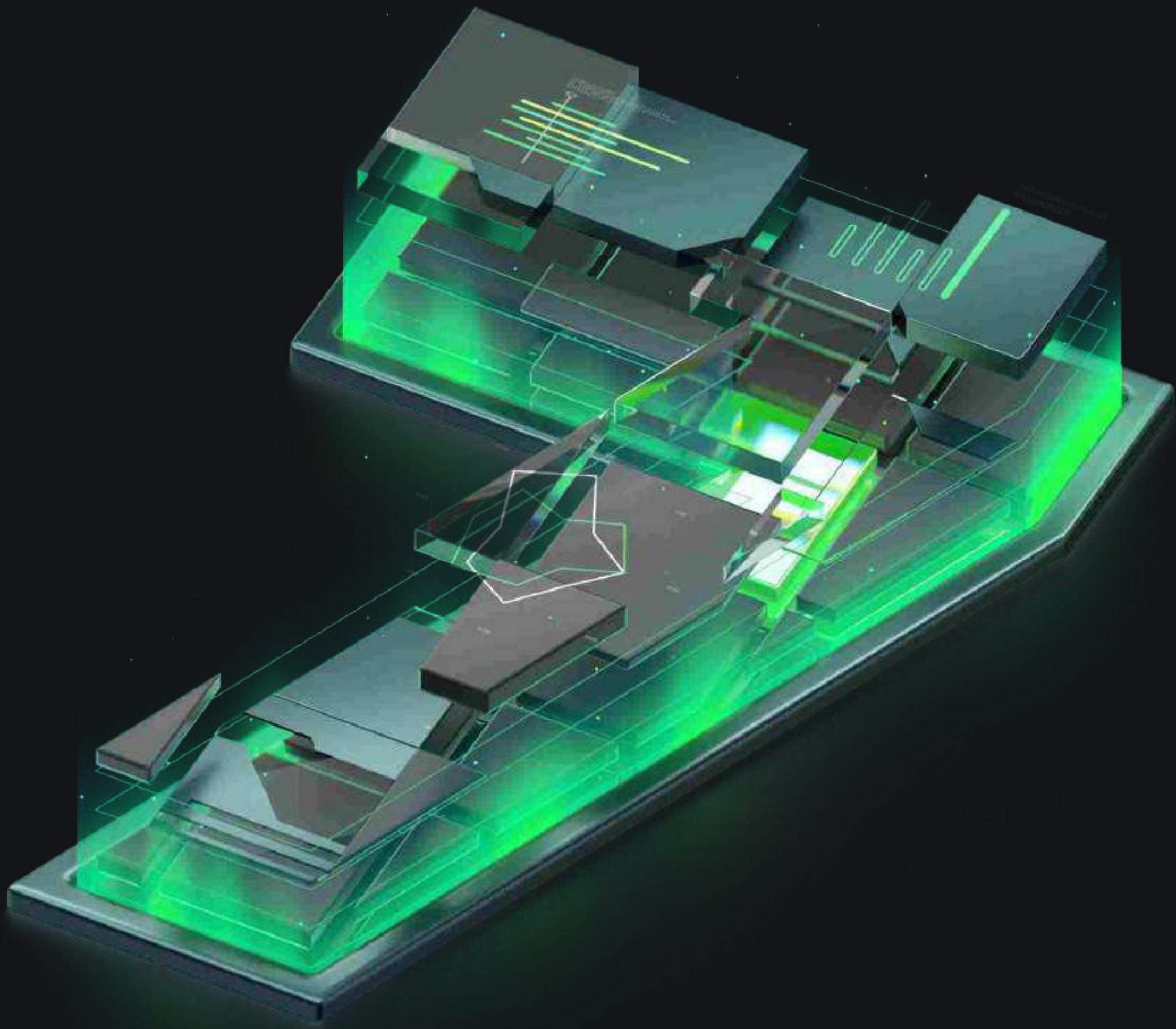
# Approach to management of key risks of the Group

| RISK DEFINITION  | RISK DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | RISK MANAGEMENT POLICIES AND COMMITTEES                                                                                                                                                                                                                                                 | RISK MANAGEMENT AND ASSESSMENT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operational Risk | <p>The risk of the Group incurring losses as a result of any deficiencies in its internal processes, operation of information systems, unauthorized/illegal actions or errors committed by employees, or due to 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 workplace safety;</li><li>clients, products, and business practices;</li><li>damage to tangible assets;</li><li>business interruptions or system failures;</li><li>execution, service provision and process management.</li></ul> | <p><b>Policy:</b></p> <ul style="list-style-type: none"><li>Operational Risk Management Policy</li></ul> <p><b>Risk Management Committee:</b></p> <ul style="list-style-type: none"><li>Group Risk Committee</li><li>Operational Risk Steering Committee</li></ul>                      | <p>Key management methods:</p> <ul style="list-style-type: none"><li>comprehensive regulation of business processes and procedures;</li><li>division of powers;</li><li>internal control of compliance with the established procedures for executing operations and transactions and the limits discipline;</li><li>a set of measures aimed at ensuring information security and continuous operations;</li><li>improvement of audit procedures and quality control of automated systems and hardware operation;</li><li>property and asset insurance.</li></ul> <p>Key risk identification methods:</p> <ul style="list-style-type: none"><li>daily analysis of data on realized operational risk events and any damage incurred as a result;</li><li>analysis of information on operational risks provided by structural units in the course of self-assessment and as a result of quarterly and annual scenario-based analysis;</li><li>business process analysis.</li></ul> <p>Loss limits have been set within the Group risk appetite to contain operational risk.</p> |
| Liquidity Risk   | <p>Liquidity risk is a risk of inability to finance own activities, i.e. to ensure the growth of assets and/or perform obligations as they become due, or of violation of regulators’ requirements relating to liquidity risk.</p>                                                                                                                                                                                                                                                                                                                                                                                                                             | <p><b>Policy:</b></p> <ul style="list-style-type: none"><li>Liquidity Risk Management Policy</li></ul> <p><b>Risk Management Committee:</b></p> <ul style="list-style-type: none"><li>Assets and Liabilities Management Committee</li><li>Operational Risk Steering Committee</li></ul> | <p>Key liquidity risk management methods:</p> <ul style="list-style-type: none"><li>business planning and preparation of a Funding Plan;</li><li>a system of limits and trigger limits for risk metrics containing liquidity risk;</li><li>product pricing;</li><li>transfer pricing;</li><li>approval of new product terms and conditions;</li><li>approval of large transactions;</li><li>maintenance of a liquidity buffer;</li><li>development of an action plan for restoration of financial stability in a liquidity crisis.</li></ul> <p>Key liquidity risk assessment methods:</p> <ul style="list-style-type: none"><li>calculation of risk metrics to monitor and measure the liquidity risk;</li><li>top-down balance sheet projection;</li><li>bottom-up balance sheet projection;</li><li>scenario analysis;</li><li>stress testing.</li></ul> <p>A multi-level limit system, including Group risk appetite limits, is used to contain liquidity risk.</p>                                                                                                      |



# Approach to management of key risks of the Group

| RISK DEFINITION | RISK DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | RISK MANAGEMENT POLICIES AND COMMITTEES                                                                                                                                                                                        | RISK MANAGEMENT AND ASSESSMENT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Compliance Risk | The risk of the bank or another Group member facing legal or regulatory sanctions or incurring a material financial loss or a loss of reputation as the result of their failure to observe any laws, instructions, rules, standards of self-regulated organizations or codes of conduct or norms of business ethics as regards anti-money laundering or countering the financing of terrorism, prevention of financial market malpractice, control of conflicts of interest and countering corruption, adherence to economic sanctions, or control of foreign taxpayer accounts. | <p><b>Policy:</b></p> <ul style="list-style-type: none"><li>Compliance Risk Management Policy</li></ul> <p><b>Risk management Committee:</b></p> <ul style="list-style-type: none"><li>Sberbank Compliance Committee</li></ul> | <p>Compliance risk management includes:</p> <ul style="list-style-type: none"><li>prevention of abuse of office and corruption offenses by employees of the bank and Group members;</li><li>prevention and resolution of conflicts of interest arising in the course of operations of the bank and Group members;</li><li>combating money laundering and financing of terrorism;</li><li>ensuring market behavior and fair competition when performing financial market transactions and preventing unfair financial markets practices (use of insider information, price manipulation, etc.);</li><li>compliance with economic sanctions and restrictions imposed by the Russian Federation as well as by international organizations or individual countries;</li><li>protection of clients’ rights, including investment activities;</li><li>compliance with license or other regulatory requirements related to financial markets.</li></ul> <p>Compliance risk is taken into account when calculating the Group risk appetite.</p> |



07

# FOREIGN SUBSIDIARY BANKS

|     |                    |
|-----|--------------------|
| 153 | SB SBERBANK JSC    |
| 154 | BPS-SBERBANK OJSC  |
| 155 | SBERBANK JSC       |
| 156 | SBERBANK EUROPE AG |



# SB SBERBANK JSC

REPUBLIC OF KAZAKHSTAN

101

BRANCHES

17

REGIONAL  
BRANCHES

52<sub>k</sub>

ACTIVE CORPORATE  
CLIENTS

1,351<sub>k</sub>

ACTIVE RETAIL  
CLIENTS

## SB SBERBANK JSC highlights

(management reporting)

|                      | 2018 | 2019 |
|----------------------|------|------|
| Assets, RUB bn       | 342  | 358  |
| Equity, RUB bn       | 31   | 38   |
| Net profit, RUB bn   | 7.9  | 11.5 |
| ROE, %               | 27.3 | 33.0 |
| ROA, %               | 2,5  | 3,4  |
| CIR <sup>1</sup> , % | 32.7 | 30.2 |
| Headcount, ‘000      | 3,5  | 4,0  |

## ECONOMIC CONDITIONS IN 2019

Despite the decline in oil prices and rapid slowdown in production growth, the economy of Kazakhstan increased by 4.5% in 2019. The economy was supported by a fiscal incentive initiated by Nursultan Nazarbaev at the year beginning. The list of measures includes raising the salaries of public servants, writing off consumer loans, increasing social transfers, increasing infrastructure spending. As a result, most indicators of domestic demand were on the rise; real wages increased by 9.9%, trade by 7.3%, construction by 17.7%, and retail lending by 25.6%.

The other side of this process was the economic entry into the state of a positive output gap and acceleration of inflation. The price increase pushed from the minimum of the last 4 years and ended the year at the level of 5.4%. The response from the National Bank is a return to monetary tightening. The regulator raised its base rate in September by 0.25 percentage points up to 9.25%.

The international reserves of the country amounted to USD 90.9 bn as of 31.12.19 and increased by 2.2% since the year beginning.

In 2019, the tenge exchange rate varied in the range of 373.6–390.1 per US dollar. At the end of December 2019, the market exchange rate amounted to 382.6 tenge per US dollar.

At the end of 2019, the number of banks in the sector continues to decline; AsiaCredit Bank JSC and Capital Bank Kazakhstan JSC have joined Tengri Bank JSC, and First Heartland Bank JSC has joined First Heartland Jýsan Bank JSC. At the end of 2019, the sector is represented by 27 second-tier banks.

For 2019, the assets of the banking sector of Kazakhstan increased by 6.2%, the loan portfolio by 7.1%, and the client funds by 5.5%. The total profit of sector has increased by 27.2% for the year.

In January 2020, the regulator recognized the Bank as systematically important, which resulted in the increase in capital adequacy requirements by 2 p.p. since 1 March 2020.

## MARKET POSITION

- 2<sup>nd</sup> place by assets with the market share of 8.2% (7.5% as of 31.12.18, growth of assets by 17% for 2019)
- 2<sup>nd</sup> place by loan portfolio with the market share of 9.8% (9.2% as of 31.12.18, growth of loan portfolio by 14% for 2019)
- Fitch credit rating: “BBB–” with Stable Outlook

## PRIORITIES OF STRATEGY 2020

- Priority development of the segments Retail and Small and Micro Businesses
- Developing sales and services in digital channels
- Implementing the new IT Strategy
- Expanding the sales network coverage

## ACHIEVEMENTS IN 2019

- SB Sberbank JSC won the prestigious award from Citibank N.A. for the high-quality processing of payments and money transfers;
- SB Sberbank JSC was recognized as the best partner bank for the government mortgage programs 7-20-25 (market share of 30%) and Baspana Hit (leading market share of 58%);
- Sberbank Online took the first place among banking mobile applications of the country according to the annual analysis made by the Association of Kazakhstan Internet Business and Mobile Commerce;
- New retail products and services have been introduced, such as the credit card/installment card Urban, co-branded Lamoda card, QR-code payments in Sberbank Online;
- New corporate products and services have been introduced, such as partnership programs with SberSolutions, the new mobile application SberBusiness, launch of the new product Electronic Cheque.

1 CIR for 2018 excludes write-offs of intangible assets (ITA). CIR = 35.7%, including ITA write-offs.



# BPS-Sberbank OJSC

REPUBLIC OF BELARUS

61

BRANCHES

37<sub>k</sub>

ACTIVE CORPORATE  
CLIENTS

657<sub>k</sub>

ACTIVE RETAIL  
CLIENTS

## BPS-SBERBANK OJSC highlights

(management reporting)<sup>1</sup>

|                    | 2018 | 2019 |
|--------------------|------|------|
| Assets, RUB bn     | 133  | 135  |
| Equity, RUB bn     | 20   | 20   |
| Net profit, RUB bn | 3.4  | 3.3  |
| ROE, %             | 19.4 | 15.8 |
| ROA, %             | 3.0  | 2.5  |
| CIR, %             | 47.4 | 55.6 |
| Headcount, ‘000    | 2.3  | 2.3  |

## ECONOMIC CONDITIONS IN 2019

The economic growth slowed down sharply last year, reaching 1.2% after 3% a year earlier. The industry suffered from the incident with low-quality oil deliveries and showed the growth of 1%. The question of compensating the tax maneuver in Russia is still open, which poses a significant threat to the economic stability of Belarus.

The economy was supported by the consumer sector; real wages increased by 7.3% last year, retail turnover by 4.2%, and lending to individuals by 22%.

The negative output gap, strengthening of the real effective exchange rate, and low inflation among the main trading partners (Russia + EU countries) contributed to weakening of inflationary pressures. The price increase in December 2019 amounted to 4.7%, which was below the target of the National Bank of the Republic of Belarus (NBRB). The moderate inflationary background allowed the regulator to reduce the refinancing rate twice, to 9%.

The situation in the domestic currency market remained stable during 2019. The net supply of foreign currency from the population (USD 0.6 bn), business entities and non-residents (USD 0.5 bn and 0.6 bn, respectively), largely contributed to the increase in gold and currency reserves up to USD 9.4 bn by 31.12.19, which was the historic high of sovereign Belarus.

For 2019, the Belorussian ruble strengthened against the dollar by 2.6% and against the euro by 4.9%, while weakening against the Russian ruble by 9.4%.

For 2019, the assets of the banking industry increased by 6.3%, the loan portfolio by 9.8%, and the client funds (excluding deposits of governmental bodies and other depository institutions) by 12.8%.

1 Excluding deals of funded participation  
2 Excluding subsidized loans  
3 Including corporate bonds

## MARKET POSITION

- 4<sup>th</sup> place by assets with the share of 6.2% (6.1% as of 31.12.18, growth of assets by 11% for 2019);
- 3<sup>rd</sup> place by loans to individuals<sup>2</sup> with the market share of 8.3% (9.4% as of 31.12.18);
- 5<sup>th</sup> place by loans to companies<sup>3</sup> with the market share of 6.5% (5.9% as of 31.12.2018).

## PRIORITIES OF STRATEGY 2020

- Priority development of the segments Retail and Small and Micro Businesses;
- Developing sales and services in digital channels;
- Implementing the new IT Strategy.

## ACHIEVEMENTS IN 2019

- New Internet and mobile bank for the corporate clients of Sberbank Business Online (SBBOL) was launched;
- The Bank was the first in the market of the Republic of Belarus to launch the Apple Pay service;
- Unique technology in the Belorussian market for lending to small and micro businesses (Smart Technology) was launched;
- The pilot project on contactless payments using bank cards in ground transport of Minsk was implemented.

# SBERBANK JSC

UKRAINE

105

BRANCHES

14<sub>k</sub>

ACTIVE CORPORATE  
CLIENTS

103<sub>k</sub>

ACTIVE RETAIL  
CLIENTS

## Sberbank JSC highlights

(management reporting)

|                      | 2018  | 2019 |
|----------------------|-------|------|
| Assets, RUB bn       | 77    | 73   |
| Equity, RUB bn       | 12    | 22   |
| Net profit, RUB bn   | −17.6 | 1.1  |
| ROE, %               | −153  | 6.0  |
| ROA, %               | −21   | 1.6  |
| CIR <sup>1</sup> , % | 52    | 48   |
| Headcount, ‘000      | 1.5   | 1.4  |

## ECONOMIC CONDITIONS IN 2019

The Ukrainian economy continued to show moderate economic growth. The real GDP increased by 3.3% for 2019—the best performance for the last 8 years. The main growth drivers were agriculture and the economy sectors focused on domestic consumer demand, namely: trade, transport, and consumer services. The consumer activity was also fueled by money transfers from abroad.

The key achievement of 2019 is the reduction of inflation to the target range set by the National Bank of Ukraine (NBU). In 2019, the consumer inflation slowed down to 4.1% from 9.8% in the previous year, which was the lowest for the last 6 years.

The slowdown in inflation allowed the National Bank to reduce its key rate five times during the year, from 18% to 13.5%.

The situation in the domestic currency market remained fairly stable. The peak demand of non-residents for hryvnia sovereign bonds and the net supply of foreign currency from them contributed to the strengthening of the national currency by 14.5%, from 27.7 to 23.7 UAH/USD.

Excessive supply of foreign currency allowed NBU to increase the level of international reserves from USD 20.8 bn at the year beginning to USD 25.3 bn at the year end.

At the end of 2019, the banking sector remains in good financial condition and shows the peak return on equity due to the highest profit over the past 10 years (UAH ~60 bn).

## MARKET POSITION

- Best market liquidity and capital adequacy ratios;
- IBI-Rating has affirmed the bank deposit reliability rating at the “5+” level and the long-term credit rating at the “uaAA+” level according to the National Rating Scale.

## PRIORITIES OF STRATEGY 2020

- Maintaining operating efficiency;
- Non-credit income growth;
- Recovery of distressed assets.

## ACHIEVEMENTS IN 2019

- Operating expenses were kept from substantial growth, while maintaining the production capacity, key infrastructure, and competencies;
- The Bank doubled the volume of liquid assets and reached over 100% coverage of client funds by liquid assets for each currency;
- The project to introduce electronic wallets (Apple Pay and Google Pay) was implemented;
- New service “For Travels” for individuals using cards based on MC World Elite and Visa Signature was launched;
- New product for individual entrepreneurs “Account Token Card” was launched;
- The line of bank cards was fully updated in terms of new design and package.

1 CIR is presented excluding revaluation of real estate. Including revaluation CIR for 2018 = 68%, for 2019 = 55%.



# Sberbank Europe AG

CENTRAL AND EASTERN EUROPE

188

BRANCHES

73<sub>k</sub>

ACTIVE CORPORATE  
CLIENTS

667<sub>k</sub>

ACTIVE RETAIL  
CLIENTS

## Sberbank Europe AG Group highlights

(management reporting)

|                    | 2018 | 2019 |
|--------------------|------|------|
| Assets, RUB bn     | 927  | 838  |
| Equity, RUB bn     | 116  | 104  |
| Net profit, RUB bn | 2.5  | 2.9  |
| ROE, %             | 2.3  | 2.7  |
| ROA, %             | 0.3  | 0.4  |
| CIR, %             | 75   | 77   |
| Headcount, '000    | 4.1  | 4.0  |

## ECONOMIC CONDITIONS IN 2019

The Eurozone economy has slowed down to the minimum over the past five years. At the last year end, the economic growth in Austria amounted to 1.6% (2.4% in 2018), in Slovenia to 2.4% (4.1%). The reason for the slowdown was a weak external demand against low growth rates of the global trade. The growth was supported by internally oriented industries due to continuing growth of real income. The unemployment rate in Austria decreased to 4.5% (4.9% in 2018), in Slovenia to 4.6% (5.1%). The yearly average inflation in Austria slowed down to 1.5% (2.1%), in Slovenia to 1.7% (1.9%), which showed the smaller contribution of energy prices.

The economic growth in the countries of Central and Eastern Europe (CEE) relied mainly on steady domestic demand supported by the increase in real wages. In 2019, the GDP growth in the Czech Republic amounted to 2.4%, in Hungary to 4.9%. The growth of wages and income was promoted by continuing restrictions in the labor market. At the end of 2019, the unemployment rate in the Czech Republic amounted to 2%, in Hungary to 3.4%. Increasing wages create inflationary pressures. Nevertheless, the inflation rates remain within the target ranges of Central Banks (2.8% in the Czech Republic and 3.4% in Hungary).

In 2019, the economic growth in Serbia amounted to 4.1%. The investment (+14.2% YoY) against implementation of infrastructure projects became the growth driver. The National Bank of Serbia reduced its key rate three times to 2.25%, due to low inflationary pressures. The year-end inflation rate amounted to 1.9%. The economic growth in Croatia accelerated up to 2.9% in 2019 from 2.7% in 2018. Strong domestic demand and increased investment have supported the economic growth in 2019. The yearly average inflation slowed down to 0.8% (1.5% in 2018), largely due to the reduction of the VAT rate.

## MARKET POSITION

Sberbank Europe AG Group is represented by universal subsidiary banks in the Czech Republic, Slovenia, Croatia, Serbia, Hungary, Bosnia and Herzegovina, the Republic of Srpska in the territory of Bosnia and Herzegovina, and by the branch in Germany. The network of Sberbank Europe AG Group has 188 branches; the Group serves 740 thousand clients.

In 2018, the online lending project was launched in Germany. For 2019, the volume of online retail loans in Germany grew from €71 m to €167 m.

## PRIORITIES OF STRATEGY 2020

- Development of retail online lending in Germany;
- Establishing digital business (Digital Bank);
- Improving operational efficiency of Sberbank Europe AG Group.

## ACHIEVEMENTS IN 2019

- Net profit of Sberbank Europe AG Group amounts to €41 m, which is the highest since the Bank has been acquired;
- The rating agency Fitch Ratings has upgraded the long-term rating of Sberbank Europe AG from the “BB+” to “BBB-” level, the outlook is Stable.

## Market share of Sberbank Europe AG, %

by country of presence in 2019

|                                          | ASSETS | RETAIL<br>LOANS | RETAIL<br>DEPOSITS |
|------------------------------------------|--------|-----------------|--------------------|
| Banja Luka (Bosnia and Herzegovina)      | 11.8   | 17.9            | 12.5               |
| Bosnia and Herzegovina                   | 6.6    | 8.0             | 6.1                |
| Slovenia                                 | 4.6    | 5.8             | 2.2                |
| Czech Republic, Croatia, Hungary, Serbia | <4     | <4              | <4                 |

## Real GDP growth and inflation for 2019

by country of presence in Europe

|                                     | REAL GDP<br>GROWTH | INFLATION |
|-------------------------------------|--------------------|-----------|
| Austria                             | 1.6                | 1.5       |
| Germany                             | 0.6                | 1.4       |
| Czech Republic                      | 2.4                | 2.8       |
| Slovenia                            | 2.4                | 1.7       |
| Croatia                             | 2.9                | 0.8       |
| Hungary                             | 4.9                | 3.4       |
| Serbia                              | 4.1                | 1.9       |
| Bosnia and Herzegovina <sup>1</sup> | 2.7                | 0.6       |

<sup>1</sup> Estimation by Macroeconomic Research department of Sberbank.



# APPENDICES

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# Report on Compliance with the Principles and Recommendations of the Corporate Governance Code

This Report on Compliance with the Principles and Recommendations of the Corporate Governance Code was reviewed by Sberbank’s Supervisory Board at a meeting held on March 17, 2020, Minutes No. 5.

The Supervisory Board confirms that the data presented in this Report contain a complete and reliable information about Sberbank’s compliance with the principles and recommendations of the Corporate Governance Code (hereinafter, the Code) in 2019.

| ITEM  | CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                               | CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | STATUS <sup>1</sup> OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES | EXPLANATION <sup>2</sup> OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| 1.1   | The Company ensures equal and fair treatment of all the shareholders when they exercise their right to participate in the Company's management.                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                        |                                                                                                                        |
| 1.1.1 | The Company creates for its shareholders the most favorable conditions possible for participating in a general meeting, working out an evidence-based position on general meeting agenda items and coordinating their activities, and opportunities to express their views on the issues under consideration. | <div>4. There is a publicly available internal document of the Company approved by the general meeting of shareholders regulating the procedures for holding a general meeting.</div> <div>5. The Company provides an accessible way to communicate with the Company, such as a hot line, email, or online forum, that allows shareholders to express their opinions and send in questions regarding the agenda during the preparation for holding a general meeting. Said steps were taken by the Company before each general meeting held in the reporting period.</div>                                                                                                                                                          | Compliance                                                             |                                                                                                                        |
| 1.1.2 | The procedure for notifying about the holding of a general meeting and for providing materials to the general meeting helps shareholders properly prepare for participating in it.                                                                                                                            | <div>1. Notification on the holding of a general meeting of shareholders is posted (published) on the website no later than 30 days before the date of the general meeting.</div> <div>2. The notification on the holding of the meeting specifies its location and the documents required for entering the building.</div> <div>3. Shareholders were provided access to information about who proposed agenda items and nominees to the board of directors and audit commission of the Company.</div>                                                                                                                                                                                                                              | Compliance                                                             |                                                                                                                        |
| 1.1.3 | In the course of preparing and holding the 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 Company’s executive bodies and members of its board of directors, and communicate with each other.  | <div>1. During the reporting period, shareholders were given the opportunity to ask questions of the Company’s executive bodies and board of directors before and during the annual general meeting.</div> <div>2. The board of directors position (including special opinions recorded in the minutes) on each agenda item of the general meetings conducted in the reporting period was included in the materials for the general meeting of shareholders.</div> <div>3. The Company provided the duly entitled shareholders with access to the list of persons 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.</div> | Compliance                                                             |                                                                                                                        |



| ITEM  | CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                      | CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | STATUS <sup>1</sup> OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES | EXPLANATION <sup>2</sup> OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| 1.1.4 | The exercise of the shareholder right to demand convocation of a general meeting, nominate candidates to management bodies, and propose items to be included in the general meeting agenda did not involve unjustified difficulties. | <div><div>1.</div><div>During the reporting period, shareholders had the opportunity with-in at least 60 days following the end of the respective calendar year to propose items to be included in the agenda of the annual general meeting.</div></div> <div><div>2.</div><div>During the reporting period, the Company did not reject any proposed agenda items or candidates for the Company’s bodies due to typos or other non-material flaws in the shareholder’s proposal.</div></div>                                                                                                                                                                                                                                                                                                                         | Compliance                                                             |                                                                                                                        |
| 1.1.5 | Each shareholder was able to freely exercise their voting right in a way that is the easiest and most convenient for them.                                                                                                           | <div><div>1.</div><div>The Company’s internal document (internal policy) contains provisions, which entitle every participant of a general meeting to request a copy of their completed ballot certified by the counting commission before the meeting concludes.</div></div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Compliance                                                             |                                                                                                                        |
| 1.1.6 | The general meeting procedures established by the Company provide equal opportunity to all persons attending the meeting to express their opinions and ask any questions they want.                                                  | <div><div>1.</div><div>During the general shareholders meetings held in the reporting period in the form of a meeting (collective attendance of shareholders), sufficient time was provided for reports on agenda items and time to discuss such items.</div></div> <div><div>2.</div><div>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.</div></div> <div><div>3.</div><div>The board of directors, when making decisions related to the preparation and holding of general meetings of shareholders, discussed the use of telecommunications facilities to provide shareholders with remote access for participation in the general meetings during the reporting period.</div></div> | Compliance                                                             |                                                                                                                        |
| 1.2   | Shareholders were given an equal and fair opportunity to participate in the Company’s profits by receiving dividends.                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                        |                                                                                                                        |
| 1.2.1 | The Company has developed and implemented a transparent and clear mechanism for determining the amount of dividends and paying them.                                                                                                 | <div><div>1.</div><div>The Company's dividend policy has been developed, approved by the board of directors and disclosed.</div></div> <div><div>2.</div><div>If the Company’s dividend policy uses indicators from the Company’s reports to determine the amount of dividends, the relevant dividend policy provisions factor in the consolidated indicators of financial statements.</div></div>                                                                                                                                                                                                                                                                                                                                                                                                                   | Compliance                                                             |                                                                                                                        |



| ITEM  | CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                 | CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | STATUS <sup>1</sup> OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES | EXPLANATION <sup>2</sup> OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.2.2 | The Company does not take a decision to pay dividends if such a decision, without constituting a formal violation of the restrictions imposed by law, is economically unreasonable and may result in misconceptions about the Company’s activities.             | 1. The Company's dividend policy explicitly refers to the financial/economic circumstances, in which the Company should not pay dividends.                                                                                                                                                                                                                                                                                                                                                                                                 | Partial compliance                                                     | <p>The Dividend Policy does not explicitly refer to the circumstances, in which Sberbank should not pay dividends, however, it contains a list of internal and external conditions, which Sberbank should analyze when taking a decision to pay (or not to pay) dividends:</p> <ul style="list-style-type: none"><li>• availability and amount of net profit and Sberbank’s need for capital</li><li>• achieving and maintaining the target level of Sberbank Group CET1 adequacy (Basel III) in the midterm</li><li>• economic conditions</li><li>• other internal and external changes, which (actually or potentially) have a material negative impact on Sberbank’s operating activities</li><li>• force majeure circumstances, including natural disasters and wars</li><li>• maintaining the balance of interests of the Bank and its shareholders</li></ul> <p>In practice, Sberbank is profitable and it adheres to the policy of regular dividend payments on shares. Since Sberbank went public (in 1991), it has been paying dividends to its shareholders annually: in 1991–1993 and 1996–2019—with money; in 1994 and 1995—with capitalization of due dividends into new shares. Given the profitable nature of Sberbank’s activities, its commitment to ensuring unconditional exercise of shareholder right to fair participation in its profit, and</p> <p>Sberbank’s intent (set forth in the Dividend Policy) to consistently increase the share of dividend payments within the next three years from 25% to 50% of Sberbank Group net profit (taking into account the above limitations), the approach to compliance with this criterion will not be revised until the expiry of the Dividend Policy (December 2020).</p> |
| 1.2.3 | The Company does not let the dividend rights of existing shareholders deteriorate.                                                                                                                                                                              | 1. During the reporting period, the Company did not take any action leading to deterioration of the dividend rights of existing shareholders.                                                                                                                                                                                                                                                                                                                                                                                              | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 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 liquidation value.                                                                                            | 1. For the purpose of excluding shareholders' use of other ways to earn profit (income) at the expense of the Company besides dividends and liquidation value, the Company’s internal documents establish control mechanisms that ensure timely identification and procedure for 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. | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 1.3   | <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 fair treatment of each shareholder by the Company’s management and control bodies, including conditions that prevent major shareholders from abusing minority shareholders.                                              | 1. During the reporting period, the procedures for managing potential conflicts of interest with substantial shareholders were effective, and the conflicts between shareholders, if any, were given due attention by the board of directors.                                                                                                                                                                                                                                                                                              | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 1.3.2 | The Company takes no action that leads or may lead to an artificial redistribution of corporate control.                                                                                                                                                        | 1. Quasi-treasury shares are absent or did not vote during the reporting period.                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |



| ITEM  | CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                     | CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                  | STATUS <sup>1</sup> OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES | EXPLANATION <sup>2</sup> OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.4   | <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 registrar’s activities to maintain the register of securities holders meet the needs of the Company and its shareholders.                                                                                                                                                                                                                                 | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 2.1   | <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 operations of the Company’s executive bodies, and exercises other key functions.</b>                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 2.1.1 | The board of directors is responsible for making decisions related to appointment to and release from executive body offices, inter alia, due to a failure 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.<br><br>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 strategy implementation.                                                                | Compliance                                                             | In 2019 Sberbank’s Charter was amended to delegate the power to elect (and remove from office) the CEO and Chairman of the Executive Board of Sberbank from the remit of the Meeting to that of the Supervisory Board.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 2.1.2 | The board of directors establishes the basic guidelines for the company’s activities in the long term, evaluates and approves 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 the strategy implementation and actualization status, the approval of the Company’s financial and economic plan (budget), and the consideration of criteria and indicators (including interim ones) of the Company’s strategy and business plan implementation.                                             | Partial compliance                                                     | In general, Sberbank complies with the principle in item 2.1.2 by all the specified criteria. However, approval of Sberbank’s business plan and budget and monitoring their implementation are in the purview of the Executive Board. This has been a natural distribution of powers as Sberbank is a credit institution with multiple branches and its general business plan and budget are developed by consolidating the business plans and budgets of Sberbank’s branches (operating activities) subject to mandatory presentation and defense before the Executive Board of Sberbank. Furthermore, the Executive Board subsequently monitors business plan and budget implementation, in particular using regular reports of heads of Sberbank branches. These functions are assigned to the Executive Board in Sberbank’s internal regulatory document Regulation on the Executive Board. The Supervisory Board, on the other hand, regularly receives information about interim implementation metrics of Sberbank’s Strategy, business plan and budget for supervision purposes. |
| 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.<br><br>2. The board of directors has assessed the risk management and internal control system of the Company during the reporting period.                                                                                              | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 2.1.4 | The board of directors determines the Company’s policy on remuneration and/or expense reimbursement (compensations) for 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) approved by the board of directors on remuneration and/or expense reimbursement (compensations) for members of the board of directors, executive bodies, and other key executives of the Company.<br><br>2. The issues related to such policy (policies) were examined during the reporting period at the board of directors meetings. | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |



| ITEM  | CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                           | CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | STATUS <sup>1</sup> OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES | EXPLANATION <sup>2</sup> OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES |
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| 2.1.5 | The board of directors plays a key role in prevention, detection and resolution of internal conflicts between its bodies, shareholders and employees.                                                                                                                                     | <div><div>1. The board of directors plays a key role in prevention, detection and resolution of internal conflicts.</div><div>2. The Company has created a system for identifying transactions associated with conflicts of interest and a system of measures aimed at resolving such conflicts.</div></div>                                                                                                                                                                                                                                                                                                         | Compliance                                                             |                                                                                                                        |
| 2.1.6 | The board of directors plays a key role in ensuring the Company’s transparency, the timeliness and completeness of the Company's disclosure of information, and unhindered shareholder access to the Company's documents.                                                                 | <div><div>1. The board of directors has approved the regulation on information policy.</div></div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Compliance                                                             |                                                                                                                        |
| 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.                                                                                                                                           | <div><div>1. During the reporting period, the board of directors reviewed the issue of corporate governance practices in the Company.</div></div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Compliance                                                             |                                                                                                                        |
| 2.2   | <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.                                                                                                                                                                                    | <div><div>1. The Company's annual report for the reporting period includes information on the attendance of board of directors and committee meetings by individual directors.</div></div>                                                                                                                                                                                                                                                                                                                                                                                                                           | Compliance                                                             |                                                                                                                        |
| 2.2.2 | The chairman of the board of directors is available for communication with the Company's shareholders.                                                                                                                                                                                    | <div><div>1. The Company has a transparent procedure for shareholders to submit questions and own opinions about them to the chairperson of the board of directors.</div></div>                                                                                                                                                                                                                                                                                                                                                                                                                                      | Compliance                                                             |                                                                                                                        |
| 2.3   | <b>The board of directors is an effective and professional management body of the Company capable of making objective independent judgments and decisions in the interests of the Company and its shareholders.</b>                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                        |                                                                                                                        |
| 2.3.1 | Only people with impeccable 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 to ensure efficient performance of its functions shall be elected to the board of directors. | <div><div>1. The Company’s procedure for assessing the board of directors performance includes, inter alia, assessment of professional qualifications of board of directors members.</div><div>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 had the requisite experience, knowledge, business reputation, as well as conflicts of interest, etc.</div></div>                                                                                                                      | Compliance                                                             |                                                                                                                        |
| 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.                                                           | <div><div>1. In all cases of holding a general shareholders meeting in the reporting period where the agenda included the issue of board of directors elections, the Company submitted to shareholders biographical data on all candidates to the board of directors, results of the assessment of the candidates conducted by the board of directors (or the nomination committee), information on a candidate’s compliance with the criteria of independence, in accordance with recommendations 102107 of the Code, and the written consent of the candidates for election to the board of directors.</div></div> | Compliance                                                             |                                                                                                                        |



| ITEM  | CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | STATUS <sup>1</sup> OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES | EXPLANATION <sup>2</sup> OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES |
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| 2.3.3 | The board of directors composition is balanced, inter alia, in terms of the qualifications of its members, their experience, knowledge and business qualities, and enjoys the trust of shareholders.                                                                                                                                                                                                                                                                                                                                       | 1. In the course of its performance assessment held in the reporting period, the board of directors analyzed own needs related to professional qualifications, experience and business skills.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Compliance                                                             |                                                                                                                        |
| 2.3.4 | The quantitative composition of the board of directors presents the opportunity to organize its activities in the most efficient manner, including the possibility to form board committees; it also enables substantial minority shareholders of the Company to elect a candidate they vote for to the board of directors.                                                                                                                                                                                                                | 1. In the course of its performance assessment held in the reporting period, the board of directors examined the issue concerning the quantitative composition of the board of directors meeting the Company's needs and shareholder interests.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Compliance                                                             |                                                                                                                        |
| 2.4   | <b>The board of directors includes an adequate number of independent directors.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                        |                                                                                                                        |
| 2.4.1 | An independent director is a person who has enough professionalism, experience and independence to form his or her own opinion and is able to express unbiased and scrupulous judgments that are not affected by the Company's executive bodies, certain groups of shareholders, or other stakeholders. It should be noted that a candidate (elected to the board of directors) normally cannot be considered independent if he or she is associated with the Company, its major shareholder, contractor or competitor, or with the state. | 1. During the reporting period, all independent members of the board of directors met all the independence criteria set forth in recommendations 102107 of the Code or were recognized as independent upon the decision of the board of directors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Compliance                                                             |                                                                                                                        |
| 2.4.2 | Candidates to the board of directors are assessed for compliance with independence criteria; independent members of the board of directors are regularly assessed for compliance with independence criteria. When carrying out this assessment, substance shall take precedence over form.                                                                                                                                                                                                                                                 | 1. During the reporting period, the board of directors (or its nomination committee) formed an opinion on the independence of each candidate to the board of directors and provided shareholders with the corresponding report.<br>2. During the reporting period, the board of directors (or its nomination committee) reviewed the independence of existing members of the board of directors, whom the Company states in the annual report as independent directors, at least once.<br>3. The Company has developed procedures determining the necessary actions of a member of the board of directors if he or she stops being independent, including the obligation to promptly report the fact to the board of directors. | Compliance                                                             |                                                                                                                        |
| 2.4.3 | Independent directors make up at least one-third of the elected board of directors.                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 1. Independent directors make up at least one-third of the board of directors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Compliance                                                             |                                                                                                                        |
| 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 (having no conflicts of interest) pre-evaluate significant corporate actions related to a possible conflict of interest and provide the board of directors with the results of this pre-evaluation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Compliance                                                             |                                                                                                                        |
| 2.5   | <b>The chairperson of the board of directors facilitates the most efficient fulfillment of the functions entrusted to the board of directors.</b>                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                        |                                                                                                                        |



| ITEM  | CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                          | CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | STATUS <sup>1</sup> OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES | EXPLANATION <sup>2</sup> OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                      |
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| 2.5.1 | The chairperson of the board of directors is an independent director, or a senior independent director is determined from among the selected independent directors, who coordinates the work of the independent directors and cooperates with the chairperson of the board of directors. | <div><div>1.</div><div>The chairperson 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>.</div><div>2.</div><div>The role, rights and obligations of the chairperson of the board of directors (or the senior independent director, if applicable) are appropriately established in the Company’s internal documents.</div></div>                                                                                                                                                                                                                                                                                         | Compliance                                                             | <div>The Chairman of the Supervisory Board is a Non-Executive Director (a representative of the majority shareholder).<sup>3</sup></div> <div>The position of senior independent director has been introduced to reinforce the role of independent directors, coordinate their communication in the course of working out a consolidated opinion when necessary, and to assist the Chairman of the Supervisory Board.</div> |
| 2.5.2 | The chairperson of the board of directors maintains a constructive atmosphere during meetings, ensures free discussion of agenda items, and oversees the execution of resolutions passed by the board of directors.                                                                      | <div><div>1.</div><div>The performance of the chairperson of the board of directors was assessed as part of the board of directors performance assessment in the reporting period.</div></div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 2.5.3 | The chairperson of the board of directors takes the necessary steps to provide the members of the board of directors in a timely manner with the necessary information to adopt decisions on agenda items.                                                                               | <div><div>1.</div><div>The Company’s internal documents establish the obligation of the chairperson of the board of directors to take steps to provide the board of directors in a timely manner with materials on the agenda items of the meeting of the board of directors.</div></div>                                                                                                                                                                                                                                                                                                                                                                                                                                           | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 2.6   | <b>Members of the board of directors act in the interests of the Company and its shareholders reasonably and in good faith, with due care and discretion, and based on sufficient information.</b>                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 2.6.1 | Members of the board of directors make decisions based on all the available information, having no conflicts of interest, demonstrating equal treatment towards shareholders of the Company, and in line with usual business risks.                                                      | <div><div>1.</div><div>The Company’s internal documents require members of the board of directors to notify the board of directors if they have a conflict of interest regarding any item on the agenda of a board of directors meeting or a board of directors committee meeting before starting discussion on the relevant agenda item.</div><div>2.</div><div>The Company’s internal documents require members of the board of directors to abstain from voting on any issue where they have a conflict of interest.</div><div>3.</div><div>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.</div></div> | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 2.6.2 | The Company’s internal documents clearly describe and set forth the rights and obligations of members of the board of directors.                                                                                                                                                         | <div><div>1.</div><div>The Company has adopted and released an internal document that clearly defines the rights and obligations of members of the board of directors.</div></div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 2.6.3 | Members of the board of directors have enough time to perform their duties.                                                                                                                                                                                                              | <div><div>1.</div><div>Individual attendance of meetings of the board of directors and its committees and the time allocated for preparing for attending the meetings were taken into account in the board of directors performance assessment in the reporting period.</div><div>2.</div><div>The Company’s internal documents require members of the board of directors to notify the board of directors of their intention to become a member of the management bodies of other entities (other than the Company’s subsidiaries and dependent entities) and of such an assignment.</div></div>                                                                                                                                   | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                             |



| ITEM  | CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                | CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | STATUS <sup>1</sup> OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES | EXPLANATION <sup>2</sup> OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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| 2.6.4 | All members of the board of directors have equal opportunities to access the Company's documents and information. Newly elected members of the board of directors are provided with sufficient information about the Company and the activities of the board of directors as soon as possible. | <ol style="list-style-type: none"><li>The Company's internal documents allow members of the board of directors to obtain access to documents and to make requests concerning the Company and its subsidiaries; the executive bodies of the Company must provide the relevant information and documents.</li><li>The Company has a formal induction program for newly elected members of the board of directors.</li></ol>                                                                                                                                                                                                 | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 2.7   | <b>Meetings of the board of directors as well as preparation for and participation in them of board of directors members ensure efficient 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 the challenges the Company faces from time to time.                                                                                                                                   | <ol style="list-style-type: none"><li>The board of directors held at least six meetings in the reporting year.</li></ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 2.7.2 | The Company's internal documents establish the procedure for preparing and conducting meetings of the board of directors enabling 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 is given at least five days before the date of the meeting.</li></ol>                                                                                                                                                                                                                                                                                                                       | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 2.7.3 | The form of a board of directors meeting is determined based on the importance of the agenda items. The most important items are reviewed at in-person meetings.                                                                                                                               | <ol style="list-style-type: none"><li>The Company's charter or internal documents stipulate that the most important issues (according to the list provided in recommendation 168 of the Code) must be considered at in-person board of directors meetings.</li></ol>                                                                                                                                                                                                                                                                                                                                                      | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 2.7.4 | Resolutions on the most important issues of the Company's activities are adopted at a board of directors meeting by the qualified majority or a majority of votes of all elected members of the board of directors.                                                                            | <ol style="list-style-type: none"><li>The Company's charter stipulates that resolutions on the most important issues stated in recommendation 170 of the Code must be adopted at a board of directors meeting by the 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>                                                                                                                                                                                                                                                     | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 2.8   | <b>The board of directors establishes 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 preliminary consideration of issues related to control over the Company's financial and economic activities.                                                                                                       | <ol style="list-style-type: none"><li>The board of directors has established an audit committee consisting solely of independent directors.</li><li>The Company's internal documents determine the functions of the audit committee, including those described in 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> | Partial compliance                                                     | <ol style="list-style-type: none"><li>Partial compliance.<br/>Most members of the Audit Committee (three out of five) are Independent Directors. The other two directors are non-executive (representing the majority shareholder). The Audit Committee is chaired by an Independent Director. The described practice is consistent with the Moscow Exchange Listing Rules.<br/><br/>However, Sberbank's full compliance with this recommendation largely depends on the majority shareholder's readiness to nominate and elect more Independent Directors to the Supervisory Board of Sberbank as well as its consent in principle for replacing own representatives in the Audit Committee with Independent Directors.</li><li>Compliance.</li><li>Compliance.</li><li>Compliance.</li></ol> |



| ITEM  | CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                   | CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                          | STATUS <sup>1</sup> OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES | EXPLANATION <sup>2</sup> OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| 2.8.2 | A remunerations committee consisting of independent directors and chaired by an independent director, who is not the chairperson of the board of directors, has been created for preliminary consideration of issues related to the development of efficient and transparent remuneration practices.                                                                                                                              | <ol style="list-style-type: none"><li>1. The board of directors has established a remunerations committee consisting solely of independent directors.</li><li>2. The chairperson of the remunerations committee is an independent director who is not the chairman of the board of directors.</li><li>3. The Company’s internal documents determine the functions of the remunerations committee, including those described in recommendation 180 of the Code.</li></ol>                                        | Partial compliance                                                     | <p>Partial compliance with criteria 1–2. Under the Supervisory Board there is the HR and Remuneration Committee, the functions of which are described in the Regulation on the Committees of the Supervisory Board, in line with the Code recommendations. It is currently impossible to form the HR and Remuneration Committee solely out of Independent Directors. Most members of the Committee (two out of three) are Independent Directors. The Committee is headed by a Non-Executive Director, who is not the Chairman of the Supervisory Board. The described practice is consistent with the Moscow Exchange Listing Rules. However, Sberbank’s full compliance with this recommendation largely depends on the majority shareholder’s readiness to nominate and elect more Independent Directors to the Supervisory Board of Sberbank as well as its consent in principle for replacing own representatives in the HR and Remuneration Committee with Independent Directors.</p> <p>3. Compliance.</p>       |
| 2.8.3 | A nomination (HR, appointment) committee with independent directors as the majority of its members has been created for 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>1. The board of directors has established a nomination committee (or its functions as stated in recommendation 186 of the Code are carried out by another committee<sup>4</sup>) with independent directors as the majority of its members.</li><li>2. The Company’s internal documents determine the functions of the nomination committee (or the respective committee with combined functions), including those described in recommendation 186 of the Code.</li></ol> | Partial compliance                                                     | <p>Partial compliance with criteria 1–2. There is no separate nomination committee under the Supervisory Board as the functions of this committee are performed by the HR and Remuneration Committee, which combines the roles of a remuneration and a nomination committees. Most members of the HR and Remuneration Committee (two out of three) are Independent Directors. The HR and Remuneration Committee functions are described in the Regulation on the Committees of the Supervisory Board, in line with the Code’s recommendations. With the HR and Remuneration Committee combining the roles of a remuneration and a nomination committees, Sberbank has no plans to establish a separate nomination committee.</p>                                                                                                                                                                                                                                                                                       |
| 2.8.4 | Given the scale of activities and the risk level, the Company’s board of directors has ascertained that the composition of its committees is fully consistent with the Company's goals. 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>1. During the reporting period, the Company’s board of directors considered an issue of whether the composition of its committees is consistent the board of directors objectives and the Company’s goals. Additional committees have been either created or deemed unnecessary.</li></ol>                                                                                                                                                                                | Compliance                                                             | <p>The list of other Committees created under the Supervisory Board<sup>5</sup>:</p> <ul style="list-style-type: none"><li>• Strategic Planning Committee</li><li>• Risk Management Committee</li><li>• Information Technology Committee (created in 2019)</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 2.8.5 | The composition of the committees allows for a holistic discussion on pre-considered issues, taking into account different opinions.                                                                                                                                                                                                                                                                                              | <ol style="list-style-type: none"><li>1. The committees of the board of directors are headed by independent directors.</li><li>2. The Company’s internal documents (policies) include provisions, which allow persons who are not members of the audit committee, the nomination committee, or the remuneration committee to attend committee meetings only if invited by the chairperson of the relevant committee.</li></ol>                                                                                  | Partial compliance                                                     | <ol style="list-style-type: none"><li>1. Partial compliance. Even though Independent Directors are represented in the Supervisory Board in line with the Moscow Exchange Listing Rules and the Code recommendations, it is currently impossible to appoint an Independent Director as Chairman of each Committee (there are five Committees with six Independent Directors in total under the Supervisory Board). Three Committees (the Audit Committee, the Risk Management Committee, and the Information Technology Committee) are chaired by Independent Directors. The HR and Remuneration Committee and the Strategic Planning Committee are chaired by Non-Executive Directors. Sberbank is in favor of having more Independent Directors on the Supervisory Board, however Sberbank’s full compliance with this recommendation largely depends on the majority shareholder’s readiness to nominate and elect more Independent Directors to the Supervisory Board of Sberbank.</li><li>2. Compliance.</li></ol> |
| 2.8.6 | Committee chairpersons regularly inform the board of directors and its chairperson on the activities of their committees.                                                                                                                                                                                                                                                                                                         | <ol style="list-style-type: none"><li>1. During the reporting period, the committee chairpersons regularly report on the activities of their committees to the board of directors.</li></ol>                                                                                                                                                                                                                                                                                                                    | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |



| ITEM  | CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                         | CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                           | STATUS <sup>1</sup> OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES | EXPLANATION <sup>2</sup> OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES |
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| 2.9   | <b>The board of directors provides for a performance quality assessment of the board of directors, its committees and members.</b>                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                  |                                                                        |                                                                                                                        |
| 2.9.1 | The performance quality assessment of the board of directors aims to determine how efficient the board of directors, its committees and members are and whether their activities are consistent with the Company’s developmental needs, intensify the work of the board of directors, and identify areas for improvement.                                                                                                                                               | 1. The self-assessment or external assessment of the board of directors conducted during the reporting period included a performance assessment of committees, individual members of the board of directors, and the board of directors as a whole.                                                                              | Compliance                                                             |                                                                                                                        |
| 2.9.2 | Performance assessment of the board of directors, its committees and members is carried out regularly at least once a year. An external organization (consultant) is engaged at least once every three years to conduct an independent performance assessment of the board of directors.                                                                                                                                                                                | 1. The company engaged an external organization (consultant) at least once during the last three reporting periods to conduct an independent performance assessment of the board of directors.                                                                                                                                   | Compliance                                                             |                                                                                                                        |
| 3.1   | <b>The Company’s corporate secretary ensures efficient ongoing communication with shareholders, coordinates the Company’s activities to protect the rights and interests of its shareholders, and supports efficient performance of the board of directors.</b>                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                  |                                                                        |                                                                                                                        |
| 3.1.1 | The corporate secretary has an impeccable reputation and sufficient knowledge, experience and qualifications to perform his/her duties and enjoys the trust of shareholders.                                                                                                                                                                                                                                                                                            | 1. The Company has adopted and disclosed an internal document, the regulation on the corporate secretary.<br><br>2. The Company’s website and annual report contain the biography of the corporate secretary with the same level of detail as for members of the board of directors and the executive management of the Company. | Compliance                                                             |                                                                                                                        |
| 3.1.2 | The corporate secretary has sufficient independence from the Company’s executive bodies and has the powers and resources to perform his/her duties.                                                                                                                                                                                                                                                                                                                     | 1. The board of directors approves the assignment, dismissal and additional remuneration of the corporate secretary.                                                                                                                                                                                                             | Compliance                                                             |                                                                                                                        |
| 4.1   | <b>The amount of remuneration paid by the Company is sufficient to engage, motivate and retain persons with the competences and skills necessary for the Company. Members of the board of directors, executive bodies, and other key executives of the Company are remunerated in accordance with the Company’s remuneration policy.</b>                                                                                                                                |                                                                                                                                                                                                                                                                                                                                  |                                                                        |                                                                                                                        |
| 4.1.1 | The amount of remuneration paid by the Company to members of the board of directors, executive bodies and other key executives creates sufficient motivation for their efficient performance, thus allowing the Company to attract and retain competent and qualified specialists. At the same time, the Company avoids excessive remuneration as well as an unreasonably large gap between the remuneration amounts of said officers and the employees of the Company. | 1. The Company has adopted an internal document (documents), the remuneration policy (policies), for members of the board of directors, executive bodies and other key executives, which clearly defines approaches to the remuneration of said officers.                                                                        | Compliance                                                             |                                                                                                                        |
| 4.1.2 | The Company’s remuneration policy was developed by the remuneration committee and approved by the board of directors. The board of directors together with the remuneration committee, oversees the introduction and implementation of the remuneration policy in the Company and, if needed, reviews and amends it.                                                                                                                                                    | 1. During the reporting period, the remuneration committee reviewed the remuneration policy (policies) and its (their) implementation practices and submitted appropriate recommendations to the board of directors where applicable.                                                                                            | Compliance                                                             |                                                                                                                        |



| ITEM  | CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                | CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                            | STATUS <sup>1</sup> OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES | EXPLANATION <sup>2</sup> OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES |
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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 other key executives of the Company and regulates all payments, benefits and privileges provided to the said officers.                                                                               | 1. The Company's remuneration policies (policy) contain(s) transparent mechanisms for determining the amount of remuneration for members of the board of directors, executive bodies, and other key executives of the Company and also regulate(s) all payments, benefits and privileges provided to the said officers.           | Compliance                                                             |                                                                                                                        |
| 4.1.4 | The Company defines its expense 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 executives of the Company are entitled. This policy may be a part of the Company's remuneration policy.                                          | 1. The Company's remuneration policy (policies) or other internal documents establish expense compensation rules for members of the board of directors, executive bodies, and other key executives of the Company.                                                                                                                | Compliance                                                             |                                                                                                                        |
| 4.2   | <b>The system for remunerating members of the board of directors ensures that financial interests of the directors are more aligned with long-term financial interests of the shareholders.</b>                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                   |                                                                        |                                                                                                                        |
| 4.2.1 | The Company pays fixed annual remuneration to the members of the board of directors. The Company does not pay remuneration for participation in individual meetings of the board of directors or its committees.<br><br>The Company does not use short-term or additional material incentives with members of the board of directors.                                          | 1. Fixed annual remuneration was the only monetary remuneration provided to members of the board of directors for their work during the reporting period.                                                                                                                                                                         | Compliance                                                             |                                                                                                                        |
| 4.2.2 | Long-term possession of the Company's shares best facilitates alignment of financial interests of the directors with long-term interests of the shareholders. At the same time, the Company does not make the right to sell shares contingent upon achievement of certain performance indicators, and members of the board of directors do not participate in option programs. | 1. If the Company's internal document(s), the remuneration policy (policies), stipulates provision of the Company's shares to members of the board of directors, the Company sets forth and discloses clear rules for shareholding by members of the board of directors aimed at encouraging long-term possession of such shares. | Compliance                                                             |                                                                                                                        |
| 4.2.3 | The Company does not provide any additional payments or compensations in cases where the powers of a member of the board of directors are terminated early due to a change of control over the Company or other circumstances.                                                                                                                                                 | 1. The Company does not provide any additional payments or compensations in cases where the powers of a member of the board of directors are terminated early due to a change of control over the Company or other circumstances.                                                                                                 | Compliance                                                             |                                                                                                                        |



| ITEM  | CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                           | CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | STATUS <sup>1</sup> OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES | EXPLANATION <sup>2</sup> OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| 4.3   | <b>The system for remunerating members of executive bodies and other key executives of the Company makes remuneration dependent 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 executives is determined in such a way as to ensure a reasonable and justified ratio between the fixed part and the variable part of remuneration, which depends on the Company’s performance and the personal (individual) contribution of the employee to the final result.                  | <div>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 executives of the Company.</div> <div>2. In the course of the latest assessment of the system for remunerating members of executive bodies and other key executives, the board of directors (remuneration committee) ascertained that the Company used an efficient ratio between the fixed and the variable parts of remuneration.</div> <div>3. The Company applies a procedure that enables it to return bonuses wrongly obtained by members of executive bodies and other key executives of the Company.</div> | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 4.3.2 | The Company has implemented a long-term incentive program for members of executive bodies and other key executives using Company shares (options or other derivative financial instruments whose underlying asset is Company shares).                                                                                                                     | <div>1. The Company has implemented a long-term incentive program for members of executive bodies and other key executives using Company shares (financial instruments based on Company shares).</div> <div>2. The long-term incentive program for members of executive bodies and other key executives stipulates that the right to sell the shares or other financial instruments used in the program may be exercised not sooner than three years after the were provided. At the same time, the right to sell them is contingent upon the Company's achievement of certain performance indicators.</div>                                                                                                                      | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 4.3.3 | The amount of compensation (golden parachute) paid by the Company to members of executive bodies or key executives in the case of early termination of their powers at the initiative of the Company, provided the said officers have not committed any unethical acts, does not exceed double the amount of the fixed part of their annual remuneration. | <div>1. The amount of compensation (golden parachute) paid by the Company to members of executive bodies or key executives during the reporting period in the case of early termination of their powers at the initiative of the Company, provided the said officers have not committed any unethical acts, did not exceed double the amount of the fixed part of their annual remuneration.</div>                                                                                                                                                                                                                                                                                                                                | Compliance                                                             | Compensation to members of executive bodies or key executives in the case of early termination of their powers at the initiative of Sberbank, provided they have not committed any unethical acts, is not applicable. The cases set forth in the Labor Code of the Russian Federation (Russian LC) in relation to the executives of a company and reflected in employment contracts with members of the Executive Board constitute an exception. These cases include: termination of employment contracts due to a change of ownership of the bank (Art. 181 of the Russian LC) or due to a decision to terminate the employment contract made by an authorized management body of the bank, provided the employee has not committed any wrongdoings (Art. 279 of the Russian LC). In the said cases, the Russian LC stipulates that the compensation constitutes at least triple the amount of the average monthly wage of the employee. Employment contracts define the minimum possible size, which is triple the amount. No such cases occurred in the 2019 reporting year. |
| 5.1   | <b>The Company has established an efficient risk management and internal control system designed to ensure reasonable confidence in achieving the objectives set before the Company.</b>                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 5.1.1 | The board of directors has defined principles and approaches to the organization of the Company’s risk management and internal control system.                                                                                                                                                                                                            | <div>1. The functions of the Company's various management bodies and units in the risk management and internal control system have been clearly defined in the internal documents/relevant policy approved by the board of directors.</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |



| ITEM  | CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                           | CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                             | STATUS <sup>1</sup> OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES | EXPLANATION <sup>2</sup> OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES |
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| 5.1.2 | The Company’s management bodies ensure the creation and maintenance of an efficient risk management and internal control system in the Company.                                                                                                                                                                           | 1. The Company’s management bodies have ensured the distribution of functions and powers concerning risk management and internal control between subordinate managers (heads) of units and departments.                                                                                            | Compliance                                                             |                                                                                                                        |
| 5.1.3 | The Company’s risk management and internal control system ensures an objective, fair and clear vision of the current condition and perspectives of the Company, integral and transparent reporting, and reasonable and admissible risks accepted by the Company.                                                          | 1. The Company has approved an anti-corruption policy.<br>2. The Company has established an accessible means of informing the board of directors or its audit committee about violations of the law, internal procedures or the code of ethics of the Company.                                     | Compliance                                                             |                                                                                                                        |
| 5.1.4 | The board of directors of the Company takes the measures necessary to ensure that the current risk management and internal control system complies with its organizational principles and approaches defined by the board of directors and functions efficiently.                                                         | 1. During the reporting period, the board of directors or its audit committee assessed the efficiency of the Company’s risk management and internal control system. Information on the main results of the assessment was included in the Company’s annual report.                                 | Compliance                                                             |                                                                                                                        |
| 5.2   | <b>In order to conduct a systematic independent assessment of the reliability and efficiency of the risk management and internal control system and corporate governance practices, the Company arranges for internal auditing.</b>                                                                                       |                                                                                                                                                                                                                                                                                                    |                                                                        |                                                                                                                        |
| 5.2.1 | In order 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 is clearly delineated. The internal audit unit functionally reports to the board of directors. | 1. In order to conduct internal auditing, the Company has established a separate structural unit functionally reporting to the board of directors or the audit committee or engaged an independent external organization following the same accountability principle.                              | Compliance                                                             |                                                                                                                        |
| 5.2.2 | The internal audit unit assesses the efficiency of the internal control system, the risk management system, and the corporate governance system. The Company applies generally accepted internal auditing standards.                                                                                                      | 1. During the reporting period, an internal audit provided an assessment of the efficiency of the internal control and risk management system.<br>2. The Company uses generally accepted approaches to internal control and risk management.                                                       | Compliance                                                             |                                                                                                                        |
| 6.1   | <b>The Company and its activities are transparent to its shareholders, investors and other stakeholders.</b>                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                    |                                                                        |                                                                                                                        |
| 6.1.1 | The Company has developed and introduced an information policy that ensures efficient exchange of information between the Company, shareholders, investors, and other stakeholders.                                                                                                                                       | 1. The Company’s board of directors has approved an information policy based on the Code recommendations.<br>2. The board of directors (or one of its committees) has considered issues related to the Company's compliance with its information policy at least once during the reporting period. | Compliance                                                             |                                                                                                                        |



| ITEM  | CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                   | CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | STATUS <sup>1</sup> OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES | EXPLANATION <sup>2</sup> OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES |
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| 6.1.2 | The Company discloses information on the system and practice of corporate governance, including details of compliance with the principles and recommendations set forth in the Code.                              | <div><div>1. The Company discloses information on its corporate governance system and general corporate governance principles applied in the Company, including on its website.</div><div>2. The Company discloses information on the membership of executive bodies and the board of directors, the independence of members of the board and their membership in board of directors committees (as defined in the Code).</div><div>3. If there is a person who controls the Company, the latter publishes a memorandum of the controlling person on the plans of such person regarding corporate governance in the Company.</div></div>                                                                                                       | Compliance                                                             | The memorandum will be published if prepared by the controlling person.                                                |
| 6.2   | The Company discloses full, relevant and reliable information on the Company in a timely manner so that the Company’s shareholders and investors can make informed decisions.                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                        |                                                                                                                        |
| 6.2.1 | The Company discloses information in accordance with the principles of regularity, consistency and promptness, as well as accessibility, reliability, fullness and comparability of disclosed data.               | <div><div>1. The Company’s information policy sets out approaches and criteria for identifying information that can significantly influence the assessment of the Company and the cost of its securities, as well as procedures for ensuring timely disclosure of such information.</div><div>2. If the Company’s securities are traded in foreign organized markets, material information is disclosed simultaneously and equivalently in the Russian Federation and in such markets during the reporting year.</div><div>3. If foreign shareholders hold a significant number of the Company's shares, during the reporting period information is disclosed both in Russian and in one of the most widespread foreign languages.</div></div> | Compliance                                                             |                                                                                                                        |
| 6.2.2 | The Company avoids a formal approach to information disclosure and discloses material information on its activities, even if the disclosure of such information is not stipulated by law.                         | <div><div>1. During the reporting period, the Company disclosed annual and semianual financial statements prepared under IFRS. The Company’s annual report for the reporting period includes annual financial statements under IFRS, along with the auditor's report.</div><div>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.</div></div>                                                                                                                                                                                                                                                                                             | Compliance                                                             |                                                                                                                        |
| 6.2.3 | The annual report, as one of the most important instruments of information exchange with shareholders and other stakeholders, contains information that helps evaluate the Company’s performance during the year. | <div><div>1. The annual report of the Company contains information about the key aspects of its operating activities and financial results.</div><div>2. The annual report of the Company contains information about environmental and social aspects of its activities.</div></div>                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Compliance                                                             |                                                                                                                        |
| 6.3   | The Company provides information and documents at the request of shareholders in accordance with the principles of equal and easy access.                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                        |                                                                                                                        |
| 6.3.1 | Information and documents are provided by the Company at the request of shareholders in accordance with the principles of equal and easy access.                                                                  | <div><div>1. The Company's information policy sets out an easy procedure for providing shareholders with access to information, including information about the Company’s controlled legal entities, at the shareholders' request.</div></div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Compliance                                                             |                                                                                                                        |



| ITEM  | CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | STATUS <sup>1</sup> OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES | EXPLANATION <sup>2</sup> OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| 6.3.2 | In providing information to shareholders, the Company ensures a reasonable balance between the interests of certain shareholders and the interests of the Company, which is concerned with the confidentiality of important commercial information that could significantly influence its competitiveness.                                                                                                                                                                                                                                                                                           | <ol style="list-style-type: none"><li>During the reporting period, the Company did not refuse to satisfy shareholders' information requests or such refusals were reasonable.</li><li>In cases defined by the Company's Information Policy, shareholders are warned about the confidential nature of information and undertake to keep it in secret.</li></ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Compliance                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 7.1   | <b>Actions which significantly impact or could significantly impact the charter capital structure and financial state of the Company and, consequently, the position of the shareholders (significant corporate actions) are taken in a fair manner, ensuring the observation of the rights and interests of the shareholders and other stakeholders.</b>                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 7.1.1 | Reorganizing the Company, acquiring 30 percent or more of its voting shares (takeover), performing significant transactions, increasing or decreasing the Company's charter capital, listing or delisting its shares, and other actions that could result in significant changes to the shareholders' rights or violations of their interests are deemed significant corporate actions. The Company's articles of association contains a list (criteria) of transactions or other actions which are significant corporate actions and such matters are reserved to the Company's board of directors. | <ol style="list-style-type: none"><li>The Company's articles of association contain a list of transactions or other actions which are significant corporate actions and the criteria for defining them. Decision-making on significant corporate actions falls within the competence of the board of directors. In cases when such corporate actions are expressly reserved by law to the general meeting of shareholders, the board of directors provides shareholders with appropriate recommendations.</li><li>The Company's articles of association recognize at least the following as significant corporate actions: reorganizing the Company, acquiring 30 percent or more of its voting shares (takeover), performing significant transactions, increasing or decreasing the Company's charter capital, and listing and delisting its shares.</li></ol> | Partial compliance                                                     | Partial compliance with criteria 1–2. Sberbank's Charter does not contain a list of transactions or actions that are significant nor the criteria for defining them. The list of significant corporate actions is defined in the Sberbank Corporate Governance Code. We consider the following as significant corporate actions: reorganization of Sberbank, acquisition of 30 or more percent of voting shares by a single shareholder, significant transactions (including major transactions, mergers and acquisitions), charter capital increase or reduction, listing and delisting of shares, and other actions that may result in a considerable change in shareholder rights or violation of their interests. Decision-making on significant corporate actions is reserved by applicable law and by Sberbank's Charter to the General Meeting of Shareholders or the Supervisory Board. If a matter is reserved to the Supervisory Board, the decision on the significant corporate actions under Sberbank's Charter is made by the qualified majority of votes (at least three quarters of the votes). In the time that the Sberbank Corporate Governance Code has been in force (since April 2015), there have been no significant corporate actions. The applied approach is currently in line with the needs of Sberbank and changing it in the next several years is deemed unfeasible. |
| 7.1.2 | The board of directors plays a key role in making decisions or issuing recommendations on significant corporate actions; the board of directors relies on the position of the Company's independent directors.                                                                                                                                                                                                                                                                                                                                                                                       | <ol style="list-style-type: none"><li>The Company has a procedure for the independent directors to declare their position on significant corporate actions before they are approved.</li></ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Compliance                                                             | The Supervisory Board plays an important role in making decisions on significant corporate actions. Sberbank's Corporate Governance Code provides for the possibility to establish an ad hoc interim committee under the Supervisory Board for preliminary consideration of issues regarding significant corporate actions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 7.1.3 | When performing significant corporate actions related to shareholder rights and legal interests, the Company ensures equal terms for all its shareholders, and if law provides insufficient mechanisms for protecting shareholder rights, the Company takes additional measures to protect shareholder rights and legal interests. In this case, the Company relies both on compliance with the formal requirements of law and the principles of corporate governance set forth in the Code.                                                                                                         | <ol style="list-style-type: none"><li>With due regard to particular aspects of the Company's activities, the articles of association set minimal criteria for classifying the Company's transactions as significant corporate actions which are lower than the criteria established by law.</li><li>During the reporting period, all significant corporate actions underwent the approval procedure before they were taken.</li></ol>                                                                                                                                                                                                                                                                                                                                                                                                                           | Partial compliance                                                     | <ol style="list-style-type: none"><li>Partial compliance. Sberbank's Charter does not set minimal criteria for classifying its transactions as significant corporate actions which are lower than the criteria established by law. In terms of significant corporate actions Sberbank acts in line with law and the provisions of its Charter related to decision-making on significant corporate actions by the qualified majority of votes of Supervisory Board members (at least three quarters of the votes), which considerably increases corporate control over transactions and currently meets the needs of Sberbank. Changing the existing approach in the next several years is deemed unfeasible.</li><li>There were no significant corporate actions in 2019.</li></ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |



| ITEM  | CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                       | CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | STATUS <sup>1</sup> OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES | EXPLANATION <sup>2</sup> OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES |
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| 7.2   | <b>The Company has a procedure for taking significant corporate actions that enables shareholders to obtain full information on such actions in a timely manner and influence them and guarantees that in taking such actions their rights are observed and adequately protected.</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                        |                                                                                                                        |
| 7.2.1 | Information on significant corporate actions is disclosed together with 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 their grounds and timeframes.                                                                                                                                                                                                                                                                                                                                                                                                     | Compliance                                                             |                                                                                                                        |
| 7.2.2 | Rules and procedures related to significant corporate actions taken by the Company are defined in its internal documents.                                                                                                                                                             | 1. The Company’s internal documents stipulate a procedure for engaging an independent appraiser to value property alienated or acquired under a major transaction or a related party transaction.<br>2. The Company’s internal documents stipulate a procedure for engaging an independent appraiser to value share acquisition and repurchase.<br>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 law to be parties interested in the Company's transactions. | Compliance                                                             |                                                                                                                        |

<sup>1</sup> The status “compliance” is indicated only if the Company meets all the criteria for assessing compliance with the corporate governance principle. Otherwise the status “partial compliance” or “no compliance” is indicated.

<sup>2</sup> Specified for each criterion for assessing compliance with corporate governance principles where the Company meets only some of the criteria or none of the criteria for assessing compliance with the principle. If the Company indicates the status “compliance”, no explanation is required.

<sup>3</sup> Indicate which of the two alternative approaches permitted by the principle is implemented in the Company and explain why it was chosen.

<sup>4</sup> If the nomination committee functions are performed by any other committee, please indicate its name.

<sup>5</sup> Please list all the additionally created committees.

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Summary  
Consolidated  
Financial Statements  
Prepared from  
the Audited  
Consolidated  
Financial Statements



Consolidated Statement of Financial Position

| <i>in billions of Russian Roubles</i>                                  | 31 December<br>2019 | 31 December<br>2018 |
|------------------------------------------------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                                                          |                     |                     |
| Cash and cash equivalents                                              | 2,083.2             | 2,098.8             |
| Mandatory cash balances with central banks                             | 235.5               | 222.1               |
| Due from banks                                                         | 1,083.2             | 1,420.7             |
| Loans and advances to customers                                        | 20,363.5            | 19,585.0            |
| Securities                                                             | 4,182.4             | 3,442.5             |
| Financial instruments pledged under repurchase agreements              | 187.3               | 307.0               |
| Derivative financial assets                                            | 193.9               | 177.6               |
| Deferred tax asset                                                     | 14.6                | 15.3                |
| Premises, equipment and right-of-use assets                            | 695.1               | 593.9               |
| Assets of the disposal groups and non-current assets held for sale     | 11.3                | 2,569.9             |
| Other assets                                                           | 908.9               | 764.7               |
| <b>TOTAL ASSETS</b>                                                    | <b>29,958.9</b>     | <b>31,197.5</b>     |
| <b>LIABILITIES</b>                                                     |                     |                     |
| Due to banks                                                           | 770.3               | 1,096.8             |
| Due to individuals                                                     | 14,209.6            | 13,495.1            |
| Due to corporate customers                                             | 7,364.8             | 7,402.2             |
| Debt securities in issue                                               | 729.7               | 843.6               |
| Other borrowed funds                                                   | 24.6                | 56.5                |
| Derivative financial liabilities and obligations to deliver securities | 175.8               | 181.6               |
| Deferred tax liability                                                 | 30.4                | 33.4                |
| Liabilities of the disposal groups                                     | —                   | 2,235.1             |
| Other liabilities                                                      | 1,547.1             | 1,290.1             |
| Subordinated debt                                                      | 619.9               | 707.3               |
| <b>TOTAL LIABILITIES</b>                                               | <b>25,472.2</b>     | <b>27,341.7</b>     |
| <b>EQUITY</b>                                                          |                     |                     |
| Share capital and share premium                                        | 320.3               | 320.3               |
| Treasury shares                                                        | (21.5)              | (18.1)              |
| Other reserves                                                         | 130.3               | (10.9)              |
| Retained earnings                                                      | 4,049.2             | 3,560.7             |
| <b>Total equity attributable to shareholders of the Bank</b>           | <b>4,478.3</b>      | <b>3,852.0</b>      |
| Non-controlling interest                                               | 8.4                 | 3.8                 |
| <b>TOTAL EQUITY</b>                                                    | <b>4,486.7</b>      | <b>3,855.8</b>      |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                    | <b>29,958.9</b>     | <b>31,197.5</b>     |

Approved for issue and signed on behalf of the Executive Board on 26 February 2020.

  
Herman Gref,  
Chairman of the Executive Board and CEO

  
Mikhail Ratinskii,  
Chief Accountant

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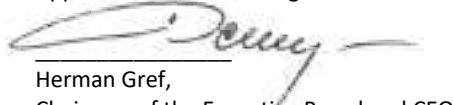
1



Consolidated Statement of Profit or Loss

|                                                                                                                                                                              | ended 31 December |                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------|
| <i>in billions of Russian Roubles</i>                                                                                                                                        | 2019              | 2018           |
| <b>Continuing operations</b>                                                                                                                                                 |                   |                |
| Interest income calculated using the effective interest method                                                                                                               | 2,263.4           | 2,047.3        |
| Other interest income                                                                                                                                                        | 132.6             | 141.0          |
| Interest expense calculated using the effective interest method                                                                                                              | (874.2)           | (696.2)        |
| Other interest expense                                                                                                                                                       | (20.8)            | (22.0)         |
| Deposit insurance expenses                                                                                                                                                   | (85.5)            | (73.6)         |
| <b>Net interest income</b>                                                                                                                                                   | <b>1,415.5</b>    | <b>1,396.5</b> |
| Net credit loss allowance charge for debt financial assets                                                                                                                   | (92.6)            | (96.8)         |
| <b>Net interest income after credit loss allowance charge for debt financial assets</b>                                                                                      | <b>1,322.9</b>    | <b>1,299.7</b> |
| Fee and commission income                                                                                                                                                    | 688.9             | 598.5          |
| Fee and commission expense                                                                                                                                                   | (191.0)           | (160.4)        |
| Net losses from non-derivative financial instruments at fair value through profit or loss                                                                                    | (26.6)            | (64.2)         |
| Net gains from financial instruments at fair value through other comprehensive income                                                                                        | 8.8               | 5.9            |
| Net gains / (losses) from derivatives, trading in foreign currencies, foreign exchange and precious metals accounts translation                                              | 59.0              | (19.0)         |
| Net losses arising on initial recognition of financial instruments and loan modification                                                                                     | (2.4)             | (0.5)          |
| Net losses from revaluation of office premises                                                                                                                               | (4.3)             | —              |
| Impairment of non-financial assets                                                                                                                                           | (1.9)             | (11.3)         |
| Net charge for other provisions and allowances                                                                                                                               | (16.7)            | (25.4)         |
| Revenue of non-core business activities                                                                                                                                      | 36.9              | 36.2           |
| Cost of sales and other expenses of non-core business activities                                                                                                             | (27.9)            | (34.5)         |
| Net premiums from insurance and pension fund operations                                                                                                                      | 218.4             | 337.3          |
| Net claims, benefits, change in contract liabilities and acquisition costs on insurance and pension fund operations                                                          | (208.5)           | (271.0)        |
| Income from operating lease of equipment                                                                                                                                     | 9.0               | 6.2            |
| Expenses related to equipment leased out                                                                                                                                     | (4.8)             | (3.2)          |
| Other net operating income                                                                                                                                                   | 3.5               | 9.5            |
| <b>Operating income</b>                                                                                                                                                      | <b>1,863.3</b>    | <b>1,703.8</b> |
| Staff and administrative expenses                                                                                                                                            | (724.6)           | (657.6)        |
| <b>Profit before tax</b>                                                                                                                                                     | <b>1,138.7</b>    | <b>1,046.2</b> |
| Income tax expense                                                                                                                                                           | (223.9)           | (215.0)        |
| <b>Profit from continuing operations</b>                                                                                                                                     | <b>914.8</b>      | <b>831.2</b>   |
| (Loss) / profit from discontinued operations (attributable to shareholders of the Bank)                                                                                      | (69.8)            | 0.5            |
| <b>Profit for the year</b>                                                                                                                                                   | <b>845.0</b>      | <b>831.7</b>   |
| Attributable to:                                                                                                                                                             |                   |                |
| - shareholders of the Bank                                                                                                                                                   | 844.9             | 832.9          |
| - non-controlling interest                                                                                                                                                   | 0.1               | (1.2)          |
| <b>Earnings per ordinary share based on profit for the year attributable to the shareholders of the Bank, basic and diluted</b><br>(expressed in RR per share)               | <b>38.55</b>      | <b>38.16</b>   |
| <b>Earnings per ordinary share based on profit from continuing operations attributable to the shareholders of the Bank, basic and diluted</b><br>(expressed in RR per share) | <b>41.80</b>      | <b>38.13</b>   |

Approved for issue and signed on behalf of the Executive Board on 26 February 2020.

  
Herman Gref,  
Chairman of the Executive Board and CEO

  
Mikhail Ratinskii,  
Chief Accountant

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Summary  
Consolidated  
Financial Statements  
Prepared from  
the Audited  
Consolidated  
Financial Statements



Consolidated Statement of Comprehensive Income

|                                                                                                                                  | Year ended 31 December |        |
|----------------------------------------------------------------------------------------------------------------------------------|------------------------|--------|
| <i>in billions of Russian Roubles</i>                                                                                            | 2019                   | 2018   |
| Profit for the year                                                                                                              | 845.0                  | 831.7  |
| Other comprehensive income:                                                                                                      |                        |        |
| Continuing operations                                                                                                            |                        |        |
| Items to be reclassified to profit or loss in subsequent periods                                                                 |                        |        |
| Debt financial instruments measured at fair value through other comprehensive income:                                            |                        |        |
| - Net change in fair value, net of tax                                                                                           | 112.8                  | (54.0) |
| - Accumulated gains transferred to profit or loss upon disposal, net of tax                                                      | (7.0)                  | (4.7)  |
| Exchange differences on translating foreign operations:                                                                          |                        |        |
| - Exchange differences on translating foreign operations for the year                                                            | (24.6)                 | 17.6   |
| Total other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods, net of tax                 | 81.2                   | (41.1) |
| Items that will not be reclassified to profit or loss in subsequent periods                                                      |                        |        |
| Revaluation of office premises:                                                                                                  |                        |        |
| - Revaluation of office premises, net of tax                                                                                     | (5.2)                  | —      |
| - Change in valuation of office premises transferred to other classes of assets, net of tax                                      | (1.1)                  | (1.6)  |
| Remeasurement of defined benefit pension plans                                                                                   | (0.2)                  | (0.7)  |
| Total other comprehensive loss that will not be reclassified to profit or loss in subsequent periods                             | (6.5)                  | (2.3)  |
| Total other comprehensive income / (loss) from continuing operations                                                             | 74.7                   | (43.4) |
| Total other comprehensive loss of discontinued operations to be reclassified to profit or loss upon disposal, net of tax         | (12.5)                 | (25.6) |
| Accumulated losses of discontinued operations transferred to profit or loss upon disposal of discontinued operations, net of tax | 86.0                   | —      |
| Total other comprehensive income / (loss)                                                                                        | 148.2                  | (69.0) |
| Total comprehensive income for the year                                                                                          | 993.2                  | 762.7  |
| Attributable to:                                                                                                                 |                        |        |
| - shareholders of the Bank                                                                                                       | 993.1                  | 764.0  |
| - non-controlling interest                                                                                                       | 0.1                    | (1.3)  |
| Total comprehensive income for the year, attributable to shareholders of the Bank from:                                          |                        |        |
| - continuing operations                                                                                                          | 989.4                  | 789.1  |
| - discontinued operations                                                                                                        | 3.7                    | (25.1) |

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Consolidated Statement of Changes in Equity

|                                                                                   | Attributable to shareholders of the Bank |               |                 |                |                   |         | Non-controlling interest | Total equity |
|-----------------------------------------------------------------------------------|------------------------------------------|---------------|-----------------|----------------|-------------------|---------|--------------------------|--------------|
| <i>in billions of Russian Roubles</i>                                             | Share capital                            | Share premium | Treasury shares | Other reserves | Retained earnings | Total   |                          |              |
| Balance as at 1 January 2018                                                      | 87.7                                     | 232.6         | (15.3)          | 61.3           | 2,996.2           | 3,362.5 | 4.0                      | 3,366.5      |
| Changes in equity for the year ended 31 December 2018                             |                                          |               |                 |                |                   |         |                          |              |
| 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               | —       | —                        | —            |
| Acquisition of subsidiaries and changes in ownership interest in subsidiaries     | —                                        | —             | —               | —              | —                 | —       | 1.1                      | 1.1          |
| Profit / (loss) for the year                                                      | —                                        | —             | —               | —              | 832.9             | 832.9   | (1.2)                    | 831.7        |
| Other comprehensive loss for the year                                             | —                                        | —             | —               | (68.9)         | —                 | (68.9)  | (0.1)                    | (69.0)       |
| Total comprehensive (loss) / income for the year                                  | —                                        | —             | —               | (68.9)         | 832.9             | 764.0   | (1.3)                    | 762.7        |
| Balance as at 31 December 2018                                                    | 87.7                                     | 232.6         | (18.1)          | (10.9)         | 3,560.7           | 3,852.0 | 3.8                      | 3,855.8      |
| Changes in equity for the year ended 31 December 2019                             |                                          |               |                 |                |                   |         |                          |              |
| Net result from treasury shares transactions                                      | —                                        | —             | (3.4)           | —              | (1.1)             | (4.5)   | —                        | (4.5)        |
| Dividends declared                                                                | —                                        | —             | —               | —              | (360.1)           | (360.1) | —                        | (360.1)      |
| Transfer of revaluation reserve for office premises upon disposal or depreciation | —                                        | —             | —               | (4.2)          | 4.2               | —       | —                        | —            |
| Acquisition of subsidiaries and changes in ownership interest in subsidiaries     | —                                        | —             | —               | —              | —                 | —       | 4.5                      | 4.5          |
| Recognition of liabilities reserve for buyout of non-controlling interest         | —                                        | —             | —               | (2.2)          | —                 | (2.2)   | —                        | (2.2)        |
| Reclassification of accumulated reserves upon disposal of discontinued operations | —                                        | —             | —               | (0.6)          | 0.6               | —       | —                        | —            |
| Profit for the year                                                               | —                                        | —             | —               | —              | 844.9             | 844.9   | 0.1                      | 845.0        |
| Other comprehensive income for the year                                           | —                                        | —             | —               | 148.2          | —                 | 148.2   | —                        | 148.2        |
| Total comprehensive income for the year                                           | —                                        | —             | —               | 148.2          | 844.9             | 993.1   | 0.1                      | 993.2        |
| Balance as at 31 December 2019                                                    | 87.7                                     | 232.6         | (21.5)          | 130.3          | 4,049.2           | 4,478.3 | 8.4                      | 4,486.7      |

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Summary Consolidated Financial Statements Prepared from the Audited Consolidated Financial Statements



Consolidated Statement of Cash Flows

|                                                                                                                          | Year ended 31 December |                |
|--------------------------------------------------------------------------------------------------------------------------|------------------------|----------------|
| <i>in billions of Russian Roubles</i>                                                                                    | 2019                   | 2018           |
| <b>Cash flows from operating activities</b>                                                                              |                        |                |
| Interest income calculated using the effective interest method received                                                  | 2,395.0                | 2,277.2        |
| Other interest income received                                                                                           | 117.6                  | 136.1          |
| Interest expense calculated using the effective interest method paid                                                     | (887.5)                | (779.7)        |
| Other interest expense paid                                                                                              | (20.7)                 | (25.7)         |
| Deposit insurance expenses paid                                                                                          | (83.9)                 | (70.4)         |
| Fees and commissions received                                                                                            | 724.4                  | 650.5          |
| Fees and commissions paid                                                                                                | (206.7)                | (165.5)        |
| Net gains received / (losses incurred) from non-derivative financial instruments at fair value through profit or loss    | 4.0                    | 5.7            |
| Net gains received / (losses incurred) from financial instruments at fair value through other comprehensive income       | 9.3                    | (4.6)          |
| Dividends received                                                                                                       | 2.5                    | 2.1            |
| Net gains received / (losses incurred) on derivatives, trading in foreign currencies and operations with precious metals | 72.6                   | (12.6)         |
| Revenue received from non-core business activities                                                                       | 36.5                   | 34.9           |
| Expenses paid on non-core business activities                                                                            | (30.4)                 | (26.3)         |
| Insurance premiums received                                                                                              | 210.3                  | 228.2          |
| Claims, benefits and acquisition costs on insurance operations paid                                                      | (41.5)                 | (19.0)         |
| Pension fund premiums received                                                                                           | 7.6                    | 101.5          |
| Claims, benefits and acquisition costs on pension fund operations paid                                                   | (12.5)                 | (17.8)         |
| Income received from operating lease of equipment                                                                        | 8.2                    | 7.7            |
| Expenses paid related to equipment leased out                                                                            | (0.3)                  | (0.7)          |
| Other net operating (losses paid) / income received                                                                      | (7.0)                  | 2.8            |
| Staff and administrative expenses paid                                                                                   | (651.6)                | (627.9)        |
| Income tax paid                                                                                                          | (246.0)                | (218.8)        |
| <b>Cash flows from operating activities before changes in operating assets and liabilities</b>                           | <b>1,399.9</b>         | <b>1,477.7</b> |
| <b>Changes in operating assets and liabilities</b>                                                                       |                        |                |
| Net (increase) / decrease in mandatory cash balances with central banks                                                  | (48.8)                 | 39.7           |
| Net decrease / (increase) in due from banks                                                                              | 435.0                  | (63.5)         |
| Net increase in loans and advances to customers                                                                          | (1,522.3)              | (2,560.7)      |
| Net increase in securities and financial instruments pledged under repurchase agreements                                 | (674.2)                | (553.6)        |
| Net decrease / (increase) in derivative financial assets                                                                 | 0.2                    | (9.9)          |
| Net decrease / (increase) in other assets                                                                                | 3.0                    | (193.1)        |
| Net (decrease) / increase in due to banks                                                                                | (308.4)                | 397.2          |
| Net increase in due to individuals                                                                                       | 1,015.3                | 914.2          |
| Net increase in due to corporate customers                                                                               | 328.6                  | 1,034.3        |
| Net decrease in debt securities in issue                                                                                 | (44.7)                 | (70.7)         |
| Net decrease in other borrowed funds                                                                                     | (46.8)                 | (26.3)         |
| Net increase in obligations to deliver securities                                                                        | 2.3                    | 3.2            |
| Net (decrease) / increase in other liabilities                                                                           | (6.3)                  | 16.8           |
| <b>Net cash from operating activities</b>                                                                                | <b>532.8</b>           | <b>405.3</b>   |

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Consolidated Statement of Cash Flows (Continued)

|                                                                                                                   | Year ended 31 December |                |
|-------------------------------------------------------------------------------------------------------------------|------------------------|----------------|
| <i>in billions of Russian Roubles</i>                                                                             | 2019                   | 2018           |
| <b>Cash flows from investing activities</b>                                                                       |                        |                |
| Proceeds from disposal of discontinued operations, net of cash and cash equivalents disposed of                   | (11.4)                 | —              |
| Acquisition of premises, equipment and intangible assets                                                          | (205.8)                | (177.9)        |
| Proceeds from disposal of premises, equipment and intangible assets                                               | 20.0                   | 14.3           |
| Acquisition of investment property                                                                                | (0.1)                  | (0.1)          |
| Proceeds from disposal of investment property                                                                     | 2.5                    | —              |
| Acquisition of associates and joint ventures                                                                      | (65.3)                 | (32.7)         |
| Proceeds from disposal of associates                                                                              | 8.4                    | 0.2            |
| Acquisition of subsidiaries net of cash and cash equivalents acquired                                             | (3.0)                  | (0.8)          |
| Proceeds from disposal of subsidiaries, net of cash and cash equivalents disposed of                              | 7.4                    | 1.0            |
| <b>Net cash used in investing activities</b>                                                                      | <b>(247.3)</b>         | <b>(196.0)</b> |
| <b>Cash flows from financing activities</b>                                                                       |                        |                |
| Funds received from subordinated debt issued or reissued                                                          | 5.6                    | 4.6            |
| Redemption of subordinated debt                                                                                   | (68.6)                 | (52.6)         |
| Cash received from non-controlling shareholders                                                                   | —                      | 0.6            |
| Acquisition of non-controlling interests in subsidiaries                                                          | (3.3)                  | —              |
| Purchase of treasury shares                                                                                       | (18.8)                 | (8.3)          |
| Proceeds from disposal of treasury shares                                                                         | 14.3                   | 3.6            |
| Cash outflow to settle principal amount of lease liabilities                                                      | (13.2)                 | —              |
| Dividends paid                                                                                                    | (358.6)                | (268.5)        |
| <b>Net cash used in financing activities</b>                                                                      | <b>(442.6)</b>         | <b>(320.6)</b> |
| Effect of exchange rate changes on cash and cash equivalents                                                      | (128.1)                | 150.8          |
| Net effect of changes in cash and cash equivalents included in disposal groups except for discontinued operations | —                      | (0.5)          |
| <b>Net (decrease) / increase in cash and cash equivalents</b>                                                     | <b>(285.2)</b>         | <b>39.0</b>    |
| <b>Cash and cash equivalents of discontinued operations at the beginning of the year</b>                          | <b>269.6</b>           | <b>—</b>       |
| <b>Cash and cash equivalents of continuing operations at the beginning of the year</b>                            | <b>2,098.8</b>         | <b>2,329.4</b> |
| <b>Cash and cash equivalents of discontinued operations at the end of the year</b>                                | <b>—</b>               | <b>269.6</b>   |
| <b>Cash and cash equivalents of continuing operations at the end of the year</b>                                  | <b>2,083.2</b>         | <b>2,098.8</b> |

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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  | Aukcion 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     | 100.00%                                                 |
| 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 | SberAutoPark LLC                       | Russian Federation      | Russian Federation     | 100.00%                                                 |
| 17 | Sberbank Leasing Kazakhstan LLP        | Republic of Kazakhstan  | Republic of Kazakhstan | 100.00%                                                 |
| 18 | SB JSC Sberbank                        | Republic of Kazakhstan  | Republic of Kazakhstan | 100.00%                                                 |
| 19 | SBERBANK JSC                           | Ukraine                 | Ukraine                | 100.00%                                                 |
| 20 | BPSSberbank OJSC                       | Republic of Belarus     | Republic of Belarus    | 98.43%                                                  |
| 21 | BPS Leasing CJSC                       | Republic of Belarus     | Republic of Belarus    | 98.43%                                                  |
| 22 | Sberbank—Automated Trading System CJSC | Russian Federation      | Russian Federation     | 100.00%                                                 |
| 23 | Sovremennye Tekhnologii LLC            | Russian Federation      | Russian Federation     | 100.00%                                                 |
| 24 | Registrar Company Status JSC           | Russian Federation      | Russian Federation     | 42.53%                                                  |
| 25 | United Credit Bureau CJSC              | Russian Federation      | Russian Federation     | 50.00%                                                  |



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 |
|----|----------------------------------------------------------------------------------|-------------------------|---------------------|---------------------------------------------------------|
| 26 | Promising Investments LLC                                                        | Russian Federation      | Russian Federation  | 100.00%                                                 |
| 27 | RublevoArchangelskoe JSC                                                         | Russian Federation      | Russian Federation  | 100.00%                                                 |
| 28 | Sberbank Financial Company LLC                                                   | Russian Federation      | Russian Federation  | 100.00%                                                 |
| 29 | Market Depository LLC                                                            | Russian Federation      | Russian Federation  | 51.00%                                                  |
| 30 | Settlement decisions JSC<br>(Universal Electronic Card JSC)                      | Russian Federation      | Russian Federation  | 100.00%                                                 |
| 31 | Regional Information Centre                                                      | Russian Federation      | Russian Federation  | 51.00%                                                  |
| 32 | Regional Unified Information and Settlement Centre JSC                           | Russian Federation      | Russian Federation  | 51.00%                                                  |
| 33 | Regional Information Centre of the Kirov Region JSC                              | Russian Federation      | Russian Federation  | 49.00%                                                  |
| 34 | Unified Information and Settlement Centre of the Kaluga Region JSC               | Russian Federation      | Russian Federation  | 51.00%                                                  |
| 35 | NCO Settlement decisions LLC<br>(NCO Universal Electronic Card LLC)              | Russian Federation      | Russian Federation  | 100.00%                                                 |
| 36 | Universal Electronic Card of the Irkutsk Region JSC                              | Russian Federation      | Russian Federation  | 51.00%                                                  |
| 37 | Unified Settlement Centre of Mari El Republic JSC                                | Russian Federation      | Russian Federation  | 49.00%                                                  |
| 38 | Regional Information Centre of the Kemerovo Region JSC                           | Russian Federation      | Russian Federation  | 41.67%                                                  |
| 39 | Unified Billing and Processing Centre of Khanty-Mansi Autonomous Okrug—Yugra JSC | Russian Federation      | Russian Federation  | 74.90%                                                  |
| 40 | Regional Information and Settlement Centre JSC                                   | Russian Federation      | Russian Federation  | 50.00%                                                  |
| 41 | Strategy Partners Group JSC                                                      | Russian Federation      | Russian Federation  | 98.99%                                                  |
| 42 | Sberbank Investments LLC                                                         | Russian Federation      | Russian Federation  | 100.00%                                                 |
| 43 | SBERBANK INVESTMENTS LIMITED                                                     | Republic of Cyprus      | Russian Federation  | 100.00%                                                 |
| 44 | Sberbank Finance Limited                                                         | Republic of Cyprus      | Russian Federation  | 100.00%                                                 |
| 45 | Sberbank Technologies JSC                                                        | Russian Federation      | Russian Federation  | 100.00%                                                 |
| 46 | Loyalty Programmes Centre JSC                                                    | Russian Federation      | Russian Federation  | 100.00%                                                 |



# 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 |
|----|---------------------------------------------------|------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------|
| 47 | SB CIB Holding LLC (Bylinnye Bogatyry LLC)        | Russian Federation                                   | Russian Federation                                   | 100.00%                                                 |
| 48 | SB Finance Holding LLC (SIB Financial Broker LLC) | Russian Federation                                   | Russian Federation                                   | 100.00%                                                 |
| 49 | Sber Trading Swiss AG                             | Swiss Confederation                                  | Swiss Confederation                                  | 100.00%                                                 |
| 50 | Sberbank CIB USA, Inc.                            | USA                                                  | USA                                                  | 100.00%                                                 |
| 51 | SBGB Cyprus Limited                               | Republic of Cyprus                                   | Russian Federation                                   | 100.00%                                                 |
| 52 | Sberbank CIB (UK) Limited                         | United Kingdom of Great Britain and Northern Ireland | United Kingdom of Great Britain and Northern Ireland | 100.00%                                                 |
| 53 | SA&PM (Cyprus) Limited (TDAM)                     | Republic of Cyprus                                   | Russian Federation                                   | 100.00%                                                 |
| 54 | SIB (CYPRUS) Limited                              | Republic of Cyprus                                   | Russian Federation                                   | 100.00%                                                 |
| 55 | Troika Capital Partners Limited (Cyprus)          | Republic of Cyprus                                   | Russian Federation                                   | 100.00%                                                 |
| 56 | Arimero Holding Limited                           | Republic of Cyprus                                   | Russian Federation                                   | 100.00%                                                 |
| 57 | Formovochnye Avtomaty LLC                         | Russian Federation                                   | Russian Federation                                   | 100.00%                                                 |
| 58 | Format-Neva LLC                                   | Russian Federation                                   | Russian Federation                                   | 100.00%                                                 |
| 59 | PF LAGOM CJSC                                     | Russian Federation                                   | Russian Federation                                   | 100.00%                                                 |
| 60 | Khoztovary LLC                                    | Russian Federation                                   | Russian Federation                                   | 100.00%                                                 |
| 61 | Binotek LLC                                       | Russian Federation                                   | Russian Federation                                   | 100.00%                                                 |
| 62 | Lagom-Ural LLC                                    | Russian Federation                                   | Russian Federation                                   | 100.00%                                                 |
| 63 | SMG Plastic LLC                                   | Russian Federation                                   | Russian Federation                                   | 100.00%                                                 |
| 64 | Sabon LLC                                         | Russian Federation                                   | Russian Federation                                   | 100.00%                                                 |
| 65 | Sategor CJSC                                      | Russian Federation                                   | Russian Federation                                   | 100.00%                                                 |
| 66 | Sberbank CIB JSC                                  | Russian Federation                                   | Russian Federation                                   | 100.00%                                                 |
| 67 | SB Raw Materials Trading LLC                      | Russian Federation                                   | Russian Federation                                   | 100.00%                                                 |
| 68 | SIB FINANCIAL CONSULTANT JSC                      | Russian Federation                                   | Russian Federation                                   | 100.00%                                                 |
| 69 | SB Prosperity LLC (Bogatyrskaya TROIKA LLC)       | Russian Federation                                   | Russian Federation                                   | 100.00%                                                 |
| 70 | TD SOFT LLC                                       | Russian Federation                                   | Russian Federation                                   | 100.00%                                                 |



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 |
|----|---------------------------------------------------------------------------------|---------------------------|---------------------------|---------------------------------------------------------|
| 71 | Sberbank Asset Management JSC                                                   | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 72 | Sberbank (Switzerland) AG                                                       | Swiss Confederation       | Swiss Confederation       | 99.82%                                                  |
| 73 | Insurance company Sberbank insurance life LLC                                   | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 74 | Sberbank Europe AG                                                              | Republic of Austria       | Republic of Austria       | 100.00%                                                 |
| 75 | SBERBANK BH D.D.                                                                | Bosnia and Herzegovina    | Bosnia and Herzegovina    | 100.00%                                                 |
| 76 | SBERBANK A.D. BANJA LUKA                                                        | Bosnia and Herzegovina    | Bosnia and Herzegovina    | 100.00%                                                 |
| 77 | SBERBANK D.D.                                                                   | Republic of Croatia       | Republic of Croatia       | 100.00%                                                 |
| 78 | Sberbank Srbija A.D.                                                            | Republic of Serbia        | Republic of Serbia        | 100.00%                                                 |
| 79 | “SUPER KARTICA” d.o.o. Beograd                                                  | Republic of Serbia        | Republic of Serbia        | 33.00%                                                  |
| 80 | SBERBANK Banka d.d.                                                             | Republic of Slovenia      | Republic of Slovenia      | 99.99%                                                  |
| 81 | Privatinvest d.o.o.                                                             | Republic of Slovenia      | Republic of Slovenia      | 99.99%                                                  |
| 82 | SBERBANK CZ, A.S.                                                               | Czech Republic            | Czech Republic            | 100.00%                                                 |
| 83 | Sberbank Magyarország Zrt (MAGYARORSZAGI VOLKSBANK RT.)                         | Hungary                   | Hungary                   | 98.93%                                                  |
| 84 | SBAG IT-Services GmbH                                                           | Republic of Austria       | Republic of Austria       | 100.00%                                                 |
| 85 | ALB EDV-Service GmbH                                                            | Republic of Austria       | Republic of Austria       | 100.00%                                                 |
| 86 | Pronam Nekretnine d.o.o. (Sberbank Nekretnine d.o.o.)                           | Republic of Croatia       | Republic of Croatia       | 100.00%                                                 |
| 87 | KORUS Consulting CIS LLC                                                        | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 88 | Micro-credit company Vidayuchiesya kredity LLC                                  | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 89 | Sberbank Factoring LLC                                                          | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 90 | Delovaya Sreda JSC                                                              | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 91 | Cetelem Bank LLC (Commercial Bank BNP Paribas Vostok Limited Liability Company) | Russian Federation        | Russian Federation        | 79.20%                                                  |
| 92 | SB Securities S.A.                                                              | Grand Duchy of Luxembourg | Grand Duchy of Luxembourg | 100.00%                                                 |
| 93 | Sotsialnye Garantii JSC                                                         | Russian Federation        | Russian Federation        | 49.87%                                                  |
| 94 | ActiveBusinessConsult LLC                                                       | Russian Federation        | Russian Federation        | 100.00%                                                 |



# 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 |
|-----|-------------------------------------------------|---------------------------|---------------------------|---------------------------------------------------------|
| 95  | PS Yandex.Money LLC                             | Russian Federation        | Russian Federation        | 75.00%                                                  |
| 96  | Non-Banking Credit Institution Yandex.Money LLC | Russian Federation        | Russian Federation        | 75.00%                                                  |
| 97  | Sberbank Service LLC                            | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 98  | SB Capital S.A.                                 | Grand Duchy of Luxembourg | Grand Duchy of Luxembourg | 0.00%                                                   |
| 99  | Nonstate Pension Fund of Sberbank JSC           | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 100 | Insurance company Sberbank insurance LLC        | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 101 | Sberbank Insurance Broker LLC                   | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 102 | Professional consultant LLC                     | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 103 | RuTarget LLC                                    | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 104 | Sberbank Real Estate Centre LLC                 | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 105 | Digital Technologies LLC                        | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 106 | Sportme LLC                                     | Russian Federation        | Russian Federation        | 30.00%                                                  |
| 107 | Payzakiat LLC                                   | Russian Federation        | Russian Federation        | 25.00%                                                  |
| 108 | EVOTOR LLC                                      | Russian Federation        | Russian Federation        | 40.00%                                                  |
| 109 | Digital Assets LLC                              | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 110 | Management company “EKH” LLC                    | Russian Federation        | Russian Federation        | 45.00%                                                  |
| 111 | MF Technologies JSC                             | Russian Federation        | Russian Federation        | 36.00%                                                  |
| 112 | Cognitive B.V.                                  | Russian Federation        | Russian Federation        | 30.00%                                                  |
| 113 | Digital Platform Decisions LLC                  | Russian Federation        | Russian Federation        | 50.10%                                                  |
| 114 | SberDevices LLC                                 | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 115 | SberAuto LLC                                    | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 116 | Epoch Digital LLC                               | Russian Federation        | Russian Federation        | 46.52%                                                  |
| 117 | Este-Agro LLC                                   | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 118 | Express Parcel Service LLC                      | Russian Federation        | Russian Federation        | 100.00%                                                 |
| 119 | Centre of Speech Technologies LLC               | Russian Federation        | Russian Federation        | 51.00%                                                  |



# 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 |
|-----|---------------------------------------------|-------------------------|---------------------|---------------------------------------------------------|
| 120 | CRT-Innovations LLC                         | Russian Federation      | Russian Federation  | 51.00%                                                  |
| 121 | CRT-Biometrics LLC                          | Russian Federation      | Russian Federation  | 51.00%                                                  |
| 122 | CRT-Soft LLC                                | Russian Federation      | Russian Federation  | 12.75%                                                  |
| 123 | SberLogistics LLC                           | Russian Federation      | Russian Federation  | 100.00%                                                 |
| 124 | Job for You CJSC                            | Russian Federation      | Russian Federation  | 100.00%                                                 |
| 125 | RDV-Soft LLC                                | Russian Federation      | Russian Federation  | 100.00%                                                 |
| 126 | Media Online LLC                            | Russian Federation      | Russian Federation  | 100.00%                                                 |
| 127 | S-Marketing LLC                             | Russian Federation      | Russian Federation  | 100.00%                                                 |
| 128 | Intercomp JSC                               | Russian Federation      | Russian Federation  | 100.00%                                                 |
| 129 | VisionLabs B.V.                             | Russian Federation      | Russian Federation  | 25.07%                                                  |
| 130 | Yandex.Market B.V.                          | the Netherlands         | Russian Federation  | 49.97%                                                  |
| 131 | Dialog LLC                                  | Russian Federation      | Russian Federation  | 60.00%                                                  |
| 132 | SBCloud LLC                                 | Russian Federation      | Russian Federation  | 21.00%                                                  |
| 133 | Technologies of Industry Transformation LLC | Russian Federation      | Russian Federation  | 100.00%                                                 |
| 134 | Cloud Technologies LLC                      | 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%                                                  |
| 138 | DocDoc LLC                                  | Russian Federation      | Russian Federation  | 82.65%                                                  |
| 139 | DocDoc Territory of Health LLC              | Russian Federation      | Russian Federation  | 82.56%                                                  |
| 140 | Innovation Medicine LLC                     | Russian Federation      | Russian Federation  | 82.48%                                                  |
| 141 | Innovation Services LLC                     | Russian Federation      | Russian Federation  | 82.65%                                                  |
| 142 | MedCenterPlus LLC                           | Russian Federation      | Russian Federation  | 82.65%                                                  |
| 143 | SB Structured Issuance B.V.                 | the Netherlands         | the Netherlands     | 0.00%                                                   |
| 144 | IKS JSC                                     | Russian Federation      | Russian Federation  | 100.00%                                                 |



# 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 |
|-----|---------------------------------------|-------------------------|-----------------------------|---------------------------------------------------------|
| 145 | Centre of Bankruptcy Technologies LLC | Russian Federation      | Russian Federation          | 60.00%                                                  |
| 146 | Lending Technologies LLC              | Russian Federation      | Russian Federation          | 100.00%                                                 |
| 147 | Sber Legal LLC                        | Russian Federation      | Russian Federation          | 100.00%                                                 |
| 148 | Barus LLC                             | Russian Federation      | Russian Federation          | 100.00%                                                 |
| 149 | Avangard LLC                          | Russian Federation      | Russian Federation          | 100.00%                                                 |
| 150 | Manjerok Ski Resort JSC               | Russian Federation      | Russian Federation          | 100.00%                                                 |
| 151 | Delta Plus LLC                        | Russian Federation      | Russian Federation          | 100.00%                                                 |
| 152 | SBD LLC                               | Russian Federation      | Russian Federation          | 100.00%                                                 |
| 153 | Fortenova Group TopCO B.V.            | the Netherlands         | Countries of Central Europe | 40.62%                                                  |

# Information on selected financial metrics of the Group across jurisdictions

For the year ended  
31 December 2019

| RUB, bn                                                    | JURISDICTION OF SUBSIDIARY |         |         |                        |         |                                |                |                |             |         |         |            |        |          |        |         |        | TOTAL BEFORE EFFECT OF INTERCOMPANY OPERATIONS | NET EFFECT OF INTERCOMPANY OPERATIONS AND CONSOLIDATION ADJUSTMENTS | TOTAL    |
|------------------------------------------------------------|----------------------------|---------|---------|------------------------|---------|--------------------------------|----------------|----------------|-------------|---------|---------|------------|--------|----------|--------|---------|--------|------------------------------------------------|---------------------------------------------------------------------|----------|
|                                                            | RUSSIAN FEDERATION         | AUSTRIA | BELARUS | BOSNIA AND HERZEGOVINA | CROATIA | CYPRUS AND OTHER JURISDICTIONS | CZECH REPUBLIC | UNITED KINGDOM | SWITZERLAND | HUNGARY | IRELAND | KAZAKHSTAN | SERBIA | SLOVENIA | TURKEY | UKRAINE | USA    |                                                |                                                                     |          |
| Net interest income                                        | 1,377.50                   | 1.60    | 5.00    | 2.50                   | 2.60    | 4.70                           | 5.10           | —              | 1.10        | 2.10    | (4.30)  | 17.80      | 2.30   | 2.40     | —      | 7.00    | —      | 1,427.40                                       | (11.90)                                                             | 1,415.50 |
| Net credit loss allowance charge for debt financial assets | (98.00)                    | 0.20    | 0.10    | (0.70)                 | (0.30)  | 1.40                           | (0.90)         | —              | (0.10)      | (0.20)  | (0.10)  | (4.30)     | (0.80) | (0.20)   | —      | (2.60)  | —      | (106.50)                                       | 13.90                                                               | (92.60)  |
| Net fee and comission income                               | 543.10                     | 0.50    | 4.20    | 1.20                   | 0.70    | (0.20)                         | 1.20           | 0.20           | 1.10        | 1.70    | —       | 6.60       | 1.20   | 0.80     | —      | 0.80    | 0.10   | 563.20                                         | (65.30)                                                             | 497.90   |
| Other net operating income                                 | 52.20                      | 1.30    | (2.10)  | 0.10                   | (0.10)  | (17.90)                        | 0.90           | 1.90           | 2.80        | 0.40    | 4.50    | 2.70       | (0.50) | —        | —      | (0.20)  | 0.30   | 46.30                                          | (3.80)                                                              | 42.50    |
| Operating income                                           | 1,874.80                   | 3.60    | 7.20    | 3.10                   | 2.90    | (12.00)                        | 6.30           | 2.10           | 4.90        | 4.00    | 0.10    | 22.80      | 2.20   | 3.00     | —      | 5.00    | 0.40   | 1,930.40                                       | (67.10)                                                             | 1,863.30 |
| Operating expenses                                         | (682.90)                   | (5.10)  | (7.20)  | (2.40)                 | (2.00)  | (1.30)                         | (4.30)         | (1.80)         | (2.60)      | (3.50)  | —       | (8.30)     | (2.00) | (2.20)   | —      | (3.80)  | (0.30) | (729.70)                                       | 5.10                                                                | (724.60) |
| Profit / (loss) before tax                                 | 1,191.90                   | (1.50)  | —       | 0.70                   | 0.90    | (13.30)                        | 2.00           | 0.30           | 2.30        | 0.50    | 0.10    | 14.50      | 0.20   | 0.80     | —      | 1.20    | 0.10   | 1,200.70                                       | (62.00)                                                             | 1,138.70 |
| Income tax expense                                         | (224.10)                   | —       | (0.50)  | (0.10)                 | (0.20)  | (0.20)                         | (0.40)         | —              | —           | (0.10)  | —       | (2.80)     | 0.10   | (0.20)   | —      | —       | —      | (228.50)                                       | 4.60                                                                | (223.90) |
| Net profit / (loss) from continuing operations             | 967.80                     | (1.50)  | (0.50)  | 0.60                   | 0.70    | (13.50)                        | 1.60           | 0.30           | 2.30        | 0.40    | 0.10    | 11.70      | 0.30   | 0.60     | —      | 1.20    | 0.10   | 972.20                                         | (57.40)                                                             | 914.80   |
| Net profit / (loss) from discontinued operations           | —                          | —       | —       | —                      | —       | —                              | —              | —              | —           | —       | —       | —          | —      | —        | 8.00   | —       | —      | 8.00                                           | (77.80)                                                             | (69.80)  |
| Net profit / (loss)                                        | 967.80                     | (1.50)  | (0.50)  | 0.60                   | 0.70    | (13.50)                        | 1.60           | 0.30           | 2.30        | 0.40    | 0.10    | 11.70      | 0.30   | 0.60     | 8.00   | 1.20    | 0.10   | 980.20                                         | (135.20)                                                            | 845.00   |
| Capital expenditures                                       | 121.10                     | 0.40    | 0.40    | 0.20                   | 0.30    | 0.20                           | 0.60           | 0.10           | —           | 0.80    | 17.00   | 2.60       | 0.20   | 0.10     | —      | 1.20    | —      | 145.20                                         | —                                                                   | 145.20   |

# Information on selected financial metrics of the Group across jurisdictions

For the year ended  
31 December 2018

| RUB, bn                                                    | JURISDICTION OF SUBSIDIARY |         |         |                        |         |                                |                |                |             |         |         |            |        |          |        |         |        | TOTAL BEFORE EFFECT OF INTERCOMPANY OPERATIONS | NET EFFECT OF INTERCOMPANY OPERATIONS AND CONSOLIDATION ADJUSTMENTS | TOTAL    |
|------------------------------------------------------------|----------------------------|---------|---------|------------------------|---------|--------------------------------|----------------|----------------|-------------|---------|---------|------------|--------|----------|--------|---------|--------|------------------------------------------------|---------------------------------------------------------------------|----------|
|                                                            | RUSSIAN FEDERATION         | AUSTRIA | BELARUS | BOSNIA AND HERZEGOVINA | CROATIA | CYPRUS AND OTHER JURISDICTIONS | CZECH REPUBLIC | UNITED KINGDOM | SWITZERLAND | HUNGARY | IRELAND | KAZAKHSTAN | SERBIA | SLOVENIA | TURKEY | UKRAINE | USA    |                                                |                                                                     |          |
| Net interest income                                        | 1,359.10                   | 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    | —      | 1,403.50                                       | (7.00)                                                              | 1,396.50 |
| Net credit loss allowance charge for debt financial assets | (143.70)                   | (0.50)  | (1.30)  | (0.70)                 | (0.40)  | (1.70)                         | (0.90)         | —              | 0.10        | (0.20)  | —       | (6.10)     | (0.70) | (0.30)   | —      | (19.80) | —      | (176.20)                                       | 79.40                                                               | (96.80)  |
| Net fee and comission income                               | 485.90                     | —       | 4.40    | 1.30                   | 0.70    | (1.20)                         | 1.20           | —              | 1.00        | 1.70    | —       | 7.20       | 1.00   | 0.70     | —      | 0.80    | 0.10   | 504.80                                         | (66.70)                                                             | 438.10   |
| Other net operating income                                 | 18.80                      | 3.60    | 2.30    | —                      | —       | (2.20)                         | 0.60           | 1.80           | 2.00        | 0.40    | 3.00    | 3.00       | 0.20   | —        | —      | (1.10)  | 0.10   | 32.50                                          | (66.50)                                                             | (34.00)  |
| Operating income                                           | 1,720.10                   | 6.50    | 10.70   | 3.10                   | 2.90    | (1.10)                         | 6.00           | 1.80           | 2.40        | 4.10    | (0.20)  | 16.20      | 2.90   | 2.90     | —      | (13.90) | 0.20   | 1,764.60                                       | (60.80)                                                             | 1,703.80 |
| Operating expenses                                         | (615.00)                   | (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) | (662.00)                                       | 4.40                                                                | (657.60) |
| Profit / (loss) before tax                                 | 1,105.10                   | 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) | 1,102.60                                       | (56.40)                                                             | 1,046.20 |
| 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   |

# Report on Sberbank’s related-party transactions made in 2019

This Report shows a list of Sberbank’s transactions made in 2019 and recognized under Federal Law No. 208-FZ of 26/12/1995 On Joint-Stock Companies as related-party transactions, which were coordinated with/approved by the Supervisory Board of Sberbank.

The grounds for recognizing persons as stakeholders in a transaction and the equity interest of the stakeholders in the authorized (share) capital (amount of shares held by the stakeholders) of the legal entities acting as parties to the transactions are stated by the time the transactions are performed.

