



2017

Annual Report

About this Report

Approach to the Report

This Annual Report of Sberbank of Russia¹ for 2017 (the "Report") includes the results of Sberbank and its subsidiaries² for the reporting period from January 1, 2017 to December 31, 2017.

- Federal Law "On the Securities Market" No. 39—FZ dated April 22, 1996;
- Federal Law "On Joint Stock Companies" No. 208—FZ dated December 26, 1995;
- Bank of Russia Directive "On the Deadlines and Procedure for the Preparation and Submission of the Financial Statements of Professional Participants in the Securities Market to the Central Bank of the Russian Federation" No. 3533—U dated January 15, 2015;
- Regulations on Additional Requirements on the Procedure for the Preparation, Convocation and Conduct of the General Meeting of Shareholders, approved by FFMS Order No. 12-6/pz-n dated February 2, 2012;
- Bank of Russia Regulation "On Information Disclosures by Issuers of Issue-Grade Securities" No. 454—P dated December 30, 2014;
- Recommendations of the Code of Corporate Governance of the Bank of Russia, recommended for use by joint stock companies by Bank of Russia Letter No. 06-52/2463 dated April 10, 2014.

Boundaries of the Report

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

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

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

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

PJSC Sberbank
Subsidiary banks
Cetelem Bank LLC
DenizBank A.Ş.
BPS-Sberbank OJSC (Belarus)
SB AO Sberbank (Kazakhstan)
Sberbank Europe AG
Sberbank (Switzerland) AG

Approval of the Report

The Report was preliminary approved by the Supervisory Board of Sberbank (Minutes No 10 as of April 17, 2018). The reliability of the data in the Report was confirmed by the Audit Committee of PJSC Sberbank.

The Report was approved by the Annual General Shareholder Meeting of Sberbank as of June 8, 2018 (Minutes No 31 as of June 14, 2018).

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

This Report is prepared in accordance with the Core option of the Global Reporting Initiative Standards (GRI Standards). Previous Sberbank reports were prepared "taking into account" these Guidelines. This is another step to increasing the Bank's information transparency, and also to developing the practice of corporate social responsibility in the Group.

Information on the subsidiary banks / companies (listed in the table below), which are the parent organizations of the group of companies, is presented at the group level.

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

Subsidiaries
ActiveBusinessCollection LLC
Sberbank – Automated Trading System CJSC
Delovaya Sreda JSC
Sberbank Private Pension Fund JSC
Sberbank Leasing JSC
Sberbank-Service LLC
Sberbank Life Insurance LLC
Sberbank-Technologies (Sbertech) JSC
Sovremennyye Tekhnologii LLC
Nonbanking Credit Institution Yandex.Money LLC

Disclaimer

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

The information provided in this report or expressed in the oral communications of Sberbank management may contain forward-looking statements. Forward-looking statements can be made in respect to any facts, excluding facts attributed to prior periods, and include statements regarding the intentions, beliefs, and current expectations of Sberbank in relation to, among other things, the results of its activities, financial position, liquidity, prospects, growth, targets, strategy, and the industry, in which Sberbank conducts its activities. By their nature, forward-looking statements involve risks and uncertainties as they relate to events and depend on circumstances that may either occur or not occur in the future. Sberbank cautions readers of this report that forward-looking statements are not a guarantee of future performance, and the actual results of the Bank's activities, its financial position, liquidity, and developments in the industry, in which Sberbank conducts its activities, may differ significantly from those expressly stated or implied in such forward-looking statements provided in this report or expressed in the oral statements of Sberbank management. In addition, even if the actual results of the activities, financial position, liquidity, and events in the industry, in which Sberbank conducts its activities, correspond to the forward-looking statements provided in this report or expressed in oral statements, these results or events cannot be viewed as an indicator of future performance and events.

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

¹ Public Joint Stock Company Sberbank of Russia, hereinafter Sberbank or the Bank.
² Sberbank and its subsidiaries, hereinafter together the Group or the Sberbank Group.

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Sberbank today

The Sberbank Group is the largest financial institution in Russia and Central and Eastern Europe. The Bank services 151 million clients, of whom 134.7 million are in Russia. Sberbank accounts for 29.9% of the total assets of the Russian banking system. Sberbank has been working 76 years on the Russian market, and its brand is solidly associated with reliability and social orientation, and also more and more with innovation and technological leadership. The Bank is actively developing its channels for interacting with clients through a unique physical and digital infrastructure, creating an IT system based on modern innovative technologies (artificial intelligence, machine learning, blockchain, robotics, and others). Sberbank is also transforming itself, moving towards the model of a global ecosystem, to provide its clients with the best financial and non-financial services to satisfy their everyday needs.

86.2 million
active retail clients in Russia

Sberbank seeks to reach a new level of competitiveness and technology, all while remaining the best bank for people and business, continuing to develop sustainably and create value for its shareholders, society, and the country.

In 2017 Sberbank adopted its Development Strategy till 2020 (Strategy 2020), setting as its priority for this period further improvement of the customer experience and development of its technological platform and ecosystem to satisfy the majority of its clients' needs through the offering of non-financial products and services.

The Sberbank Group in the world



22
countries

151 million clients,
including 16.3 million
outside of Russia

27.1 RUB trillion
in assets

310.3 thousand
employees

best client
experience

development of the
ecosystem

technological
leadership

Clients in Russia

Sberbank's active¹ clients comprise 60% of the population of Russia. Sberbank accounts for 46.1% of individual deposits, 40.5%² of loans to individuals, and 32.4% of loans to legal entities.

2.1 million active
corporate clients

132.7 million
retail clients, of which
86.2 million are active
clients

41.2 million clients
receive their
salaries through
Sberbank

Sberbank is a major issuer of debit and credit cards.

17.5 million credit
cards issued by Sberbank
of Russia in circulation

121.5 million debit
cards issued by Sberbank
of Russia in circulation

818 thousand
corporate cards issued by
Sberbank of Russia

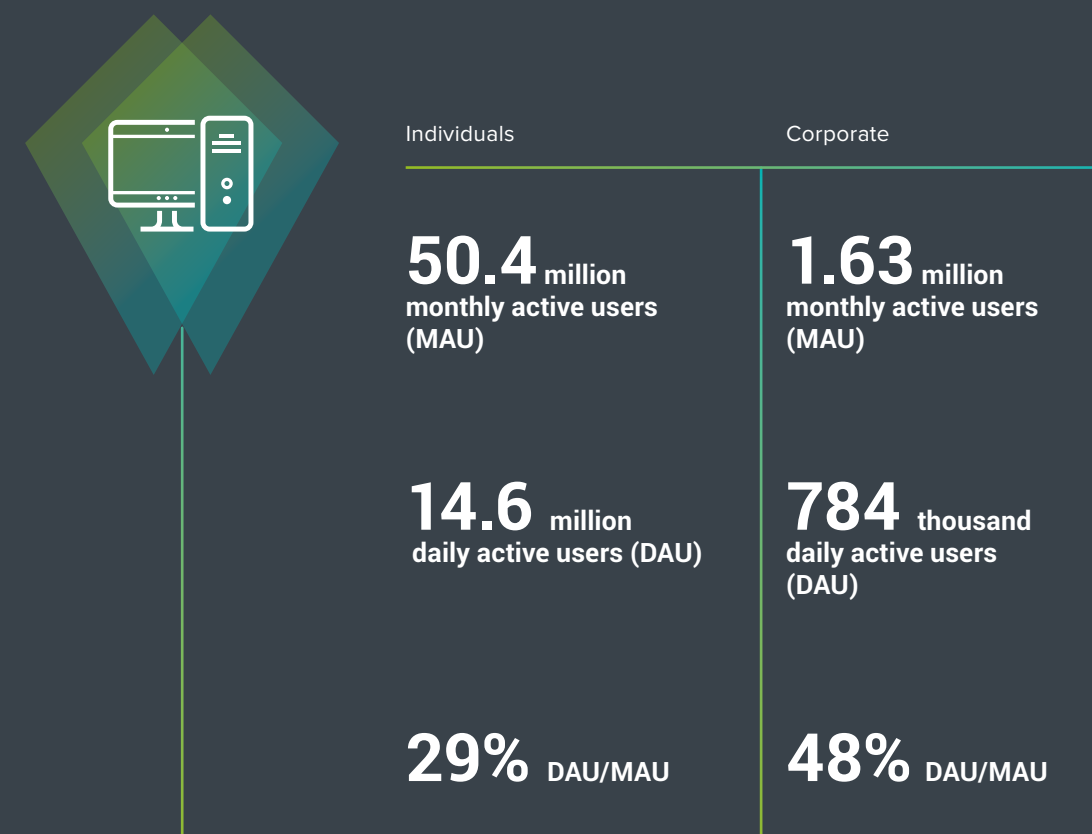
¹ The Bank considers clients active if they have made at least one transaction in the past three months.

² Market share combined for Sberbank and Cetelem Bank equals 41.4%

Traditional sales channels



Active users in digital channels



Group Structure

As of December 31, 2017, the Group operates in the Russian Federation through Sberbank of Russia, which has 14 regional head offices*, 78 branches of regional banks and 14,312 service points, and also through the main subsidiaries located in the Russian Federation – Sberbank Leasing, Sberbank Capital, the companies of the former Troika Dialog Group, Sberbank Private Pension Fund, Sberbank Life Insurance, Sberbank Insurance, Sberbank Factoring, and Cetelem Bank (the former BNP Paribas Vostok).

14

regional head offices*

* As part of improving the structure and increasing the efficiency of the regional network, two regional head offices (North and West-Ural) will be closed, while the number of service points for the population and corporate clients will not change.

16.3 million

clients beyond Russia

14%

share of international operations in the Group

The Group's operations outside Russia are performed through subsidiary banks located in Ukraine, Turkey, Belarus, Kazakhstan, Austria, Switzerland, and other countries of Central and Eastern Europe; through a branch in India, representative offices in Germany and China, and also the companies of the former Troika Dialog Group located in the USA, the UK, Cyprus, and a number of other countries. The number of the Bank's clients outside the Russian Federation reached 16.3 million in 2017. International business makes up 14% of the Group's assets according to management reporting.

Achievements

Customer experience and Technologies



Best Retail Digital Banking in Russia, Global Finance



Sberbank was recognized as best by the prize “Consumer Rights and Service Quality” in the categories: “**Most Client-Centric Bank in Russia**” and “**Digital Security**”



The **Sberbank Online** mobile app took **fourth place in popularity in the Russian App Store** after WhatsApp, VK and Instagram



The **Sberbank Online** mobile app received the **first place in the nomination «Finance and Insurance»** of the Russian «Runet Rating» competition



Sberbank received the “**Best Customer Experience Awards**” in the financial sector from the CX AWARDS



The **Sberbank Together Service** received a Retail Finance Award in the category “**Best Social Project**”



Sberbank received the international Loyalty360 Customer Awards at the **Platinum level in the category Organizational Commitment for the promoting a client-centric model of business as part of corporate culture**



Sberbank’s project “**Fraud Monitoring for Remote Individual Service Channels**” took the bronze medal at the **IPMA International Project Excellence Awards 2017**



Sberbank became the **largest acquirer in Europe** according to The Nilson Report



Sberbank received the “**Bank of the Year**” award in the category “**Mortgage Loan of the Year**” according to the version of the portal Banki.ru



The **Sberbank IR app** was declared the **best app for investors** in the international Mobile Web Awards organized by the Web Marketing Association



The **Sberbank Markets** electronic trading platform received the prestigious international London 2017 Financial Innovation Awards in the category “**Innovation in Delivering Financial Products**”



The “**Tips**” Service in the **Sberbank Online** app won the prize **Innovation of the Year** of the EFMA financial association and the Accenture consulting firm. The product was declared the most innovative among new digital services of European banks in the category “**Big Data, Analysis, and Artificial Intelligence**”

Corporate culture

- Sberbank Corporate University received a prestigious international award in corporate education — the Global CCU Awards. It was declared best in the category Business Impact, which assessed the effect of the corporate university on the parent company’s business
- Sberbank was **one of the top three overall in the rating of best companies for work and career** in the Leadership Index



The Banker Awards 2017

Sberbank took **first place by equity among banks in Central and Eastern Europe** according to The Banker magazine



Sberbank took **first place in the corporate reporting transparency index** among the 200 largest Russian companies according to a study by Transparency International Russia

Brand Finance®

Sberbank took **first place in a rating of the most valuable brands in Russia**, and sixth in value of banking brands in Europe according to Brand Finance



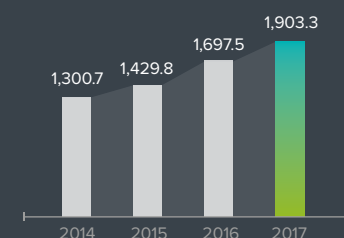
The jury of the **Effie Awards**, the world’s most prestigious marketing awards, recognized **Sberbank as company of the year**. The Effie Awards are presented for the main achievement in advertising and marketing communications - effectiveness

Key highlights

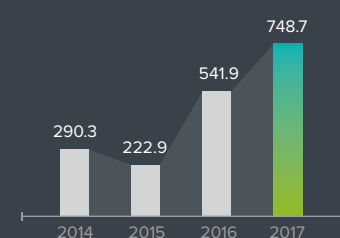
In 2017 the Group's assets increased by 6.9%. The aggregate loan portfolio of the Group grew by 6.6% in 2017, showing an increase both in the corporate and in the retail segment. The Group's equity rose in 2017 by 21.8%, mainly due to the Group's operating profit.

Financial performance

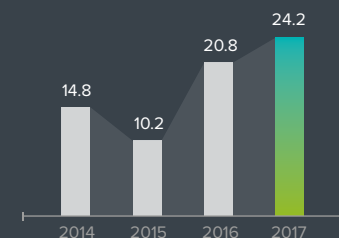
Pre-provision operating
profit, RUB billion



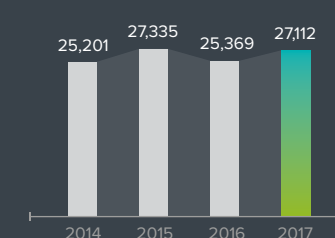
Net profit, RUB billion



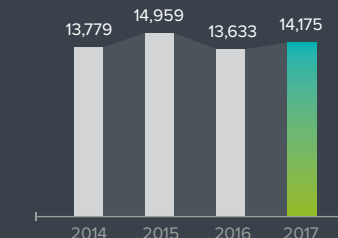
Return on equity (ROE), %



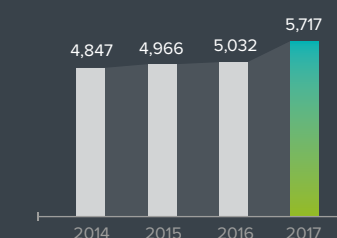
Total assets, RUB billion



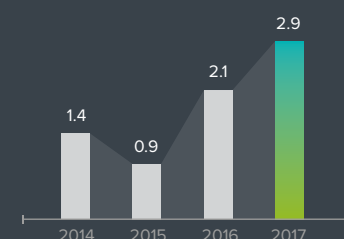
Loans to corporate clients,
RUB billion



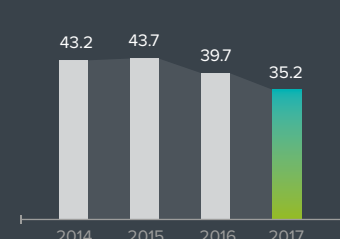
Loans to private clients,
RUB billion



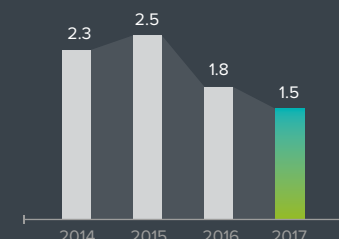
Return on assets (ROA), %



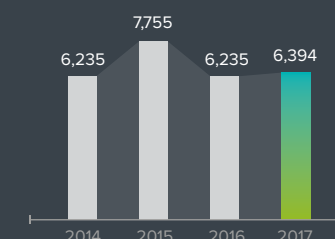
Cost income ratio (CIR), %



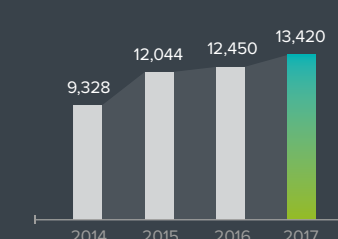
Cost of risk (COR), %



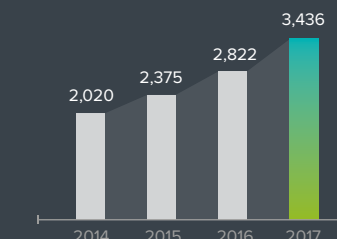
Corporate deposits,
RUB billion



Retail deposits,
RUB billion



Total equity, RUB billion



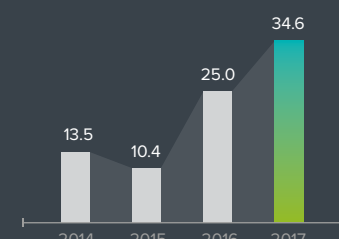
The Sberbank Group finished 2017 with record net profit of RUB 748.7 billion, 38.2% higher than 2016. Profits per ordinary share equaled RUB 34.6, showing growth of 38.3% compared to 2016.

Earnings per ordinary
share

RUB 34.58

EPS (+38.2% y/y)

Earnings per ordinary share
(EPS), RUB

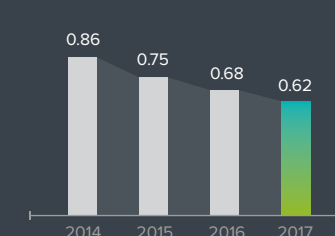


Net profit

RUB 748.7 billion

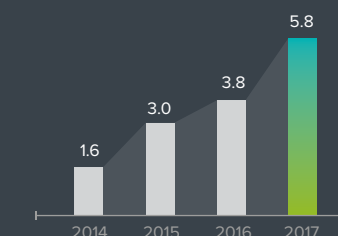
Sustainable development

Accident rate
(per 1,000 employees)



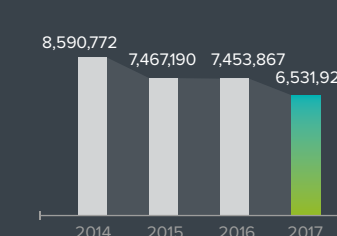
The coefficient of on-the-job accidents fell by 9% in 2017

Charitable spending, billion RUB



In 2017, Sberbank increased its charitable spending by 54%, through a number of major charitable and sponsorship projects.

Total energy consumption, GJ



The total amount of energy consumed in 2017 was equal to 6,005,553 GJ, which is 13% less than the previous year.

Group Strategy

2014
2018

- With our customers for life
- Team and corporate culture
- Technological breakthroughs
- Financial performance
- Mature organization



Completed one
year in advance

20
20



Launched
in 2017

01.
**Best customer experience
and ecosystem**

02.
Technological leadership

03.
**People: nurturing new
skills in effective teams**

Financial objectives

01.

- **Customer experience in the financial sphere:** expansion and refinement of the product and service line, building individual relationships with each customer, ensuring easy access to services in all channels, optimizing work in physical channels and creating and launching innovative interfaces in digital channels
- **Construction of an ecosystem of non-financial businesses:** offering of additional services in various areas of customers' lives that are synergistic with financial products.

02.

- **Reliability and efficiency:** ensuring the reliable, stable operation of both existing and new IT systems.
- **New platform:** completion of the migration of customers, products and data to the new platform, which will be based on an innovative cloud infrastructure, with the implementation of DevOps practices and tools.
- **Security:** ensuring the protection of custom data and investment in monitoring tools and the protection of all digital channels, training of employees, customers and partners.
- **Data-driven company:** creation of systems to manage the growing amount of customer data, development of in-house competencies in data processing.
- **Innovation:** creating laboratories for key business technologies, conducting applied research, and integrating new technologies in our products and services.

03.

- **New competencies:** promotion of a new model of competencies, training in new, sought-after skills.
- **Teams instead of hierarchies:** increasing requirements on managers and employees as regards the ability to work in a team, the introduction of new forms of teamwork, creation of an atmosphere of psychological safety.
- **Corporate culture:** development of leadership competencies among managers, incentives for self-development and self-improvement among employees, creation of a clear and personalized path for employee hiring and development, promotion among employees of a culture of continuous development and introduction of new products and services.
- **Transformation of the HR function:** automation and digitization of HR processes, migration to a Success Factors cloud platform, keeping the growth in personnel costs and turnover of key personnel at an acceptable level, new role of HR as a partner focusing on long-term planning to ensure human resources with the necessary skills and raising the effectiveness of teamwork.

Corporate governance

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

Corporate governance principles of Sberbank

01

Priority of shareholder rights and interests

02

Ensuring the long-term sustainable development of the business

03

Delimitation of powers and responsibilities in the management of the business

04

The competencies and qualifications of members of the Supervisory Board are commensurate with the scale of operations of Sberbank

05

A balanced and effective system of internal controls and risk management

06

Full subordination of management bodies to the shareholders

07

Informational transparency

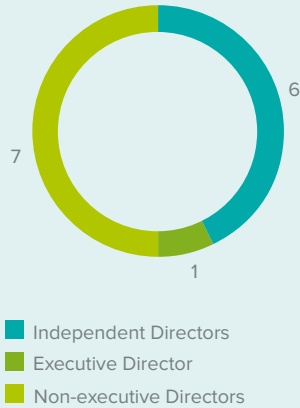
8 points out of 10

Confirmation of the National Corporate Governance Rating at the level of “Advanced Corporate Governance Practice” of the Russian Institute of Directors

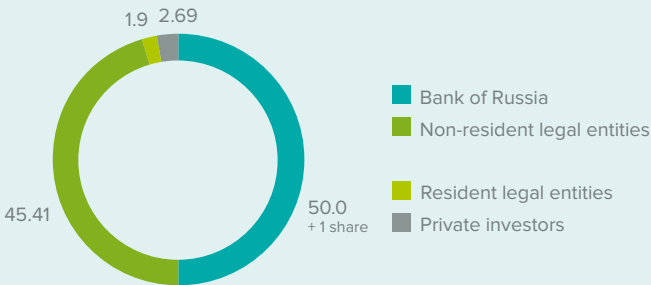
	Fitch	Moody's
Long-term, foreign currency	BBB-	Ba2
Long-term, Russian rubles	BBB-	Ba1
Forecast	positive	stable

Effective work of the Supervisory Board

Structure of the Supervisory Board as of December 31, 2017



Shareholder structure of Sberbank as of the closure date of the shareholder register (May 2, 2017)



Supervisory Board

Audit Committee	HR and Remuneration Committee
Strategic Planning Committee	Risk Management Committee

Key results of the work of the Supervisory Board in 2017:

- Approval of the Sberbank Development Strategy 2020.
- Approval of the Succession Policy for Members of the Supervisory Board of Sberbank, which determines the main principles and procedures guaranteeing that a professional and effective Supervisory Board is created and maintained
- Approval of a new Dividend Policy, which codifies the intention of Sberbank over the next three years to gradually raise the share of dividend payments in the net profits of the Sberbank Group from the current 25% to 50% of the net profits in accordance with IFRS (taking into consideration the requirements, set by the Dividend policy).

Sberbank Equity Story

We are working to increase earnings per share, ensuring the growth of business value for our shareholders and investors.

Delivery of strategic goals

Sberbank strategy for 2008–2014



Completed

Sberbank strategy for 2014–2018



Completed one year in advance

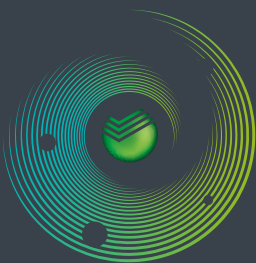
Read more on pages 30-33

Sberbank strategy till 2020



Launched in 2017

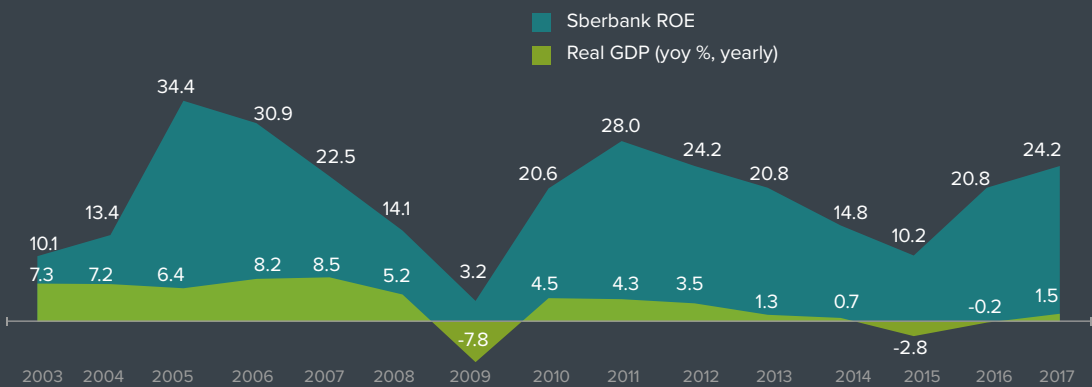
Read more on pages 34-43



Efficiency growth for core business & Development of new high-yielding non-banking businesses

Read more on pages 102-107

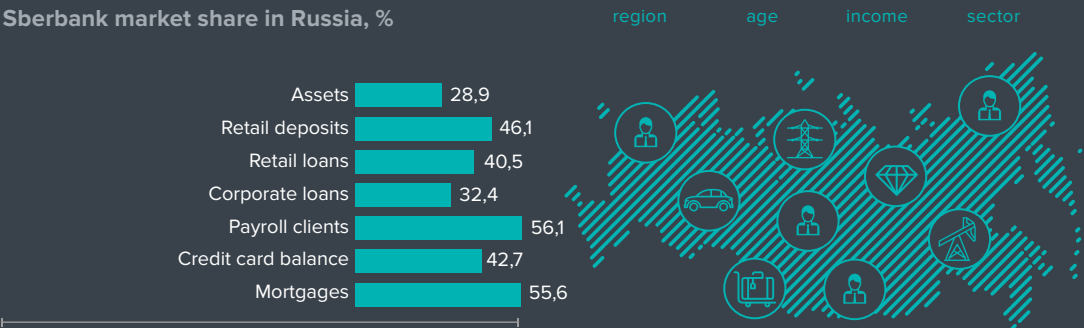
Commitment to maintain ROE ~20% until 2020



Read more on pages 254-271

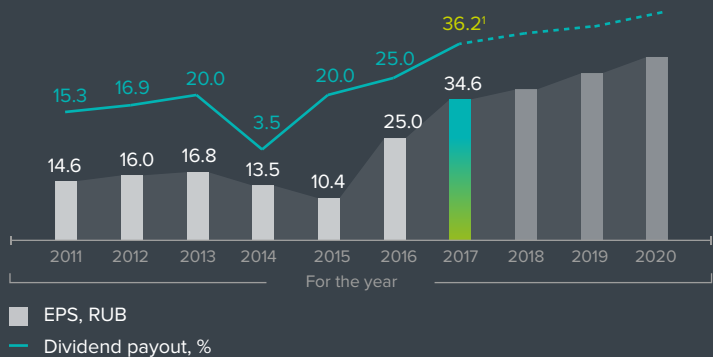
Unique market position and deep knowledge of the client

Sberbank market share in Russia, %



Read more on pages 27, 46-101

Commitment for consistent growth of dividend distribution



1 trillion RUB
dividends for 3 years by 2020

Up to 50%
of net profit by 2020

Read more on pages 215-216

Technological leadership is the key to maintain competitive advantage in the future

Unified Front-End System
The Single Point of contact with the client

Business Hub
“Brain” – logic and decision-making system

Product Factories
“Production” – products, transactions, accounting

Data Factory
“Experience” – building up client experience and generating new knowledge

Platform Core

Read more on pages 108-125

¹ Following the meeting on April 17, 2013, the Supervisory Board of PJSC Sberbank recommended that the decision on dividend payments be submitted for approval to the Annual General Meeting of Shareholders in the amount of 12.0 rubles for ordinary and 12.0 rubles per preferred share. This corresponds to the distribution for the payment of dividends of 36.2% of net profit for 2017 under IFRS.

Sberbank's contribution to the achievement of the Sustainable Development Goals¹

The Sustainable Development Goals adopted in 2015 by the UN General Assembly are today an important benchmark for the development of countries and business worldwide. These goals are set and described in «Transforming Our World: The 2030 Agenda for Sustainable Development» document, and are aimed at eliminating poverty, conserving the planet's resources, and securing the general welfare.



goal 3

Ensure healthy lives and promote well-being

- Promote and support a healthy lifestyle among employees (healthy eating, psychological support, sports initiatives)
- Ensure safe working conditions for employees
- Provide access to the best medical solutions on favorable terms within the ecosystem
- Support public health by offering life insurance services
- Support medical institutions



goal 4

Ensure inclusive and equitable quality education and promote lifelong learning opportunities

- Create in-house training programs for employees, including female employees of the Bank on childcare leave
- Training of external stakeholders (clients, partners)
- Implementation of charitable projects aimed at supporting education in the regions of presence



goal 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work

- Supporting employment and decent working conditions in regions of presence
- Support for business development, including in the micro- and small-business segments, by providing financial services
- Sustainable economic growth of Sberbank as the national bank by implementing new technologies
- Initiatives aimed at making financial services more accessible in the regions of presence (development of service channels and infrastructure, financial literacy projects)
- Fighting corruption, money laundering, and the financing of terrorism

¹ Adopted by the UN in 2015 as part of the document «Transformation of our world: an agenda for sustainable development for the period until 2030»



goal 9

Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

- Financing of socially important projects to develop infrastructure in the regions of presence (agriculture, pharmaceuticals, minerals extraction, transportation, and other economic sectors)
- Development of and support for implementation of innovative technologies in the financial sector



goal 12

Ensure sustainable consumption and production patterns

- Reduction of energy and water consumption in the Bank's offices through the use of resource-efficient equipment
- Reduction in the amount of waste produced by implementing separate collection of paper and office equipment consumables, and also through an initiative on the responsible use of resources



goal 10

Reduce inequality within and among countries

- Support for older customers by offering convenient and understandable access to financial services
- Development of products for youth
- Support for physically challenged individuals by creating an inclusive environment in the Bank's offices and in the digital space
- Charitable projects and corporate volunteer initiatives in the regions of presence aimed at supporting groups with special needs



goal 17

Strengthen the means of implementation and active international cooperation for sustainable development

- Assistance in developing a regulatory framework in the financial sector by participating in legislative activity
- Development of national and international business partnerships by organizing and participating in business events (forums, conferences)

Strategic report

Address of the CEO and Chairman of the Executive Board



Dear shareholders, clients, and partners!

In the life of Sberbank, 2017 was an important milestone. We summed up interim results of the transformation we have been pursuing the past 10 years and approved our new strategic priorities.

External environment was controversial last year, however, in general, it was consistent with our expectations: Russian economy moved out of the recession, having demonstrated moderate growth of 1.5% against the backdrop of recovery in domestic demand. However, increasing consumer expenses were not recompensed by growth in revenues. The hard-line monetary policy and strengthening of the rouble in the beginning of the year resulted in record slowdown in inflation to a low of 2.5%. As a consequence, the Bank of Russia reduced its key interest rate to less than 10%, which promoted the demand for loans. Last year, we evidenced continued recovery of banking system: The Bank of Russia recapitalized three private banks, whose losses impaired the profitability index of the banking sector at large. However, profitable banks made record profits for 2017.

The IFRS net profit of Sberbank Group for 2017 amounted to RUB 748.7 billion, its profit per ordinary share having grown by 38%. Its return on capital, which crept up to a five-year high last year, having exceeded 24%, made Sberbank the first among the world's 30 largest banks.

It was the improvement of customer experience, development of new technological solutions, and enhancement of business effectiveness, which enabled the Bank to achieve such results.

Against the backdrop of monetary policy loosening, Sberbank reduced rates for its key products, which had a positive impact on the Group's credit portfolio which increased by 6.6%.

Retail loans showed stable growth of 13.6% where mortgage took the lead: the mortgage portfolio increased by 16%. Among other things, the on-line service "DomClick", where our clients may conveniently perform real estate transactions, including on-line registration of proprietary rights, was very beneficial for this growth. Currently, this resource is visited by more than four million clients per month, and the amount of residential loans issued via "DomClick" has grown by 51%.

Last year, we succeeded in substantially simplifying lending processes for clients from large and medium businesses. Now, standard transactions of more than half the clients from this segment are approved less than within five days. In the segment of small and micro businesses, pre-approved SMART loans, which may be taken out within a day, have become available for more than 50% of all clients. Thanks to the initiatives launched and the reduced overall level of rates, Sberbank issued a record amount of loans to corporate clients in 2017 - more than RUB 11.4 trillion.

In 2017, Sberbank kept developing its set of features and enhancing convenience of service channels for its clients. Therefore, the number of active users of remote service channels increased reaching 56.8 million people. The growth was ensured by the mobile application users. Now 14.6 million people, or over 30% of all clients who perform at least one transaction a month, use digital channels on a daily basis (DAU/MAU).

By the year-end, more than 157 service points began operating in a newly refined format; in several regions, a pilot cash-out project was launched (which enables cash withdrawals at checkout desks in retail and service outlets), which is expected to significantly simplify access to cash funds in rural areas.

To increase its cashless business, Sberbank continues rapid development of its payment infrastructure and digital services, and in 2017, the share of non-cash retail transactions reached 60%. More than 35 million Sberbank cards are supplied with contactless "tap-to-pay" technology. Furthermore, Sberbank has arranged for cashless card payment of travel by public transport in 30 cities in Russia.

For corporate clients, Sberbank improved the set of features in its digital platform Sberbank Business Online. By the end of 2017, 78% of its clients switched to this platform. Alongside traditional bank services, more than 30 versatile non-bank services are now available on this platform. Over half a million small and micro businesses took the advantage of these services. To support business activity, Sberbank launched a free-of-charge Easy Start banking package. Thanks to this product, each fifth of the newly formed companies opened its corporate account in Sberbank in 2017.

In an effort to expand the range of accessible digital client services and save our clients' time, we permanently improve our processes that ensure security and reliability of our systems. By the end of 2017, the Information Security Management System in Sberbank was subjected to international certification and certified to ISO/IEC 27001:2013, its critical automated systems' reliability level in 24/7 mode having reached 99.99%.

The technological transformation, we are carrying out, contributes to the speed of developing and implementing innovative changes. In combination

with automation of processes, this enables us to reduce the cost of basic transactions for business. In 2017, we continued implementing the programme of efficiency and reducing operational expenses. We succeeded in reducing the cost-to-income ratio to 35.2% and reducing the absolute amount of operating expenses by 0.7%.

Back in the beginning of the last year, we decided to start developing the 2020 Strategy earlier, as most of the previous strategic goals have already been achieved, and global challenges of the banking system urge Sberbank to go ahead still faster, improving client experience, expediting development and introduction of new technologies, and going beyond the traditional banking services.

There will no doubt be challenges and unpredictability on the road ahead. In addition, competition from the non-banking sector is growing, and our clients' attitudes and needs are changing.

However, we have always found an appropriate response. Over the past 10 years we have cultivated flexibility, the ability to adapt, and rejected fear of change at all levels. We are ready to be change leaders.

I am grateful to all those who have believed in our success and have labored to achieve it. Trust on the part of investors and shareholders is an important driver of successful attainment of the goals we set. I appreciate our committed, diligent team, which has proven its efficiency. We are happy to become the best version of ourselves for our clients.