The Report is approved by the Supervisory Board of Sberbank Minutes No. 5 dated 17/03/2020.

| ITEM | MATERIAL TRANSACTION TERMS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                             | NUMBER OF TRANSACTIONS IN THE SECTION | CUMULATIVE NUMBER OF TRANSACTIONS |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------------------------|
| 1    | <b>Counterparty: Cetelem Bank Limited liability company</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                             |                                       |                                   |
|      | Stakeholder and the reasons why he/she was deemed interested in the transaction:<br>Member of the Executive Board of Sberbank Alexander Morozov is concurrently a member of the Board of Directors of Cetelem Bank LLC.<br><br>Equity interest of the stakeholder in the charter capital of Sberbank: 0.0017%<br><br>Amount of voting shares of Sberbank held by the stakeholder: 0.001%<br><br>Equity interest of the stakeholder in the charter capital (amount of voting shares held by the stakeholder) of Cetelem Bank LLC: 0% |                                                                                                                                                                                                                                                                                             |                                       |                                   |
|      | Agreement on opening a revolving framework facility with differentiated interest rates and performance of interrelated credit transactions concluded under the agreement.                                                                                                                                                                                                                                                                                                                                                           | 102 RUB bn                                                                                                                                                                                                                                                                                  | 1                                     | 1                                 |
| 2    | <b>Counterparty: Emirates NBD Bank PJSC, Denizbank A.Ş. and JPMorgan Chase&amp;Co</b>                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                             |                                       |                                   |
|      | Stakeholders and the reasons why they were deemed interested in the transaction:<br>CEO and Chairman of the Executive Board of Sberbank Herman Gref is concurrently Chairman of the Board of Directors at Denizbank A.Ş.<br><br>Equity interest of the stakeholder in the charter capital of Sberbank: 0.0031%<br><br>Amount of voting shares of Sberbank held by the stakeholder: 0.003%<br><br>Equity interest of the stakeholder in the charter capital (amount of shares held by the stakeholder) of Denizbank A.Ş.: 0%         |                                                                                                                                                                                                                                                                                             |                                       |                                   |
|      | Member of the Executive Board, Deputy Chairman of the Executive Board of Sberbank Alexander Morozov is concurrently a member of the Board of Directors of Denizbank A.Ş.<br><br>Equity interest of the stakeholder in the charter capital of Sberbank: 0.0017%<br><br>Amount of voting shares of Sberbank held by the stakeholder: 0.001%<br><br>Equity interest of the stakeholder in the charter capital (amount of shares held by the stakeholder) of Denizbank A.Ş.: 0%                                                         |                                                                                                                                                                                                                                                                                             |                                       |                                   |
|      | Agreement of sale and purchase of 99.852572% of Denizbank A.Ş. charter capital between Sberbank (seller) and Emirates NBD Bank PJSC (buyer) for transferring to the buyer the ownership of 3,311,211,133.518 ordinary shares of Denizbank A.Ş. with the nominal value of 1.00 each as well as the rights on subordinated loans provided by Sberbank in favor of Denizbank A.Ş.                                                                                                                                                      | <ul style="list-style-type: none"><li>• ₺15.5 bn for 99.852572% of shares in the charter capital of Denizbank A.Ş.</li><li>• \$1.2 bn at the current US exchange rates for all the subordinated loans plus the interest on the subordinated loans at the transaction closure date</li></ul> | 1                                     | 2                                 |
|      | Funds Flow and Transfer Deed between Sberbank, Denizbank A.Ş., and Emirates NBD Bank PJSC, which sets forth the procedure for fulfilling the obligations to transfer and pay the shares of Denizbank A.Ş. and to transfer the rights on the subordinated loans established in the agreement of sale and purchase.                                                                                                                                                                                                                   | —                                                                                                                                                                                                                                                                                           | 1                                     | 3                                 |
|      | Escrow Agreement between Sberbank, Emirates NBD Bank PJSC, Denizbank A.Ş., and JPMorgan Chase&Co for providing escrow services to ensure the buyer’s fulfilment of its obligations to pay the shares of Denizbank A.Ş.                                                                                                                                                                                                                                                                                                              | \$10.0 thousand                                                                                                                                                                                                                                                                             | 1                                     | 4                                 |

# Report on Sberbank’s related-party transactions made in 2019

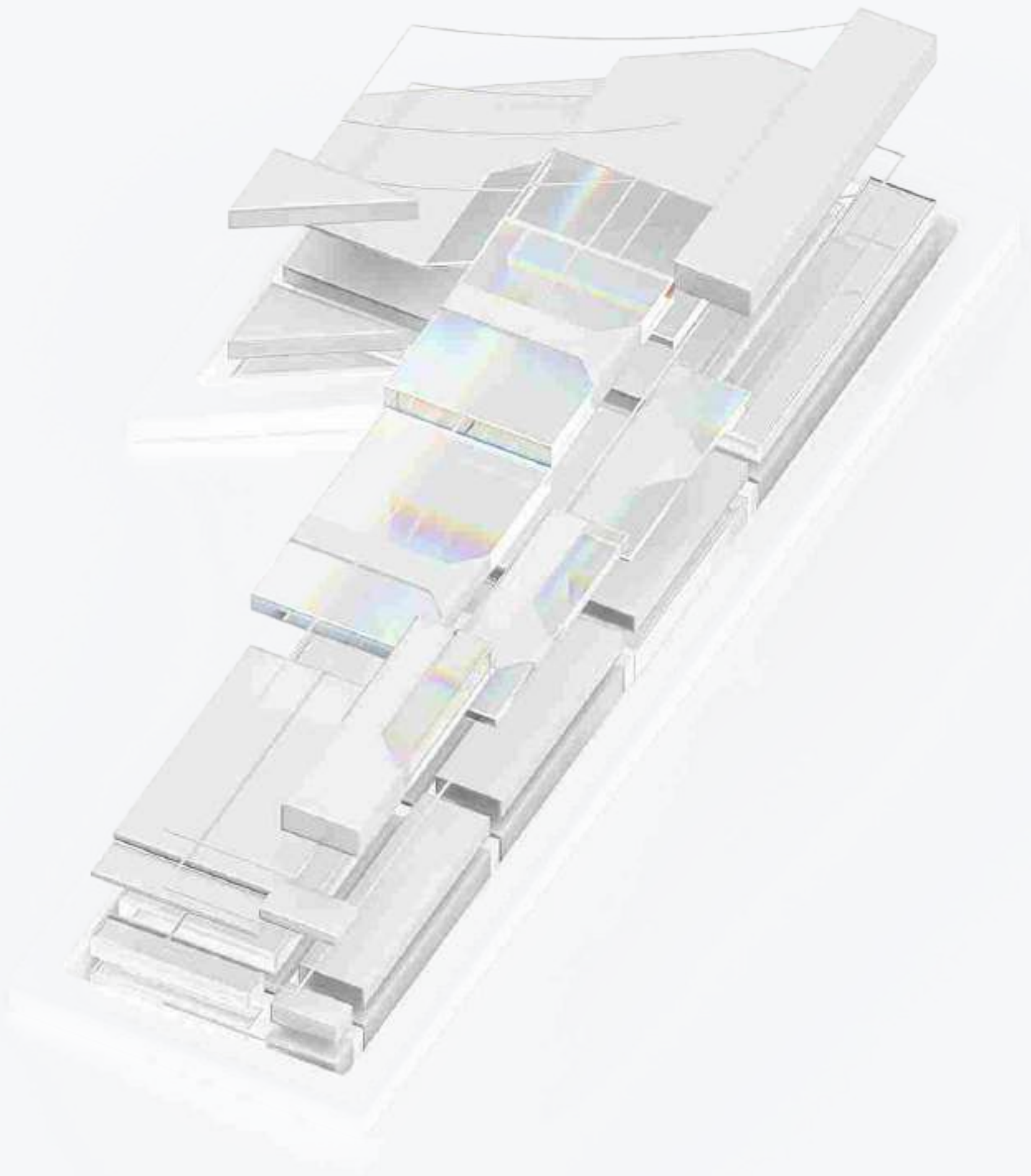
| ITEM | MATERIAL TRANSACTION TERMS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | NUMBER OF<br>TRANSACTIONS<br>IN THE SECTION | CUMULATIVE<br>NUMBER OF<br>TRANSACTIONS |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------------------------|
| 3    | <b>Counterparty: Sberbank Capital Limited liability company</b><br><br>Stakeholder and the reasons why he/she was deemed interested in the transaction:<br>member of the Executive Board of Sberbank, Deputy Chairman of the Executive Board of Sberbank Oleg Ganeev<br>is concurrently Chairman of the Board of Directors of Sberbank Capital LLC.<br><br>Equity interest of the stakeholder in the charter capital of Sberbank: 0.0012%<br><br>Amount of voting shares of Sberbank held by the stakeholder: 0.00053%<br><br>Equity interest of the stakeholder in the charter capital (amount of voting shares held by the stakeholder) of Sberbank Capital LLC: 0% |                                             |                                         |
|      | Supplementary agreement to the non-revolving credit facility agreementRUB 12 bn plus the loan interest amount                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 1                                           | 5                                       |

# SUSTAINABILITY (ESG) REPORT 2019



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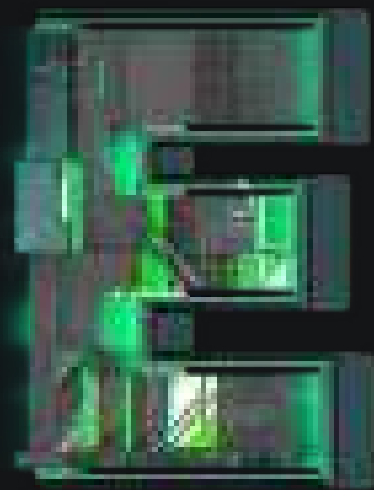
01

SUSTAINABLE  
DEVELOPMENT  
PROFILE

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# ESG Structure



## Environment

### Own impact

- Waste handling
- Power, water and heat consumption
- CO<sub>2</sub> emissions and discharges into water bodies
- Use of paper and eco-materials

### Business opportunities

- Green projects
- Green bonds
- ESG investors

### Client activity

- Adapting to climate change
- Threats of natural disasters
- Regulatory requirements
- Changing consumer behavior



## Social

### Human capital development

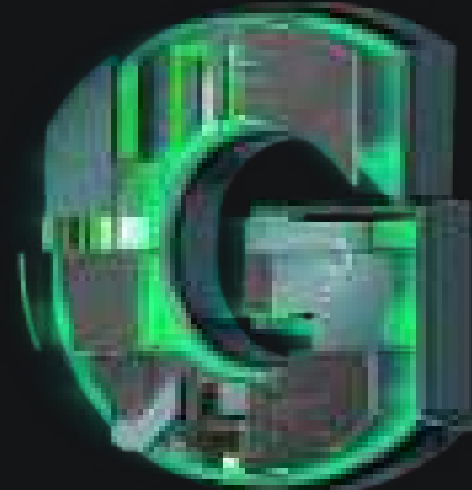
- Training and Development
- Health and safety
- Human rights
- Labor relations
- Equal rights and opportunities

### Responsibility to clients

- Ensuring data security
- Accessibility of financial services
- Financial literacy
- Preventing misselling
- Control of fraud

### Social impact

- Infrastructure projects
- Support for education
- Support of local communities
- Charity
- Financial literacy



## Governance

### Corporate governance

- Strategy & Management
- Risk management
- Code of ethics and conduct
- Monitoring and control mechanisms



# Stakeholder engagement

Sberbank is a systemically important component of the Russian economy; it serves as an indicator of stability of the country’s financial system. We therefore seek to promote long-term and sustainable development taking into account the interests of a wide range of stakeholders.

## Clients

Sberbank clients are essentially the entire Russian population and numerous corporate clients of various scale. We are interested in expanding our client base and deepening our client relationships

- Service sales and consulting via physical and digital channels
- Client behavior survey for value proposition development purposes
- Gathering, analyzing and processing negative client feedback 24/7 support with client complaint settlement
- Monitoring of client relationships via the Net Promoter Score (NPS) Index and the Client Satisfaction Index (CSI)
- Compensating clients for Sberbank errors
- Monitoring social media for client feedback

## Shareholders and investors

The bank prioritizes the interests of its investors and shareholders, regardless of the size of their shareholding. Timely disclosure of information on the Group activities and performance outcomes in line with global best practices and the requirements of international trading venues

- Holding of the General Shareholders’ Meeting by way of exercising shareholders’ right to participate in bank management
- Providing shareholders and investors with an opportunity to interact with the bank on an offline and online basis
- Annual surveys of investor perceptions, assessment of the strengths and weaknesses of the bank investment history, in particular, benchmarked against other financial sector companies
- Discussing topics that are of relevance for private shareholders in the Committee for Minority Shareholder Relations meetings
- Investment fund and analyst meetings to discuss current trends and matters of bank operations
- Disclosure of information as required by the law, international listing requirements and best practices.
- Disclosure of information on ESG factors management in accordance with GRI standards

## Employees

Our people are the bank’s most critical asset and the foundation of its competitiveness. The bank values every employee’s contribution in Sberbank growth and development

- Engagement surveys, team atmosphere assessment
- Assessment of employee satisfaction with internal services quality via the Voice of Internal Clients system
- Direct line with CEO and other executives
- Employee communications via the corporate portal and TV; mailouts
- Monthly Leadership Meetings, annual Leadership Forum
- Training with the Corporate University and the Virtual School
- Delivering events in the corporate volunteering format
- Cultural and sports events with personnel participation
- SberXTUp Corporate Accelerator where employees can receive support for the development of their own business with prospects of becoming part of the bank ecosystem

## Government

Sberbank is a strategically important national institution that cooperates on a permanent basis with the government and its representatives at all levels of management

- Monitoring of the rule-making activity of the government and of the Bank of Russia, formulating the bank’s position in relation to the upcoming changes
- Submitting regulation improvement proposals to the federal authorities and the Bank of Russia
- Participating in the meetings held by federal authorities and the Bank of Russia for the purposes of discussing proposed legislation
- Participating in the public discussion of proposed legislation
- Disclosure of information as required by the law

## Society

Development of the regions where our clients and employees are based is an important task for Sberbank

- Implementation of socially significant projects in regions
- Implementation of charity projects, collaboration with NGOs
- Holding educational, cultural, sports events and environmental initiatives in regions
- Sponsor support in connection with business events
- Mass media presence: releases, speaker interviews, press tours
- Daily monitoring of mass media in the regions of operations and of the Internet, drafting of reports for top management, including those on negative media coverage and client inquiries via supervisory authorities
- Regular disclosure of information on how business impacts economics, ecology, and social sphere, in accordance with international standards



# Accessibility of financial services

Detailed history of transactions

4.5m

INQUIRIES ON A DAILY BASIS

25%

OF SBERBANKONLINE USERS MAKE USE OF THIS SERVICE

Generation of banking references

890k

DOCUMENTS GENERATED WITHOUT BRANCH VISIT

Dialogs

4.2m

MONTHLY ACTIVE USERS

## SPECIAL BANK

10k

BLIND CLIENTS USE THE SBERBANK ONLINE ACCESSIBLE APP WITH THE HELP OF SCREEN TEXT-TO-SPEECH READERS

42%

OF ALL ATMS ARE ACCESSIBLE TO BLIND CLIENTS VIA HEADPHONES

42%

OF THE BANK'S BRANCHES ARE ACCESSIBLE TO PEOPLE IN WHEELCHAIRS<sup>1</sup>

20

SIGN LANGUAGE INTERPRETERS ACROSS RUSSIA'S 11 TIME ZONES AVAILABLE ONLINE AT 6,000 BRANCHES AND IN PERSONAL TABLETS

40k

EMPLOYEES CAN HELP DEAF CLIENTS WITH SIGN LANGUAGE INTERPRETATIONS

2k

CLIENTS WITH HEARING DISORDERS HAVE ALREADY RECEIVED THE SIGN LANGUAGE INTERPRETATION SERVICE

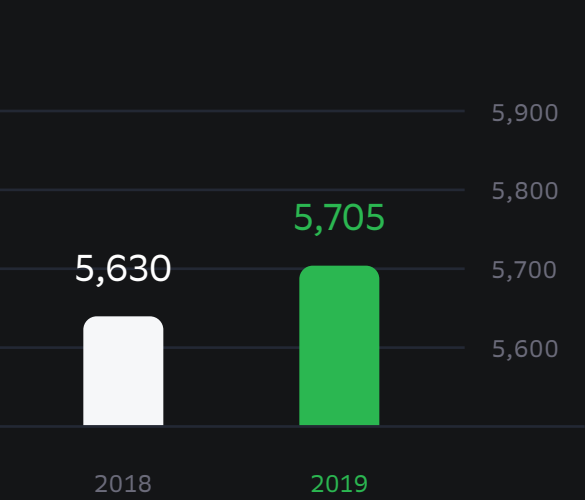
## SPECIAL SOLUTIONS

- For teens, the Sberbank mobile app now includes push notifications with step-by-step instructions on how to use the Bank's products
- Parents with infants in their first year receive offers with products and useful services for young parents
- For young clients, the Sberbank mobile app now offers stories and animations, with the SberCat channel launched in dialogues
- The Active Age channel was launched in Sberbank Online with news and useful content for elderly Sberbank clients

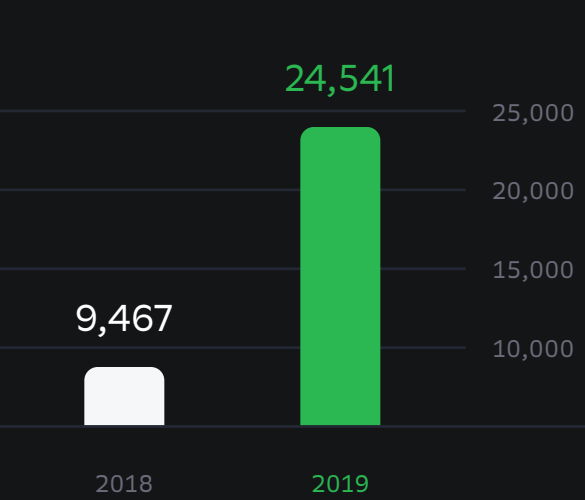


7 awards in the European Contact Center and Client Service Awards

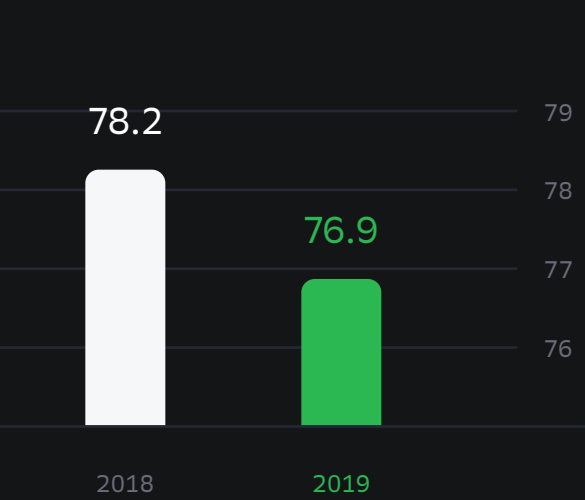
Branches equipped for disabled clients<sup>1</sup>



ATMs accessible for disabled clients



Self-service terminals, thousand



<sup>1</sup> Retail branches



# Cybersecurity Development

## RESULTS

39.7 bn ₺

IS THE COTS OF PREVENTED FRAUD IN ALL REMOTE SERVICE CHANNELS

0 minutes

OF INFRASTRUCTURE DOWNTIME CAUSED BY DDOS ATTACKS

71

DDOS ATTACKS WERE SUCCESSFULLY BLOCKED

230 k

EMPLOYEES WERE TRAINED UNDER CYBERSECURITY PROGRAMS

The most extensive and integrated system for protection against cyberthreats in the Russian banking sector

## PLATFORM

### Security Operation Center

the largest cybersecurity management center in Russia

### Threat Intelligence Platform

a proprietary platform for cyberthreat search and analysis

### SberX.Cybersecurity

single cybersecurity standards for the Group

### Single Authentication Service

in service channels for retail clients

## EVENTS



GLOBAL FINANCE awarded Sberbank as the winner in Best Information Security and Fraud Management

7 patents

have been obtained by the cybersecurity lab for technologies aimed at combating fraudulent and phishing activities



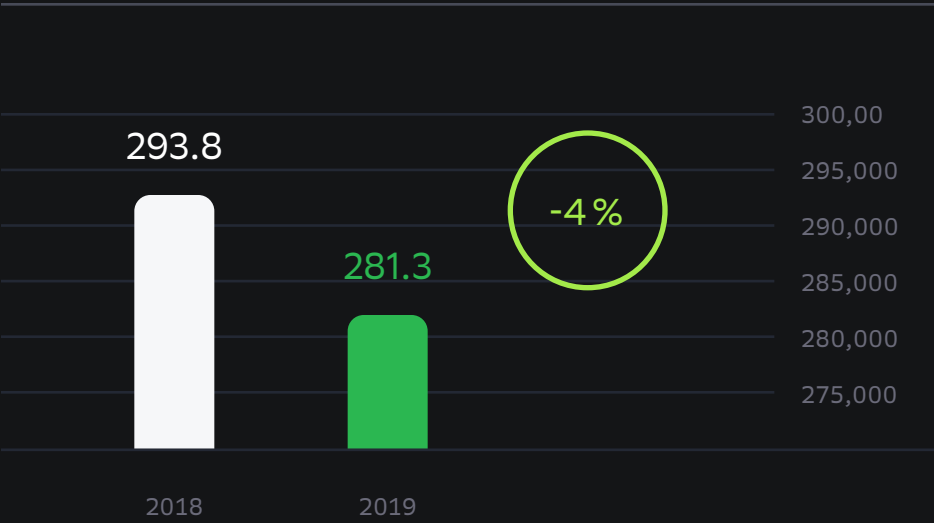
ICC International Cybersecurity Congress



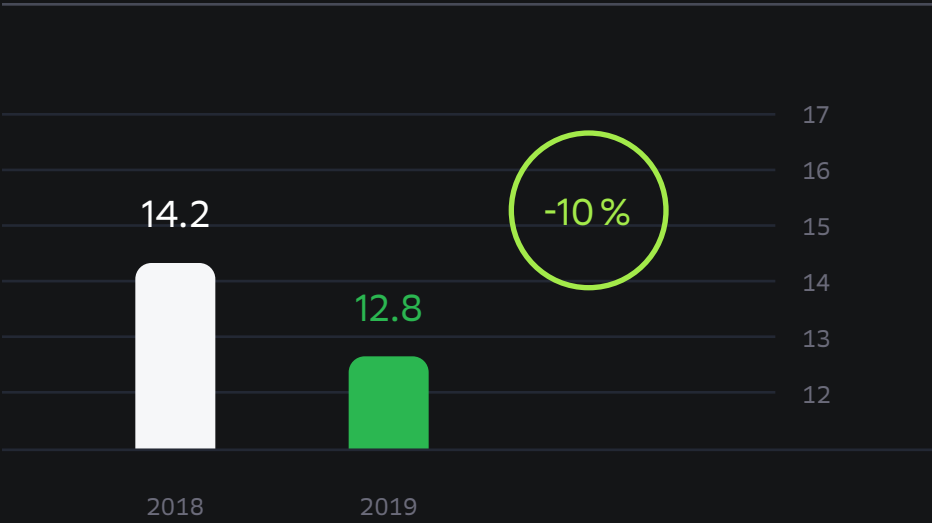
- GLOBAL CYBER WEEK—the first international cybersecurity week was held in Moscow:
- International CyberSecurity Congress 2019
  - Off.Zone (International Conference on Practical Cybersecurity)
  - Cyber Polygon

# New Breed of Employees Working in Effective Teams

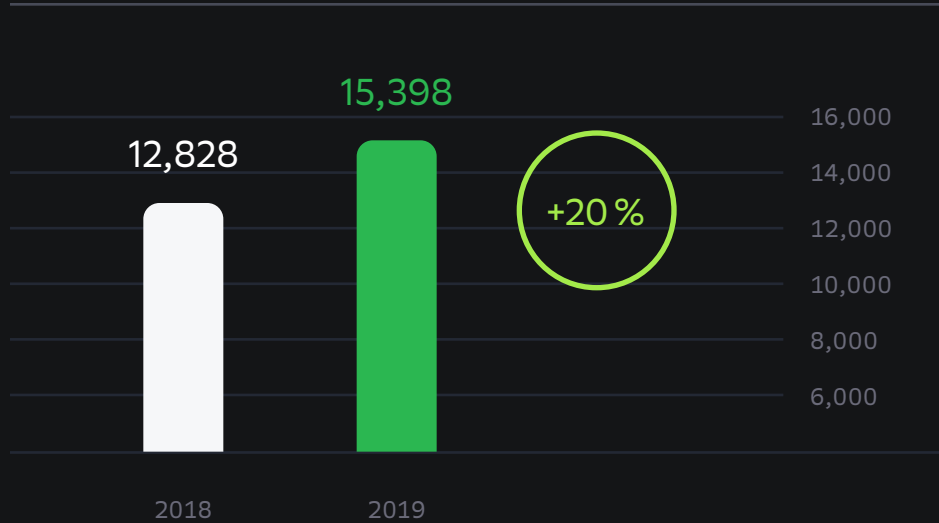
Sberbank’s headcount,  
thousand people



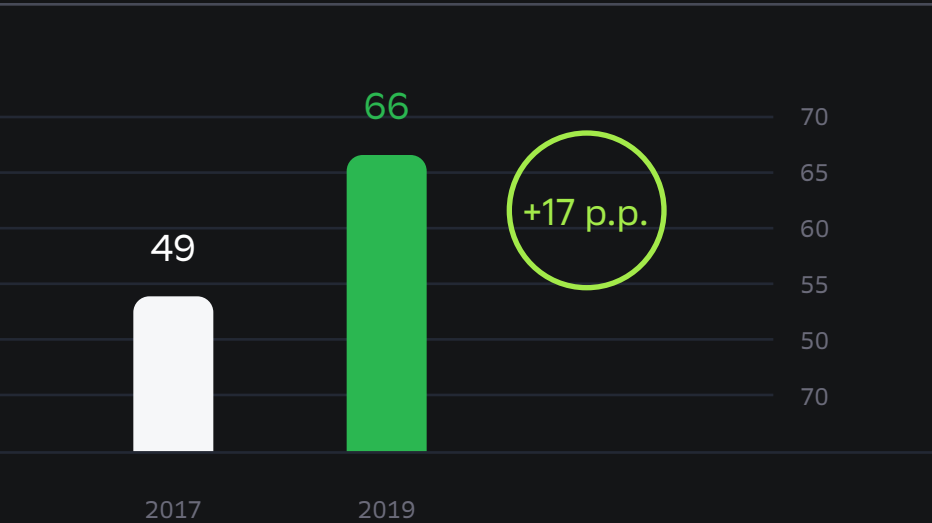
Personnel turnover,  
% Group



Total training hours,  
thousand hours



Employees have come to look at their future  
in Sberbank with much more confidence, %



## Around 50 new digital HR products and services:

- Employees can now access all HR services via mobile app (already installed by >180,000 employees)
- The Reboot program for almost 2,000 employees with academic degrees in the STEM area
- The SberProfi professional development system already includes 18 professional communities
- Digital adaptation of mass occupation employees
- Open Sber allows questions to be asked 24/7



Universum international  
company rating:

Nº1

AMONG BANKS  
FOR STUDENTS

Nº5

IN THE ‘BUSINESS’  
CATEGORY

Nº6

AMONG IT COMPANIES

+5 POINTS

GROWTH IN 2019

- Transparency of career opportunities (77%). 75% of employees associate career primarily with professional and expert development
- High assessment of own level of professional demand (74%)<sup>1</sup>



Winner of the Best  
Employer title

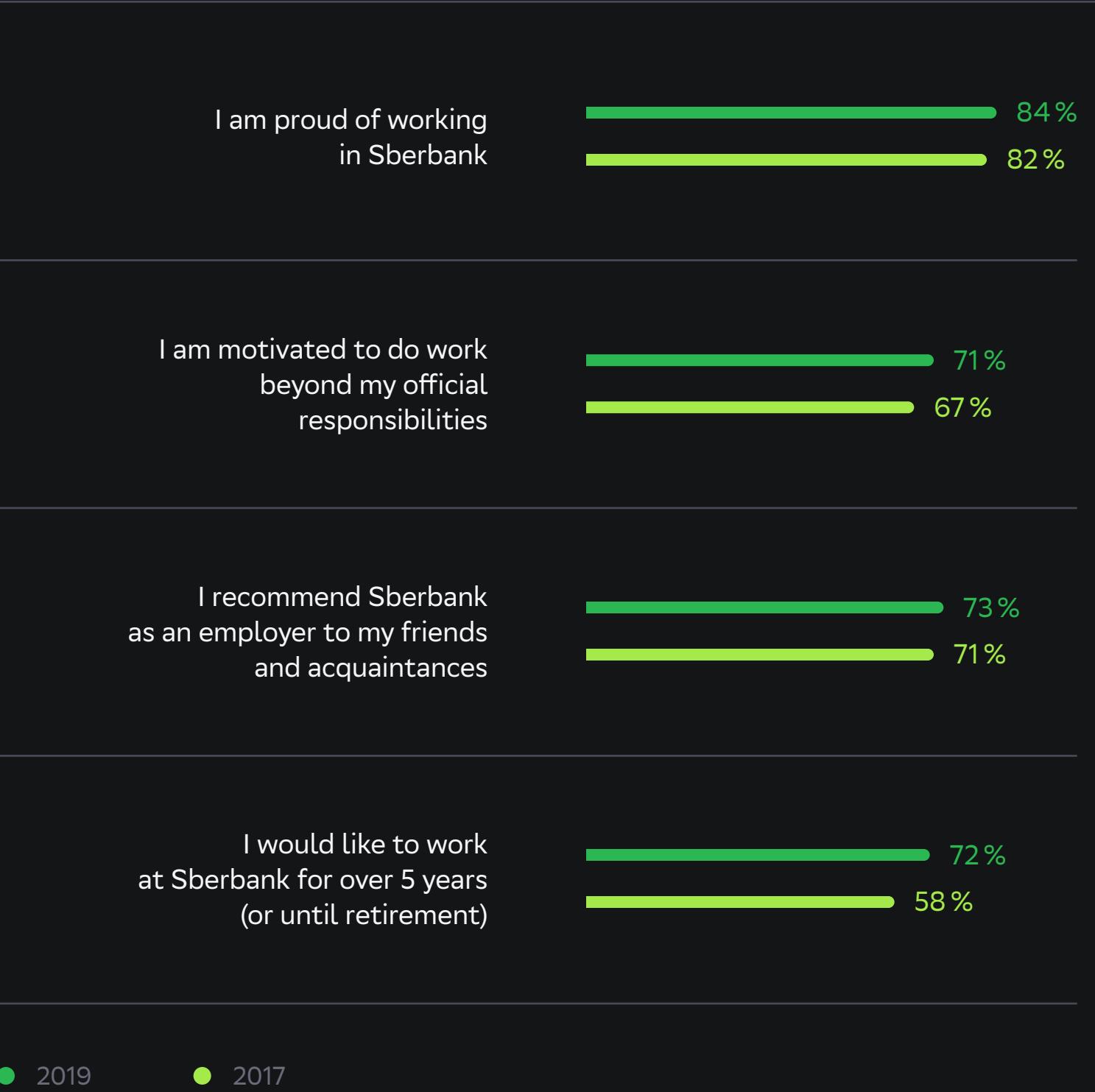
Best Employer “Great Place to Work”

<sup>1</sup> according to the engagement survey in Sberbank

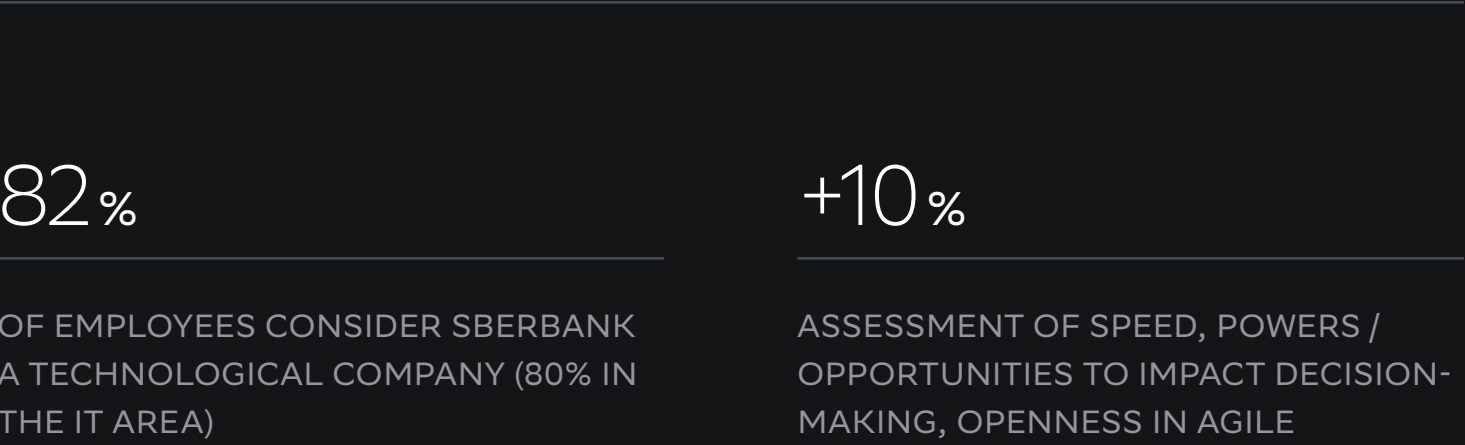


# Corporate Culture

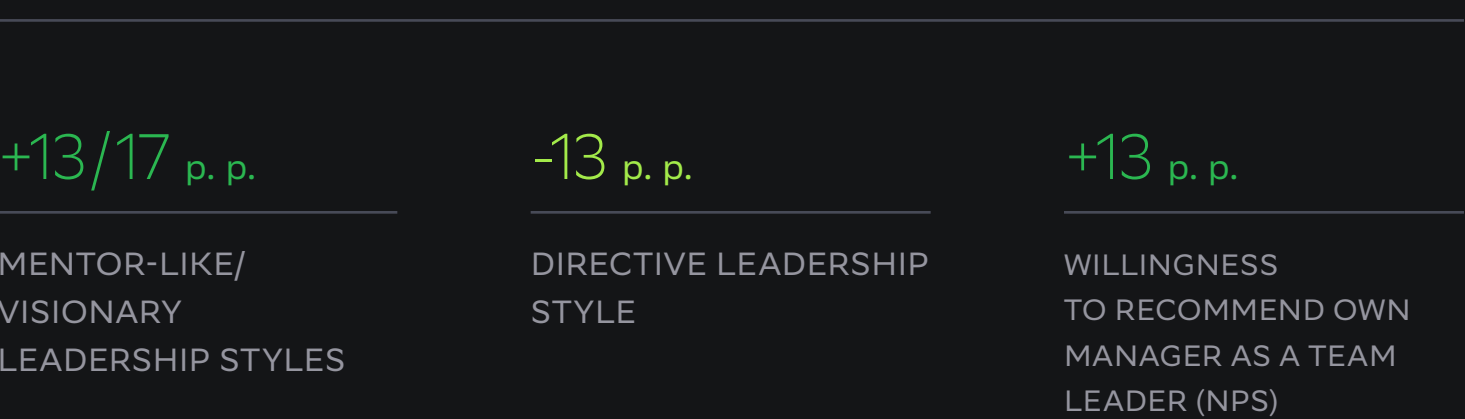
Engagement index — 75%  
The engagement index remains stable, matching the level of successful companies in the recent years<sup>1</sup>



We laid the engineering culture groundwork to develop Sberbank as a technological company and retain IT professionals



Quality of leaders improved<sup>2</sup>  
The actions and image of Sberbank leaders are the main driver of engagement and willingness to recommend Sberbank as an employer



<sup>1</sup> Based on the results of engagement survey in Sberbank.  
<sup>2</sup> Dynamics over four years.



>50 k  
PARTICIPANTS OF #SBERTEAM100YEARS



>10 k  
VOLUNTEERS AT SBERBANK



>30 k  
PARTICIPANTS OF SBERBANK FOR CHILDREN AND PARENTS EDUCATIONAL PROGRAMS



>6 k  
PEOPLE HIRED THROUGH THE INTRODUCE A STAR TO THE TEAM REFERRAL PROGRAM

500  
PEOPLE TOOK PART IN THE PILOT OF THE REAL TIME FEEDBACK

Reasons to be proud of

Helps others  
Respect Status  
Advanced technology  
Tangible results  
Clients appreciate Authority  
Changes in the country  
Professionals Interesting  
Training



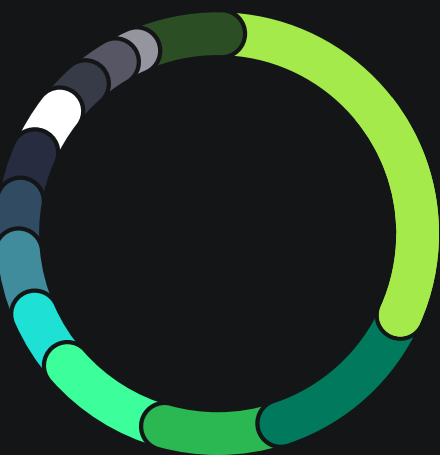
# Impact on Society

Group’s charity expense structure, %



- 36 Research and development, environmental protection, preservation of cultural heritage
- 18 Children's institutions, development of children's creative abilities and of an inclusive environment
- 11 Culture
- 11 Education
- 7 Veterans and disabled persons
- 4 Healthcare
- 13 Other

Development of corporate volunteering, %



- 32 Assistance to children in orphanages
- 13 Sberbank initiatives
- 9 Support of the elderly (including veterans)
- 9 Financial literacy
- 5 Sporting Events
- 5 Environment
- 4 Festivities and city events
- 4 Assistance to people in stranded circumstances
- 4 Assistance to people with serious health conditions
- 3 Assistance to animals
- 3 Support of people with disabilities
- 2 Education
- 7 Other

## FINANCING OF SOCIALLY SIGNIFICANT PROJECTS AND PUBLIC PRIVATE PARTNERSHIP PROJECTS

Key projects of 2019

8 bn ₺

EDUCATION

12 bn ₺

UTILITIES AND LIFE SUPPORT SYSTEMS

46 bn ₺

TRANSPORTATION

44.5 bn ₺

AGRICULTURE

14 bn ₺

MUNICIPAL SOLID WASTE



Over 10,000 employees supported the volunteer movement



Top Three Awards Russia’s Best Social Projects Contest

## PROCUREMENT INFRASTRUCTURE

The effort to further develop the procurement and logistic system allowed us to achieve a new level of efficiency

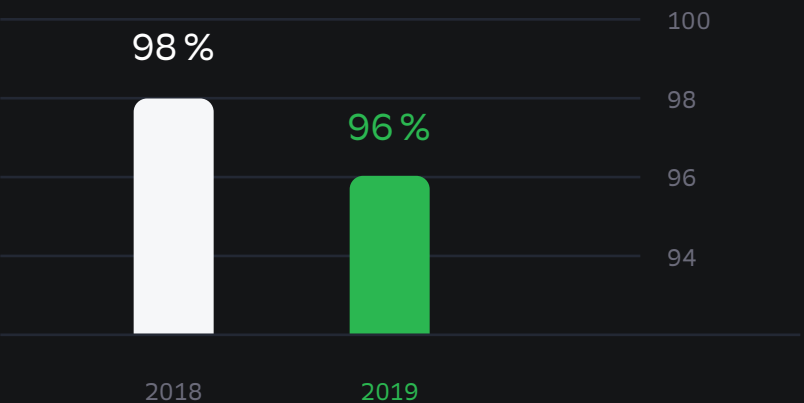
52 bn ₺

SAVINGS AS A RESULT OF TENDERING PROCEDURES

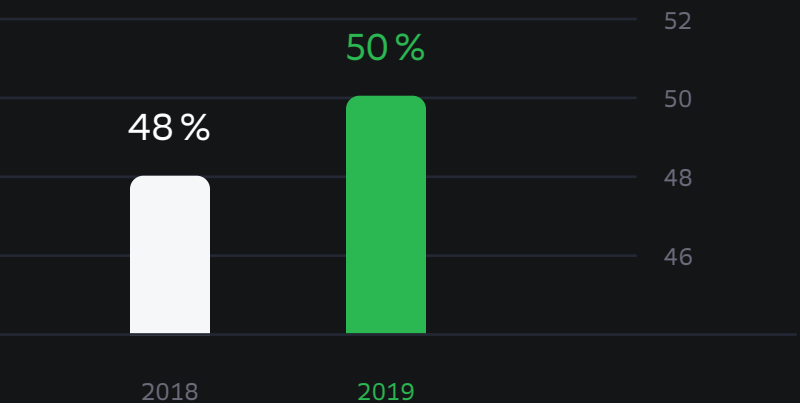
96 %

SHARE OF ELECTRONIC SETTLEMENTS WITH SUPPLIERS

Share of local suppliers in procurement budget, %



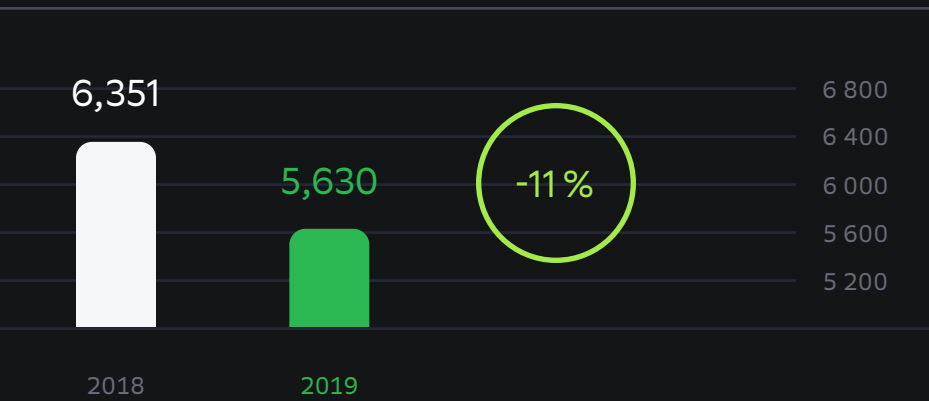
Share of small and medium-sized business in the procurement budget, %



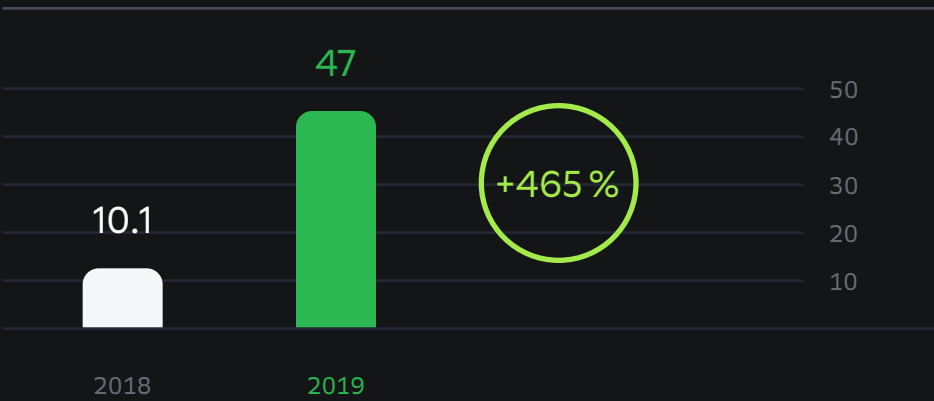
# Environmental Impact Management

## KEY FIGURES OF THE SECTION (SBERBANK GROUP)

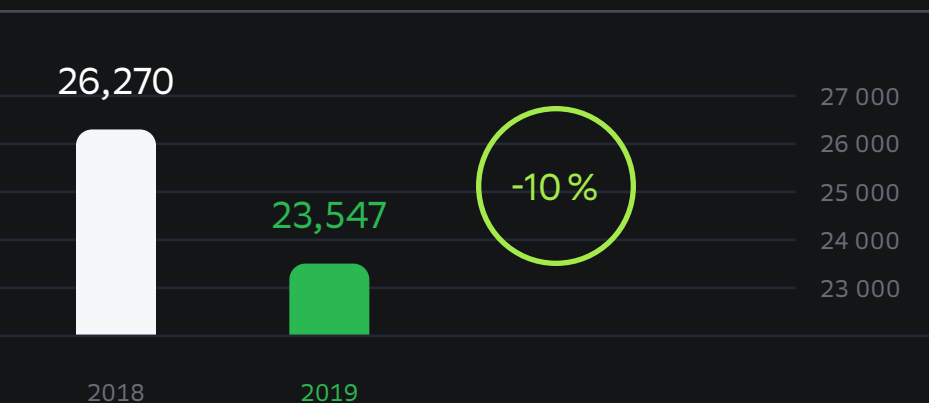
Total power consumption, thousand GJ



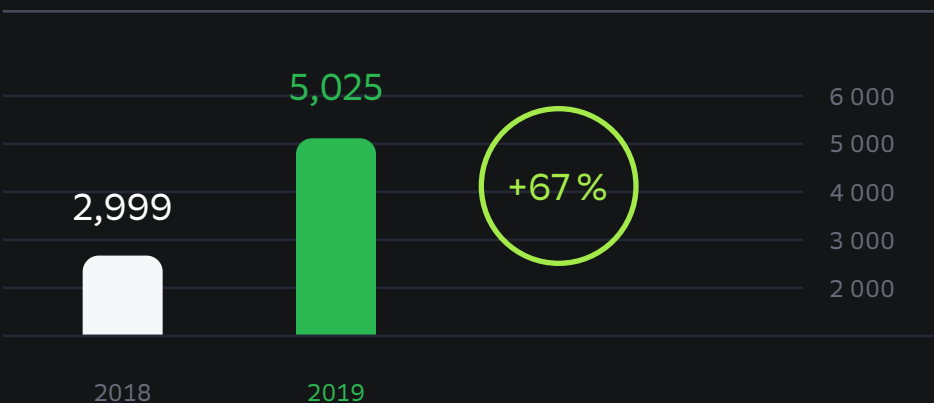
Funding green projects, bn ₺



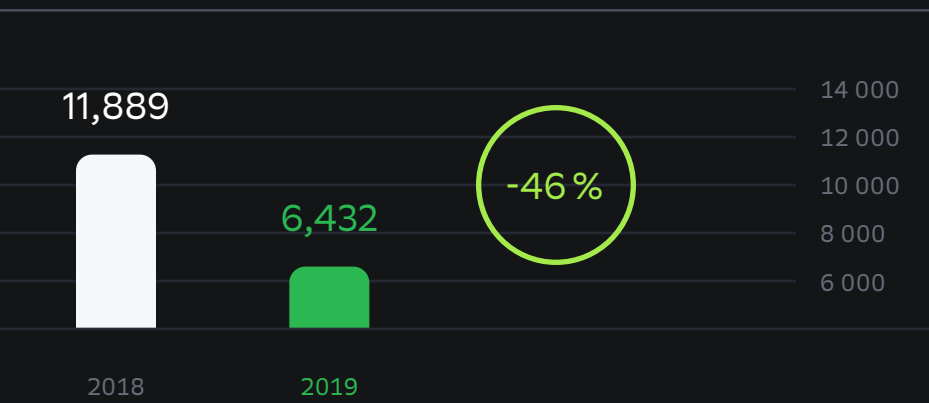
Fuel consumption by own vehicles, thousand liters



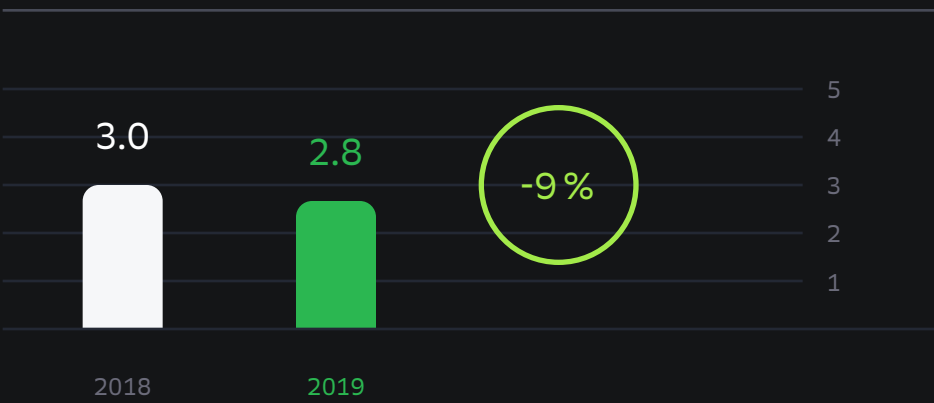
Amount of waste paper delivered for recycling, tons



Waste volume, tons

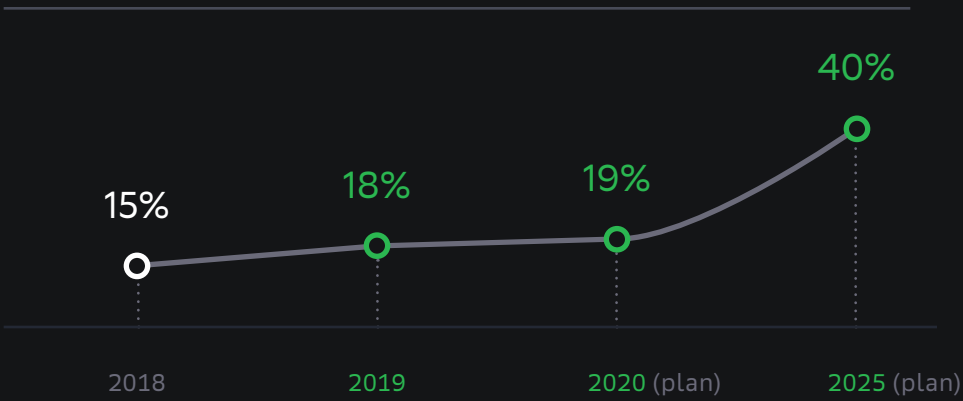


Drinking water consumption, m cubic meter

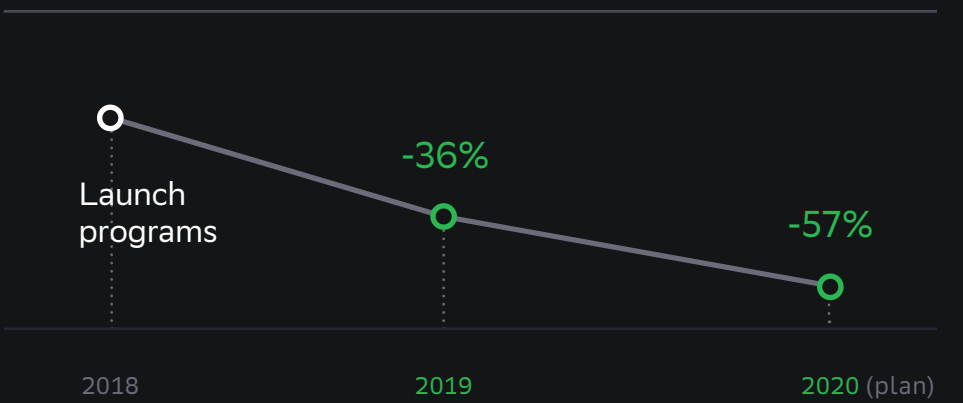


## OWN ENVIRONMENTAL IMPACT (SBERBANK OF RUSSIA)

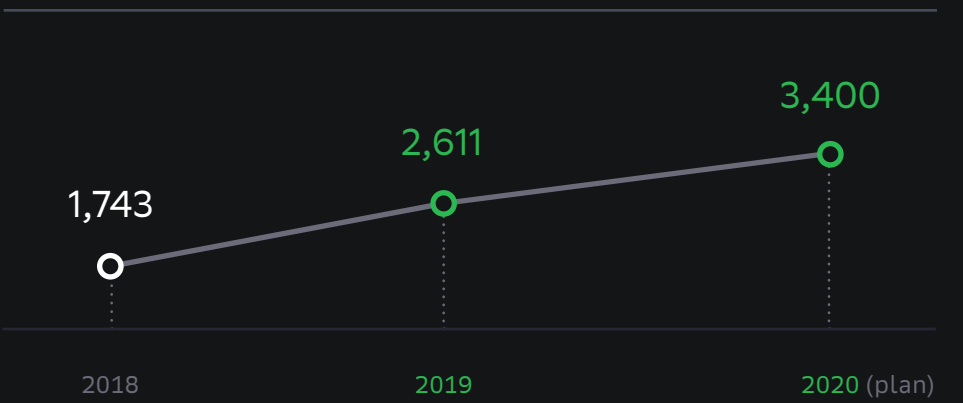
Garbage separation, %



Reduction in paper handed over in archives, %



Facilities in dispatch and process control systems (DPCS)



## DEVELOPMENT OF RENEWABLE POWER SOURCES



### Wind energy

Agreement with Enel Russia PJSC on financing the construction of a wind park in the Murmansk region. Commissioning of the facility is planned for the end of 2021.

Agreement with a portfolio company of the Wind Energy Development Foundation on financing the construction of a wind power plant in the Rostov region



### Solar Energy

Financing of the construction of Samara Solar Power Station (2018) and Staromariievka Solar Power Station in the Stavropol Territory

Preparations to the launch of ESG-based investment strategies:

Solactive SPB FoodTech Index, SPB Global Aqua Index, SPB Green Energy Index



# Procedure for identifying Significant topics

List of significant Topics of the Report to be disclosed without fail

Following the survey of key stakeholder groups, we have identified six most critical topics in the ESG focus.



In the focus<sup>1</sup>

- Ecology and responsible financing
  - OWN ENVIRONMENTAL IMPACT
  - RESPONSIBLE FINANCING AND GREEN BUSINESS
  - RESPONSIBLE PROCUREMENT PROCEDURE
- Impact on society
  - SAFETY OF FINANCIAL PRODUCTS AND CLIENTS
  - ACESSIBILITY AND QUALITY OF FINANCIAL SERVICES
- Development of human capital
  - HUMAN CAPITAL DEVELOPMENT (EMPLOYEE TRAINING AND HEALTH)

<sup>1</sup> Subject to the investor researches and the ESG rating by MSCI.

# Address of the CEO, Chairman of the Executive Board



Dear shareholders, clients,  
partners and employees,

Throughout its 178-year-long history, Sberbank has been playing an important role in the economic and social life of our country. Resolving social problems, making financial services available to a wide range of people, charity and philanthropy were the ideas underlying the Savings Banks’ concept at the time of their appearance. This role has since then become a DNA of our company that forms Sberbank’s responsible approach to conducting its business.

We preserve key characteristics inherent to Sberbank: affordability of financial services, attention to clients, their needs and security, concern for the quality of our products and services, contribution to the social development and targeted support for those who need help. At the same time, new challenges emerge today, and we are trying to adequately respond to them. These issues include climate change, the consequences of negative environmental impacts, cyberthreats, training necessary IT skills in the context of digitalization, the development of artificial intelligence and many others.

Finding a response to all these challenges, while keeping up our traditions, is only possible using an integrated and systemic approach to managing social, environmental and governance factors (or ESG factors), that is, the responsible governance and investment approach adopted worldwide.

Today, a company can not succeed in the global market if it fails to observe the ESG criteria, which represent a top focus area for our stakeholders. An international study by the Reputation Institute (2019 Global RepTrak) suggests, that corporate governance, social responsibility, and working conditions significantly affect the corporate reputation and aggregately contribute more than 40% to how the company is perceived by its key stakeholders and society as a whole.

Sberbank is concerned about the environment and the climate change consequences. For our part, we strive to reduce our own environmental footprint:

- We implement telemetric and remote energy management systems at thousands of our operating facilities.
- We use equipment with high energy efficiency.
- We apply the green LEED Silver standards in the design and construction of our new facilities.
- We have launched a separate waste collection program, and one-fifth of all waste is already collected separately.
- As we aim for paperless document flow, we managed to reduce by 36% the amount of paper documents submitted for archival storage in 2019.



# Address of the CEO, Chairman of the Executive Board

Sberbank plays an active role in shaping “green” economy. In 2019, we invested in renewable energy (wind farms, solar stations) and municipal waste management projects. Sberbank acts as a lender and consultant for the Clean Air project (part of the national Ecology project); it participates in the Working Group on Climate Change and Sustainable Development under the Presidential Executive Office, as well as in the Responsible Finance Taskforce of the Bank of Russia. We believe that through coordinated efforts, significant progress will be achieved in developing responsible financing and ESG risk management practices in the banking sector.

I am proud that Sberbank’s team is the driver of the “green agenda”. It was at the last year’s request of our employees that the traditional launch of balloons to celebrate Sberbank’s birthday was performed electronically in 2019. This is a small but a striking example of how environmental responsibility is becoming part of our corporate culture. Volunteer movement has been part of our culture for several years now, involving more than 10,000 employees.

Sberbank pays great attention to the development of its human capital and invests significant efforts in order to provide its employees with a wide range of self-development and training opportunities, including soft skills, which form an important part of our corporate culture. Our employees have access to various educational programs both on the basis of our Corporate University, and via our Virtual School. In 2019, training sessions in various field were attended by nearly 240,000 experts. In 2019, we launched the Restart program designed for the bank employees wishing to master a new profession or change their qualification in accordance with their interests and to be transferred to other companies within the ecosystem or to partner structures.

At the same time, we find it important not only to provide our employees with self-development and training opportunities but also to create conditions allowing them to maintain and strengthen their emotional and physical health, including healthy food, physical training and sports, regular meditations, energy and stress management programs, medical checkups, and psychological recommendations.

We believe that quality training of skills of the future means the success of the country’s development. That is why we pay so much attention to school education development, be it creating a digital platform for personalized education of schoolchildren, developing modern educational format aimed at revealing a pupil’s individual potential or training practical skills in the domains of IT, artificial intelligence, design etc.

More than 3.7 million schoolchildren attended the lessons at our Academy of Artificial Intelligence and 10,000 teachers watched webinars dedicated to AI. We have accumulated sufficient competencies and experience in creating educational solutions for the development of 21st-century skills in children, and we plan to further develop this area in the future. The results demonstrated by School 21 have convinced us of the need to carry out this program and launch the project in Kazan. In addition, in 2019, we first held the SberZ school accelerator.

As a corporate citizen, Sberbank bears an increased responsibility to its clients, ensuring the safety of their personal data, countering fraud, and making financial services available, among other, to people with disabilities. Our company was one of the first to sign the Code of Ethics for the Use of Personal Data, as well as the first Russian company to participate in The Valuable 500 global movement, which brings together 500 major companies around the world that include the issues of inclusion and equal opportunities for people with disabilities into their strategic agenda.

All these and many other issues form an integral part of our business, of how we manage our impact on the economy, society, and the environment. That is why this year we prepared the ESG report as a separate part of the annual report. We have things to be proud of, but we understand that we can do even more. We are not afraid to assume responsibility for our financial activities, our business methods, our people, and our environmental impact. If Sberbank were a person, I would say that it had a syndrome of increased responsibility. This is exactly what guarantees our company further development in the modern world and a successful future.

*CEO and Chairman of the Executive  
Board of Sberbank,*

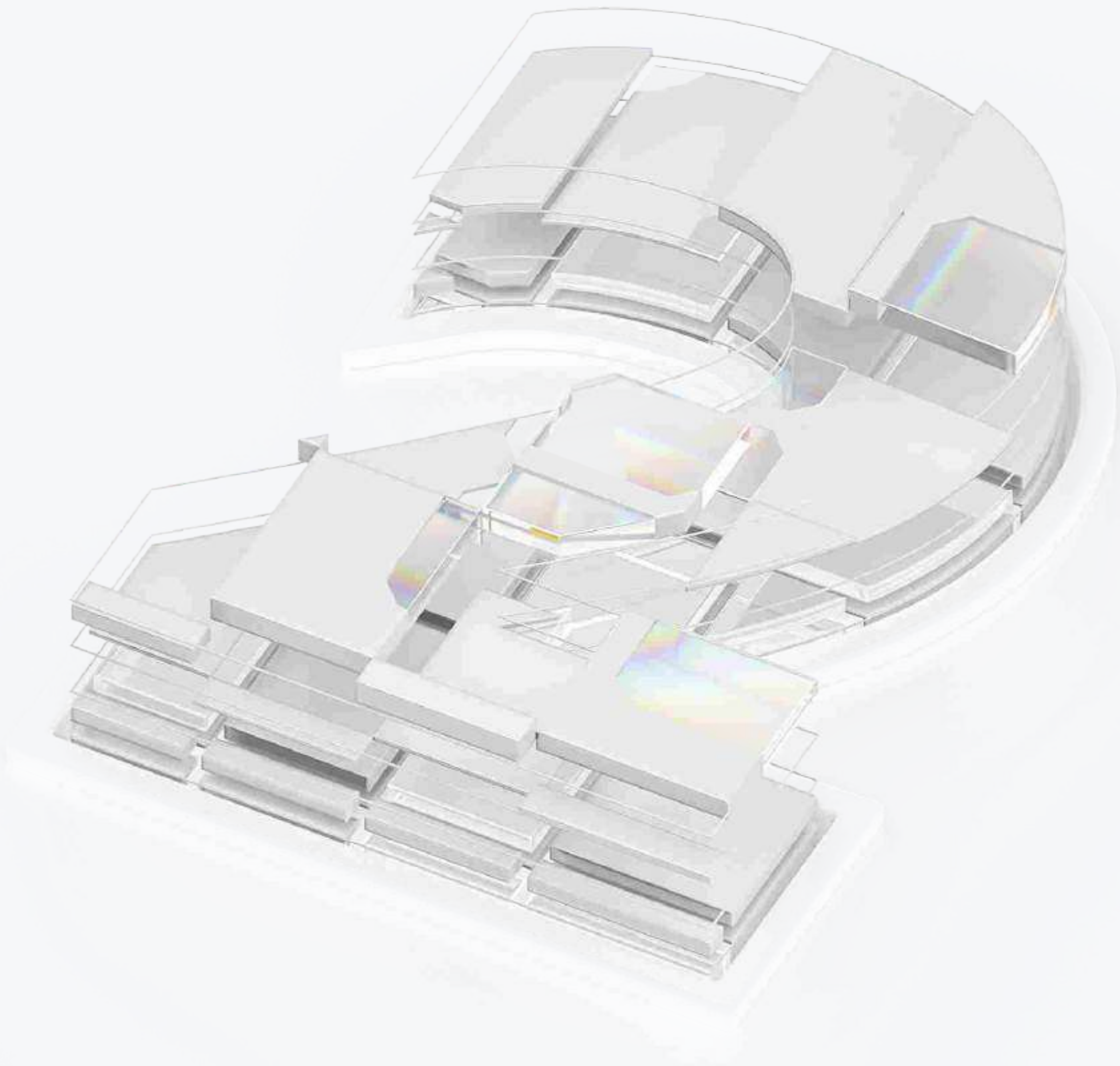
*Herman Gref*



02

# ESG AND SUSTAINABILITY MANAGEMENT SYSTEM

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Sustainable development topics, including the relevant ESG aspects, are high on the agenda of Sberbank. The Group’s operations have a significant impact on various areas of the life of society, both in the Russian Federation and abroad. The Company seeks to maximize the benefits from its operations and to minimize the negative impact.

**Sustainable development** is a global concept of development of nations and humankind as a whole with a view to preserving the Earth’s resources for future generations.

**ESG** (Environmental, Social and Corporate Governance) is a management approach that seeks to include environmental, social and governance issues in the decision-making process to enhance risk management and promote sustainable development of the Company. ESG is a set of sustainable development topics to be disclosed at the corporate level.

Sberbank seeks to ensure that a uniform approach to the application of ESG practices is used by all companies forming part of its ecosystem. This approach involves harmonizing internal policies and generating standard ESG reporting forms. The Bank and the ecosystem companies share experience in the activities related to various ESG aspects.

Sberbank is currently developing its 2023 Strategy, and ESG management, including setting the relevant targets, will become an integral part of the Company’s strategic development.

# ESG and Sustainability Management

## SBERBANK’S APPROACH TO CORPORATE GOVERNANCE

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Sberbank has an effective corporate governance system that covers all of the Bank’s activities. The Company incorporates modern technology into the corporate governance system, develops shareholder engagement practices and takes steps to improve the performance of the Supervisory Board. We also conduct a focused and systematic compliance activity, including anti-corruption measures.

Sberbank adheres to the principles and follows the recommendations set out in the Corporate Governance Code of the Bank of Russia. The Bank meets the requirements related to information disclosure, respect for shareholder rights, risk management, performance of internal control and other activities.

The ESG management system is integrated into the corporate governance architecture of the Company. Guided by the best international and Russian practices, Sberbank manages ESG issues, including ESG risks, takes steps to promote the ESG agenda in Russia as a whole and seeks to minimize its own negative impact on society and the environment.

*For more details about the corporate governance system, please see the Corporate Governance section of Part 1 of the Annual Report.*

## APPROACH TO ESG AND SUSTAINABILITY MANAGEMENT

The Bank’s executives give special focus to the sustainable development agenda and ESG management, which reflects the high importance of this area for the bank.

The Supervisory Board of Sberbank is a key driver of development of the ESG agenda. The Supervisory Board regularly discusses the relevant topics at its meetings, and its members report to the bank’s executive team on urgent ESG issues.

The Executive Board of Sberbank is responsible for determining the sustainable development mission, strategy and goals. In addition, the Executive Board is responsible for the Bank’s social and environmental initiatives and its corporate governance.

Alexander Vedyakhin, First Deputy Chairman of the Executive Board, is one of the leaders of the ESG agenda. He attended a series of meetings where the key aspects of the ESG agenda were discussed. A plan of action aimed at the promotion of the ESG agenda was developed; the plan covers the majority of Sberbank business blocks. ESG evolution exposes the bank to new massive challenges, comparable with digital transformation. The migration to a responsible approach to the environment, the social sphere, greater inclusion will require not just transformation but a true change in the human perceptions. All this makes it necessary to solve radically new problems in the area of ESG.

Sberbank is aware of the importance of sustainable development and is committed to ESG management. Successful management of these factors enables the Bank to increase the shareholder value and maximize the benefits to society. Sberbank realizes the importance of communicating with investors and rating agencies and is fully committed to the principles of responsible investment, i.e. not only generating income, but also reducing the negative environmental impact, driving positive social changes and complying with ethical standards.

Sberbank’s executives hold regular meetings with investors. The agenda of these meetings also regularly includes ESG-related matters, which gives added impetus to the development of this area. In addition, Sberbank closely monitors ESG scores provided by rating agencies, which enables it to identify the areas for development and improvement of ESG practices.

## SBERBANK’S SUSTAINABILITY ACTIVITIES

Sberbank’s efforts in the sphere of sustainable development management are guided by the following standards and principles:

- Sustainable Development Goals of the United Nations (UN).
- International standards of conduct and principles set forth in international standards in sustainable development, corporate social responsibility and environmental protection: the ISO 26000, AA1000, ISO 14000 standards.
- Non-financial disclosure standards of the GRI (Global Reporting Initiative).

SBERBANK’S CONTRIBUTION TO THE ACHIEVEMENT OF THE UN SUSTAINABLE DEVELOPMENT GOALS

Sberbank fully supports the Sustainable Development Goals (SDGs) adopted by the UN in 2015 and aimed at addressing major environmental, economic and social problems facing the world.

Sberbank believes that its sustainable development efforts and responsible business conduct contribute significantly to the achievement of the SDGs.

Sberbank recognizes the importance of all 17 Sustainable Development Goals and strives to contribute as much as possible to the achievement of all of the Goals in the course of its operations.

This table shows Sberbank’s contribution to the achievement of the UN Sustainable Development Goals. Various aspects of the Bank’s activities help to improve people’s life in its regions of operation. Sberbank contributes to achieving 15 out of 17 UN Sustainable Development Goals.



END POVERTY IN ALL ITS FORMS EVERYWHERE

- Implement initiatives aimed at improving the accessibility of financial services and develop service channels and infrastructure in the Bank’s regions of operation.
- Implement financial literacy projects for seniors, school students and young people.
- Implement charity and sponsorship projects aimed at supporting disadvantaged groups.



ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

- Implement the care program for employees and their children.
- Support public health by providing life insurance services.
- Implement the Safety Island project, which helps children and seniors to find their relatives.
- Implement the SberTeam #100 Program



ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING FOR ALL

- Implement charitable programs aimed at supporting education.
- Provide training for external stakeholders (clients, partners).
- Implement in-house training programs for employees, including female employees of the Bank on maternity leave.



ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

- Provide equal working conditions and career opportunities.
- Maintain balanced workplaces and a balanced workforce.
- Provide an equitable system of performance evaluation and remuneration.
- Launch a responsible investment strategy: the SPB Women Impact EUROPE Index.
- Participate in the Bloomberg Gender Equality Index (GEI)



ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL

- Implement PPP projects in the sphere of housing and utilities.



AFFORDABLE AND CLEAN ENERGY

- Finance green projects, including renewable energy projects.
- Improve the Bank’s own energy efficiency.



PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

- Create new jobs in the Bank’s regions of operation.
- Support business development by providing financial services.



BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION, AND FOSTER INNOVATION

- Create and maintain the Bank’s own infrastructure in its regions of operation.
- Promoting the digitalization of the economy.
- Development of artificial intelligence.

SBERBANK’S CONTRIBUTION TO THE ACHIEVEMENT OF THE UN SUSTAINABLE DEVELOPMENT GOALS

We possess substantial capabilities for achieving the SDGs, but due to the nature of our business, our contribution is unevenly distributed. At the same time, the Bank prioritizes all SDGs; we implement projects aimed at the accomplishment of each of these goals.

Sberbank contributes to the achievement of a number of SDGs by participating in and implementing public-private partnership (PPP) projects. In the future, the Bank plans to expand their list and assist the government and society in achieving all 17 Sustainable Development Goals of the UN.

The 2017 report discloses Sberbank’s contribution towards the accomplishment of 7 Sustainable Development Goals. In 2018, this number grew to 10. In 2019, we disclose Sberbank’s contribution towards the accomplishment of 15 of the UN Sustainable Development Goals.



REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES

- Support senior citizens by providing convenient and easy-to-understand access to financial services.
- Provide support for people with disabilities in the Bank’s regions of operation by implementing charitable projects and creating an inclusive environment in the Bank branches and online.



MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT, AND SUSTAINABLE

- Support Russian small and medium-sized enterprises in the Bank’s regions of operation.
- Assist in the construction of transport infrastructure, production and other facilities of high social significance for regional and national development.
- Participate in the Clean Air federal project.



ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

- Reduce waste generation by introducing separate waste collection.
- Use resource-saving equipment in the Bank’s offices in order to reduce energy and water consumption.
- Migrate to paperless document flow



COMBAT CLIMATE CHANGE

- Reduce CO<sub>2</sub> emissions.
- Participate in the working group on climate change and sustainable development under the Presidential Executive Office of the Russian Federation.



PRESERVE TERRESTRIAL ECOSYSTEMS

- Participate in concession agreements on municipal solid waste processing.



PROMOTE PEACEFUL AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT, PROVIDE ACCESS TO JUSTICE FOR ALL AND BUILD EFFECTIVE, ACCOUNTABLE AND INCLUSIVE INSTITUTIONS AT ALL LEVELS

- Counteract corruption and fraud, money laundering and financing of terrorism.
- Take a set of measures to implement the requirements of the General Data Protection Regulation (GDPR).
- Assist in improving statutory regulation in the financial sector.



STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

- Engage in an open dialogue with stakeholders.
- Promote the collection of non-financial information, including the publication of the first independent ESG report.
- Cooperate with government bodies, including on ESG-related matters.



# Management of ESG Risks

## APPROACH TO ESG RISK MANAGEMENT

Sberbank gives special focus to ESG risks. The bank has developed a taxonomy of ESG risks, assigned responsible units and identified approaches to managing specific risk sub-categories. The Bank enhances and improves its stress testing tools used to assess and proactively manage potential threats from ESG risks. As part of our credit policy, we have compiled a list of industries that are not to be granted any loans (exclusion list). Short-term plans include the development of methodological documents, such as policies, guidelines, methodologies, etc.

The Bank performs the analysis of cross-risk relationships between classic/basic risk types and the ESG risks.

These topics are especially important as investors are giving an increased focus to ESG risk management. Besides, effective management of ESG risks may help avoid reputational losses that may arise as the result of negative impact.

## Key types of ESG risks for Sberbank

| RISK TYPE         | SOCIAL SPHERE                                                                                                                                                                               | ENVIRONMENT                                                                                                                                                                                      |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Credit risks      | <ul style="list-style-type: none"><li>Occupational safety and health</li><li>Human rights</li><li>Labor relations</li><li>Equal opportunities and diversity</li><li>Human capital</li></ul> | <ul style="list-style-type: none"><li>Adaptation to climate change</li><li>Threats of natural disasters</li><li>Regulatory requirements</li><li>Consumer behavior</li></ul>                      |
| Operational risks | <ul style="list-style-type: none"><li>Data protection</li><li>Accessibility of financial services</li><li>Misselling</li><li>Combating fraud</li></ul>                                      | <ul style="list-style-type: none"><li>Waste management</li><li>Power and heat consumption</li><li>CO<sub>2</sub> emissions</li><li>Use of paper and environmentally friendly materials</li></ul> |
| Business risks    | <ul style="list-style-type: none"><li>Infrastructure projects</li><li>Support for education</li><li>Community relations</li><li>Charity</li><li>Financial literacy</li></ul>                | <ul style="list-style-type: none"><li>Lost opportunities:</li><li>Green projects</li><li>Green bonds</li><li>ESG investors</li></ul>                                                             |

## ESG AND RISK MANAGEMENT OBJECTIVES FOR 2020

In 2020, the bank will continue developing its ESG risk management system with a special focus on the following developments and improvements:

- Allocate the responsibility for managing ESG risks and integrate the task of managing these risks into Strategy-2023.
- Involve the top management and members of the Supervisory Board in the ESG management process.
- Build an ESG risk management system.
- Adopt the principles of responsible financing.
- Develop a lending process focused on ESG risks.
- Build an ESG communication system.
- Join international sustainable development initiatives.
- Improve the Bank’s position in ESG rankings.
- Manage Sberbank’s own environmental footprint.

As regards the governance system, in 2020, Sberbank plans to create a cross-functional group on ESG implementation and management. In addition, the plans include updating the Corporate Social Responsibility (CSR) Management Policy and the Code of Ethics, developing the Environmental Policy, the HR Policy and the ESG Risk Management Policy. The responsibility for managing ESG risks is to be allocated, and ESG risk management objectives are to be integrated into the 2023 Strategy.

The Bank also plans to select a methodology for accounting for ESG risks in the lending process and project financing, when implementing the principles of responsible financing.

# Business Ethics and Anti-Corruption

In Sberbank divisions, employees are regularly informed about the need to comply with and adhere to ethical standards and business principles shared by the bank, as well as about the bank’s rejection of any form and manifestation of corruption (“zero tolerance”). The bank’s internal documents include corruption preventing provisions.

## MECHANISMS FOR REPORTING AND DEALING WITH ETHICAL ISSUES

In accordance with the Code of Corporate Ethics, the bank has implemented a system for revealing, identifying and responding to ethical risks; it also has a Compliance Hotline in place.

The Compliance Hotline is a safe and confidential information channel operating 24/7 and designed to provide employees, clients, and counterparties of the bank, as well as other third parties, with information concerning any intended or actual illegal actions violating the principles of the Code of Corporate Ethics and aimed against the bank and/or its employees, clients, and counterparties; among other things, the Hotline enables anonymous transmission of such information.

The incoming information comes to the attention of the authorized employees of compliance units, if necessary, the investigations involve specialized units of the bank.

Sberbank pays special attention to the development of mechanisms aimed at combating corruption and managing conflicts of interest.

The course of its activities, the bank uses the following mechanisms:

- Upon establishing contractual relations with a counterparty, sign a guarantee of rejection of any acts of corrupt nature; the guarantee envisages a fine for violation of anti-corruption standards.
- Establish procedures for disclosure by employees and the Supervisory Board members of the information concerning conflict of interest.
- Monitor (check) whether the bank employees observe compliance requirements in terms of conflict of interest and anti-corruption measures.
- Develop a system of regulatory and administrative documents for managing corruption risk and conflict of interest.

The bank has launched a project aimed at application of artificial intelligence in processes for identification and control of conflicts of interest and anti-corruption measures.

## MEASURES TAKEN TO PREVENT CORRUPTION AND ENSURE COMPLIANCE WITH ETHICAL STANDARDS

The Bank’s employees are familiarized with the key provisions of the Code of Corporate Ethics as part of an introductory compliance course for all newly hired employees of the Bank. Certain provisions of the Code have been included in online anti-corruption and conflict of interest management courses.

Sberbank developing short videos in which ethical dilemmas are presented and employees need to make the right choice based on the Bank’s values laid down in the Code.

DRAFTING AND APPROVAL OF DOCUMENTS



The Bank’s Supervisory Board has developed and approved new versions of the Conflict of Interest Management Policy and the Regulation on Major Transactions and Interested-Party Transactions.



The Bank’s Executive Board has developed and approved the Charity Policy.



The Bank has amended its internal regulatory documents in terms of managing conflict of interest and anti-corruption measures.



Documents of the bank's collegial bodies have been itemized in terms of including thereto provisions for preventing conflicts of interest.

TRAINING EVENTS

97%

OF THE TARGET AUDIENCE COMPLETED THE TRAINING COURSES

The education of the bank employees takes place both remotely by means of electronic multimedia courses and professional development programs, and during on-site trainings and consultations.

In 2019, the bank held training events on compliance issues of the following areas: countering the legalization (laundering) of proceeds from crime and the financing of terrorism, countering corruption and managing conflicts of interest, as well as general compliance control, etc. The knowledge was checked by means of testing.

*More details about compliance training can be found in the Corporate Governance section of Part 1 of the Annual Report.*

CHECKING FOR CONFLICT OF INTEREST

As part of the verification of candidates upon their admission, over 17,000 candidates were checked for conflict of interest in 2019.

In addition, dedicated inspections (monitoring) were conducted to identify the cases of conflict of interest arising in the activities of bank employees. In 2019, over 38,000 instances of conflict of interest (including potential ones) were inspected.

17<sub>k</sub>

CANDIDATES WERE CHECKED FOR CONFLICT OF INTEREST

Anti-corruption statistics

| NAME                                                                    | 2016 | 2017 | 2018 | 2019 |
|-------------------------------------------------------------------------|------|------|------|------|
| Total number of confirmed cases of corruption                           | 70   | 41   | 36   | 28   |
| Total number of employees subject to disciplinary action for corruption | 25   | 26   | 30   | 25   |
| Total number of employees dismissed for corruption                      | 21   | 19   | 27   | 25   |

The total number of corruption cases has been steadily declining in recent years. As compared to 2018, the number of confirmed cases of corruption decreased by 22%.

# Key Events and Achievements in 2019

## IMPORTANT EVENTS REGARDING ESG

In 2019, Sberbank:

- Continued developing remote access to its services for the clients. Sberbank Online mobile application for the first time entered the top three most downloaded applications for iPhone.
- Became the first Russian company to take part in The Valuable 500 global movement, an association of global companies that incorporate inclusion and equal opportunities for people with disabilities in their strategic agenda.
- Launched a new service for residents of remote villages and towns enabling them to pay for utilities and communication services in local stores.
- In order to help Russian enterprises to start exporting, Sberbank together with the Russian Export Center launched an accelerator for exporting companies that are not operating in the resources market.
- Offered self-employed liability insurance and voluntary health insurance programs.
- Concluded an agreement with a major energy partner on financing the construction of a wind power plant in the Murmansk region.
- Aided in the construction of a 100 MW solar power plant in the Stavropol region.
- For the first time took part in a syndicated financing transaction, taking into account the progress of the borrower in terms of environmental indicators.
- Signed the first concession agreement in the MSW (municipal solid waste) industry according to the principles of a “box solution”—construction of waste recycling complexes with a total annual capacity of more than 2 million tons for sorting and 2.5 million tons for waste disposal by burial.
- Took part in the development of the National Strategy for the Development of AI for the period until 2030, approved by the President of the Russian Federation, Sberbank was also appointed the center of competence for AI in the country.
- Became one of the organizers of the Alliance in the field of Artificial Intelligence, which also included Mail.ru, Yandex, Gazprom Neft, MTS and the Russian Direct Investment Fund.
- Held a conference on artificial intelligence titled “AI Journey”. AI Journey is a series of international conferences held in various cities of Russia at the initiative of Sberbank and other major Russian companies.
- Together with the Contribution to the Future Charitable Fund, held the II Hackathon of the Academy of Artificial Intelligence for Schoolchildren and launched a program to develop personal potential in 243 educational institutions in 12 regions of Russia
- Organized the 2nd International Congress on Cybersecurity with the participation of the Centre for Cybersecurity of the World Economic Forum and with the support of the Association of Banks of Russia and the Digital Economy Autonomous Non-Profit Organization.
- Opened a branch of School No. 21 in Kazan to train IT professionals. Currently, around 1,500 students are studying in Moscow and Kazan.
- Opened five multimedia fountain complexes in Ryazan, Novosibirsk, Yuzhno-Sakhalinsk, Izhevsk, and Kursk. Previously, with the support of the Bank such innovative fountains were opened in Peterhof, Kaliningrad, Yaroslavl, Saratov, Voronezh and Vladimir.
- Supported commissioning of an important infrastructure object of the all-season resort "Manzherok" in the Altai Republic.
- Ranked first in the Banking category in the Universum International Employer Ranking for the student audience.
- Became the winner of the World Branding Awards in the nomination Brand of the Year in the banking category at the national level.



03

RESPONSIBILITY  
TO CLIENTS

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| 213 | ENSURING ACCESSIBILITY OF FINANCIAL SERVICES          |
| 213 | DEVELOPMENT OF CHANNELS                               |
| 216 | IMPROVING THE QUALITY OF SERVICES                     |
| 217 | ENHANCING FINANCIAL LITERACY                          |
| 219 | SPECIAL SOLUTIONS                                     |
| 220 | DEVELOPMENT OF SOCIALLY ORIENTED PRODUCTS             |
| 222 | THE SPECIAL BANK                                      |
| 224 | SALES ETHICS                                          |
| 225 | CLIENT SECURITY AND FRAUD PREVENTION                  |
| 227 | PROTECTION OF THE BANK AND CLIENTS FROM CYBER THREATS |



Realizing all its responsibility to the clients, Sberbank seeks to ensure maximum accessibility of our services for all clients, regardless of their health or place of residence.

The Bank puts an emphasis on ensuring economic security and protecting the personal data of our clients.

# Ensuring Accessibility of Financial Services

## Development of channels

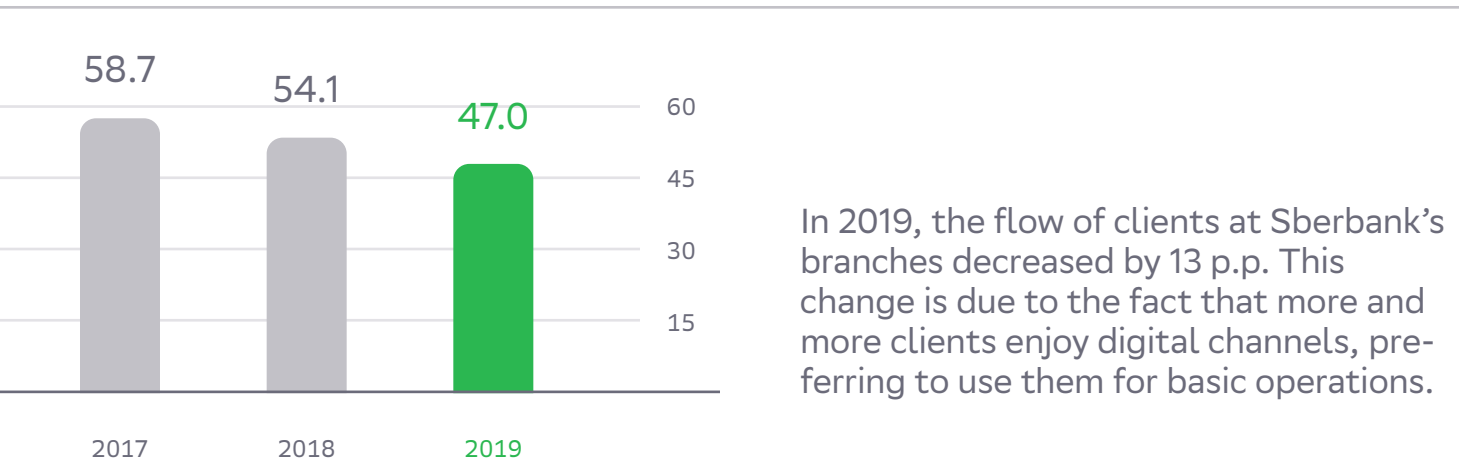
Client care determines Sberbank’s activities, therefore, the Company strives to improve convenience of its services , and to ensure their maximum security and accessibility.

Our key values include the “Everything for the Client” principle. This principle means that our operations are only performed around and for the sake of clients, and our primary objective is to meet their needs.

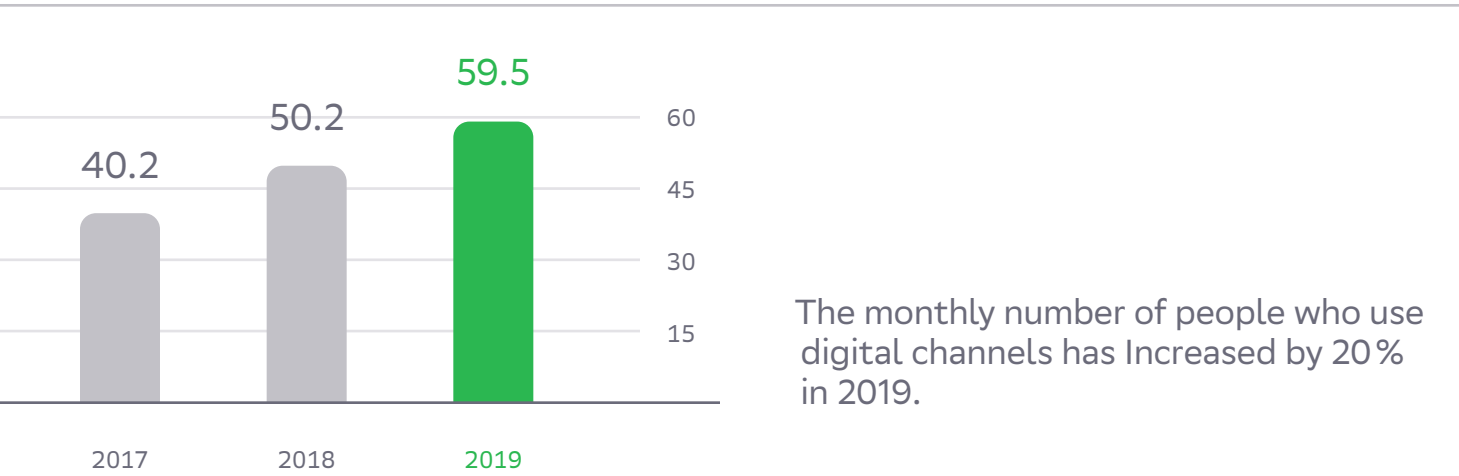
Sberbank offers individual clients several types of service channels, including:

|                                             |                                                                                                                             |
|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| SERVICE OFFICES (INTERNAL STRUCTURAL UNITS) | Service offices (internal structural units), as well as branches of the Sberbank First and Sberbank Premier formats         |
| DIGITAL CHANNELS                            | Sberbank Online web version and mobile application, Mobile Bank SMS service, Sberbank’s website, and DomClick service       |
| SELF-SERVICE TERMINALS                      | ATMs with cash deposit and withdrawal functions, payment terminals for cash and / or cashless payments and other operations |

Client flow at Sberbank’s branches, average monthly, m people



Sberbank Online Monthly Audience (MAU), m people



# Development of channels

## MOBILE SBERBANK ONLINE APP

54<sub>m</sub> +30%

MONTHLY ACTIVE USERS  
OF THE APP

In 2019, the mobile Sberbank Online app was first included in the top three most downloaded applications for iPhone; the application had been ranked fourth for three consecutive years prior to that. The number of active users of the application grew by 30% for the reporting year, amounting to 54 million people. Most of the application users are Android users; however, iPhone owners are more active and use Sberbank Online more frequently (by 20%).

Sberbank Online is an automated system for servicing the Bank’s clients via the Internet. The mobile Sberbank Online app is one of key digital channels used by millions of our clients every day. The application promotes development of the culture of savings; Sberbank Online allows choosing the savings purpose, seeing a detailed structure of a person’s own expenses, and setting a maximum spending limit. For the convenience of users, the recommendations have been created in the application in order to help a client to navigate through the variety of services. A personal order of financial services and bank cards is also created for each client depending on the frequency of use with the catalog of offers where services are lined up taking into account the client priorities.

Sberbank Online mobile app ranked the first in the rating of banking apps accessibility for people with disabilities, including sight disabilities, compiled under the auspices of the Russian Central Bank. In 2019, the web version of the application became available for blind people. In addition, the design of Sberbank Online takes into account the needs of visually impaired people. In 2020, we plan to maintain the application availability and improve the inclusivity of other ecosystem products, such as SberMobile and Spasibo (Thank You).

The mobile Sberbank Online app services help clients every day, save time and simplify daily tasks.

## DEVELOPMENT OF RURAL NETWORK MODEL

There is still a moratorium on reduction of the branch network in rural areas; however, we perform any necessary operations to support the existing branches. Sberbank endeavors to develop the rural network which makes financial services accessible to the wider public, at the same time remaining efficient in the economic sense.

In 2019, the agent network was distributed as a new format of services for rural residents. Entrepreneurs and owners of small retail outlets that use Sberbank acquiring may become Sberbank agents and provide banking services to individuals, and, since December 2019, to legal entities. The agent network already includes over 3,600 outlets, where cash withdrawals from bank cards are available. In 2020, we plan to expand our footprint and increase the number of products and services to be offered by banking agents to their clients. In addition, 300 existing rural branches have expanded the list of services related to lending to individuals.

Over 3,600 village stores in all regions of the country and over 1,000 supermarkets of the VkusVill chain are connected to the service of cash withdrawals from bank cards.

## New Service for Villages and Settlements

Owing to the Payments and Transfers tribe, a new service has been launched for residents of remote villages and settlements. Currently, the residents are able to pay for housing, utilities, and communication services in local stores. In order to pay a bill, it is enough to have a barcode; you can also select a service provider from the list in the online cash register of a store, while cards of any bank, not only Sberbank cards, are accepted for payment. At present, the innovation is in effect in four regions of Russia in a pilot mode. It is planned to make the service available in a thousand stores across the country by the end of 2020.

# Development of channels

## AVAILABILITY IN FOREIGN LANGUAGES

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Sberbank is expanding the availability of its services in foreign languages. In 82% of ATMs three operations (cash withdrawals, balance requests and payments for telecommunication services) are available in Tajik, Uzbek, English and other languages.

Presentations, demonstrating the advantages of the bank’s products, are available in English, Tajik and Uzbek languages for sales managers and product consultants at the bank’s branches, Yandex-translator is also available to facilitate communication with foreign clients who have a low level of proficiency in the Russian language.

## SERVICES FOR SMALL AND MICRO BUSINESSES

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Sberbank considers small and micro businesses as one of the key segments of corporate business development. Efficient and successful small business development is vital for the Russian economy. Small and micro business support government programs are administered in Russia, as such support is an important driver of regional economy development. The Bank expands and improves its small and micro business services on a regular basis. This allows us to create jobs, facilitate the conduct of business for entrepreneurs, and reinforce the small and micro business positions in the country.

*More details about small business operations are presented in Part 1 of the Annual Report, [the Small and Micro Businesses Section](#).*

*See [the “Corporate clients” Section in Part 1 of this Annual Report](#) for the details on how Sberbank serves its corporate client base*

# Improving the Quality of Services

Sberbank makes consistent efforts to increase the level and quality of services. The Bank and other companies within the Group actively use digital technology to simplify access to the ecosystem services and facilities.

Those measures resulted in a reduced number of client queries and a higher level of satisfaction.

The Bank applies an individual approach to each client. Employees regularly meet with clients to receive feedback on the quality of services rendered, and the Bank often holds the events aimed at promoting its products, expanding cooperation and establishing new contacts. The client experience metrics are tracked and included in the plans of line managers. In addition, these metrics serve as the indicators of success of the products and services launched. In 2019, the initiatives were collected to improve the efficiency of rendered services using the Idea Exchanges tool.

In order to improve the quality of services, Sberbank has developed the “Client Service Standards” online course to train the Bank employees, who service individuals and legal entities.

9.5



CLIENT SATISFACTION WITH THE QUALITY OF SERVICES AT SBERBANK (CSI)

In 2019, we focused on standardization of processes, maximum automation of procedures, and reduction of client waiting time for emerging issues, for instance:

- chats, chatbots and voice assistants introduced
- their integration with internal systems completed
- membership and functionality of quality control departments expanded.

## HANDLING OF QUERIES AND COMPLAINTS

In 2019, the entire Group halved the share of queries and complaints (from 52% to 24%), launched autoinformers for the Internet settings and the number portability service, and reduced the processing time of deferred queries. The share of deferred queries decreased by 5%. This became the culmination of the concerted effort undertaken by the bank to improve client service quality.

In order to improve the quality of client service and reduce the number of negative client queries, the following measures were implemented in the reporting year:

- introducing a system of deviations for client complaints and low CSI (Client Satisfaction Index) scores
- increasing the impact of the complaints regarding the most toxic topics on assessment of executives
- developing and implementing predictive AI models aimed at preventing complaints
- identifying and eliminating any problems in the centralized processes by creating a feedback channel for complaints in the Smart Management System.

# Enhancing Financial Literacy

Enhancing financial literacy of the population is a strategic objective facing Sberbank. Realizing the importance of educational activities, the Bank holds training events on the key banking products and remote services, which form a responsible attitude towards personal finance among the population.

As part of a project for clients, titled “All About Your Money. Financial Literacy in Plain Language”, Sberbank conducted 5 tests, that showed a significant increase in client knowledge.



**EFFIE AWARD**  
Sberbank won the Silver Award in the Focus/Creation of a Brand Users Community nomination by Effie Award

**RETAIL FINANCE AWARDS**  
Received in 2019 for the best social project.

## EVENTS FOR ENHANCING FINANCIAL LITERACY OF THE POPULATION IN 2019

| NAME OF INITIATIVE/EVENT                                                                                                                 | TARGET                                                                                                                                                                                                                                                            | COVERAGE AND RESULTS IN 2019                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strategic partnership with the Ministry of Finance of the Russian Federation during All-Russian Weeks of Financial Literacy and Savings. | <ul style="list-style-type: none"><li>• Implementation of the National Strategy for Enhancing Financial Literacy of the Population in Priority Segments.</li><li>• Holding training events on the basics of financial literacy for adults and children.</li></ul> | <ul style="list-style-type: none"><li>• Holding 450 events for children, the youth, and adults in 84 regions of the country, i.e. lectures, webinars, and tours in branches.</li><li>• The Savings Week for adults mainly focused on digital communication channels.</li><li>• Participants: 17 million people.</li></ul>                                                                                                                                      |
| Events for people with disabilities.                                                                                                     | <ul style="list-style-type: none"><li>• Holding of a series of webinars on financial literacy.</li></ul>                                                                                                                                                          | <ul style="list-style-type: none"><li>• Five webinars with sign language interpretation.</li><li>• Coverage: over 5,000 people.</li></ul>                                                                                                                                                                                                                                                                                                                      |
| Active Age Platform for seniors                                                                                                          | <ul style="list-style-type: none"><li>• Promotion of the image of an active and financially competent pensioner on the website sberbankaktivno.ru</li></ul>                                                                                                       | <ul style="list-style-type: none"><li>• Courses on the personal and family budget, financial instruments and services.</li><li>• Timetable of financial literacy lectures in different Russian cities (see the “Financial Longevity” project).</li><li>• Financial literacy advice (articles) by experts in the area of finance.</li><li>• Over 855 thousand unique website visitors a year.</li></ul>                                                         |
| Financial Longevity for seniors                                                                                                          | <ul style="list-style-type: none"><li>• Training the seniors in protection of savings from fraudsters, savings strategies, and loyalty programs.</li></ul>                                                                                                        | <ul style="list-style-type: none"><li>• A pilot project with the Moscow Government as part of the Moscow Longevity program, the roll-out in regions.</li><li>• Holding 150 seminars in Moscow, and 100 in the regions.</li><li>• Sberbank received the Award in the Collaboration of the Year category for the Moscow Longevity project.</li><li>• Workshops were held in all 142 regional social service centers in Moscow, and in 12 other cities.</li></ul> |
| Yandex Zen <a href="https://zen.yandex.ru/sberbank">https://zen.yandex.ru/sberbank</a> : financial literacy tips for everyone            | <ul style="list-style-type: none"><li>• Clear and comprehensible insights into financial concepts, banking instruments, their risks and opportunities.</li></ul>                                                                                                  | <ul style="list-style-type: none"><li>• Over 20 materials were developed on the key financial literacy topics.</li><li>• Program coverage: 175,000 people.</li></ul>                                                                                                                                                                                                                                                                                           |
| Financial literacy for the youth in the social networking service Vkontakte (SberCat chatbot).                                           | <ul style="list-style-type: none"><li>• Education of teenagers in a comprehensible and fascinating way regarding the main financial literacy issues.</li></ul>                                                                                                    | <ul style="list-style-type: none"><li>• Coverage: 14 million people.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                 |
| “All about Your Money. Financial Literacy in Plain Language” project for Sberbank clients.                                               | <ul style="list-style-type: none"><li>• Enhancing financial literacy of Sberbank clients</li></ul>                                                                                                                                                                | <ul style="list-style-type: none"><li>• 5 tests were conducted, showing a significant increase in clients knowledge.</li></ul>                                                                                                                                                                                                                                                                                                                                 |

# Enhancing Financial Literacy

## Financial Literacy for Orphanages

Sberbank actively works to improve financial literacy of children at orphanages and orphanage leavers. As part of Sberbank's charity foundation Contribution to the Future, topic-specific quests and play sessions were held for children. In summer 2019, a special pilot program was launched for children at orphanages in six Russian regions. This program has three levels—basic, middle and advanced—that include group classes for children aged 10+ years. It is planned to launch the program in other ten Russian regions in early 2020.

The objectives for 2020 to enhance financial literacy include the following:

- enhancing financial literacy at the workplace among Sberbank’s payroll clients and creating the projects to enhance financial literacy among university students;
- creating the program to improve financial knowledge among employees working in the branches and the pension fund of Russia;
- further development of the Financial Longevity program for elderly and special clients, distribution of this program in the regions; development of the network of regional partners (city programs) of the Active Age portal;
- holding events in conjunction with city programs to improve financial literacy.

| NAME OF INITIATIVE/EVENT                                                                                           | TARGET                                                                                                                                                                                                      | COVERAGE AND RESULTS IN 2019                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sberbank’s special project for employees of Russian Railways                                                       | <ul style="list-style-type: none"><li>• Enhancing financial literacy of Russian Railways employees and clients.</li></ul>                                                                                   | <ul style="list-style-type: none"><li>• Over 25 publications were made in Gudok, 15 regional newspapers, and the Dear Passengers newspaper; stories and articles were published in social media.</li><li>• The project covers 80% of employees in the railway industry, as well as some passengers.</li><li>• Total project coverage: 3 million people.</li></ul>                                  |
| Events for promoting financial literacy in the education sphere                                                    | <ul style="list-style-type: none"><li>• Establishment of training courses to enhance financial literacy</li></ul>                                                                                           | <ul style="list-style-type: none"><li>• Implementation of the joint project with the Bank of Russia regarding online lessons for schoolchildren in grades 6 to 11 (<a href="http://www.dni-fg.ru">www.dni-fg.ru</a>)</li><li>• “Your Safe Bank in Your Pocket” course.</li><li>• “Deposits: How to Save and Increase” course.</li><li>• “All about Loans, or Four Rules to Help” course.</li></ul> |
| Support of the All-Russian Olympiad in Financial Market and Basics of Consumer Knowledge for high school students. | <ul style="list-style-type: none"><li>• Increasing the financial knowledge level among high school students.</li></ul>                                                                                      | <ul style="list-style-type: none"><li>• Expert and organizational support of the Olympiad, holding workshops for finalists, awarding winners at Sberbank branch.</li><li>• Coverage: 45,000 people.</li></ul>                                                                                                                                                                                      |
| Financial literacy for children and parents in the SberKids application                                            | <ul style="list-style-type: none"><li>• Enhancing financial literacy among children, increasing understanding and application of banking products.</li></ul>                                                | <ul style="list-style-type: none"><li>• Twenty narratives and a series of videos on the topics related to banking services and basic concepts of economics and finance.</li><li>• Project coverage: 12,000 people.</li></ul>                                                                                                                                                                       |
| “Financial Literacy” program of the Contribution to the Future foundation                                          | <ul style="list-style-type: none"><li>• Development and free distribution of modern, effective and affordable educational tools related to financial literacy for teachers, children and parents.</li></ul> | <ul style="list-style-type: none"><li>• In 2019, the Financial Literacy Conference for teachers was held.</li><li>• In 2019, the Financial Literacy Lab was delivered.</li></ul>                                                                                                                                                                                                                   |
| Establishing the Financial Literacy Development Association.                                                       | <ul style="list-style-type: none"><li>• Developing the financial education volunteer movement.</li><li>• Increasing the financial literacy level in Russia.</li></ul>                                       | <ul style="list-style-type: none"><li>• Sberbank became one of the founders of the Financial Literacy Development Association.</li></ul>                                                                                                                                                                                                                                                           |

Moreover, 2020 will see the meetings for non-profit organizations, games for teenagers, and events for improving financial literacy across people brought up in orphanages.

# Special Solutions

Special solutions are aimed at meeting the individual needs of different client groups. They include special applications for children and parents, resources to enhance financial literacy, technology, savings and insurance programs, as designed for a specific group of clients.

## NEW SAFETY ISLAND

Safety Island is a special project of Sberbank, which was originally created to help lost children. However, practice has shown that sometimes elderly people also need such help, so Safety Island is now available to seniors. An adult who is disorientated or has forgotten the address may easily go to the nearest Sberbank branch, knowing for sure that he or she will get help there.

### Safety Island operates as follows:

- a lost child or senior applies to any Sberbank branch during business hours
- an authorized employee of the branch will contact the ambulance, the police, and the family (if contacts are available)
- until any relatives and the police arrive, the lost person will stay in a warm and safe branch of the Bank under the care of the branch employees.

Thanks to this project, starting from March 2018, 125 people across Russia were able to return to their families. 64 of them were seniors and people with disabilities.

CHILDREN

PARENTS

YOUTH

ACTIVE AGE

CITIZENS WITH BENEFITS

The SberKids application is intended for children and parents, and it allows issuing a virtual card for a child. One can transfer pocket money to the card and monitor the expenses of a child. The application contains the training part for increasing the financial literacy level among children.

For teenagers, the Sberbank mobile app now has push-notifications with a step-by-step instruction on how to use the Bank products.

Parents may enjoy the special insurance savings program “Ticket to the Future” that provides for good education for children.

Parents with infants in their first year receive offers of products and useful services for young parents in the Sberbank Online app.

For young clients, the Sberbank mobile app now offers stories and animation, with the SberCat channel launched in dialogues. The bank continues to develop the SberCat chatbot in the social networking service V Kontakte, where SberCat is the largest chatbot with the audience of 13.8 million followers.

Sberbank continues to develop the Active Age portal designed for elderly clients of the bank.

As part of the project # SberTeam AktivniyVozrast Sberbank, together with Skolkovo, has developed an online course for people over 50 “Career navigator” and its analogue on the educational platform Coursera “Career development at older age”.

In June 2019, Sberbank first presented the technology that enabled special fares for citizens with benefits (free travel, travel discounts) using any bank card of the MIR payment system. The project was launched in the Altai Republic, the Perm Territory, and the Chita Region. A person entitled to benefits is able not to waste time receiving a special travel card and topping it up, but he or she may use the existing bank card of any bank to which the pension and other social payments are transferred. If there is no bank card, Sberbank will issue it for free.

# Development of Socially Oriented Products

Sberbank provides a number of socially responsible products for young people, elderly clients, people with disabilities, and other client categories.

## PRODUCTS FOR YOUNG FAMILIES

The service <https://www.sberbank.ru/ru/person/familybank/child-benefits> was launched on the bank’s website to show any available benefits for clients with children. The service helps young mothers find information on benefits from the government for them. For the first month since launch, 45,000 people visited the page.

## PRODUCTS FOR ELDERLY CLIENTS

Sberbank started providing loans to elderly clients. In March 2019, guarantor loans became available to pensioners aged under 80. Since December 2019, the maximum age for getting a credit card has been increased to 70.

## PRODUCTS FOR STUDENTS

Since 2019, Sberbank has been providing a special loan for education that enables payment for university studies. One may pay the interest only during the studies, and the repayment period is up to ten years. The bank pays for the entire period of studies at any university selected.

## JOB SEARCH SERVICE

As part of Sberbank ecosystem, job search services were launched in 2019.

At the end of November of the reporting year, a special service for former members of the military was created. Now they can enjoy suitable vacancies of Sberbank and its partners (Rabota.ru), curriculum vitae designer, instructions on how to prepare for interviews, starting one’s own business, a service for self-employed people, and other useful materials.

For the first month 35,000 people used the service; 22% of them responded to the Bank’s vacancies, and another 4% responded to vacancies of partner companies.

In 2020, we plan to launch a job search service for people aged over 50 and people with disabilities.

## SPECIAL PRODUCTS IN HOUSING LENDING

|                                              |                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| YOUNG FAMILY                                 | Mortgage loans under this program are granted with 0.5 bp discount to the basic interest rate to young families where at least one of the couple is under 35 (inclusive)                                                                                                                                                                      |
| MORTGAGE WITH MATERNITY CAPITAL              | Mortgage loans under this program include the possibility for using maternity capital as a down payment                                                                                                                                                                                                                                       |
| LIFE INSURANCE FOR CLIENTS WITH DISABILITIES | In January 2019, Sberbank extended its mortgage life insurance product to clients with disabilities. Since the beginning of the last year, they can opt for the special Sberbank mortgage life insurance program called Protected Loan that provides for a decrease in mortgage lending rates subject to a borrower purchasing life insurance |
| MILITARY MORTGAGE                            | Military Mortgage is a loan to buy finished residential property or property under construction with the help of government subsidies for the military personnel                                                                                                                                                                              |
| REGIONAL HOUSING PROGRAMS                    | Mortgage loans for the participants of the regional social and housing programs as part of the basic mortgage lending product portfolio of Sberbank, at a reduced interest rate (e.g., in 2019, Sberbank launched mortgage loans for the Far Eastern regions at 2 per cent)                                                                   |



ACTIVE AGE

In 2019, the Bank continued to develop the Active Age project for elderly clients. The special portal <https://sberbankaktivno.ru> now contains the relevant offers of products and services of the bank’s ecosystem, interesting articles and news, and interactive training. In addition, the project website offers the clients to use a convenient retirement guide, apply a pension calculator, select suitable vacancies, create a CV and learn about municipal social programs.

For elderly people, the Special Solutions team launched the Active Age channel in Sberbank Online. This channel publishes news about important changes in the country, scientific discoveries and cultural life, the most interesting stories from the past, and interviews of real heroes of the day. Various experts, such as psychologists, lawyers, physicians, HR specialists, give advice and report the latest news from their professional career. In addition, Active Age helps understand the details of laws, money management, health care, and the pension system.

Besides the channel in Sberbank Online, Active Age is available in social media—Facebook, VKontakte and Odnoklassniki—and has its own mailout (email) and channel on Yandex.Zen.

Carrier Navigator online course helps seniors to understand how to:

- Adapt to the constant changes of today’s world and labor market
- Build and leverage their own brand for a successful career
- Answer to the most challenging and popular questions asked by recruiters.

The course is also based on the research of stereotypes among the employers and HR regarding those who are 50+ years old. Besides that, Sberbank Corporate University together with Postnauka platform, developed a guide called ‘Live Long’ that offers 20 materials that will help to increase the active period of life.

In 2019, Sberbank participated in the Federal Retraining Program for 50+ and trained 150 employees for digital skills. School 21, a flagship education project of the bank offers free education for those who want to become world-class coders, is successfully training 20 students who are 50+ years old.

SBERBANK TOGETHER

Since 2018, the Sberbank Together charity platform has continued to operate. During its operation, the platform has been visited by 640,000 people, RUB 42 million have been raised, and 104 nonprofit organizations have joined the project. In 2020, the projects for supporting veterans and participants of the Great Patriotic War are to be launched on the platform.

Development of socially responsible products is Sberbank priority, and we will continue to actively develop this area.

SOCIAL DEPOSITS

|                      |                                                                                                                                                                                                                                                                                                  |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PENSION PLUS DEPOSIT | Available for clients eligible for the pension according to applicable Russian law or for those who reached retirement. The deposit allows to perform debit transactions without losing interest income, in case of the early withdrawal of the deposit, the interest income is paid out in full |
| GIFT OF LIFE DEPOSIT | Available for any client<br><br>The bank transfers 0.3 per cent of the deposit per annum to Podari Zhizn charity foundation helping children with cancer, haematological and other diseases                                                                                                      |
| SOCIAL DEPOSIT       | The deposit is for orphans to save their social payments until adulthood, as well as for the veterans of the Great Patriotic War. In case of the early withdrawal of the deposit, the interest income is paid out in full                                                                        |



Sberbank received the Man of the Year Award in 2019 from the Moscow Longevity project in the **Collaboration of the Year** category for holding more than 120 lectures on financial literacy for the elderly and for the informational partnership on the website of the Active Age project. Over 50 lectures were held outside Moscow, in 10 Russian cities.





# The Special bank

The Bank is the flagship of inclusion and accessibility in the Russian Federation. We offer a range of products and services for people with disabilities, develop socially oriented products, and strive to expand the availability of our services in foreign languages.

Over 30% of the bank’s clients believe that Sberbank cares for clients with disabilities.



Sberbank was the first Russian company to join the global movement The Valuable 500, which brought together 500 major companies all over the world, putting the issues of inclusion and equal opportunities for people with disabilities on the strategic agenda.



Sberbank tops the Bank of Russia’s accessibility rating and is an active participant and one of leaders of the Bank of Russia’s task force on financial inclusion for people with disabilities.

All information about the special services of Sberbank is available on the website in the Special Bank section. <https://www.sberbank.ru/ru/person/specialbank>

>8<sub>m</sub>

CLIENTS WITH DISABILITIES<sup>1</sup>

4.8<sub>m</sub>

75+ CLIENTS WITHOUT DISABILITIES

## Breakdown by clients with disabilities, m ppl

0.5

CLIENTS WITH BLINDNESS

1.5

CLIENTS WITH VISUAL IMPAIRMENTS

1.5

CLIENTS WITH HEARING IMPAIRMENTS

0.5

CLIENTS IN WHEELCHAIRS

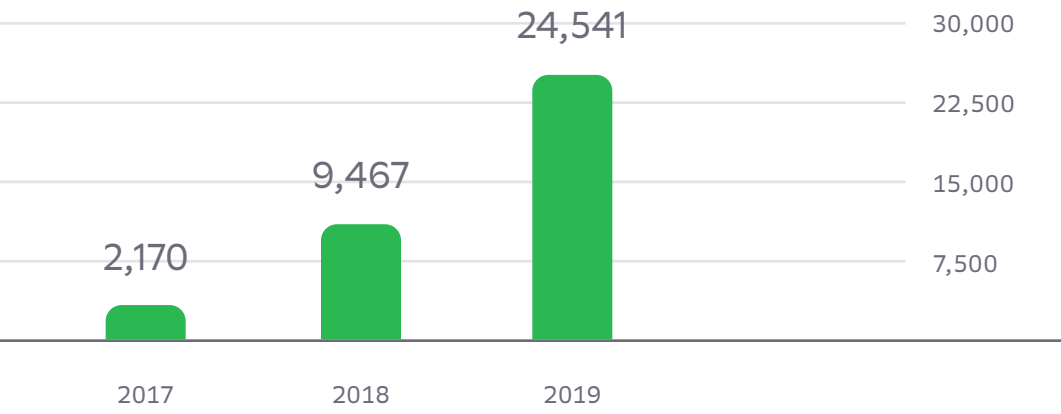
1.0

CLIENTS WITH INTELLECTUAL DISABILITIES

3.0

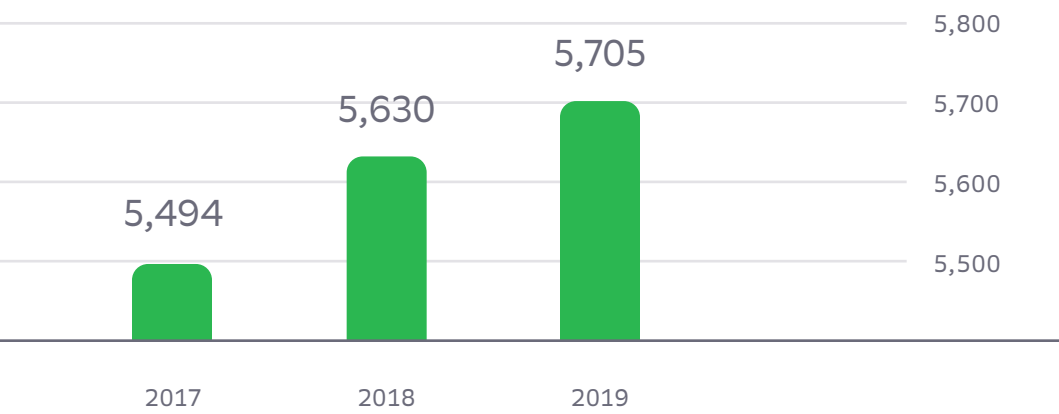
CLIENTS WITH DISABILITIES, BUT WITHOUT THE LISTED ONES VIOLATIONS

## Number of ATMs adapted for clients with blindness



Compared to last year, Sberbank has significantly expanded its network of ATMs adapted for blind people. There are 24,541 such ATMs, which is 142% more than last year.

## Number of branches adapted for people in wheelchairs<sup>2</sup>



<sup>1</sup> People with limited abilities in social life due to physical, mental, sensory or psychiatric disorders. When disclosing this indicator, the disabled people who can independently manage their personal finance are meant.  
<sup>2</sup> Retail branches.



# The Special bank

2019

2020 (plan)



- 42% of ATMs blind clients can withdraw cash and request the balance using headphones
- Blind clients can be serviced in any branch, using a handwritten signature.
- 6,000 branches, sign language interpreting services are available on tablets of 40,000 employees
- 42% of branches are accessible to clients in wheelchairs<sup>1</sup>

- 55% It is planned to increase the number of available ATMs, as well as expand the number of services available to blind clients.
- 47% of branches are accessible to clients in wheelchairs

The bank’s mobile app became a leader in the ranking of banking applications for disabled people

10<sub>k</sub>

CLIENTS WHO HAVE LOST THEIR SIGHT USE THE MOBILE SBERBANK ONLINE APP ONLY USING THEIR HEARING

To ensure accessible environment, Sberbank equips its branches with ramps with handrails or lifts, video magnifiers, hearing loops, and sign language tablets. In order to improve inclusivity, the branches are also equipped with tactile paving, help buttons, and waiting places. Empathy among employees is a key factor for improving the environment accessibility.

In 2020, the bank plans to increase the number of ATMs and branches accessible for people with disabilities. Sberbank also intends to launch a job search service for people with disabilities and a special service with an assistant in the bank’s channels for those clients who need escort or additional support.

1 Retail branches.



# Sales Ethics

Sberbank pays attention to compliance with the principles of business and sales ethics. The bank takes any necessary measures to prevent misselling or misleading of clients.

The Group has implemented the conduct risk management policy. The conduct risk may arise from limited availability of information about the features of products and services, resulting in wrong client expectations, or from pressure when making financial decisions.

The risk event may increase the number of complaints from clients, or cause the outflow of clients or loss of business reputation

In order to prevent such negative effects, Sberbank adheres to the following principles of business ethics



reliable and complete disclosure on the products and services of the Bank and the Group members, including the risks that the client may face when using the products and services



transparent and simple configuration of products and services, presentation of prices



prevention of misselling, including misleading of clients



nondiscrimination, which means equal and unbiased treatment of clients



absence of barriers when a product or a service is used and/or ceases to be used



# Client Security and Fraud Prevention

## ECONOMIC SECURITY

Sberbank pays much attention to the fight against fraud aimed at its clients.

In 2019, related bank’s units took additional technological, information and organizational measures that allowed a significant decrease in the level of such criminal activity. The bank regularly holds events on mitigation and prevention of different fraud threats to protect clients’ money and takes measures to reduce such risks and potential financial loss.

Furthermore, Sberbank took action to comply with the Bank of Russia requirements in relation to reporting on any actual or attempted money transfers without the clients consent. An excellence center for the monitoring of suspicious plastic card transactions, established on the basis of the Cash Management and Payments Center in Saratov, reports to the Bank of Russia on actual or attempted money transfers without the clients consent.

### Business Reputation Screening

431.5<sub>k</sub>

NUMBER OF SCREENED CLIENTS AND COUNTERPARTIES

17<sub>k</sub>

NUMBER OF COMPANIES NEGATIVELY REPORTED TO STAKEHOLDER UNITS AND COLLEGIAL BODIES

### Fraud Prevention

Out of the 1,532 fraudulent attempts perceived as falling within the economic security function’s purview, fraud was prevented in 85% of all cases.

Also in 2019, we identified 94 retail or service points engaged in illegal transactions that were recommended for termination of contracts.

### Lending Fraud Prevention

14,757  
NUMBER OF CHECKS

854  
CONFIRMED INSTANCES OF FRAUD

3.1<sub>bn ₺</sub>  
PREVENTED LOSS

### Prosecution of Wrong-Doers Against the Bank

In 2019, the bank’s economic security personnel assisted in:

- apprehending 467 suspects
- submitting 1,737 reports to law enforcement agencies
- initiating 1,208 criminal prosecution cases
- instituting criminal proceedings against 320 people
- identifying 58 potential collusions between assignees and bank debtors in the course of problem assets handling activities

Besides, in 2019 we refined the regulatory framework that underlies compliance with the economic security requirements; about 130 draft regulatory documents of Sberbank were reviewed.



# Client Security and Fraud Prevention

## INTEGRATED SECURITY

On a general note, in 2019 we saw 257 criminal attacks at the bank’s self-service terminals, including 96 attacks by bombing self-service terminal safeboxes.

598 m ₺

THE ACTION TAKEN ALLOWED  
TO PREVENT DAMAGE

Based on year results, 75 wrong-doers were apprehended after criminal attacks against the bank self-service terminals.

Physical security is ensured at bank’s critical facilities (cash collection centers, data processing centers, administrative buildings, storages of inventories).

As a result of measures taken by bank’s security units to improve efficiency of interaction with law enforcement agencies and security organizations, as well as methodical support in security of bank’s employees, in 2019 total number of robberies with violence were decreased by half compared to 2018.

# Protection of the Bank and Clients from Cyber Threats

## PROTECTION OF CLIENTS AND EMPLOYEES’ DATA

Sberbank adopted the Code of Data Use Ethics. The purpose of it is to enhance business accountability, set up a dialog with the government, and protect clients’ interests in the area of data handling. Besides, as part of the interaction with the Russian regulator, Sberbank became a member of the Roskomnadzor Advisory Panel.

- In 2019, the Center for Confidential Information Protection was created in the bank. Key objectives of the new unit are:
- managing cybersecurity incidents related to attempted confidential information theft
  - managing protection from confidential information leaks.
- In order to increase a level of cybersecurity threat awareness, over 95% of employees completed an updated cybersecurity course.
- Since 2019, the Cybersecurity Department’s Center for Personal Data Processing and Protection has operated. Key objectives of the new unit are:
- enhancing control over personal data processing and protection in the bank processes
  - developing unimpeded exchange of personal data inside Sberbank Group
  - improving the level of personal data handling culture in the bank and its subsidiaries.

- In order to improve the data handling culture, the following events were held for employees of the bank and its subsidiaries:
- a Personal Data module for the cybersecurity course and personal data protection guidelines for the Bank Executives were developed
  - lectures, master classes and bank-wide webinars on data protection were held for bank’s employees in 2019
  - training events were held for employees of the subsidiaries.

>450

BANK PROCESSES HAVE BEEN CHECKED FOR COMPLIANCE WITH THE REQUIREMENTS TO PERSONAL DATA PROCESSING AND PROTECTION AS PART OF CONTROL ACTIVITIES

To comply with the EU General Data Protection Regulation (GDPR), develop international data exchange, and put in place a uniform approach to personal data handling, over 20 meetings of the task force, including participants from different countries, and training events were held for European subsidiaries’ personnel. BCR (Binding Corporate Rules) were developed.

## DEVELOPMENT OF CYBERSECURITY SERVICES

In 2019, Sberbank continued to actively improve its cybersecurity processes. For example, in 2019 proprietary cybersecurity threat analytics platforms, Sberbank TIP and Advanced Analytics Functional Subsystem, were launched. We have obtained a patent for the aggregate of our technical solutions and features of Sberbank TIP.

As these platforms were launched, this brought about significant performance improvements for the Security Operation Center (SOC) as regards monitoring and identifying cybersecurity incidents.

In particular, new threat response time was reduced from 48 hours to 15 minutes; 62 million new cyber threat notifications and hundreds of potential leak messages were processed, thousands of phishing domains were identified.

In 2019, the Russia’s largest infrastructure for the monitoring of network security events was created. The prototype of the proprietary Network Behavior Analytic (NBA) platform was launched.

In accordance with legal requirements, Sberbank equipped over 6,000 structural mass service units and nearly 150 VIP branches to enable data gathering for the Unified Biometry System (UBS).

The fraud monitoring system prevented 1.9 million of suspicious transactions, averting more than RUB 39.7 bn of potential damage to client funds. In 2019, almost 90% of cyberfraud cases were related to social engineering methods. The bank couldn’t ignore that challenge. The Cybersecurity Account was created in Sberbank Online (mobile app, web version).