**On behalf of the Executive Board,
Herman Gref**

President, Chairman of the Executive Board

Market overview

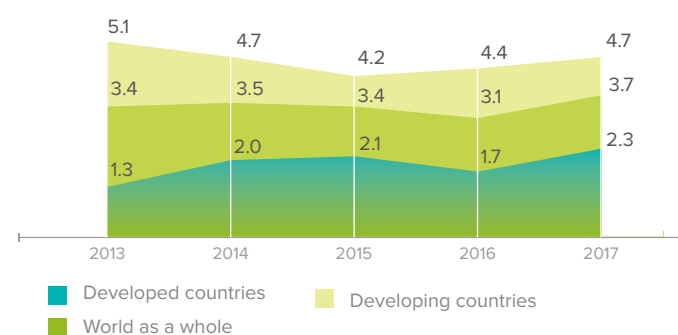
World economy

Growth of the global economy has accelerated. It is expected that this rate will stay relatively high for the medium term, but risks of a slowdown remain substantial.

The IMF estimates that the rate of growth of global GDP in 2017 rose to 3.7%, versus 3.1% a year earlier. Economic acceleration was global in nature and observed in approximately 120 countries, both developed and developing. Growth in developed countries was supported by a loose monetary policy, while growth in developing countries was helped by a rise in hydrocarbons prices. The situation on the financial markets improved.

Economic growth is expected to be high in the medium run. Positive current data and the announced tax reforms in the USA make it possible to expect accelerated global economic growth. At the same time, certain risks remain. Key risks include sharply decelerating economic growth in China and the Eurozone, the outflow of capital from developing countries in light of a quickly tightening monetary policies in developed countries, an increase in the vulnerability of the financial system in the event of an extended period of low interest rates, and slowing growth in world trade and investment due to the spread of protectionist policies.

**GDP growth rates 2013–2017 (according to the IMF),
% against the previous year**



Russian economy

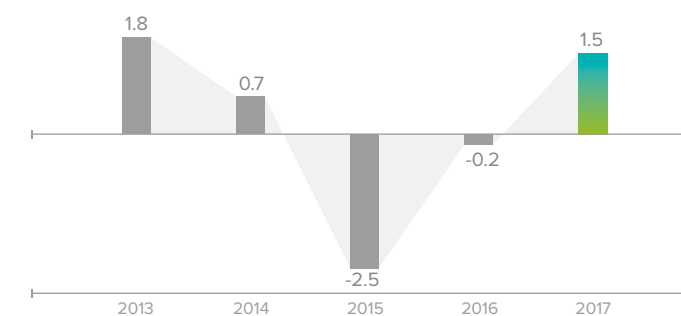
The Russian economy has emerged from a recession, but growth remains modest. Inflation has decelerated rapidly, the ruble has strengthened, and the Bank of Russia is easing its monetary policy.

For 2017 GDP grew by 1.5%, compared to a 0.2% drop in the previous year. Gross domestic product grew mainly due to services, trade, mining, and agriculture. The driver of growth was domestic private demand, while investments and consumption grew at the same rate. Net exports made a negative contribution due to the faster growth of imports.

Inflation slowed rapidly. The annual rate of growth in prices fell from 5.4% to 2.5% year on year. This was made possible by a stronger ruble exchange rate, a good harvest, and tight monetary policy. Low inflation and moderate inflationary expectations allowed the Bank of Russia to reduce its key interest rate from 10% to 7.75% by the end of the year.

The ruble exchange rate decreased to RUB 58 per USD on average for 2017, compared to RUB 67 in the previous year. The stronger exchange rate was supported mainly by high interest rates and a rise in the Brent oil price from USD 44 to USD 54 per barrel. The price rise was especially noticeable in the second half of the year, but no sharp strengthening of the ruble was seen, due to the effect of the budget rule and decreasing investor interest in developing markets.

**GDP growth rate in Russia (according to Rosstat),
% against the previous year**



Russia's banking sector

In 2017, the Bank of Russia continued to pursue a policy of restoring the health of the banking sector and liquidating banks that conducted a risky lending policy and violated laws and requirements in risk management. During 2017 the number of active credit institutions holding a license for banking operations contracted from 623 to 561.

During 2017 the ruble exchange rate became less volatile and ceased to have a substantial effect on the trend in banks' assets. Bank assets rose by 6.4% over the year, with the rise in the fourth quarter being 3.6% (in 2016 bank assets shrank by 3.5%).

Over 2017 the loan portfolio of the banking system rose by 5.2%, demonstrating a positive trend compared to 2016 when there was a drop of 4.2%. There was also a positive trend in corporate lending, where growth was 2.8% (compared to a reduction of 5.9% in the previous year), and in lending to individuals, where growth was 12.7% (growth the previous year had been 1.1%).

The situation with credit risks in the banking system stabilized. The level of overdue loan debt fell from 6.4% to 6.2% thanks to the retail loan portfolio, where the figure fell from 7.9% to 7.0%. For corporate loans the figure remained unchanged at 5.9%. At the same time, the volume of overdue retail and corporate loans grew by 1.8% over the year.

The growth in loan provisions over 2017 was equal to 8.7%, whereas provisions a year earlier fell by 2.3%. Over the year, the ratio of loan provisions to the loan portfolio rose from 9.5% to 9.8%.

Bank investments in securities increased by 7.5% (versus a fall of 2.8% a year earlier).

The funds of legal entities, including budget funds, held in banks rose in 2017 by 12.1% (the previous year these resources had contracted by 8.9%). At the same time, budget funds rose by 160%, compared to a drop of 9.8% in 2016. Banks continued to repay their debts to the Bank of Russia: funds accepted from the Bank of Russia contracted by 26.0% (49.2% a year earlier).

Retail deposits rose by 7.4% (compared to growth of 4.2% the previous year). However, the contribution of the fourth quarter in the annual trend was less than usual: the increase was 4.9%.

For the year, the book profit of the banking system was RUB 790 billion, which is 15.1% less than the RUB 930 billion figure for previous year. Of the 561 operating credit institutions, 140 banks ended the year with a loss; in other words 25% were loss-making (compared to 29% in 2016).

Sberbank on the Russian market

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

Sberbank's share in the key segments of Russian financial markets, %

	2016	2017
Assets	28.9	28.9
Loans to corporate clients	31.7	▲ 32.4
Loans to private clients	40.1	▲ 40.5
Corporate deposits	22.1	▼ 20.9
Retail deposits	46.6	▼ 46.1
Capital	33.5	▲ 39.3

Forecast of macroeconomic indicators and the banking sector for 2018¹

The base scenario for 2018 envisages a stabilization of oil prices at USD 62 per barrel for Urals oil. According to the base scenario, the economy will grow by 2%, the average exchange rate for the US dollar will be RUB 58, inflation will be 4% at year-end, and the Bank of Russia's interest rate at year-end will be 6.75%.

Nominal growth rate in 2018

	Corporate loans	Retail loans	Corporate deposits	Retail deposits
Sector	6-8%	10-12%	5-8%	6-9%
Sberbank	In line with the sector	In line with the sector	In line with the sector	In line with the sector

¹ This forecast was published on February 28, 2018. Sberbank reserves the right to review forecast indicators throughout the year, depending on the impact of external factors.

Mission and values

Mission statement: “We instill confidence, provide reliability and make people’s lives better by helping them fulfill their aspirations and dreams”.

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



Results of the implementation of Sberbank's Development Strategy for 2014–2018

The implementation of the Strategy for 2014–2018, which was approved by the Supervisory Board in 2013, was successfully completed in 2017, with the established goals achieved. During the years of implementing the Strategy, we retained our status as a stable, reliable bank for the people of our country, significantly developed our customer service infrastructure, and also put together a modern, highly professional team of specialists with the skills to manage business in challenging economic conditions.

Results of the implementation of the Strategy for 2014–2018

With the client for life

What we achieved

- Customer base increased in every segment
- Customer satisfaction increased in every segment

Retail business

- For private clients new products and services were offered (payment services, means of payment, loan products, etc.) and services were expanded through remote and digital channels

Corporate business

- For corporate clients, new transaction and non-banking services were made available, and the speed and accessibility of transaction operations were increased

Our results

Retail business

- + 7.6 million new clients since 2015
- + 3 percentage points – increase in the Net Promoter Score (NPS) since 2015
- + 52% increase in the number of products per client from December 2013 through December 2017
- 56.8 million unique active clients of remote service channels (internet-bank and text message service)
- 20% share of sales through digital channels
- 60% share of non-cash retail transactions
- 82% share of non-cash payments

Corporate business

- + 430 thousand increase in the client base in 2015-2017
- + 7 points growth in the Index of customer satisfaction and loyalty for corporate clients (TRIM-index) since 2013
- 99.6% of transactions are executed in remote service channels
- + 5 percentage points growth of the market share in electronic transactions since 2014 (to 32.3%)
- 784 thousand legal entities – Daily Active Users (DAU) in digital channels
- 585 thousand clients – users of non-banking services

Team and culture

What we achieved

- Start of the transformation of the HR function: development of a new model of competencies, start of implementation of the SAP Success Factors cloud system, start of use of a predictive model for personnel outflow, relaunch of work with post-secondary institutions
- Improvement of corporate culture at all levels of the organization: diagnostics and coaching sessions for teams of top managers, creation of a system of continuous diagnostics of corporate culture and employee engagement, launching empathy and emotional intelligence training programs
- Creation of a modern training system based on the Corporate University, modernization of the remuneration and performance management system

Our results

- + 15 percentage points growth in employee engagement (to 76%)
- - 13 percentage points reduction in staff turnover
- + 42 percentage points increase in satisfaction with HR services
- + 7.1 percentage points growth in the Employee Net Promoter Score (ENPS)
- 70% of staff administration processes have been centralized and digitized

Results of the implementation of the Strategy for 2014–2018

Technological breakthrough

What we achieved

- Creation of the foundation of a technological platform: completion of the technological components of the core, creation of development tools for business services and start of the migration of the first banking business products to the new platform
- Creation of systems of working with data and analytics: foundations of the infrastructure for cloud-based data storage and processing, launching of the Technology and Data Academy in the Corporate University, start of the implementation of artificial intelligence technologies
- Increased failure tolerance of IT systems
- High level of cybersecurity of the business is ensured, despite the overall growth in the number of cybercrimes in the sector
- Simplified and unified the Bank's IT landscape, completed construction of the new Skolkovo data processing center

Our results

- 700 non-essential automated systems taken out of use
- reduction of downtime in automated systems by a factor of 20
- 99.99% level of reliability of critical automated system in 24/7 regime
- the number of big-data initiatives grew by a factor of 57 (from 10 in 2016 to 575 in 2017)
- No. 1 – the Bank's position in the rating of the largest software developers according to CNEWS

Financial performance

What we achieved

- Stable high income and operating efficiency
- High indicators of profitability and shareholder return
- Substantial increase in enterprise value – Sberbank has become the most valuable public Russian company
- Optimized expenses on support services

Our results

- RUB 748.7 billion net profits, 2.1 times greater than in 2013
- 24% Return on Equity in 2017
- 35% Cost-to-Income ratio in 2017
- 11.4% Tier 1 capital adequacy (Basel 3)

Mature organization

What we achieved

- Launch of the Agile transformation
- Optimized structure of regional head offices, implementation of new operating formats for branches and a smart management system, synchronization of goals and work of teams from various regions
- Testing of “turquoise organization” practices in three regional head offices and more than 100 pilot branches
- An intelligent control system (ISU) has been introduced, with the help of which the goals and work of teams of different territories are synchronized

Our results

- 11 thousand employees participate in the Agile transformation
- number of regional head offices reduced to 14
- the number of operational errors decreased by 7 times

New Sberbank Development Strategy 2020

In 2017 Sberbank approved a new Development Strategy for 2018–2020.

The main goal of the new Strategy 2020 is to reach a new level of competitiveness. We seek to compete with global technological companies while remaining the best bank both for the public and for business. Our key task is to grow the scale of our business, increase profitability and efficiency, and at the same time increase our flexibility, speed and client orientation by implementing new technologies and developing new skills of our employees.

Our selected strategic areas of development till 2020 include improvement of the customer experience and creation of ecosystems, ensuring technological leadership and development of the Bank's team.

We are convinced that consistent work in these areas will allow us to implement the desired innovations in our activity, satisfy most of the needs of our clients and, ultimately, improve the operating and financial performance of Sberbank.

When developing the goals for our new Strategy 2020, we paid special attention to key trends that affect our operations. These include:

■ **ambitions of companies that are technological leaders to become ecosystems,**

which in future will lead to a shift in the value creation chain from production to distribution

■ **a change in consumer preferences –**

the digitization of all spheres of life

■ **implementation of new technologies**

that will substantially influence the traditional ways of working with clients

■ **stabilization of return on equity (ROE)**

in the global banking system at a modest level amidst growing regulatory requirements and expectations

The Strategy 2020 was presented to stakeholders on Investor's Day, on December 14, 2017. The broadcast of Investor's Day over the Internet had more than 2.5 thousand viewers, and can be seen at this link.



Key areas, goals and expected results of the Strategy 2020

01. The best customer experience and ecosystem

- Customer experience in the financial sector;
- Building an ecosystem of non-financial businesses.

02. Technological Leadership

- Reliability and efficiency;
- New platform;
- Security;
- Data-driven company;
- Innovation.

03. People with new skills in effective teams

- New skills;
- Teams instead of hierarchy;
- Corporate culture;
- Transformation of the HR function.

Financial goals of the Strategy

- **Profitability:**
significant growth in profits, maintaining the stable ROE figure of 20%, increasing the share of profits paid out in dividends
- **Income and expenses:**
stable growth in commission income, reduction of operating costs by optimizing expenses on personnel, real estate, self-service arrangements, increasing expenses on implementing new IT solutions and digital business.
- **Risk expenses:**
growth in capital adequacy, implementation of a conservative risk management policy and a reduction of expenses on risk, management of new risks.

Risks of implementing the new Strategy

For the successful implementation of the Strategy 2020 we analyzed the key risks that may affect the achievement of strategic goals and developed appropriate measures to mitigate these risks.

As part of our business planning we will regularly analyze the deviations of actual figures from the target, update the forecast for the implementation of the Strategy 2020 to take into consideration newly appearing or already manifested risks. We will use the results of this work to eliminate the identified deviations, and also to revise short-term objectives and adjust the Strategy 2020.

Following established corporate governance practices at Sberbank, interim results of the implementation of the Strategy will regularly be considered and approved by the Supervisory Board.

01.

The best customer experience and ecosystem

Our customer base, customer relations, customer data and knowledge are the backbone of our success. Our goal is to provide opportunities for our customers to save time and money in both the financial and non-financial areas of their lives.

What we plan to achieve

Customer experience in the financial sector

- Expansion and refinement of the product and service line for retail and corporate clients
- Building individual relationships with each client by providing them with personalized products and services via convenient channels at the right time
- Providing simple access to services in all channels, combining online and offline service, maintaining a significant regional presence
- Optimization of work in physical channels: introduction of a new design and format for the branch network, organization of the work of field managers
- Launch of innovative interfaces in the digital channels: digital assistants, voice assistants, chatbots, online account opening and business registration. Offering 100% of financial and non-financial services online for small and micro businesses
- Creation of a marketing automation platform to improve advertising campaigns, channels to attract and serve clients, and ensure a stable flow of clients
- Increase the convenience of customer service for our senior clients by providing convenient and understandable services through user-friendly channels

Building an ecosystem of non-financial businesses

- Offering additional services to generate synergies with financial products in areas like shopping, housing, recreation and healthcare. Development of the business for corporate customers to deepen our client relationships and retain long-term competitiveness

Expected results by 2020

50%

DAU/MAU (ratio of active daily users to monthly users in digital channels) for retail customers

80%

DAU/MAU (ratio of active daily users to monthly users in digital channels) for corporate customers

60%

share of services provided in digital (retail)

100%

share of services in the digital corporate bank

70%

readiness to recommend the products and services of Sberbank (Net Promoter Score, NPS) for retail customers

80%

Customer satisfaction index for corporate customers (CSI)

Strategy implementation risks

Risk mitigation measures

The best customer experience and ecosystem

Reduction in client loyalty as result of high competition

- Deepening relationships with clients through personalization, expansion of value propositions for non-financial products
- Focus on youth as the segment most subject to reduced brand loyalty

Faster development by competitors and loss of the ability to capture promising niches

- Organization of partnerships with strong players, use of our own experience in digital transformation and attracting necessary specialists

02.

Technological Leadership

In order to achieve our plans to improve client offerings, we have to carry out a technological transformation of our business.

What we plan to achieve

Expected results by 2020

Reliability and efficiency

- Ensuring the stable and reliable functioning of all information systems, while supporting ever-growing load on our systems
- Revision and maintenance of continuity of IT systems until we migrate to our new platform
- Development and expansion of the technological infrastructure; development of data processing centers

New platform

- Completion of the migration of clients, products and data to the new platform, which will be based on an innovative cloud infrastructure using in-memory computing that provides high levels of reliability and accessibility
- Adoption of DevOps practices and tools to increase the speed of the creation and updating services and applications through effective cooperation among engineers

Security

- Ensuring protection of customer data and investing in continuous monitoring and protection of all our digital channels, creation of a center that will continuously monitor all of our operations, training of our employees, clients and partners in modern means of preventing cyberattacks

Data-driven company

- Creation of a system to manage the steadily growing amount of client data, including storage, processing, maintaining accessibility, completeness and relevance in real time
- Investment in artificial intelligence algorithms and cognitive computing
- Development of in-house competencies on data processing

Innovation

- Development of an innovative infrastructure by creating laboratories for technologies that are key to our business
- Applied research and introduction of new technologies to our products and services, as well as continuous monitoring of new products, creation of incubators and accelerators for testing new ideas

99.99%
reliability level for 24/7
critical automated
systems

> 85%
satisfaction with IT
and operation support

– 50%
reduction in operational
costs

95%
of employees trained in
cybersecurity

> 90%
of risk management
decisions based on
models

70%
of laboratory products are
applied research implemented
in the Bank

RUB 0
losses from cyber attacks

0
minutes service downtime
due to cyber attacks

+ 8
number of laboratories
successfully integrated
into the innovation system

Strategy implementation risks

Risk mitigation measures

Technological leadership

Lagging behind target deadlines for implementing key technological programs

- Parallel development and support for existing IT systems
- Introduction of a single control and software management authority and migration to the new platform
- Support for infrastructure for developments based on current technologies and backing up all data
- Analysis and end-to-end updating of business processes

Failure to adopt new technologies created by our innovative laboratories

- Regular synchronization of activities with business tasks – focus on applied research
- Continuing to monitor trends in collaboration with our partners – technology companies, universities and research institutions

03.

People with new skills in effective teams

In order to successfully expand client offerings, and also to implement next-generation technological solutions, we need to create a motivated team of employees, foster new skills and competencies in them and organize their work taking into account the specifics of the Bank's current corporate culture.

What we plan to achieve

New skills

- Promotion of a new model of skills that our employees must have: problem-solving and systems thinking, result management and responsibility, openness to innovation, client-centricity, focus on team development and collaboration, self-management
- Training in new, sought-after skills approaches to DevOps continuous development and modern engineering practices through the Technology and Data Academy within our Corporate University

Teams instead of hierarchy

- Increase in demands on managers and employees to develop their skills of teamwork, collaboration, conflict resolution, and giving feedback
- Continuing to implement new forms of teamwork ("turquoise organization", startup culture)

Corporate culture

- Development of the team of managers by improving their leadership skills and competencies
- Motivation of employees for self-development and self-improvement
- Promoting a culture among employees that supports the continuous development and launch of new products and services.

Transformation of the HR function

- Transformation of HR processes: migration to the SAP Success Factors cloud platform, with an increasing role for managers in HR management and automation of the main HR management tools
- New role of HR as a partner, focusing on long-term planning to provide human resources with the necessary skills and to improve the operating efficiency of teams
- Implementation of pilot projects with the government authorities on a paperless HR workflow
- Restraining the growth in personnel expenses and the turnover of key personnel to an acceptable level, and ensuring employee engagement

Expected results by 2020

75%

employee engagement index

90%

of HR services automated and digitized

< 10%

acceptable level of turnover of key personnel

Strategy implementation risks

Risk mitigation measures

People with new skills in effective teams

Shortage of experts in managing large-scale transformation projects, IT specialists, and data analysts on the labor market

- Creation of attractive working conditions
- Cooperation with leading Russian and foreign universities, and nurturing needed skills in-house

Failure to achieve the required level of productivity during our transition to Agile

- Implementation of special tools to monitor the work of all teams
- Regular review of KPIs and performance at the Executive Board level

Financial goals of the Strategy

A high level of financial performance remains the priority for our development. Given the forecast economic environment, it is essential to improve all financial efficiency metrics while consistently increasing the amount of dividends paid.

What we plan to achieve	Expected results by 2020, IFRS		
<i>Income and expenses</i> • Stable growth of commission income • Reduction of operating expenses by optimizing personnel costs (improving productivity, automation of processes), real estate, ATM servicing • Increase in expenses on implementing new IT solutions and digital business • Increase in income and return on capital from international business <i>Risk management expenses</i> • Continuing implementation of a conservative risk management policy and a reduction in risk expenses by improving the risk management system (implementation of advanced analytics to risk management processes, real-time risk monitoring, maintaining a high-quality portfolio) • Development of measures to manage new risks for the Bank: venture investment risks, risk of the new economy (the Bank as ecosystem) • Growth in capital adequacy by implementing capital management initiatives	1,000 RUB billion net profits in 2020	20% return on equity for the Group (ROE)	~12.5% Tier 1 capital adequacy, Basel 3 (CET 1) for the Group
	33 RUB trillion average annual size of assets in 2020	15% annual growth in risk-free commission income from non-banking services	~30% ratio of operating costs to net operating income (CIR, Cost-to-Income ratio)
	~130 (bp) expenses on creating provisions (Cost of Risk)	8% growth in annual expenses on implementing new IT solutions and digital business	
	Strategy implementation risks	Risk mitigation measures	
	Financial performance		
	Deterioration of the macroeconomic environment due to a sharp decline in oil prices or the strengthening of sanctions against Russia	• Mitigation of negative consequences through a more conservative risk management and investment policy	

Stakeholder engagement

Sberbank is a systemically important element of the Russian economy, which serves as an indicator of the stability of the country’s financial system. Therefore, we aim at long-term and sustainable development, which takes into account the interests of a wide range of stakeholders: customers, partners, the state, shareholders and employees.

We understand that our strategic goals cannot be achieved without taking into consideration the needs and expectations of various stakeholders. We actively collaborate with key stakeholder groups and create long-term relationships of trust with them, which has a direct result on improving the Bank’s performance.

Engagement with stakeholders

Stakeholder group	Engagement methods
Clients <i>Importance:</i> Sberbank clients include virtually the entire population of Russia, as well as a multitude of legal entities, representing businesses of various sizes. We are interested in further expanding our customer base and deepening relationships with our clients	• Sale of services through physical and digital channels, advising clients • Studies of consumer attitudes to financial services as a whole and the services of Sberbank in particular • Studies of clients' behavior and lifestyles to develop value propositions • Receipt of customer feedback through the Voice of the Client integrated system • Collection, analysis and processing of negative feedback from clients during market research • Operation of 24/7 support lines to receive and address customer complaints • Monitoring of client relationships through the Net Promoter Score (NPS) and Customer Satisfaction Index (CSI) • Payment of compensation to clients for errors committed by Sberbank • Monitoring of client reviews on social networks • Participation in congratulatory events and interaction with clients
Shareholders and investors <i>Importance:</i> protecting the interests of Sberbank shareholders, regardless the size of their shareholding, is a priority for Sberbank. For investors, we seek to provide full and up-to-date information on our performance results in order to maintain high investment appeal	• Conduct of the general meeting of shareholders to implement the rights of shareholders to participate in the management of the Bank • Operation of physical and digital channels available to shareholders and investors to communicate with the Bank • Annual study of investor perceptions of Sberbank, assessment of strong and weak sides of investment history trends and in comparison with other international companies in the financial sector • Meetings of the Committee for interaction with minority shareholders, analysis and discussion of topics relevant to private minority shareholders • Implementation of the communication plan with investors and analysts • Disclosure of information in accordance with legal requirements, best practices and feedback from investors

Stakeholder group	Engagement methods
Employees <i>Importance:</i> personnel are one of Sberbank’s most important assets and are the foundation of its competitiveness. The contribution of each employee to the growth and development of the Bank is important for us	• Engagement surveys, pulse surveys, and assessment of the atmosphere in teams • Assessment of employees’ satisfaction with the scope and quality of internal services – the Voice of the Internal Client system • Direct line to the President and other executives • Lines informing on corporate ethics issues • Meetings with the best employees • Communications channels: corporate portal, corporate TV, general Bank circulars and others • For the management – monthly Meetings of Leaders, the annual Forum of Leaders • Training in the Sberbank Corporate University and Virtual School • Organization of corporate volunteer events • Cultural and sports events involving employees
State <i>Importance:</i> as a major and strategically important state institution of Russia, Sberbank consistently cooperates with the government and its representatives on all levels on the most diverse issues	• Monitoring of the regulatory and legislative activity of the government and the Bank of Russia, assessment of risks of legislative change, formation of Sberbank’s position on upcoming regulatory changes • Development of proposals on improving statutory regulation in case of the revelation of gaps and contradictions. Sending reasonable and well-argued proposals to the federal legislative and executive authorities and the Bank of Russia • Participation in meetings, working groups, conferences, parliamentary hearings, expert councils and other events conducts by the federal legislative and executive authorities and the Bank of Russia on draft regulations that create a risk of legislative change for Sberbank • Participation in the public discussion procedures on draft regulations and assessment of their regulatory effect on the conduct of business held by federal executive authorities • Disclosure of information in accordance with statutory requirements
Society <i>Importance:</i> effective work in the regions of our presence is not possible without mutually beneficial collaboration with local communities. Development of the regions where our clients live and work is an important objective for Sberbank	• Socially significant projects in the regions of the Bank’s presence • Charitable and sponsorship projects, including in partnership with non-profits • Educational, cultural, and sports events and environmental initiatives in the regions where we have a presence • Sponsorship support for the organization and conduct of business events • Activity in the media sphere: mailings of press releases, commentaries, interviews with Sberbank speakers, press briefings and press conferences, organization of press tours • Daily/weekly monitoring of the media in the regions where we operate and on the Internet, with the preparation of analytical reports for senior management and quick overviews of the market and the press, including daily monitoring of negative publications in the media and client complaints to the government oversight authorities • Disclosure of information in accordance with statutory requirements

Performance overview

**Best Customer Experience
and Ecosystem**

Retail clients

Key achievements by Sberbank in 2017

Number of active individual clients in Russia

86.2 ▲ 2.9 million
million

Share of salaries paid through Sberbank

56.1% ▲ 4.0 p. p.

Number of participants in the "Spasibo from Sberbank" loyalty program

31.6 ▲ 6.9 million
million

Net Promoter Score of private clients (NPS)

58% 0 p. p.

Loans issued to individuals (Sberbank and Cetelem Bank)

2.2
RUB trillion ▲ 37.8%

Share in the home loans market

55.6% ▲ 1.0 p. p.

Share of pensioners receiving pensions through Sberbank¹

61.3%

Share of noncash turnover in retail operations

59.7% ▲ 8.9 p. p.

Customer satisfaction Index (CSI)

9.4 ▲ 0.1 points
points

Share in the credit card market by outstanding balances

42.7% ▲ 3.6 p. p.

Number of unique active clients using remote channels²

56.8 ▲ 9.4 million
million

Share of noncash payments by individuals

81.6% ▲ 4.2 p. p.

Number of products per customer

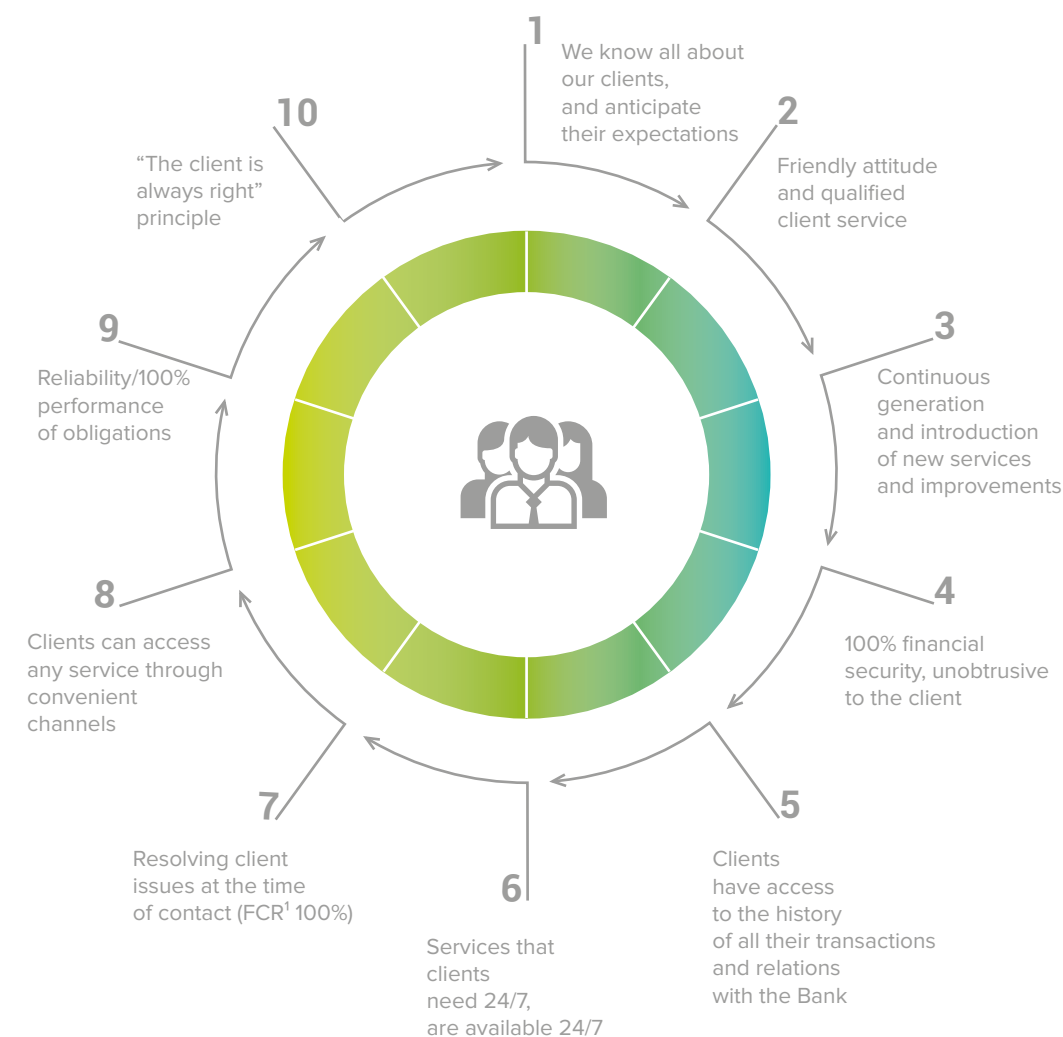
3.12 ▲ 0.19 units
units

¹ In 2018 we improved our methodology for calculating Sberbank's share in the social pension market of the Pension Fund of Russia. The increment in market share for 2017 under comparable methodology equaled 1.37 percentage points.

² online banking and text service

Sberbank pays a great deal of attention to ensuring a high level of service for retail clients, and also the creation of a positive customer experience. We regularly request feedback from clients and use the information to study client satisfaction and further improve service quality. We regularly track the key metrics for the customer experience – the Net Promoter Score (NPS) and Customer Satisfaction Index (CSI).

Client centric service model and customer experience



¹ FCR - First Contact Resolution

Sberbank received the Russian National Award for Customer Service Management CX Awards in the category Best Client-Oriented Financial Organization

About 113 million text messages were sent during 2017 to inquire about customer satisfaction, to which about 9 million responses were received

The average time for considering complaints decreased from 14 days at the start of 2017 to 5 days in December 2017

In 2017 Sberbank significantly expanded the list of service channels in which text-message surveys on Sberbank customer satisfaction are conducted. The number of events that are assessed rose from 26 to 108. Sberbank clients can now assess the quality of the work of ATMs, direct sales specialists serving clients outside of branches, banking product consultants, mobile bank transactions, and also personal offers sent to clients.

Sberbank pays special attention to ensure that not a single response should go unmarked. Instances of low ratings are forwarded to the appropriate departments of Sberbank. We make sure that cases of systematic discrepancies are processed and root causes of client dissatisfaction are eliminated. An established system for working with complaints in which clients can report to Sberbank that they consider their issue was left unresolved makes it possible to track and return to working on all such cases. Thanks to the measures taken to eliminate the root causes of problems, CSI shows a positive trend.

In 2017 the process of working with client communications on all key topics was substantially revised. Several solutions were developed and implemented for identifying and eliminating problems with credit and debit cards, even before the client contacts the Bank. Achievements in 2017 included the automation of complaints processing and implementing a workflow for top topics.

Thanks to the improvement measures taken, we were able to increase the share of complaints that are resolved wholly or partially automatically from 2% at the start of 2017 to 33% by the end of December 2017, and also to increase productivity by 47%. It is important to note that client satisfaction with the process of handling complaints rose from 6.4 points in January to 6.7 points in December 2017 (CSI, on a 10-point scale).

The number of complaints addressed within 10 days rose from 63% to 88% over the same period, while the share of complaints closed within 5 days rose from 42% to 70%

As part of the work with root causes of clients' complaints regarding issues with the Bank's processes, we implemented 104 initiatives

Top Five Topics of Customer Complaints in 2017

Topic	Measures to eliminate the reasons for complaints
1 Disputed transaction	Implementation of an improvement that made it possible to protect card holders from incorrect withdrawals in the networks of other banks.
2 Problem entering the system	- Change in scenarios for entering Sberbank Online web and mobile apps; - Optimization of the process for entering Sberbank Online on the Android platform.
3 Text message not going through	- Implementation of Push notifications in the Sberbank Online mobile app (notification of entry and of transactions in Sberbank Online); - Increase in the accuracy of algorithms to protect clients against fraud in online channels.
4 Attachment of funds	Implementation of a fully automated technology for working with registry-based transfers of funds with an algorithm for calculating the amount available for attachment/collection for the purposes of enforcement proceedings pursuant to the requirements of Articles 99 and 101 of Federal Law No. 229 dated October 2, 2007 "On Enforcement Proceedings". This decision makes it possible to better protect the funds of debtors and makes enforcement proceedings more transparent for all parties concerned.
5 Unsuccessful deposit of cash	- Notification of the client of an unsuccessful "Cash Deposit" transaction and timeframe for the recovery of funds; - Introduction of an online tool for resolving unsuccessful transactions arising due to incidents with centralized automated systems; - Increase in the operating efficiency of the Reconciliation automated system tool for pre-claims resolution.

In 2018, with the aim of improving service quality and the quality of work with customer complaints, we plan to introduce a new customer survey tool – an expanded web-questionnaire in text message/e-mail/push. Our plans also include a further expansion of the list of events on which customers are surveyed.

We developed our Communications Policy to ensure that retail clients can have an easy, stress-free dialog with the Bank. All service communications are gradually being delivered in a single manner and tone based on its underlying principles and rules. For example, the approach to drafting responses to client comments introduced in early 2017 allowed us to reduce the share of low CSI scores due to "Response not clear to the client" from 22% in December 2016 to 14% in December 2017. In addition, a computerized module for

aligning communications with the uniform communications rules and delivery of all types of communications (service communications and personal suggestions) is being created as part of the technological transformation projects.

Sberbank makes active use of special projects to incentivize employees and raise the level of their engagement with the clientcentric model. The “I Like Sberbank” incentive program unites the Brand Advocate teams – Sberbank employees who actively use the Bank’s products and services, understand them well, and recommend them to their friends and acquaintances. More than 25 thousand new participants registered in the program in 2017, with the total number of Brand Advocates now exceeding 83 thousand.

In order to foster a culture of clientcentricity, each month Sberbank holds a federal “Creating the Best Customer Experience” contest of client stories. In 2017 our employees posted almost 33 thousand stories about a caring relationship with clients, and received more than 1.6 million likes for them from their colleagues. We are proud that in April 2017 the client story contest received an award as Best Social Project in Russia in the category Corporate Projects.

More than 1.8 thousand employees of the head office, central subdivisions and regional head offices participated in a training that had the format of a Dialogue with an expert on the topic of “Everything for the client or what is a clientcentric model”.

In order to support and promote clientcentric service, Sberbank has a program for non-material incentives for front-office¹, employees whose work receives positive reviews on social networks for service that goes beyond expectations. Over the course of 2017, 274 letters of commendation were given to front-office employees who provided an exceptionally high level of service to clients.

Ensuring accessibility of financial services

Sberbank values the time of its clients and cares about making it convenient for them to use the Bank’s services. We offer our clients a wide range of service channels:

- customer service points: service offices, the services of direct sales specialists, and the zones Sberbank First and Sberbank Premier;
- self-service terminals: ATMs with cash depositing function, cash withdrawal function, depositing and withdrawal function;
- remote channels: the Sberbank Online Internet bank, the Mobile Bank text message service.

¹The departments responsible for direct interaction with clients.

²One client may use several remote channels: web and mobile Sberbank Online app as well as Mobile bank text service.

Remote service channels

Unique active clients, millions

	2014	2015	2016	2017
Unique ² active clients of remote channels: Sberbank Online (web and mobile app) and Mobile Bank text service, of which:	26.9	38.8	47.4	56.8
• Sberbank Online mobile app clients	3.8	10.5	20.6	32.6
• Sberbank Online web app clients	18.0	24.6	25.1	26.4
• Sberbank SMS Banking clients	14.1	22.7	27.1	29.4

Sberbank’s retail digital banking was named best in Russia by the international magazine Global Finance

Sberbank is actively developing its remote service channels. In 2017 the number of unique active users of remote channels rose by 9.4 million and reached 56.8 million. The mobile app was responsible for the main growth in active users of remote channels.

In 2017 the functionality of the Sberbank Online service was significantly updated, and a number of innovative features were introduced, including the following:

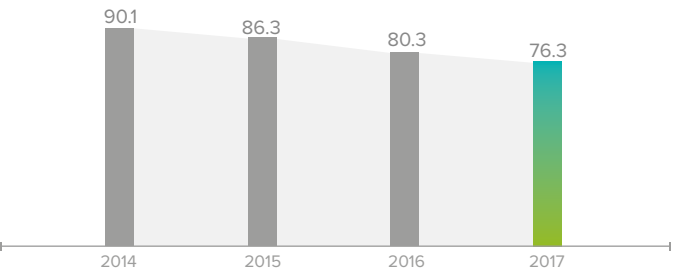
- In the Sberbank Online mobile app, the Tips service was launched. The service analyzes depersonalized user data (spending, savings, profile data) and makes recommendations to the client based on mathematical analysis.
- The capabilities for managing personal finances in the app have been expanded. Users now have access to the functions of choosing financial targets by opening various types of deposits, special accounts in foreign currency, and comparison of their financial behavior with the spending of clients with similar behavior. The app can now be used to close deposits and targets, and also to transfer funds to a card at any time.
- In the Sberbank Online web app users can now access the updated, expanded form of the loan application. Information on the status of a card issue/reissue and delivery is now also available.
- In 2017 the limit on payments and transfers between clients in Sberbank Online without confirmation by the call center was increased from RUB 100 thousand to RUB 500 thousand per day. The ability to manage this limit was added to the Sberbank Online web app.
- The Sberbank Online mobile app users now have the ability to link their cards to various “Pays” (“wallets”), such as Apple, Google, Samsung, Gramin Pay and make payments using their mobile phones. Thanks to this new service the experience of contactless payment became even more convenient.

The design of the Sberbank Online app for iOS was updated for the first time since 2014. In addition to a new look, user experience was significantly improved and a number of new capabilities were added. In order to give users with visual impairments access to all of the app’s main functions, Voice Over was implemented. In addition, the ability to pay using QR and bar codes was added to the Payments section. This function allows users to make a payment by scanning a QR code without first searching for the service provider in the overall catalogue.

Self-service terminals

In accordance with the Sberbank strategy, the network of self-service terminals at the end of 2017 included 76.3 thousand units, of which 49.8 terminals had the function of issuing cash, and 26.4 thousand did not.

Number of self-service terminals, thousands



94.6%
The technical availability
metric¹ for self-service
terminals at the end of
2017 was

All self-service terminals use software which allows to provide clients with a uniform space for conducting transactions. In the online account the client sees all transactions performed in Sberbank Online, can print a payment confirmation slip for them, repeat a payment using a previously created template, open a deposit, and learn about personal loan offers.

From June 2017 all Sberbank ATMs had the ability to service all types of MIR cards.
From July 2017 holders of China Union Pay cards now have the function of checking balances and withdrawing cash in self-service terminals with the cash-issuing function.

Under the Sberbank Development Strategy 2020, improving service quality and developing new technologies are some of the key areas for the development of the self-service network. Sberbank took another step towards reaching this goal in 2017. For the convenience of clients with visual impairments, the fonts, color and contrast of the menus of self-service terminals were adapted. Contactless service technology (NFC) was also implemented. Another important achievement was the successful completion of a pilot project of ATM identifying clients by biometric face recognition. After registration of the biometric template, the terminal makes it possible to perform all noncash transactions available in the dashboard, without using a card.

Customer Service Points

At the same time as the number of active users of Sberbank's digital channels steadily increases, demand for the physical customer service points remains stable and high: the number of clients visiting Sberbank branches in 2017 increased by 6 million compared to 2016, reaching 698 million clients. In 2017 the number of Sberbank's service points in Russia reached 14,312.

We are working hard to redesign and update the Bank's existing branch network. We are creating a modern, standardized sales and service channel that meets all of today's requirements, including services for low-mobility population groups.

As part of the Reformatting Branch Network Units project 157 updated offices of Sberbank began to work in 2017. Sberbank's plans for 2018 include reformatting 171 service points. Going forward, we plan to adapt 508 customer service points to further improve the quality of services provided to low-mobility groups.

550 customer service points were closed primarily due to a low level of client demand, unsatisfactory physical condition of the premises, and also inconsistency of their current location with the established geomarketing criteria.

In rural areas a moratorium on changes to the branch network is in effect, with the necessary work underway to ensure the functioning of existing offices. Simultaneous with this, we are developing solutions to expand the accessibility of financial services in rural areas, which will be implemented in 2018. A pilot project (Cash-Out) is operating in several areas to issue cash through retail service enterprises. In case of the successful completion of this pilot project, Sberbank's presence in rural areas will be substantially increased. Greater access to banking services for the population will also be provided via remote service channels – the test message service and the online bank.

In 2017 the Target Network of Sberbank branches and self-service terminals based on the Unified Sales Model was approved. This model uses geoanalytics and client behavioral data, and is based on Big Data. The Unified Sales Model takes into account the structure and level of client flow to locate offices and self-service terminals. In 2018, we plan to open 23 new points and move 198 points, in order to make locations more convenient and improve the quality of customer service.

¹ Percentage of time when the self-service network was fully available and working without fault out of the total time of potential availability of the network.

Office of the future

As part of the pilot project ISD 2020, 18 experimental offices were opened in 2017. Each of the regional head offices developed their vision of the design and functionality of the Office of the Future. As part of the project new formats were implemented for Sberbank branches. Cashless offices with an updated interior opened their doors in Tyumen and Saratov.

Moscow, Voronezh, Krasnodar, Odintsovo and other cities opened teller-free branches, based on a decision not to use a cash handling unit, and replacing it instead with electronic teller cash recycler. This will allow to decrease the volumes of cash in offices by giving out cash received from clients. The idea of organizing a new service zone, the Help Desk, found broad application. This is the starting point for migrating clients into the world of digital banking. In the Help Desk zone, clients can be taught how to use mobile services, make the necessary payments, open a deposit, and much else besides.

Technological transformation and digitization of customer interaction

In 2017 we implemented a number of voice and text technologies that made it possible to make customer interactions with the Bank even more convenient. For our retail clients, a chat function was created on the site that allowed clients to receive non-personalized advice on the Bank's products and services.

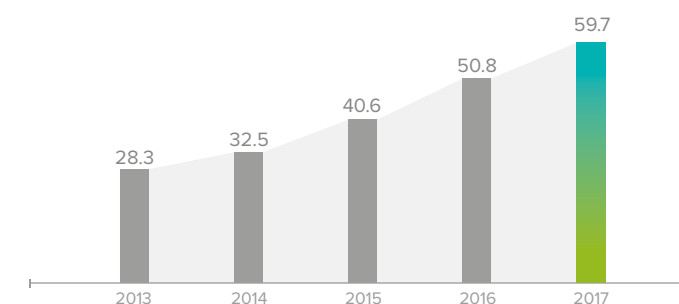
The call center's interactive voice response (IVR) system was given new self-service options that help the client to find the necessary information faster than from an operator. Clients now have the ability to check their balances and transaction histories on debit cards, block a card, and unblock mobile banking that was blocked by the fraud monitoring system.

Thanks to the launch of IP calls clients now also have the ability to phone the Sberbank call center over the Internet. This service is especially important for clients on roaming, as it allows clients to save money when contacting the call center.

An important achievement of 2017 was the use of Big Data-based models. The first model being used allows to predict a situation where the client calls to learn their card balance. The IVR offers the client the option of listening to their balance before transferring them to an operator, thereby making the client's interaction with the Bank more convenient.

Cashless World

Share of noncash turnover via Sberbank retail transactions, %



We continue to pursue a strategy of transitioning to the cashless world, and are actively implementing projects to this end. In 2017 we launched support for Apple, Samsung, Android and Garmin Pay with the Visa and MasterCard payment systems. At the moment the new means of payment ("wallets") are in active use by more than 2.5 million Sberbank clients, who perform more than 50 million transactions each month with a total turnover of more than RUB 36 billion.

Three Russian cities had a Resident's Card in place in 2017: Zelenodolsk, Belgorod, Ufa. In all, more than 30 thousand Resident's Cards are in circulation. The Resident's Card is a plastic card that contains payment, social, and transportation applications and information on the card holder. Card holders can use various medical, social, and transportation services. A bank payment app supports settlements and the receipt of banking services.

During 2017 Sberbank offered far more favorable foreign currency exchange rates (US dollars and euros) for all Bank clients in the Sberbank Online system, which led to an increase in the Bank's non-cash turnover under currency conversion transactions. For example, the share of non-cash currency conversion transactions equaled 78% in January 2017, but had already increased to 87.5% in December 2017.

Cashless payment for public transport

Projects for paying for public transport with a bank card have been developed further. There is now an option of paying for a trip with a bank card in 30 Russian cities. In 2017 the monthly number of trips paid for with a card rose by a factor of 22, and in December alone more than 1.4 million trips were paid for by card. Among the leaders in paying with bank cards is Nizhny Novgorod, where the share of noncash payments reached 9% in the metro and 2.4% in surface transport.

Special solutions

Clients and the satisfaction of their needs are undisputed priorities for Sberbank. We value every customer and seek to offer innovative products and services for every client segment.

Children

Sberbank cares about all clients, even the youngest. Our priorities in this area are creating products that help children step into the world of finance in order to attract clients to the Bank as early as possible.

One of such products is the “Fill It Up” deposit in the name of a child. The deposit can be opened starting from 0 years old with a birth certificate. Such deposits help parent to accumulate startup capital for their children in incremental and comfortable steps. The children will have access to the account as soon as they turn 18, although the money de jure belongs to the child starting from the moment the deposit is open. There is an additional governmental protection for the child’s deposit – money can be withdrawn only by the parents and only with the permission of the child protective authorities. This minimizes the risk of fraud and ensures that the money is protected against unwise expenditures by both the parents and the child. The interest rate is renewed each time the deposit is extended.

Online Lessons in Financial Literacy

Sberbank is a strategic partner of the Bank of Russia project “Online Lessons in Financial Literacy: Market Professionals are coming to Every School”. The project is aimed at schoolchildren in grades 6-11, and sessions have the format of watching online lessons in class. In these lessons students learn about deposits, bank cards, and loans. In 2017 Sberbank held 150 broadcasts, in which 117 thousand students took part. In 2018 we plan to increase coverage by 40% by increasing the length of the session and engaging regions.

For the convenience of our young visitors and their parents, 293 mobile areas with play scenarios on built-in tablets were added to the existing children’s play areas in our branches. Information on all of the 6 thousand kid-friendly offices with play areas is set up as a filter on the main Sberbank website. Now before visiting the bank, the client can choose an office that is comfortable to bring children to.

Lean laboratories

From the end of December 2017 to the end of March 2018 lean laboratories¹ were developing mobile gaming app Magic Pictures. The app is based on augmented reality technology, which allows to make virtual objects appear in the real world on the screen of a smartphone. This format of children’s area can be set up at any customer service point and does not require significant resources and funds.

¹Lean laboratory – a format for local research centers of Sberbank whose operations are aimed at finding, developing, and optimizing processes, among them: management of working time, organization of client and working space, change in employee thinking and an assessment of the performance.

In 2017 Sberbank continued to work on distributing the Ladoshki project – a biometric system that allows children to pay for meals in educational institutions with the palm of their hand. Today, 130 schools are participating in the project, 85 of which are actively performing transactions.

Youth

Youth is one of the most promising segments for Sberbank. The number of young clients increased by 4.9% in 2017 and reached 9.3 million. Young clients made up 59% of all new Sberbank clients. At the end of 2017 the NPS among youth was 66%, which attests to this group’s high level of satisfaction with Sberbank services.

In accordance with the Youth Strategy adopted in 2014, we continued adapting services for this segment. For example, to suit the needs of youth we adapted the Card Protection insurance product: the cost and coverage limit were lowered, and the ability to purchase the product online was added. The product is integrated into CRM in Sberbank branches, and is offered as an auxiliary product when issuing cards to people 25 years of age and under.

For 92% of Sberbank clients aged 14-25, the first product is a debit card. The Youth Debit Card is the most popular: there are more than 5.5 million such Youth Cards in active use. In 2017 the number of online applications for a Youth Card amounted to 262 thousand, which is 66 thousand more than the previous year.

A number of initiatives were conducted in 2017 to attract a young audience and increase the penetration of banking products. In December we launched a large-scale project – integration in the VKontakte social network – creating a personalized channel to talk with youth, the SberKot bot. This chatbot helps users to learn financial literacy and offers exclusive stickers.

The Bank launched an updated youth section on the Sberbank website, which presents all products for youth and educational video clips.

140 thousand

**Sberbank cards were
linked to the profile
for payments within
VKontakte.**

19th World Festival of Youth and Students

In 2017, Sberbank became the general partner of the 19th World Festival of Youth and Students in Sochi, which was attended by more than 30 thousand young people. Sberbank presented a laboratory of innovation at this festival. At the start of 2017 we expanded the list of youth partners that accrue greater SPASIBO bonuses under the “Spasibo from Sberbank” loyalty program. These include Yoox.com, AllTime.ru, Moleskines, as well as the Cinema Park chain of movie theaters and the online food service Delivery Club. Holders of Sberbank Youth Cards receive SPASIBO bonuses of 5% to 10% for purchases from these partners.

Parents

In 2017 Sberbank made the strategic decision to address the specific concerns of parents. The priorities of parents change after the birth of their first child, and they start using a different set of products and services. The Bank introduced a number of projects for parents in 2017.

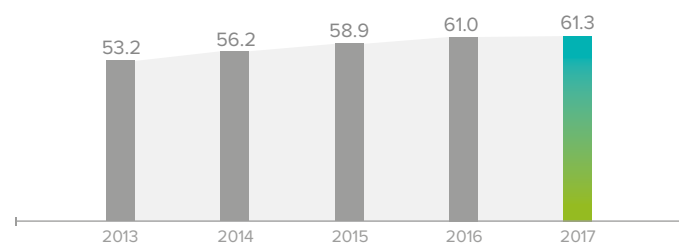
Since June 1, 2017, clients with children have been receiving news digests tied to specific events in the lives of parents. The digest includes items about useful services, bonuses and discounts for parents. Thematic digests have already been published on summer vacation with children, the start of the school year and the winter holidays. Digests were delivered by e-mail to 54 thousand parents in Moscow and 738 thousand in other regions.

In conjunction with the “Spasibo from Sberbank” program, a new category of partners was launched – “Education”. Since September 2017 educational partners that provide discounts to Sberbank clients are displayed on the <https://spasibosberbank.ru> website. For the first time ever, Sberbank clients can not only receive bonuses, but also direct discounts on services from partners.

We also implemented a number of pilot projects for future parents. One of these is “Health Map”, in conjunction with the Mother and Child Group. The product is a certificate for integrated examination and consultation with a specialized doctor on family health. Based on the results of the pilot project the decision was made to make this product a component of the offerings from Sberbank subsidiary DocDoc.

Senior citizens

Share of seniors receiving pensions through Sberbank*, %



* In 2018 we improved our methodology for calculating Sberbank's share in the social pension market of the Pension Fund of Russia. The increment in market share for 2017 under comparable methodology equaled 1.37 percentage points.

We performed extensive work in 2017 to change the stereotypical perception of pensioners as socially inactive people who are just “living out their days”. Sberbank was the first bank to go beyond simply offering banking services to pension age clients, opting instead to embark on a new course to improve the quality of life of the elderly and expand the opportunities available to them.

We created a special website for pensioners of an active age <https://sberbankaktivno.ru/>, which is a platform featuring useful information and news on various topics, discounts and offers from partners of the “Spasibo from Sberbank” loyalty program, online courses on various topics, and a special service where visitors can schedule a doctor's appointment. The website also has a “Finances” section, where visitors can take a look at the Bank's offers for pension age clients.

#ActiveAge

A far-reaching federal campaign “You Decide What Kind of Pensioner to Be” was launched in October 2017 in support of “Active Age”. The campaign was actively embraced by both pensioners and the younger generations. The advertising campaign gave people the chance to share stories about their parents and their achievements in social networks and to express their gratitude to them. You can now find numerous posts in social networks where people showed pride for their parents with the hashtag #ActiveAge.

We place a priority on the convenience and functionality of the offered banking solutions. In 2017 the Bank began switching Maestro pension cards to the MIR National Payment Card System during scheduled reissue or early replacement. Clients receive the new MIR card, while retaining all terms and conditions of their previous cards.

The plans for 2018 include the development of special Sberbank Telecom rates for pensioners that receive their pension at the Bank. Work on integration with the Public Services Portal will also continue, which will allow pensioners and citizens eligible for benefits to remotely receive the most sought-after services.

As part of the launch of special offers on insurance products for pensioners, a special price was set for the product “Bank Card Protection” with a discount compared to mass-market customers.

Increasing POS turnover

In the end of 2017, Sberbank conducted initiatives aimed at increasing POS turnover using cards among older clients:

- Holders of Sberbank MIR cards who made a purchase of RUB 500 or more in stores were eligible to participate in the campaign. During the weekly drawings, 3 thousand cash prizes “RUB 500 to your mobile phone” and RUB 1 million to your Sberbank MIR card were up for grabs.
- Holders of Sberbank Maestro cards were eligible to participate in the promotional offer by Mastercard and the Magnit retail chain. When paying with the card, every tenth item on the receipt (the lowest priced item) cost one rouble.

Nearly 10 thousand ATMs feature keypads with Braille markings.

Special Bank

Sberbank guarantees equal access for all clients to the ecosystem of products and services and sets the standard for inclusive servicing in Russia’s banking sector. In 2016 Sberbank started the Special Bank project, aimed at adapting all products, self-service terminals, and customer service points without exception for clients with disabilities.

Today, 45% of Sberbank’s offices are adapted for people with disabilities and people with limited mobility. Adaptation of service points includes the installation of special equipment at entrances (employee call buttons, ramps) and equipment for visually impaired and hearing impaired individuals. The offices most frequently visited by clients with disabilities and the elderly are adapted as a matter of priority.

The fonts, color scheme and contrast range of the standard menu on all Sberbank self-service terminals have been adapted for visually impaired clients. As a separate option, fully voiced balance inquiry and cash withdrawal services are available for the blind on three thousand terminals with an audio output. By the end of 2018, our plans include the expansion of the number and functionality of these machines.

The work to adapt services for clients with special needs continued in 2017. Since autumn, we have been providing clients with disabilities or temporary disabilities the opportunity to apply for and receive a Sberbank debit card at home in 38 cities across Russia. The plans for 2018 include an expansion in the list of home banking services offered to clients who find it hard to interact with the Bank in any other way.

Sberbank has installed technology for online chat with a call center specialist for the convenience of hearing impaired clients. The launch of remote sign language interpretation services in a number of our offices in the biggest Russian cities is planned for 2018.

In close cooperation with visually impaired specialists, Sberbank adapted the official website (sberbank.ru) to meet requirements on contrast range and text size. Most of the pages and product offers on the website www.sberbank.ru are also available to visually impaired clients through screen reader software applications. All graphic elements have been given a soundtrack, any action can be performed with a keyboard, and navigation between separate pages and around the entire website has been simplified. Visual confirmation was vocalized to be read out loud by screen reader software applications for the convenience of visually impaired clients.

The process of issuing debit cards to visually impaired clients affixed with their own handwritten signature was launched in 2017. This way, the drafting of powers of attorney is not required. In 2018, this

process will cover all the main banking products. Visually impaired clients will be able to securely and safely listen to the terms of tailored product offers and accept them.

Another advancement in providing equal access to all clients in 2017 was the adaptation of the interfaces of the Sberbank Online and Sberbank Business Online mobile applications on the iOS platform for visually impaired clients: now clients can take advantage of the screen reader function to read the text. Similar work is also being performed for the Android platform.

The work on improving the level of empathy of employees when communicating with clients with disabilities, which started in 2016, also continues. Throughout 2017 our employees around the country were asked to assume the role of someone with health issues or age-related changes using special empathy simulators such as GERT¹ suits and virtual reality headsets. The suit allows employees to feel exactly like a person with special needs, or just an elderly person, and to experience first-hand how comfortable or uncomfortable various services are. Starting in 2018, all new office and field employees involved in direct sales will learn the fundamentals of communication with clients with disabilities.

Most socially responsible bank

Monitoring of the indicator “Most socially responsible bank” began in 2017: 61% of respondents name Sberbank as the most socially responsible bank in Russia.

In late 2017 Sberbank became the platform for a social discussion of the topic “Inclusion. A New Era”. The Bank will continue to publicly discuss the issues surrounding disabilities and inclusion with experts and the public in 2018 and, through this discussion, to find new unconventional solutions and dispel misconceptions and stereotypes.

We not only plan to adapt banking processes for clients with disabilities in 2018, but also to design and offer special and convenient products in the overall Sberbank ecosystem.

¹ GERT (Gerontologic Test Suit) — is a simulator of physical disability and health-related limitations. Impairments of vision, hearing and locomotive functions are “caused” artificially by weighted material on the arms and legs, elbow and knee pads, a neck brace, gloves (that simulate tremors in the fingers), headphones and special glasses in several modifications (that imitate cataracts, glaucoma and other illnesses). The suit, which was created in the United Kingdom, has come into widespread use for checking the accessibility of premises.

High-income mass-market segment

In 2017 Sberbank continued developing the line of products and services for high-income mass-market customers. The Bank launched a pilot project for sales of the “Personal Lawyer” product and the creation of a service ecosystem. Now high-income mass-market customers can select a service package not only for themselves, but also for their whole family (up to three additional users), as well as business support packages for individual entrepreneurs. The competitive advantage of the product offered by Sberbank is that there are no restrictions on any legal sectors in the packages.

The Bank has developed the most functional mobile application on the market today, enabling Sberbank to be on hand for customers 24/7. Our goal is to provide our “Personal Lawyer” service to every third customer of the Bank. We launched a chatbot in Telegram advising customers on all legal issues.

We also launched a pilot project to expand the criteria for providing the Premier service package. Now the service package will be available not only to customers with large balances, but also to customers with high transaction activity – from RUB 80 thousand a month.

In addition, in 2017 clients were offered an updated Gold service package that includes cards allowing them to accrue greater SPASIBO bonuses and insurance products. Customers will be able to select one of two types of service packages: one focused on high-income mass-market segment, or on Active Age customers.

Premium debt and credit cards with greater bonuses were launched throughout the country (with the accrual of up to six times more SPASIBO bonuses than on standard Sberbank cards). The accrual of higher bonuses was launched on Visa cards in the Premier service package.

We continued developing our online services for the recovery of taxes in the mass market network and in the Premier network. The service has already helped more than 30 thousand customers obtain a tax deduction, with the volume of disbursed funds exceeding RUB 3 billion. The sale in the mass market network and the Premier network, and also the inclusion of the service for the recovery of taxes in the service package will make it possible to acquaint a larger number of customers with the service and increase their loyalty.

We launched the sale of the travel services “Tax-Free Refund”, “Return of Compensation” (compensation for flight delays and cancelation), “Home Visa”, which supplement the product line of existing financial services from the Bank’s partners. These services have been introduced to increase the customer loyalty in the high-

income mass-market segment and consolidate the Bank’s ecosystem for travelers. The market volume of compensation on the airline market (“Return of Compensation”) equals EUR 48 million each year, while Tax-Free equals RUB 2 billion annually.

We launched the “Simple Investments” service in a partnership with FinEx. The service is intended for investments in exchange traded funds (ETF) with automatic quarterly rebalancing. This enables customers to obtain a higher rate of return compared to active management in 80% of cases. Approximately RUB 100 million has been raised since the launch of the pilot.

A new investment product Foreign Currency TM (trust management) was developed and issued. Customers with foreign currency savings now have access to a more favorable investment product compared to foreign currency deposits. Over RUB 1.3 billion was raised.

Sales of new insurance products “Confident Driver” and “Home Protection” were launched for Premier customers.

We continued the testing of personalized communications with customers with the use of psychological types. Communications based on psychological aspects make it possible to adapt them in line with customer perceptions and increase their effectiveness.

Loans

Retail loan portfolio

Retail loan portfolio (the Group, IFRS), RUB billion

	2013	2014	2015	2016	2017
Retail loan portfolio:	3,748	4,847	4,966	5,032	5,717
• mortgage loans	1,569	2,270	2,555	2,751	3,191
• consumer loans	1,673	1,868	1,682	1,574	1,726
• credit cards and overdrafts	349	539	587	587	679
• car loans	157	170	142	120	121

Mortgage loans

We are the largest player on the Russian mortgage loan market. Sberbank's share of the mortgage loan market increased by one percentage point compared to 2016 and reached 55.6%. In all, 632 thousand mortgage loans worth a total of RUB 1,092 billion were issued during 2017. The number of mortgage loans issued by Sberbank in 2017 increased by 51% compared to the previous year.

Mortgage loans, Sberbank

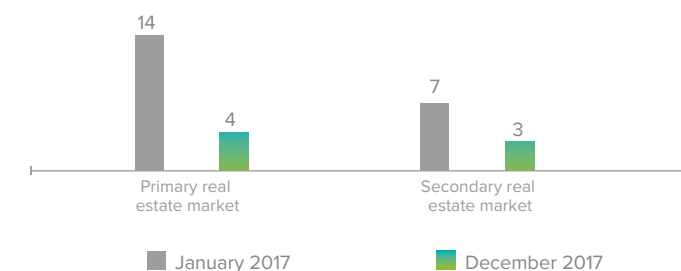
	2013	2014	2015	2016	2017
Sberbank's share in the Russian mortgage loan market, %	50.4	53.0	55.0	54.6	55.6
Volume of mortgage loans issued by Sberbank, RUB billion	638	898	667	722	1,092
Number of mortgage loans issued by Sberbank, thousand	451	589	439	475	632

We provide support and assistance to our clients at all stages of acquisition of real estate. Since 2016 Sberbank and Rosreestr (Federal Service for State Registration, Cadastre, and Cartography) have been offering clients an electronic registration service for transactions with finished construction, including the option for electronic registration of newly-built real estate properties. The electronic system registered its 100,000th transaction in October 2017. As a result of the pilot project with Rosreestr in the Moscow oblast, the time needed for the electronic registration of transactions was reduced from eight days to one business day, thereby setting a new standard in client service. In 2018 we plan to include Moscow and Saint Petersburg in the pilot project.

The multi-format platform DomClick ("Dom" means "House") created by us allows clients to resolve the entire range of tasks involved in the acquisition of real estate: from applying for a mortgage loan to submitting transaction documents for the state registration of title to the real estate. This service unites Sberbank clients, personnel and partnering real estate developers and agencies, thereby creating a convenient platform for performing transactions with real estate.

The volume of mortgage loans issued through the DomClick platform increased by 51% compared to 2016, and equaled RUB 10.8 billion, while the interest rate fell from 11.9% in December 2016 to 9.7% in December 2017. A new product also showed a high growth rate – refinancing of mortgage loans issued by other banks. In December 2017, the share of this product accounted for 7% of the total volume of mortgage loans issued by Sberbank.

Electronic registration using the DomClick platform, registration period (in days)



An important innovation was the launch of selection and approval of apartments on DomClick platform. Based on the results of an investigation by the SimilarWeb analytical service in November 2017, this service was in fifth place among websites working with real estate in Russia. Another improvement made to the platform is the approval of mortgages without the requirement to fill in a questionnaire for payroll card clients, who receive authorization through Sberbank Online. This significantly simplifies the process of submitting an application for mortgage.

“Affordable Housing” programs

We offer our clients several socially oriented mortgage loan products containing preferential terms for certain population groups. For example, under the “Mortgage for Young Families” program young families in which one of the spouses is younger than 35 (inclusive) are offered a 0.5 percentage point discount on the base interest rate set for a mortgage loan. During 2017 we issued 153.6 thousand loans under this program worth RUB 261.9 billion.

Sberbank also offers a mortgage loan with special terms for the purchase of finished construction and construction in progress under the “Military Mortgage” program for military personnel participating in Sberbank’s savings and mortgage system. Mortgages are provided at a lower interest rate, on the condition of its payment in full using budget funds allocated by federal state-owned institution Rosvoenipoteka. During 2017 the initial down payment on the product was lowered from 20% to 15%, and the interest rate from 10.5% to 9.5%. Sberbank’s share of the Military mortgage market increased from 36% to 51% in 2017.

We are proud of our contribution to economic development of the regions where we operate and our support of the most vulnerable population groups. As part of its basic line of mortgage products, Sberbank offers mortgage loans at a flat reduced interest rate for participants in state, federal and regional programs aimed at developing the housing sector. In 2017, a 9% interest rate was established under municipal social subsidy programs, which is competitive and attractive for clients.

To attract and retain clients, Sberbank launched a program in 2017 to reduce interest rates on previously issued mortgage loans. In June a one-off reduction in interest rates to 11.5-12.5% was implemented for mortgage loans previously issued to bank employees and employees of subsidiaries. For clients that are not bank employees a program under which clients can request a reduction in interest rates to 12-13% was launched. Since July 2017 the interest rates on the entire line of products (“Acquisition of finished construction”, “Campaign for developers”, “Rural real estate”, “Housing construction”) have been reduced under the interest rate reduction program and regional differentiation rates have been eliminated.

Sberbank extended the period of validity of a number of mortgage loan campaigns in 2017. For example, after the completion of the “Mortgage with state support” program on January 1, 2017, Sberbank decided to continue making loans available on the same terms if the loan application had been completed in 2016. The program covered both finished construction and construction in progress on the primary real estate market. A total of more than 9 thousand mortgage loans worth RUB 16.7 billion were issued under this program in 2017.

Together with the “Mortgage with state support” program, the “Campaign for developers” was also extended, and from February 20, 2017 began to cover all applications under the “Acquisition of construction in progress” program. This campaign was distinguished by its lower down payment (starting at 15%), the absence of an interest rate increase during the period up to mortgage registration, and its flat rate. In 2017, 120 thousand loans worth RUB 232 billion were issued as part of this campaign.

We are actively developing new services and improving offers on existing mortgage loan products. In 2017 we launched a new product called “Refinancing of homeowners’ loans”, and began to offer more attractive terms on the product “Acquisition of finished construction” and the campaign “Regional promo”. Under the “Refinancing of homeowners’ loans” program, 22.2 thousand loans worth RUB 38 billion were issued in 2017.

In March 2017, we transitioned to noncash transactions and continued to improve a number of services. The pilot program on letters of credit was expanded to all regional banks, and noncash settlements became possible on the purchase by a mortgagor of housing under construction. New client services for the repayment of loans were also rolled out – a change in the payment date and partial early repayment with a reduction in the loan term.

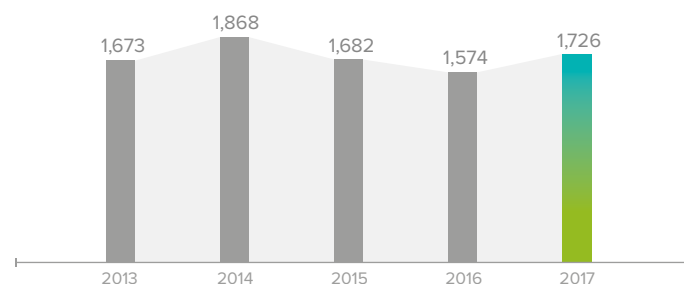
The “Secure Settlements” service was implemented in all regional banks. This service makes noncash settlements possible under sale and purchase transactions for finished construction.

Consumer lending

Consumer loan portfolio

	2013	2014	2015	2016	2017
Sberbank's share in the Russian consumer loan market, %	32.8	32.5	33.2	33.2	31.8
Volume of loans issued by Sberbank, RUB billion	970	915	519	797	968

Consumer loan portfolio (the Group, IFRS), RUB billion



The volume of consumer loans issued by Sberbank in 2017 increased by 21.5% and equaled RUB 968 billion. As of January 1, 2018, Sberbank's consumer loan portfolio equaled RUB 1,726 billion

Since April 2017 the maximum loan amount has nearly doubled for the entire line of consumer loans. For example, the maximum loan amount for the product "Unsecured consumer loan" was increased from RUB 1.5 million to RUB 3.0 million, and increased for the product "Consumer loan under personal surety" from RUB 3 million to RUB 5 million. Interest rates were also lowered twice in 2017 on the entire line of consumer loans, and the need to confirm the targeted use of funds under the product "Consumer loan for loan refinancing" was cancelled from May 2017.

During 2017 Sberbank conducted several promotional offers with lower interest rates. For example, during the period from November 2017 to January 2018, we held a New Year's event for consumer loans. The Bank offered lower fixed interest rates based on the amount of the loan and the method of submission of the loan application. Consumer loans worth a record RUB 123 billion were issued in December 2017, which is 40% more than in December 2016.

Sberbank continued to optimize lending processes in 2017, making the process of receiving loans more convenient for clients. From February to March, we rolled out offer technology that makes it possible to apply for a loan in one bank visit. Thanks to this technology after submitting an application and receiving a preliminary decision, the client immediately signs the loan documentation. When final approval is received, the money is deposited on the client's card without the need for a second office visit. In March 2017 the possibility to execute the full early repayment of a loan in the presence of the client with the issue of a loan debt clearance certificate without the need for a second trip to the Sberbank office was introduced.

We also continued to develop remote service channels in 2017. Clients who have their salaries or pensions directly deposited to their Sberbank account or card, and clients with a pre-approved offer were given the opportunity to conclude the loan agreement in web version of Sberbank Online. The share of loan agreements concluded remotely increased from 0.7% of all loan applications completed in Sberbank Online at the start of the year to 20.1%. Loan applications can be submitted, and loan agreements concluded, in Sberbank Online 24/7, which gives clients the ability to receive consumer loans without a bank visit. This enhanced the popularity of remote channels at Sberbank, with every third loan application already being concluded in Sberbank Online.