71

DDoS attacks IN 2019 WERE SUCCESSFULLY BLOCKED

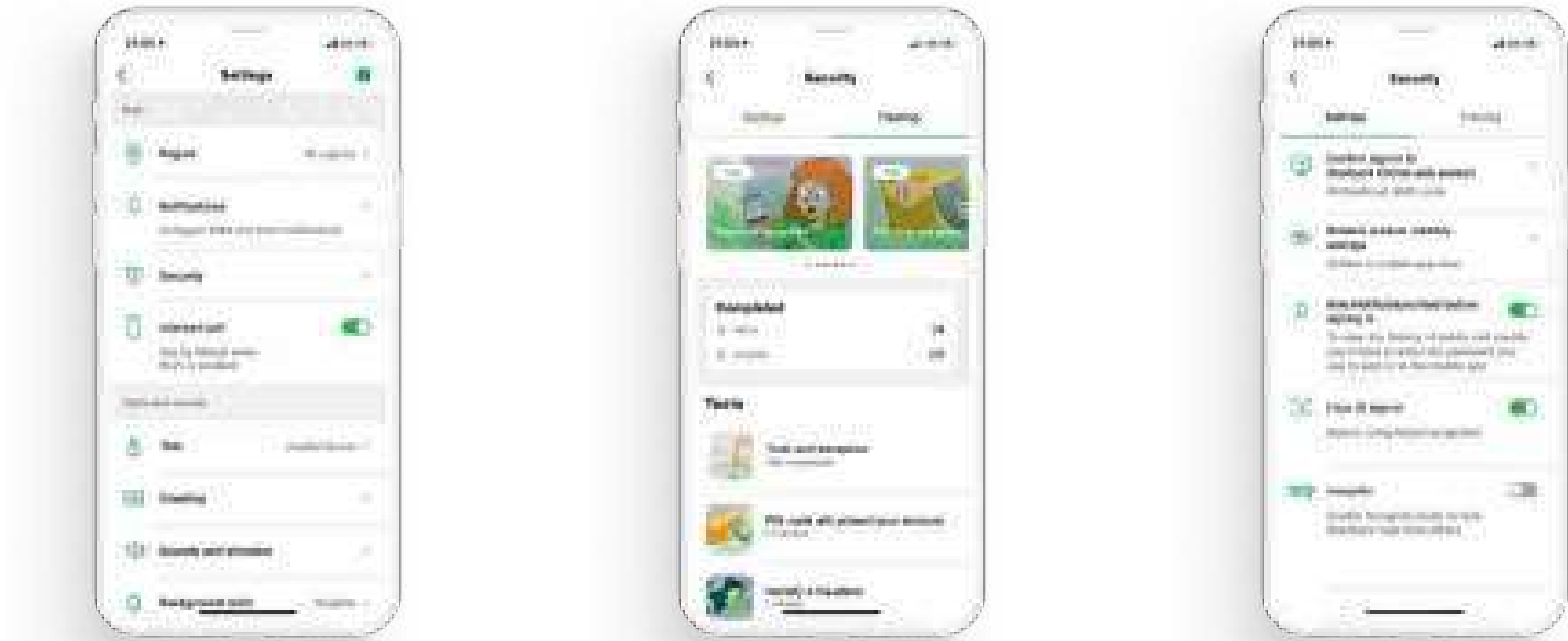
0 MINUTES

DOWNTIME OF BANK’S SERVICES AND SYSTEMS

40

TRAINING ACTIVITIES ON CYBERSECURITY DURING THE YEAR FOR SBERBANK CLIENTS

Using the Account, all clients can take training tests, read articles and watch videos on cybersecurity to protect themselves and their relatives from modern fraud schemes.



## INTERNATIONAL CYBERSECURITY CONGRESS

The second international cybersecurity congress was held by Sberbank in Moscow in June 2019, with the participation of World Economic Forum’s Center for Cybersecurity and with the support from the Association of Banks of Russia and Data Economy, an independent non-profit organization.

54 reports were given at the congress. Speakers were representatives of international organizations, including the World Economic Forum, Interpol, Europol, national ministries, agencies and state bodies, large corporations, financial institutions and academic community.

The congress ended with a plenary session with the participation of the bank CEO Herman Gref.

The congress is one of the key annual cybersecurity events that serves as a inter-industry platform for global dialogue between officials, global business leaders, and renowned experts that discuss the most pressing cyber threat protection challenges that we face against the backdrop of global digital transformation.

>2,700

DELEGATES FROM 65 COUNTRIES  
ATTENDED CONGRESS EVENTS



In 2019, Sberbank’s cybersecurity initiatives and achievements were recognized at the global level with the **Best Information Security** and Fraud Management Award by the international magazine Global Finance.

4.0

MATURITY LEVEL OF CYBERSECURITY  
PROCESSES IDENTIFIED BY THE  
EXTERNAL AUDIT

The Bank is a leader in automation and use of cutting-edge technologies in cybersecurity. The average level based on the Fortune 500 sampling for 2019 is at 3.7<sup>1</sup>.

In 2019 Sberbank successfully confirmed compliance with international standards:

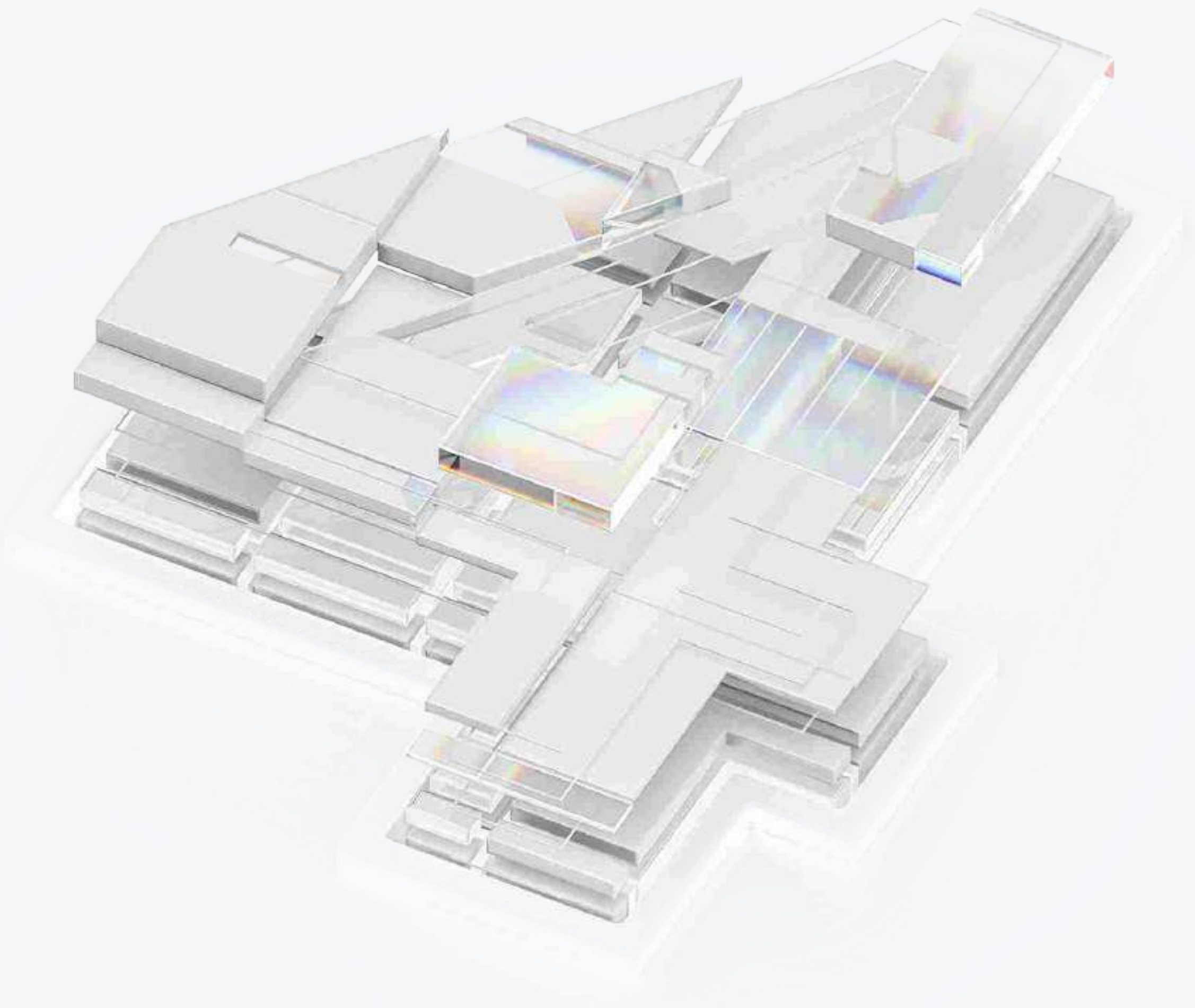


2019 became the third year in succession when Sberbank proved its compliance with ISO/IEC 27001:2013. This certificate confirms that Sberbank’s cybersecurity threat monitoring and prevention capabilities are compliant with international requirements.



Moreover, Sberbank successfully proved its compliance with the Payment Card Industry Data Security Standard (PCI DSS).

<sup>1</sup> According to EY research, 2019



04

TEAM  
DEVELOPMENT

|     |                        |
|-----|------------------------|
| 232 | PERSONNEL STRUCTURE    |
| 234 | EMPLOYEE JOURNEY       |
| 246 | AN EFFECTIVE LEADER    |
| 248 | CORPORATE CULTURE      |
| 255 | CORPORATE VOLUNTEERING |
| 257 | GENDER POLICY          |
| 257 | HUMAN RIGHTS           |
| 258 | HEALTH AND SAFETY      |



New breed of employees in effective teams is one of the priorities of Sberbank Strategy 2020.

While implementing this priority area, we:



Improve human capital management processes by selecting employees for the team based on their level of professionalism and compliance with the corporate culture principles, striving to retain the best of them and let the inefficient ones go.



Create an adaptive and comfortable environment for our employees providing them with opportunities for professional and personal growth, developing responsibility and empathy, as well as the ability to manage their own energy and stress.



Strive to remain an attractive and competitive employer creating a professional engaged team through inspiring leadership.

In carrying out its activity, Sberbank strictly observes human rights and endeavors to make sure they are observed in all regions of operations.



FOR STUDENTS:

№1 AMONG BANKS  
№5 IN “BUSINESS”  
№6 AMONG IT COMPANIES

For more information about the rating see [page 237](#)

IN UNIVERSUM RATING:

№ 6  
2018: 11th



In 2019, Sberbank won the ATD Best Award.



In 2019, Sberbank’s IT solutions yet again received the Crystal Pyramid Award.

For more information about the competition see [page 240](#)



Sberbank team won the Golden Award in the Best Employer — Great Place to Work nomination as part of the European Contact Center and Client Service Awards (ECCCSA).

# Personnel Structure

## General Information

281.3<sub>k</sub>

95%

GROUP'S TOTAL HEADCOUNT  
(THIS SECTION INCLUDES DATA  
ON 268.1 THOUSAND EMPLOYEES,  
WHICH IS 95% OF THE TOTAL  
NUMBER OF EMPLOYEES WORKING  
IN THE GROUP)

99%

EMPLOYEES WORK WITH  
FULL-TIME PERMANENT  
EMPLOYMENT CONTRACTS

100%

OF SBERBANK EMPLOYEES ARE  
COVERED BY A COLLECTIVE  
AGREEMENT

12.8%

-1.5 p.p

THE GROUP'S STAFF  
TURNOVER RATE IN 2019

>51<sub>k</sub>

NEW EMPLOYEES HIRED IN 2019

>42<sub>k</sub>

NEW PEOPLE  
AT SBERBANK

11.3%

SBERBANK'S TURNOVER RATE

9<sub>k</sub>

JOINED THE  
ECOSYSTEM

Actual Group headcount, people

|                                         | 2015    | 2016    | 2017    | 2018    | 2019    |
|-----------------------------------------|---------|---------|---------|---------|---------|
| Sberbank                                | 271,231 | 259,999 | 251,701 | 245,788 | 240,730 |
| Subsidiary banks and other subsidiaries | 45,316  | 51,672  | 49,996  | 40,719  | 27,408  |
| Total                                   | 316,547 | 311,671 | 301,697 | 286,507 | 268,138 |

The trend towards staff optimization continues, primarily in mass positions. In optimization, Sberbank strives to retain its best employees by offering them various forms of retraining, including in IT (for more information, see section “Training and Career Development”), and transfers. For valuable executives and specialists, Sberbank offers a relocation program.

The personnel structure is changing in terms of quality. Despite the overall trend towards decreasing number of employees, the share of IT personnel increases as a result of the transformation aiming to create a flat, fully-integrated and product-oriented engineering team.

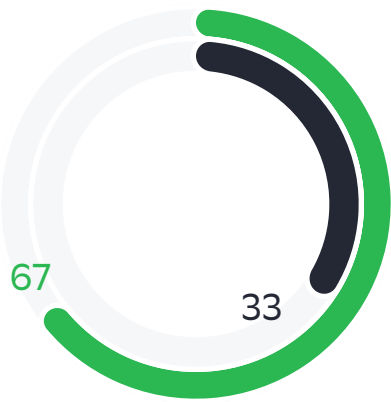
In 2019, 5,500 IT employees joined Sberbank, 44% more than last year.

The decreased number of employees in Sberbank’s SAC is associated, among other things, with the sale of Turkish Denizbank in July 2019.



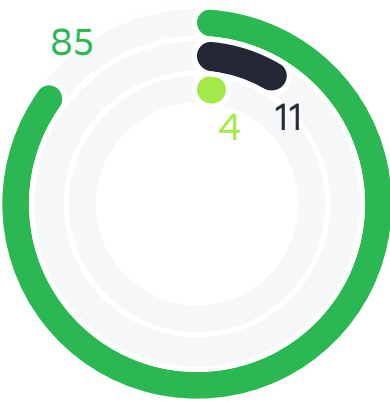
Memberships of the Group governance bodies<sup>1</sup>, %

BROKEN DOWN BY GENDER



- Men
- Women

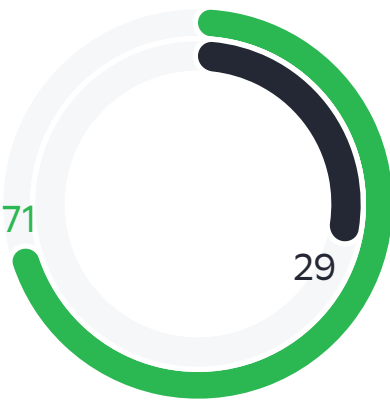
BROKEN DOWN BY AGE



- Aged under 30
- 30 to 50
- Aged over 50

Structure of Sberbank employees, %

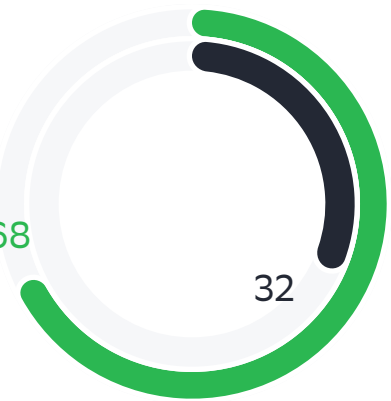
BROKEN DOWN BY GENDER



- Men
- Women

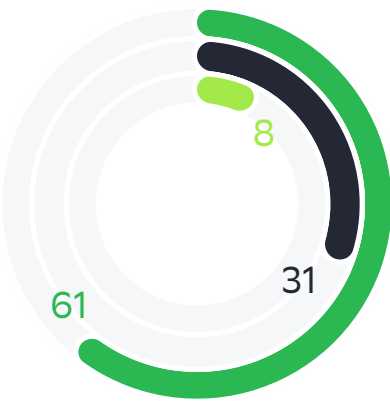
Structure of Group employees, %

BROKEN DOWN BY GENDER



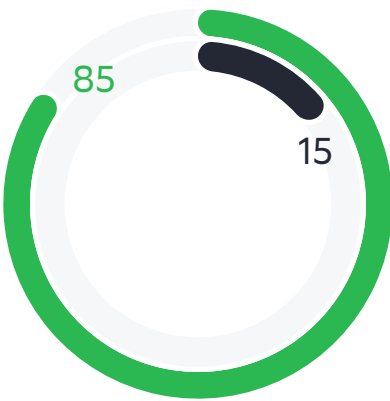
- Men
- Women

BROKEN DOWN BY AGE



- Aged under 30
- 30 to 50
- Aged over 50

BROKEN DOWN BY CATEGORY



- Executives
- Employees

<sup>1</sup> The governing bodies are the Supervisory Board, the Board of Directors, Executive Board and other relevant bodies, recognized by the organization as top management.

Staff turnover

In 2019, the bank succeeded in reversing a long-standing trend and reducing personnel turnover. In the reporting year the turnover level at Sberbank was 11.3%, and 12.8% for the Group as a whole, which is the lowest value over the last five years and a good indicator in the market.

Staff churn for mass and non-mass jobs in Sberbank amounted to 12.8% and 8.9% respectively. The churn is mostly driven by mass jobs, the majority of them being grass-root level positions that usually demonstrate higher than average churn rate.

In should be noted that IT staff turnover rate reduced by 3.4 p.p. and totalled 9.5%.

We pay special attention to the reasons that make our employees leave the company, and the importance and regularity of such an analysis forms areas for further development.

Staff turnover, %

|                                                           | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------------------------------------------|------|------|------|------|------|
| Staff turnover across the Group                           | 14.7 | 14.4 | 14.7 | 14.2 | 12.8 |
| Staff turnover in Sberbank                                | 12.8 | 11.9 | 12.6 | 13.4 | 11.3 |
| Staff turnover in subsidiary banks and other subsidiaries | 33   | 27   | 29   | 26   | 30   |



# Employee Journey

- convenient
- easy to understand
- personalized

Sberbank seeks to develop unified and transparent approaches to building personalized career paths for its employees. The Bank aims to build strong relationships with its employees based on honesty, mutual trust and respect. This approach is provided for in Sberbank Development Strategy 2020.

We believe that the quality of service and client experience largely depends on the relations and level of trust and openness between the Bank and its staff. This is one of the reasons why we are committed to increasing loyalty among our employees.

We implement the Employee Journey in the Group as defined in the Strategy 2020: as a simple, clear and personalized path of career and professional development, where special attention is paid to those employees who create maximum value, and conditions for development and career growth are created for them.

We put particular emphasis upon automation of HR processes to create user-friendly services for our employees: that is how 80% of popular services were made mobile. Sberbank develops SMART services that offer custom-tailored recommendations and help employees to choose the most efficient ways for professional, personal and career development from the enormous set of information and opportunities.

Almost all HR services are now available via the KURS mobile app. The app was installed by more than 180,000 employees which reflects its popularity.

>80%

OF POPULAR SERVICES  
WERE MADE MOBILE

180+<sub>k</sub>

EMPLOYEES INSTALLED  
COURSE MOBILE APP



# HR Automation and Digitalization

In 2019 we decided to develop our own HR platform to implement the symbiosis of the best practices of the bank and global innovative companies, in the form of HR instruments for attracting and developing talents, goal setting and evaluation, and team management.

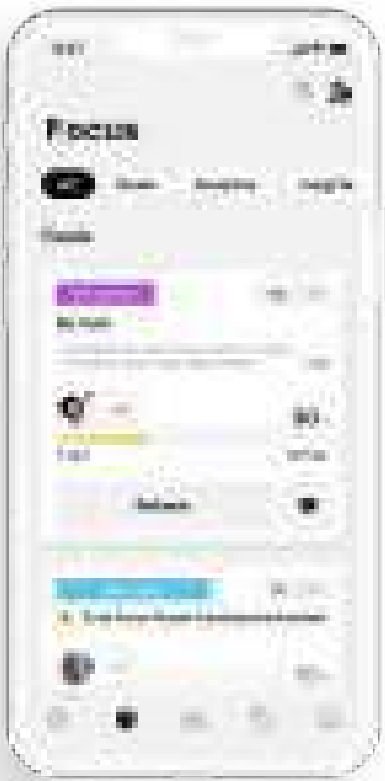
## HR Platform



**My Tasks screen**  
List of all top priority tasks related to team development



**People screen**  
All team news and events



**Focus screen**  
Tracker that monitors the status of goals and risks from the human perspective

## KURS Mobile Application

In 2019, the electronic hiring service allowed us to more than halve the amount of paper used for HR processes. Only four documents are still in paper form, because the labor law requires signing them by hand (the employment contract, the accession agreement to the terms of electronic interaction, a list confirming that a person has read the internal regulatory documents, and the job description). Other documents are signed in electronic form.

In 2019, as part of the Digital Economy of the Russian Federation national program, Sberbank actively participates in events related to the digital transformation of government and municipal services. In 2019, the amendments to the Labor Code of the RF have been introduced and adopted, allowing to implement the Electronic Labor Book project in 2020.

In 2020 the platform will be implemented at Sberbank, and pilot projects involving the first third-party clients will start; there will also be a roll-out in subsidiaries.



### Services at your fingers:

- My Income and Benefits
- My requests
- My tasks
- Leaves
- Employees and structure
- Certificates, copies, documents, etc.

180<sub>k</sub>  
OF CONNECTED USERS

140<sub>k</sub> MAU  
MONTHLY UNIQUE USERS

45<sub>k</sub> DAU  
AVERAGE DAILY ACTIVE USERS



# Getting Acquainted and Arousing Interest

Getting acquainted with Sberbank and its corporate culture and becoming interested in working for the company first step on the Employee career Journey. At this stage, the Bank has an opportunity to create special productive environment for attraction of future employees.

Candidates, in turn, have a chance to get the information they are interested in, to learn more about the corporate culture and also about opportunities and prospects for career development in Sberbank.

Our own career portals became important channels for attracting new employees to the bank:

- [sberbank-talents.ru](#) aimed at specialists with work experience
- [sbergraduate.ru](#) aimed at graduates and students

Sberbank has also a referral recruitment program in place, i.e. hiring based on employee recommendations. A total of over 6 thousand people were hired via the referral program in 2019, which is 24% of all hired IT specialists: 21% of mass position employees and 11% of non-mass position employees, respectively.

To attract new employees, career groups in social networks are used, the number of subscribers of which is more than 24.7 thousand people.

Formats to facilitate candidates learning about Sberbank and its culture:

- Trainings and internships program for young candidates;
- The Sberseasons paid internships program is implemented in Moscow and a number of other Russian cities. Following the results of 2019, 500 students completed an internship in this program, 174 of which were employed by Sberbank, and 160 students decided to continue the internship;
- Offline events: hackathons, career days, conferences, workshops, forums, job fairs, etc. In 2019, more than 600 student events were organized.



**Sberbank ranked the 1st in Universum 2019, the International Rating of Employers, among the student audience in the Banks category.**

In the reporting year, Sberbank ranked the 1st in one of the leading employer ratings for students, Universum 2019, becoming the most attractive employer for the young audience in the Banks category. According to the rating developers, the bank is of special interest for business and IT graduates. Sberbank was named No. 1, Top in Industry, in the banking sphere among business and IT students, also ranking the fifth in the Business/Commerce category, and the sixth in the IT category.

The rating was based on a survey of 26,247 best students from 106 universities. Sberbank attracted respondents with its ambitious digital transformation projects and its great demand for innovative developments to support the ecosystem development.

745<sub>k</sub> +27%

THE NUMBER OF UNIQUE  
USERS OF SBERBANK-  
TALENTS.RU IN 2019

1.3<sub>m</sub> ×10

INCREASED AUDIENCE  
OF SBERGRADUATE.RU

24.7<sub>k</sub>

SUBSCRIBERS OF  
SBERBANK'S CAREER  
GROUPS IN SOCIAL  
NETWORKS



INTERACTION WITH UNIVERSITIES

Sberbank actively cooperates with higher education institutions.

In 2019, on the basis of cooperation agreements, we continued to develop interaction with 425 Russian universities in all regions of the country. Sberbank’s basic departments operate in 18 universities of those, and 25 joint educational programs are implemented.

The agreements with universities allow us to actively develop cooperation in the field of staff training and retraining, scientific and innovative activities, to improve the scientific and educational infrastructure of universities for the preparation of highly qualified specialists for relevant business needs.

Sberbank policy on working with universities, students and graduates is aimed at ensuring a constant influx of professionally trained young specialists from among the best graduates into the bank and the ecosystem, their quickest possible and most effective onboarding in all units of the bank throughout the country.

Collaboration with educational institutions

SBERBANK PARTNERS, TOTAL IN THE RF

425

UNIVERSITIES

207

IVE INSTITUTIONS

HR OUTCOMES

430+

TRAINEES

10-40%

EMPLOYMENT

12.1+<sub>k</sub>

INTERNS  
(INCL. RBs)

FORMATS

18

SPECIALIZED  
DEPARTMENTS

20+<sub>k</sub>

EVENT PARTICIPANTS/  
YEAR

23

EXTERNAL R&Ds

600+

EVENTS/YEAR

9

FVE PROGRAMS

3

UNDERGRADUATE  
PROGRAMS

13

MASTER PROGRAMS

In 2019, the best universities providing talent to Sberbank were determined in every regional bank (Universities providing talent to Sberbank: Top 3\* in the region):

- 1

**Baikalsky Bank**  
#1. Baikal State University  
#2. Transbaikal State University  
#3. NEFU
- 2

**Volgo-Vyatsky Bank**  
#1. Udmurt State University  
#2. Chuvash State University  
#3. Russian University of Cooperation
- 3

**Dalnevostochny Bank**  
#1. Vladivostok State University of Economics and Service  
#2. Far Eastern State Transport University  
#3. FEFU
- 4

**Moscow Bank**  
#1. RANEPA  
#2. Plekhanov Russian University of Economics  
#3. Financial University under the Government of the Russian Federation
- 5

**Povolzhsky Bank**  
#1. Samara State University of Economics  
#2. SSAU named after S.P. Korolev  
#3. Togliatti State University
- 6

**Severo-Zapadny Bank**  
#1. RANEPA  
#2. NArFU  
#3. UNECON
- 7

**Sibirsky Bank**  
#1. Novosibirsk State University of Economics and Management  
#2. Kemerovo State University  
#3. SibFU
- 8

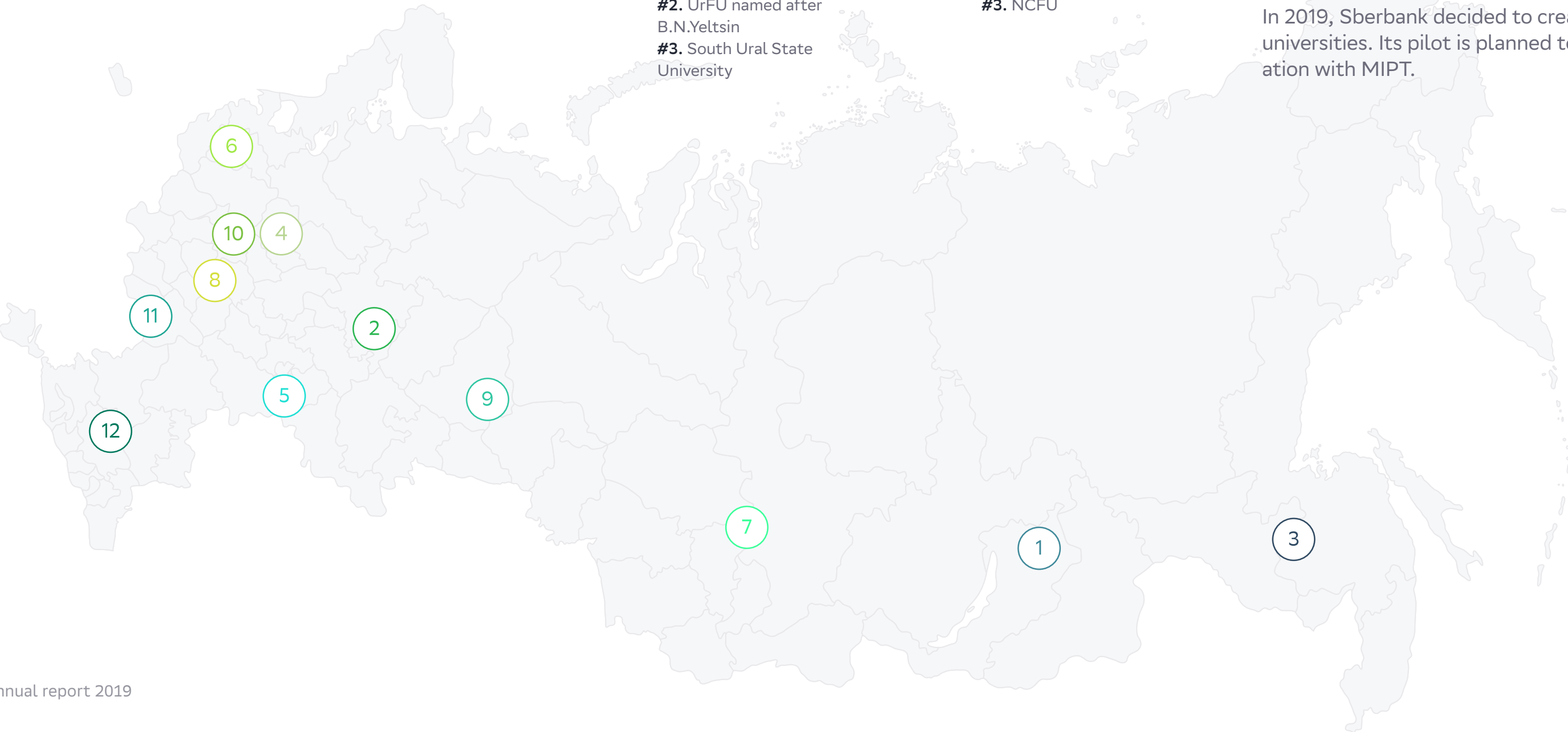
**Srednerussky Bank**  
#1. Financial University under the Government of the Russian Federation  
#2. Plekhanov Russian University of Economics  
#3. Tula State University
- 9

**Uralsky Bank**  
#1. Ural State University of Economics  
#2. UrFU named after B.N.Yeltsin  
#3. South Ural State University
- 10

**Central Head Office**  
#1. HSE University  
#2. Lomonosov Moscow State University  
#3. Bauman MSTU
- 11

**Tsentralno-Chernozemny Bank**  
#1. Belgorod State University  
#2. Voronezh State University  
#3. Voronezh State Technical University
- 12

**Yugo-Zapadny Bank**  
#1. Don State Technical University  
#2. Rostov State University of Economics  
#3. NCFU



As part of the development of promising areas in the field of IT and artificial intelligence, the top of partner universities for 2020-2022 was created:

1.

Higher School of Economics — National Research University  
MOSCOW
2.

Moscow Institute of Physics and Technology
3.

University ITMO (National Research University)  
SAINT PETERSBURG
4.

Skolkovo Institute of Science and Technology  
MOSCOW
5.

Far Eastern Federal University  
VLADIVOSTOK
6.

The Russian Presidential Academy of National Economy and Public Administration under the President of the Russian Federation  
MOSCOW

Within the scope of this partnership, it is intended to digitalize educational processes, conduct courses on artificial intelligence and IT, prepare student research works, advanced training for teachers on Sberbank programs, and much more.

In 2019, Sberbank decided to create a digital platform for universities. Its pilot is planned to be elaborated in cooperation with MIPT.

In 2019, a strategic partnership agreement on the creation and development of Vorobievsky Gory MSU Innovative Science and Technology Center was signed between Lomonosov Moscow State University and Sberbank. As part of the implementation of the project to create and ensure functioning of Vorobievsky Gory MSU Innovative Science and Technology Center, long-term cooperation in the field of innovative, scientific and technological, research, expert and educational activities is planned.

According to CEO and Chairman of the Executive Board of the Bank Herman Gref, “For Sberbank, as we spare no effort to provide our people with continuous professional and personal development opportunities, the cooperation with the Moscow University is of special importance. We are convinced that the partnership between Sberbank and the Moscow State University is a project of national significance.”



# Hiring and Onboarding

Sberbank continues to improve its personnel recruitment process, making it more applicant-friendly and also faster and more effective for the bank. The key indicator of the personnel hiring process effectiveness is how fast vacancies are closed. It is expected that in 2020 the vacancy closing period will be reduced for both mass and non-mass positions.

Sberbank hires employees in two key segments, mass and non-mass ones. The specialist recruitment process makes use of various tools, e.g. ability tests, personality questionnaires, professional cases, cross-functional interviews. Professional cases are an important selection tool.

In 2019, Sberbank improved the newcomer onboarding. The use of digital tools made it possible to customize this process to the needs of all categories of employees.

The onboarding of every employee involves the immediate supervisor and the buddy (company employees engaged in the newcomer onboarding).

One of Sberbank priorities as an employer is training and development of front office employees who work directly with clients.

For these purposes, Sberbank Team developed and deployed a comprehensive system of digital onboarding for mass position employees:

1.

A level-based training and development system helping hires to gradually adapt to their roles and ensuring their further development;
2.

Virtual personal support for a newcomer in all onboarding phases, including automatic formation of the onboarding plan and tasks, as well as daily recommendations for the manager of developing events subject to the newcomer’s “digital footprint”;
3.

Automated collection and analysis of newcomers feedback

Business breakfasts, bootcamps, workshops with top managers are regularly held for new executives.

Executives of ecosystem companies are also integrated into the bank onboarding.

Onboarding programs for new hires include:

- Virtual onboarding assistant: about 50 thousand new hires have made use of the virtual assistant;
- Pre-filled onboarding plan taking into account the position and customized content of the SberCode mobile application;
- First Steps in Sberbank webinar, onboarding workshop “Hello, Sber”;
- Bootcamp for developers (a platform for engineers to deeply immerse in the software development process).

To onboard IT specialists, we deployed an exclusive program Bootcamp. All IT specialists undergo the 3-week deep diving into standards and rules for software development and support; architecture of automated systems; work standards of the bank’s platform; teamwork rules; and clear understanding of their role. This allows new IT hires for short-term adaptation and reaching high productivity.

|                                         | NON-MASS POSITIONS | OF THESE, IT | MASS POSITIONS |
|-----------------------------------------|--------------------|--------------|----------------|
| Hired in 2019, people                   | 13,000             | 5,500        | 29,000         |
| Staffing level in 2019, %               | 91                 | 84           | 98             |
| Recruitment time in 2019, days          | 40                 | 37           | 13             |
| Expected recruitment time in 2020, days | 35                 | 35           | 7-10           |



In 2019, Sberbank’s IT solutions yet again received the Crystal Pyramid Award. This prize is annually awarded to leading companies for distribution of the best experience in company and people management, increasing business efficiency and drawing business community attention to the human resource.



Grand prix for the Comprehensive System of Digital Onboarding for Mass Position Employees project in the HR Project of the Year nomination.



Second place for the System for Training and Succession of Employees Working with VIP Clients project in the Corporate Training of the Year nomination.



# Personnel Training and Career Development



TRAINING COVERAGE OF SBERBANK STAFF MEMBERS

Sberbank pays special attention to personnel training and development and promotion of employees. For these purposes, modern tools are used, including digital AI-driven ones.

As compared to 2017, our employees have become much more confident about their future with Sberbank (+17 p.p. according to the engagement survey). For 75% of our employees, their career is primarily associated with professional and expert development, and they see their career opportunities as transparent.

## PERSONNEL TRAINING

The continuous training system is an important employee performance driver. This driver directly affects career development and loyalty to the Bank, and this is why one of our key tasks is to create an adaptive training system for various personnel groups.

Sberbank’s training system covers both specialists and executives. Classroom-based and remote training programs, and electronic courses have been developed. Most our employees (86%) highly value the availability of training in Sberbank.

Remote training and development of Sberbank employees is carried out 24/7 using Success Factors and the Virtual School of the Corporate University. The Virtual School also gives employees the access to the knowledge base and the possibility of team interaction in real time.

In 2019 the Bank continued the development of digital skills which have a considerable impact on the Bank’s operations in the conditions of global digital transformation: 100% of executives were trained using specialized development trajectories, and over 138,000 specialists (80%) underwent training under programs for forming digital competences (the Bank’s technology strategy, working with data, artificial intelligence, cloud technologies and Big Data, DevOps).

Key training and development areas include training of Agile employees. A matrix of recommended training programs for Agile roles was designed, and over 6,000 people were trained.

About 7,000 IT employees underwent special programs aimed at developing skills and getting knowledge to increase the efficiency of teamwork and the quality of interaction with business clients. Besides, over 11,000 IT specialists underwent training in professional competences.

92,000 employees in mass positions were trained under comprehensive programs for particular roles.

In 2020 Sberbank plans to launch several flagship training programs:

- “Leaders of the Future” for key specialists
- “Digital Leadership” for ecosystem executives and external clients



PEOPLE WERE TRAINED ON AGILE PROGRAMS



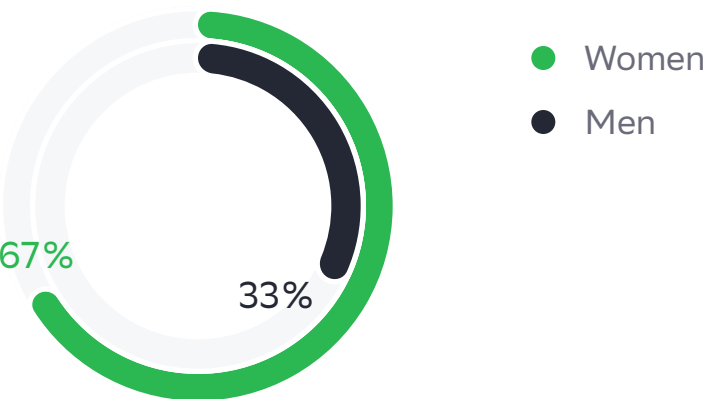
IT EMPLOYEES UNDERWENT SPECIAL PROGRAMS



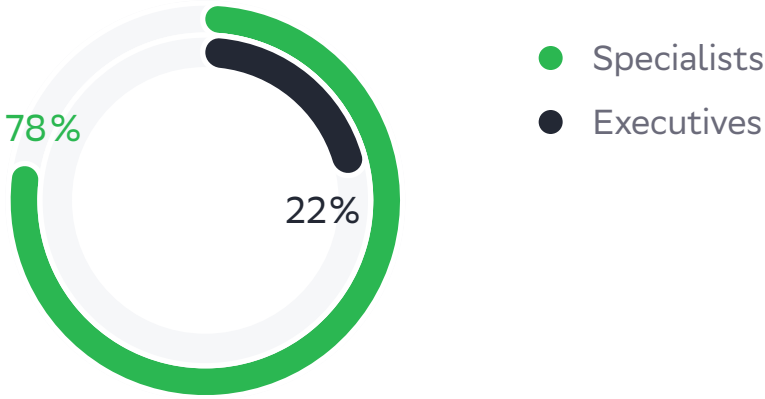
EMPLOYEES WERE TRAINED IN MASS POSITIONS

### Overall proportion of training hours of regular Group employees in 2019,%

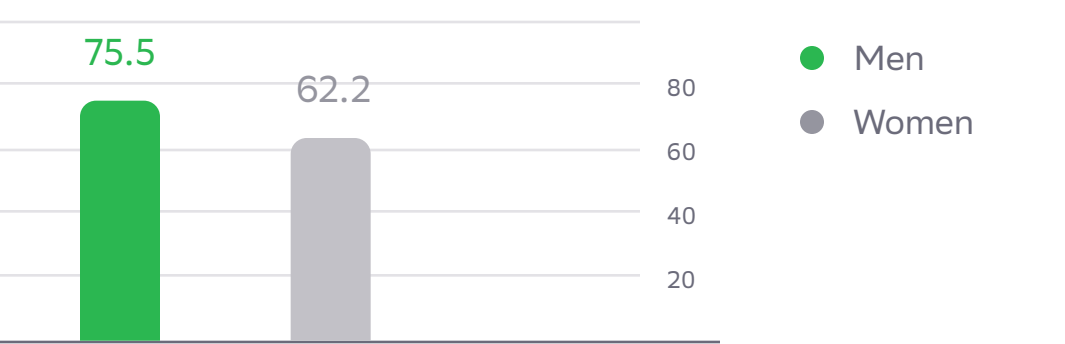
BROKEN DOWN BY GENDER



BROKEN DOWN BY EMPLOYEE CATEGORY



### Average training hours per Group employee



CORPORATE UNIVERSITY

The Sberbank Corporate University is one of the key tools in the Sberbank Group Strategy implementation as regards systemic training and development of world-class management talent and ensuring the high employer brand status.

The Corporate University provides training not only for executives, but also for the key specialists of Sberbank and its ecosystem organizations, and implements training solutions for external clients.

In 2019, the Sberbank Corporate University together with Imperial College London (ICL) started to implement a new level Executive Training Program in the field of digital technologies. A balanced combination of theory and practice during 6 months allows for the increase in the level of understanding and knowledge of modern technologies, their use in the bank.

In the reporting year, Sberbank supervises a special track for choosing the best managers with digital skills, as part of the Russian Leaders 2019-2020 contest. This track aims at bringing about digital transformation in Russia. Besides employment opportunities, Sberbank will offer the best track participants the opportunity to complete the digital skills development program implemented by the Sberbank Corporate University jointly with Imperial College London (ICL), and will provide access to our training programs and corporate library.

RARE COMPETENCY TRAINING PROGRAMS

Design School

In 2019, the Design School was launched in Sberbank, where we plan to provide 3,500 internal and 500 external participants with the knowledge in the area of product and technology design. From the moment of launch, 10 events with over 1,000 participants have already been held at the School, and 2 (out of 3) modules for the certification of design thinking coaches have been completed at the Hasso Plattner Institute of Design.

Reboot program

If an employee wants to change his or her area of activity or to master a new specialty, for example, in the IT field, Sberbank offers him or her to take part in the Reboot Program, which started in August 2019. The Program trains Java developers, data management specialists, IT engineers, business analysts, architects etc. More than 160 people have already completed the training and mastered a new profession in 2019, another 1,000 will complete their training in 2020.

1+ k  
EVENT PARTICIPANT  
AT THE DESIGN  
SCHOOL

160  
PEOPLE HAVE ALREADY  
COMPLETED THE  
TRAINING UNDER REBOOT  
PROGRAMM

SberProfi

SberProfi is a professional development system for specialists as part of professional communities. It allows creating an integrated approach to development and career of experts in Agile, who get an opportunity for growth without becoming executives; for expert assessment of their professional skills and knowledge, and getting the training related to gaps in competences; at the same time, decisions on their promotion are made collectively. To use this approach, 18 SberProfi professional communities were created, which unite employees based on a key competence and aim to develop this competence in the Bank. The objectives of SberProfi professional communities include updating the approach to selection, onboarding, assessment, training and career advancement of IT specialists, communication and sharing of expertise, and development of the Bank’s technology brand.

According to the results of pilot projects in 2019:

- 13 professional communities underwent assessment, and recommendations for development were prepared for ~700 IT specialists;
- 8 communities launched training programs for over 260 people;
- over 50 meetups for community members were organized.

260  
PEOPLE PASS  
TRAINING PROGRAM  
IN 8 COMMUNITIES  
SBERPROFI

School 21

*School 21 is an innovative educational initiative of Sberbank on training world-class specialists in information technologies, should become an important source of IT specialists (for more information about School 21, see section [“Impact on Society”](#))*

163  
PEOPLE ACCEPTED FOR AN  
INTERNSHIP IN SBERBANK AFTER  
GRADUATING FROM SCHOOL 21



# Career development

## ASSESSMENT AND PROMOTION TOOLS FOR SPECIALISTS

### SberTests

In 2019, has fully developed and implemented Sberbank's own system of questionnaires and tests, which allows to identify personal characteristics (according to the BIG5 model), features of motivation, career destructors of the employee and determine the level of development of verbal, numerical and logical abilities. SberTests are available for both candidates and current employees. More than 110,000 employees have passed the test at least one of the SberTests tests, about 36,000 people passed the entire battery of tests, about 4,000 candidates tested. Based on the test results, models are built for recommending training activities and next career steps, as well as creating success profiles for individual categories of employees.

### Talent committees

In 2019, Talent Committees were launched allowing tribe management teams to jointly make decisions on promoting specialists. To automate this process, an app was developed using Success factors. In 2019, 19 tribes saw Talent Committees resulting in 359 positive promotion decisions.

In 2019, employees actively used smart services to facilitate their development and promotion.

### SMART PROFILE

Employee information (education, experience, competences, skills, personal testing results, hobbies, corporate education and activities) used in all HR processes.

### SMART CAREERS

AI-based recommendations for employees on how to choose their further career paths subject to their competences, skills and experience. As of late 2019, SMART careers comprised over 122,000 unique users. In 2020, SMART careers for some specific mass positions will be additionally implemented.

### SMART DEVELOPMENT

Custom-tailored tools to develop necessary competences in employees: books, videos, articles and daily advice.

### MY TEAM

A specialized service for executives enabling employee selection and team management within a HR cycle.

# Evaluation and Remuneration

Most of Sberbank’s employees (76%, according to the engagement survey) associate their incomes with the results of their activities. They understand the rules for determining their salary amount, seeing it as fair and competitive, and their social benefits package as attractive.

Sberbank has a proprietary personnel evaluation system applicable to all employees. The results of this evaluation affect the variable part of employee salary and their career development.

In the “5+” evaluation system, every employee is evaluated by two criteria, i.e. performance and compliance with corporate values. Mandatory calibration sessions are held during the final scoring to ensure fairness of the scores.



EMPLOYEE REMUNERATION

We endeavor to provide a comfortable working environment for our employees. To achieve this, Sberbank offers its employees competitive salaries and a corporate benefits package. Our employees’ compensation consists of the base salary and the variable part. The variable part depends on the personal performance and commitment to corporate values and culture, and is directly related to the score given to the employee. We strive to ensure that all our employees receive fair compensation.

We study the level of compensation received by our employees on an annual basis. During the study, we assess possible inflation and make the decision regarding compensation increase.

96%

EMPLOYEES' COMPENSATION WAS INCREASED BY 5% AND MORE

449.7 bn ₺

ACTUAL EXPENDITURE ON SALARIES ACROSS SBERBANK GROUP<sup>1</sup>

401.7 bn ₺

ACTUAL EXPENDITURE ON SALARIES ACROSS SBERBANK

SOCIAL PACKAGE

Sberbank is scrupulous about health and welfare of its employees, and pays close attention to the quality of corporate medical and insurance services. In the reporting year, Sberbank Executive Board approved an integrated social program, which provides for a unified approach to social welfare standards.

In October 2019, the Bank changed the VHI provider, because employees complained about the low quality of services. As part of the new VHI contract, Sberbank revised the list of clinics providing medical services for its employees. In addition, it has reconsidered the process of consulting and medical support of employees, and now it is building a multi-level system consisting of local offices of the insurance company, regional hubs and the federal medical panel.

The Bank continued the promotion of the VHI program with co-payment among its employees. The program allows employees to gain significant advantages as compared to the standard VHI: in particular, they can apply VHI to members of their families without any additional payments, choose from a larger number of clinics and get a dental insurance coverage. In 2019, the share of employees who chose the 80/20 co-payment program increased by 33% compared to 2018, while together with family members the number of applications for participation in the program increased by 37% and exceeded 81,000.

The number of additional insurance programs purchased by employees at a corporate price increased, which proves that the terms of corporate health insurance offered by the Bank are attractive.



In 2019, over 23,000 employees applied for health checkup as part of the updated program of preventive targeted screening, which is available for all categories of employees for free as part of the VHI program. Employees get additional two days of paid leave to do the screening.



In 2019, as part of the VHI program, Sberbank launched an innovative telemedicine service. This service increased the availability of high-quality medical care in remote settlements and allowed saving time of employees in large cities – they could get medical advice remotely. Since the service launch in May 2019, the employees have filed over 10,000 applications for medical advice and actually completed 8,600 consultations.



In 2019, the Bank employees gained access to an innovative psychological support service implemented together with DocDoc (Sberbank’s SAC), as part of the VHI program. Any employee can now consult a psychologist on any personal matter and receive professional assistance. The service is anonymous. It has an unlimited number of consultations and is delivered in the telemedicine format (audio/video communication).

<sup>1</sup> The indicator is calculated for the Group based on consolidated financial statements (IFRS).



CORPORATE PENSION PROGRAM

Sberbank has a corporate pension program for its employees, which is being implemented through the Bank’s private pension fund.

Employees can join the corporate program, and after that the Bank opens two individual pension accounts (IPA) for them. The first IPA is for employees’ contributions, and the second is for Sberbank’s contributions. Upon reaching the retirement age, the program participants get corporate pension calculated on the basis of the funds deposited on both IPAs.

CORPORATE AWARDS SYSTEM

Sberbank strives to improve the non-financial incentive system. To ensure that, in 2018 Sberbank adopted a much longer list of awards and the single approach to the criteria for giving them.

Due to that, in the reporting year we achieved a fivefold increase (to 15.5 thousand people) in the number of employees, to whom the awards were given for outstanding performance and commitment to corporate values.

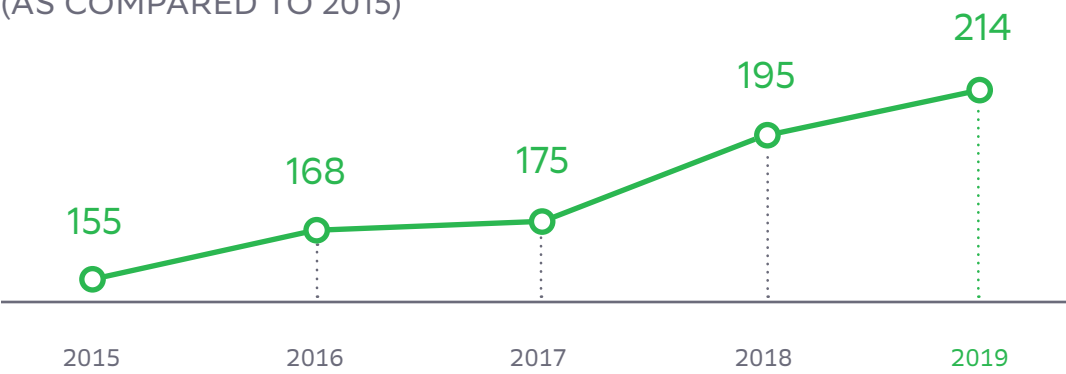
In 2019, 15,000 employees took part in the traditional “Best in Profession-2019” contest in 26 categories. A program of events for winners and an official awards ceremony attended by Sberbank CEO were organized.

Number of corporate people program participants, thousand people

The number of program participants shows the stable growth over the last five years.

↑ 25%

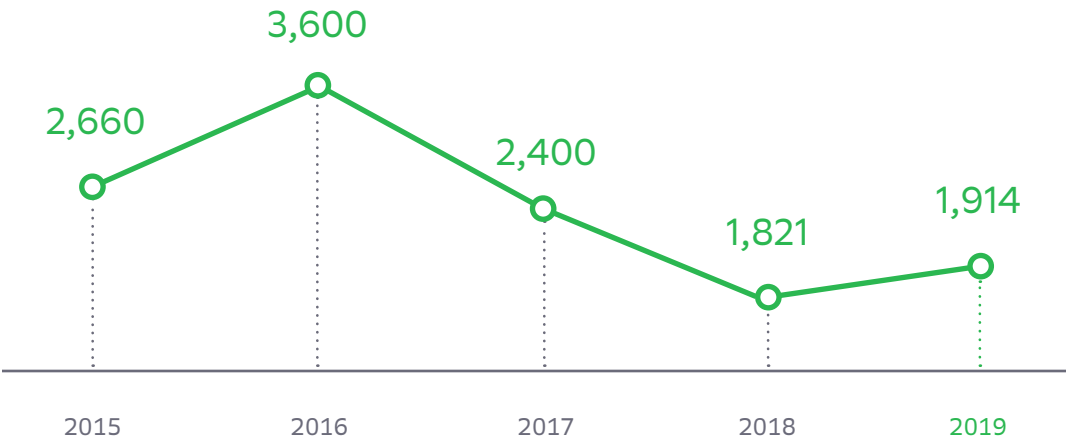
NUMBER OF PARTICIPANTS  
(AS COMPARED TO 2015)



Financing of corporate pension program,

RUB million

In 2019, financing of the corporate pension program increased as compared to 2018.





# Retention and parting

It is important for us to understand why people decide to give the career with Sberbank. This is why we closely examine the factors behind such decisions and analyze the reasons for which a person decided to leave.

We conduct dismissal interviews with all employees who leave the Bank. We ask them not only about the reason for giving up the job, but also about how constructive the atmosphere in the team was, whether the functions and working conditions met the employee’s expectations, and what should be changed. The obtained information is used for enhancing the effectiveness of interaction with employees and making the employer’s brand more attractive.

In January 2020 Sberbank launched a retention process to prevent employees from giving up the work at the Bank. Currently, the main tasks are the following: learning to identify the situations when an employee feels uncomfortable in his or her position, understanding the reasons why he or she feels so, and helping to eliminate them, in the current position or by finding another more interesting position in another Sberbank unit.

Employees leaving the Bank as a result of reorganization and optimization of business processes can use the special Next Steps program (<https://nextsteps.ru>). Under this program, the Bank assists the employees in their future development and employment. Currently, almost 1,400 former employees are registered on the official website of the program. The portal allows to see open positions listed by SACs and partners, find answers to frequently asked questions, receive advice on how to proceed with your career, etc. Now the portal is actively used by dismissed employees and recruiters.

We care for our employees’ future and have already got several acknowledgements from the project partners who employed them.

## One of the bank’s strategic priorities is to become an attractive IT employer.

This means not only developing the brand but also customizing all phases of the Employee Journey from recruiting to advanced training and retaining such specialists.

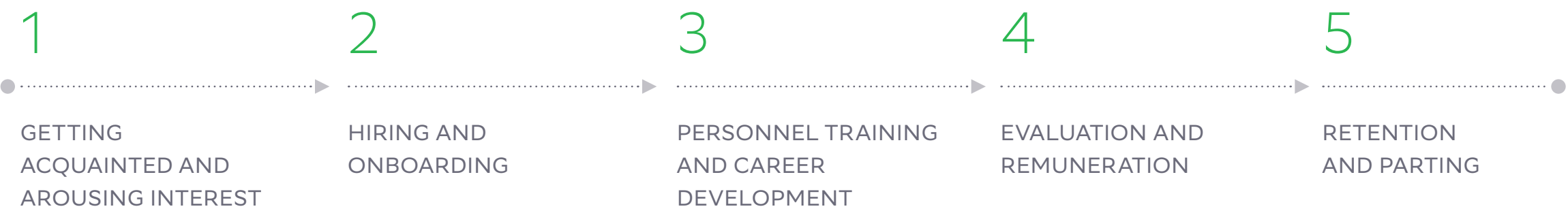
In 2019, we launched SberStart, a customized recruitment process pilot for IT professionals, with targeted advertising, gamification elements for candidates during selection process, opportunity to work with different teams and solve their tasks before being hired by a certain business unit of the bank. Since the pilot launch, there were responses from almost 500 specialists, with 27 of them hired by the bank.

We created 18 professional communities for IT specialists brought together according to their key competences. It is a unique initiative ensuring a systematic approach to professional selection, advanced training, careers and assessment of employees using Agile, as well as providing a platform to share knowledge, experience and new ideas.

For these communities, professional skills are described, training programs and specialized tests to select all-level personnel by competences are developed, and talent committees are organized to make transparent decisions on promotion.

Among employees specializing in engineering, we selected almost 200 magnet engineers, so-called “opinion leaders” and IT ambassadors of Sberbank, who play an important role in attraction and retaining talents. They communicate information to all IT specialists around them by speaking the same language, calling to action, serving as an example, and creating atmosphere of comfort and security.

We are interested in interaction with our employees after their leaving Sberbank, as well as in their possible return. To achieve these purposes, we established the IT Alumni club and held its first event attended by 70 participants.





# An effective leader— inspiring and developing

Sberbank believes that effective leaders capable of inspiring and motivating their subordinates are essential for successful business.

As part of our Strategy 2020, we have focused on the development of executives’ leadership qualities and improvement of their competencies. An advanced executive is not only responsible for the performance, but also is an example of commitment to the Bank’s corporate values and corporate culture.

According to the most recent engagement survey, actions and the image of Sberbank’s executives (efficiency, openness, commitment to values) are the primary driver of employee engagement and the readiness to recommend Sberbank as an employer. Besides, the quality of leaders has significantly improved – the use of coaching and visionary leadership styles has increased, while the application of commanding leadership style has declined. Employee readiness to recommend their manager as a team leader has considerably increased.

## EXECUTIVE DEVELOPMENT

Continuous development of skills is an important task for managers of all levels.

To achieve this, the Bank has continued to form managers’ skills such as self-management, emotional intelligence and empathy.

Sberbank is implementing a talent management program, including the coaching and visionary leadership style development program. In 2019, over 9,300 executives were trained under this program, and 1,600 of them underwent classroom-based training.

According to Strategy 2020, a Sberbank executive is:

- An example of commitment to the Bank corporate culture values;
- A leader that inspires the team, sets clear goals, promotes an atmosphere of openness and confidence, and encourages viewing mistakes as valuable experience;
- A mentor that develops his or her team via continuous feedback, always supports employees, and applies a coaching leadership style.

## EXECUTIVE PERFORMANCE ASSESSMENT AND PROMOTION

We are convinced that timely and regular feedback provides for effective and high-quality development; for this reason, Sberbank has various executive performance appraisal systems. In 2019 the Bank used the 360-degree method for assessment in the entire Bank, which assessed the employee competences and NPS of executives, and assessment covered 118,000 people.

To improve the quality of work with feedback more considerably, we developed and started implementing a special application for providing real time feedback, and 500 people took part in the pilot project.

As part of developing executives’ teams, the team assessment and development tool based on the SberTests testing system, which integrates assessment of team members from various sources such as SberTests personality test results, the 360-degree method, score 5+, and the cross-functional

assessment by values. In 2019 the team assessment tool was used by 970 executives. In 2019 a unique approach to assessment was developed for selecting Head Branch managers, which combines individual and group assessment activities (a pool), that allows cross-assessment (simultaneous assessment) of corporate and professional competences. After four pools which took place in the reporting year, 32 people were appointed Head Branch managers, and 11 people were included in the talent pool.

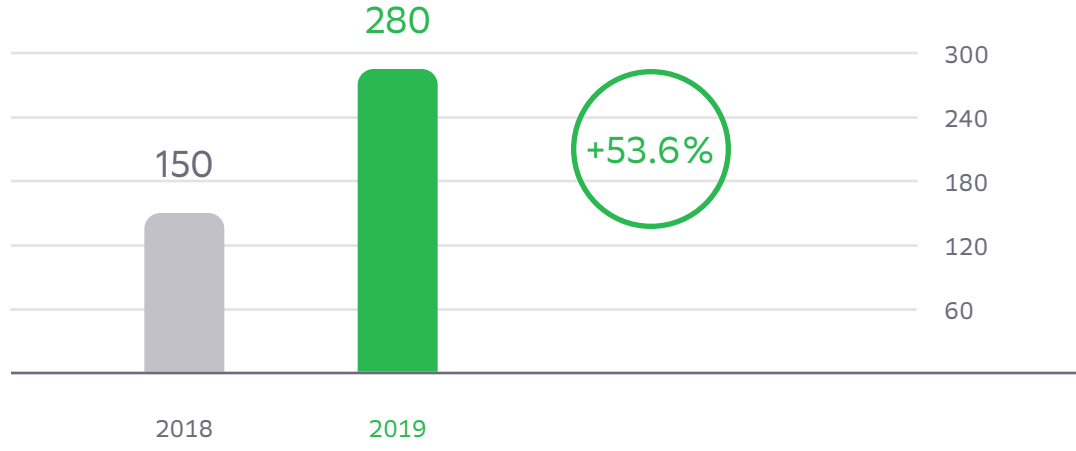
Executives undergo assessment by annual HR commissions, where their achievements, potential, growth and promotion areas are collectively discussed, and recommendations for development are formed. In 2019, over 7,000 Bank executives underwent assessment by HR commissions and got feedback from the senior management team. Commissions specify successors for the key positions and form the talent pool (the pool of executives for priority promotion and rotation).

## SBERLEADERS

For the second consecutive year, Sberbank has held the Sberleaders competition aimed at finding and acknowledging the best executives, who successfully motivate their teams and inspire employees to work effectively. The competition is aimed at popularization of the best talent management practices at the Bank. Leaders participating in the competition are suggested by their teams only, and the panel assesses the leadership practices of the participants.