Car loans

Car loan portfolio, Sberbank and Cetelem Bank LLC

	2013	2014	2015	2016	2017
Joint share of Sberbank and Cetelem Bank in the Russian car loan market, %	14.8	15.8	15.2	14.4	13.7
Joint position of Sberbank and Cetelem Bank in the car loan market	2	1	1	1	1
Volume of car loans issued by Sberbank and Cetelem Bank, RUB billion	103	85	42	51	72
Number of car loans issued by Sberbank and Cetelem Bank, thousand	215	150	80	81	109

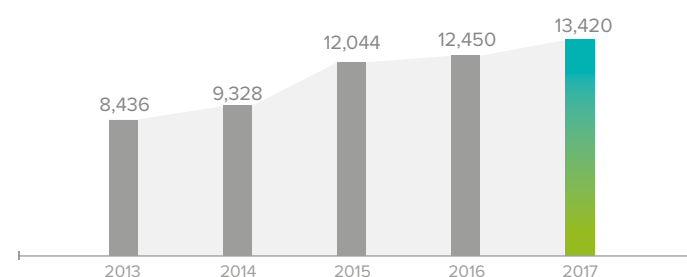
Nearly all of the Group's car loan business in Russia was transferred to Cetelem Bank LLC in 2013. Cetelem Bank LLC is a subsidiary bank of Sberbank specializing in car loans, point-of-sale loans (POS loans), and financing for car manufacturers against the assignment of receivables due from dealers (factoring). Partner dealer centers are Cetelem Bank's main sales channels.

Attracting funds from individuals

Sberbank's share in the Russian deposit market

	2013	2014	2015	2016	2017
Total share in the deposit market, %	46.7	45.0	46.0	46.6	46.1
— in roubles, %	50.6	50.1	49.6	49.1	47.7
— in foreign currency, %	28.2	30.4	37.3	38.6	40.0

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



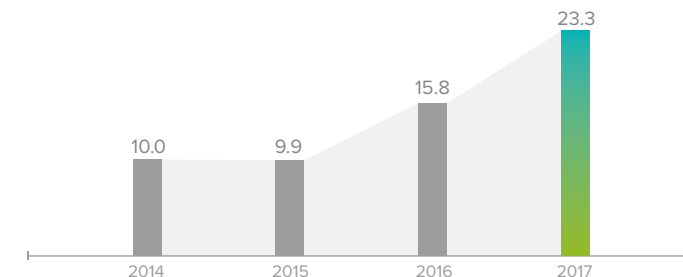
The portfolio of individual funds increased by RUB 971 billion in 2017 (compared with RUB 406 billion in 2016) and reached RUB 13,420 billion. During 2017 Sberbank's total market share had contracted by 0.5 percentage points, and equaled 46.1%. The reduction in Sberbank's market share is primarily attributable to the deterioration of its position on the market for rouble liabilities.

We continued to actively develop our line of savings products and services. In February 2017 a new banking product for individuals called "Nominee account for deposit of social benefits" was launched in all regional banks. The innovative feature of this account is that the social benefits deposited on it may be spent by the owner of the nominee account without restriction, that is, Sberbank does not require the permission of the guardianship and trusteeship authorities for this. By the end of 2017, Sberbank had already opened more than 205 thousand nominee accounts, the balances on which exceeded RUB 3.2 billion.

The expansion of the list of currencies accepted by a Savings Account was an important innovation in 2017. In addition to the standard currencies (roubles, US dollars and euros), starting in October Savings Accounts can be opened in Hong Kong dollars, Canadian dollars, Chinese yuan, Singapore dollars and pounds sterling. By the end of 2017, 1.8 thousand accounts worth a total of 331 million in rouble equivalent had been opened in rare currencies.

In 2017 we continued to implement the Strategy for attracting the funds of individuals through remote channels. A promo event was held in the first quarter of 2017 on the opening of "New Level" deposits with a higher interest rate and the additional option to increase the interest rate by up to 0.5 percentage points by entering the promo code. The promo code was available in the VKontakte social network, and the deposit could only be opened in the Sberbank Online system.

Share of sales of fixed-term deposits in remote service channels (in terms of quantity), %



Sberbank Premier and Sberbank First

Since 2017 Sberbank has started to routinely offer the owners of service packages (Sberbank Premier, Sberbank First, Private Banking) more favorable conversion rates with narrow fixed spreads (the difference between the purchase and sale prices of foreign currency) for US dollars and euros in the Sberbank Online system.

Starting in November, for the first time on the banking market Sberbank offered clients enrolled in the Sberbank Premier and Sberbank First service packages the chance to complete their 3-NDFL income tax declarations free of charge, saving clients time and freeing them from this mundane task. Based on the totals for 2017, the number of clients enrolled in the "Sberbank Premier" service package increased by 22% to 265 thousand clients. The number of owners of the "Sberbank First" service package grew by 17% to 35 thousand clients.

Payments and transfers

Share of noncash payments by individuals, %

	2014	2015	2016	2017
Share of noncash payments by individuals	48.1	66.2	77.4	81.6
including:				
— payments for housing and utilities services	49.1	62.0	74.1	79.0
— payments for mobile phone services	88.4	94.2	96.6	97.9

The average number of payments in 2017 increased by 15%, and equaled 11 million payments a day. In this regard, growth was seen in all the main types of payments. This solid growth was achieved thanks to the active development of noncash payments through auto payment, the Mobile Bank and Sberbank Online.

The stable growth in payments allowed the Bank to capture 50.1% of the market of payments for housing and utilities services in the fourth quarter of 2017. Sberbank remains the leader on the market of payments for mobile phone services, with a share of more than 60%.

In 2017 we continued to vigorously develop the Smart payment system, which automatically issues invoices to bank clients for payment. The system informs clients of the appearance of a new payment invoice for housing and utilities services or a reduction in the balance on a mobile phone, and offers the option for instantaneous payment. For the convenience of our clients, the system of payments through Sberbank has been integrated with the state housing and utilities services information system, where all information on executed payments is processed. During 2017 the number of Smart invoices issued equaled 71.6 million, with payment being made on 7.9% of them.

In September 2017 Sberbank began working with the portal of the Information Technology Department of the Government of Moscow – “Avtokod”.

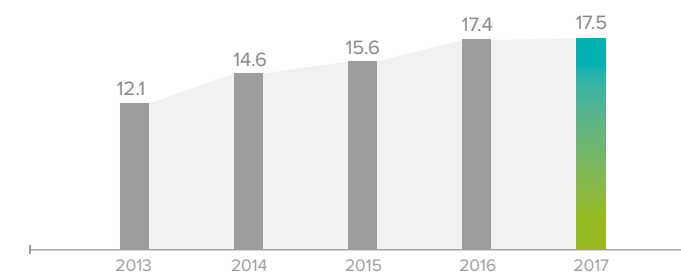
The use of QR code technology to accept payments continued to develop rapidly. At the end of 2017, the share of payments accepted through self-service machines using QR codes equaled 47% of all receipts eligible for payment in this way. In the mobile app the same indicator increased by 25 percentage points during the year, and equaled 30% of all receipts.

The total amount of transfers in 2017 increased by 47% year on year, and equaled RUB 23 trillion. The key factor in this momentous growth in the amount of transfers was the active use by Sberbank clients of card-to-card transfers.

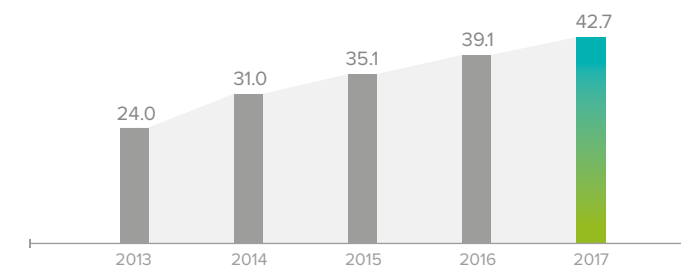
Acquiring and bank cards

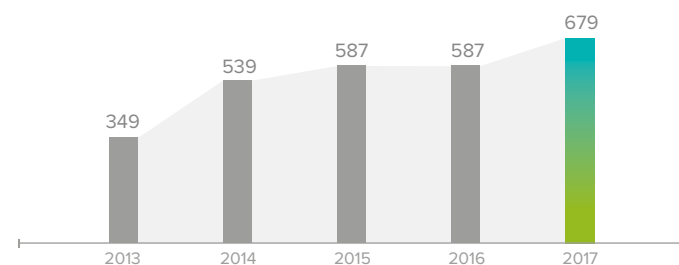
Sberbank credit cards

Sberbank's issued credit cards, million



Sberbank's share in the Russian market of credit cards by debt balance, %



Credit card and overdraft portfolio (the Group, IFRS), RUB billion

Sberbank's main priority in the development of its retail business remains the client and client satisfaction. And that is why we are constantly improving our products and processes. For instance, in 2017 Sberbank continued liberalizing its credit card policy against the backdrop of the improving economic situation, and offered its existing cardholders increased credit limits.

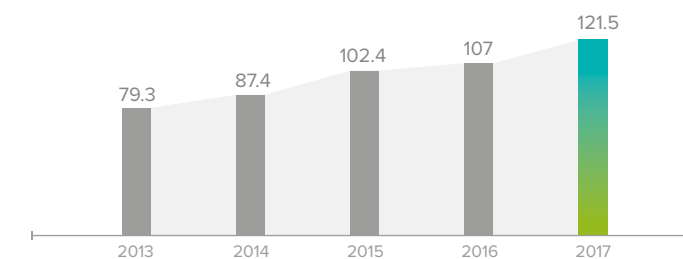
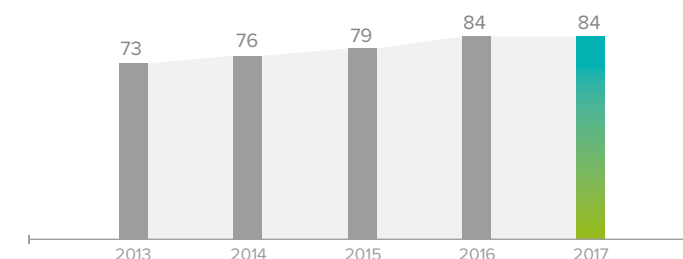
The trend toward interest rate cuts by the Bank of Russia also allowed Sberbank to offer its clients better terms and to lower its rates on newly issued credit cards starting from July 1, 2017. We also improved the terms for credit card applications in 2017. Clients with a pre-approved offer were given the opportunity to receive a Instantly issued card with a credit limit of up to RUB 600 thousand (the previous maximum limit on these cards was RUB 120 thousand). The minimum age at which payroll customers can receive a credit card was also lowered from 25 to 21 years of age.

Another innovation of 2017 was the cancellation of the payment for the first year of servicing of cards for clients without a pre-approved offer. Now, starting from August, clients without a pre-approved application can receive a credit card by simply showing their passport, without the need to show proof of income and their employment record book.

From June, clients can receive a credit card in any Sberbank branch, regardless of where they are registered. The cancellation of the requirement for a client to be registered in the service coverage area of the regional banks makes it easy to order a credit card through any channel, and to receive it at any branch.

In March 2017 we launched a new line of premium credit cards. The line consists of three products: Visa Signature and World Mastercard Black Edition with increased bonuses from loyalty program Spasibo, as well as Aeroflot Visa Signature with accrual of 2 miles for every RUB 60 spent. To improve the quality of customer service and ensure a positive customer experience, we launched upgraded interfaces

with debt information on the mobile app and the web version of Sberbank Online. We have made the payment process even easier and faster. Now clients know exactly how much they need to pay on the card to avoid late fees, and how to use the credit grace period. The well-loved text message service "Debt" allows clients to check the amount and date of their next payment, and also notifies them of the debt grace period during which a certain amount must be paid to avoid paying interest on purchases.

Sberbank debit cards**Valid debit cards, million****Share of active debit cards, %**

Sberbank is the largest issuer of debit cards in Russia. As of the end of 2017, the Bank's share of debit cards in circulation equaled 66.6%, and the share in terms of the number of cards equaled 70.4%.

We continued the active development of the Bank's line of premium debit cards in 2017, offering clients new products and services. In February the Visa Platinum card with increased bonuses from the loyalty program Spasibo was introduced (bonuses of up to 10% of the purchase amount), as was the Aeroflot Visa Signature debit card. Since their introduction, more than 240 thousand new premium cards have been issued.

All Visa, Mastercard cards (except Visa Electron and Maestro) as well as MIR debit cards issued in 2017 were contactless cards. By the end of the year, the share of contactless cards in Sberbank's debit card portfolio had reached 22%.

Sberbank issued more than 20 million cards of the MIR national payment system, the issue of which was launched in late 2016. Sberbank cardholders were offered several new solutions which facilitated an improvement in the quality of customer service and accessibility. In particular, we launched new MIR card products in 2017 and expanded their functional features: MIR Gold, MIR Premium and MIR Premium Plus. Also, since the third quarter of 2017, all MIR cards are also issued with contactless payment capability and support the MirAccept secure electronic payment technology.

In 2017 all visitors to the sberbank.ru website were given the opportunity to order online any debit card on offer, and Sberbank Online users can now order any card they like without having to complete any form. Over 650 thousand debit cards were ordered in this way.

Spasibo from Sberbank loyalty program

In the loyalty program 6.5 million new participants were registered during the year, with the total number reaching 31 million. The NPS of the program equaled 68.5%. During the year participants completed 606 million purchases from partner programs for the total amount of RUB 355 billion.

As part of the IV ICXC Loyalty Marketing Forum: advice from the winners, the Spasibo from Sberbank loyalty program won awards in three categories: "Best loyalty coalition program", "Service of the year" and "Start of the year".

During 2017 more than 200 new partners joined the program, including L'Etoile, Mosvettorg, Bork, Medsi, Papa John's, Technopark, the largest water park Aquamarine, 585, Yandex Taxi, L'Occitane, Domino's, Biglion, Sportmaster, OKKO, Elena Furs, Fitservice, Taxi Maxim and Odnoklassniki.

New opportunities for customers have been implemented on the program's market places:

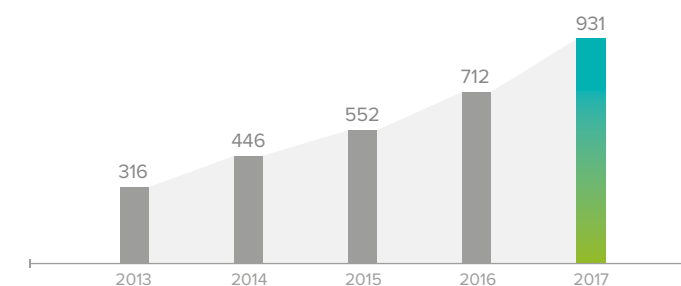
- Spasibo from Sberbank. Travel – new sections have been added, offering an opportunity to accrue and spend bonuses on hotel bookings, car rental, access to business lounges, and the purchase of bus and railway tickets;
- Spasibo from Sberbank. Impressions – this project offers an opportunity to spend bonuses on concerts and exhibitions in more than 500 cities;
- Spasibo from Sberbank. Online – bonuses can be spent on gift certificate and charity - a section with vouchers has been launched jointly with partner Biglion.

In 2017 customers downloaded the mobile application Spasibo from Sberbank 3.5 million times. Its monthly active audience (MAU) reached 1.6 million people. The application makes it possible to exchange bonuses for discount vouchers, special offers of the section Impressions, and to acquire for bonuses/money airplane and railway tickets. The application can be accessed and some of the functions can be used during payment thanks to biometrics – Touch ID, or Face ID for iPhone X.

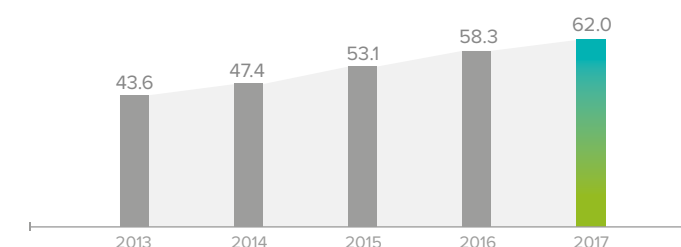
Customers now can exchange SPASIBO bonuses for discount vouchers when buying Sberbank Insurance policies.

Sberbank on the Russian acquiring market

Number of active retail and service outlets (active partner base), thousand



Acquiring market share, %



We pay special attention to the development of the acquiring network and attracting new clients. During 2017 the number of active retail and service outlets in Sberbank's acquiring network increased by 31%, reaching 931 thousand. Partners with a national reach were brought in to Sberbank for acquiring services: Leroy Merlin, Svyaznoy, the Hyperglobus and Megamart supermarket chains, the Teremok fast food chain, SubWay Russia, and the Formula Kino cinema chain.

We also continued vigorously developing the internet acquiring network in 2017. Sberbank attracted 35 thousand new partners – five times more than in 2016. Azbuka Vkusa, Major Automobile Holding, Parter Ticket Offices, Leroy Merlin, Exist Auto Parts, Kassir.ru Ticket Operator, PetShop.ru Pet Supplies, RusLine Aviation Company, Angara Airlines, Rossiya Airlines, Yandex.Taxi and others became our clients.

Based on The Nilson Report for 2016, Sberbank ranked first in the rating of acquirers in Europe, and first among Russian banks in the rating of internet acquirers.

In 2017 we focused on the development of new acquiring services. Revolutionary acquiring product for online and mobile payments called “Internet Acquiring 2.0” was brought to clients’ attention. When paying for purchases in online stores that use Sberbank acquiring services, users can now save their bank card details regardless of the issuing bank of the card. This saves the buyer from having to enter their details for each purchase: Sberbank “remembers” them, and simply prompts them to choose the required card. This simplifies purchases in the more than 30 thousand online enterprises that work with Sberbank.

For the convenience of our clients, in 2017 we introduced the option of making payments using Apple Pay, Android Pay and Samsung Pay technology for online stores and mobile apps, and presented to clients the Sberbank payment bot for the Telegram messenger, which allows noncash payments to be accepted, including through Apple Pay and Android Pay.

In accordance with legislative requirements, Sberbank ensured the acceptance of cards of the national payment system MIR at all the bank’s POS terminals.

In 2017 we also launched our own mobile application for acquiring partners called Sberbank Mobile POS. This app enables us to bring acquiring to the mobile segments of the market and to make the price point more attractive for small and microbusinesses, thereby facilitating the development of non-cash payments. More than 8 thousand such solutions were sold in the fourth quarter alone.

Wealth management

Market leadership¹

Sberbank Depository

20%

in client assets in custody at the National Settlement Depository

No 1

on the depository services market in terms of assets in custody

Sberbank Life Insurance

31%

of insurance premiums

No 1

on the life insurance market

Sberbank Insurance Broker

13%

of insurance premiums (not including reinsurance)

No 1

on the insurance brokerage market (by regional presence)

Sberbank PPF

19.3%

of total pension savings (as of September 30, 2017)

No 1

on the CPI market (by assets, number of clients, total capital, total pension savings and number of insured persons)

Sberbank Asset Management

26%

on the open MIF market

No 1

on the open mutual investment fund market

Sberbank Insurance

16.3%

of insurance premiums on the private property insurance market

No 2

by insurance premiums on the private property insurance market

In 2017 Sberbank clients acquired more than 15 million wealth management products. We are continuing to develop long-term life insurance programs for our clients. For example, clients of the Sberbank First and Sberbank Premier premium channels took out more than 130 thousand endowment and unit-linked life insurance policies in 2017. Unit-linked and universal programs are both a source of commission income and a significant source of long-term funds for the Sberbank Group. Significant growth was achieved in 2017 in the wealth management business as regards the sale of corporate insurance products, with more than 240 thousand insurance contracts sold over the year. The effective use of centralized management

technologies and sales tools in the Bank’s network of service offices helped to boost the sales of packaged insurance products considerably, with average monthly sales exceeding 350 thousand units.

As a result of the sales campaigns of 2017, 2.3 million customers were transferred to the Sberbank Pension Fund, which made it possible to substantially grow the amount of pension savings managed by the Group. The strong sales performance of wealth management products made a significant contribution to the Bank’s overall financial performance.

¹ The information is provided according to the ratings of the information portals banki.ru, raexpert.ru, insur-info.ru and others.

Product line

Sberbank offered clients of all business segments a wide range of insurance, investment, pension and deposit products, as well as wealth management solutions.

At the moment, our clients can purchase:

- insurance products – voluntary life insurance, collateral insurance for consumer and corporate loans, corporate insurance of financial risks and third-party liability, risk insurance products - «Protection of bank cards», «Protection of an apartment / house», «Protection of relatives +», «Stable business» and others;
- Investment products – universal and unit-linked life insurance, individual investment accounts, mutual funds, trust management, structured products;
- pension products – non-government pension provision, compulsory pension insurance.

The provision of services via remote channels is one of the key and most promising areas of development for the wealth management business. Today, Sberbank clients can purchase insurance, pension, and investment products online at www.sberbank.com, the websites of our subsidiaries, Sberbank Online, and Mobile Bank. The overall number of electronic sales of wealth management products exceeded 570 thousand in 2017 (eight times more than 2016 sales).

Sberbank Depository

Sberbank Depository is the leader in the Russian market of depository services by volume of assets under custody. Assets under custody grew from RUB 6.0 trillion to RUB 7.0 trillion during 2017.

Sberbank Depository also leads among Russian bank depositories in terms of the number of depository receipts (ADR/GDR) it services (55 for shares of 31 Russian issuers), in cooperation with global issuers of depository receipts BNY Mellon, JP Morgan and Citibank.

The quality of Sberbank's Depository services is confirmed by its consistently high rating from the authoritative international journal *Global Custodian*, generated on the basis of opinions from international clients.

During 2017 Sberbank Depository took the following measures to develop its business:

- conclusion of a contract with the international clearing center Clearstream Banking S.A. for the role of operator of a custody account for this organization with National Settlement Depository (NSD);
- start of service for the program of depository receipts for shares in LUKOIL;

- support for the issue of bonds with mortgage coverage in the amount of RUB 50 billion as part of the project “Factory of AHML Mortgage Securities”;
- technology for the Depository to service popular federal loan bonds (OFZs) was developed and implemented;
- start of full-scale operation of services for corporate actions with securities over remote channels. Electronic voting was implemented using Sberbank Online at shareholders' meetings of Russian companies;
- conversion of Russian depository receipts for shares of UC RUSAL Plc to shares of this company circulating on the Moscow exchange in August 2017.

Subsidiaries

Sberbank Life Insurance

The company is a Sberbank partner in programs involving credit, risk, universal and unit-linked life insurance. Based on the results of 2017 the company's revenues from premiums totaled RUB 102 billion, which is 75.6% more than the previous year.

In 2017 the company maintained its leadership of the Russian life insurance market, with a market share of more than 31%. Over the first nine months of 2017, Sberbank Life Insurance was the second-largest insurer in Russia. The company's clients numbered over 10 million.

Sberbank Life Insurance made 33.9 thousand payments to clients in 2017. The total amount of payments for insured events in 2017 reached RUB 3.6 billion, which is almost 50% of the total payments for the entire time the company has been on the market.

The Bank continued to expand its product line in 2017. New products were launched in the first half of the year: in February, sales began through the Sberbank Premier channel of a new annuity life insurance product “Like a Salary”, aimed at helping clients to create an additional source of income for the time when they finish their working careers.

On June 1, on the International Day for the Protection of Children, in the Masterslavl children's club, which promotes development projects for children aged 5 to 14, a special workshop from Sberbank Life Insurance was opened. Sberbank Life Insurance provided insurance coverage for all children on the grounds of Masterslavl.

During the second half of the year, the product “Protected Borrower”, which was sold on mortgage loans, transferred to individual rates in Sberbank channels and on the Sberbank Life Insurance website. Instead of a single insurance rate of 1% for all categories of clients, individual rates were introduced that are determined based on the gender and age of the client.

ruAAA

**RAEX (Expert RA)
ratings agency: ruAAA
exceptionnaly high
(maximum) reliability**

In September the updated product “Family Protection PLUS” was launched, in which three packages were created for the client to choose from: Individual, Family, Child. In addition, the list of exclusions was reduced, which made the product more accessible for clients whose children are active in sports clubs.

In the fourth quarter, in the Sberbank First channel the unit-linked life insurance products SmartPolicy Coupon and SmartPolicy were modified – there is now an opportunity to choose between baskets with different combination of assets.

In addition, the Sberbank Premier channel updated the Second Medical Opinion program. In its updated version, this program covers laboratory and/or radiological examinations recommended by a medical specialist, and also includes assistance in organizing treatment both in Russia and abroad.

Sberbank Insurance

In 2017 the company was able to collect RUB 11.2 billion in premiums and grow by more than 30% compared with 2016, outpacing the non-life insurance market as a whole. Based on preliminary data, net profit under IFRS was approximately RUB 3.7 billion, which is four times the figure for 2016.

For 2017 the company was the sixth largest among Russian insurers by number of policies taken out (the company services over 10 million clients), and in 12th place in terms of fees among insurers on the non-life market.

ruAA+

**Rating of the Expert RA
ratings agency: ruAA+
high reliability**

Today the company offers more than 90 products to private and corporate clients, continuing to actively develop its line of products. Among others, in 2017 Sberbank Insurance expanded the coverage of the packaged product Stable Business for small and medium enterprise, including the ability to take out insurance against the most frequent kinds of cyber-incidents, such as DDoS attacks and ransomware.

In 2017 Sberbank Insurance optimized its insurance products for country homes and apartments, offering retail clients an expanded range of insurable risks and several price options. In addition, in 2017 an innovative service/insurance product “Live in Comfort” was developed which combines a classical property insurance coverage against all main risks with services allowing the client to use the policy not only when an insured event occurs. The development of the service element will again be one of the company's key focuses when developing product decisions in 2018. The Company is strengthening its positions on the online insurance market as well. Sberbank Insurance took first place in insurance of individual property insurance through its online channel in 2017.

ruAA

**Rating of the Expert RA
ratings agency: ruAA high
reliability**

Sberbank Insurance Broker

The company is the leader in regional presence among brokers on the Russian market. Operating income for 2017 almost doubled against 2016, exceeding RUB 1.4 billion.

The share of Sberbank Insurance Broker on the Russian insurance brokerage market in terms of insurance premiums (not including reinsurance) is 13%. The foundation of the insurance brokerage market in 2017 was property insurance, corporate liability insurance, voluntary medical insurance, comprehensive air travel and automobile insurance, and also freight insurance.

Sberbank Private Pension Fund

Sberbank Private Pension Fund (Sberbank PPF) is the leader on the market for compulsory pension insurance. Its market share in terms of pension savings is 19.3%,

The number of clients of Sberbank Private Pension Fund increased by a factor of 1.8 during the year and reached 8.4 million, of which 6.8 million transferred their pension savings to Sberbank PPF, and 1.6 million are participants in private pension schemes.

For 2017 Sberbank PPF accrued investment income to accumulative pension accounts under compulsory pension insurance at a rate of 8.34%, and to pension accounts under private pension schemes 8.16%, which is three times the rate of inflation.

Sberbank PPF showed significant growth in all major indicators, confirming its position as the leader on the Russian pension market. Aggregate assets of Sberbank PPF increased by 35% over 2017, and at the end of the year were equal to RUB 513 billion. Net profit under IFRS equaled RUB 8.1 billion, 1.4 times the figure for 2016.

An important result of 2017 was the development of sales of individual pension plans. More than a million people concluded contracts with Sberbank PPF, which made it possible to increase market share by a factor of 2.5. The client base for private pension coverage increased by six times from the start of the year, and makes up 20% of the entire market of pension funds.

Sberbank Private Pension Fund has developed technology that allows clients to use the Government Services portal in the Fund's office and submit an application electronically. The planned launch date for this technology is Q2 2018. In addition, at year end Sberbank Private Banking began to implement a premium pension plan. The Corporate Pension Plan 2.0 was launched for Sberbank employees.

Sberbank PPF clients are offered a wide range of online services; the Dashboard service has more than one million users. Thanks to the development in 2017 of integration with the government services SMEB¹ and ESIA², clients of Sberbank PPF can work online to conclude a contract on private pension coverage (PPC), complete an application to pay out savings under compulsory pension insurance (CPI).

The Fund has won several prestigious business awards: Financial Elite, Company of the Year, and Financial Olympus. In autumn 2017 a popular vote awarded Sberbank PPF the title of Brand No. 1 in Russia. The Fund was awarded by FUJITSU in the category Pioneers of xBRL³, for active participation in implementing xBRL solutions in Russia, and received a Commendation by the Bank of Russia for a successful pilot project in xBRL.

¹ SMEB – Unified Interagency Electronic Interaction System.

² ESIA – Russian information system that allows users (individual applicants and government officials) authorized access to information contained in government information systems and other information systems.

³ xBRL (eXtensible Business Reporting Language) is a format for submitting regulatory, financial and other reporting prepared in accordance with IFRS, Basel, Solvency and more.

ruA++

Rating of the Expert RA ratings agency: ruA++ exceptionally high (maximum) reliability

Sberbank Asset Management

In 2017 the company had retail client assets of RUB 132.9 billion under management. Retail sales exceeded 2017 targets and reached RUB 89.9 billion.

The company's share on the open mutual investment fund market increased to 26.34%. The management company reinforced its leading position in the collective investment segment: the company managed RUB 56.9 billion in open mutual investment funds, and the value of the net assets of the five closed mutual investment real estate funds was RUB 15.1 billion. Attraction of funds to the trust management strategy rose by a factor of 10 compared to 2016, and to mutual investment funds more than doubled.

The funds of Sberbank Asset Management became the best on the market in 2017: the open mutual investment share fund Sberbank – Global Internet showed the best earnings of all mutual investment funds, and the open mutual investment fund Sberbank – Promising Bond Fund brought in record investments, becoming the most popular in Russia.

AAA

The company's reliability is confirmed by the National Rating Agency at AAA – the highest possible rating of financial reliability

Sales in online channels showed impressive growth – RUB 924 million versus RUB 134 million a year earlier. In 2017 a mobile app was released that made it possible to perform operations with open funds and individual investment accounts. In addition, the client dashboard interface was improved, and the Financial Assistant service was launched, which helps clients to shape their investment portfolio based on an analysis of the risk profile, expectations on return, and the term of investment.

At the start of 2017 we launched the Currency Income line of bond strategies in dollars and euro. In November the Currency Income – Premier and Currency Fund strategies appeared, with a low entry threshold for clients who do not want to get out of foreign currency and want to see a higher return than on foreign-currency deposits. At the end of the year the "Money" Fund was launched, which does not take a commission for the purchase and redemption of investment units.

Sberbank Asset Management was recognized as the best management company in Russia from 2014 to 2017 according to the Extel Survey ranking from WeConvene.

The Sberbank Leasing Business real estate fund was a winner of the Investor Awards 2017 in the prestigious category Best Investment Product.

Security of banking operations

Economic security

Economic security is an overriding priority for Sberbank. We devote special attention to preventing threats and ensuring the stable work of the Bank. In 2017 we identified and prevented 529 attempts to use stolen (lost) or forged passports, identified 22 attempts at fraud using forged payment documents, and prevented 71 cases of theft using forged powers of attorney of a total of RUB 600 million in funds from the deposits of Sberbank clients.

In all, the economic security divisions sent 1,055 statements to law enforcement agencies concerning attempts to cause damage to Sberbank or its clients, and 526 criminal cases were instigated.

We take a proactive approach to the identification of counterfeit banknotes. In 2017, 4,041 counterfeit or intentionally damaged (partial) banknotes were identified, as well as 80 mass influxes of banknotes. Sberbank branches and the Corporate Investment Center detected 949 instances when clients presented counterfeit banknotes of the Bank of Russia. In addition, 1,577 counterfeit banknotes of various face values were removed from circulation. Fifteen people were arrested in 2017 for distributing counterfeit banknotes, with criminal proceedings instigated against one person.

As part of the "Red button–AR" fraud monitoring procedures, 313 audits were performed on corporate borrowers in 2017 at the request of the underwriting service due to suspicions of loan fraud. Instances of loan fraud were confirmed in 169 cases, in the amount of RUB 7.5 billion.

Reviews of 54.3 thousand loan applications of individuals using "Credit Factory" technology were also performed in 2017 and sent on for additional review to the economic security divisions.

Information security

We use state-of-the-art information security systems to ensure secure, fully functional servicing of clients. Artificial intelligence and analytical tools were used in 2017 to identify fraudulent operations when clients voluntarily transfer information to con-men, making it possible to hedge nearly 97% of this risk on the client side. During 2017 more than 300 thousand attempts to steal the funds of individuals and legal entities were stopped, preventing damage of more than RUB 40 billion.

Around 40 major DDoS¹ attacks on Sberbank were averted, ensuring 100% protection of the Bank's infrastructure.

The Bank pays close attention to cyber-security. The Bank has learned how to successfully combat cybercrime using an intelligent client protection system. The Sberbank project “Fraud monitoring for remote retail channels”, for instance, was the bronze medalist at the international IPMA International Project Excellence Award 2017 competition. As part of this large-scale project, which lasted 15 months, Sberbank implemented a unique fraud monitoring system created based on artificial intelligence. The system automatically protects clients from inappropriate actions caused by a lack of knowledge of cyber-security rules. Every day we uncover several thousand suspicious transactions using this system.

The development of the systems to combat cyber fraud will continue in 2018, to ensure 100% protection of all Sberbank's client service channels.

Organization of the processing and protection of personal data

At Sberbank, personal data is protected through a single integrated system of organizational, technical and legal measures to protect confidential information (trade secrets, bank secrets, personal data), taking into consideration the requirements of federal legislation (including Federal Law No. 152–FZ dated 27 July 2006 “On Personal Data”) and also global best practices.

When processing personal data, we take the necessary legal, organizational and technical measures to protect data against unlawful or accidental access, destruction, alteration, blocking, copying, provision, dissemination and also against any other unlawful actions with the personal data.

Measures to ensure the safety of personal data include but are not limited to:

- allocation of a controlled area where Sberbank's automated systems function;
- protection of the machine information media on which personal data are stored and/or processed;
- anti-virus protection;
- identification and prevention of intrusions;
- control and analysis of the security level of personal data;
- ensuring the integrity of Sberbank's automated systems and personal data;
- ensuring the accessibility of personal data;
- protection of the virtualization environment;

- protection of hardware;
- protection of automated systems, their tools, communications and data transmission systems;
- identification of and response to incidents that might lead to breakdowns or disruptions in the functioning of the automated systems and/or to the appearance of security threats to personal data.

In order to neutralize existing threats to personal data security, we use information security tools that have duly passed procedures to assess their compliance with the requirements of Russian information security law.

Access to the personal data being processed is given only to those Sberbank employees who require this data to perform their job duties. Everyone hired by Sberbank signs a non-disclosure agreement covering personal data and other confidential information. This agreement remains part of the employee's personal file.

In order to improve their information security awareness, knowledge and skills, employees undergo training in the form of mandatory remote training courses.

Sberbank has also organized internal controls (audits) of the compliance of personal data processing with Law 152–FZ and regulations adopted in accordance with this law, personal data protection requirements, Sberbank policy on handling personal data, and Sberbank's internal regulations. The internal audit is performed by the Internal Audit Service of Sberbank as part of audit reviews.

The Cybersecurity Service of Sberbank monitors the protection of personal data during processing in automated systems. Monitoring of protection in the information infrastructure uses instrumental verification and penetration testing.

¹ Distributed Denial of Service

Corporate clients

Main achievements of Sberbank in 2017

Corporate loan portfolio
(the Group, IFRS)

14,175 ▲ 4.0%
RUB billion

Index of satisfaction and
loyalty of corporate clients
(TRIM-index)

70 ▲ 2 points

Share in the market of loans
to small and microbusiness

13.3% ▲ 1.1 p. p.

Number of active clients

2,069 ▲ 18%
thousand

Number of products per
client

2.79 ▲ 0.53 units
units

Loans to legal
entities

11.4
RUB trillion ▲ 24.7%

90% of mass-market small
and microbusiness clients are
served remotely

30% of clients have a personal
remote Client Manager in the
Corporate Solutions Center;

Field work of Client Managers
has been set up for 90% of
clients of the high-income small
and microbusiness segment.

Client experience

Our goal is to ensure that clients see us as a reliable business partner. We pay special attention to the development of the business culture in Russia. In order to make the first steps in the business world for our clients as smooth as possible, Sberbank is implementing remote services for easy business startup, developing new financial products and non-banking services.