The best executives get a corporate award, the Certificate of Acknowledgement, and their practices become part of methodologies related to non-financial incentives. Besides, they take part in training of less experienced executives under corporate talent management programs.

## The best executives of Sberleaders competition





SUCCESSION

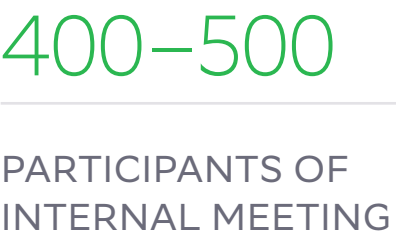
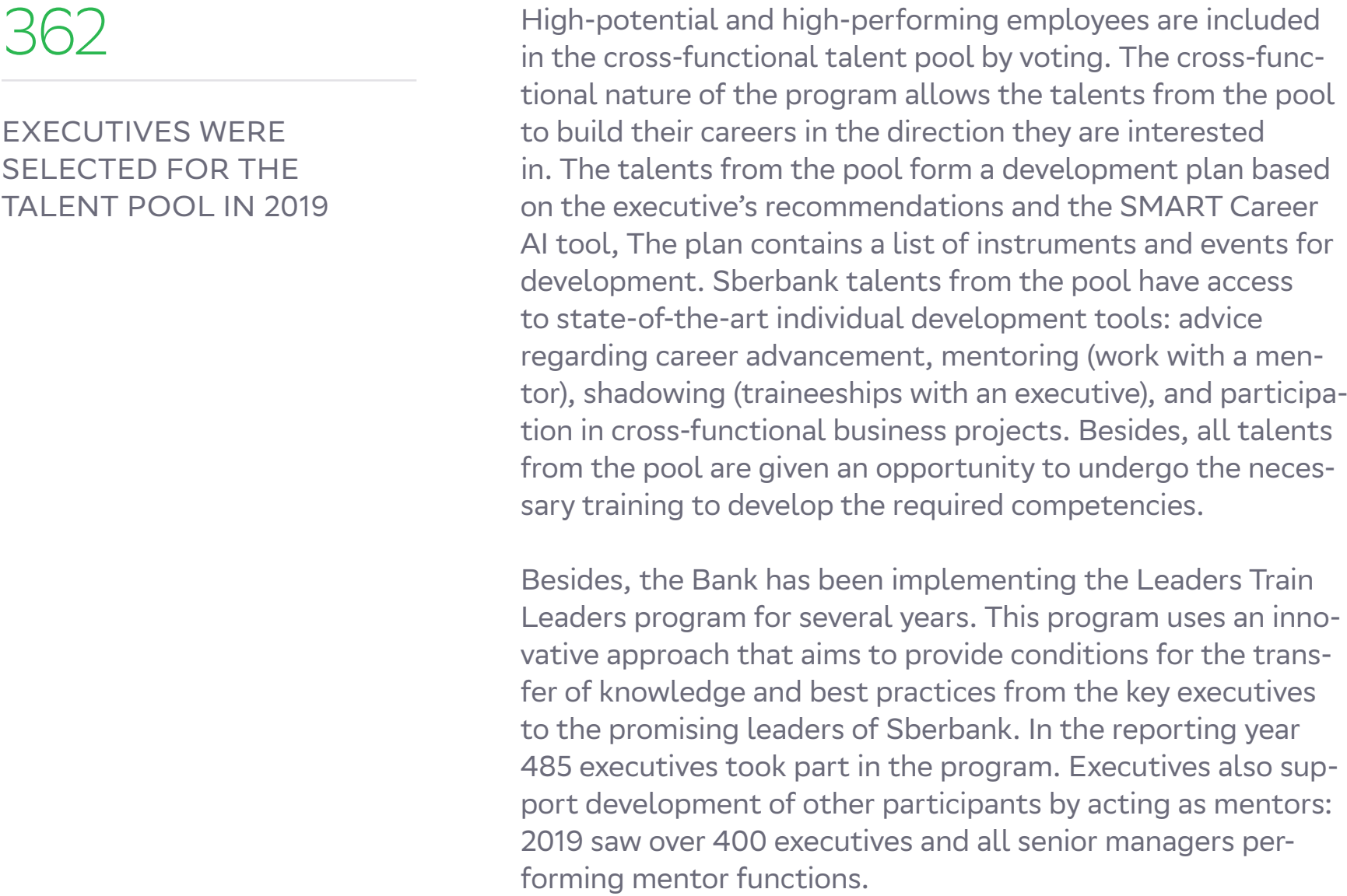
We find it important for Sberbank to sustain a high level of in-house expertise, transfer the accumulated experience and remain committed to the bank culture.

This is why we pay special attention to ensuring management succession. The Bank has formed a pool of successors, who obtain the knowledge and expertise necessary for leadership. The fact that executives have successors is one of the key indicators for monitoring the succession level. The Talent Pool is one of the key tools ensuring succession.



TALENT POOL

A personnel performance assessment and development cycle has been developed and implemented at Sberbank, whereby promising employees are provided with professional development and career advancement opportunities. Executives assess their subordinates’ performance for the past year and their compliance with the bank’s culture.



**Leadership Meeting**

Every month the Bank holds Leadership meetings that are an important communication channel for Sberbank leaders.

At the meeting the key Bank executives share the main news, speak about the projects and initiatives which are important for the Bank, and present technology and market trends. During the meeting any participant may address questions to the speaker, either personally or via an interactive system. Speakers answer the most popular questions after their presentations. Other questions are certainly answered after the meeting. Apart from internal speakers, we invite guests and experts in various fields. In 2019, Leadership meetings had such speakers as:

- Vladislav Tretyak, coach and famous ex-goalkeeper;
- Andrey Krivenko, founder of the Vkuswill network;
- Mikhail Novikov, captain-instructor of the Kruzenshtern barque;
- Manfred Kets de Vries, notable psychoanalyst and personnel management expert;
- Dmitry Leontyev, Doctor of PsychologyDoctor of Psychology, Professor of National Research University Higher School of Economics and Moscow State University, expert in the field of personal potential development;
- Irina Viner, famous artistic gymnastics coach, etc.



# Corporate Culture

Taking guidance in Strategy 2020 and the ability to positively affect the country-wide changes as one of team motivators, in 2019 we have revised the development priorities of Sberbank’s corporate culture. Sberbank Culture 2.0 is the responsibility for the outcome and development of yourself, the teams, and the ecosystem for the benefit of the country.

We achieve results in terms of improving and developing corporate culture, and the number of employees who like their jobs in Sberbank due to the corporate culture and a comfortable work environment increased by 14 percentage points.

## Culture 2.0

01 Development of own personal potential and the team for high productivity

- Development of digital, design, soft skills
- Flexible work: remote work, part-time employment
- #SberTeam100years: energy and stress management

02 Building a unified ecosystem of Sberbank

- Internal and external ecosystem: good products for employees and clients
- Ecosystem ambassador employees

03 Pride in work that benefits the country, motivation for extra efforts

- Daily work opportunities to change the country for the better and set new standards of living
- Social mission, ESG

DEVELOPMENT OF ENGINEERING CULTURE

38<sub>k</sub>

THE NUMBER OF IT SPECIALISTS AT THE BANK

5.5<sub>k</sub>

SPECIALISTS JOINED THE SBERBANK TEAM IN THE REPORTING YEAR

82%

EMPLOYEES (80% IN IT) BELIEVE SBERBANK TO BE A TECH COMPANY

We lay the foundations of the engineering culture required for development of Sberbank as a technology company and for retaining professionals.

SberProfi:

- 18 professional communities
- training on 4 mastery levels
- assessment of professional competencies
- talent committees

HR brand for IT:

- Magnet engineers
- IT Alumni

Best software and equipment:

- SberUserSoft (software installation self-service)
- faster IT support set out in SLA
- preinstalled software
- a new equipment issuance standard
- mass replacement of obsolete hardware
- opportunity for co-financing hardware and use of own PC

Retention:

- custom-tailored retainment paths
- special conditions for social benefits

Selection and recruitment:

- increased bonuses for recruitment referrals
- updated recruitment paths (SberStart, SbeDays, Sberseasons, School 21, etc.).

Special onboarding:

- Bootcamp

Production process:

- production process efficiency metrics and basic requirements have been developed
- reliable DevOps 24/7 tools launched
- a SberSpace team collaboration portal launched, etc.

Infrastructure:

- Sberbank’s proprietary cloud
- capacity allocated for test stands

Communication channels:

- SberChat, SberMobile, Open Sber direct lines

Best office:

- replication of AgileHome standards
- high-quality WiFi available at developers’ locations

The further focus in the development of engineering culture is on the efficiency of DevOps practices, technology stack and remote work opportunities. We also intend to to increase the number of employees using flexible job arrangements. Besides IT sector representatives, this format could be interesting for parent employees and employees on parental leave.



# Internal communications and dialogue with employees

It is important for Sberbank to maintain dialogue with its employees, making sure that the internal communication system functions effectively and that employees have the opportunity to provide feedback via the complaint and inquiry mechanism.

84%

OF SURVEYED EMPLOYEES ARE PROUD TO WORK IN SBERBANK

## EMPLOYEE FEEDBACK

Sberbank has various corporate communication channels, through which all employees are immediately informed about news, corporate changes, etc. Apart from traditional email and the internal portal, Sberbank TV and a corporate messenger are popular.

In 2019, we undertook an employee engagement survey. The primary goal of this survey is to collect feedback from employees on the key issues of bank development, to understand how employees perceive Sberbank’s core strategic goals and development tendencies.

According to the survey, the engagement index remained stable, at the level of world’s successful companies, but underwent some qualitative change; pride, motivation, quality of leaders at Sberbank and importance of their image and actions for employee engagement have grown.

To increase efficiency, we should focus on problem areas that require improvements (cooperation; work with low-efficient employees; trust and transparency; powers), take advantage of recent opportunities (ecosystem development and promotion; lowering efficiency barriers, which is especially important for retaining IT specialists; support for employees in energy management) and continue to do what has already had an effect. Thus, the survey indicated that enhanced career options resulted in greater employee confidence in their future with Sberbank.

To regularly monitor atmosphere in teams, including a part of working with employee requests, we use a measurement tool in a team. In 2019, over 500 diagnostic procedures in various Bank subdivisions in Moscow and regions took place.

A well-developed corporate culture significantly impacts the degree of our employees’ engagement and, consequently, their performance. Sberbank endeavors to develop the corporate culture across its entire ecosystem, creating the ecosystem’s “common DNA” and establishing a common interaction principles and communication space. At the moment, 61% of employees across the ecosystem already feel themselves as part of Sberbank Group, while only 48% of employees are satisfied with the quality of interaction with Sberbank. We plan to grow this indicator going forward.



PROCEDURE FOR FILING COMPLAINTS AND QUERIES

Sberbank has introduced the system for advising employees on HR services. All Sberbank employees can lodge a complaint via AS DRUG (FRIEND) internal portal, receiving in return a tracking number and review deadlines. As the inquiry or complaint is reviewed by responsible HR staff (if necessary, with involvement of other business units), the employee receives an official response and may assess the quality of information provided and ask additional questions. Besides, employees can use information channels regarding compliance with the Code of Corporate Ethics.

For feedback and inquires, employees can use not only the internal channel but also other means of filing inquires, namely, calls to HR Contact Center, email, social media, etc. All inquiries and complaints get registered in the common system and processed in accordance with the prescribed deadlines.

On a general note, we received 1.6 thousand employment-related complaints in 2019. All of these were processed and each one was answered. In addition, the bank reviews employee communications on the matters of ethics, supervisor relations, fairness of monetary rewards, and other matters. The subjects of inquiries and complaints of employees are analyzed by the Bank to improve its processes and services.

Open Sber

In order to develop opportunities for communications and dialogue with employees, Open Sber, a pilot for ongoing collection of employees’ questions was launched in 2019. In the reporting year, 665 questions were collected and elaborated as part of the project. In 2020, the project is planned to be scaled across Sberbank as a permanent feedback channel linking employees to the bank’s executives.

Open Dialogue Direct Line

On 5 December 2019, we held our ninth Open Dialogue, Sberbank CEO Herman Gref’s traditional direct line with employees. This year, we have received over 2,000 questions via various channels. During the live broadcast, Herman Gref answered 27 questions on the most pressing topics. Answers to other questions were posted on the Open Dialogue website. Most questions were asked about new cybersecurity measures. Among the popular questions were reduction of the rate on mortgage products for employees, the annual profit ratio, and indexation of wages in 2020.

The Open Dialogue is an important event that enables employees to communicate their views to the bank CEO and express their concerns. It also allows the management to stay abreast of the employees’ concerns and adjust the bank’s internal communication policy accordingly. The 2019 direct line gathered a large audience, over 73,000 connections. It should be noted that this practice of open dialogue with employees is also used regularly at the level of regional bank and functional block leaders.



FOCUS ON EMPLOYEES’ HEALTH #SBERTEAM100YEARS



Health and energy are key values that people need to stay happy and productive for many years. They are especially relevant in modern times with the accelerating pace of life, increasing life expectancy and working age. Sberbank actively supports healthy life and tries to promote it among the bank’s employees and clients.

In 2019, we updated our healthy life development program. Since 2019, the program has got a new name #SberTeam100years and focused on the support of high-quality and active longevity. The program objective is to create and promote tools and form habits facilitating the prolongation of healthy, productive and high-quality life of each person.

All program materials and records of lectures meetings are made available to all employees on the Sberbank’s medical insurance portal in the section dedicated to the program, and on Sberbank TV. The total coverage of the program is over 50,000 employees, taking into account offline and online participation in the events.

In 2019, a comprehensive online program supporting development of stress management skills has been developed for mass positions. Its roll-out is expected in 2020.

In 2020, as part as the #SberTeam100years program, Sberbank plans:

- to develop a healthy nutrition concept;
- implement some initiatives aimed at employees’ mass involvement in events related to physical activity, to combine the program’s digital services on the My Health portal and to intensify integration with VMI services (including those in the mobile app);
- to launch the Longevity Club—a community for people who want to increase their energy and productivity, aim to live for 100 years and are willing to share their experience, support their peers and experiment.

>2.5 k

EMPLOYEES HAVE USED THE MINDFULNESS COURSE

>10 k

EMPLOYEES HAVE PASSED A BIOLOGICAL AGE CHECK

7.5%

INSURED EMPLOYEES HAVE BEEN CHECKED UP

The program areas cover all the aspects of physical and mental health

Last year we launched the following services and products for our employees:

A psychological support service was included in the VHI program in the telemedicine format and is now available for all insured employees across Russia. Since March 2019, it has been used by more than 2.5 thousand employees, with over 5 thousand consultations held. The service is implemented together with DocDoc (Sberbank’s SAC).

Mindfulness—a course on developing mindfulness practices helping to increase stress resilience and prevent emotional burning-out. The first 1.5 thousand employees have already completed the training under the program.

Preventive check-up to monitor employees’ health, available to all employees under the VHI program once in 2 years subject to age and gender factors (in 6 months, almost 7.5% of all insured employees have been checked up).

A digital service to assess biological age as an integral indicator of health status, which gives recommendations on health improvement. In 6 months, it has been used by more than 10 thousand of employees.

A comprehensive health assessment program for executives based on cutting-edge medical technologies and with generation of individual longevity plans.

A set of lectures called “Fighting Deadly Monsters” dealing with prevention of serious diseases.



FOCUS ON EMPLOYEES' HEALTH #SBERTEAM100YEARS

FROM EACH TEAM MEMBER:

- ▶ Discipline and responsibility
- ▶ Regular self-improvement
- ▶ Reconsideration of habits and lifestyle

Sberbank affords opportunities. Leaders should lead by example and support their teams in energy, stress and health management



XIII Sberbankiada

From 15 to 21 July 2019, Minsk hosted an International Sberbankiada. This is a unique event uniting all employees of Sberbank Group, aimed at improving corporate communications and promoting healthy lifestyle and sports.

The event included meetings on the most pressing issues of the bank's activities, training sessions and sport competitions in 12 kinds of sport (football, volleyball, basketball, tennis, chess, swimming, running, table tennis, badminton, squash, crossfit, and beach volleyball).

Athletes from 20 teams representing regional banks, subsidiary banks and subsidiary companies of Sberbank Group competed at the sports fields. Overall, 47 sets of awards were given.

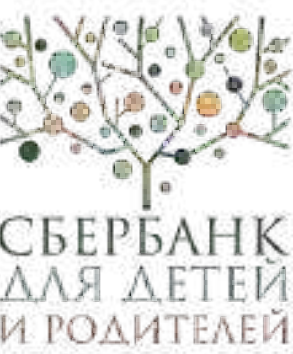
Moreover, the event included a quest game on the bank's Strategy.

Sberbankiada was attended by 11 regional banks, Sberbank's Central Head Office, subsidiary banks from Belarus and Kazakhstan, Sberbank Europe AG, Sberbank Factoring LLC, Sberbank Service LLC, Sberbank Leasing, and other SACs.



SBERBANK FOR CHILDREN AND PARENTS

The bank continues to develop its employee care programs aimed at social support and at development of employees’ responsible approach to their life outside the bank and development of their socially useful skills.



160,000 Sberbank employees have children aged under 18, so maternity and parenthood are particularly important. The Bank implements the development programs for parent employees and their children and provides financial assistance upon delivery or adoption of a child; regular assistance is also provided for parents with many children.

The Corporate University campus regularly hosts thematic Family Weekends aimed at development of relevant skills, e.g. effective communications, financial literacy, etc.

Programs for Employees on Parental Leave

Women make up over 70% of the total number of the Bank’s employees, which is 2% of the number of all working women in Russia. Sberbank creates comfortable conditions for employees on maternity leave allowing them not to lose touch with the bank. They retain the access to corporate mailbox, the opportunity to take intramural and extramural training; the bank is also piloting remote and part-time employment projects. The next year, it is planned to start involving employees on parental leave in social and business projects of the ecosystem.

Sberbank has developed handbooks for pregnant employees and their supervisors, as well as initiatives for reintegration and onboarding of employees after maternity leave.

Now Sberbank has traditional Mum-to-Be Meetings, where experience and knowledge are shared by both visiting experts and psychologists and Sberbank mums who manage to combined the professional career and maternity.

In 2020, it is planned to launch the Parental School. Moreover, it is planned to create guides and courses aimed at women security.

As part of the Sberbank for Children and Parents program, the bank organized the traditional annual events, supported by the Sberbank Volunteers movement:

- Open Day for Employees’ Children;
- Open Prospects Day for Employees and Their Teenage Children.

The events were held at over 100 sites of banks and SAC across the country for over 19,000 participants. Traditionally, the events were prepared with participation of the Group employees as developers of unique training programs and as experts and hosts of master classes. Moreover, Sberbank for the first time ever organized career-guidance programs for teenagers across Russia by efforts of in-house coaches, based on the 21st Century Career Guidance: Informed Choice—Sberbank’s proprietary training product.

19<sub>k</sub>

PEOPLE ON >100 PLACES TOOK PART IN THE OPEN DAY FOR EMPLOYEES' CHILDREN

18<sub>k</sub>

USERS OR SBERBANK'S PORTAL FOR PARENTS

×2

45<sub>k</sub>

EMPLOYEES ON MATERNITY LEAVE CAN STAY IN TOUCH WITH SBERBANK WITHIN THE FRAMEWORK OF A ROLE MODEL “EMPLOYEE ON METERNITY LEAVE”



# Corporate volunteering

Volunteering plays an important role in Sberbank’s operations. Thousands of our employees from Kamchatka to Kaliningrad help children in orphan asylums, elderly people or disabled people, care for environment and animals. Volunteers make life around us better by implementing important social initiatives.

Some of such initiatives that had been started as small projects later moved beyond one group of people, one city and far beyond the bank and became an example of socially responsible behavior and smart assistance.

Our good deeds are not just a hobby. It is the way to self-development, the lifestyle and the integral part of corporate culture. The bank’s volunteers annually implement over one thousand social initiatives and we have been selecting the best of them for the third year in a row as part of our contest of social projects. In 2019, the volunteer projects were participated by over 10,000 employees.

10<sub>k</sub>

EMPLOYEES TAKE PART IN VOLUNTEER PROJECTS IN 2019

1.1<sub>k</sub>

TYPES OF ACTIVITIES

In 2020, we plan to engage volunteers to implement the projects proposed by Community Centers, execute financial literacy projects in orphan asylums, and improve the portal for volunteers.

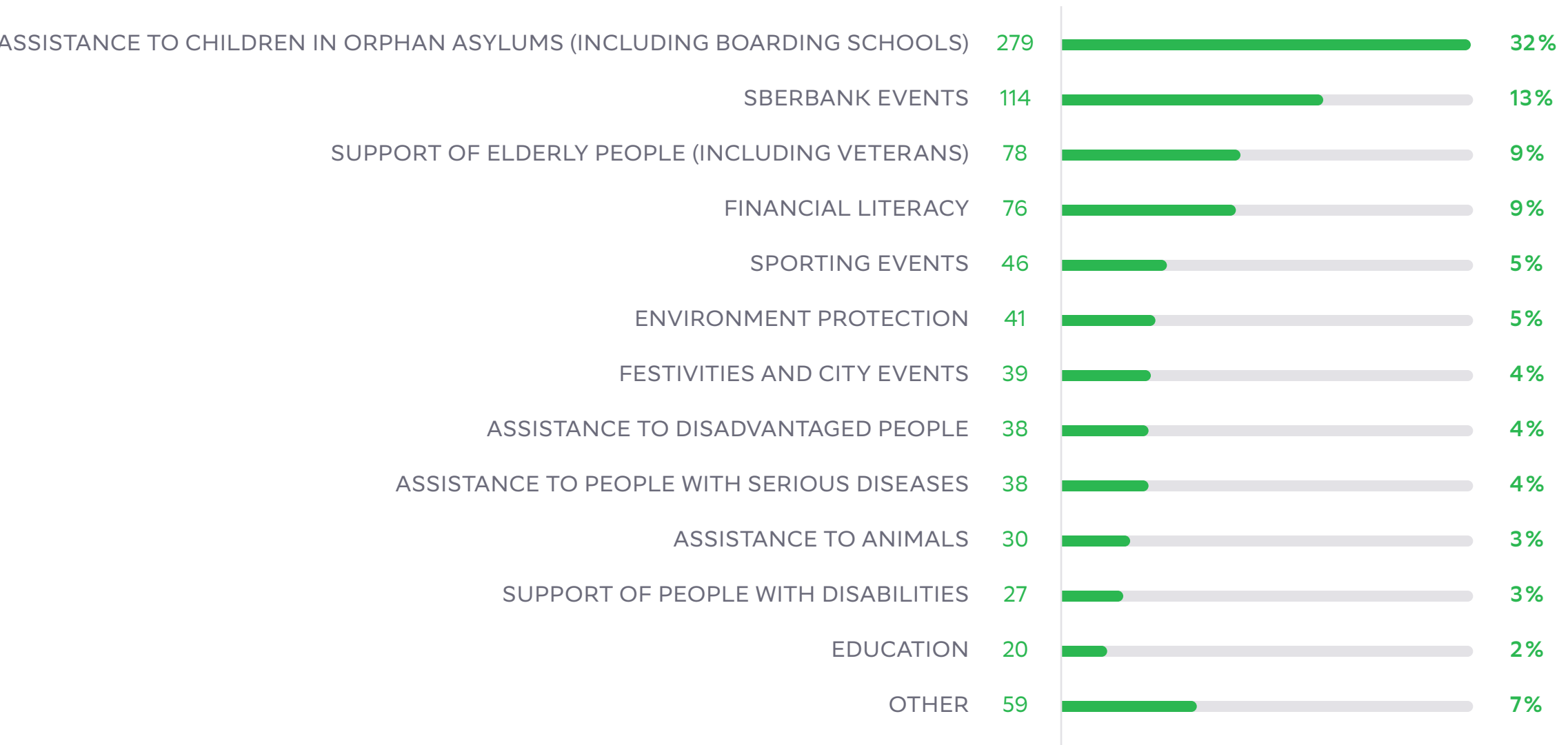
*To learn more about Community Centers, see section “Charitable and Sponsored Projects”.*



>4<sub>k</sub>

EMPLOYEES REGISTERED ON THE WEBSITE “SBERBANK’S VOLUNTEERS”

## Key areas of corporate volunteering in 2019



### Sberbank Volunteers online platform

The bank has a single online platform called Sberbank Volunteers. As of the end of 2019, there were over 4,000 employees signed up for that. The platform unites the bank’s volunteers and allows each employee to organize a volunteer project and engage his/her colleagues in it. The platform allows organizing one-off events, posting useful materials and publishing news about activities.



# Corporate volunteering

## SOCIAL PROJECTS COMPETITION

In 2019, we held the third annual contest of social projects of Sberbank. 10 winning teams were selected from more than 80 applications. The projects were mostly dedicated to assistance for disadvantaged children, development of inclusive environment and financial literacy, environment protection, and assistance to animals. This year, winners of the corporate Contest first took part in the semi-finals of the Federal Contest Volunteer of the Year.

In the reporting year, the Bank held two Volunteer Vacancy Fairs. Following the events, over 200 employees joined the volunteer movement of non-bank credit institutions being the Bank’s partners. Over 2,500 corporate volunteers assisted in holding the Bank’s events, including Green Marathon, Open Prospects Day, Open Day.

### Team of Sberbank volunteers took an active part in the International Volunteer Forum

In December 2019, Sochi hosted the traditional International Volunteer Forum. The team of Sberbank volunteers took an active part in it: they arranged a special booth, employees told about their social initiatives, experts spoke at panel sessions, delivered lectures and shared their experience with other participants.

Sberbank volunteers took part in the forum for the second time, but their own booth was arranged by the team for the first time. It presented projects by such charity funds as Contribution to the Future and Memory of Generations, as well as social initiatives implemented by the bank and ecosystem companies and volunteer initiatives implemented by employees.



# Gender policy

Gender policy is an important aspect in activities of any modern company. Sberbank understands the importance and significance of this topic and makes efforts to mainstream this agenda in Russia.

Sberbank implements active gender policy aimed at gender equality in the company. In the reporting year, Sberbank took part in The Bloomberg Gender-Equality Index, got a comparatively top score (64.3%) and became one of the first Russian company that received this rating. In 2018, there were no Russian companies among participants of this international index.

64.3%

BY BLOOMBERG GENDER  
EQUALITY INDEX

# Human rights

Sberbank is completely aware of the importance and significance of human rights and makes efforts to observe human rights within its footprint—in Russia and other countries. The bank’s policy in respecting human rights is reflected in the Code of Corporate Ethics.

Sberbank strongly disagrees with benefitting from situations where human rights are not observed or not properly protected by the law.

Sberbank’s activities are governed by the rule of law and equality before the law. All internal regulatory documents of the Bank are adopted in accordance with these principles. Sberbank strictly observes all statutory regulations and facilitates taking of respective and timely measures aimed at legal compliance in all jurisdictions of the bank’s operation.

The Bank’s policy in terms of respect for human rights is presented in the Code of Corporate Ethics.



# Health and safety

Sberbank makes all the reasonable efforts to save the employees’ life and health and to ensure their safety at workplace. With this end in view, Sberbank has introduced a health and safety management system.

The bank has approved the Health and Safety Policy where it commits itself to protect health and safety of its employees.

*For more information on protecting employees’ health, see the [“Employee Health Protection #SberTeam100years”](#) section.*

## Sberbank occupational safety obligations

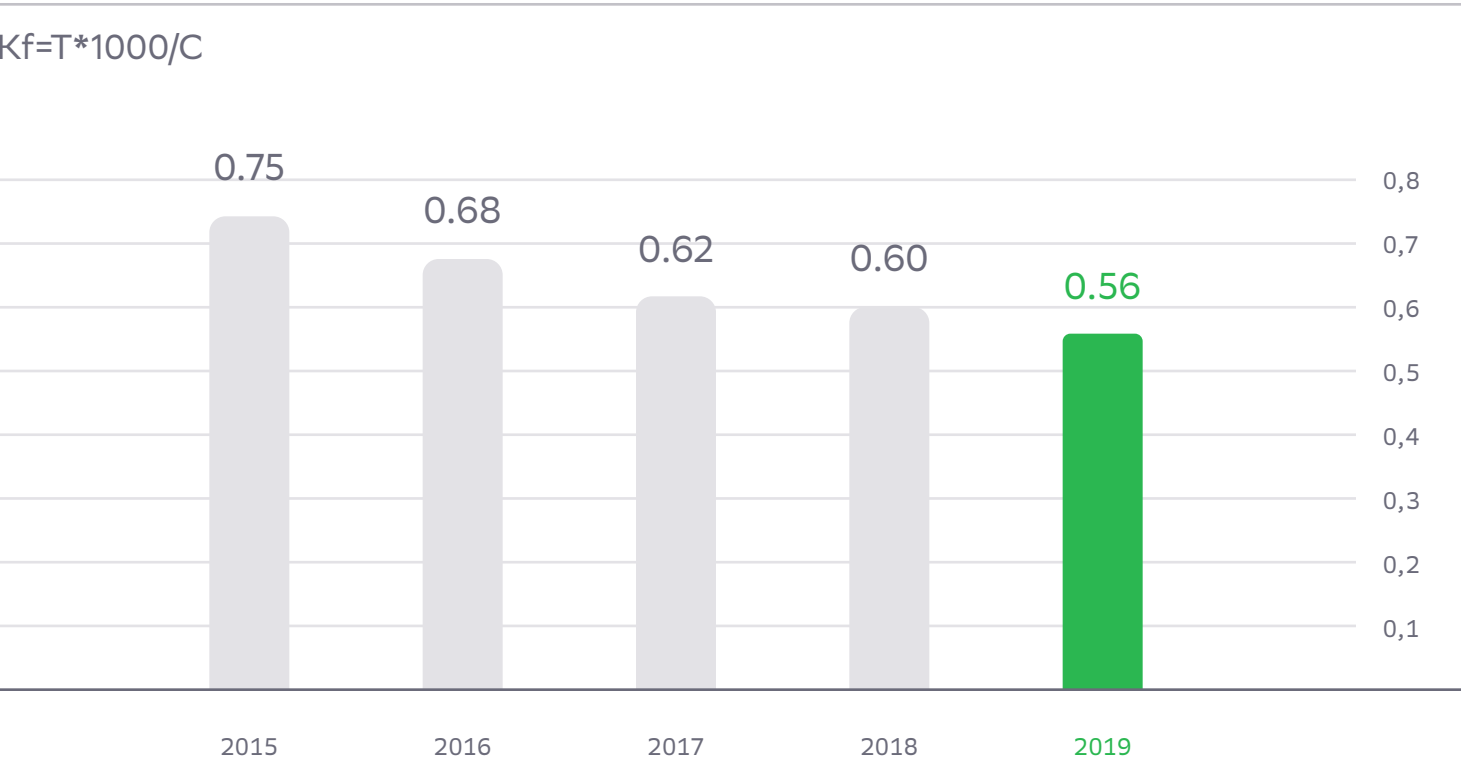
- arrange the efficient control over compliance with health and safety requirements;
- provide its employees with safe equipment, tools and other means needed for performance of their employment duties;
- provide its employees with personal protective equipment, washing agents and detergents that should be provided in accordance with Russian laws;
- require that contractors working at the bank’s sites should comply with health and safety requirements adopted in Sberbank;
- plan and hold events aimed at reduction and prevention of workplace injuries and occupational diseases;
- maintain the priority of preventive measures over response ones;
- arrange the compulsory social insurance of employees in accordance with the procedure established by federal laws;
- assess all the possible risks at workplaces with due regard to specifics and types of operation and risk nature, with a view to identify possible and actual hazards and to ensure the risk management in accordance with procedures approved by the bank.

With a view to assess the efficiency of activities in this field, we use a system of key indicators showing the level of workplace injuries and occupational diseases.

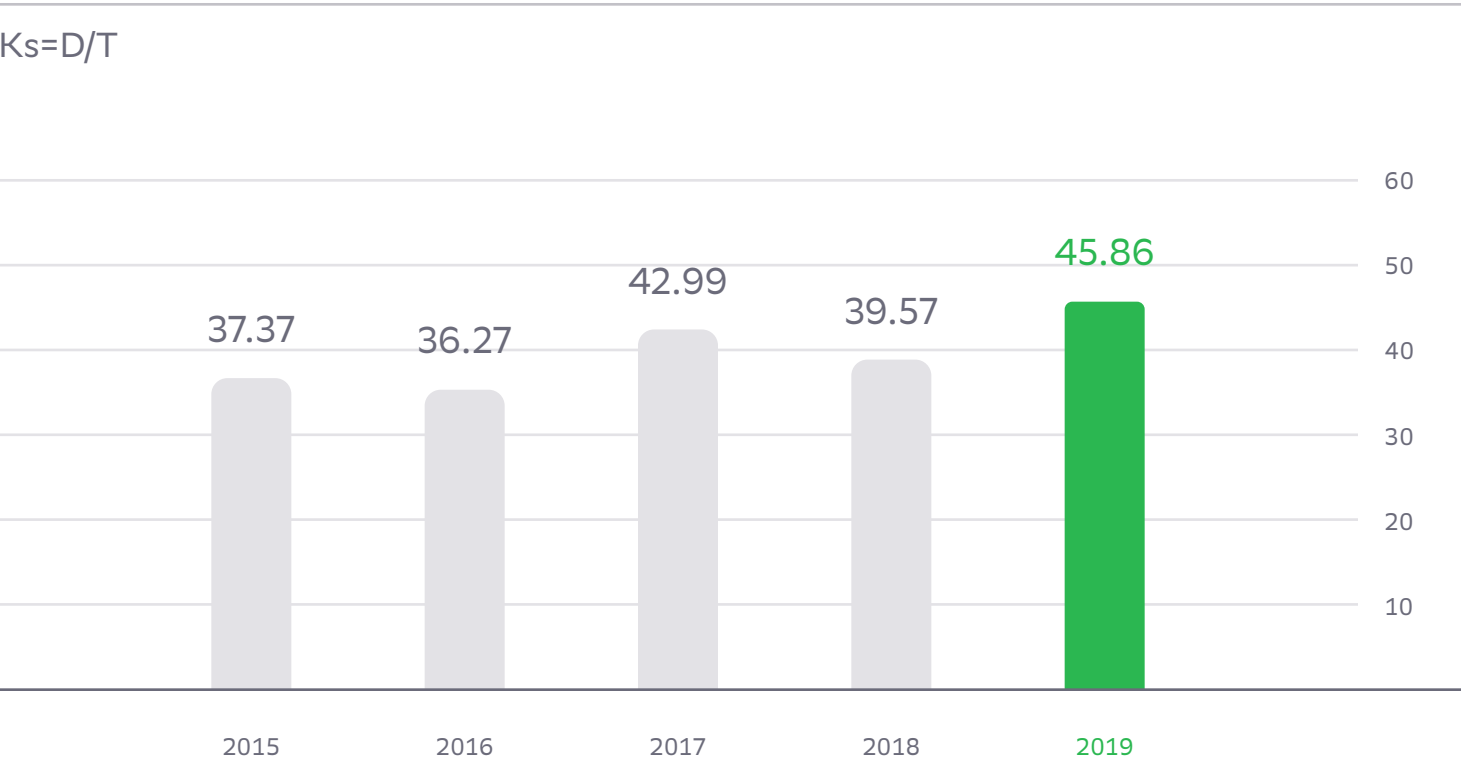




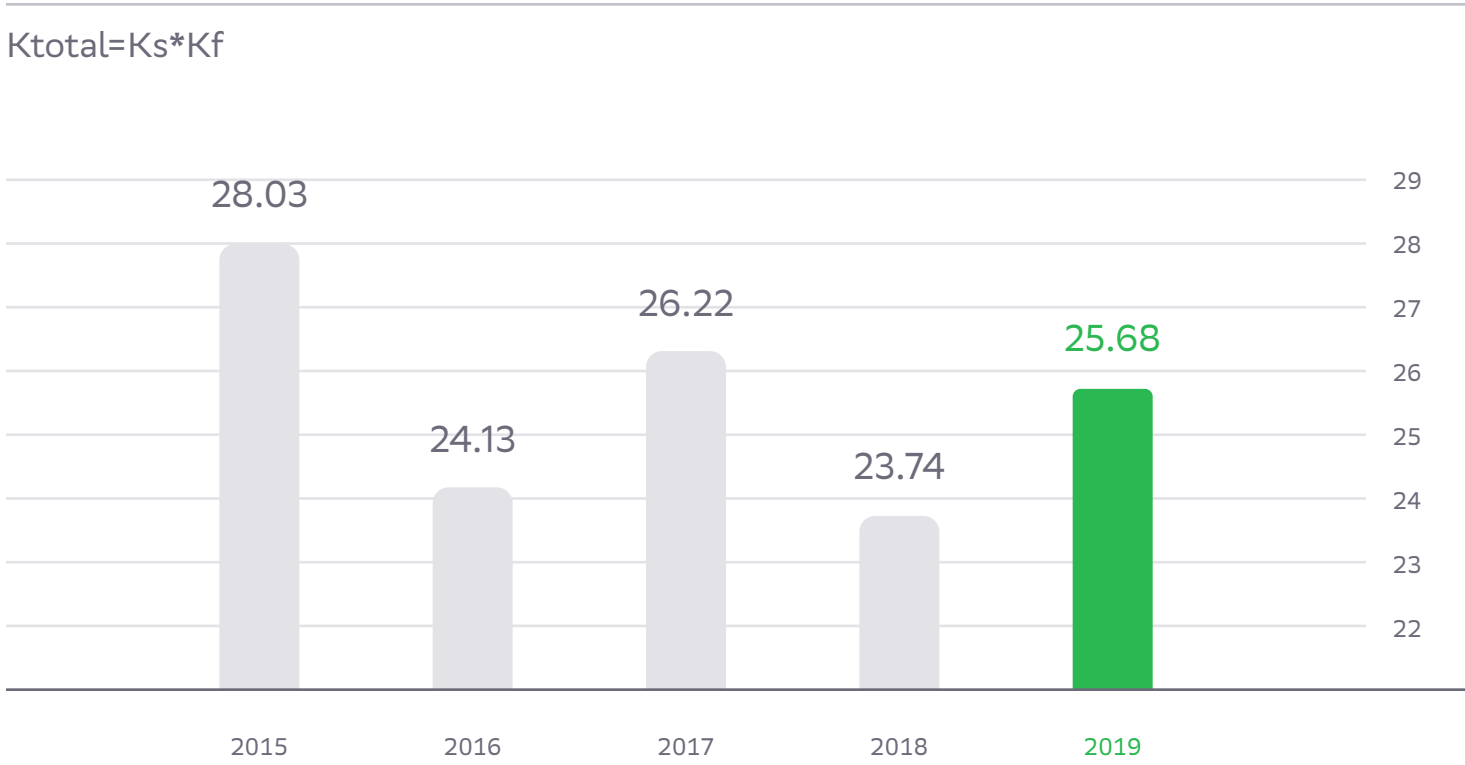
Injury frequency rate in Sberbank



Injury severity rate in Sberbank



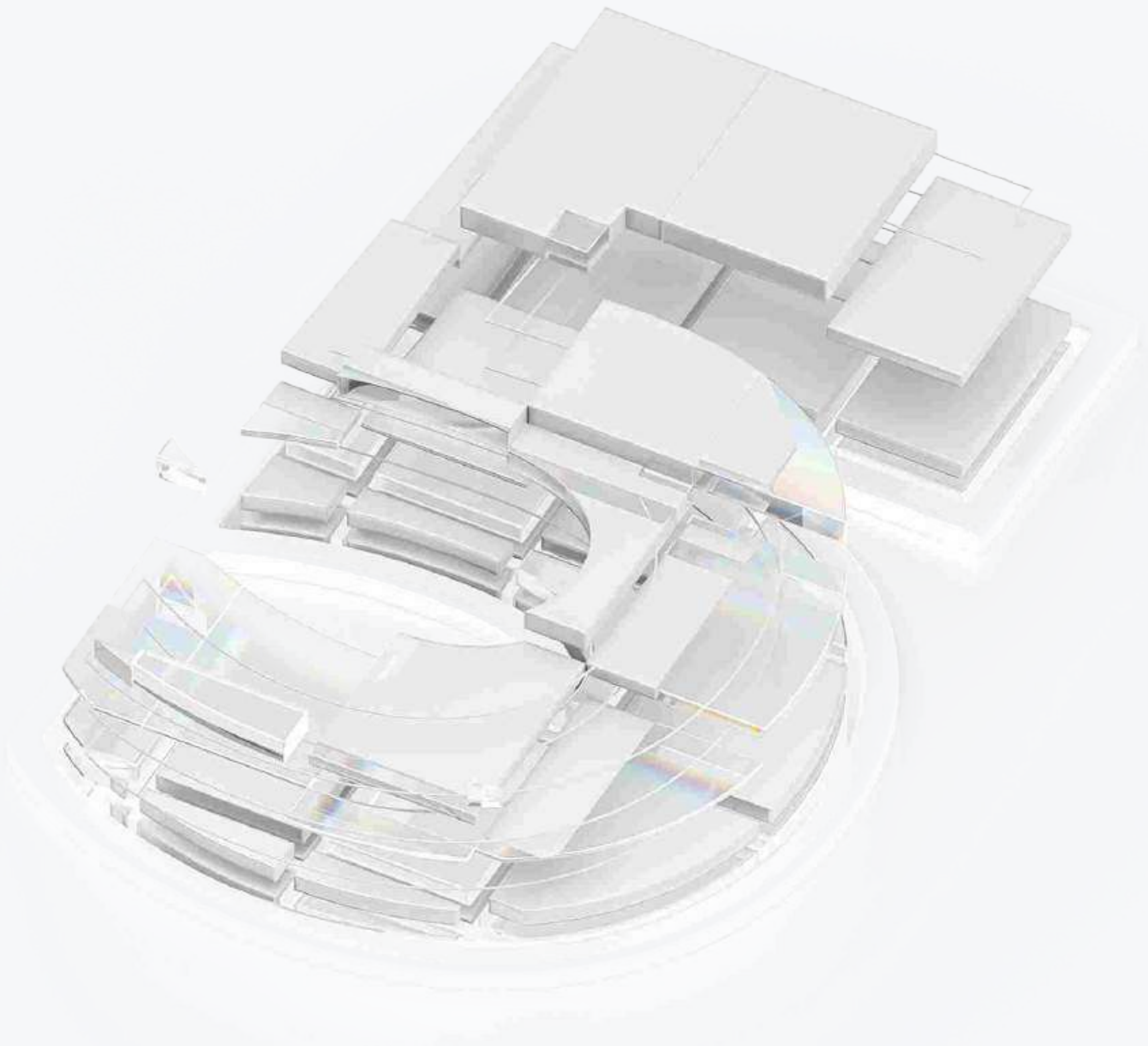
Total injury rate in Sberbank



Performance in the field of workplace injuries in Sberbank

|                                                              |       | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------------------------------------------|-------|------|------|------|------|------|
| I. Fatal incidents                                           |       |      |      |      |      |      |
| Number of fatal incidents                                    | Men   | 2    | 2    | 4    | 1    | 1    |
|                                                              | Women | 1    | 0    | 0    | 1    | 0    |
|                                                              | Total | 3    | 2    | 4    | 2    | 1    |
| II. Workplace injuries                                       |       |      |      |      |      |      |
| Total number of injuries (including fatal injuries) per year | Men   | 75   | 69   | 76   | 63   | 51   |
|                                                              | Women | 124  | 114  | 107  | 94   | 91   |
|                                                              | Total | 199  | 183  | 183  | 157  | 142  |

In order to reduce the number of workplace injuries, we take preventive measures, analyze workplace injuries and occupational diseases with a view to assess the level of workplace injuries and take required remedial measures, and investigate all incidents in Sberbank’s units and branches on a mandatory basis.



05

IMPACT  
ON SOCIETY

|     |                                                                |
|-----|----------------------------------------------------------------|
| 262 | SBERBANK’S CONTRIBUTION IN DEVELOPMENT OF EDUCATION            |
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| 264 | CHARITY AND SPONSORSHIP PROJECTS                               |
| 272 | PROCUREMENT INFRASTRUCTURE DEVELOPMENT AND SUPPLIER MANAGEMENT |



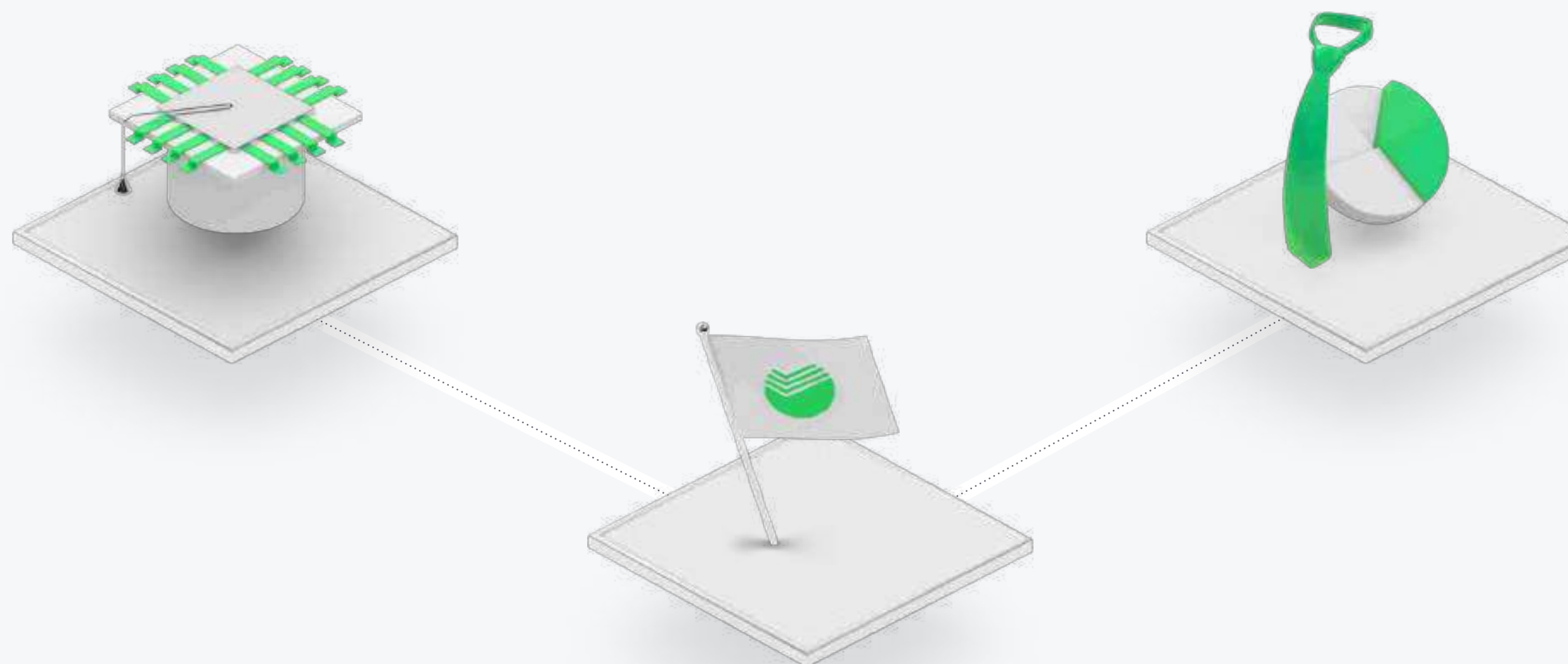
Sberbank's activities have the considerable impact within its footprint. We understand its importance and scale and focus on solving the most significant tasks when planning our social policy.

One of its key priorities is to support education. We believe that high-quality modern education is a prerequisite for well-being of our country and, therefore, our clients. We work to promote school education in Russia, implement the federal project Teacher for Russia, develop a digital platform for school education, and also implement other projects in this area.

Our target is to create the conditions where people will be able to obtain high-priority competencies of the 21st century and master the specialties in demand. In addition, we develop the projects aimed at retraining and mastering rare specialties.

We make efforts to develop our footprint regions; in particular, we finance socially significant projects important for development of these regions. We implement various charity and sponsor

projects in the field of science, culture, healthcare. Supporting veterans is also an important element of the bank's social policy. Sberbank pays special attention to interaction with public authorities. The bank takes an active part in development of regulations related to its activities and focused on development of the country as a whole. In addition, the bank takes part in organization of various business events aimed at the development of business and promotion of investment attractiveness of the Russian Federation.



# Sberbank’s contribution in development of education

We think that the successful development of the country requires investments in education and child and youth development.

Measures in this field include projects aimed at digitalization of teaching and learning processes, support of programs focused on development of child and youth scientific potential, development of advanced educational initiatives, organization of training and scientific conferences, academic competitions.

Established by Sberbank in 2015, the Contribution to the Future Charitable Foundation plays the key role in implementing the initiatives aimed at supporting modern education in Russia and fostering the inclusive environment that provides all members of society with equal opportunities for self-fulfilment. <http://vbudushee.ru>

## Modern school education

Experts from the Contribution to the Future Foundation develop the School Digital Platform capable of working in every school and implementing the personalized education pattern.

The platform takes into account pupils’ individual characteristics by providing them with the opportunity to plan their own educational paths: set or choose significant goals and tasks, methods for solving and checking, independently manage training time and speed, work in groups and/or alone, develop skills and competences relevant in the 21<sup>st</sup> century. All of this contributes to pupils’ motivation.

The digital platform is a supplement to effective traditional methods of teaching and also a substitute to non-effective ones. By leveraging the potential of hi-tech and AI, as well as modern multi-interactive content, it is changing the role played by teachers: they are becoming tutors, mentors and navigators of the educational process.

Training on the digital platform started on 1 September 2019 for grades from 5 through 8 in 15 schools in five regions of Russia.

Since July 2018, the comprehensive Personal Potential Development Program for Schoolchildren has been performed. It comprises the foundation’s programs and projects on developing skills and competences relevant in the 21<sup>st</sup> century in children and teenagers, and creating appropriate conditions in the general education system.

In early 2019, the Program’s Expert Board was established, comprising Russia’s respected psychologists and experts in the field of education. In June 2019, the results of the first Competitive Selection of Regions for participating in the Program were drawn. The Tender Committee selected 10 of 32 regions to join the Program in 2019–2020. Therefore, 243 educational organizations from 12 regions will start working under the new programme.

## School 21

School 21, which is an innovative educational initiative of Sberbank on training world-class specialists in information technologies, continues to function. The initiative is based on the “school of the future” methodology applied by Ecole 42, an innovative French computer programming school. School 21 has no schedule, teachers or marks, and it uses the peer-to-peer method of collective learning, with the education being gamified. In 2019, the School branch was opened in the city of Kazan. Currently, Moscow and

Kazan schools have 1,499 students, including 85 students and applicants from monotowns. In Kazan the share of students from other cities is 70% of the total number of students. This student proportion shows the availability of the education at the School, and that it is possible for applicants, who live far from large cities, to master an in-demand profession. Following the results of the School education in 2019, 163 people were accepted for an internship at Sberbank (79% of all bank interns).

## Other Projects Implemented by the Contribution to the Future Charitable Foundation in Modern Education



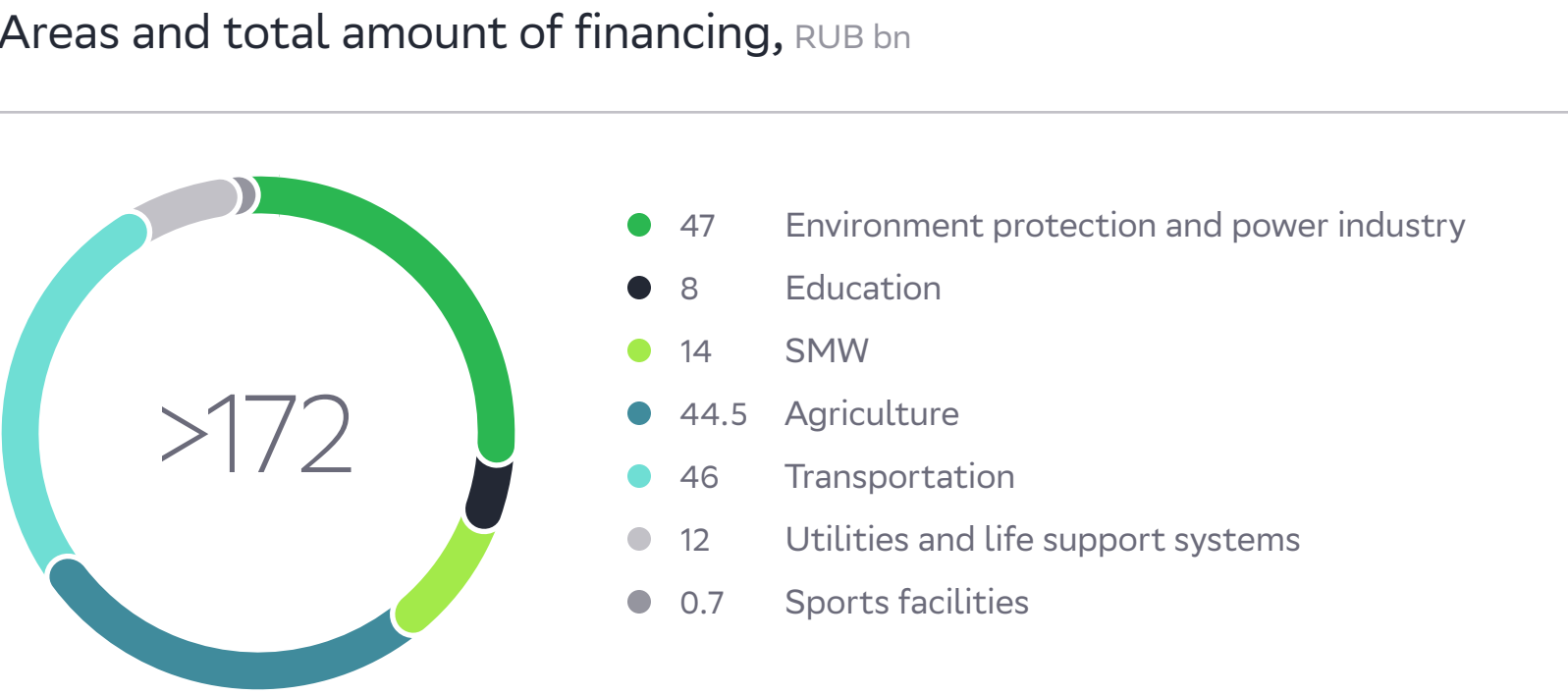
| DRAFT                                                                              | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                       | COVERAGE AND RESULTS IN 2019                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Project: “Universal competencies and new literacy: from slogans to school reality” | The project is being carried out by the team of contributors of the Institute of Education, National Research University Higher School of Economics, comprising consultants and researchers from the leading universities in eight countries.                                                                                                                                                                     | <ul style="list-style-type: none"><li>• In 2019, the international report Universal Competences and New Literacy: from Slogans to Reality was published and presented at over 20 events.</li></ul>                                                                                            |
| Program: “Digital Skills and Competences”                                          | The Program aims to develop digital skills of schoolchildren and to provide them with the knowledge of computer literacy, artificial intelligence, and machine learning within the AI Academy for schoolchildren.                                                                                                                                                                                                 | <ul style="list-style-type: none"><li>• Academies for school children</li><li>• Developed educational materials on machine learning and Python programming</li><li>• 4 million schoolchildren and 10 thousand teachers participated in AI-classes and completed AI-training</li></ul>         |
| Program: “Teacher for Russia”                                                      | The program support equal educational opportunities for children from various regions across Russia and promotes prestige of the teacher’s role. It selects, trains and supports talented and motivated specialists being graduates of the country’s leading universities of all specialties, who are willing to work as teachers in ordinary schools and can help to develop the entire school education system. | <ul style="list-style-type: none"><li>• In late 2019, program comprised 178 teachers from 78 schools in 6 regions.</li><li>• In 2019, the Nizhny Novgorod Region joined the Program.</li><li>• 98% of participants continue working in the education system or in the social sphere</li></ul> |

# Financing of socially significant projects

We think that development of footprint regions is an important part of our activities. That is why Sberbank finances large projects with high social significance at both regional and federal levels.

We create new jobs, facilitate the increase of tax revenues for the budget, build and renovate infrastructure facilities, support the development of domestic production; all our activities within our footprint are focused on the rise in living standards of local population.

The bank develops new formats of public-private partnership and financing of socially significant projects. Such projects include mezzanine financing, creation of concessionaires, development of a platform for socially significant projects. It is planned to develop both out-of-the-box solutions and non-standard projects



Examples of financing of socially significant projects and PPP projects in 2019 , RUB bn

| ENVIRONMENT PROTECTION AND POWER INDUSTRY                                                                                                         | EDUCATION                                                                                                                                                                                                                                                                                  | SMW                                                                                                                                                                                                                                                                                                                                                                                         | AGRICULTURE                                                                           | TRANSPORTATION                                                                                                                                                                                            |                                                                                                                                                                                               | UTILITIES AND LIFE SUPPORT SYSTEMS                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | SPORTS FACILITIES                                                                                                                                                                                                                                                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 47                                                                                                                                                | 8                                                                                                                                                                                                                                                                                          | 14                                                                                                                                                                                                                                                                                                                                                                                          | 44.5                                                                                  | 35                                                                                                                                                                                                        | 11                                                                                                                                                                                            | 12                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 0.7                                                                                                                                                                                                                                                                       |
| Detailed information on projects in the field of environment protection and renewable power generation is given in the Green Projects subsection. | <ul style="list-style-type: none"><li>Construction of 7 schools in Khanty-Mansiysk Autonomous District, Nizhny Novgorod and Sverdlovsk Region: over 6,700 student positions.</li><li>Construction of 9 kindergartens in Yamalo-Nenets Autonomous District: over 2,100 positions.</li></ul> | Financing was approved to construct waste recycling facilities with the total capacity of over 2 million tonnes for waste sorting and 2.5 million tonnes for waste disposal per year. The first concession in the SMW field has been signed based on the principles of Sberbank’s ‘out-of-the-box solution’. Guarantees have been issued to regional SMW (solid municipal waste) operators. | 42 projects in vegetable growing, gardening, and animal husbandry in over 10 regions. | Project for construction and charge-based operation of the 4 <sup>th</sup> startup complex of the Central Ring Road on the basis of the concession made between Avtodor Group and Sounth-Eastern Road LLC | Project for restoration of the airfield infrastructure in Sheremetyevo, being part of the concession made between the Federal Air Transport Agency and Sheremetyevo International Airport JSC | 40 projects in 35 regions aimed at upgrading the housing and utility infrastructure In particular: <ul style="list-style-type: none"><li>Financing of central heating modernization projects in Belaya Kalitva, Rostov Region, for uninterrupted energy supply for households and enterprises.</li><li>Construction of a boiler room and reconstruction of the central heating network in Balyktakh, Yakutia.</li><li>Reconstruction of the central heating system in Aleksin, Tula Region.</li></ul> | Financing of the swimming pool construction in Izhevsk (Udmurt Republic). The facility will be equipped according to the FINA standards—with a timing system, stands for 600 seats, swim lanes with the length of 50 m, with the access for people with limited mobility. |



# Charity and sponsorship projects

Charity and sponsorship are the important forms of the Bank participation in the life of the society. Sberbank Group supports various charitable projects at both national and regional levels.

## APPROACH TO CHARITY MANAGEMENT

The key objective of Sberbank charitable activities is to enable long-term changes that would have an impact on the quality of life of various social groups in the regions of the Bank presence.

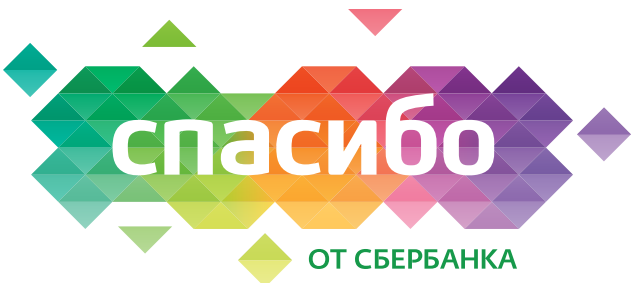
As part of the charitable activities, socially important programs and projects in the areas such as healthcare, education, environment, and support for childcare centers are implemented. We create conditions facilitating the development of an inclusive environment and creativity among children. We support the development of culture and sports and the preservation of cultural heritage sites.