In order to create a qualitatively new level of client service we launched a remote client service channel – the Corporate Solutions Center (CSC). In 2017 regional sites for CSC were fully operational in Saint Petersburg, Tula, Stavropol, Togliatti, Ekaterinburg and Novosibirsk. CSC centralized key service and product functions such as: remote sales and telemarketing, support services, claims work, compliance support, support for transactional business and foreign trade, as well as reference information services.

Sberbank expanded the possibilities for clients to access the Bank's services in 2017 by launching new sales channels – remote Client Manager (via the Corporate Solutions Center), field Client Manager and a partner channel. The regional Togliatti Corporate Solutions Center also began its work in 2017. This new center performs telemarketing

services, engages in remote sales and provides reference and informational support.

In 2017 Sberbank launched a new service package for beginning entrepreneurs called “Easy Start”, which does not have any banking service fees and includes the opening of a bank account free-of-charge, provided there is a small volume of transactions and the client is serviced remotely.

Clients who sign up for “Easy Start” will be able to make commission-free transfers to counterparty accounts opened with Sberbank, with no limitations on the number or volume of payments, and to use the Sberbank business card for free. This means that Sberbank clients will not incur any costs to access the Bank's key services for small business when opening their businesses.

Sberbank also offered beginning entrepreneurs and microbusinesses the “Minimum+” Package. This package provides a minimum set of essential banking services at a special price of RUB 990 or less per month.

22% of new companies that
opened their very first bank
account, opened it with
Sberbank

Service packages

The “Minimum+” and “Easy Start” service packages launched in September 2017 allowed the Bank to increase the number of newly opened accounts from 22.9 thousand per month on average to 58.8 thousand accounts during the year.

Following the “Easy start”, the “Big Possibilities” premium service package was launched for clients with high transaction activity and a large number of transactions. Sberbank also plans to include a number of complex sectoral offers for clients that take into account the specifics of their business.

Campaigns for corporate clients

In order to expand the client base and improve client experience, the Bank held a number of campaigns:

- The corporate card campaign together with S7 Airlines: a 15% discount on the purchase of tickets using corporate cards;
- The campaign to attract clients with stable businesses: free opening of an account and servicing for six months for RUB 1, and 10 free payments a month with an account balance of at least RUB 30 thousand;
- The campaign for clients of banks that have lost their banking license: free opening of an account and the “Basis” Service Package for RUB 1 for three months.

In 2017 Sberbank
performed

32%
of all transactions with
corporate clients in Russia.

Transactional business

Our goal is to make client interactions with the Bank as easy and as effective as possible. Development of remote service channels helps us to achieve this goal. In 2017 1.67 million clients performed transactions via Sberbank Business Online web or through its mobile app. 99.6% of payments were made in these systems.

Thanks to the ability to perform cash transactions through remote service channels, Sberbank clients saved 27 million hours in 2017. The share of such transactions equaled 90% of all transactions. More than a million entrepreneurs are connected to the 20/7 transfer service for corporate clients in 2017, with the time needed for making payments within the bank being reduced from 23 minutes to 3 minutes.

Innovation Time – 2017

In December 2017 Sberbank was awarded the seventh “Innovation Time – 2017” award in the nomination “Active Innovation Company of the Year” in the category “Finance and Consulting” for its achievements in the transactional business. The “Innovation Time” award was organized by the Social Projects and Programs Fund and has been awarded since 2011 to the best projects for implementation, design and development of innovations in various areas of business. The award is given to the leaders of the Russian market that define innovation as their strategic priority and business model.

Foreign economic activities

In 2017 the Bank launched the “Center of Excellence in Foreign Economic Activity”, which offers turnkey services for foreign economic activities from the drafting of the contract to customs logistics. The Bank’s share in the market of foreign economic activities increased by 2 percentage points and reached 20%, thus, allowing Sberbank to retain its status as a leader in terms of the volume of foreign economic activities in Russia.

The Bank also began to actively develop services in international factoring. In December Sberbank Factoring and Deniz Factoring (Turkey) performed the first Russian-Turkish transaction. The transaction secures guarantee transactions and financing of suppliers from Turkey working with the Russian company MERLION. Sberbank Factoring’s plans for 2018 include the organization of work with Sberbank’s subsidiary banks in Central and Eastern Europe.

Online service Best of Business Partners

In November 2017 the Sberbank introduced the online service Best of Business Partners, which is a free, public search platform for participants in foreign economic activities and all services involved. This service makes it possible to select or order various services allowed by international legislation – from meeting someone at the airport and the translation of texts to the shipment of goods from one country to another and consulting. The Best of Business Partners service simplifies the search for foreign partners by entrepreneurs, enabling them to use their time and energy on the development of their business. The project won high praise from experts and received an award from the Digital Communications AWARDS’ 2018.

Corporate cards

Over the year the number of cards increased by a third, reaching 818 thousand cards. The share of Sberbank in the market of corporate cards equaled 33.1%.

A serious expansion of the possibilities of business cards using the functions of Apple Pay and Android Pay is planned in 2018. Premium and instant issue cards will be introduced. Review of information on and performance of transactions using business cards will be made available in Sberbank Online.

Unique payment solution

In October 2017 Sberbank and Telegram teamed up to offer their clients a unique payment solution for partners that have the Telegram bot. The developed solution makes it possible to accept MasterCard, Visa and MIR bank cards for payment. Also, for the first time in Russia there is the possibility to pay in Telegram bots using Apple Pay and Android Pay. Now Sberbank’s partners can accept in Telegram bots not only orders, but also payments in the most convenient and simple form.

Service quality

Our goal is to ensure that clients see us as a reliable business partner. The constant improvement in the level of service of corporate clients and the creation of a positive client experience are priorities for Sberbank.

In 2017 the Index of satisfaction and loyalty of corporate clients (TRIM-index) for the Corporate Business Block increased by two points to 70. In 2017 the Bank began to measure the “Client Effort Index”, which measures the simplicity of interactions with the Bank. The first measurement of the indicator for corporate clients resulted in a score of 39 points out of a possible 100.

A number of procedures that improve the quality of customer service were introduced in 2017.

Round-the-clock service was created to support small and microbusiness clients after the receipt of a loan.

“Voice of the client” feedback collection project was launched. Every negative response is carefully analyzed, and separate work is performed on outstanding client requests.

By the end of 2017 the average monthly number of requests per one thousand active clients equaled 9.6 requests – 0.6 requests less than at the end of 2016.

86% of questions of corporate clients are resolved within 72 hours after the first request (the First Contact Resolution principle).

A simplified client authentication procedure was introduced in 2017 and a 24-hour support line to settle complaints was organized. A simplified system for resolution through the payment of up to RUB 10 thousand without an investigation was created, and a procedure for compensation payments based on valid complaints and claims of corporate clients was developed.

Sberbank Compliance Center

All regional head offices have implemented and distributed a support service for Corporate Clients on compliance issues based on the Corporate Solutions Center. The service advises clients on requests sent from the Compliance Center, on the package of documents required, and monitors the deadlines for submitting documents. In order to reduce the Bank’s involvement in suspicious client transactions, a pilot project has been carried out on proactive work with corporate clients. In this pilot project, clients were notified of an increase in compliance risks and the need to take corrective measures to minimize the risk. The decision was made to continue the pilot project in 2018.

Large and medium business

More than a half of large and medium business clients await decisions on simple deals for less than five days.

Sberbank seeks to use a fully automated lending process, which will make bank–client interaction easier. The latest step towards this goal was the launch of the Loan Builder online service in January 2017, which allows corporate clients to build their own loan product with the required parameters based on a pre-approved application and a dynamically calculated interest rate, after which an application form is created.

In 2017, large and medium business clients were offered a new line of loan products with simplified loan processing: “Loans in One Day” (including a bank guarantee), “Proactive Limits”, “Overdraft in One Day”, “Simple Transactions”, and “SMART LMB”.

The Bank introduced a priority operational support service for the most important large and medium business clients. This allowed CSI on the service to be increased by 7 points, and to reduce the time spent by a client manager on the performance of operational functions to 40 minutes a day.

In 2017, a sectoral hierarchy for large and medium business was introduced. Sectoral client and product teams, including client managers, credit inspectors, and assistant client managers were formed. Agile principles were used during the formation and work of the client and product teams, which enabled the time needed for finalization of transactions to be greatly reduced.

53%
of small and microbusiness clients receive a decision on pre-approved loan offers within one hour.

More than 500 thousand clients used non-banking and state services on Sberbank’s platform in 2017.

Small and microbusiness

Sberbank pays special attention to the development of the business culture in Russia. In order to make the first steps in the business world for our clients as smooth as possible, Sberbank is implementing remote services for easy business startup, developing new financial products and non-banking services. During 2017 the total number of active small and microbusiness clients using Sberbank’s services increased by 17% compared to the previous year, and equaled 1,822 thousand active clients. Starting in November 2016, small and microbusiness clients with accounts in Sberbank but that had previously never received a loan from the Bank were given the opportunity to apply for a pre-approved SMART loan. This was possible through the use of a predictive analysis of client accounts, their accounting systems, and their credit histories. Pre-approved loans can be arranged on the day the offer is received, in less than an hour. In 2017 the amount of SMART loans equaled RUB 28 billion, or 8% of all loans issued to small and microbusiness

Development of non-banking services

Sberbank actively developed various non-banking services for small and microbusiness in 2017. The main purpose of this is to offer clients convenient digital services to make doing business easier and grow their efficiency. By the end of 2017 Sberbank clients had about 30 such services available to them. All of them can be accessed through the Internet bank.

In order to support entrepreneurs at all stages of development of their businesses Sberbank expands the line of solutions that allow entrepreneurs to simplify standard processes as far as possible. In 2017 a new free online service that helps with preparation of the set of documents required to register business was launched. The Bank also introduced a service that fully automates the payment of taxes and contributions and frees clients from the performance of routine accounting operations.

Non-banking services are based on a proprietary technological platform that makes use of open interfaces and code, machine learning, cloud technology and big data analysis with a set level of security to allow real-time formation of the best offers for the client both from our own services and partner services.

Now with the help of the 30 available services Sberbank clients are able to:

- establish electronic document management with counterparties and the state authorities;
- resolve accounting issues of any level of complexity;
- promote their businesses in the internet without any specialized knowledge;
- regulate and control client relations in the free CRM system;
- enlist the support of a professional team of lawyers 24 hours a day;
- organize turnkey retail trade and payment acceptance from clients.

Plans for 2018 include the reorganization of the displays of the online services on the Sberbank website, the appearance of new SaaS¹ solutions for business, formation of packaged services, and the development of the “Financial Advisor” educational project.

Improvements to internet banking represent an integral part of infrastructure development for clients. For instance, 78% of clients had already been transferred to the new Digital corporate bank Sberbank Business Online platform by the end of 2017.

The advantages of the new platform include an ergonomic and logical user interface, simple loan and fund deposit procedures, the possibility for remote connection to the Bank’s products and services, integration with key services of partners (for example, My Accountancy Online), and a new “Video Assistance” section to improve the quality of service.

Examples of non-banking services

In September 2017 Sberbank introduced the cloud-based service “My Trade” for small trading companies, online stores and small manufacturing enterprises. This service unites sales, procurements, warehousing, finances and CRM in one system, and helps companies bring their operations into line with the requirements of the new Federal Law², including for online trade. Shop owners can view product balances at all retail points and remotely monitor the activities of sales personnel (opening/closing of shifts, sales, discounts provided, documents created using the service). Within a few days the data collected can be used to assess the effectiveness of the business. The mobile applications of the “My Trade” service for iOS and Android let owners stay in touch with their businesses wherever and whenever necessary. In addition to “My Trade”, the range of Sberbank’s non-banking services includes 19 other similar applications – from cloud-based accounting to commerce management solutions.

Sberbank’s non-banking services for corporate clients in 2017 also included a free CRM client management database, which makes it possible to systematize all information on clients, close transactions, and ultimately to increase sales at the company. The solution offered by Sberbank facilitates the protection of its client base from information leaks by setting up various levels of access. All main business applications are available for connection: document management, financial accounting, business processes, communications and marketing tools. The service differs favorably from other CRM on the market due to the absence of restrictions on the number of users of the free version. The launch of these types of digital tools enables our clients, first and foremost the representatives of small business, to free themselves from routine, to reduce the amount of paperwork, lower costs and streamline business processes. In the future, these solutions will comprise a robust ecosystem of non-banking services capable of satisfying all the business needs of a client.

Sberbank CIB was recognized as the best investment bank on the equity capital market in Central and Eastern Europe, and the best investment bank in Russia according to the rating of Global Finance magazine (The World’s Best Investment Banks 2017).

New launches

On February 1, 2018, the Business Environment platform of knowledge and services for entrepreneurs was launched. This helps to realize the “one-stop shop” principle in the digital space for services to small business (educational, banking and non-banking services, and government services in the digital space). The platform is built on the principle of an aggregator; at the first stage, it will work as a knowledge platform, and is planned to later host services required by entrepreneurs.

With the support of the Ministry of Economic Development, the Federal Tax Service, and the Ministry of Communications, we launched Russia’s first online service for business registration and opening of a settlement account. It is now possible to become a sole proprietor without leaving home. Registration proceeds in five simple steps and takes no more than 30 minutes. As a pilot project, the service will be available from February 15 for entrepreneurs in Kaluga, Tula and Tver Oblasts.

In March 2018 Sberbank launched an applications store for users of cash registers jointly with the largest operator of fiscal data in Russia, the OFD Platform. This service is available from Sberbank Business Online. The OFD store has useful services for retail and catering outlets, enterprises in the services sector and in other business areas where the processing of fiscal data is required. The services on offer include:

- analytical tools (monitoring, control, analysis of sales indicators);
- financial statements (reconciliation with the Federal Tax Service, Z-reports);
- recommended services (recommendations on prices, locations);
- synchronization with the business automation systems and loyalty store programs;
- retail insurance services.

Both professional agencies and also stores and other interested companies may develop and post applications within the framework of open cooperation.

Major clients (CIB)

In 2017 the CIB team carried out a large number of major structured transactions. The number of transactions on the equity capital market (ECM), the ruble and foreign-currency debt capital market (DCM), and also mergers and acquisitions (M&A) rose substantially compared to the previous year. In 2017 Sberbank took part in five of six Russian IPOs on the ECM, including En+ (the largest IPO of a Russian company in the past five years), Polyus, Detsky Mir, Phosagor, and Obuv Rossii.

During the year we held one of the leading positions on the ruble DCM, with a market share of around 25%, taking part in 46 issues (to a total volume of RUB 286 billion). On the foreign-currency DCM the number of eurobond issues involving Sberbank doubled (volume of USD 2.4 billion). The largest projects were placements by

¹ SaaS (Software as a Service) – business application to which the company receives access over the Internet

² Federal Law No. 54-FZ “On the Use of Cash Register Equipment in Cash Settlements and/or Settlements using Electronic Forms of Payment» dated May 22, 2003

Sberbank CIB was declared best in the category Private Banking according to Forbes, Frank Research Group and Euromoney Private Banking 2017.

Sberbank Investment Research received first place in the category Best Brokerage House in Russia in the prestigious Extel Pan-Europe Survey 2016.

Norilsk Nickel, Rusal, Metalloinvest, Polyus, EuroChem, Phosagro, Petropavlovsk, Sibur, and Industrial Metallurgical Holding. The Bank was also a co-organizer of a placement of sovereign eurobonds to a total of about USD 4 billion.

At the same time, we are working to implement a number of new products and non-financial services for major clients, such as acquiring for developers, syndicated mezzanine financing, cap and floor swaptions for ruble and foreign-currency rates, cybersecurity services, and pilot services on the basis of blockchain technology.

In September 2017 a pilot transaction was carried out on the issue of an international letter of credit in favor of Severstal using blockchain, with the aim of paying for a delivery of rolled metal products to a foreign counterparty. This was the first such transaction in the CIS. The uniqueness of the project lies in the implementation in blockchain of the full cycle of an international letter of credit transaction: from the time of submission of the application for a letter of credit to the provision of the package of documents for the letter of credit and tracking progress in the document review. The technology makes it possible to substantially reduce the implementation time of the transaction and makes it more transparent.

Another important achievement in 2017 was the performance of Russia's first blockchain payment transaction with the participation of the companies Megafon and Alfa-Bank. Whereas using the standard arrangements the performance of the transaction could take up to 30 hours, the use of blockchain technology made it possible to reduce the transaction time to a few minutes.

We implemented a number of organizational changes in 2017 that allowed us to raise the quality of service for our major clients, and we continued to improve our internal processes that affect the speed of service.

In order to improve the CIB management model regional CIB Centers will be created, in which only front office functions on the conclusion of transactions and building client relationships remain. Operational and some product support will be consolidated in several hubs. This will allow to double the time on front-office functions, and increase employee efficiency by 20%.

Within the framework of the pilot project for a new lending process, the amount of time required for lending decisions was reduced for selected industries. By the end of 2017 the pilot project was extended to all industries, and we expect that the project will enable us to achieve a substantial reduction in times needed to make decisions on new disbursements in the following year.

The major client satisfaction index rose by 0.5 points in 2017 over 2016, and equaled 82.5 points. We are proud that our client satisfaction is at the same level as leading global corporate investment banks.

Development of service channels

During 2017 we offered our clients a number of technological innovations allowing them to use more convenient service channels. Among them, the Bank introduced the mobile app Sberbank Investor, offering access to investment consulting and brokerage, as well as other investment products in iOS and Android. The app determines the investor's profile and offers ready-made solutions for beginners and professionals, gives clients the ability to make their own investments in shares and bonds, and has a high level of security with two-factor authentication. More than 1500 clients use the app every day. In December 2017 clients were also given the opportunity to remotely open a brokerage account through a web interface. Clients opened 45 thousand new brokerage accounts during 2017.

The number of clients of the Sberbank FinLine remote banking service system more than doubled in 2017. By the end of the year 225 credit institutions were already using it to make payments, confirm transactions on global markets, and under agreements on cash and transit servicing, and 728 correspondent vostro accounts in Russian rubles, foreign currencies, and precious metals were connected to the system.

As part of the project to implement the Algorithmic Trading Platform, the share of automatically hedged foreign currency transactions rose from 25% at the end of 2016 to 50%. The project makes it possible to manage risk dynamically through the intersection of reciprocal client flows.

For the purpose of developing service channels and increase the convenience of using Sberbank services, access to exchange foreign-currency and interest-rate tools on the forward section of the Moscow Exchange was automated in 2017.

Also in 2017, analysts of the foreign-currency market implemented a pilot project to calculate the profile of the client, which is used to create insights for sales and trading algorithms, and organized mutual offsets of risk positions between voice and electronic trading online. This automation of processes made it possible to free up some traders who were engaged in simple current transactions and direct their efforts to more complex processes of algorithmic management of the trading position.

2017 saw the start of the sale of individual services on geomarketing for retail networks. Such services include calculation of the economic potential of a location for retail outlets, forecast revenues for retail outlets taking into account the surrounding area, and visualization of the most promising outlets on a heat map.

The Sberbank Markets electronic trading platform received a prestigious international award at the London 2017 Financial Innovation Awards in the category of Innovation in the Delivery of Financial Products. Over 2017 more than 1500 clients were connected to the platform.

Operations on global markets

Three key areas – currency instruments, repo and money market operations, and debt instruments – accounted for more than 75% of income in total.

A range of significant transformational projects on global markets operations were implemented including algorithmic trade and automatic access to exchange foreign-currency and interest-rate tools.

The line of brokerage business and electronic trading platform products of Sberbank CIB was substantially expanded for the Group's corporate and retail clients. These efforts were not only aimed at strengthening the position of Sberbank but also helped to a significant degree to develop Russian financial markets. Among the key achievements were:

- We prepared and conducted the placement of the debut issue of federal loan bonds (OFZs) for the public: about 3 thousand employees of the Retail Business unit were trained, bonds were sold worth more than RUB 22 billion, and more than 14 thousand clients were brought in.
- The brokerage business became No. 1 in Russia among brokers, banks, and management companies in terms of the number of individual investment accounts, taking 30% of the market. In total, more than 250 thousand brokerage accounts have been opened with Sberbank.

Sberbank maintains its leading position on the Russian market for repo financing. In 2017 the repo portfolio increased by 37.9% and equaled RUB 1,248 billion.

In 2017 a new entity began its work – SB Commodity Trader (SBCT), created to trade in commodities on the domestic market of Russia. With the help of SB Commodity Trader, Sberbank CIB can expand its line of services for clients in prepay products for sale-purchase transactions for commodity assets, arbitrage transactions, and repo goods transactions using price risk hedging tools.

Trade finance

The volume of our transactions in the area of trade finance and documentary operations for 2017 exceeded USD 36 billion. Settlements with domestic letters of credit were equal to RUB 702 billion, 1.6 times more than the figure for the previous year.

A process for the pre-approval of trade finance operation proposals was developed and implemented. This simplified process makes it possible to promptly consider and implement trade finance using unsecured letters of credit of Sberbank corporate clients.

Pre-approved products that carry with them credit risk, which can be provided on the basis of the SMART LMB transactional model of risk assessment, include trade finance operations using domestic unsecured letters of credit.

Clients continue to show interest in using letters of credit to perform import operations. The volume of import letters of credit issued in 2017 with financing exceeded USD 681 million, which is twice the figure for 2016.

In September 2017 Sberbank obtained the status of authorized bank under the government interest subsidy program for export loans – this allowed us to expand our support for Russian exporters.

We are successfully expanding our business of commodity trade finance through Sberbank (Switzerland) AG. Income in this area rose by 80% over the year. In 2017 Sberbank (Switzerland) AG was provided with its own powers to approve commodity trade finance transactions simultaneously with the creation of a local underwriting department, and has also organized a specialized transaction monitoring process.

Relations with financial institutions

CIB clients include about 1.7 thousand banking and non-banking financial institutions, the majority of which are international financial institutions.

A number of notable transactions were concluded with financial institution clients in 2017, including the Region Group (reverse repo, RUB 200 billion), Vnesheconombank (currency swap, USD 500 million), and Renaissance Insurance (M&A, RUB 18 billion).

Sberbank (Switzerland) AG made the first sale of physical gold on the Shanghai Gold Exchange, the largest exchange in China for precious metals (gold, silver, and platinum). This was another important step in developing the commodities business of the Sberbank Group through Sberbank (Switzerland) AG.

Sberbank has developed and approved a technology for performing operations for legal entities under a bank escrow account agreement, which made it possible to bring to the banking services market a modern settlement and at the same time security instrument.

In order to assist clients in the development of their foreign-trade activity and improve the quality of international settlements as of January 1, 2018 Sberbank (including the regional head offices) had opened 121 nostro correspondent accounts in 61 banks worldwide.

In 2017 14.4 million operations in rubles and foreign currency were performed monthly through the vostro correspondent accounts opened with Sberbank, which is 1.4 times more than the same figure for 2016. Average monthly operations in 2017 were RUB 4.8 trillion higher than the figure for 2016 and reached RUB 21.5 trillion.

Creation of a business ecosystem

Over the past several years, the needs of our clients have changed: they are no longer interested in banks as such or in the financial services that they offer. For clients, it is important that services and products address specific life objectives, and business is being transformed in accordance with this need. Now, companies and financial institutions seek to satisfy as many different needs as possible in different areas of their clients' lives. In addition, the boundaries between different industries are gradually blurring due to the shift in focus from products to client needs, which are frequently cross-industry in nature. All of these processes are occurring in an environment where a "digital generation" of people who are used to using modern technology in their everyday lives is growing up.

For this reason we are transforming Sberbank's business, moving away from the model of the classical provider of financial services, towards the model of a global ecosystem. The goal of the Sberbank ecosystem is to choose and implement the best client services to satisfy the everyday needs of a broad range of clients. To do so, we bring together on a single platform the Bank's partners, both financial and non-financial services. All of this makes it possible to offer the client integrated products and solutions, raise the level of satisfaction with the service and keep it high at all stages of the chain of value creation.

Ideas for the Future

Smart Data
eRecruitment
Content Production
eAuto

Under development

B2B Outsourcing
business processes
eEducation
eTravel
Logistics
IoT

Existing areas

eHealth	docdoc
Lifestyle	plazius
Financial services	Яндекс Деньги
B2C eCommerce	Яндекс Маркет
Digital Marketing	Segmento
Telecom	поговорим
Cloud	
Messenger	
Identification	VisionLabs
B2B marketplace	СБЕРБАНК-АСТ АВТОМАТИЗИРОВАННЫЕ СИСТЕМЫ ТОВАРОВ
Professional Services	СФЕРА СЕРВИСЫ ПО ТЕХНИЧЕСКОМУ ОБСЛУЖИВАНИЮ

The Sberbank ecosystem has been taking shape since 2016, gradually adding more new non-financial services and entering new markets. The system is made up in part by our subsidiaries, and in part by independent companies that have concluded partnership agreements. In 2017 we entered into a number of important partnerships as part of the development of the Sberbank ecosystem.

Lines of the Sberbank ecosystem

One of our objectives is to give a fast start and help along the development of the component parts of the Sberbank ecosystem. One of the significant advantages of joining the Sberbank ecosystem is access to the accumulated client database, and also to the technical capabilities of our platform. All this makes it possible to personalize the services offered, and also to greatly simplify and accelerate the process of ordering and paying for services.

The technical capabilities that the Sberbank ecosystem provides its participants include the client identification system, rapid data exchange, a uniform software interface, and other services.



Health

In 2017 we acquired a controlling interest in DocDoc.ru and now, together with this and other leading companies in the sector, we are creating a health ecosystem. Thanks to this project clients receive access to the best healthcare solutions on preferential terms.

DocDoc.ru is the No. 1 marketplace for healthcare services in Russia. The company brings together more than 2.6 thousand partner clinics and more than 38 thousand qualified doctors of various specializations. In 2017 more than 660 thousand DocDoc.ru clients received 1.2 million consultations. At the end of 2017 the service covered 15 cities in Russia. DocDoc.ru had a 70% market share in Moscow and 40% in Saint Petersburg.



E-commerce ecosystem

Another significant event of the reporting year was the signing of a binding agreement between Sberbank and Yandex on the creation of a joint venture based on Yandex.Market. Yandex.Market is a marketplace that brings together 25 thousand private Internet shops, selling goods in various categories, from household appliances and electronics to clothes and groceries. In 2017, Yandex.Market sold goods worth a total of RUB 150 billion. 3 million clients all over Russia use the platform each day.

By uniting their infrastructure and technologies, Yandex.Market and Sberbank will develop an e-commerce ecosystem including the purchase and sale of goods, and also related services. With a five year horizon, the joint venture has as its target sales of RUB 500 billion. The participation of Sberbank in this project is important both for the development of the digital ecosystem of Sberbank itself, and for the country's economy as a whole. This partnership opens up new opportunities for players on the e-commerce market, small and medium business, and also creates the conditions for the growth of exports of Russian goods, as well as new opportunities for foreign market participants.



Biometric platform

In November 2017 we completed the first important step towards the construction of a biometric platform for the Bank's ecosystem. A transaction was signed on acquiring a shareholding in the company VisionLabs, one of the leading face recognition companies in the world. The company is one of the top three in accuracy of identification (99.17%). Collaboration with VisionLabs will make it possible to create a unique biometric identifier to allow Sberbank clients to access any service and ensure the highest possible level of information security for the ecosystem. Along with the face, this identifier will also use recognition of the user's voice, retina pattern, and other biometric factors.



Payment services

Yandex.Money – is a technological platform that provides services related to management of electronic wallets and mobile payments, supplemented by additional functions such as the ability to easily raise funds for general purposes. In addition, Yandex.Money offers solutions for corporate clients, which can use this service to automate payment discipline at their enterprises. This function makes the operations of online shops and other enterprises much simpler.

By the end of 2017, the company provided protected access to 1.5 million active electronic wallets, servicing transactions with a total of RUB 180 billion. By 2020, the company plans to increase the number of wallets to 6.7 million, and the total value of transactions to RUB 370 billion.

The mobile app Plazius makes it possible to safely pay a bill in any café or restaurant using a mobile phone, without waiting for the bill from the waiter. In addition, users can build up points and use them to pay in the same establishment on their next visit.



Mobile operator

Let's Talk from Sberbank is a virtual mobile operator, which offers a flexible approach to setting rates and online control over spending on mobile communications and Internet, with a broad coverage network in Russia. Another area of development for the operator is the creation of a convenient messenger service and entry into the market of the Internet of Things (IoT) and machine to machine (M2M). The mobile operator has set itself a target of expanding its client base to 3 million users by 2020.



Sberbank's ecosystem for business

An important factor in improving the Sberbank ecosystem is the development of integrated services for small and medium business. In this area, we have integrated into our ecosystem companies Segmento and Evotor, which offer innovative solutions for B2B clients.

Segmento is a technological platform that targets advertising on the basis of off-line and online data. The company offers a complex toolkit to manage advertising campaigns. Although the company is still young, its solutions were used in implementing interesting case studies for international brands such as Hyundai, Samsung, and Citroen. The platform has also been recognized several times with international awards.

Evotor is developing software and technological solutions that set up a powerful sales management ecosystem for small and medium business. This ecosystem allows companies to efficiently collect and analyze sales data and automate routine sales processes, all while complying with applicable legislation.

In addition, Evotor is one of the leaders on the Russian market for sales and support of online checkouts. By 2017 the company had integrated into the ecosystem 450 thousand online cash terminals. Sales in 2017 accounted for another 140 thousand terminals. By 2020 the company plans to reach 1 million online terminals sold (20% of the market) and to begin to offer companies software solutions based on big data analysis that allow entrepreneurs to better understand their business and manage it more effectively.



Cybersecurity

In 2017 the company BI.Zone, a wholly-owned subsidiary of the Sberbank Group, entered the cybersecurity market, fulfilling its first commercial contracts with clients in Russia, the CIS, and other countries.

The company is developing its own products and pursuing its first pilot projects with clients in the products Fraud Monitoring as a Service¹ and Threat Intelligence Platform². BI.Zone has launched a laboratory to test information protection solutions, making it possible to conduct load testing and functional testing.

In conjunction with Sberbank Insurance, we launched a cybersecurity risk insurance service for small business. Insurance services for other market segments are also planned. Among the company's plans are the entry onto the market of the new products TI.Sensors³ and the CyberSpace user portal for cybersecurity.

With the Rossiya Bank Association, we are launching a platform to exchange cybersecurity data for the Russian financial sector, and with the Global Center for Cybersecurity within the World Economic Forum – for companies in Europe and Asia. The launch of a cybersecurity consulting business will allow us to use BI.Zone's expertise to improve the level of protection of clients both within the Sberbank Group and that of commercial clients.

Cooperation agreements have been signed with Interpol and SWIFT, and we plan to sign agreements with other government and commercial organizations involved in fighting cybercrime. The first international CTF⁴ competitions have been held involving international teams of the first rank, and we plan to take part in organizing the largest competition at the Defcon conference in Las Vegas, USA.



Marketplace for cloud technology

Sberbank has plans to create a joint venture with the IT company I-Teco, one of the top ten enterprises in its industry. The joint venture is intended to become the core of the digital economy ecosystem. The services of the cloud infrastructure will be available to Sberbank and its clients, helping them to improve the efficiency of their business, transform their business models, and create new points of growth.

The coming together of all the aforementioned services and promising companies on Sberbank's unified technological platform can create a high level of customer experience by allowing each of them to ergonomically complement one another.

¹ Product for financial institutions to analyze financial transactions to identify fraudulent operations

² Platform for companies in any industry to collect and process technical information, which allows clients to protect themselves against cyberattack and investigate incidents

³ Specialized agents at work places, mobile devices and network devices that identify illegitimate activity and implement protective algorithms for client devices

⁴ Capture the flag – team competitions in information security.

Performance overview

Technological
leadership



Technological transformation of Sberbank

Transition from a traditional economy to the digital economy is a worldwide trend, including the digital transformation of the financial sector, the systemic and incremental implementation of new financial technologies. Flexibility, innovation, and speed of technological changes implementation are today some of the key factors of competitiveness for companies in the financial sector. This is why as part of our strategy we continue the large-scale technological transformation of Sberbank in five main areas:

5 main areas

of technological transformation of Sberbank



CREATING A NEW PLATFORM FOR THE BANK AND ECOSYSTEM



ENSURING RELIABILITY AND EFFICIENCY



ENSURING THE SECURITY OF DATA AND SYSTEMS



DEVELOPING THE DATA-DRIVEN ORGANIZATION



STRENGTHENING THE INNOVATION INFRASTRUCTURE

Building powerful, reliable and flexible technological platform that will be able to process large amounts of data in a short period of time and migration of all our products and services to it is a key project in the technological transformation of Sberbank.

Priority areas of technological transformation in 2017

In 2017 year we continued to implement innovative solutions to ensure more efficient operation of the Bank. We carried out significant modernization and centralization of technological infrastructure and IT landscape, more than 70% of non-target regional systems were decommissioned.

As part of the global transformation of the IT, 10 centers of excellence have been created, which provide assistance and support for centralized services across the country. This allowed us to reduce the number of points of presence of the IT support services by a factor of 6.5, while increasing productivity by 30% and improving the satisfaction of internal clients with IT services by 40%.

The Bank successfully implemented the transformation of operating activities, which increased efficiency and reduces the number of personnel in this area by 20%. Improvements were achieved thanks to the implementation of technological lean-initiatives and the elimination of manual operations. The Bank also centralized the support of internal operations and financial statistical reporting (the Everest Programme).

During the 2017 year the construction of the largest Data Processing Center (DPC) in Skolkovo were conducted. This DPC will cover internal needs for IT equipment deployment for at least five years and will open up opportunities for the implementation of the Bank's ecosystem and cloud computing.

In 2017 year The Bank set up the infrastructure for cloud-based data storage and processing, created a Data Science community and Technology and Data Academy.

This transformation relies not only on building a business development platform, a unified front-end system and key software, but also on digital and quantum technologies, robotics and neurotechnologies applicable in all sectors. Along with the implementation of the technological strategy, the task of culture transformation, introduction of Agile and DevOps as essential components of a successful organization in the new technological paradigm of the company of the future, is becoming more important and complex. Taken together, all of this creates large-scale intersectoral effects and is the basis for the creation of the Sberbank ecosystem.

New technological platform

The Banks ecosystem will be based on the new technological platform. Its main task is to reduce the time for banking products development (time-to-market) and increase the level of automatic processing of transactions.

The technological platform

The technological platform is a universal constructor for creating a new business by re-using components and configurations, with a minimal amount of programming, on the basis of the best technology.

The work we began work on the new technological platform in 2015 and plan to transfer clients, products and data to the new platform by 2020. We are currently performing operations on the new platform in pilot mode, and for a while the old and new platform will operate in parallel. This approach will make it possible to go through many stages of the complex migration process unnoticed by clients and without losses for The Bank.

The new platform will be based on the following principles:

- **Client-centricity.** Now the client profile exists in a number of systems: deposits, loans, payments, and others. In the new platform, a single client file with all information about the client will be created, which will speed up the data processing and allow to personalize the Bank's offerings.
- **Flexible mechanisms for configuring complex products and data processing.** We seek to eliminate human involvement as much as possible and where possible to use monitoring of our processes and automatic management of error situations.
- **Application programming interface (API).** Programming interfaces allow our partners to fit their services into the Bank's ecosystem. Accordingly, APIs will penetrate all components of the platform. We will open external APIs for our partners and counterparties.
- **Machine learning and artificial intelligence.** We try to embed these mechanisms in the components of the platform and in our decision-making system.
- **Maximum reliability 24/7.** As a backbone Bank we make every effort to ensure that the information system is as reliable as possible.
- **Open-source software.** It can be used by users/companies that wish to employ such programs. Despite the fact that we have our own software and we are able to work with traditional architectures, we have begun to gradually migrate to open source.
- **In-memory processing.** This tool offers the greatest opportunities for speed of data processing, which is one of our objectives.

The platform consists of several architectural layers. At the bottom is the technological core, which is responsible for the basic applied and technical services. The next layer is the data factory, which is used to increase the level of quality, reliability and availability of data for analysis. A large layer is our product factories. These include loans,

deposits, other traditional products. But at the same time, we are developing new complex products, for example a combination of insurance and lending products.

The “brain” of the new platform is the business hub. Here we develop new solutions that allow to flexibly adjust the processes. At the center of the business hub is the unified client profile.

In order to create a better customer experience, we are developing a unified front-end system responsible for interacting with the client and partners.

New technological platform of Sberbank



Unified Front-End System



Business Development Support Platform



Data Factory

Unified Front-End System

The Single Point of contact with the client

Business Hub

“Brain” – logic and decision-making system

Product Factories

“Production” – products, transactions, accounting

Data Factory

“Experience” – building up client experience and generating new knowledge

Platform Core

“Basic services” – applied and technological services

By now we have created the basis of the technological platform: completed the formation of the core's technological components and created business service development tools that will be contained in the business hub. Now we are moving forward in several directions in parallel because the enormous scale of our business requires a lot of effort and time to implement changes.

In constructing our new platform, we are implementing more than 500 projects. The key programs that we have identified as strategic programs are: the Unified Front-End System, the Business Development Support Platform, and the Data Factory.

Key achievements in the strategic programs in 2017

Unified Front-End System (UFS)



The purpose of the UFS program is to create a unified service standard in all channels in which we interact with clients: in bank offices, in the mobile app, the browser and by telephone. The UFS is based on the cross-channel principle, involving the ability to identify the Sberbank client in all channels. The program is designed to help employees work more efficiently and to make the customer's experience more pleasant and convenient.

In 2017 we developed a new version of the platform – UFS 7.0, with greater reliability and productivity by supporting deployment mode in a multiblock architecture and Stand-In mode, ensuring higher fault tolerance and seamless upgrades of the functional subsystems of UFS.

We have begun mass implementation of a new targeted development process of the UFS using the Development Tools. This will allow a single team to implement a solution for all channels, by reusing as much as possible existing objects and services, reducing the number of errors by auto-generating standard functional units, and reducing the time required to train new employees.

In 2017 we received a certificate from Rospatent of state registration of the Unified Front-End System platform, confirming our intellectual property rights and securing additional legal protection for software.

The expected effect from the implementation of the UFS target development process is to reduce the amount of manual software development by half.

Key implementations in the UFS in 2017

Functionality	Channel	Effect
Application for consumer loan	Sberbank Online (web)	More than 300 thousand consumer loans issued for more RUB 100 billion in total
Opening and adding to brokerage accounts	Sberbank Online (web)	More than 3 thousand brokerage accounts opened
Remote reserving of corporate accounts	Bank website sberbank.ru	- Makes it possible to reduce the time the client spends at the bank to open an account from one hour to 30 minutes - In an average month, legal entities reserve more than 25 thousand accounts remotely
Payments and transfers for premium segments	Sberbank First zones in offices	- Ability to place an application without visiting the bank office - Increase in client satisfaction
Mobile work place for CIB client managers	Sberbank Online (mobile app)	Increased speed and better servicing of corporate clients
Mobile work place for Retail Business unit employees	Sberbank Online (mobile app)	Increased speed and better servicing of individual clients
Test operation in offices: - Operations on individual deposits - Issue of debit cards - Acceptance and issue of funds to legal entities - Applications for automobile loans - Mortgage loans - Issue of credit cards - Receipt of statements and excerpts	Offices	- Reduction in time required for operations - Reduction in time spent by the client in the office - Increase in client satisfaction
Sale of insurance and retail products by outgoing calls (Telemarketing)	Contact center	Increase in the Bank's income through active sales
Test operation in the Internet bank channel: - Application for automobile loan - Sales of Wealth Management products - Applications for letters of credit - Government services on the transfer of pensions and excerpts from the Pension Fund of Russia - Calculation of the creditworthiness limit - Issue of credit cards	Sberbank Online (web)	Simplify the acquisition of products and allows for applications to be submitted without visiting offices

The UFS project “Mobile Work Place of Retail Business unit Employees” won in the category “Best IT Solution for Retail Banks” at the Retail Finance Awards 2017.

The UFS project “Mobile Work Place for CIB Client Managers” won the Project of the Year 2017 of Global CIO in the category “Analytical Solutions”.

Both work places substantially increase the level and speed of client service.

The DevOps practices implemented for all UFS applications. The use of DevOps reduces the amount of time needed to update applications and makes it possible to avoid errors caused by manual setting of parameters. Up to 80% of code was covered by automatic unit tests, which led to the number of errors at the testing stage falling by half.

In 2017 The Bank determined the quality standard for the UFS platform. Its performance is monitored based on 12 metrics. The use of this standard has helped to cut the number of errors at the testing stage in half, and allowed us to eliminate 50% of errors within 8 hours.

For the professional growth of UFS employees, 850 have been trained in a special program. A non-material incentive program UFS-bonus is in place for active colleagues. Contests are held as part of the working process, allowing us to accelerate the implementation of a new product through the promotion of healthy competition.

The Bank strives to attract talented employees into the UFS program. To this end, in 2017 we:

- started a mentorship program for UFS developers and analysts;
- opened the UFS Design School, the first graduates of which are already interning in The Bank;
- organized the “Advancement” IT conference and technological competition to find innovative ideas and concepts for mobile client services;
- UFS program specialists took part in internal and external conferences and meetups, aimed at attracting the best specialists;
- on the Habrahabr website we maintain a blog, which already has 36 original articles, with more than 310 thousand views.

Business Development Support Platform (18+)



The program Business Development Support Platform (BDSP) is a universal tool to create business applications. Development of the platform employs the modern technologies of In Memory Data Grid – technologies for distributed automatic computing in the memory of applications that work with large amounts of data in real time.

BDSP is implementing at the Bank the concept of a Marketplace – an online space that brings together significant amounts of different information that clients need.

Expansion of the Business Development Support Platform program in 2017

Topic	Key measures
Improvement of internal system processes	• The platform cluster was expanded to 160 nodes, which provides data storage in geodistributed mode • Mechanisms for fault tolerance and platform reliability were implemented • The restoration of the platform's operation with no loss of data in the event of an incident was ensured • Interface integration with the Data Factory was implemented • Technological and base applied services for the platform core were implemented, required for the product factories, and the app development tools was expanded • The DevOps end-to-end process is implemented in the technological core, the basic platform services, the client module, and the BDSP transfer module • Stand-In has been implemented for the Unified Client Profile

¹<https://habrahabr.ru/company/efs/>

Topic	Key measures
Business Hub	- Key services were implemented: “Unified Retail and Corporate Client Profile (URCCP)”, “Unified Product and Rate Catalogue”, “Dynamic Pricing”, “Service Packages”, “Client Data Access Management”, “Online Compliance Control” - A pilot version of integration between the URCCP and the Sberbank Online mobile app was launched - Data was added to the unified client profile on the deposits, card and loan agreements of individuals of all regional banks - Migration of client data of legal entities from the EKS automated system for three regional banks - A decision-making process using machine learning and artificial intelligence was implemented
Product Factories	- A pilot operation of the following product factories was started: “P2P³ transfers for a limited number of clients with the functionality of cross-border transfers and demand transfers” (including Kazakhstan and Belarus subsidiary banks); - for the retail business: “Transaction Wallet and Debit Cards”, “Retail Deposits and Accounts”, “Retail Loans”; - for the corporate business: “Cash Management”, “Corporate Cash and Settlement Services”, “Corporate Deposits”, “Corporate Loans”, “CSS Conversion” - A launch of commercial operation was given to the Trade Acquiring factory, deployment was completed for the functionality of maintaining acquiring contracts, trade service outlets and POS terminals. The use of dynamic rate-setting by contract was begun - Launches of commercial operation were given to the factory “Trade Finance and Documentary Operations”, functionality of the Pledge factory on pledged items (real estate, equipment and transport, goods in circulation, automobiles) - A Tape Recorder² technology of the product factory “Retail Deposits and Accounts” was developed, which makes it possible to check the quality of the software of product factories prior to implementation

Data Factory



The Data Factory program plays a significant role in the transformation of The Bank into a data-driven company. The foundation of the Data Factory is the creation and development of data services and data storage infrastructure. The program is intended to meet the following objectives:

- increasing the quality, completeness and availability of data;
- ensuring the reliability of business-critical services;
- increasing the quality and speed of management decision-making;
- reduction of time costs on the launch and change of products and services;
- receipt of additional profits from the use of data analysis;
- reduction in the cost of receiving and possessing data;
- monetization of data;
- behavioral analysis of clients and employees to adjust the strategy for working with various segments.

In 2017 we put into full-scale commercial operation key systems for working with big data using Hadoop technologies – Data Cloud and Data Laboratory.

Currently, information has been loaded into the Data Cloud from 34 systems containing data from both internal and external sources. In 2017, on the basis of data received in the Cloud the first data marts with information on individuals and corporations were created. Data marts are layers of a data warehouse according to the different areas. Also the first data domains of the Unified Semantic Layer (USL) of the Data Factory were created. By 2020 we plan to ensure the receipt by the Cloud of all needed consumer data, export all data necessary for business in the form of a data marts and complete the construction of the USL.

Experiments and data research are being conducted on the basis of the Data Laboratory, including the creation of the infrastructure to work with data science models that use intelligent data analysis methods. This work supports the Sberbank initiatives in the field of artificial intelligence.

¹CSS – cash and settlement services.

²Tape Recorder – technology for testing new software that makes it possible to record all banking transactions for a selected period on the old automated system and then “reproduce” them on the new automated system with a comparison of results from the old and new code.

³ Person-to-person

Data Processing Center

-  33 thousand square meters of total floor space
-  30 megawatts – maximum capacity
-  2 thousand – maximum number of rack spaces
-  Capability of storing up to 1 exabyte of information
-  From -42 °C to +40 °C – operating range of temperatures
-  TIER III – fault tolerance (Uptime Institute)
-  2N – backup power supply
-  LEED Silver – environmental parameters

Opening of the largest Data Processing Center in Russia

An important milestone of the reporting year was a launch of the first phase of the new Data Processing Center at the Skolkovo innovation center, the largest DPC in Russia and one of the largest DPCs of its class in Europe. Four phases of construction have already been completed and the fifth phase of construction is coming to a close.

The DPC is a high-technology center for the storage, processing, and transfer of large amounts of data, which houses a powerful set of network and server equipment. This project is a significant step for Sberbank in developing information technology and using big data.

The purpose of the DPC includes development of Sberbank’s IT infrastructure, provision of information centralization, automation of business processes, and optimization of computing processes. In addition, launch of the new DPC will increase the reliability of the IT systems of Sberbank and optimize operating costs.

The DPC project ensures a degree of reliability equal to Tier III in the international classification system (Uptime Institute). This corresponds to a system availability indicator of not less than 99.98%, which means it provides almost complete continuity of its functioning.

The energy systems of the DPC are constructed on a 2N arrangement and comply with the highest level of energy savings and energy protection, Tier IV. The cooling system uses the principle of direct cooling of outside air and can work without energy expenditure more than 330 days per year. The use of these systems will allow Sberbank to save approximately RUB 100 million in energy each year.

In addition, the new DPC was evaluated under the standard Leadership in Energy and Environmental Design (LEED) in the United States. It was awarded 51 points, and on completion of construction, the building received a certificate of compliance with LEED Silver.

At the initial stage of operations, the DPC will function as a backup facility, which will allow Sberbank to no longer lease external backup facilities. In the future the Skolkovo DPC will fully duplicate the South Port DPC (commissioned in 2012), ensuring the uninterrupted functioning of the Bank’s automated systems. We also plan to operate the DPC for the needs of new lines of business and the location of new IT systems as part of the development of the Bank’s infrastructure.

Reliability 99.99

The purpose of the Reliability 99.99 program is to increase the availability of client services regarding the Bank’s critical automated systems and supporting infrastructure:

In 2017 a great deal of work was done and substantial results were achieved in this area. We implemented a georeservation of part of the automated systems in order to guarantee the safety of client data and full restoration of the automated systems operations at the backup facility.

This year the key system duplication regime Stand In (99.99%, 24/7) was implemented for all critical automated systems. This regime ensures that client services are maintained in a limited functionality regime agreed on with the business in the event of breakdowns in the automated systems and when performing technical maintenance work. This allowed us to avoid more than 530 hours of system downtime.

We launched in commercial operation the pilot zones for the automated systems. The use of pilot zones minimizes the risks of implementing a new business functionality.

Other important activities of the reporting year:

- All CIB systems in a short time were migrated from the leased data processing center to a more reliable target facility with no service interruption. A tech-refresh of some of the equipment was performed at the same time. The result was a substantial reduction in lease payments and improved reliability of service.
- We also put the automated system for capacity management into commercial operation, which allows us to forecast growth in the load on systems and the need for equipment resources.
- We revised the main processing system of the Way4 system, which allowed to increase the potential peak load to 5100 transactions per second (the current recorded maximum is 3.2 thousand transactions per second).
- The automatic retry of transactions in the event of an unsuccessful operation of adding cash to a card in self-service terminals and the automatic return of funds if no response is received in the payment system for acquiring operations were also put into commercial operation.
- We completed the migration of client payment servicing to a centralized target solution, which allowed to abandon the non-target facility. In addition we reduced the time for the automated processing of ruble payment orders of legal entities to 2.5 minutes.

Leadership in cybersecurity

In the days ahead, technology will change the pattern of our lives and cybersecurity will play a key role in economic development. Ensuring successful cybersecurity is 80% dependent on the correct organization of processes, and only 20% dependent on technology.

We are constantly improving our processes to guarantee cybersecurity. The professionals of Sberbank’s security service work 24/7 collecting and analyzing crucial information on instances of fraud aimed at the Bank and its clients. In 2017 desktop training exercises were successfully performed on recovery from a global malware attack on the Bank.

The data accumulated, the high level of professionalism of our specialists, the use of innovative technologies, and our ongoing cooperation with law enforcement agencies all help to thwart the activities of hacker groups at a very early stage.

The Security Operation Center (SOC)

The Security Operation Center (SOC) of Sberbank received ISO/IEC 27001:2013 Information Security Management Systems certification during the reporting year. We became the first bank in Russia to receive this recognition at the international level.

One area of our work is the fight with phishing attacks. Financial online services, have long since become the main target for phishing attacks, and this trend is only strengthening. At the initiative of Sberbank’s Security Operation Center, more than 600 domain names used in phishing attacks, around 200 fraudulent platforms and more than 1.3 thousand websites distributing malware have been detected and closed in Russian internet-space.

We actively support outside initiatives, including those of the state authorities, to develop cybersecurity skills. For example, in 2017 Sberbank was entrusted with heading the Cybersecurity Center of Excellence’s information security direction as part of the Digital Economy program of the Russian Federation.

An important event in 2017 was the launch of the Cybersecurity Academy. Sberbank Corporate University hosted a two-day seminar entitled “The Role of Cybersecurity in Digital Organizations”. The seminar was attended by representatives of work groups from the Russian government’s Digital Economy program, tech companies, universities, and Sberbank subsidiaries.

We believe that education is extremely important when it comes to cybersecurity. Security specialists are often not taught IT technologies, and IT specialists are not told about security. The goal of our Academy is to ensure comprehensive cybersecurity training and to improve our expertise.

Global Center for Cybersecurity

Sberbank supported the creation of the Global Center for Cybersecurity under the auspices of the World Economic Forum, set up to reduce the adverse effect of improper activity in the Internet. According to experts, the global economy’s annual losses from cybercrime may be as high as USD 500 billion.

We participated in the discussion and formation of the principles for creating the Center, which was officially opened in Davos on January 25, 2018. Our strategic partnership with the Global Center for Cybersecurity was a serious step forward in cementing the Bank’s position as a committed combatant against international cybercrime. We hope that the Center will assume the role of a unique platform for expanding collaboration between the public and private sectors in three key areas:

-  establishing mutually beneficial cooperation between public and private corporation
-  forming the conditions necessary for organizing constant information exchange
-  creating a robust cybersecurity think tank, performing independent assessment and analysis of the current cybersecurity situation on the international arena

The development of a system to prevent cyber fraud will continue in 2018–2020, to ensure 100% protection of all Sberbank’s client service channels. We plan to develop and implement a unified authentication service and our own digital signature service. We also plan to introduce a unified Cybersecurity Fusion Center, which will include artificial intelligence, machine learning and big data technologies to guarantee centralized cybersecurity management of the Sberbank Group.

The Cybersecurity Service will carry on developing international relations, will propose new formats for the Cybersecurity Academy’s programs, and will form and introduce new cybersecurity services to the market.

There are no borders between states for cybercriminals and hackers. They act on a global scale, which means that we must continue to boost cooperation between governments and organizations around the world.

Groundbreaking technology and innovation infrastructure

In 2017 Sberbank created an infrastructure for implementing technological innovations and groundbreaking technologies. Nine internal laboratories were established:

-  artificial intelligence;
-  cybersecurity
-  robotics
-  robotic process automation
-  blockchain
-  Internet of Things
-  virtual and augmented reality
-  new technological solutions
-  gamification

We have set a key performance indicator for the laboratories: at least 70% of their innovations must be applied research performed at the request of the business units. At the same time, at least 15% of the pool of business cases with technological pilot projects have already entered industrial use.

Focusing on the needs of customers, in 2017 Sberbank tested several technological innovations related to ATMs: face recognition, video consultation, and the ability to perform cardless transactions.

“Tips” in Sberbank Online named the innovation of the year

In October 2017 the “Tips” Service in the Sberbank Online application was awarded the prize “Innovation of the Year” by EFMA financial association and Accenture consulting company. It was named the most innovative among new digital services offered by European banks in the nomination “Big Data, Analytics and AI”.

“Tips” was launched in February 2017. This tool helps users change their financial habits for the better, save time and money. The service is based on methods of machine learning, making it possible to provide users with relevant and timely recommendations. Sberbank Online users have already received more than 160 different tips.

Among the other important technological innovations, the first blockchain payment transaction in Russia organized by Sberbank CIB is worth mentioning. This project brought together experts from nearly all areas of the Bank — lawyers, information security specialists, back office employees and IT divisions, the technological innovation center and client managers. Sberbank’s partners and participants in the pilot transaction were MegaFon, MegaLabs, Alfa-Bank, and IBM. The participants were able to track the status of the transaction online and had access to the entire blockchain transaction history.

Ordinary bank transfers can take up to several hours, but the first blockchain transaction in Russia took place instantaneously. Accordingly, we see the value of the use of this technology for settlements primarily in terms of the speed of transfer. The created technological process will become the foundation for a new settlement function, which will ensure the high speed of payments while lowering costs on IT infrastructure and transaction fees.

Blockchain technologies

Our subsidiary company Sberbank Factoring was named the winner of the “Innovation Time” award in the nomination “Best Project for Implementation of Innovations” in the category “Finance and Consulting”. Our colleagues presented an innovative project on using blockchain technology in factoring — an open, decentralized system for reconciliation of data on shipments between the participants to a factoring transaction based on a smart contract. The implementation of this new technology allowed us to simplify the algorithm for data reconciliation, thereby ensuring the reliability, security and confidentiality of transactions.

Performance overview

**People: nurturing new skills
in effective teams**



Personnel structure

Our employees make an invaluable contribution to the successful evolution of Sberbank. We are improving our human capital management processes in an attempt to remain an attractive and competitive employer. We pay special attention to the development of our corporate culture and foster a working atmosphere that facilitates the teamwork and personal growth of our employees.

In the Strategy for 2020 we set forth the key areas of the HR system: crafting an understandable employee journey, developing strong leaders, improving the organizational and cultural environment, automation and digitalization of HR processes.

Various trends influence the specifics of team building at Sberbank and our approach to human resource management, including:

Trends influencing our approach to human resource management

the volatility and uncertainty of the business environment, requiring quick adaptation skills

the shortage of young candidates with the required skills and expertise

the increase by 2025 of the share of generation Z, with its short attention span and readiness to change jobs frequently, in the work force

the democratization of information and its accessibility online

information overload

the limited possibility to hire international specialists

the growth in flexible work formats (agile teams, turquoise organizations)

At the end of 2017, the actual number of Group employees totaled 310.3 thousand people.

Further in this section, we present information on the principal Group members that have a significant influence in their regions of presence and cover 95% of the total number of employees.

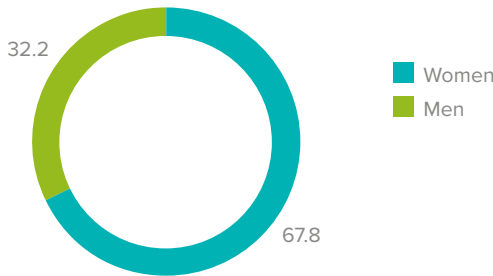
Full-time employees account for 96.8% of all Group employees , with 98.6% having a permanent employment contract. The collective bargaining agreement covers 100% of employees at Sberbank.

In all we hired 66 thousand new employees in 2017, including 53 thousand at Sberbank. Staff turnover for the Group increased by 0.8 percentage points in 2017 against the backdrop of the recovery of the Russian economy, and equaled 14.3%. Staff turnover at Sberbank itself equaled 12.6%. Staff turnover remains at the industry average for the financial sector.

Actual headcount of the Group, people

	2014	2015	2016	2017
Sberbank	275,723	271,231	259,999	251,701
Subsidiary banks and companies ²	37,326	38,935	42,355	45,766

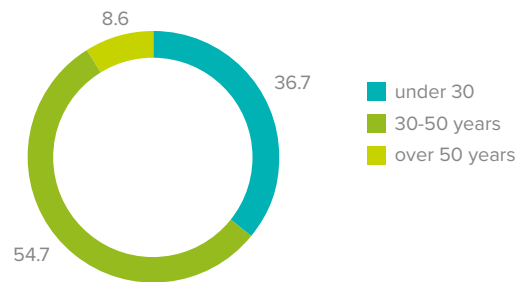
Actual headcount of the Group by gender, %



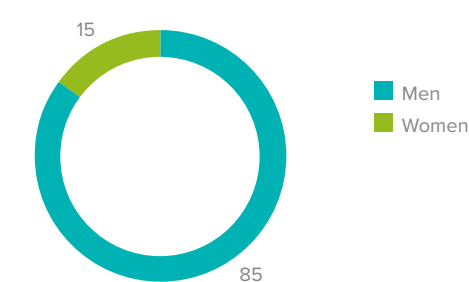
¹ Indicator calculated based on overall staff numbers, including full-time and part-time Group employees.
² Data on the number of employees for 2014-2017 are presented without employees of Sberbank Europe. For this reason, the data for 2014-2016 differ from the data presented in the Report for 2016.

Employee journey

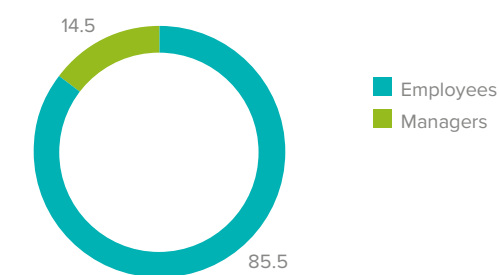
Actual headcount of the Group by age, %



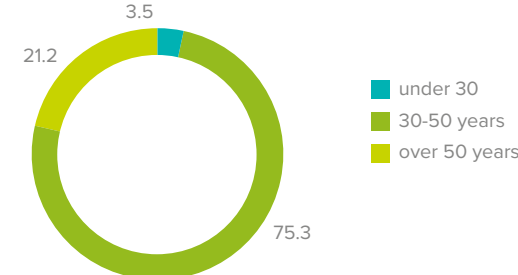
Structure of the Group's management bodies by gender, %



Actual headcount of the Group by employee category, %



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



Staff turnover, %

	2014	2015	2016	2017
Staff turnover at subsidiary banks and companies ¹	32.7	28.1	24.3	24.4
Staff turnover at Sberbank	16.6	12.8	11.9	12.6
Staff turnover for the Group	18.4	14.6	13.5	14.3

¹ Data on the number of employees for 2014-2017 are presented without employees of Sberbank Europe. For this reason, the data for 2014-2016 differ from the data presented in the Report for 2016.

As part of the implementation of the new Strategy for 2020, we have begun work to outline a new approach to human resource management based on forming a comfortable, understandable and personalised employee journey at the Group. It begins with the introduction to Sberbank, continues during hiring and subsequent advancement and promotion, and does not even end after the specialist's departure from the Bank.

We have learned on a practical level that the attitude of employees to their work at Sberbank and toward their employer impacts the quality of client experience. Therefore, effective interaction with staff and respect for each employee facilitates an improvement in the quality of client relations.

Employee journey

Stages and focuses

Acquaintance and interest

- Relations with educational institutions
- Positive employer branding
- Profile of a successful employee
- Individual value proposition

Recruitment and adaptation

- Reducing the time need to fill vacancies
- Referral recruitment
- Digital selection tools
- New employee adaptation programs and tools

Retention and separation

- Exit interview process
- Development of staff loss models
- Employment programs for outgoing employees
- Retaining the most unique and valuable people

Assessment and motivation

- Transparent assessment system
- Continuous feedback
- Competitive remuneration
- Expansion of corporate benefits

Training and development

- Maximum exposure of employees to training programs based on business tasks
- Development of digital training
- Ensuring the possibility for career growth

Acquaintance and interest

Acquaintance with Sberbank is an important step with ramifications for the effectiveness of the employee recruitment process. First, this stage helps potential candidates to learn about the possibilities and nature of work at Sberbank. Second, it helps the Bank to interest, and then hire employees that have the necessary qualifications and meet the necessary requirements.

In view of the above, we focus our attention on analyzing the employees we need to achieve the Bank's goals (in terms of numbers, structure, qualifications), and then work proactively with the selected target audiences.

Appreciating the ever-growing need for IT specialists, we endeavor to develop our brand as an attractive IT employer and to engage more people with work experience in innovative technological companies.

SberTech took first place at the Graduate Awards 2017 in the nomination "Best Student Program".

We participate actively in international student events to expand our recruitment perimeter for valuable human resources. For example, with Sberbank's support a leading European university for technological innovation, Harbour Space University, organized a boot camp for computer programmers in 2017. The boot camp was held from September 27 to October 5, 2017, in Barcelona, and became one of the largest international events for computer programmers.

The main areas of activity that offer various specialists the opportunity to acquaint themselves with the Bank's activities are:

- relations with educational institutions;
- organization of internships;
- participation in international events and projects.

We pay special attention to recruiting young specialists, including to entry-level positions. They have their first chance to get acquainted with Sberbank during on-the-job training and internships, an opportunity that is offered to more than 12 thousand students annually. Under the skilled guidance of mentors, interns and student trainees work on real projects in the Group's business units.

We place special emphasis on preparing versatile specialists. We open specialized departments in higher educational institutions and support talented students with scholarships. The following master's programs were launched in 2017: "Finance and technology" at Russian Presidential Academy of National Economy and Public Administration (second enrollment) and "Financial technology and data analysis" at HSE. These programs encompass both theory and practical application in the areas of management, finance and IT, as well as in-depth studies in data analysis.

We held summer internships for students as part of our efforts to recruit technical specialists in 2017. Nearly 70% of the participants in the internships were subsequently hired. After this success, we introduced the SberSeasons program, which can be combined with a student's studies. We also held a series of lectures of top-management lectures in key higher education institutions in the spring and summer of 2017. More than three thousand students took part in the 16 events held during the series.

To improve our personnel recruitment work, we designated the segments of key strategic goals of employees. As the employer, we developed a special value proposition for them, which includes a number of important provisions on staff incentives: a convenient work schedule, special training programs, and a clear career development path.

The Bank's subsidiary company Sberbank Technology implemented a project in 2017 to create its own technology center at the Technopark in the city of Innopolis. It was this project that managed to breathe life into a new city with almost no residents, to spark its growth and the development of the entire IT industry, to create a strategically important site for the Russian IT industry (the equivalent of Silicon Valley in the USA). Our efforts to attract valuable specialists for both the Bank and the industry as a whole were recognized with wins in two categories of the national HR Brand Award.

Recruitment and adaptation

We are improving the personnel recruitment process, striving to make it more convenient, quick and effective for both candidates and the Bank. We are currently working to optimize our selection and assessment tools for potential employees.

Recruitment of personnel is performed in two key employment segments: mainstream and specialized. Each segment has its own set of selection tools, aptitude tests, personal questionnaires, interviews, and professional case studies.

- Mainstream segment. In this segment we are trying to digitalize the process of selection and assessment of candidates, which will allow us to improve efficiency and reduce the time spent on selection of employees. Sberbank implemented a pilot project to computerize staff selection tools in 2017. Automatic resume search, automatic calling by robot, and a chatbot recruiter were used. A face-to-face meeting with a candidate was only held at the final selection stage. The pilot project, which was executed in 28 bank branches, was highly efficient and resulted in quality recruiting.
- Specialized segment. We use more personalized assessment tools when selecting specialists and managers, including cross-functional interviews that allow for more objective and collective decision making when choosing new team members. We are also developing additional channels for the search for personnel in this segment. In particular, we actively use referral recruiting, i.e. selecting personnel based on the recommendations of existing personnel, when searching for IT specialists.

The main indicator of the effectiveness of employee recruitment is the time needed to fill a vacancy. This indicator equaled 24 days based on the results for 2017: 7.5 days for the mainstream segment, and 33 days for the specialized segment. The Bank plans to continue work to accelerate the selection of candidates for vacancies as much as possible.

After completing recruitment procedures for new hires, Sberbank starts its adaptation efforts. The overall effectiveness of the adaptation process is monitored. We have also created a buddy system to help new hires, as well as a mobile app for new employees. An adaptation program was created for specialists and managers in 2017, and more than two thousand new hires around the country took part in it. Seminars and business breakfasts with top management are also held.

To speed up the onboarding process, we plan to reduce the number of documents that must be signed by employees. In parallel, Sberbank is cooperating proactively with the state authorities by making suggestions on the concept of electronic document management for human resources.

Training and development

Ongoing personnel training and development is an important factor in improving their productivity, and also influences their professional growth, satisfaction, and career advancement. This is why we pay close attention to consistent training and development of all target groups of personnel. When developing training programs, Sberbank takes modern business trends and requirements, the Strategy, and the new competency model into account.

In the Strategy for 2020 we have formed a new Sberbank competence model based on the skill set for the twenty-first century, bearing in mind the challenges facing the business, which corresponds to the Bank's lines of strategic development. The model includes the six key skills we expect from employees. All competencies correspond to three corporate values:

**I AM A LEADER**
systemic thinking and problem solving, self-development, and innovativeness

**WE ARE A TEAM**
results-based management and accountability, team building and cooperation

**EVERYTHING FOR THE CLIENT**
a client-centric approach

We conducted a communications campaign on the new competence model in 2017 and developed a guide on developing competencies. The training programs for managers and specialists were brought into line with the new competence model.

We foster a culture in which each employee is responsible for their development and career. The Bank in turn provides employees with ample training and development opportunities. According to the results of the survey of employee engagement in 2017, the Bank as an employer exceeds by 8 pp the expectations of employees in terms of the opportunities for professional development and training.

Sberbank generates training and development tools for both specialists and managers of the Bank. Specialists are trained through classroom and remote programs in regional training centers and at corporate headquarters. Management attends the Sberbank Corporate University and the Virtual School. From 2018, Sberbank specialists will have the opportunity to study the public materials, courses and lectures of speakers at the Virtual School of the Corporate University. We are improving the programs of the Corporate University by implementing innovative virtual reality, adaptive, social and microteaching technologies in the educational process.

More than 26 thousand managers underwent training at the Sberbank Corporate University in 2017, and more than 220 thousand specialists took courses at the training centers.

To improve the effectiveness of training in 2017, we prepared comprehensive educational programs covering several important areas of development of specialists at once. Various groups of employees received training under these programs:

- 5 thousand specialists of the UDCC¹ of the Retail Business unit;
- 2.5 thousand client managers from the Sberbank Premier channel and 500 client managers from the Retail Business unit of the Sberbank First channel;
- 3.5 thousand client managers from the Corporate Business unit of the Small and Microbusiness channel;
- 4 thousand employees of the cash-in-transit courier service.

We are developing and implementing additional training programs to keep up with the expansion of the role of IT technologies in the Bank's activity. For example, to improve the digital skills of managers and specialists the Academy of Technology and Data of the Corporate University began its work in 2017. The segment of the Academy containing various distance learning courses was launched in the Virtual School. More than 35 thousand employees have access to this segment. We continue to expand the Academy's portfolio of programs by bringing in industry experts and teachers from the leading Russian universities.

The coaching and mentoring system also helps to build a comprehensible and clear Employee Journey. These help to better determine the priorities and draw up individual development plans.

It is important that each employee understands the factors on which their advancement depends, and receives feedback on the results of their work. We hold regular "Sberbank: land of opportunity" career building training events. Every employee can see current vacancies on the internal corporate portal and from 2018 they will be seen in Success Factors system.

Employees have the opportunity for both career advancement and professional growth within the Bank. In 2017 there were 6,281 promotions to management positions, of which 6,175 were given to internal candidates and 106 to outside candidates. Internal transfers included 632 job rotations, under which 362 people were rotated to new offices and 270 people were transferred to new jobs.

A talent exchange based on the virtual school was created at Sberbank to support the internal upward mobility of highly talented employees, making it possible to consider talented employees for cross-functional and cross-territorial job rotation. In 2017 we also approved a new approach to work with the Sberbank Talent Pool, and work was organized to develop talent pool members.

An important event last year was the launch of the career counseling system: we formed a pool of counselors, who passed a training program, developed specially for Sberbank. In 2018 career counseling will be included in the development plans of talent pool members. The principles of building a career in Agile were also developed in 2017 and will be applied in 2018.

¹Unified Distributed Contact Center.

Assessment and motivation

We believe that a transparent appraisal system of work results is an important aspect of personnel development. All employees are given a regular performance assessment. The assessment results affect the employee's career advancement and the variable portion of their salary (for detailed information on financial and non-financial incentives, see p. 144). That being said, when taking a decision to promote an employee, we try to factor in not only work performance, but also the correspondence of the employee's behavior with Sberbank's values.

No less important in relations with employees is the provision of regular feedback. Based on the employee engagement survey in 2017 half of the employees receive beneficial feedback from their superiors at least once a week. Managers go before personnel commissions once a year, and top management discusses their personal results as part of performance dialogs with the President, usually based on the results for each quarter.

Performance assessment

The performance of various categories of employees are assessed based on special criteria:

- the assessment of managers includes two parameters: attainment of established KPIs (key performance indicators for day-to-day and project activity) and PPM (priority projects of a manager);
- the performance of specialists is judged based on an assessment of completed tasks by their immediate supervisor;
- front office employees receive a performance assessment based on attainment of sales targets, the level of client satisfaction and other indicators.

All goals are established based on Sberbank's strategic priorities and business plan, and cascade down from the members of the Executive Board to managers and specialists. We continue to implement computer systems to increase the objectivity of planning and the transparency of assessment of quantitative work results.

We use a "5+" employee performance assessment system, which includes two indicators: individual performance and adherence to corporate values. Employees receive two scores pursuant to a letter grading system from A ("significantly exceeds expectations") to E ("unsatisfactory"). In 2017 this assessment system was improved: the timeframe of quarterly assessment was reduced to one month after the end of the quarter; and the calculation of bonuses based on the submitted assessment was computerized. Control over the provision of feedback and the objectivity of manager assessments will be strengthened in 2018.

Retention and separation

Sberbank performs separate work to analyze the factors and reasons behind the departure of employees. The results are used to improve relations with employees and boost the appeal of Sberbank as an employer. The process of holding an exit interview was instituted in 2017 for a more systematic analysis of the reasons for the departure of employees. We are grateful to our former employees for their work and take their feedback into account.

We designed and implemented in operating activity turnover models for Sales Managers and Consultants in the Retail Business unit. Among other things, the turnover models help us to project future staff turnover (who might leave and when) and, therefore, to forecast the future need for new employees. The turnover models for other professions are under development and in line for pilot testing.