In 2019, the following events took place to improve charity management:

- Sberbank has approved the Charity Policy that provides for a transparent tool for the Bank’s charitable activities, which is clear to potential charity recipients, and presents the Bank’s unified approach to rendering support within its corporate footprint;
- A unified evaluation system for charitable programs and projects was introduced, whose criteria allow assessing the potential of a charity project and select the most efficient and valuable social programs and projects.

The Bank is conducting the campaign under the Spasibo by Sberbank loyalty program. As part of the campaign, Spasibo (Thank You) bonus points can be used for supporting charitable foundations. The funds collected during the campaign are transferred to programs aimed at health protection and social support of children, the youth and pensioners.

In 2020, the Bank will continue to implement charitable programs and projects in the core areas of charitable activities that positively affect the quality of life of people in various social groups within the corporate footprint of the Bank.





# Charity and sponsorship projects

The Groups’ charity expenses, RUB m

| AREA OF CHARITABLE ACTIVITIES                                                                       | 2015    | 2016    | 2017    | 2018    | 2019    |
|-----------------------------------------------------------------------------------------------------|---------|---------|---------|---------|---------|
| Research and development, environmental protection, preservation of cultural and spiritual heritage | 619.4   | 923     | 1,186.4 | 1,095.3 | 1,921.9 |
| Childcare centers, development of children’s creative abilities and an inclusive environment        | 1,373.7 | 753.3   | 472.3   | 831.9   | 984.8   |
| Culture                                                                                             | 282.0   | 615.6   | 2,591.2 | 939.6   | 596.2   |
| Education                                                                                           | 239.3   | 403.8   | 761.4   | 954.9   | 581.9   |
| Veterans and the disabled                                                                           | 238.5   | 103.5   | 207.0   | 268.0   | 389.2   |
| Healthcare                                                                                          | 63.0    | 194.8   | 180.5   | 297.4   | 188.8   |
| Other                                                                                               | 357.3   | 926.3   | 606.2   | 492.8   | 699.9   |
| TOTAL                                                                                               | 3,172.3 | 3,920.2 | 6,005.0 | 4,880.0 | 5,362.7 |

Structure of the Groups’ charity expenses, RUB m



SUPPORT FOR CHILDCARE CENTERS, DEVELOPMENT OF INCLUSIVE ENVIRONMENT

Sberbank regularly conducts activities for supporting and developing children at general educational institutions, orphanages and residential schools. The Bank’s assistance includes construction of new buildings for educational institutions, strengthening of their material and technical base, implementation of initiatives aimed at developing the learners’ creative abilities, and creation of the inclusive environment for special needs children and children deprived of parental care.

Key Events of the Contribution to the Future Charity Foundation in the Inclusive Environment area

KIND NEW YEAR  
GIFT CAMPAIGN

The campaign is aimed at collecting funds for NGOs specializing in the adaptation of children and teenagers deprived of parental care, and special needs children to education and labor.

For four years of the campaign, experts from 54 organizations have conducted 62,000 classes in 35 regions of Russia. The assistance and support were provided to over 6,000 children.

WORLD OF OPEN  
OPPORTUNITIES CAMPAIGN

The campaign is aimed at providing help for children with special mental needs and preparing them for school.

- 4,706 people raised RUB 4,234,258 on the Sberbank Together platform.
- 25 children at the Center for Curative Pedagogics started studying under the pre-school training program, which would last for 9 months

INCLUSIVE  
MUSEUM

Development of best practices related to socialization and creative rehabilitation of disabled children, including those with mental developmental disorders, and forming an accessible environment in museums.

The project involves over 260 museums from 56 regions in Russia. As part of the project, the All-Russian Inclusive Initiative Museum for All, and a grant competition are being carried out.

SUPPORT FOR VETERANS

In 2019, programs aimed at rendering targeted aid, social rehabilitation and social adaptation of veterans continued.

For instance, Sberbank continued cooperation with the Memory of Generations charitable foundation. As part of this cooperation, the Bank donated large amounts of funds to support the foundation’s programs, including the Red Carnation campaign. As part of the event, the foundation—in cooperation with Sberbank—distributed over half a million commemorative badges, which helped improve the society’s awareness of the event. Over the past year, the foundation has accepted and worked out over 4,000 requests from veterans in several areas, the most demanded of which are provision of rehabilitation and personal care facilities, course medical support (drugs), prosthetics of the upper and lower extremities, hearing, administration and hospitalization with health care centers, legal assistance (legal advice).

Sberbank actively supports “silver volunteerism”, a federal program implemented by the Association of Volunteer Centers jointly with the Memory of Generations charitable foundation. The program is aimed at creating a comprehensive system for developing volunteerism among citizens aged 50 and older, to unlock their potential, facilitate self-actualization and improve the quality of life of both “silver volunteers” and the whole society. During the program implementation, 30 “Young in the Heart” centers have been opened across Russia.

In 2020, the foundation will be an operator of the Year of Memory and Glory in Russia, and this will be a special year for the foundation.



COMMUNITY CENTERS

In 2019, Sberbank launched the pilot project on establishing Community Centers. The project is primarily aimed at improving financial literacy. The Community Centers are being built on the basis of the already existing infrastructure of service offices, and are the knowledge centers for various population groups. Due to the project, Sberbank service offices are expected to become the centers uniting local communities, where it is possible to discuss news, meet interesting people, and learn about the products of Sberbank ecosystem.

Overall, 89 meetings were held as part of the project, in which over 1,400 people took part. The meetings took place in the offices in 39 towns and villages.

The meetings were mainly conducted for elderly people. In 2020, the audience aged over 50 is to be more actively engaged, and the Skilled at Using Smartphones course designed for this audience is to be rolled out. In 2019, 63 meetings for the elderly people were conducted.

Moreover, 2020 will see the meetings for NGOs, games for teenagers, and events for improving financial literacy across people brought up in orphanages.



GREEN MARATHON

Sberbank’s charitable Green Marathon traditionally became one of the greatest events related to social issues. The Marathon took place on 1 June 2019 in Moscow and 59 other cities in Russia, seven cities in Kazakhstan, and in Brest (the Republic of Belarus). Participants could choose different running distances: 4.2 km, 10 km, 21.1 km, and the long distance of 42,195 km. The race was attended by employees and management of Sberbank, citizens as well as Olympic champions, movie and theater stars, and other guests of the Green marathon.

All cities hosting the Green Marathon conducted special social events. A voting to choose one of the three events in each city was conducted on the website [greenmarathon.ru](https://greenmarathon.ru) from 23 April through 8 May 2019. Most events were aimed at beautifying the territory and collecting environmentally hazardous products, and conducting events for children and people with limited capabilities. The main goal of the event was to raise funds for charity.

Bird-cherry bushes were planted in Moscow as part of the social campaign.



120<sub>k</sub>

THE NUMBER OF THE GREEN MARATHON PARTICIPANTS REACHED ACROSS THE COUNTRY, INCLUDING 20,000 CHILDREN

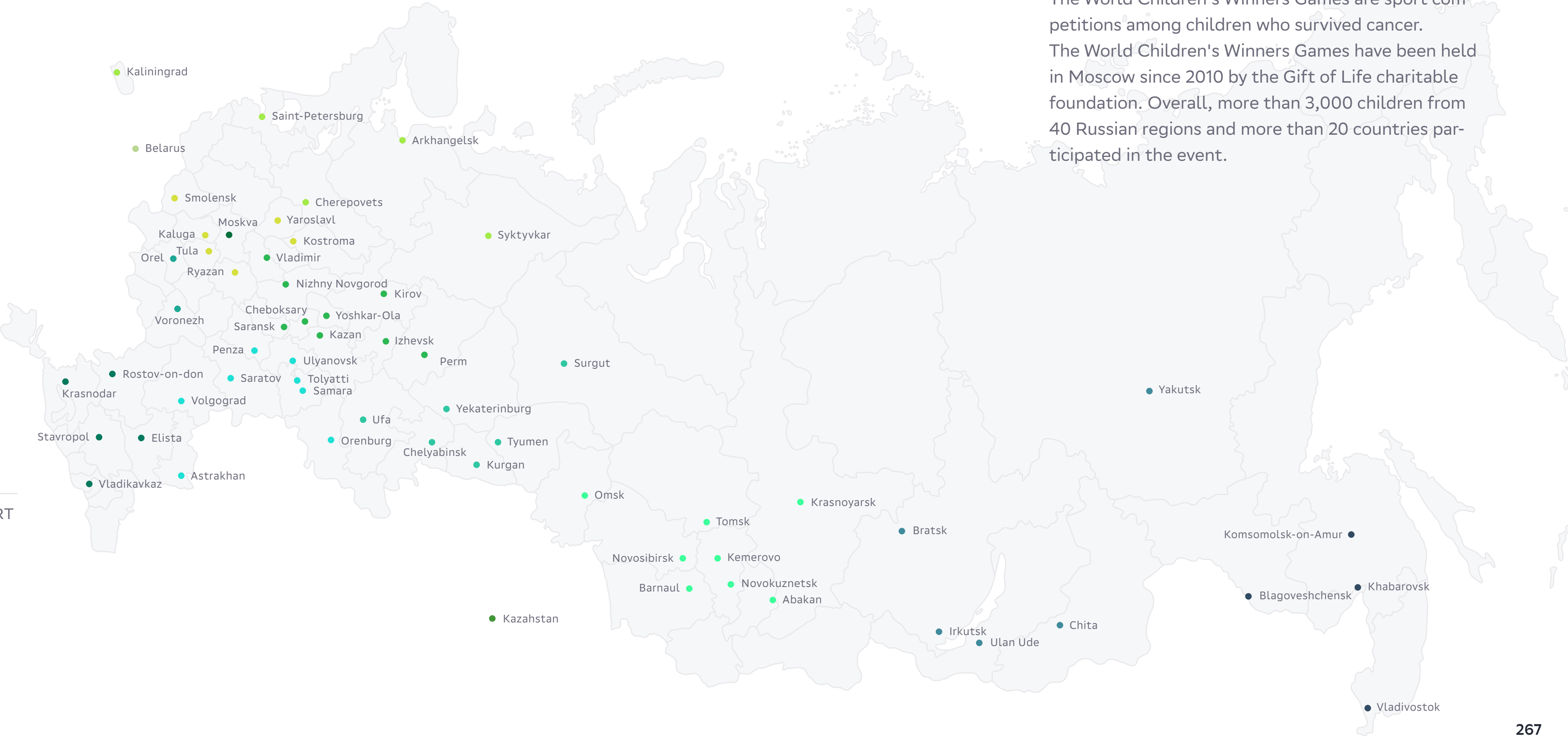
10<sub>k</sub>

PEOPLE TOOK PART IN IT IN MOSCOW

Race Map

REGIONAL BANKS

- Baikal'sky
- Severo-Zapadny
- Uralsky
- Volgo-Vyatsky
- Dalnevostochny
- Sibirsky
- Yugo-Zapadny
- Kazakhstan
- Povolzhsky
- Srednerussky
- Tsentralno-Chernozemny
- Belarus



The 10th World Children's Winners Games

In 2019, the 10th World Children's Winners Games took place. Sberbank was an official partner of the event. In 2019, 550 children from 14 countries and 32 regions of Russia took part in the Games. The World Children's Winners Games are sport competitions among children who survived cancer. The World Children's Winners Games have been held in Moscow since 2010 by the Gift of Life charitable foundation. Overall, more than 3,000 children from 40 Russian regions and more than 20 countries participated in the event.



SUPPORT FOR THE CULTURE

Every year Sberbank supports many significant cultural projects in Russia: it provides assistance to the leading Russian theaters and museums, festivals, performances, concerts, and participates in the creation of films and the restoration of historic buildings.

Cultural events supported by Sberbank

1 GOLDEN MASK FESTIVAL

For almost two decades, Sberbank has been a partner of the Golden Mask national theater festival.

2 MOSCOW INTERNATIONAL YOUTH FESTIVAL-CONTEST IN CIRCUS ART

Since 2010, Sberbank has supported the Moscow International Youth Festival-Contest in Circus Art.

3 ART MIGRATION FESTIVAL

For four years Sberbank has supported the young film director festival.

4 FESTIVAL OF RUSSIAN SHORT FILMS “SHORT MEETINGS”

In 2019, the Bank was the general partner of the Festival of Russian Short Films "Short Meetings" in Vienna.

5 RESTORATION OF ILYA REPIN'S PAINTING

In 2019, Sberbank sponsored the restoration of the painting Ivan the Terrible and His Son Ivan on 16 November 1581 by Ilya Repin.

6 OPENING OF A GALLERY DEDICATED TO THE CHRISTOFARI SUPERCOMPUTER

As part of the partnership between Sberbank and the Polytechnic Museum, a gallery dedicated to Russia’s most powerful supercomputer Christofari developed by Sberbank’s subsidiary SberCloud in cooperation with NVIDIA was opened in 2019 in the Walking Gallery of the museum’s historic building.

7 THE SHCHUKIN. COLLECTION BIOGRAPHY EXHIBITION

Sberbank was the general partner of the Shchukin: Collection Biography Exhibition at the Pushkin State Museum of Fine Arts. For three months, the exhibition was attended by over 350,000 people. The exhibition received much positive feedback, and reached record attendances in the last 38 years.

8 CONCERTS BY THE MUSICAETERNA SYMPHONY ORCHESTRA

In 2019, Sberbank became a strategic partner of the MusicAeterna orchestra and chorus. Sberbank supported the concerts of the MusicAeterna symphony orchestra conducted by Teodor Currentzis in Saintt Petersburg and Moscow.

9 “TIS POTEMKIN HIMSELF!” EXHIBITION

Sberbank sponsored the “Tis Potemkin Himself!” exhibition opened in the State Hermitage Museum in December 2019, which is a large-scale exhibition dedicated to the 280th anniversary since the birth of Prince Grigory Potemkin of Taurida, at which over 700 exhibits from the collection of the State Hermitage Museum, Saint Petersburg museums, Kazan Federal University and private collections were presented.

10 A JOINT CONCERT OF WORLD OPERA STARS

On 4 June 2019, the State Kremlin Palace hosted—with the support of Sberbank—a unique show with the participation of the world stars of the classical music scene: Anna Netrebko, Andrea Bocelli, Yusif Eyvazov, and Olga Peretyatko. The concert was an unprecedented event in the world of classical music and one of the most memorable cultural events of the year.

11 SONGS OF VICTORY PROJECT

Sberbank sponsored the unique Songs of Victory project in Moscow. On the occasion of the Victory Day, Turetsky Choir and SOPRANO Art Group performed at the venues of the Kazan and Rizhsky railway stations, after which a huge gala concert with video and light effects was given in the Belorussky railway station square. 20,000 spectators came to the gala concert.



### Golden Mask Festival

The Golden Mask festival is a unique theatrical event, which provides the theaters in cities and towns of Russia with the opportunity to put on their performances in Moscow, and become part of a single and huge festival space. Sberbank has been the general partner of the festival since 2002. In 2019, with the support from Sberbank and as part of the Golden Mask in the Film Industry project, over 370 performances where put on in the movie theaters in 70 regions of Russia, and the staging of four foreign performances was organized. To mark the 100<sup>th</sup> anniversary of the Bolshoi Drama Theater, the BDT in Moscow festival was successfully held. The total audience of the Golden Mask at Cinema program for four years reached around 60,000 people, while the webcast project Golden Mask Online got around 500,000 views for two years.



### Film Education Without Borders

The purpose of the inclusive Film Education Without Borders project is to expand the range of opportunities in the film, TV and art industry for people with disabilities. As part of the project, a number of events were held in 2019, which were aimed at professionally engaging people with disabilities in the world of art professions. Those events included a workshop by the Hollywood actor Armand Assante, who shared his experience in coping with challenges in his professional career, and the retrospective of feature films about people overcoming difficulties and achieving success despite being challenged from birth. The events were attended by the students of the Without Borders film school, which is the first school in Russia in which professions related to the film industry are taught to people with disabilities.



### Exhibition of the painting “Madonna della Loggia” by Sandro Botticelli

The painting “Madonna della Loggia” by Sandro Botticelli was presented in Russia for the first time with the support from Sberbank. The masterpiece of the Italian Renaissance was displayed at the Sberbank branch in the Far Eastern Federal University during the Eastern Economic Forum. In the autumn the painting was exhibited at the Primorye State Art Gallery in Vladivostok, and in November the exhibition started in the State Hermitage Museum as part of the International Cultural Forum.

On Sberbank initiative, a tactile copy of “Madonna della Loggia” for the the exhibition and a special audio guide, which made it possible for blind and visually impaired people to learn about the work of art, were prepared. The exhibition in Vladivostok was attended by over 15,000 people, including 200 visually impaired visitors, for whom special excursions were organized. After the end of the exhibition at the Hermitage, attended by around 300,000 people, the tactile copy will be given as a gift to the Primorye State Art Gallery.

### Unveiling of Multimedia Fountain Complexes and Cultural Facilities Within the Corporate Footprint

In 2019, Sberbank unveiled five multimedia fountain complexes in Ryazan, Novosibirsk, Yuzhno-Sakhalinsk, Izhevsk, and Kursk. As supported by the Bank, innovation fountains have been unveiled before in Peterhof, Kaliningrad, Yaroslavl, Saratov, Voronezh, and Vladimir. The smart fountain concept is based on the ability to transform a water screen into a multi-format educational platform. Special video laser devices project visual outreach programs for adults and children on the screen.

In addition, Sberbank together with the administration of Lipetsk Region upgraded the Bykhanov Sad Park with the area of 13 ha, which became a magnet for citizens.

In the Altai Republic, the critical infrastructure facility of the year-round resort Manzherok was put into operation in 2019. The new ski lift cut the time for tourists to climb the Malaya Sinyukha mountain from 30 to 6 minutes. The investment project to develop the resort as supported by Sberbank is one of the largest in tourism and recreation in Russia. When a new cableway is launched with the length of 2,400 meters and equipped with 82 suspended eight-seater cabins, the route capacity will be 2,400 people per hour.



SBERBANK ROLE IN IMPROVING THE EFFICIENCY OF PUBLIC ADMINISTRATION

It is important for us to foster partnership between business and the state, this is why we actively cooperate with state authorities to improve the efficiency of public administration.

Thus, we ensure the achievement of Sberbank strategic goals, on the one hand, and contribute to the development of the financial market in general, on the other hand.

The main areas of the Bank’s activities include the following:

- to develop proposals for improving statutory regulation
- to take part in professional industry associations and supporting initiatives of state authorities related to economic development
- to conduct educational events for government officials.

SBERBANK’S APPROACH TO INTERACTING WITH PUBLIC AUTHORITIES

Sberbank aims to build an efficient process of managing the regulatory risk. To achieve this, the Bank has adopted internal regulatory documents governing this process. Moreover, the risk related to the draft regulations which are the most important ones for the Bank is being mitigated.

The Bank has a special advisory body, the GR Working Group, which develops the Bank’s consolidated opinion on regulatory initiatives and bills bearing the regulatory risk.

The Bank aims to take a proactive approach to its interaction with public authorities, not only responding to already prepared draft changes to the legislation, but also offering its own suggestions as to how to improve statutory regulations, which, on the one hand, helps the Bank to efficiently attain the goals set forth by the Bank’s Development Strategy, and, on the other hand, helps strengthen the financial market in general.

SBERBANK CONTRIBUTION TO THE IMPROVEMENT OF STATUTORY REGULATION

In 2019, the Group’s participation provided for the adoption of new regulations, many of which had a positive impact not only on the Group’s activities, but also on the legal environment in general. The laws and by-laws adopted due to Sberbank participation are very important for the public. Some of those laws and by-laws are aimed at developing the digital economy in the Russian Federation and an electronic document flow. Other laws are to improve the protection of civil rights. Some regulations are aimed at developing the securities market in Russia.

To proactively interact with public authorities, the Bank approves the Plan of Regulatory Initiatives every year. The compliance with the Plan of Regulatory Initiatives promotes the Bank’s interests in the main regulatory directions, and helps build efficient communication between the Bank, state authorities and the business community.

Topics of Key Legislative Initiatives Supported by the Bank

INTRODUCTION OF ELECTRONIC WORK RECORD BOOKS.

DEVELOPMENT OF NOTARIAL PROTECTION IN DIGITAL ECONOMY.

PROTECTION AGAINST WRITE-OFF AND SEIZURE OF SOCIAL BENEFITS TO CITIZENS.

CANCELLATION OF NOTARIAL CERTIFICATION OF TRANSACTIONS IN MORTGAGE-BACKED SHARES.

COMBATING MONEY LAUNDERING AND FINANCING OF TERRORISM.

ELECTRONIC DOCUMENT FLOW.

INCREASING INVESTMENT ATTRACTIVENESS OF MUTUAL FUNDS.

IMPROVEMENT OF MANAGEMENT OF MUTUAL FUNDS.

REGULATION OF CROWDFUNDING.

INTRODUCTION OF ELECTRONIC SUBMISSION OF DOCUMENTS TO REGISTER THE TITLE TO REAL ESTATE.

CONNECTION OF THE BANK TO THE INTERDEPARTMENTAL ELECTRONIC DOCUMENT FLOW SYSTEM.



SUPPORT FOR BUSINESS EVENTS

We understand that we have a significant influence on business, and therefore we continue to support Russian and international business events aimed at exchanging experience, fostering international cooperation, attracting investors and improving the economic attractiveness of the Russian Federation. In 2019, Sberbank acted as a partner of about 200 business events.



AI Journey is a series of international conferences held in various cities of Russia on the initiative of Sberbank and Russia’s largest companies. The conferences include discussion of issues related to artificial Intelligence, neural networks, machine learning, and computer vision. The agenda also includes the discussion of the possibilities of applying AI technologies in science, business, education, and in other spheres. Moreover, AI Journey included an international online competition. Speakers from all over the world, who are AI specialists, are invited to take part in the events.

V. Putin, President of Russia, gave a speech at the plenary session of the AI Journey Conference held in Moscow. In his speech, the President stressed that the Russian government attached great importance to the development of artificial Intelligence and that the sphere combined the latest developments in a number of scientific fields. Vladimir Putin also highlighted the significance of the National Strategy for Development of Artificial Intelligence, which had been elaborated with active involvement of Sberbank.

The largest business events supported by Sberbank in 2019

| EVENTS                                                                                            | GOAL                                                                                                                                                                                                                  | OUTREACH                                               | VENUE                                                                           |
|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|---------------------------------------------------------------------------------|
| Russian Investment Forum Sochi 2019                                                               | Discussion of investment projects, matters related to developing the world economy and improving investment and innovation potential.                                                                                 | Over 8,000 participants<br>530 speakers and moderators | Sochi                                                                           |
| Metro Expo 2019                                                                                   | Creation of a unique communication platform for supporting and developing small and medium business in Russia.                                                                                                        | Over 22,00 participants from 749 cities of Russia      | Moscow                                                                          |
| St. Petersburg International Economic Forum 2019                                                  | Creation of a global platform for discussing the most pressing economic issues.                                                                                                                                       | Over 19,000 participants from 145 countries            | Saint Petersburg                                                                |
| Eastern Economic Forum 2019                                                                       | Strengthening relations between the international investment community, Russian business, federal, regional and local authorities, comprehensive expert assessment of the economic potential of the Russian Far East. | Over 8,500 participants                                | Vladivostok                                                                     |
| SOC-Forum 2019 “Practice of Countering Computer Attacks and Building Security Monitoring Centers” | Exchange of experience and opinions of leading industry experts, discussion of the practice of building and operating information security monitoring centers.                                                        | Over 2,500 participants                                | Moscow                                                                          |
| International Cybersecurity Congress ICC                                                          | Discussion of issues related to cybersecurity and personal data protection.                                                                                                                                           | Around 2,500 participants                              | Moscow                                                                          |
| International Artificial Intelligence Conference AI Journey                                       | Discussion of prospects of implementing AI technologies.                                                                                                                                                              | 360 million media outreach                             | Saint Petersburg, Kaliningrad, Novosibirsk, Tomsk, Yekaterinburg, Kazan, Moscow |
| An annual meeting as part of the World Economic Forum session in Davos                            | Discussing of reforms for ensuring economic growth in Russia.                                                                                                                                                         | Over 3,000 participants                                | Davos, Switzerland                                                              |

# Procurement infrastructure development and supplier management

Responsible procurement is one of the principles underlying Sberbank's business. Accordingly, we are actively working to create a sustainable and efficient procurement infrastructure and improve supplier management.

Sberbank Group's key procurement priorities are as follows:

- Procurement activities are automated and digitalized.
- Measures are taken to ensure transparency in procurement and counter corruption and fraud.
- Mechanisms are used for setting additional requirements for reputation, reliability and expertise of a company in the sphere of procurement items in all purchased categories.
- A multi-stage procedure has been established for the evaluation and selection of suppliers of complex products.
- Mechanisms for research and analysis of the product market for targeted and effective use of funds are improved.
- Procurement activities are centralized.

During the procurement process, all potential suppliers and contractors are assessed for their qualifications, experience, financial sustainability and trustworthiness, security, ecological and social responsibility and for other multiple criteria that recognized by the international standards of fair business. Also Sberbank is actively implementing technologies for electronic interaction with suppliers.

## Quantitative characteristics of Sberbank’s procurement activities

| INDICATOR                                                             | 2016   | 2017   | 2018   | 2019   |
|-----------------------------------------------------------------------|--------|--------|--------|--------|
| Total number of suppliers engaged                                     | 59,653 | 54,478 | 46,977 | 41,236 |
| Share of suppliers registered in Russia in the procurement budget, %  | 99.5   | 99     | 98     | 96     |
| Share of small and medium-sized business in the procurement budget, % | 46     | 46     | 48     | 49     |



06

ENVIRONMENTAL  
IMPACT MANAGEMENT  
AND RESPONSIBLE  
FINANCING



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Sberbank seeks to minimize its own negative impact on the environment. Our activities are guided by the principles of responsible use of resources and the UN sustainable development goals of reducing the environmental footprint.

To meet our environmental objectives, we are taking steps to reduce resource consumption and make our main facilities (offices, servers and service points) more energy efficient. Reduction of resource consumption helps to reduce waste, which is also an important part of the Group's environmental protection efforts.

Sberbank participates in an interdepartmental working group on climate change and sustainable development under the Presidential Executive Office of the Russian Federation. As part of this group, Sberbank participates in the development of government policy on sustainable development and climate change. Sberbank is also an active participant in the Ecology national project.

# Sberbank’s role in the development of responsible financing

Sberbank is aware of the importance of managing climate factors and ESG risks. Accordingly, it is currently integrating the practice of differentiating client relationships depending on the level of ESG risks into its operations.

One of the goals of this initiative is to make the Bank more attractive to investors while maintaining the profitability of its client portfolio.

As part of this practice, the Bank seeks to provide its clients with comprehensive support on ESG activities and responsible investment. In particular, the Bank is considering classifying the client base by risk level using generally accepted international methodologies and metrics.

In addition, there are plans to establish a differentiated industry-wide approach to clients and adjust the terms of service depending on compliance with environmental requirements. Sberbank plans to develop new products based on the knowledge of its clients' ESG activities.

Sberbank fully shares the view that the experience of foreign countries in this area should be adapted to Russian practice. Government regulation should be the primary driver of consumption of “green” products.

Green bonds are a promising instrument of government support for measures aimed at reducing the negative environmental impact. Sberbank is a member of the interdepartmental commission of the Russian Ministry of Industry and Trade for the selection of green projects to be provided with government support. The first meetings of the commission are scheduled for April 2020.



Development of responsible finance in the Russian Federation

In the reporting year, Russia was actively developing its responsible finance agenda. Since May 2019, the Ministry of Industry and Trade has been implementing a program to stimulate the issue of environmental bonds. As part of this program, companies will be reimbursed for the cost of implementing “green technologies”.

The program establishes the objectives, conditions and procedure for granting subsidies from the federal budget to reimburse expenses. Subsidies will be provided when money is spent on projects aimed at reducing waste and industrial emissions and introducing “green” technologies. The subsidies will cover 70% of expenditure on coupon payments on the bonds and can reach 90% if the funds are used to purchase Russian industrial equipment.

In April 2019, the first equity fund with a strategy based on ESG factors was opened in Russia. In addition, in March 2019, Russian green bonds were included for the first time in the Environmental Finance Bond Database (an international register of green bonds). To date, three issuers have placed “green” bonds on the Moscow Exchange.

In early 2020, the Ministry of Industry and Trade plans to prepare a supplement to the program aimed at implementing a system of “green” loans, which will expand the range of financial instruments used to provide “green” subsidies. The implementation of green lending will facilitate the process of project financing by making it possible to monitor the intended use of funds. The green bonds project serves as a tool for the implementation of the best available technologies included in the Ecology national project, in which Sberbank is a participant.

ESG STRATEGIES FOR SBERBANK PRIVATE BANKING CLIENTS

In January 2020, Sberbank Private Banking plans to launch the second responsible investment strategy, Solactive SPB Foodtech Index. The strategy will allow the clients of Sberbank Private Banking participating in development of new projects in FoodTech meaning fast-growing segments of alternative protein, organic food, and food technology that develop their business subject to the ESG principles.

The FoodTech industry brings together the companies and startups that innovate in foods, storage and delivery at all stages from production to distribution. FoodTech is an important area of responsible investment, as the new technology is able to reduce using animal meat, decrease the carbon footprint and improve the food safety.

In November 2019, Sberbank Private Banking launched a new responsible investment strategy: the SPB Women Impact EUROPE Index. This index includes shares of 30 public European companies. It enables investors to invest in companies with a high level of gender balance. The gender balance indicator itself is assessed using the methodology (approach) developed by the investment advisory team of Sberbank Private Banking.

RESPONSIBLE FINANCING STRATEGIES IN PREPARATION FOR LAUNCH

Sberbank is preparing to launch new responsible financing strategies. New indices will enable investors to invest in the companies that provide water to consumers all over the world, and also in green energy companies.

We plan to launch at least two strategies in the field of green energy and water-saving technologies in 2020.



# Taking ESG risks into account in lending

The current lending process involves monitoring environmental risks associated with pledged real estate. The presence of environmental risks is taken into account in loan commitments, in determining the acceptability of collateral for the use of the Internal Rating-Based (IRB) Approach and in subsequent monitoring of collateral.

In corporate lending, standard forms of loan agreements, bank guarantee agreements and mortgage agreements stipulate that the borrower and pledgor are responsible for compliance with the requirements and conditions of environmental legislation when using the pledged property. In particular, this responsibility is reflected in covenants under a loan agreement, whereby the Bank is granted the right to demand early performance of an obligation in case of the borrower's/pledgor's breach of legislation on natural resource management.

Collateral monitoring involves monitoring the environmental risk associated with real estate related to industries that have a negative environmental impact. The monitoring includes both desk audits and field audits of the property. If any violations are detected, the relevant information is recorded in the collateral monitoring report and automated systems of the Bank and is communicated to the lending department, the risk management function and the Security Handling Service.

# Green projects

Sberbank subscribes to the fundamental principles of environmental protection and takes an active part in green projects, highlighting this area as important for the development of the Group as a whole.

## RENEWABLE ENERGY PROJECTS

### THE WIND FARM IN THE MURMANSK REGION

Financing the construction

In 2019, Sberbank and PJSC Enel Russia signed an agreement on financing the construction of a wind farm. Its construction will be an important step towards green energy development in Russia. Sberbank has provided the loan facility to finance the construction. The facility is scheduled to be commissioned in late 2021.

201 mW



POWER

### THE WIND POWER PLANT IN THE ROSTOV REGION

Construction

In December 2019, Sberbank and a portfolio company of the Wind Energy Development Fund (a joint investment fund of PJSC Fortum and RUSNANO Group) signed an agreement on financing the construction of a wind power plant in the Rostov Region.

100 mW



POWER

### THE SOLAR POWER PLANT IN THE STAVROPOL TERRITORY

Construction

Sberbank Group also participates in the financing of solar energy projects. In 2018, the Bank financed the construction of the Samara Solar Power Plant. In the reporting year, Sberbank supported the construction of the Staromaryevka Solar Power Plant in the Stavropol Territory.

100 mW



POWER



# Green projects

## CONSTRUCTION OF THE STAROMARYEVKA SOLAR POWER PLANT

Sberbank supported the construction of a solar power plant in the Stavropol Territory.

Previously, the Bank had already financed another project launched by Solar Systems: the construction of the Samara Solar Power Plant with a capacity of 75 mW. This project is being implemented in three phases (25 mW each), and two of them have already been commissioned.

Senior Vice President Vladimir Sitnov stated: “Participation in renewable energy projects is a promising area for the development of the Bank’s corporate business.” Mikhail Molchanov, CEO of Solar Systems LLC, expressed his appreciation of cooperation with Sberbank. According to him, “continuing cooperation with Sberbank provides evidence of mutual interest in the implementation of our projects. Sberbank’s high level of professionalism and flexible approach to deal structuring help our company achieve its targets for the development of renewable energy in Russia.”

In 2019, Sberbank also took part for the first time in a syndicated financing transaction taking into account the borrower’s progress on environmental targets. The pre-export financing transaction worth over USD 1 bn was the first deal in the Russian market to raise funds from the syndicate of international and Russian commercial banks linked to sustainable development indicators. Thus, as part of this transaction, the interest rate on the loan may vary depending on the company’s performance in terms of environmental footprint and sustainable development, as well as an increase in the sales of ALLOW, RUSAL’s low-carbon aluminum produced using hydropower.

Sberbank participates in the Clean Air project, which is part of the Ecology national project. The Clean Air project is aimed at reducing harmful emissions into the atmosphere in 12 of the most polluted industrial hubs in Russia. In 2019, as part of this project, Sberbank and the Government of the Omsk Region, together with CJSC Leader, signed a memorandum on cooperation in preparing and implementing an investment project aimed at improving the efficiency and environmental friendliness of public transport. Based on the outcomes of the work, the scope of measures required for the modernization of urban transport and its infrastructure, including optimization of the route network and increasing the share of transport using environmentally efficient fuels, will be proposed, a comprehensive investment program will be developed, and the key parameters of the project will be defined.

# Environmental footprint management

Sberbank is committed to improving its own environmental footprint management. As part of this approach, the Bank implements measures to increase energy efficiency, improve the waste management system and reduce CO<sub>2</sub> emissions along the value chain. Sberbank gives special attention to the improvement of its processes and digitalization of the operating environment, which allows reducing paper use.



# Effective use of resources

Sberbank applies a responsible approach to work management and implements the Green Office principle across its business.

In 2019, the Bank continued to implement the Digital Inside project. The aim of this project is to create a digital environment and drastically reduce the use of paper in processes. The Bank has taken measures to reduce the number of paper documents submitted for archival storage.

## Paperless bank

36%

REDUCED THE AMOUNT OF PAPER TRANSFERRED TO ARCHIVAL STORAGE COMPARED TO 2018

51<sub>k</sub>

TREES ARE SAVED DUE TO EFFICIENT RESOURCE CONSUMPTION

596<sub>m</sub>

PAPER CONSUMPTION WAS REDUCED AGAINST 2018 (ABOUT 3,000 T)

157<sub>m</sub> ₺

IN 2019, SAVINGS FROM REDUCED PAPER USE

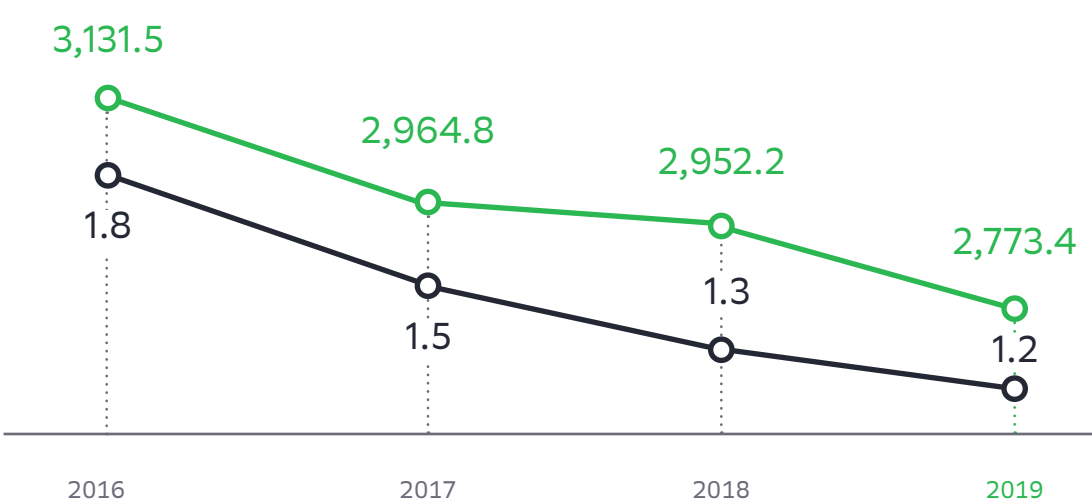


# Effective use of resources

## Calculation of paper use by Sberbank

Over the past few years, consumption of various types of paper in Sberbank has gradually decreased, with consumption of A4 paper decreasing by more than 10% between 2016 and 2019 and consumption of A3 paper decreasing by more than 30%.

- A4, thousand packs
- A3, thousand packs



## SHARE OF SEPARATE WASTE COLLECTION

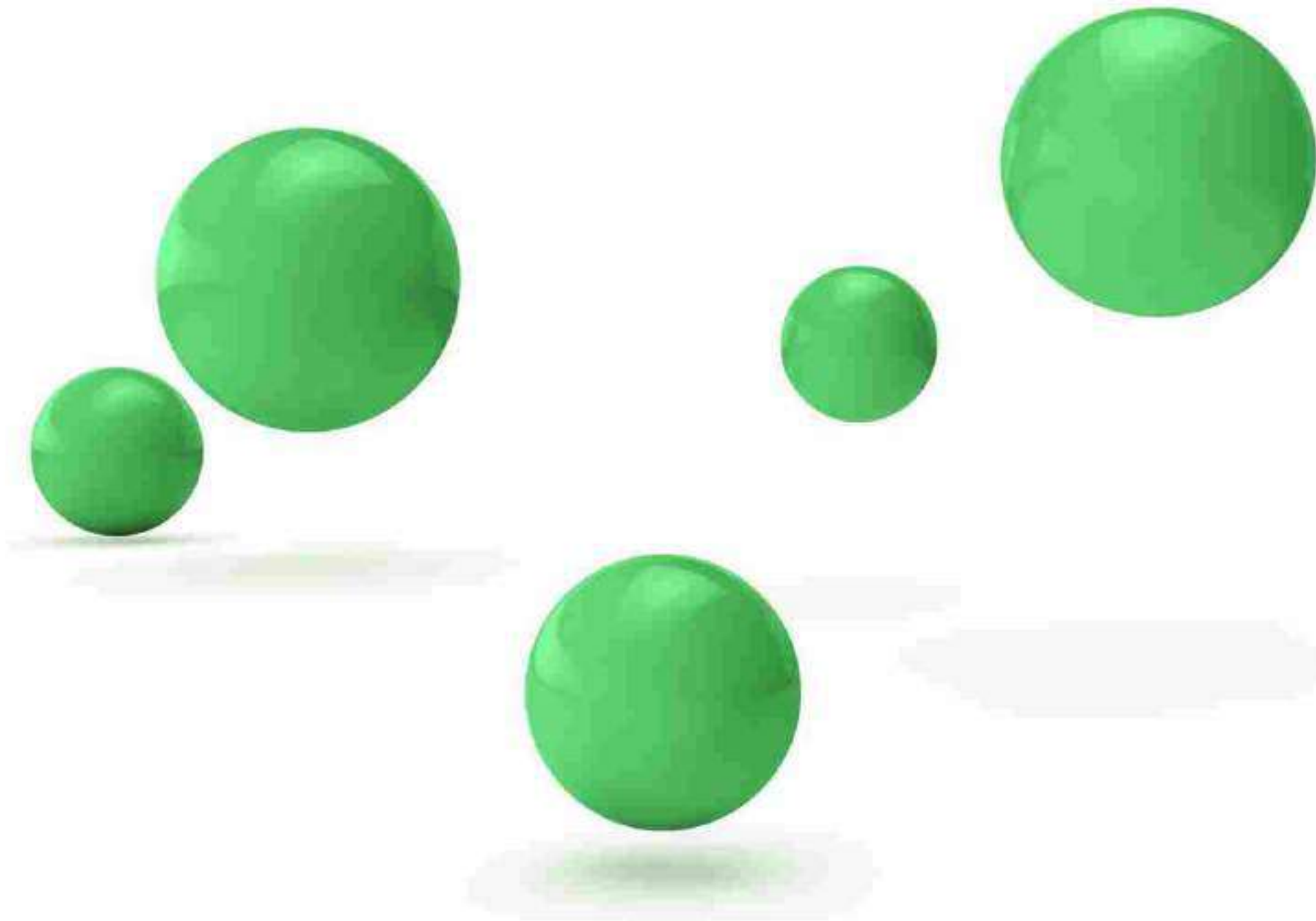
Separate collection of main types of waste (waste paper, plastic, glass, used batteries) has been introduced across the Group; waste is subsequently transferred for recycling. Separate waste bins have been installed for the collection of different types of waste, and action plans for separate waste collection have been drawn up for the facilities.

Fulfilment warehouses process and recycle cardboard and bubble wrap. Foreign objects, including metal ones, are removed from cardboard; then cuts are made in a sheet of cardboard using a special machine. Cardboard and bubble wrap are subsequently used as parcel fillers to reduce costs.

|                                    | 2019 | 2025 (TARGET) |
|------------------------------------|------|---------------|
| Share of separate waste collection | 18%  | 40%           |

## Digital balloons

A traditional balloon release event was held to mark Sberbank’s 178<sup>th</sup> anniversary. This year we received a request to change the event format. The Bank’s employees acted as drivers of the green agenda and suggested replacing the release of balloons with a more environmentally friendly option. That is why in 2019, the event was held in a new format: employees were launching digital balloons instead of the usual ones. The name of an employee congratulating Sberbank was written on each balloon, and one could watch the balloons soaring in the air on a special anniversary website.



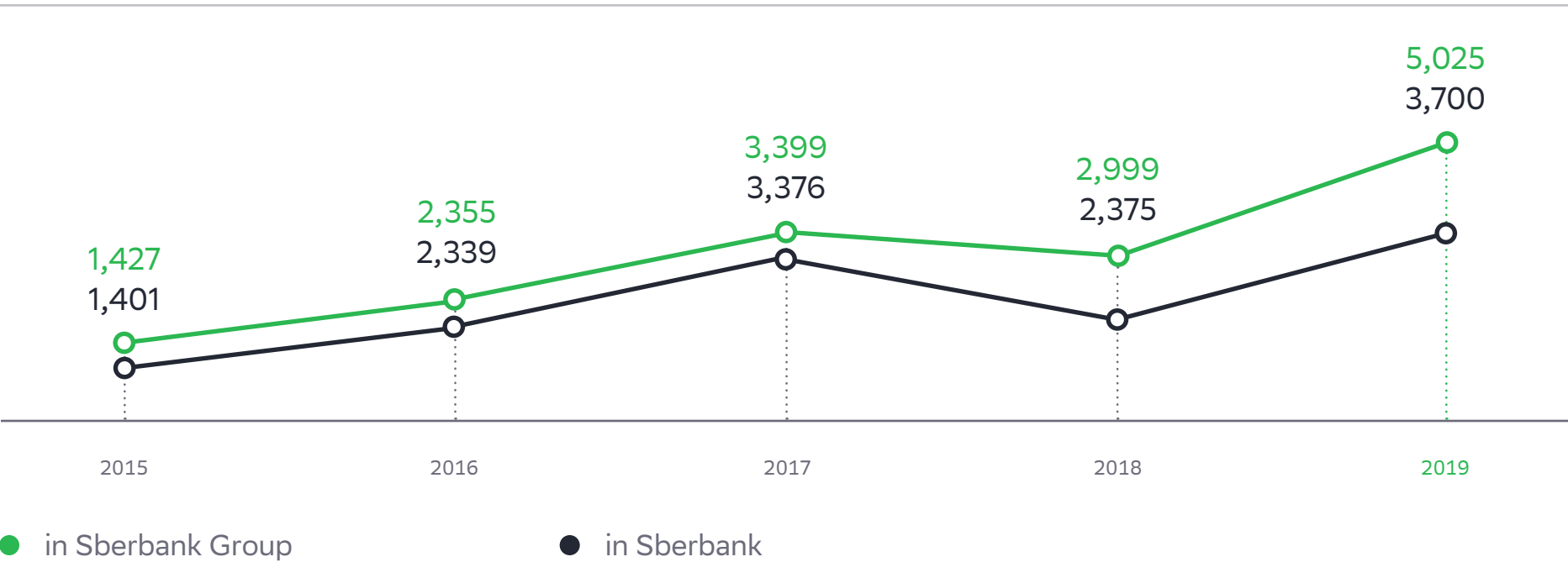


# Responsible waste management

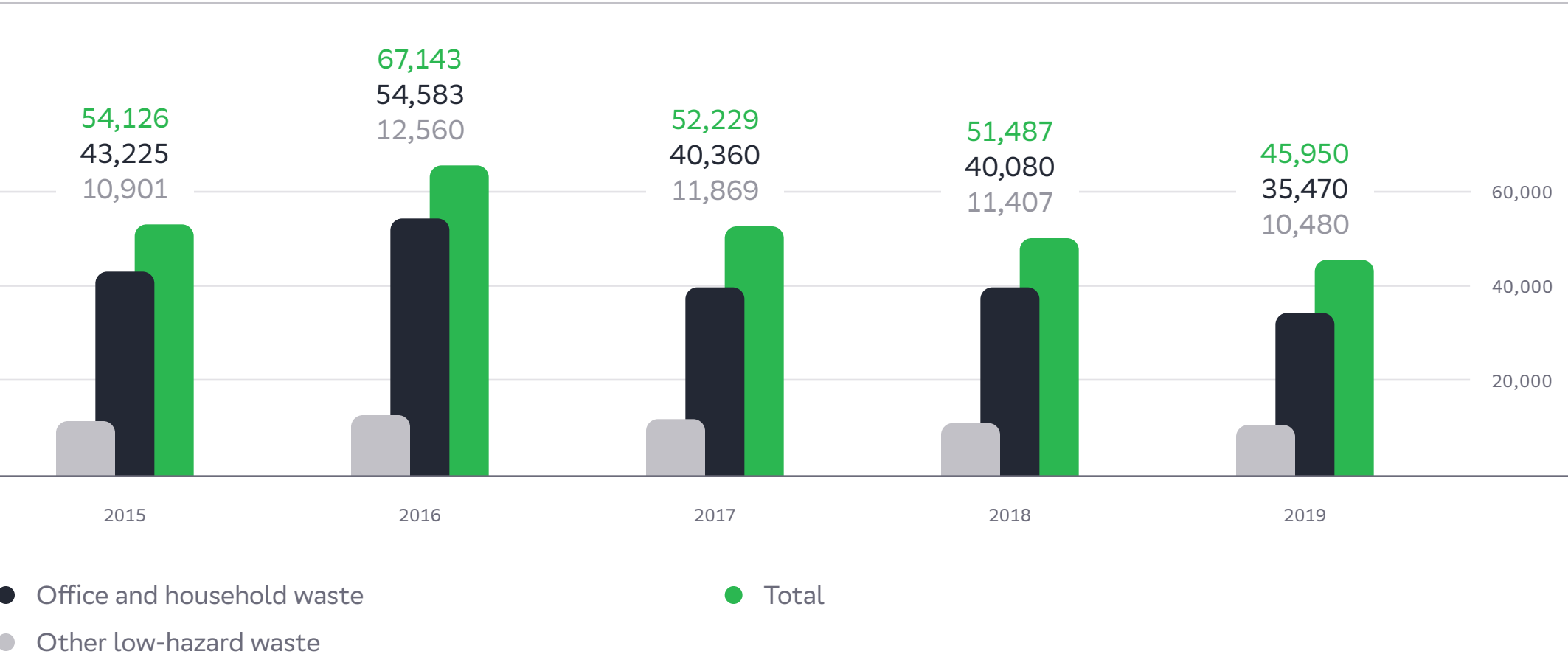
The nature of Sberbank’s activities determines the main types of waste: used paper, used office equipment and various office waste. Other common waste types include used cartridges, batteries and fluorescent lamps.

To reduce the amount of waste sent to landfills, we follow the principle of separate waste collection. As a result, about 97% of waste with hazard classes 1 to 3 and used equipment is transferred to specialized organizations for neutralization. Low-hazard and practically non-hazardous waste (hazard classes 4 and 5) includes household waste generated as a result of the operation of the Bank's offices and retail outlets. All waste generated is transferred for disposal in specially equipped landfills.

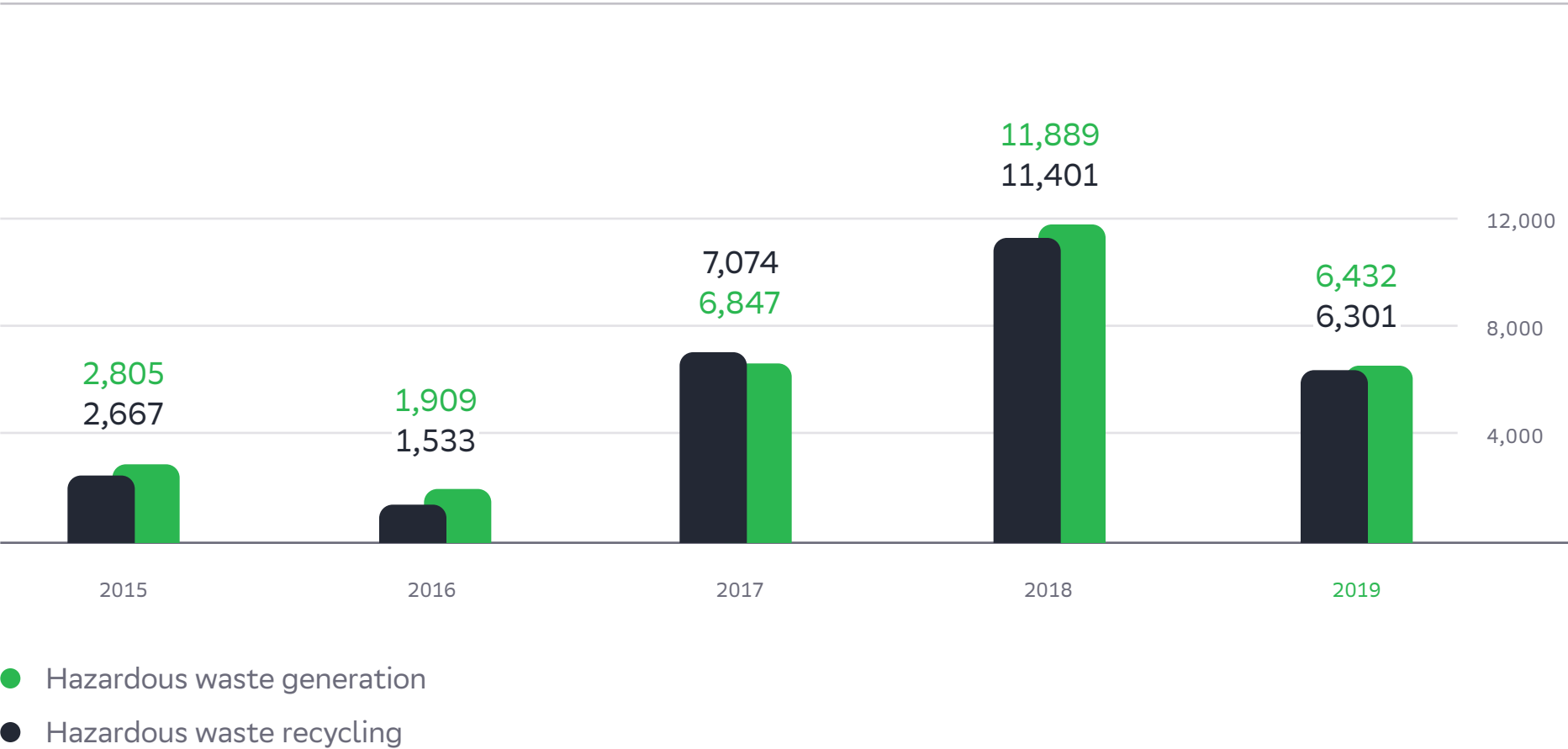
Weight of Recyclable Waste Paper in Sberbank Group and Sberbank, tons



Amount of low-hazard and practically non-hazardous waste generated and transferred for disposal across Sberbank Group, metric tons



Volume of hazardous waste generated and transferred for recycling and treatment across Sberbank Group, metric tons



# Energy efficiency

The following measures are being implemented to improve energy efficiency at Sberbank’s facilities:

- All PCs are switched off for weekends and holidays.
- Kitchens have been fitted with motion sensors that control lighting.
- Energy-saving LED equipment is used in offices.

When renovating and upgrading equipment and facilities, the Bank imposes the following energy efficiency requirements:

- For buildings/structures: indicators characterizing specific energy consumption in the building/structure.
- For equipment: requirements for energy efficiency class A or higher, which help to prevent unsustainable consumption of energy resources during construction, renovation, major repairs and operation. Thus, in 2020, it is planned to upgrade engineering equipment worth over RUB 600 million. First of all, such requirements are imposed on climate control and refrigeration equipment.



The Bank’s facilities are designed, built and renovated in accordance with green building standards. In particular, Sberbank uses the voluntary LEED (Leadership in Energy and Environmental Design) certification system for buildings. The design and construction of Sberbank’s Technopark and the construction of the second module of Sberbank’s Data Center at the Skolkovo Innovation Center meet the LEED Silver standard. This certification includes measures to minimize environmental footprint both during construction (including the use of environmentally friendly materials) and during the operation of the building.

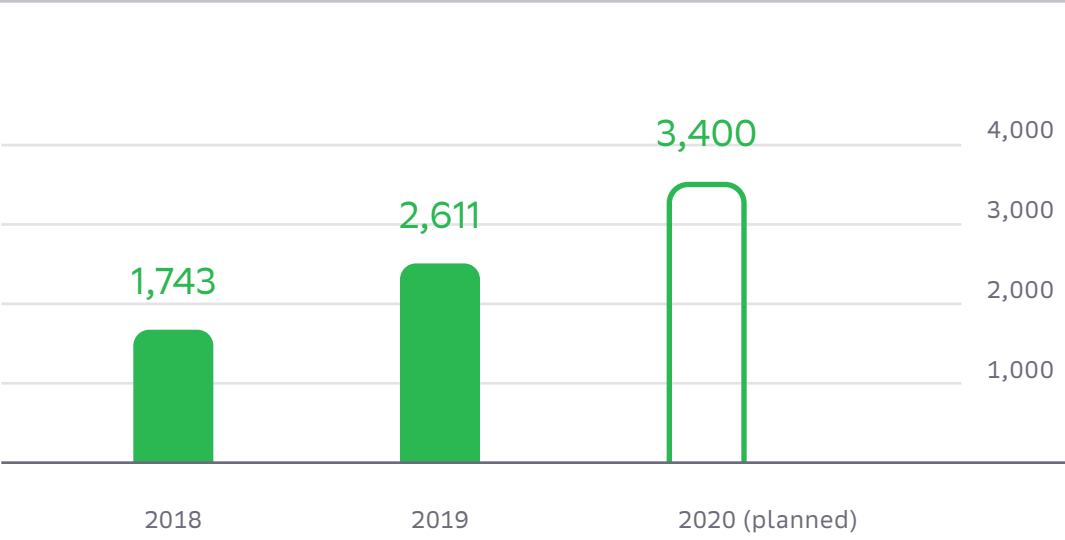
Energy efficiency measures are also being implemented in various subsidiaries and affiliates of the Group. Some organizations have switched from expensive energy sources, such as coal, firewood and gasoline, to the cheapest energy source: natural gas. In the construction of new facilities, the latest technologies are used to save non-renewable energy sources when operating the facilities.

In 2019, batteries started to be collected at the Central Head Office and the Srednerussky Head Office in order to be processed. A total of 420 kg of batteries was collected in 2019. Plans for 2020 include organizing the collection of batteries in the Moscow, Severo-Zapadny and Tsentralno-Chernozemny Head Offices.

In 2019, 20,000 rechargeable batteries in uninterruptible power systems were replaced in the amount of over RUB 150 million. A similar scope of work is planned for 2020.

All rechargeable batteries replaced during the maintenance of uninterruptible power supply systems of the Bank, as well as rechargeable batteries used in vehicles are taken for processing to licensed organizations.

Number of facilities in dispatch and process control systems (DPCS)



The energy efficiency has also been improved through the use of dispatch and process control systems (DPCS) in the offices and premises of the Bank’s branches. DPCSs help control the consumption of resources at various facilities, which results in energy savings.



# Energy resource use

Sberbank is guided by energy efficiency principles in its operations and seeks to reduce energy consumption. Our efforts in this area have decreased the total energy consumption by over 20% for five years. In 2020, the Bank plans to develop environmental and energy efficiency policies.

Consumption of almost all types of energy resources decreased in both Sberbank and the entire Group.

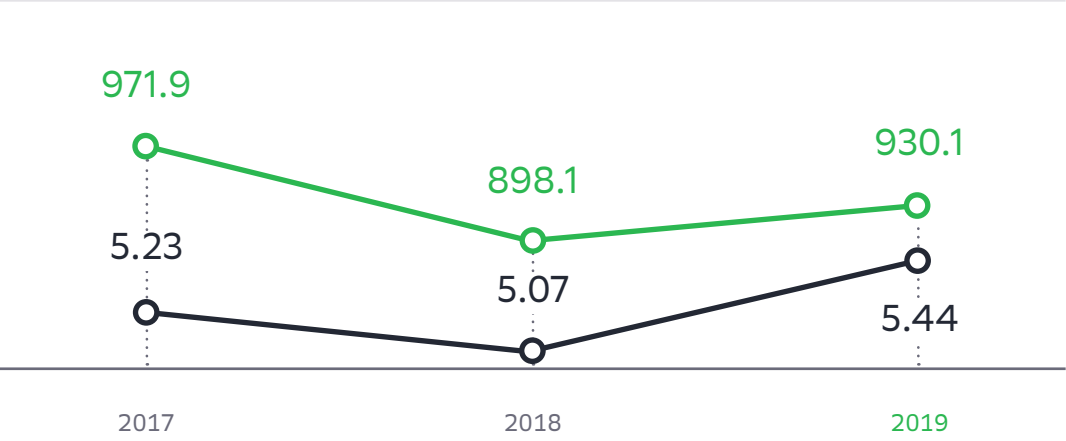
↓ 20%

DECREASED THE TOTAL ENERGY CONSUMPTION

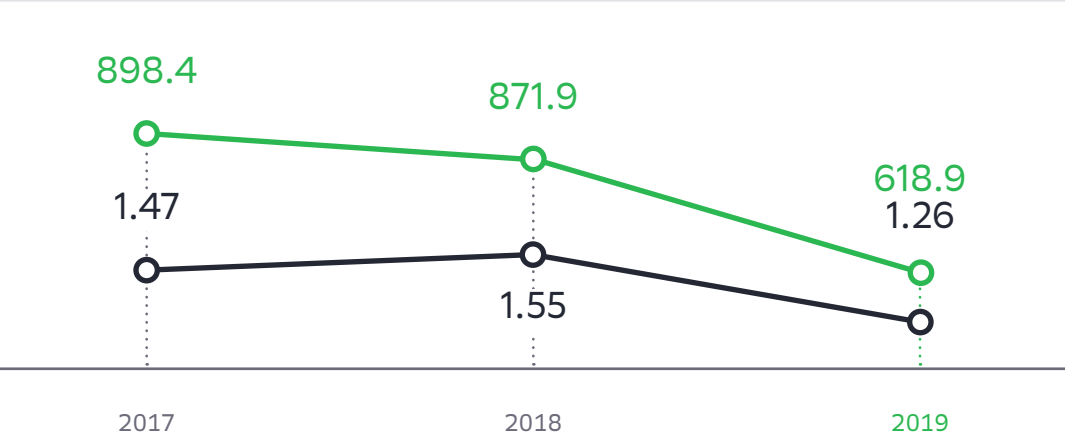
Fuel and energy consumption across Sberbank, in physical and monetary terms

● Amount ● Cost

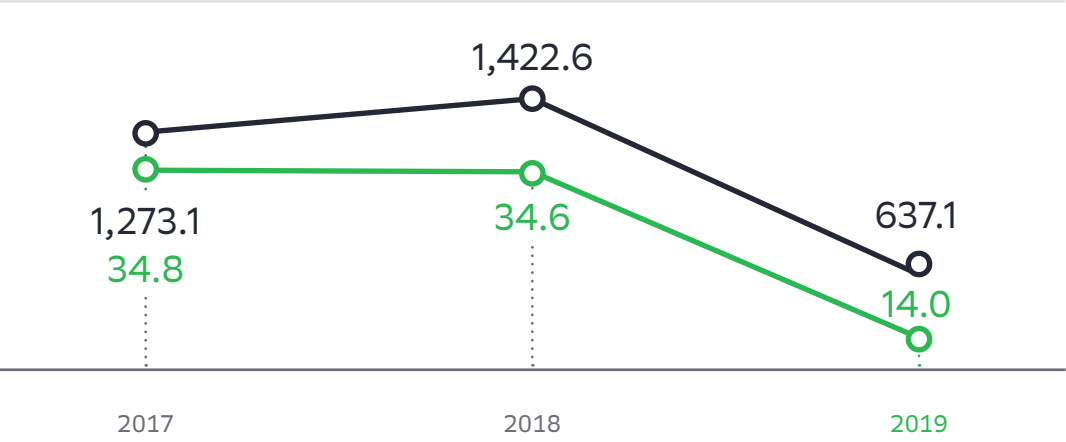
ELECTRICITY, m kW·h / bn ₺



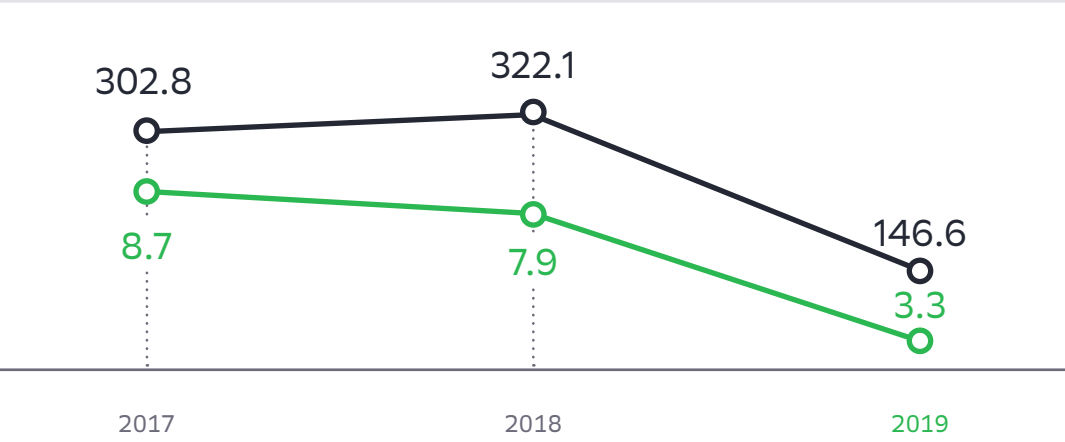
HEAT, thousand Gcal / bn ₺



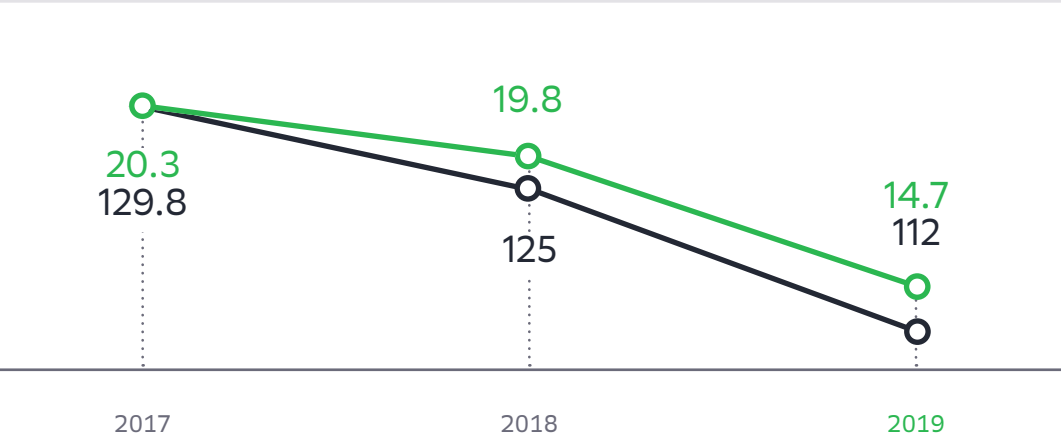
DIESEL FUEL, m liters / m ₺



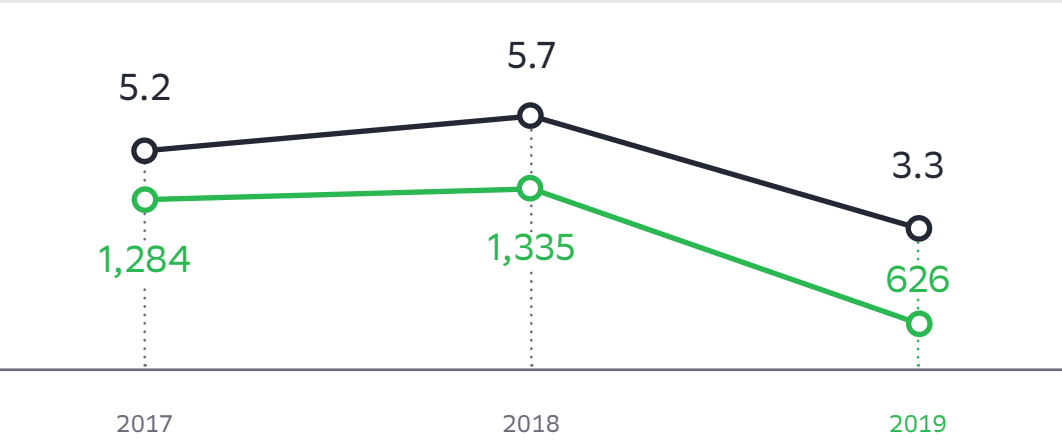
GASOLINE, m liters / m ₺



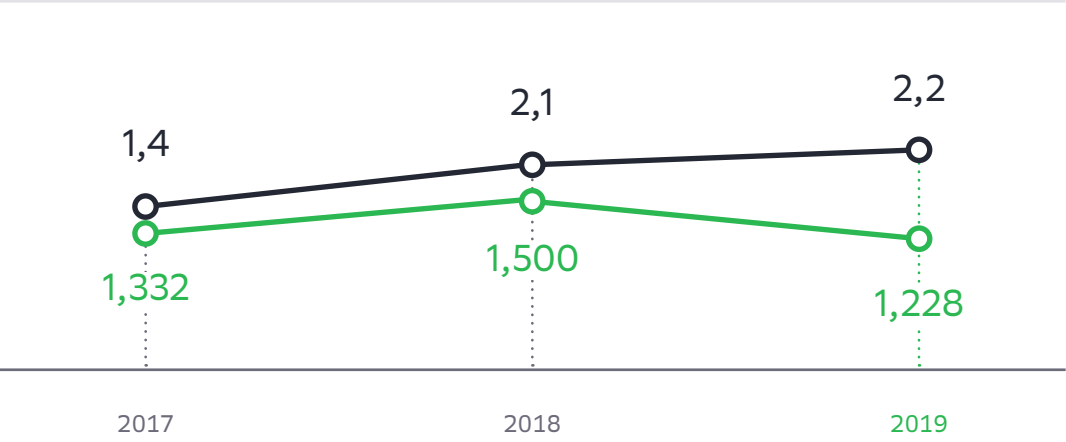
GAS, m cubic meters / m ₺



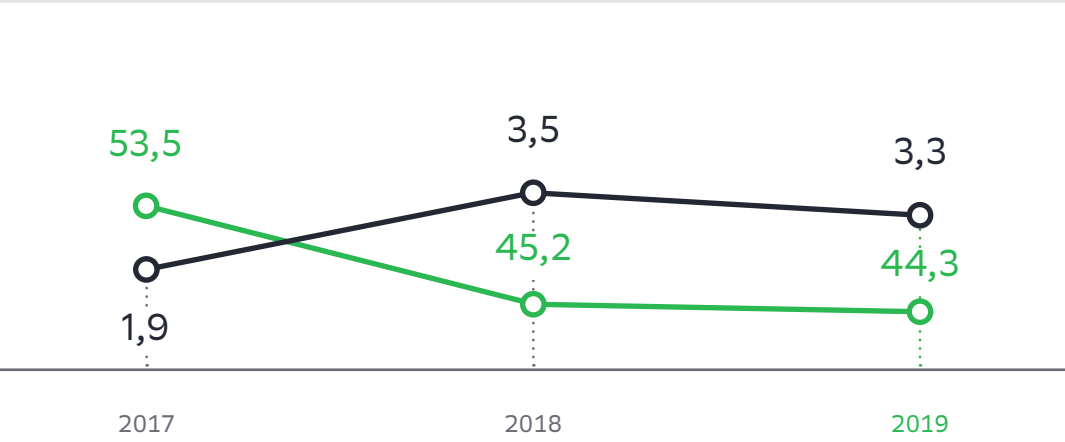
COAL, metric tons / m ₺



FIREWOOD, cubic meters / m ₺



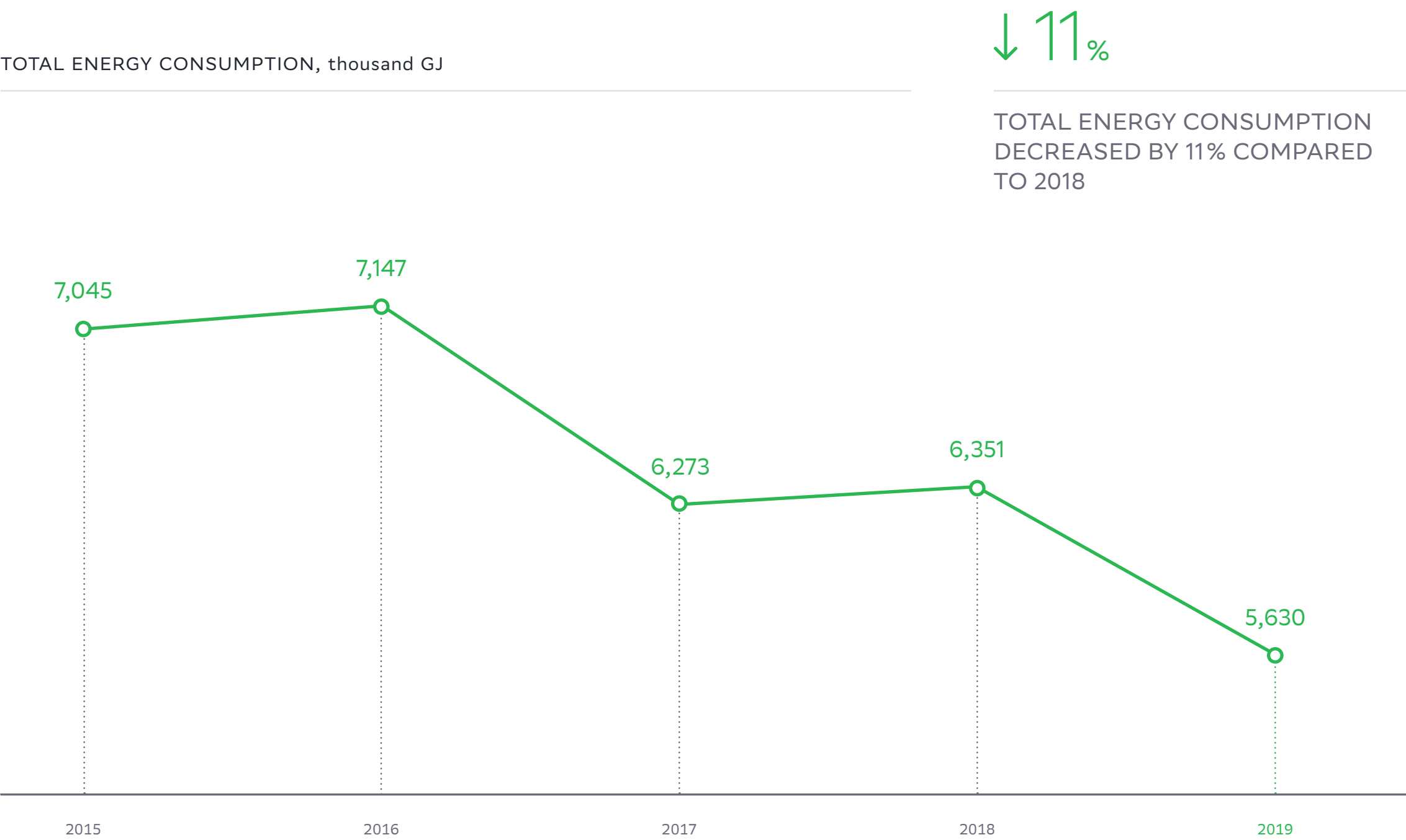
KEROSENE, thousand liters / m ₺



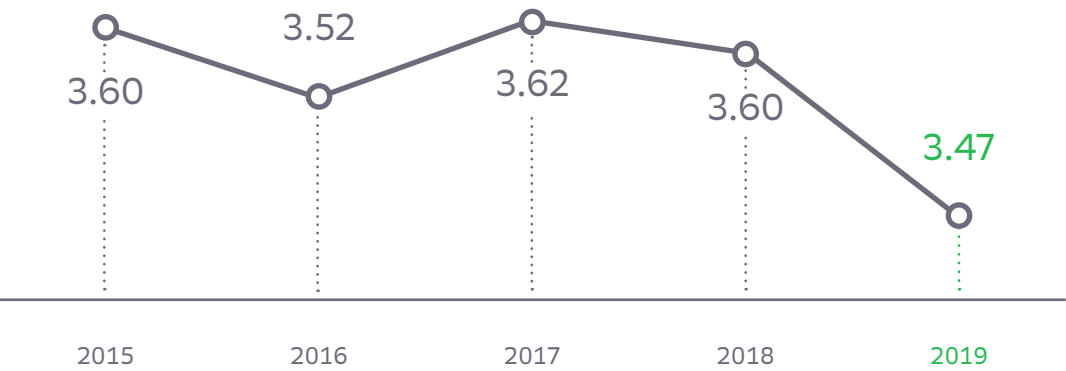


Calculation of total energy consumption across Sberbank Group

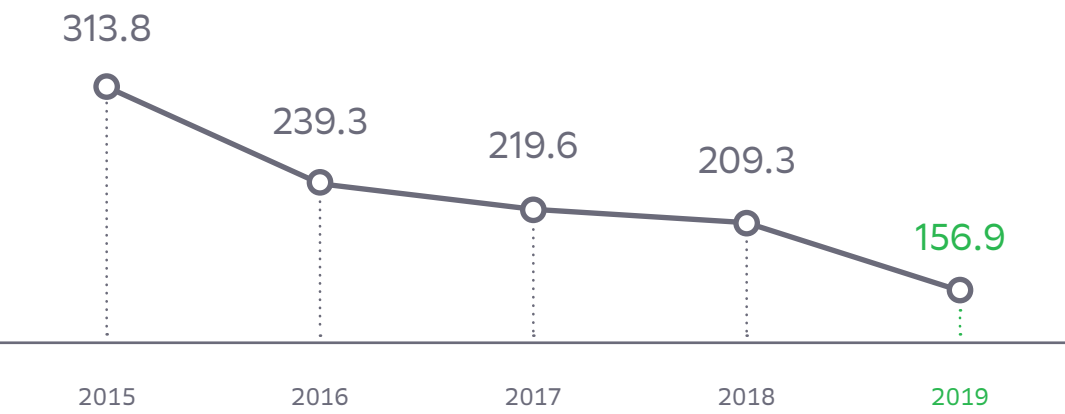
TOTAL ENERGY CONSUMPTION, thousand GJ



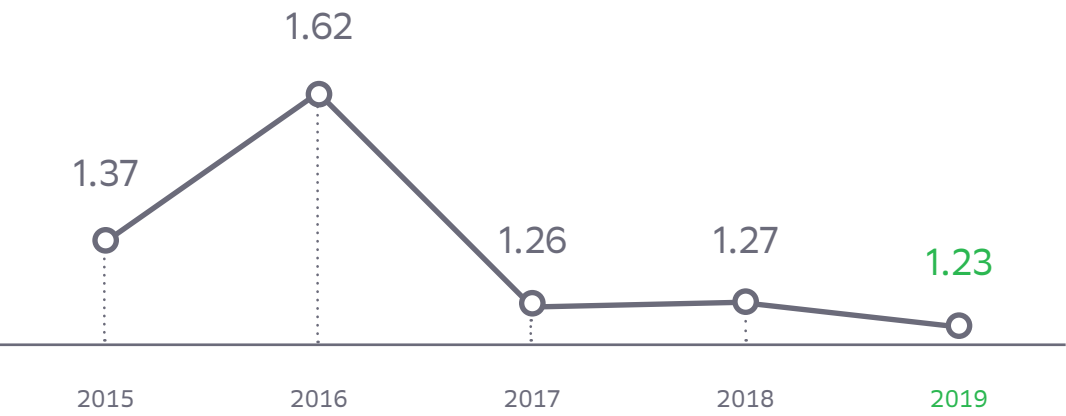
ELECTRICITY CONSUMPTION, m GJ



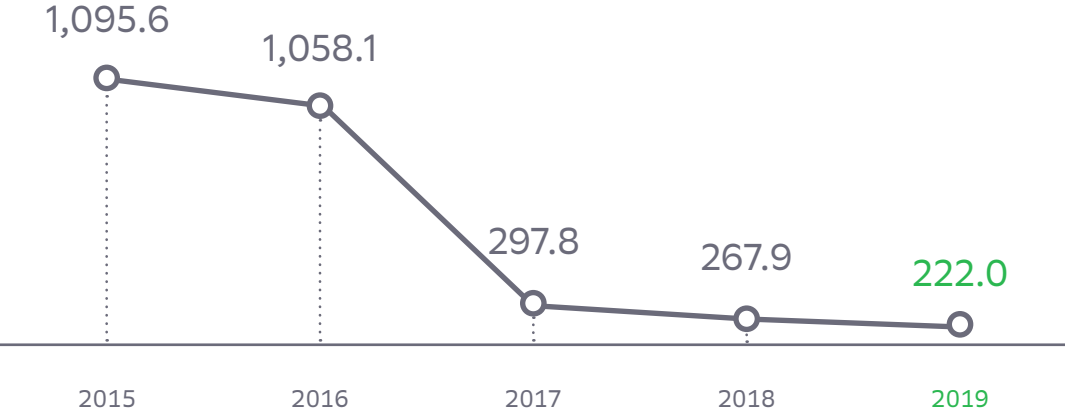
HEAT CONSUMPTION, m GJ



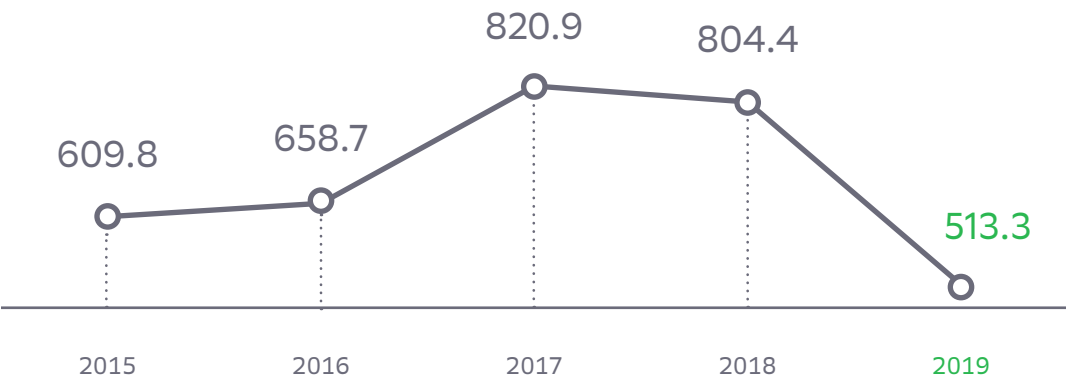
DIESEL FUEL, m GJ



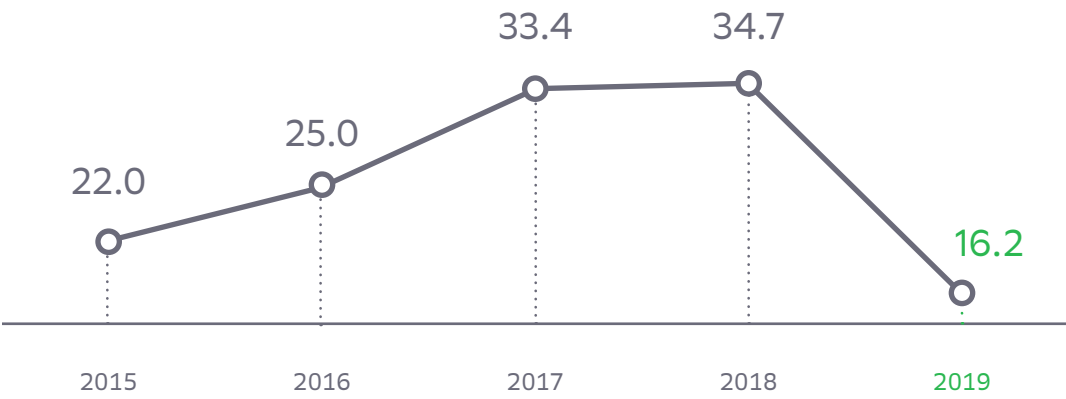
GASOLINE, thousand GJ



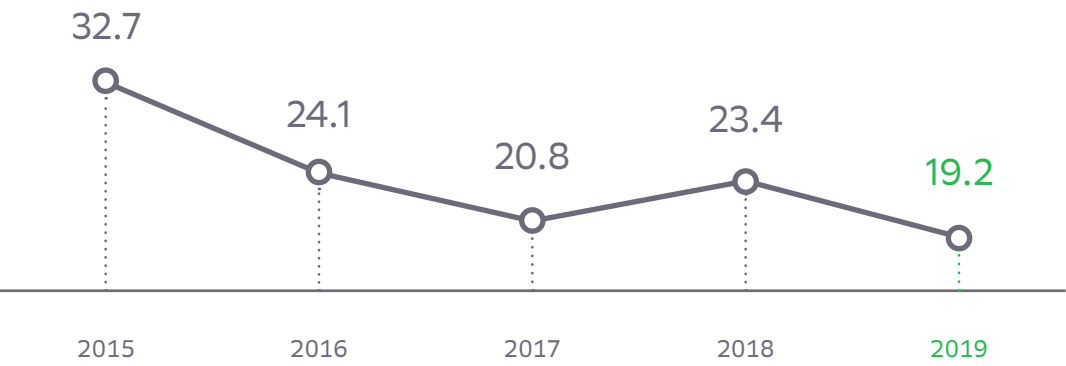
GAS, thousand GJ



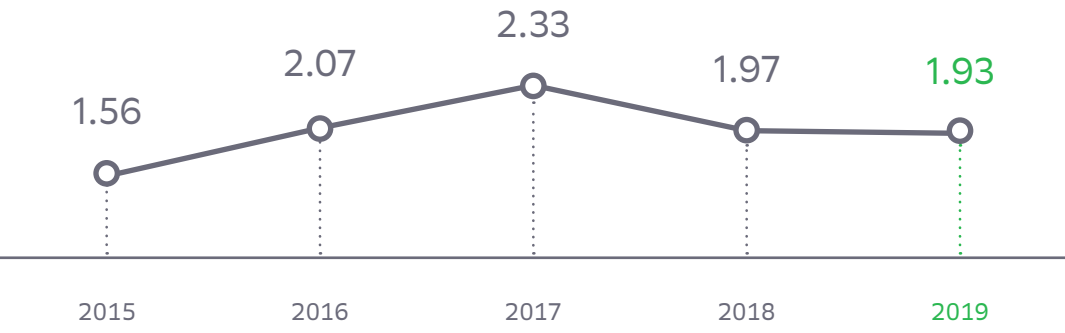
COAL, thousand GJ



FIREWOOD, thousand GJ



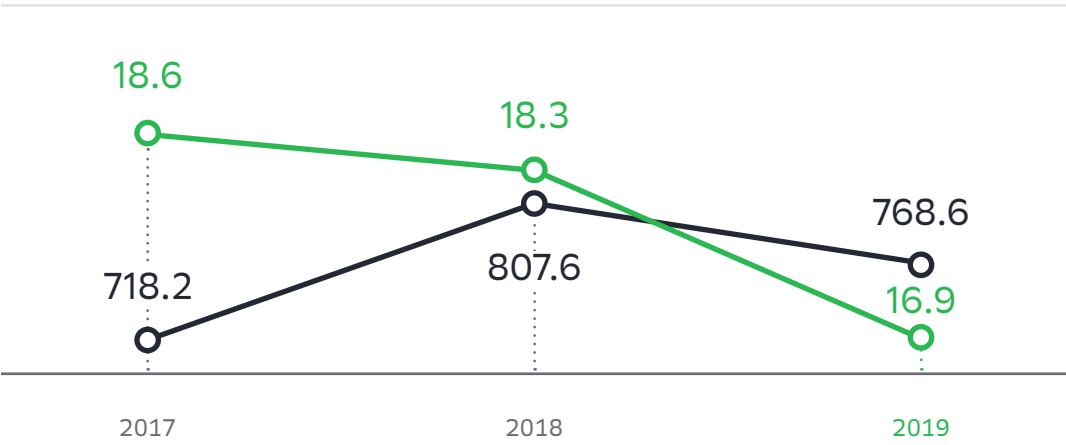
KEROSENE, thousand GJ





Fuel consumption by Sberbank’s own vehicles

DIESEL FUEL

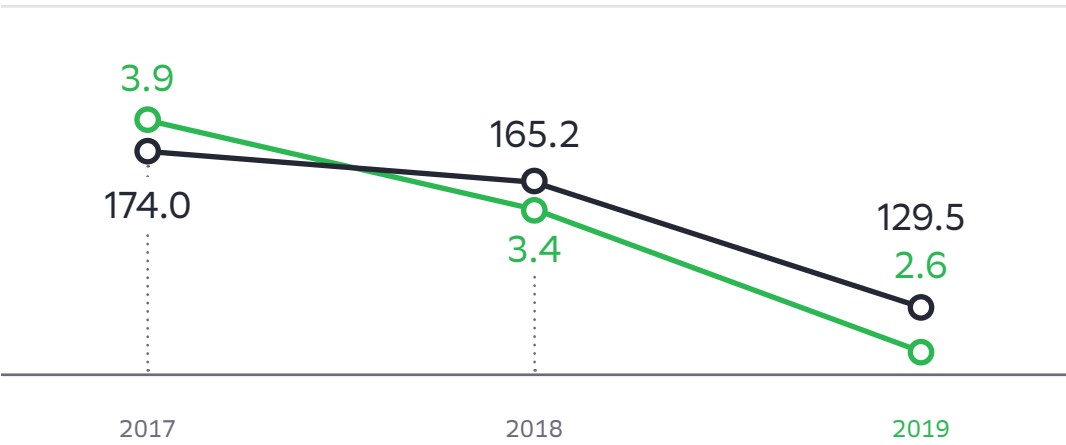


↓ 8%

THE VOLUME OF CONSUMED DIESEL FUEL DECREASED BY 8% COMPARED TO 2018

- Amount, thousand tons
- Cost, m ₺

GASOLINE



↓ 24%

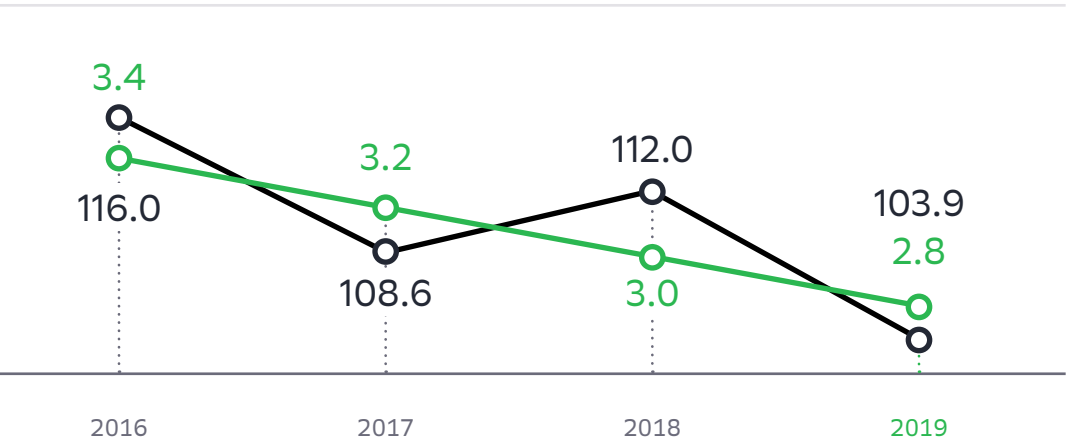
THE VOLUME OF CONSUMED GASOLINE DECREASED BY 24% COMPARED TO 2018

- Amount, thousand tons
- Cost, m ₺

Fuel consumption has been gradually decreasing in recent years, with the rate of decrease accelerating in 2019 compared to 2018.

Drinking Water Consumption by Volume and Value, Sberbank Group

POTABLE WATER



↓ 9%

THE VOLUME OF CONSUMED DRINKING WATER DECREASED BY 9% AS COMPARED TO 2018

- Amount, m cubic meters
- Cost, thousand ₺

# CO<sub>2</sub> emissions

Sberbank takes steps to reduce CO2 emissions into the atmosphere. The Bank invests heavily in the construction of solar and wind power plants, contributing to the development of green energy.

The Bank has about 5,000 vehicles on its balance sheet (mostly armored cash delivery cars), which all meet Euro 5 or higher emission standards. All new cars meet the Euro 6 standard. We are negotiating the possible purchase of hybrid vehicles, but their characteristics and price do not yet meet the needs of the Bank's business.

Pollutant emissions are also reduced through timely maintenance and scheduled preventive repairs of motor vehicles.

In 2020, the Bank plans to develop environmental and energy efficiency policies.

The Bank's employees, clients and partners are also expected to take part in a number of environmental initiatives in 2020 (compensatory tree planting, establishment of a corporate Environmental Club, environmental education and communication campaigns and events).

To summarize, Sberbank pursues a systematic and diverse policy on environmental impact management and the development of responsible finance. Sberbank is financing various renewable energy projects and developing new strategies for responsible financing. The Bank also strives to improve its energy efficiency and reduces both total energy consumption and fuel spent. Thus, Sberbank protects the environment and reduces its own negative environmental impact. In addition, Sberbank is promoting a responsible investment agenda in Russia.



# APPENDIX

|     |                                                           |
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| 295 | ABBREVIATIONS                                             |
| 297 | GLOSSARY                                                  |



# Participation of Sberbank Group companies in associations

The Group companies participate in various associations and Russian and international initiatives aimed at developing the business environment and creating the conditions for dialogue between significant market participants.

| Nº | NAME     | ASSOCIATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1  | Sberbank | <ul style="list-style-type: none"><li>• Association for Financial Technology Development</li><li>• Association of Regional Banks of Russia (Russia Association)</li><li>• Russian Association for Electronic Communications</li><li>• National Association of Robotics Market Participants</li><li>• Association of Big Data Market Participants</li><li>• International Capital Market Association, ICMA</li><li>• U.S.-Russia Business Council, USRBC</li><li>• MasterCard Members Association, MMA (Non-Profit Institution)</li><li>• Russian National Association of SWIFT Members, ROSSWIFT</li><li>• Association of Promissory Notes Market Participants, APNMR</li><li>• Russian-American Business Cooperation Council, RABCC, Non-Profit Association of Legal Entities</li><li>• Self-Regulatory Organization National Finance Association (before 06/04/2016, National Securities Market Association, Self-Regulatory Non-Profit Organization) (RCBC NP)</li><li>• Russian-Chinese Business Council, Non-Profit Partnership (RCBC NP)</li><li>• World Economic Forum, WEF</li><li>• National Association of Securities Market Participants (before 2016, Self-Regulatory Organization National Association of Securities Market Participants), NAUFOR</li><li>• International Monetary Conference, IMC</li><li>• Independent Non-Profit Organization Corporate University of Sberbank (INO Corporate University of Sberbank)</li><li>• Association for Financial Technology Development (FinTech Association)</li><li>• Association of Banks of Russia (Russia Association)</li><li>• Enterprise Ethereum Alliance Inc, EEA, Non-Profit Alliance</li><li>• Independent Non-Profit Organization Tsyfrovaya Ekonomika (Digital Economy), INO TsE</li><li>• Association of Entities in Cash Circulation, Collection, and Transportation of Valuables (NDO Association)</li><li>• Non-Profit Partnership, Commonwealth of Brand Manufacturers (NP Rusbrand)</li></ul> |

| Nº | NAME                                   | ASSOCIATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1  | Sberbank                               | <ul style="list-style-type: none"><li>• National Association of Robotics Market Participants, NAR</li><li>• Independent Non-Profit Organization for Raising the Quality of Public Education, School 21 (INO School 21)</li><li>• Association of Big Data Market Participants (Big Data Association)</li><li>• Association of Operators and Developers of Unmanned Aircraft Systems AERONET (AERONET Association)</li><li>• Association of Student Olympiad Sponsors Ya Professional (I am a Professional) (Ya Professional Association)</li><li>• Cybersecurity Center of World Economic Forum (C4C)</li><li>• National Association for International Information Security, NAIIS</li><li>• Association for Financial Literacy Development, AFLD</li><li>• DER Think Tank Union</li><li>• National Association for Technology Transfer, NATT</li></ul> |
| 2  | ActiveBusinessCollection LLC           | <ul style="list-style-type: none"><li>• National Association of Professional Collection Agencies, NAPCA</li><li>• National Association of Contact Centers, NACC</li><li>• Expert Group for Implementing the “Regulatory Guillotine” Mechanism in Debt Collection</li><li>• Working Group of the Autonomous Non-Profit Organization Digital Economy at the Competency Center for Statutory Regulation of the Digital Economy of the Skolkovo Foundation</li></ul>                                                                                                                                                                                                                                                                                                                                                                                       |
| 3  | Sberbank—Automated Trading System CJSC | <ul style="list-style-type: none"><li>• ROST Association</li><li>• Association of Electronic Trading Platforms (AETP)</li><li>• Electronic Market Professionals Association of Electronic Trading Platform Operators (AEMP)</li><li>• Autonomous Non-Profit Organization of Continuing Professional Education Expert and Methodological Center for Assessment and Certification of Qualifications in the Financial and Banking Sector</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                        |

# Participation of Sberbank Group companies in associations

| Nº | NAME                           | ASSOCIATION                                                                                                                                                                                                                                                                       |
|----|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4  | BPS-Sberbank JSC               | <ul style="list-style-type: none"><li>• Association of Securities Market Participants (ASMP)</li></ul>                                                                                                                                                                            |
| 5  | Sberbank-Service LLC           | <ul style="list-style-type: none"><li>• Association of Strategic Outsourcing ASTRA</li></ul>                                                                                                                                                                                      |
| 6  | Cetelem Bank LLC               | <ul style="list-style-type: none"><li>• Non-commerical partnership Natsionalny Sovet Finansovogo Rynka (National Financial Market Council)</li><li>• Klub Frantsia (France Club) Association—Franco-Russian Chambre of Commerce and Industry (CCIFR)</li></ul>                    |
| 7  | MCC Vydayushiesya Kredity LLC  | <ul style="list-style-type: none"><li>• Self-Regulatory Organization Union of Microfinance Organizations Microfinance and Progress (SRO MiR)</li></ul>                                                                                                                            |
| 8  | Private Pension Fund (PPF)     | <ul style="list-style-type: none"><li>• Self-Regulatory Organization National Association of Non-State Pension Funds (NAPF)</li></ul>                                                                                                                                             |
| 9  | IC Sberbank Life Insurance LLC | <ul style="list-style-type: none"><li>• All-Russian Insurance Association (ARIA)</li><li>• Non-Commercial Partnership National Council of Financial Market (NCFM)</li></ul>                                                                                                       |
| 10 | Sberbank Technology JSC        | <ul style="list-style-type: none"><li>• Member of the Global Education government program</li><li>• Representatives of SberTech JSC were members of working groups under the Autonomous Non-Profit Organization Digital Economy as part of the Digital Economy Program.</li></ul> |
| 11 | Sberbank Factoring LLC         | <ul style="list-style-type: none"><li>• Association of Factoring Companies (AFC)</li><li>• Association of Corporate Treasurers (ACT)</li><li>• Factors Chain International (FCI)</li></ul>                                                                                        |

| Nº | NAME                                        | ASSOCIATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12 | Sovremennye Tekhnologii LLC                 | <ul style="list-style-type: none"><li>• Self-Regulatory Organization Cleaning and Facility Operators Association (SRO CFOA)</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 13 | Speech Technology Center Group of Companies | <ul style="list-style-type: none"><li>• Russian Software Products Association Russian Software (RSPA)</li><li>• Biometric Institute Limited</li><li>• Non-Profit Making Partnership Russian Society for Assistance to Biometric Technologies, Systems and Communications Development (NPMP Russian Biometric Society)</li><li>• Social Organization Saint-Petersburg Union of Industrialists and Entrepreneurs (SO SPP SPb)</li><li>• Information Technologies Cluster of the Skolkovo Foundation</li><li>• European Stadium and Safety Management Association (ESSMA)—Association The Integrating Center of Building Organizations SPHERE-A</li><li>• Non-Profit Partnership National Alliance of Designers Glav Proekt</li><li>• Autonomous Non-Profit Organization Neuronet</li><li>• Technology Platform Modeling and Operation Technologies of High-Tech Systems (TP MOTHS)</li></ul> |
| 14 | Evotor LLC                                  | <ul style="list-style-type: none"><li>• Electronics Developers and Manufacturers Association (EDMA)</li><li>• Russian Association of Cash Register Producers (RACRP)</li><li>• Member of the working group on the implementation of the “regulatory guillo-tine” mechanism in the sphere of cash register equipment under the Government of the Russian Federation (established in 2019)</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 15 | Yandex.Money NBCO LLC                       | <ul style="list-style-type: none"><li>• Russian Electronic Money and Remittance Association (REMA)</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |



# Procedure for identifying material topics

In order to determine the content and key topics of the Report, we compiled the list of significant topics which were then discussed at the workshop meeting. After that the survey was conducted, during which the key stakeholder groups expressed their views on materiality of the topics declared. According to the results, the list of 34 essential and significant topics have been compiled.

## Approach to Identification of Essential Topics of this Report





# Procedure for identifying material topics

## List of Material Topics in the Report to Be Disclosed Without Fail

Following the survey of key stakeholder groups, we have identified six most critical topics in the ESG focus.



## In the focus<sup>1</sup>

- Ecology and responsible financing
  - OWN ENVIRONMENTAL IMPACT
  - RESPONSIBLE FINANCING AND GREEN BUSINESS
  - RESPONSIBLE PROCUREMENT PROCEDURE
- Impact on society
  - SAFETY OF FINANCIAL PRODUCTS AND CLIENTS
  - ACCESSIBILITY AND QUALITY OF FINANCIAL SERVICES
- Development of human capital
  - HUMAN CAPITAL DEVELOPMENT (EMPLOYEE TRAINING AND HEALTH)

<sup>1</sup> subject to the investor researches and the ESG rating by MSCI



# Procedure for identifying material topics

## Compliance of the Most Critical (Material) Topics with the GRI Standards and UN SDGs

| ESSENTIAL TOPICS                                         | RELEVANT GRI STANDARDS | RELEVANT UN SDGs                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Own environmental impact                                 | 103, 301, 302, 306     | <div><div>12. Responsible Consumption and Production</div><div>13. Combat climate change</div><div>15. Preserve terrestrial ecosystems</div></div> <div><div></div><div></div><div></div></div> |
| Responsible financing and green business                 | 103                    | <div><div>7. Affordable and clean energy</div><div>11. Sustainable Cities and Settlements</div></div> <div><div></div><div></div></div>                                                                                                                                            |
| Responsible procurement procedures                       | 103, 204               | <div><div>9. Industrialization, Innovation, and Infrastructure</div></div> <div><div></div></div>                                                                                                                                                                                                                                                                   |
| Financial product and client security                    | 103                    | <div><div>16. Peace, Justice, and Effective Institutions</div><div>17. Partnership for Sustainable Development</div></div> <div><div></div><div></div></div>                                                                                                                   |
| Accessibility and quality of financial services          | 103                    | <div><div>1. End Poverty</div><div>10. Reduce Inequality</div></div> <div><div></div><div></div></div>                                                                                                                                                                         |
| Human capital development (employee training and health) | 103, 403, 404          | <div><div>3. Good Health and Wellness</div><div>4. Education</div><div>8. Decent Work and Economic Growth</div></div> <div><div></div><div></div><div></div></div>                        |



# Procedure for identifying material topics

## List of Significant Topics of the Report to Be Disclosed Selectively or Partially

| LESS ESSENTIAL TOPICS HIGHLIGHTED BY THE GROUP                                                                                                                                                                                                                                                        | RELEVANT ESSENTIAL TOPICS OF THE GRI STANDARDS                                                                                  | RELEVANT SUSTAINABLE DEVELOPMENT GOALS OF UN                                                | LESS ESSENTIAL TOPICS HIGHLIGHTED BY THE GROUP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | RELEVANT ESSENTIAL TOPICS OF THE GRI STANDARDS                                             | RELEVANT SUSTAINABLE DEVELOPMENT GOALS OF UN                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| <b>E: Environment</b>                                                                                                                                                                                                                                                                                 |                                                                                                                                 |                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                            |                                                                                                             |
| 1. Strategy in the area of climate change<br>2. Financing projects in the area of environmental protection<br>3. Promotion of environmental protection<br>4. Management of social and environmental factors, incorporation of ESG risks into the risk management system                               | <ul style="list-style-type: none"><li>GRI-301: Materials</li><li>GRI-302: Energy</li><li>GRI-306: Effluents and waste</li></ul> | <b>13.</b> Combat climate change<br><b>15.</b> Preserve terrestrial ecosystems              | 15. Educating employees in the area of human rights<br>16. Creating conditions for gender equality<br>17. Investigation of cases of discrimination and freedom of association restrictions<br>18. Measures to prevent child labor as well as forced or compulsory labor<br>19. Communications and dialogue with employees<br>20. Enhancing financial literacy<br>21. Charity and sponsorship<br>22. Implementation of efficient instruments for receiving complaints from stakeholders                                                                     | <ul style="list-style-type: none"><li>GRI-405: Diversity and equal opportunities</li></ul> | <b>8.</b> Decent work and economic growth                                                                   |
| <b>S: Social Impact</b>                                                                                                                                                                                                                                                                               |                                                                                                                                 |                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                            |                                                                                                             |
| 5. Financing of socially significant projects<br>6. Support for small business<br>7. Development of socially oriented products<br>8. Responsible marketing and fair products and services communications<br>9. Cooperation in the area of improving public governance<br>10. Technological leadership | <ul style="list-style-type: none"><li>GRI-204: Procurement practices</li></ul>                                                  | <b>9.</b> Industrialization, innovation, and infrastructure<br><b>10.</b> Reduce Inequality | <b>G: Corporate Governance</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                            |                                                                                                             |
| <b>S: Human capital development</b>                                                                                                                                                                                                                                                                   |                                                                                                                                 |                                                                                             | 23. Performance assessment of the Supervisory Board<br>24. Transparent interaction between shareholders, investors, and Sberbank’s Executives<br>25. Transparency of top management remuneration scheme<br>26. Accessible and confidential tools for notification of non-compliance with the Code of Corporate Ethics, fair procedures for resolving conflicts of interest<br>27. Implementation of anti-corruption policy, preventive measures and training, anti-money laundering and counteracting financial terrorism<br>28. International Cooperation | <ul style="list-style-type: none"><li>GRI-205: Anti-corruption</li></ul>                   | <b>16.</b> Peace, Justice, and Effective Institutions<br><b>17.</b> Partnership for Sustainable Development |
| 11. Employee Remuneration System Performance<br>12. Social protection for employees and non-financial motivation<br>13. Healthy lifestyle promotion and labor protection<br>14. Professional development and training for employees                                                                   | <ul style="list-style-type: none"><li>GRI-403: Occupational health and safety</li><li>GRI-404: Training and education</li></ul> | <b>3.</b> Good health and wellness<br><b>5.</b> Gender equality                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                            |                                                                                                             |



# GRI content index

|        | INDICATOR                                                    | REFERENCE / COMMENT                                                                                                                                                       | PAGE               |
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| 102    | GENERAL DISCLOSURES                                          |                                                                                                                                                                           |                    |
|        | Organizational profile                                       |                                                                                                                                                                           |                    |
| 102-1  | Name of the organization                                     | About the Report                                                                                                                                                          | 2                  |
| 102-2  | Activities, brands, products and services                    | <ul style="list-style-type: none"><li>Sberbank is evolving into an ecosystem</li><li>Financial Performance</li><li>Wealth management</li><li>Corporate business</li></ul> | 8<br>9<br>19<br>21 |
| 102-3  | Location of the headquarters                                 | <a href="https://www.sberbank.com/ru/news-and-media/contacts">https://www.sberbank.com/ru/news-and-media/contacts</a>                                                     |                    |
| 102-4  | Location of operations                                       | Sberbank is evolving into an ecosystem                                                                                                                                    | 8                  |
| 102-5  | Ownership and legal form                                     | About the Report                                                                                                                                                          | 2                  |
| 102-6  | Markets served                                               | Market Overview                                                                                                                                                           | 27–28              |
| 102-7  | Scale of the organization                                    | Personnel Structure                                                                                                                                                       | 232                |
| 102-8  | Information on employees and other workers                   | Personnel Structure                                                                                                                                                       | 232–233            |
| 102-9  | Supply chain                                                 | A sustainable business model                                                                                                                                              | 11                 |
| 102-10 | Significant changes to the organization and its supply chain | No material changes in the company or its supply chain                                                                                                                    |                    |
| 102-11 | Precautionary Principle or approach                          | Risks report                                                                                                                                                              | 148–151            |
| 102-12 | External initiatives                                         | Sberbank’s contribution to UN Sustainable Development Goals                                                                                                               | 206–207            |
| 102-13 | Membership of associations                                   | Participation of Sberbank Group companies in associations                                                                                                                 | 287–288            |
|        | Strategy                                                     |                                                                                                                                                                           |                    |
| 102-14 | Statement from senior decision-maker                         | <ul style="list-style-type: none"><li>Address of the Chairman of the Supervisory Board</li><li>Address of the CEO, Chairman of the Executive Board</li></ul>              | 24–26<br>201–202   |

|        | INDICATOR                                                  | REFERENCE / COMMENT                                                                                                                                 | PAGE           |
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| 102-16 | Values, principles, standards and norms of behavior        | Business Ethics and Anti-Corruption                                                                                                                 | 209–210        |
|        | Governance                                                 |                                                                                                                                                     |                |
| 102-18 | Governance structure                                       | Corporate Governance                                                                                                                                | 86–89          |
|        | Stakeholder engagement                                     |                                                                                                                                                     |                |
| 102-40 | List of stakeholder groups                                 | Interaction with Stakeholders                                                                                                                       | 193            |
| 102-41 | Collective bargaining agreements                           | Personnel Structure                                                                                                                                 | 232            |
| 102-42 | Identifying and selecting stakeholders                     | Interaction with Stakeholders                                                                                                                       | 193            |
| 102-43 | Approach to stakeholder engagement                         | Interaction with Stakeholders                                                                                                                       | 193            |
| 102-44 | Key topics and concerns raised                             | <ul style="list-style-type: none"><li>Interaction with Stakeholders</li><li>Materiality determination procedure</li></ul>                           | 193<br>289–292 |
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| 102-48 | Restatements of information                                | About the Report                                                                                                                                    | 2              |
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| 102-53 | Contact point for questions regarding the report           | <a href="http://www.sberbank.com/ru/investor-relations/contactsforinvestors">http://www.sberbank.com/ru/investor-relations/contactsforinvestors</a> |                |
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# GRI content index

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# Abbreviations

|                       |                                        |                      |                                                                |               |                                                                                                                                          |
|-----------------------|----------------------------------------|----------------------|----------------------------------------------------------------|---------------|------------------------------------------------------------------------------------------------------------------------------------------|
| <b>ADR</b>            | American depositary receipt            | <b>IPA</b>           | individual pension account                                     | <b>OFXP</b>   | open foreign exchange position                                                                                                           |
| <b>ANO</b>            | autonomous non-profit organization     | <b>SMS</b>           | Smart Management System                                        | <b>UN</b>     | United Nations                                                                                                                           |
| <b>JSC</b>            | joint stock company                    | <b>IT</b>            | information technology                                         | <b>LLC</b>    | limited liability company                                                                                                                |
| <b>AS</b>             | automated system                       | <b>CSR</b>           | corporate social responsibility                                | <b>OFZ</b>    | federal loan bonds                                                                                                                       |
| <b>AIC</b>            | agro-industrial complex                | <b>CG</b>            | Corporate Governance                                           | <b>OECD</b>   | Organization for Economic Co-operation and Development                                                                                   |
| <b>Bank of Russia</b> | Central Bank of the Russian Federation | <b>SOA</b>           | Shareholder Online Account                                     | <b>PJSC</b>   | public joint-stock company                                                                                                               |
| <b>GDP</b>            | gross domestic product                 | <b>MIA of Russia</b> | Ministry of Internal Affairs of the Russian Federation         | <b>IRB</b>    | internal ratings-based approach                                                                                                          |
| <b>Subbranch</b>      | internal business unit                 | <b>IMF</b>           | International Monetary Fund                                    | <b>IRCRBB</b> | interest rate and currency risks in the banking book                                                                                     |
| <b>FT</b>             | foreign trade                          | <b>MSU</b>           | Lomonosov Moscow State University                              | <b>MF</b>     | mutual fund                                                                                                                              |
| <b>AGM</b>            | Annual General Meeting of Shareholders | <b>MIPT</b>          | Moscow Institute of Physics and Technology                     | <b>PC</b>     | personal computer                                                                                                                        |
| <b>PPP</b>            | public-private partnership             | <b>IFRS</b>          | International Financial Reporting Standards                    | <b>SW</b>     | software                                                                                                                                 |
| <b>SB</b>             | subsidiary bank                        | <b>NAUFOR</b>        | Russian National Association of Securities Market Participants | <b>BDSP</b>   | Business Development Support Platform                                                                                                    |
| <b>SAC</b>            | subsidiary and affiliated companies    | <b>R&amp;D</b>       | research and development                                       | <b>DS</b>     | deployment stage                                                                                                                         |
| <b>VHI</b>            | voluntary health insurance             | <b>HSE</b>           | National Research University Higher School of Economics        | <b>PS</b>     | payment system                                                                                                                           |
| <b>PE</b>             | preschool education                    | <b>NPO</b>           | nonprofit organization/non-banking credit institution          | <b>DFI</b>    | derivative financial instrument                                                                                                          |
| <b>CPD</b>            | continuing professional development    | <b>NSPS</b>          | non-state pension schemes                                      | <b>RAS</b>    | Russian Academy of Sciences                                                                                                              |
| <b>ECB</b>            | European Central Bank                  | <b>PPF</b>           | private pension fund                                           | <b>RB</b>     | retail business                                                                                                                          |
| <b>Utilities</b>      | housing and utility services           | <b>NCGR</b>          | National Corporate Governance Rating                           | <b>REPO</b>   | purchase of a security on the terms of its reverse sale after a set period of time at the price defined in advance in the repo agreement |
| <b>CJSC</b>           | closed joint-stock company             | <b>SB</b>            | Supervisory Board                                              | <b>RZD</b>    | Russian Railways                                                                                                                         |
| <b>AI</b>             | artificial intelligence                | <b>NFA</b>           | National Fund Association                                      | <b>CSRBB</b>  | market credit spread risk of securities in the banking book                                                                              |
| <b>IE</b>             | individual entrepreneur                | <b>OJSC</b>          | open joint-stock company                                       |               |                                                                                                                                          |



# Abbreviations

|                       |                                                                                                                                                                            |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>RAS</b>            | Russian Accounting Standards                                                                                                                                               |
| <b>SBBOL</b>          | Sberbank Business Online                                                                                                                                                   |
| <b>SBOL</b>           | Sberbank Online                                                                                                                                                            |
| <b>IC</b>             | insurance company                                                                                                                                                          |
| <b>MM</b>             | mass media                                                                                                                                                                 |
| <b>SPE</b>            | secondary professional education                                                                                                                                           |
| <b>DTCS</b>           | dispatch and technology control system                                                                                                                                     |
| <b>LC RF</b>          | Labor Code of the Russian Federation                                                                                                                                       |
| <b>MSW</b>            | municipal solid waste                                                                                                                                                      |
| <b>RSSC</b>           | regional social service center                                                                                                                                             |
| <b>SST</b>            | self-service terminal                                                                                                                                                      |
| <b>CBR</b>            | Central Bank of the Russian Federation                                                                                                                                     |
| <b>SDG</b>            | UN Sustainable Development Goals                                                                                                                                           |
| <b>NPV</b>            | net present value                                                                                                                                                          |
| <b>AA1000</b>         | a series of AccountAbility standards designed to improve the quality of non-financial reports and increase the transparency, accountability and sustainability of business |
| <b>AG</b>             | joint-stock company (German–Aktiengesellschaft)                                                                                                                            |
| <b>API</b>            | application programming interface                                                                                                                                          |
| <b>AI</b>             | artificial intelligence                                                                                                                                                    |
| <b>AR</b>             | augmented reality                                                                                                                                                          |
| <b>BCR</b>            | Binding Corporate Rules                                                                                                                                                    |
| <b>CO<sub>2</sub></b> | carbon dioxide                                                                                                                                                             |

|                  |                                                                                            |
|------------------|--------------------------------------------------------------------------------------------|
| <b>CIB</b>       | Corporate and Investment Block operating under the Sberbank CIB brand since 8 October 2012 |
| <b>CIR</b>       | cost-to-income ratio                                                                       |
| <b>COR</b>       | cost of risk                                                                               |
| <b>CRM</b>       | Client Relationship Management system                                                      |
| <b>CSI</b>       | client satisfaction index                                                                  |
| <b>DAU</b>       | daily average users in digital channels                                                    |
| <b>DAU/MAU</b>   | ratio of daily active users to monthly active users in digital channels                    |
| <b>D&amp;O</b>   | directors and officers                                                                     |
| <b>DevOps</b>    | development and operations                                                                 |
| <b>DDOS</b>      | hacking attack on a computer (Distributed Denial of Service)                               |
| <b>DS</b>        | Data Science                                                                               |
| <b>ESG</b>       | sustainable development factors: environment, social, corporate governance                 |
| <b>GDPR</b>      | EU General Data Protection Regulation                                                      |
| <b>GR</b>        | government relations                                                                       |
| <b>GRI</b>       | Global Reporting Initiative                                                                |
| <b>HR</b>        | human resources                                                                            |
| <b>ICC</b>       | International Cybersecurity Congress                                                       |
| <b>IoT</b>       | Internet of Things                                                                         |
| <b>ICO</b>       | initial coin offering                                                                      |
| <b>IPO</b>       | initial public offering                                                                    |
| <b>ISO 14000</b> | Environmental Management international standard                                            |

|                       |                                                                |
|-----------------------|----------------------------------------------------------------|
| <b>ISO 19600:2014</b> | «Compliance management» international standard                 |
| <b>ISO 26000</b>      | Social Responsibility Guidance international standard          |
| <b>ISO 37001</b>      | Anti-bribery Management Systems international standard         |
| <b>ISO/IEC 27001</b>  | Information Security Management Systems international standard |
| <b>IVR</b>            | interactive voice response                                     |
| <b>KYC</b>            | Know Your Client                                               |
| <b>LEED</b>           | Leadership in Energy and Environmental Design                  |
| <b>MAU</b>            | monthly active users in digital channels                       |
| <b>MBA</b>            | Master of Business Administration                              |
| <b>MTN</b>            | medium-term note program                                       |
| <b>MVP</b>            | Minimal Viable Product                                         |
| <b>NFC</b>            | Near Field Communication                                       |
| <b>NLP</b>            | Neuro-linguistic Programming                                   |
| <b>NPS</b>            | Net Promoter Score                                             |
| <b>Ph.D.</b>          | Doctor of Philosophy                                           |
| <b>PCI DSS</b>        | Payment Card Industry Data Security Standard                   |
| <b>POS</b>            | points of sale                                                 |
| <b>ROA</b>            | Return on assets                                               |
| <b>ROE</b>            | return on equity                                               |
| <b>RPA</b>            | robotic process automation                                     |
| <b>SOC</b>            | Security Operation Center                                      |
| <b>VaR</b>            | value at risk                                                  |



# Glossary

|                                                      |                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bootcamp                                             | a technical training program on the parts of programming which are most relevant to current market requirements. Students are trained by implementing real projects, and are taught by the people who successfully work                                                                                                                                                                       |
| Compliance Control                                   | an internal control over the compliance of operations in the financial markets with the financial markets laws in a credit institution. It is a part of the internal control system of a credit institution.                                                                                                                                                                                  |
| Corporate social responsibility                      | <p>a set of principles and liabilities the bank complies with in the course of its activity with regard to:</p> <ul style="list-style-type: none"><li>• management of stakeholder relations;</li><li>• assessment and management of impact on the national economy, social sphere and environment.</li></ul>                                                                                  |
| Dividend                                             | a part of the income earned by a business entity which is distributed among its shareholders.                                                                                                                                                                                                                                                                                                 |
| Ecosystem                                            | a network of companies that is being created around the platform and that will use its services to generate the best offers for clients and provide access to them to satisfy all types of client needs, both of individuals and entities.                                                                                                                                                    |
| Employee engagement                                  | an employee's emotional and intellectual state 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.                                                                                                                                                                                                  |
| ESG (Environmental, Social and Corporate Governance) | a management approach that seeks to incorporate environmental, social and governance factors into the decision-making process with a view to better risk management and sustainable development of the Company. ESG is a set of sustainable development topics to be disclosed at the corporate level 2015 form the strategy to resolve any global environmental, economic and social issues. |

|                                   |                                                                                                                                                                                                                                                                               |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ESG-topics                        | covers sustainability issues on the Group level.                                                                                                                                                                                                                              |
| “Golden share”                    | a conventional designation of the corporate right of the Russian Federation, a government or municipal entity that is a shareholder of a joint-stock company. The right serves to execute control over the joint-stock company on the part of the state.                      |
| Stakeholders (Interested Parties) | are private or corporate clients or groups of persons that affect the Bank and its activities and(or) are affected by the Bank (clients, employees, shareholders, governmental authorities, public organizations, etc.).                                                      |
| Sustainable Development           | a global concept of development of nations and the humankind with a view to preserving the planet’s resources for future generations. The UN Sustainable Development Goals adopted in 2015 form the strategy to resolve any global environmental, economic and social issues. |