The most valuable and rarest employees are given special offers to enable us to retain them in the Group. Beside these, forecast turnover, proactive elimination of the reasons for turnover, and long-term incentives are used.

We place special emphasis on the procedure for the "separation" with an employee, when the journey with Sberbank comes to an end for one reason or another. We try to retain good relations with all employees with whom we must part. The Bank carries out a special program called "Outplacement", under which actively assists with the continued development and subsequent employment of employees. The following are used in this program:

- a vacancy exchange platform (an offer of all vacancies at Sberbank);
- a psychological support hotline;
- retraining of downsized employees (internship in divisions);
- career counseling;
- retention of social benefits (voluntary health insurance, corporate pension plan);
- financial assistance in case of relocation to other regions.

During the reorganization of two regional banks in 2017, we helped 1.8 thousand employees find new employment.

We also assist employees to draft resumes and to find employment in partnering companies. Our short-term plans include the development of a system for finding employment for downsized employees. To do so, we will expand our cooperation with partnering companies, and provide employees with the opportunity to use a psychological support service. Educational courses will be established on drafting resumes, the search for vacancies, and ensuring successful interviews.

Effective manager

It is our belief that a strong and effective leader who motivates and inspires their team is a key factor in successful business development. That is why we emphasized the development of managers, improving their leadership skills and the relevant expertise in the Strategy for 2020. At the same time, the requirements on leaders have also increased: we expect our managers to be accountable not only for the work results, but also for the development of the team and for the promotion and propagation of corporate culture at Sberbank.

Change in leadership style

The type of leadership has changed together with the development of corporate culture at Sberbank. The results of a recent employee engagement survey performed at the Bank show that over the past two years managers have curtailed the use of the top-down management style and begun to rely more on a new leadership style that is effective over the long term and promotes employee engagement: a companionable, mentoring and visionary style (emotional support and good relations within the team, support for development, questions instead of ready answers, answer to the question “why”?).

In the Strategy for 2020, a Sberbank manager is:

model	leader	mentor
is a model of compliance with the values of the Bank's corporate culture	inspires the team, sets clear goals and priorities, creates an atmosphere of psychological security, openness and trust, encourages the treatment of errors as a valuable experience	is a mentor: develops themselves and their team through constant feedback supports the development of their employees on a daily basis, showing a mentoring management style.

Development of managers

We actively cultivate a training format that allows managers and specialists to share their expertise, hold training based on real-world models and using the Bank's tools, and increase internal proficiencies. We paid close attention in 2017 to the development in managers of the skills set forth in the new competence model, and established new training programs at Sberbank Corporate University.

Most important training and career development programs for Sberbank managers

Program	Summary of goals and the skills being developed	Number of employees who received training in 2017
Executive Development Program	Aimed at building the managerial and professional knowledge and skills required by a modern world-class leader	55
Sberbank 500	Aimed at providing middle managers with the knowledge and skills required for successful performance of their duties during the digital transformation of Sberbank. Implemented with an emphasis on the three focal points of the Sberbank Strategy: technology, structural transformation, team and culture	320
Sberbank Mini-MBA	Aimed at providing line managers with a set of management skills and knowledge in line with the corporate competence model, and singling out highly talented managers for further career growth	568
Branch manager workshop	Aimed at developing the professional knowledge of managers regarding banking products and technologies, forming people management skills, learning the tools to manage the experience and emotional reactions of clients and employees	8,989
Corporate culture and emotional intelligence	Gives managers tools to increase self-awareness and emotion management, allowing to build in the teams the atmosphere of trust and the culture of cooperation necessary to advance the priority directions of the development of the corporate culture and implement the Bank's strategy	5,250
Training program of the Academy of Technology and Data of Sberbank Corporate University	The Academy was created to reach the technological goals of Sberbank's Strategy: developing the most sought-after competencies in information technology and providing access to courses and materials on topics such as: IT, Data Science, Data Engineering, Machine Learning, Artificial Intelligence	5,022

Internal environment

Assessment and promotion of managers

Assessment results and development of managers in 2017:

- 12.1 thousand managers went before personnel commissions;
- 1.3 thousand employees are included in the management talent pool, 16% of which were given a promotion;
- 6.3 thousand people were appointed to management positions, 98% of which were internal candidates.

Sberbank has various systems for assessment of managers, which are used to give them feedback on their work and to construct plans for their development and advancement up the career ladder. The key tools for assessing managers are:

- 360° performance assessment method (survey of the managers, subordinates and colleagues of an employee to assess the level of development of their expertise): with the introduction of Success Factors, the system was expanded to include all Bank employees at the end of 2017 – start of 2018;
- assessment of a manager's NPS (survey of the subordinates of a manager to receive feedback on their skills as a team leader): this tool was introduced and tested on 600 bank managers in 2017, and in early 2018 was made available to all managers through Success Factors;
- the Team system of continuous feedback, which makes it possible to give feedback on and request feedback from colleagues on the demonstration of values and progress in the development of competencies. More than two thousand managers at the Bank use the Team system.

Managers at various levels go before annual personnel commissions for the collective discussion of the work results and compliance with the culture of the Bank. The HiPo management talent pool is formed and decisions on the promotion of managers are taken based on their results.

Succession

10.6 thousand Sberbank managers assessed in 2017 by the personnel commissions have successors. Job security is rated at 86%.

To ensure the Bank's uninterrupted operations and the maintenance of internal expertise, succession planning is performed for management positions. Employees with high potential are identified, and are given the required knowledge and experience. The succession pool is formed based on employee assessments by the personnel commissions. In 2017 a Talent Pool was formed for managers of sixteenth grade and above.

We create the technical, organizational, social and cultural work conditions necessary to facilitate the motivation and maximum possible actualization of potential of our employees. The Bank's internal environment includes numerous interrelated components, most importantly corporate culture and comfortable and safe working conditions.

Corporate culture

The Sberbank culture is a unique environment that helps employees to become a better version of themselves, to make the lives of our clients and society better.

The development of corporate culture holds a prominent place in Sberbank's strategy. The quality of corporate culture and its significance when taking decisions on people has increased over the past two years. As the 2017 engagement survey revealed, the number of employees who agree that the Bank's culture has a positive effect on employee behavior jumped by more than 20%. The number of employees who feel that corporate culture and the working environment are a strength of the Bank as an employer also increased by 10%.

These results show that the chosen vector for changing our corporate culture is correct. The implementation of the new Strategy, performance of an Agile transformation, and introduction of turquoise organization principles at client service points require a more open corporate culture and the fostering of an atmosphere of psychological safety within teams, the promotion of teamwork coupled with an increase in personal ownership of (responsibility for) results. This will require considerable efforts on the part of employees and above all managers to promote personal development and improvement of self-management skills. We endeavor to make sure that constant feedback as a source of information for personal development at all levels of interaction becomes a norm of corporate culture.

The further development of corporate culture will continue in the strategy for 2020 through the improvement of the system of communications, emotional intelligence and empathy training, embedding of corporate culture in HR processes, engagement of employees in the achievement of the Bank's social mission, etc.

Holding a dialog with employees

The system of internal corporate communications includes mechanisms for information, cooperation, submitting complaints and comments. For example, the Bank has an internal HR communications channel called “Fast Facts” that addresses such relevant and vital questions as the adaptation of new hires, training, career and development, assessment and remuneration, and others.

If necessary, there are several channels through which employees may submit comments or complaints, including the Crisis Hotline, the e-mails of the HR Services or addressing the Bank’s top-management. All comments received are analyzed by experts at the regional banks and the Corporate Headquarters with the involvement of all interested divisions. The Bank also has a Client Care Office which considered both comments of clients and questions from employees.

In 2017 we introduced a special internal automated system called “FACE OF A FRIEND” for working with the comments of employees received by the HR services. This enables us to keep a centralized record of the number and topics of comments, and to control the period needed for their settlement.

One of the channels for feedback from employees on the quality of internal services is the “Voice of the Inner Client” survey. This survey is performed twice a year through an online survey of all Bank employees. More than 100 internal services were assessed in 2017 (for example, the organization of corporate meals, provision of VHI, training and development of employees), with an employee response rate of around 50%. An improvement in the quality of an internal service is the result of the day-to-day work of the division responsible for providing the service.

On December 21, 2017, we held the traditional “Open Dialog” between Sberbank President Herman Gref and employees for the eighth time. This year 2,999 questions were received along various channels: corporate and personal e-mail (57% of questions), the website (20%), the mobile app (14%), and SMS (9%). During the session Herman Gref answered 36 questions on various topics. The answers to all the other questions were posted to the “Open Dialog” website.

The topics of greatest interest to employees during the “Open Dialog” were questions about services and products for clients (31% of questions), personal questions (15%), and services for employees (14%). Our colleagues asked questions about the future development of Sberbank under the Strategy for 2020. “Open Dialog” is an important event for us, which allows employees to make their opinion known to the head of the Bank and to ask questions of interest to them.

The managers of regional banks and functional units also regularly engage in open dialog with employees.

We received a total of

774

complaints from employees on labor practices in 2017. All comments were processed and settled.

Corporate culture and emotional intelligence training

We provide our managers and employees with corporate culture, emotional intelligence and empathy training.

The following educational projects in this area were performed for managers and employees during the reporting year:

- training segments on competence in the areas “Self-management” and “Team building and cooperation” were prepared for the “Guidelines for Competency Development”;
- the development of awareness, empathy and a mentoring leadership style were included the training program “Internal division manager workshop”;
- an educational documentary on emotional intelligence was made;
- interactive clips on corporate culture were released.

We actively share our experience in developing corporate culture and emotional intelligence with the state authorities, institutions of higher education, our clients and partners. Among other things, Sberbank held master classes in 2017 for participants in the World Festival of Youth and Students in Sochi, which were attended by more than 800 people.

For more details on systematic training of managers see page 139.

Employee engagement survey

Since 2010 we regularly conduct a bank-wide survey of the engagement of all Sberbank employees. The results of this survey allow us to:

- learn the opinion of employees on working conditions at the Bank;
- determine priorities and develop measures to improve the working environment and corporate culture;
- regularly measure and track changes in the level of employee satisfaction.

In 2017 we took a new approach to the survey - addressed links to the survey questionnaire tied to the employees’ demographic from the HR system. As a result, we received more valid results and additional capabilities for analysis of the data received.

The results of the 2017 survey show that Sberbank’s employee engagement index remains at a high level – 75 percentage points (75.6 in 2015). The Bank’s employee engagement is higher than in international banks and companies in Russia; in fact, it is higher than engagement in the most successful companies in the world. An analysis of the survey results showed that, despite a fall in the level of authority of employees, their ability to influence decision-making and uncertainty surrounding the retention of their jobs, the engagement index remains high due to the improvement in the leadership style of managers, the possibilities for employees to receive training and development, corporate culture and the work atmosphere, and the collaborative approach.

We analyze the rate of transformation of the corporate culture, discuss the results in Bank teams at various levels, and formulate future development plans based on the data received from the survey.

Involving employees in the achievement of the Bank’s social mission and the initiatives focused on employees is an important area of development of the corporate culture.

For more details, see page 145 (in the section on employee focus), page 146 (in the section on the corporate health program), and page 239 (in the section on corporate volunteering).

Motivation system

Sberbank has a system of financial and non-financial incentives to strengthen our employees’ efficiency and desire for development.

Employee remuneration

The bank makes a lot of efforts to improve the working conditions of employees to ensure a competitive salary and the composition of the benefits package. According to the results of the survey of employee engagement in 2017, employees highly appreciate the system of remuneration in the Bank (25 percentage points higher than in successful global companies).

The wages of our employees consist of a base salary and a variable salary. A new version of the “Regulations on Year End Bonuses for Sberbank Employees” was approved in 2017. In it we included changes aimed at simplifying and improving the fairness of the remuneration system.

We conduct annual research into the level of wages of our competitors and increase wages in those divisions where it was found to be below the market level. We reviewed the level of employee wages based on the regional specifics and personal work performance of each employee in 2017. The growth in wages based on this review was at least 6%, and in some regions this figure reached 10%. In all, wage expenses at Sberbank increased by 4.8% in 2017 year on year.

The variable portion of employee wages depends directly on the performance assessment of employees and their compliance with Sberbank’s corporate values. We also try to develop additional bonus mechanisms. For example, we approved a method for giving bonuses to employees for participation in the search for personnel to improve the effectiveness of our recruitment system.

The Agile transformation at Sberbank has had an impact on the wage structure at Corporate Headquarters: quarterly bonuses were abolished in a number of divisions and included in salary. This change affected, first and foremost, the employees of the Retail Business, Corporate Business, CIB and Technology units.

Benefits package

In addition to decent wages, we also give our employees a competitive benefits package. The key components of the benefits package are voluntary health insurance and the corporate pension program.

Under the voluntary health insurance program Sberbank personnel receive comprehensive medical services, as well as access to a number of disease prevention programs. The voluntary health insurance program covers all employees that have finished their probation period. The number of participants in the voluntary health insurance program increased by 8% in 2017.

We improve the voluntary health insurance program based on feedback from personnel. The clinics servicing Sberbank personnel were replaced in some cities in 2017, and in remote cities employees were given the opportunity to choose an outpatient clinic close to their work or home.

“My Health”

More than 190 thousand employees registered in the voluntary health insurance personal medical insurance account “My Health” (www.mzdorovie.com) in 2017. This account is an IT platform (ecosystem) for managing the health of Sberbank Group employees launched in 2016. In their personal account, each employee can find details on the terms and conditions of their Insurance Program and useful information on a healthy lifestyle. Of the registered employees, more than 23 thousand applied to undergo preventative screening (targeted screening).

A corporate pension program is also in place for our employees. Employees with a continuous length of service of more than one year are eligible for the corporate pension program. The total number of participants in the corporate pension program in 2017 was 175 thousand people, and the amount of financing equaled RUB 2.4 million.

In July 2017 Sberbank started a new corporate pension program based on equal participation of the Bank and the employee in pension savings. These arrangements increase the potential size of the future private pension and help employees retain the lifestyle they are accustomed to after the end of their work career. Since the launch of the Parity Program, nearly five thousand people have joined and made pension contributions worth more than RUB 28 million.

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

	2014	2015	2016	2017
Number of participants in the voluntary health insurance program, thousand people	276	271	260	281
Amount of financing of the voluntary health insurance program, RUB million	2,341	2,594	2,745	2,335
Number of participants in the corporate pension program, thousand people	136	155	167	175
Amount of financing of the corporate pension program, RUB million	2,611	2,660	3,600	2,400

Focus on employees

These events were attended by more than 15 thousand employees in more than 60 cities. The program’s online services (digests, video lectures, webinars, etc.) were available to all Bank employees.

The Bank is gradually changing its approach to the focus on employees. We strive to make our social initiatives useful for both the personal lives and professional development of employees. For example, in 2017 the Bank decided to implement a value proposition for employees with children. The Sberbank for children and parents program is part of this approach. Events such as the following were held under this program:

- Day of Open Horizons – a professional orientation event for employees who are parents and their teenage children, with a focus in 2017 on teaching the skills for work in a digital environment and interpersonal communications;
- Open House – showing the children of employees the place where their parents work and organizing developmental exercises for them through the efforts of Bank specialists;
- “Family weekends” - organizing family recreational events at the campus of the Corporate University with a wide-ranging developmental program based on the “Learning How to Learn” competence.

Employee health

We prepare educational New Year's gifts for employees' children together with the "Contribution to the Future" Charitable Foundation. In the run up to 2018 all children of employees from one to 17 years of age received developmental board games and an interactive diary focused on financial literacy. These unique gifts were designed for parents to be actively involved in the game.

In addition to this initiative, we also began to offer more educational content for employees who are young mothers and those just planning to become one. For example, an internet resource was organized and is being actively used, master classes with leading experts on parenting and family psychology are held regularly, we have begun to hold "meetings of future moms".

Another important programme is support of families with multiple children and families raising children with special needs. Under this program we provide free travel vouchers for sanatorium treatment and other benefits.

The Bank operates a system of providing material assistance to employees in special life circumstances.

Sberbank offers various initiatives aimed at encouraging employees to lead a healthy lifestyle. In 2017 the program "Health 2.0" was relaunched, aimed at strengthening the physical, emotional and mental health of employees. Under this programme we held informational campaigns dedicated to a healthy diet and express health diagnostics, and is forming a unified knowledge database of a healthy lifestyle. The following can be singled out as the events performed in 2017:

- week of healthy eating at all cafeterias at Sberbank and regional banks, from November 13-17, 2017 (more than 200 thousand participants);
- pilot project of the support service for employees aimed at helping to solve the work-affecting psychological issues from November 27-December 27, 2017 (1,086 employee references);
- stress and energy management lectures throughout the year (more than 50 thousand participants).

Also, the strengthening of a healthy lifestyle is promoted by sports competitions, in which the employees of the Bank take part:

- VII Russian Open Beach Volleyball Tournament for prizes of the Volga Branch of Sberbank, which was held in June 2017 in Samara (120 participants: 23 women's teams and 23 men's teams);
- Russian Hockey Tournament for Sberbank Employees, held in November 2017 in Saint Petersburg (225 participants).

Sberbank Olympics

The XII Summer Sberbank Olympics were held from July 17-23, 2017, in Kazan. They included meetings, training seminars, and sporting competitions in 11 sports, as well as the semifinal of the KVN (Club of the Cheerful and Inventive) Games "Sberbank Constellation" 2017. An additional competition was included in the list – a team quest for Sberbank values and strategy. 1.7 thousand employees from 12 regional banks, the corporate headquarters of Sberbank, subsidiary banks in Belarus, Kazakhstan, Sberbank Europe, DenizBank, Sberbank Technology, Sberbank Leasing, Sberbank Life Insurance, and MRIYA Resort and Spa took part in the competitions.

Occupational health and safety

Sberbank has a system for managing occupational safety that is geared to preventing injuries and maintaining the health of employees. We use a system of indicators to assess the effectiveness of activity in this area. The key indicators of this system are the level of workplace injuries and occupational illnesses.

To reduce workplace injuries, Sberbank has developed preventive and corrective actions and performs a mandatory investigation of all accidents in Sberbank branches. The injury frequency ratio was reduced by 9% in 2017 (from 0.68 to 0.62), but the injury severity ratio increased by 19% (from 36.27 to 42.99).

Unfortunately, despite all Sberbank's efforts to ensure their safety, there were four fatalities among the armored transport employees in 2017. Investigations were performed in all cases, and based on its results the corresponding measures were taken to minimize the threat to the life and health of our employees.

Costs to improve working conditions and reduce injuries at Sberbank amounted to RUB 721.3 (including RUB 291.5 million to reduce injuries and RUB 429.8 million to improve working conditions), remaining at practically the same level as last year (RUB 722 million).

Injury severity and frequency ratios at Sberbank

Ratio	Formula	2014	2015	2016	2017
Injury frequency	IR=I*1,000/H	0.86	0.75	0.68	0.62
Injury severity	SR=D/I	34.37	37.37	36.27	42.99

HR automation and digitalization

The development of modern technologies and increase in the amount of information to be processed had a ripple effect on trends in the area of human resources. We are actively transforming HR processes at Sberbank, including through the automation and digitalization of HR services. The automation of HR processes at the Bank is intended to reduce the time needed to take personnel decisions, while the digitalization of HR services is expected to improve their accessibility and the ease of use for employees.

Automation of HR processes

To optimize the Group's HR processes, we decided to combine key data and analytics in human resources management into a single cloud-based IT system. The key element of this system will be the SAP Success Factors platform, which united the following processes for the Group as a whole: recruitment, adaptation, career advancement, training, HR analytics.

The implementation of the SAP Success Factors system was the key automation project in 2017. During the preparation for the launch of SAP Success Factors, we conducted communications campaigns to engage and train employees in the use of the new services, including: simulators, webinars, seminars, training videos, and handouts with recommendations.

Implementation of SAP Success Factors

We began the pilot project to implement the SAP Success Factors system in the Corporate Headquarters and the Volga branch on September 25, 2017. Under the project, the approach to development based on job families, which combine Sberbank positions based on the similarity of the functions they perform and the required competencies, was formed. In all, we prepared a description of 60 job families and formed "career branches" for development of employees with the most narrow, rare and valuable expertise. On the completion of the pilot project, 12 thousand employees underwent a performance assessment in the SAP Success Factors system using the 360 method, and 6.7 thousand employees drafted individual development plans and mapped out their training for 2018.

Digitalization of HR services

We developed special programs and applications for all existing HR services that can be used by our employees. For example, various digital tools for computers and mobile devices.

In our Strategy for 2020 we plan to develop an analytical platform for human resources management using cloud-based IT solutions and digital tools. To do so, we plan to improve certain processes and perform the following tasks:



To create a shared service center for personnel, including the use of self-service aids (for employees with access to the corporate network). Using special applications, employees can take advantage of HR services remotely (for example, receive information support, plan and receive training)



To implement state-of-the-art technologies to automate work based on the Contact Center of the Retail Business Unit (for example, chatbots, a voice recognition system, and other robots)



To transition fully to electronic human resources document management

"Crystal Pyramid"

In 2017 Sberbank was awarded the "Crystal Pyramid" for its IT solution. This award is given for achievements in human resources management and to give incentives to companies implementing best practices and technology in the area of human resources management. The following Sberbank projects were recognized:

- the integrated training programs for client managers of Sberbank Premier and Sberbank First — Grand Prix in the nomination "HR Digital Solution of the Year";
- the internet platform "Virtual School Retail" — second place in the nomination "Digital Transformation of the Year".

Corporate governance



Address of the Chairman of the Supervisory Board



Dear shareholders!

Despite the continuing uncertainty of the past few years and the significant changes in the external environment, Sberbank has managed to remain on the path toward sustainable development and to implement the key goals of Strategy 2014–2018 ahead of schedule.

A number of factors made all of this possible: the implementation of a large-scale technical transformation; the ability of the team of the largest bank in the country to stay abreast of and analyze trends, receive feedback from clients and immediately adapt to the situation; to remain true to the values and principles of Sberbank's corporate culture; and the Supervisory Board's continued focus on the strategic aspects of the Bank's activity.

Vast experience, modern technologies, corporate culture, and effective corporate governance system would be the most important components of the foundation for Sberbank's continued successful development.

The world is developing at breakneck speed, and in order to remain on top tomorrow we must think about the future today. That is why in 2017 we continued the improvement of Sberbank's corporate governance system, placing special emphasis on securing the rights of shareholders, the effective functioning of the Supervisory Board, and the development of corporate governance practices at the companies of the Sberbank Group. In 2017 the Supervisory Board continued to play an active role in meeting the Bank's strategic challenges. During the year the Development Strategy of Sberbank for 2020, the new Dividend Policy and the Succession Policy for Members of the Supervisory Board were approved, while priority areas of activity of the Bank were addressed – information technologies, cybersecurity, risk and capital management strategies.

In our multitasking day and times, when a huge number of players and scenarios have been set in motion, we understand that corporate governance is the key to ensuring sustainable development and business success.

Sberbank is on the verge of a new era in its development. We have kicked off a new Strategy 2020. The client and the client's needs, team building, technology and time – those are our challenges for the near term.

During the new development cycle, a stable and effective corporate governance system is being called upon to become a tool for resolving the ambitious tasks involved in building one of the best organizations in the world, destined to become the first choice for clients, employees and shareholders committed to moving the country forward.

Sergey Ignatiev

Chairman of the Supervisory Board

Brief overview of corporate governance practices

Corporate governance approach

We understand corporate governance as a system of interrelations between shareholders (owners), the Supervisory Board, management and other stakeholders that establishes the rules and procedures for taking corporate decisions and ensures management and control over the Bank’s activities.

Sberbank is both a credit institution and a public company, which raises the requirements on the quality of the Bank’s corporate governance. That is why we closely monitor corporate laws and corporate governance practices in Russia and abroad. In our activity we comply with the following:

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

Currently, Sberbank complies with the majority of the principles and recommendations of the Corporate Governance Code of the Bank of Russia. For our report on compliance with the Corporate Governance Code of the Bank of Russia see page 308.

Assessment of the quality of corporate governance

In 2017 we maintained our National Corporate Governance Rating (NCGR) of 8 “Advanced Corporate Governance Practice”, which is the highest rating among Russian companies that receive an NCGR rating. This means that Sberbank retained its position among the three leaders in the quality of corporate governance among Russian companies that receive this rating. Based on the scale of the National Corporate Governance Rating, a rating of 8 means that the company duly complies with Russian legislative regulations regarding corporate governance and follows a considerable number of recommendations of the Russian Corporate Governance Code. The risks of losses for owners resulting from the quality of corporate governance are insignificant.

Sberbank’s NCGR



Equality of shareholders’ rights

The corporate governance system at Sberbank ensures the equal treatment of shareholders’ rights, regardless of the size of their shareholding. The key principles in ensuring the equality of shareholders’ rights are:

- compliance with the one share – one vote – one dividend principle;
- lack of protective mechanisms (restrictions):
 - based on the nominal value of shares that can belong to one shareholder;
 - based on the maximum number of votes granted to one shareholder;
 - based on the share of foreign entities in the Bank’s charter capital;
- equal treatment of all shareholders as they exercise their right to participate in the Bank’s government.

In accordance with international best practice, Sberbank also refrains from actions that could lead to the artificial redistribution of corporate control and creation of unequal terms and conditions for shareholders. In this regard, we make every effort to ensure that the voting shares of controlled legal entities do not take part in voting at the General Shareholders’ Meeting of Sberbank.

A balanced and effective Supervisory Board

The composition of the Supervisory Board is balanced in terms of gender, nationality, knowledge and professional experience. The efficiency of the Supervisory Board is achieved thanks to its balanced composition and coordinated work. The composition of the Supervisory Board allows it to take into account the interests of all shareholders and to limit the dominant influence of the key shareholder on the decisions made by the Supervisory Board.

Separation of powers and responsibility in business management

Effective interaction between the Supervisory Board and executive bodies and the clear separation of their powers are some of the key factors ensuring the due implementation of corporate governance practices.

The Supervisory Board, Executive Board, and CEO, Chairman of the Executive Board are granted a significant degree of independence in carrying out their activities. The Supervisory Board does not interfere (without strong reasons to do so) in the daily operations of the executive bodies, nor does it limit their ability to expeditiously solve the Bank’s operational issues.

In addition, the executive bodies inform the Supervisory Board on a regular basis of the most important issues and decisions, which are crucial for implementing the Bank’s development strategy, business planning and development, as well as of the state of risk management and internal control systems.

To achieve the optimal level of these interactions, the CEO, Chairman of the Executive Board is a member of the Supervisory Board of Sberbank.

Dividend policy

In 2017 we allocated for the payment of dividends 25% of net profit for 2016 according to IFRS. RUB 6 was paid for each ordinary and preferred share. Sberbank updated its Dividend Policy at the end of 2017, setting forth its intention to gradually increase the share of dividend payments in the net profit of the Sberbank Group over the next three years from the current level to 50% of net profit according to IFRS, with due account of the limitations established by the Dividend Policy.

Socially responsible corporate governance model

Corporate social responsibility policy



Starting in 2010, Sberbank voluntarily prepares sustainability reports in accordance with the international code of conduct and principles set forth in the international standards on corporate social responsibility and sustainability: ISO 26000, AA1000, and the standards on information disclosure developed by the GRI (Global Reporting Initiative).

Corporate ethics

Code of Corporate Ethics



We have introduced a uniform Code of Corporate Ethics for the Sberbank Group, which consolidates the rules of conduct for all team members, regardless of their location. The Code reflects the standards of behavior accepted at the Bank, guaranteeing honest and fair relations with team members, clients, partners, and observance of laws and internal policies. The Code fully complies with the standards placed by the international community on multinational corporations.

Information transparency

As a public company, Sberbank strives to increase the transparency of its operations by supporting an active and open dialog with its shareholders, investors, and other stakeholders. The Bank's information transparency is based on information disclosure made in accordance with the Information Policy approved by the Supervisory Board, which is built on the principles of completeness, accuracy, availability, a balanced nature of disclosed information, and the regularity and timeliness of its disclosure. Access to public information (except for the cases set forth in the legislation of the Russian Federation) is provided by the Bank free of charge and does not require special procedures (the receipt of passwords, registration, or other technical restrictions) to read it.

Sberbank
annual reports



Official website of Sberbank for information disclosure:
www.sberbank.com

In 2017 Sberbank was the winner of the Annual Report Contest of the Moscow Exchange in the nomination "Best Annual Report of a Company with Capitalization of More Than RUB 200 Billion", and also received the Contest's special prize "For Continued Leadership".

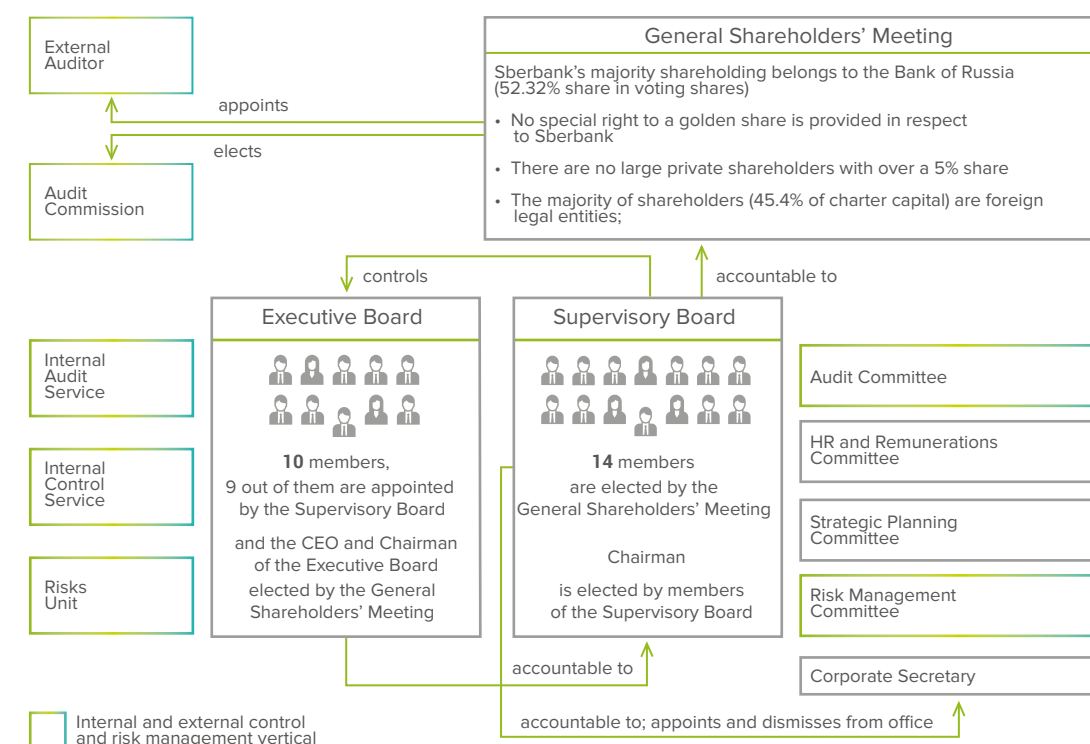
Corporate governance system

Corporate governance is the foundation for Sberbank's entire system of management and control, and includes: an organizational model, external and internal control and monitoring mechanisms, corporate values and guiding principles.

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

- the General Shareholders' Meeting;
- a two-level system of governance with transparent and effective separation of management functions between the Supervisory Board (general management of the Bank's activity) and the Executive Board (collegial executive body), with the possibility for representation of the members of the Executive Board in the Supervisory Board, but no more than ¼ of board members;
- an independent external audit;
- the Internal Audit Commission;
- multi-level systems of internal control (subordinate to the Audit Committee of the Supervisory Board) and risk management (subordinate to the Risk Management Committee of the Supervisory Board);
- the Corporate Secretary.

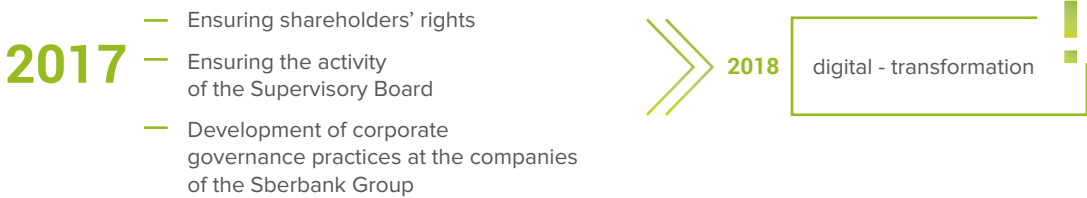
Elements of the corporate governance system of Sberbank



Corporate governance development vector

Areas for improvement of corporate governance practices

Areas for improvement of corporate governance practices



Main areas for improvement of corporate governance at Sberbank

Measures implemented in 2017	Plans for 2018
Ensuring shareholder rights the introduction of an electronic voting service for all categories of shareholders at the meeting through the Shareholder Personal Account software complex on the Bank's website.	Ensuring shareholder rights and creating the conditions for their exercise - expansion of the functions and introduction into commercial use of the Shareholder Personal Account software complex; - holding regular meetings between the Bank's management and top management and minority shareholders, including with the participation of the independent directors of the Supervisory Board.
Introduction of best practices in the activities of the Supervisory Board - the Policy to ensure the continuity of Supervisory Board membership was approved; - the program of professional development for Supervisory Board members was developed; - the effectiveness of the preparation and holding of meetings of the Supervisory Board and its Committees was improved, the Supervisory Board Electronic Account was introduced; - compliance with the Moscow Exchange Listing Rules as regards the formation of the Supervisory Board and its Committees was ensured.	The Supervisory Board and its Committees - to develop an Action Plan together with the members of the Supervisory Board (Professional Development Program) for the corporate year; - to organize self-assessment of the effectiveness of the Supervisory Board's work based on the results of 2017; - to assess the advisability of automating the work with interested-party transactions; - to ensure compliance with the requirements of the Moscow Exchange Listing Rules on the formation of the Supervisory Board and its Committees.

Ensuring information transparency

- a report on the status of the Bank's Information Policy implementation was submitted to the Supervisory Board;
- the confirmation (at level 8) of the National Corporate Governance Rating (NCGR) procedure was completed.

Information disclosure

- to submit a report on the Bank's implementation of the Information Policy to the Supervisory Board;
- to undergo the confirmation/improvement procedure of the National Corporate Governance Rating (NCGR).

Cascading of Sberbank's corporate governance practices in the companies of the Sberbank Group

- the Corporate Governance web course program was developed and training for the managers and employees of the Bank and companies of the Sberbank Group was organized;
- the fifth annual conference of the Sberbank Group on corporate governance issues was held.

Development of corporate governance practices in the companies of the Sberbank Group

- completing the development and introducing into commercial use the Sberbank Corporate Structure software complex;
- performing full training of the target audience using the Corporate Governance web course for directors and employees of the Bank and Sberbank Group companies;
- preparing and holding the sixth annual conference of the Sberbank Group on pressing corporate governance issues.

Development and support of legal initiatives involving corporate governance

- During 2017, the Bank took an active role in the development of proposals to improve federal legislation on:
 - assignment to the Supervisory Board of the right to propose candidates for election to the board (regardless of shareholder proposals);
 - regulation on the termination of the authority of a member of the Supervisory Board based on their application (before the expiry of the term);
 - transfer of issues in the competence of the General Shareholders' Meeting to the Supervisory Board (election and termination of the authority of the sole executive body; approval of the annual report and annual accounting statement);
 - cancellation of the mandatory requirement to form the Internal Audit Commission (created at the company's discretion);
 - regulation of the exercise of company participants' rights to information.

Development and support of legal initiatives involving corporate governance

- to continue activities to initiate and support legal initiatives required by the Bank;
- to audit the Bank's corporate governance documents, with an outside expert evaluation, and to update them (if necessary).

General Shareholder’s Meeting

In accordance with the legislation of the Russian Federation, other regulations and the Charter of Sberbank, shareholders are entitled to participate in the governance of the Bank, participate in its income and receive the necessary information on its activities (more detailed information on the structure of the Sberbank’s share capital is disclosed in the section «Share capital and securities»).

We are making great effort to create the most favorable opportunities for shareholders to exercise their rights, and are also seeking to factor in the interests of other stakeholders regarding corporate and social responsibility issues during the day-to-day operations of Sberbank.

The General Shareholders’ Meeting is the superior management body of Sberbank, which makes decisions on the most crucial issues of the Bank’s activities. Each shareholder is entitled to participate in the General Shareholders’ Meeting, including through the exercise of voting rights during the decision making at the General Meeting of Shareholders (owners of ordinary shares). A special “golden share” right is not stipulated for Sberbank.

The procedure for preparing and holding the General Shareholders’ Meeting is governed by the Regulations on the General Shareholders’ Meeting. In 2017 a new version of the Regulations on the General Shareholders’ Meeting was approved, which included changes concerning:

- the possibility for the remote participation of Sberbank’s shareholders in the shareholders’ meeting;
- discussion of agenda items and the adoption of decisions on issues put to the vote without being present at the site of the voting;
- completion of an electronic form of voting ballots;
- the work of the Shareholder Support Group formed to provide Sberbank’s shareholders with an opportunity for additional communications with other participants of the meeting and the representatives of the Bank for the purposes of obtaining the information of interest to them during the meeting.

The Regulations on the General Shareholders’ Meeting



Annual General Shareholders’ Meeting

The regular annual General Shareholders’ Meeting of Sberbank on the results of 2016 was held on May 26, 2017, through the joint presence of the shareholders. The meeting passed the following decisions on items on the agenda:

- approved Sberbank’s annual report and financial statements for 2016;
- passed a decision on the distribution of Sberbank’s net profit and the payment of dividends for 2016;
- appointed PricewaterhouseCoopers Audit as the auditor of Sberbank;
- elected the members of the Supervisory Board and Internal Audit Commission of Sberbank;
- approved an interested-party transaction (on the liability insurance of Supervisory Board members and Sberbank officials as well as Sberbank subsidiary liability, in part compensation for losses inflicted upon Sberbank or third persons when exercising their authority);
- approved a new version of the Regulations on the General Shareholders’ Meeting of Sberbank.

Video of the meeting was once again broadcast in full on the Sberbank website as well as on the official pages of Sberbank TV and the website of the Russian information agency RIA Novosti, in the application of the Electronic Voting service, and also on a number of social networks. The total number of users who watched the broadcast of the meeting (in Russian and English) equaled approximately 30 thousand people.

Changes to the procedure for holding the General Shareholders' Meeting in 2017

1. Electronic voting

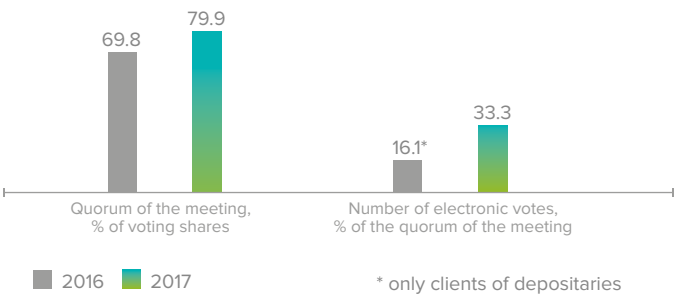
Sberbank is creating all the necessary conditions so that each shareholder participating in the meeting is able to exercise their right to vote without hindrance, including the use of state-of-the-art technological solutions.

For example, shareholders – clients of nominal holders – were able to vote as far back as May 2015 using the new electronic format ISO 20022. In 2017 all the Bank's shareholders were provided with an opportunity to participate in the meeting remotely, without being present at the meeting. Thanks to the electronic service "Shareholder's Personal Account", functionality of which was developed and deployed in the reporting period, shareholders had the opportunity:

- to register online and participate in voting on the agenda issues of the meeting;
- to receive access to the video and audio broadcasts of the meeting in Russian and English;
- to ask questions online during the meeting and receive notifications on the proceedings of the meeting;
- to study the electronic versions of meetings' materials.

The service is free for shareholders. As a result of the use of the new service, it proved possible to increase not only the number of shareholders who voted electronically, but also the overall quorum of the meeting.

Dynamics of the quorum of the General Shareholders' Meeting of Sberbank



At the end of 2017 the functionality of the «Shareholder's Personal Area» electronic service was improved. The service allowed shareholders, whose rights to shares are recorded by the registrar, to receive information on the status of their accounts in the shareholder register, on dividends accrued, and also to send online messages from the Bank. Presently, we are working on providing shareholders – clients of the Bank – with an access to the new service through «Sberbank Online» and «Sberbank Business Online» protected remote service systems.

The Rules of Communication at the General Meeting of Shareholders



2. Rules of Communication at the General Meeting of Shareholders

Another innovation of the reporting year was the implementation of the "Rules of Communication at the General Meeting of Shareholders", which introduces shareholders to the procedure for holding the meeting and also the rules of communication and business behaviour adopted at Sberbank. For the convenience of shareholders, the Rules follow the course of events and the sequence of actions during the meeting day. These Rules are available in the form of a video and a document on Sberbank's website.

3. Shareholder Support Group

On the date of the General Shareholders' Meeting, Sberbank organized for the first time the work of the "Shareholders Support Group", which was responsible for interacting with shareholders during the meeting, collecting and processing their complaints and suggestions, consulting, and collecting requests to speak at the meeting.

The Supervisory Board

Role of the Supervisory Board

The Supervisory Board is responsible for the overall management of the Bank’s activities, except for the resolution of issues falling under the competencies of the General Shareholders’ Meeting under the law and the Charter of Sberbank. The Supervisory Board is elected annually by the General Shareholders’ Meeting and is accountable to it.

The competencies of the Supervisory Board are determined by the Charter of Sberbank and the Regulations on the Supervisory Board, and are clearly separated from the competencies of the Bank’s executive bodies. Issues falling within the competence of the Supervisory Board may not be transferred for resolution to the executive bodies. The Supervisory Board determines strategic goals and lines of development of the Bank, and also the basic principles for and approaches to the organization of the risk management and internal control system, monitors the activity of the executive bodies, including compliance of such activity with Sberbank’s approved development strategy.

The Supervisory Board is responsible for the formation, development and monitoring of the effectiveness of the corporate governance system, and also for the information transparency of the Bank’s activity.

The Regulations on
the Supervisory Board



Chairman of the Supervisory Board

A key role in the work of the Supervisory Board of Sberbank is played by its Chairman, who organizes and ensures the effective work of the Supervisory Board. The Chairman of the Supervisory Board is elected from the members of the Supervisory Board and may not hold the positions of CEO, Chairman of the Executive Board of the Bank at the same time.

The Chairman is in charge of the work of the Supervisory Board and organizes the preparation of the Work Plan of the board, approves the agenda of the meetings of the board, and chairs the General Shareholder’s Meeting of the Bank.

At the meetings of the Supervisory Board the Chairman arranges for the free discussion of issues on the agenda, promotes the development of informed decisions, and maintains a constructive and friendly atmosphere.

Independent directors. Senior Independent Director

Independent directors are elected to the Supervisory Board to ensure the effectiveness of adopted decisions and to maintain a balance of interests of different shareholder groups. Independent directors are directors who possess sufficient professionalism, experience and independence to form their own opinion, and are also able to express unbiased and prudent judgments that are not influenced by the executive bodies, certain groups of shareholders, and other stakeholders. In accordance with the criteria determining the independence of directors of the Listing Rules of the Moscow Stock Exchange, directors are independent if they meet the following criteria:

- not related to the issuer or substantial shareholder of the issuer;
- not related to a substantial counterparty or competitor of the issuer;
- not related to the government or municipality.

Independent directors exert a significant influence on independence, objectivity and the constructive nature of adopted decisions. Significant importance is attached to the opinion of independent directors when considering issues of the strategy and the line of development of the Bank, reports on their implementation, assessment of the activity of the executive bodies, the effectiveness of the risk management and internal control system, the work of the Supervisory Board and its committees.

Structure of the Supervisory Board of Sberbank



The representative office of the independent directors complies in full with the requirements of the Listing Rules of the Moscow Stock Exchange (at least one-fifth), the recommendations of the Corporate Governance Code of the Bank of Russia (at least one-third) and the provisions of the internal regulations of Sberbank

Since 2015 a Senior Independent Director has been appointed from among the independent directors, whose main tasks are to assist the Chairman of the Supervisory Board, organize an assessment of its work, coordinate interaction between independent directors, and develop where necessary a consolidated opinion of independent directors on issues under consideration.

The Supervisory Board assesses the independence status of the Board members. Based on the results of the most recent assessment of the independence of members of the Board conducted

by the Supervisory Board in 2017, it was declared that five directors – Esko Tapani Aho, Martin Gilman, Gennady Melikyan, Leonid Boguslavsky and Nadya Wells –fully met with the independence criteria established by the Corporate Governance Code of the Bank of Russia and the Listing Rules of the Moscow Stock Exchange.

In certain instances the Supervisory Board may recognize a director to be independent even if some formal criteria imply that he is a related party. For example, it was decided to recognize Vladimir Mau in 2017 as an independent director, notwithstanding the formal criteria that he is related to Sberbank, the Russian Federation, and substantial counterparties of Sberbank. This decision was made by the Supervisory Board because the related party nature on these criteria is not material and does not influence the ability of Mr. Mau to act in good faith and reasonably in the interests of the bank and its shareholders, and also to form objective and independent opinions and judgments.

The decision on recognition of Members of the Supervisory Board of Sberbank as Independent Directors



Structure of the Supervisory Board

In accordance with the Charter of Sberbank, the Supervisory Board is elected by the General Shareholders’ Meeting with 14 members. The Supervisory Board is headed by the Chairman, who has two deputies.

An executive director (representative of management), independent and non-executive directors (external directors who are not employees of the Bank) are elected to the Supervisory Board, with the Senior independent director elected from the number of independent directors.

As of December 31, 2017 the Supervisory Board of Sberbank consisted of six independent directors, seven non-executive directors and one executive director. After the annual General Shareholders’ Meeting in 2017, the structure of the Supervisory Board did not undergo significant changes. The Bank’s shareholders elected to the board for the first time Maksim Oreshkin – Minister of Economic Development of the Russian Federation (non-executive director), Olga Skorobogatova – First Deputy Governor of the Bank of Russia (non-executive director), Leonid Boguslavsky – founder of the international investment company ru-Net Limited (independent director).

Anton Siluanov – Minister of Finance of the Russian Federation (non-executive director), Dmitry Tulin – First Deputy Governor of the Bank of Russia (non-executive director), and Alessandro Profumo – Chairman of the Board of Directors of Equita Sim S.P.A. (Italy) (independent director) – left the Supervisory Board.

For Sberbank the stability of the work of the Supervisory Board is one of the most important tasks. In connection with this fact, in 2017 the Succession Policy for Members of the Supervisory Board of Sberbank was approved, which defines the underlying principles and procedures that would guarantee the formation and maintenance of a professional and effective structure of the Supervisory Board of Sberbank. In addition, the Policy regulates the following operating issues of the Supervisory Board:

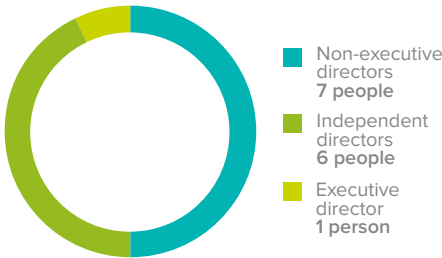
- Identification of HR needs and succession planning;
- Development and implementation of a transparent candidate nomination system to the Supervisory Board;
- Assessment of candidates as members of the Supervisory Board;
- Assessment of the operating efficiency of the Supervisory Board;
- Communications of the Bank with shareholders on the issue of nominating candidates to the Supervisory Board;
- Organization of onboarding programs for the position and professional development of members of the Supervisory Board.

The Succession Policy for Members of the Supervisory Board of Sberbank

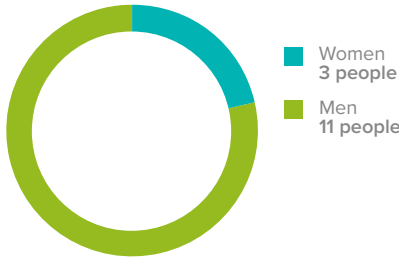


The structure of the Supervisory Board is balanced in terms of skills, experience and independence, which allows Board members to effectively perform their functions. The members of the Supervisory Board meet the qualification and business reputation requirements imposed by the legislation of the Russian Federation, possess the knowledge and experience in areas corresponding to the main lines of business of the Bank, are of different ages, genders and nationalities.

The balance of directors as at December 31, 2017



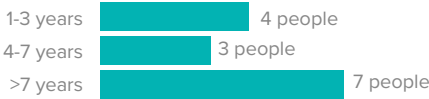
Ratio of men and women as at December 31, 2017



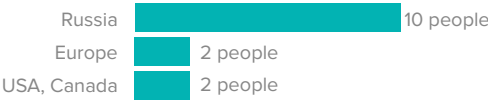
Structure of the Supervisory Board broken down by age as at December 31, 2017



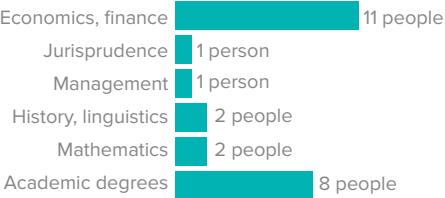
Duration of the time spent in the position as at December 31, 2017



Geographical breakdown
as at December 31, 2017



Education as at December 31, 2017¹



Industry experience and other skills of the members of the Supervisory Board as at December 31, 2017

Full name	Banking	Economics, finance investments	IT	Corporate governance	Audit, consulting, law	Securities market, exchange activities,	International financial institutions	Public service experience	Teaching activities
S.M. Ignatiev	✓	✓		✓	✓			✓	✓
A.L. Kudrin	✓	✓		✓	✓	✓		✓	✓
G.I. Luntovsky	✓	✓		✓	✓				
E.T. Aho		✓		✓	✓		✓	✓	✓
L.B. Boguslavsky		✓	✓	✓	✓				
M.G. Gilman	✓	✓		✓	✓		✓		✓
G.O. Gref	✓	✓		✓	✓		✓	✓	✓
N.Yu. Ivanova	✓	✓		✓	✓				
V.A. Mau	✓	✓		✓	✓			✓	✓
G.G. Melikyan	✓	✓		✓	✓			✓	
M.S. Oreshkin		✓		✓	✓	✓	✓	✓	
O.N. Skorobogatova	✓	✓	✓	✓	✓				
N. Wells	✓	✓		✓	✓	✓	✓		
S.A. Shvetsov	✓	✓		✓	✓	✓			

Structure of the Supervisory Board and participation in the meetings of the Supervisory Board and its committees

						Participation in the meetings/number of meetings				
Full name	Status	Non-Executive	Independent	Executive	Length of service at the Supervisory Board	Supervisory Board	Audit Committee	HR and Remuneration Committee	Strategic Planning Committee	Risk Management Committee
Directors leaving the Supervisory Board on May 26, 2017										
A.G. Siluanov		✓			2 years	2/7	-	-	-	-
D.V. Tulin		✓			7 years	0/7	-	-	-	-
A. Profumo			✓		6 years	3/7	1/4	-	1/5	2/12
Directors elected to the Supervisory Board on May 26, 2017										
M.S. Oreshkin		✓			1 year	3/7		-	1/5	-
O.N. Skorobogatova		✓			1 year	3/7	-	-	2/5	-
L.B. Boguslavsky			✓		1 year	4/7	-	-	3/5	-
Directors re-elected to the Supervisory Board on May 26, 2017										
S.M. Ignatiev	Chairman of the Supervisory Board	✓			18 years	7/7	-	-	-	-
A.L. Kudrin	Deputy Chairman of the Supervisory Board, Chairman of the Strategic Planning Committee	✓			16 years	7/7	-	-	5/5	-
G.I. Luntovsky	Deputy Chairman of the Supervisory Board, Chairman of the HR and Remuneration Committee	✓			18 years	7/7	-	7/7	-	-
E.T. Aho			✓		2 years	7/7	-	-	5/5	10/12
M.G. Gilman			✓		4 years	7/7	-	-	5/5	9/12
G.O. Gref				✓	13 years	7/7	-	-	5/5	-
N.Yu. Ivanova		✓			16 years	7/7	4/4	-	-	11/12
V.A. Mau	Chairman of the Audit Committee		✓		10 years	7/7	4/4	7/7	-	-
G.G. Melikyan	Senior Independent Director, Chairman of the Risk Management Committee		✓		4 years	7/7	-	7/7	5/5	12/12
N. Wells			✓		4 years	7/7	4/4	-	5/5	8/12
S.A. Shvetsov		✓			8 years	6/7	-	--	3/5	-

¹ Some directors have education in different fields.

Brief biographical data on members of the Supervisory Board



SERGEY IGNATIEV

**Chairman of the Supervisory Board,
Nonexecutive director**

Date of birth: 10.01.1948

Current place of employment (position): Advisor to the Governor of the Central Bank of the Russian Federation

Education:
1975 – Postgraduate student at Lomonosov Moscow State University
Candidate of Sciences in Economics, Assistant Professor

Membership in Committees: no membership in Committees



GEORGY LUNTOVSKIY

**Deputy Chairman of the Supervisory Board,
Nonexecutive director**

Date of birth: 12.04.1950

Current place of employment (position): President of the Association of Banks of Russia

Education:
1978 – All-Union Correspondence Financial and Economic Institute with a specialization in Finance and Credit;
1997 – Russian Presidential Academy of National Economy and Public Administration with a specialization in Management in Market Conditions;
1998 – Moscow State University of Economics, Statistics, and Informatics, Candidate of Economic Sciences

Membership in Committees: Chairman of the HR and Remunerations Committee



ALEKSEY KUDRIN

**Deputy Chairman of the Supervisory Board,
Nonexecutive director**

Date of birth: 12.10.1960

Current place of employment (position): The Dean of the Department of Free Arts and Sciences of Saint Petersburg State University

Education:
1983 – Zhdanov Leningrad State University With a specialization in Political Economy;
1987 – Postgraduate student of the Institute of Economics, USSR Academy of Sciences, Candidate of Sciences in Economics

Membership in Committees: Chairman of the Strategic Planning Committee



NADEZHDA IVANOVA

**Member of the Supervisory Board,
Nonexecutive director**

Date of birth: 13.06.1953

Current place of employment (position): Adviser to the Chairman of the Central Bank of Russia

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



MAKSIM ORESHKIN

**Member of the Supervisory Board,
Nonexecutive director**

Date of birth: 21.07.1982

Current place of employment (position): Minister of Economic Development of the Russian Federation

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

Membership in Committees: member of the Strategic Planning Committee



OLGA SKOROBOGATOVA

**Member of the Supervisory Board,
Nonexecutive director**

Date of birth: 04.06.1969

Current place of employment (position): First Deputy Chairman of the Central Bank of Russia

Education:
1990 – Plekhanov Russian University of Economics (with Honors);
1995 – California State University (USA), MBA in Economics

Membership in Committees: Member of the Strategic Planning Committee



SERGEY SHVETSOV

**Member of the Supervisory Board,
Nonexecutive director**

Date of birth: 27.12.1970

Current place of employment (position): Deputy Governor of the Central Bank of the Russian Federation

Education:
1993 – Lomonosov Moscow State University with a specialization in Economic Cybernetics

Membership in Committees: member of the Strategic Planning Committee



HERMAN GREF

**Member of the Supervisory Board,
Executive Director**

Date of birth: 08.02.1964

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

Education:
1990 – Dostoyevsky Omsk State University with a specialization in Legal studies;
1993 – Postgraduate student in the Law Department, Saint Petersburg State University;
2011 – Candidate of Sciences in Economics

Membership in Committees: member of the Strategic Planning Committee



MARTIN GRANT GILMAN

**Member of the Supervisory Board,
Independent Director**

Date of birth: 11.08.1948

Current place of employment (position): Advisor to the Rector of National Research University – Higher School of Economics (Moscow, Russia)

Education:
1970 – University of Pennsylvania, Bachelor of Science (BS) in Economics (Wharton School) and Bachelor of Arts (BA) in Political Science (College of Liberal Arts);
1971 – Certificate of International Studies at the School of International Studies at Johns Hopkins University in Bologna;
1972 – London School of Economics, MSc (Econ.);
1981 – London School of Economics, PhD in Economics.

Membership in Committees: member of the Strategic Planning Committee, member of the Risk Management Committee



VLADIMIR MAU

**Member of the Supervisory Board,
Independent Director**

Date of birth: 29.12.1959

Current place of employment (position): Rector of the Russian Federation Presidential Academy of the National Economy and Public Administration

Education:
1981 – Plekhanov Moscow National Economic Institute Department of Economics;
1987 – Institute of Economics of the USSR Academy of Sciences, Candidate of Sciences in Economics;
1994 – Institute of Economics of the USSR Academy of Sciences, Doctor of Economics;
1999 – Pierre Mendès-France University, Grenoble (France), PhD in Economics

Membership in Committees: Chairman of the Audit Committee, member of the HR and Remunerations Committee



GENNADY MELIKYAN

**Member of the Supervisory Board,
Senior Independent Director**

Date of birth: 27.11.1947

Currently holds no office.

Education:
1974 – Lomonosov Moscow State University With a specialization in Political Economy;
1977 – Postgraduate student at Lomonosov Moscow State University Candidate of Sciences in Economics

Membership in Committees: Chairman of the Risk Management Committee, member of the Strategic Planning Committee, member of the HR and Remunerations Committee.



LEONID BOGUSLAVSKIY

**Member of the Supervisory Board,
Independent Director**

Date of birth: 17.06.1951

Current place of employment (position): Member of the Board of Directors of “Ivi.ru” Limited Liability Company

Education:
1973 – Moscow State University of Railway Engineering, “Applied Mathematics”;
1996 – Doctor of Technical Sciences

Membership in Committees: member of the Strategic Planning Committee



ESKO TAPANI AHO

**Member of the Supervisory Board,
Independent Director**

Date of birth: 20.05.1954

Current place of employment (position): Executive Chairman of the Board of Directors, East Office of the Finnish Industries

Education:
1980 – University of Helsinki (Finland), Political History, Master of Social Sciences

Membership in Committees: member of the Strategic Planning Committee, member of the Risk Management Committee



NADYA WELLS

**Member of the Supervisory Board,
Independent Director**

Date of birth: 24.12.1970

Current place of employment (position): independent professional investment and corporate governance advisor

Education:
1993 – MA graduate of Oxford University (with Honors) with a specialization in Modern History and Modern Languages;
2000 – INSEAD Business School (France), MBA

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

More detailed
information on members
of the Supervisory Board



Ownership of shares by members of the Supervisory Board

Full name	Participation interest in the authorized capital of Sberbank, %	Percentage of ordinary shares owned, %	Information on the conclusion of transactions with Sberbank shares in 2017
S.M. Ignatiev	-	-	Did not conclude any transactions
G.I. Luntovsky	-	-	Did not conclude any transactions
A.L. Kudrin	-	-	Did not conclude any transactions
N.Yu. Ivanova	-	-	Did not conclude any transactions
M.S. Oreshkin	-	-	Did not conclude any transactions
O.N. Skorobogatova	-	-	Did not conclude any transactions
S.A. Shvetsov	-	-	Did not conclude any transactions
G.O. Gref	0.0031	0.003	Did not conclude any transactions
G.G. Melikyan	0.0001	0.0001	Did not conclude any transactions
E.T. Aho	-	-	Did not conclude any transactions
L.B. Boguslavsky	-	-	Did not conclude any transactions
M.G. Gilman	0.00018	0.00019	Did not conclude any transactions
V.A. May	-	-	Did not conclude any transactions
N. Wells	-	-	Did not conclude any transactions
Directors who left the Supervisory Board on May 26, 2017:			
A.G. Siluanova	-	-	Did not conclude any transactions
D.V. Tulin	-	-	Did not conclude any transactions
A. Profumo	-	-	Did not conclude any transactions

Liability insurance

The liability of all the members of the Supervisory Board related to the exercise of their duties at the Bank is insured under the Liability Insurance Contract of Directors, Officials and Companies. Insurance is required, as the members of the Supervisory Board aren't guaranteed the ability to cover losses that may be caused to the Bank by their mistaken actions.

The D&O liability insurance represents insurance of the damage from the illegal action of decision-makers and represents best practice recommended by the Development Strategy of the Financial Market of the Russian Federation to 2020 approved by the Government of the Russian Federation, the Corporate Governance Code of the Bank of Russia, and stipulated by the Corporate Governance Code of Sberbank.

Main terms of the D&O Liability Insurance Contract

Parameters	Existing D&O Contract	Previous D&O Contract
Insurer	Sogaz	Sogaz
Insurance Period	July 2017 – June 2018	October 2015 – June 2017
Insurance Premium	RUB 36.6 million	RUB 50.4 million
Insured Amount	RUB 4.6 billion	RUB 4.6 billion
Additional insured amount for the independent director	RUB 30 million	RUB 30 million

Adaptation and professional development of the Supervisory Board members

Sberbank has a practice of introducing newly elected members of the Supervisory Board by organizing a special introductory briefing for them, the Introductory Course for Members of the Supervisory Board, with the participation of key top managers of the Bank, the curators of functional blocks, and other key employees of the Bank.

The main goal of this event is to reduce the time required for the onboarding of newly elected members of the Supervisory Board, enabling them to play most active role in the work of the Supervisory Board immediately from the time of election. During the Introductory Course, the newly elected members of the Supervisory Board study the Sberbank Strategy, its corporate governance system, the allocation of duties between the executive bodies, the risk management and internal control system and other material information on the activity of the Bank.

The Bank also publishes a special interactive Directory as an aide to newly elected members of the Supervisory Board containing the main up-to-date information on the Bank, its organizational structure, the corporate governance system, the main rights and obligations of the members of the Supervisory Board and other useful information.

Significant attention is also paid to further development of professional skills of members of the Supervisory Board. The organization of special programs on raising qualifications, exchanging experience and obtaining required knowledge, which take into consideration the individual requirements of each member of the Supervisory Board is stipulated at the Bank.

In 2017 specialized seminars in Risk Management and IT Technologies were organized for members of the Supervisory Board, and also a strategic session “Evolution of the Board of Directors in the Digital Era” was conducted for the first time in the format of an interactive round table. Within the framework of the program “Evolution of the Board of Directors in the Digital Era”, issues on how to improve the efficiency of the activity of the Board of Directors were discussed:

- Use of cutting-edge communications approaches at meetings, application of Agile methods in work;
- Use of information technologies to form meeting agendas;
- Analysis of the most topical items on the agenda of the meetings, which are considered by the Boards of Directors of global banks and companies.

Performance assessment

The performance assessment of the Supervisory Board is performed according to the following scheme: an external performance evaluation is performed once every three years, engaging an independent consultant, while the rest of the time the Supervisory Board performs its own annual quality performance assessment of its work (through questionnaire). The most recent external performance evaluation was performed in 2016 following the results of 2015.

Timeline of the performance assessment of the Supervisory Board



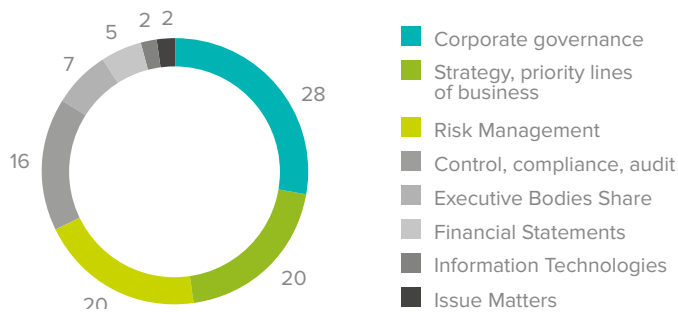
At the start of 2018 the Supervisory Board conducted an independent performance appraisal of its activity following the results of 2017. The results of the appraisal demonstrated the high level of organization of the work of the Supervisory Board and its committees, internal effectiveness and interaction between the board and bank, the performance by the Supervisory Board of the set objectives. Members of the Supervisory Board rated positively the quality of the preparation of materials submitted for consideration of the Supervisory Board, including: financial and management reports, risk management reports, state of corporate governance reports. The joint work of the Executive Board and the Supervisory Board during the drafting of the Development Strategy of Sberbank 2020 was highlighted as the main achievement of 2017. A material improvement in corporate governance practices was also highlighted regarding the professional development of members of the Supervisory Board (delivery of training programs), including the onboarding program of newly elected directors.

Based on the results of the appraisal, the focus of attention was determined in the work of the Supervisory Board: control and management of the costs of the Bank, development of the candidate pool, management and control of risks/risk appetite, crisis management.

On the work of the Supervisory Board in 2017

In 2017 the Supervisory Board held 52 meetings, seven of which were held in person, and 45 through distance voting. In total more than 120 issues were considered at the meetings. During the year the Supervisory Board approved the Sberbank Development Strategy 2020, the new Dividend Policy, the Succession Policy for Members of the Supervisory Board of Sberbank, considered the priority lines of business of the Bank – information technologies, cyber security, risk and capital management strategies, corporate governance, issues of the appointments and termination of the powers of members of the Executive Board, heard management reports on the financial performance of the Bank, on the submission of approval on the conclusion of interested-party transactions and other issues.

Issues considered by the Supervisory Board in 2017, %



Corporate Secretary

The position of corporate secretary was introduced at the Bank to ensure compliance with the requirements of the effective legislation, the Charter and internal regulations of the bank guaranteeing exercise of the rights and legal interests of shareholders, assistance with the development of corporate governance practices.

The Corporate Secretary is appointed to the position by the Supervisory Board, and is accountable to and under the control of the board. The Corporate Secretary reports administratively to the CEO, Chairman of the Executive Board of the Bank.

The activity of the corporate secretary is governed by the Regulations on the Corporate Secretary approved by the Supervisory Board of the Bank.



OLEG TSVETKOV

*The Corporate Secretary of Sberbank
Managing Director – Head, Corporate Secretary Function*

Date of birth: 01.12.1973

Work experience:

From 12.09.2014 to present – Corporate Secretary of Sberbank– Head of the Corporate Secretary Function
From January 2014 - September 2014 – Head of the Corporate Secretary Function, Sberbank of Russia
From July 2011 to present – Chairman of the Board of the Russian National Association of Corporate Secretaries
2000 – 2014 – Department of Corporate Relations at Severstal Corporate Secretary, Severstal
2000 – 2014 – Department of Corporate Relations at Severstal Corporate Secretary, Severstal

Education:

2000 – Moscow State Law Academy (Faculty of Jurisprudence)
2002 – Candidate of Sciences in Philology (English language)
2008 – Business School of the University of Northumbria (UK), MBA
2017 – Training under the International Certification Program of Members of the Board of Directors of IoD Chartered Director (Institute of Directors of Great Britain), Certificate Dip IoD

Awards:

2008 – Winner in the category Corporate Secretary, National Prize Director of the Year
2016 – Winner in the nomination Best Corporate Governance Director national prize TOP-1000 Russian Managers

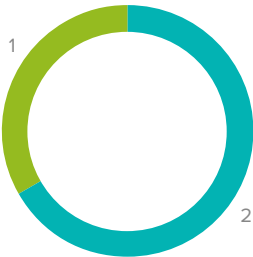
Committees of the Supervisory Board

The following committees have been created for the preliminary consideration by the Supervisory Board of the most important issues falling within its competence and preparing recommendations to adopt decisions on such issues:

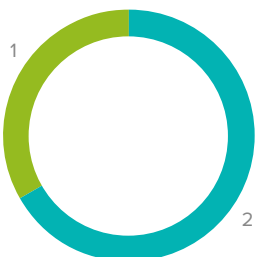
- Audit Committee;
- HR and Remuneration Committee;
- Strategic Planning Committee;
- Risk Management Committee.

The committees are accountable to the Supervisory Board. The chairmen of the committees submit reports to the Supervisory Board on the work performed by the committees containing the considered issues and adopted decisions.

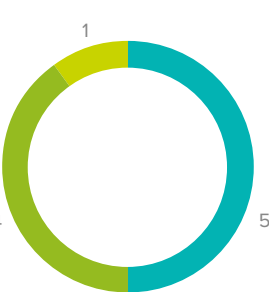
Structure of the Audit Committee



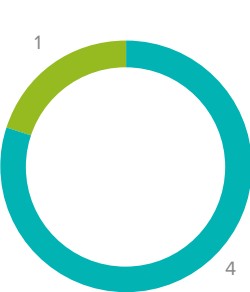
Structure of the HR and Remuneration Committee



Structure of the Strategic Planning Committee



Structure of the Risk Management Committee



■ Independent directors
■ Non-executive directors
■ Executive directors

Audit Committee

The Audit Committee was created in the structure of the Supervisory Board for the purpose of the preliminary consideration of the issues related to the control of financial and business activities.

The main objectives of the Audit Committee are to increase the effectiveness of the internal control, risk management and corporate governance systems, ensure the performance of management and control functions of the Supervisory Board on issues regarding the functioning of these system, control of the reliability of the financial statements, an also the activity of the external auditor and the Internal Audit Function.

Members of the Audit Committee and attendance

Most of the members of the Audit Committee are independent non-executive directors. The Chairman of the Audit Committee is an independent director.

During 2017 one change occurred in the Committee’s composition: the independent director of the Supervisory Board Alessandro Profumo left the Supervisory Board and the Committee (he was not elected at the annual General Shareholder’s Meeting on 26 May 2017). New members were not onboarded to the Audit Committee.

Structure of the Audit Committee	Information on attendance of the meetings of the Audit Committee (four in-presential meetings were held)
V. Mau Chairman, independent director)	4
N. Wells (independent director)	4
N. Ivanova	4
Director who left the Supervisory Board on May 26, 2017	
A. Profumo (independent director)	1

Activity of the Audit Committee in 2017

- Within the framework of its competence, in 2017 the Audit Committee considered the following issues:
- Auditor’s report on the annual financial statements of the Bank for 2016.
 - Opinion of the Internal Audit Commission on the results of the audit of the financial and business activities of the Bank for 2016.
 - Candidacy of the auditor of the Bank for 2017 and Q1 2018.
 - Distribution of profits and recommendations on the amount of payable dividends for 2016.
 - Information on IFRS 9 “Financial instruments” implementation.
 - Information on the results of the work of the audit firm PricewaterhouseCoopers Audit.
 - Results of the audits conducted by the Internal Audit Function.
 - Approval of the Audit Plans of the Internal Audit Function of the Bank for 2018.
 - The Work Plan of the Audit Committee was approved for 2017–2018.

Interaction with the Internal Audit Commission

The Chairman of the Internal Audit Commission is invited to the meeting of the Audit Committee to consider the results of the audit of the financial and business activities of the Bank. The participation of the representative of the Internal Audit Commission in the meetings of the Audit Committee makes it possible to discuss constructively and meaningfully the opinion of the internal audit, hear their opinion on the compliance of the financial and business results of the Bank with the actual state of affairs. In 2017 the Chairman of the Internal Audit Commission participated in one meeting of the Audit Committee.

HR and Remuneration Committee

The HR and Remuneration Committee was created as part of the structure of the Supervisory Board for the purposes of forming the effective system for remuneration, succession planning and the formation of the professional structure of the Supervisory Board, executive bodies and other key management employees of the Bank.

The main objectives of the HR and Remuneration Committee are to strengthen the candidate pool and increase the effectiveness of the work of the Supervisory Board, prepare proposals on the formation of the effective remuneration system of members of the Supervisory Board, executive bodies of the Bank and other key management employees of the Bank.

Members of the HR and Remuneration Committee and attendance

Most of the members of the HR and Remuneration Committee are independent directors. The Chairman of the HR and Remuneration Committee is a non-executive director.

During 2017 there was no change to the structure of the HR and Remuneration Committee.

Structure of the HR and Remuneration Committee	Information on visiting the meetings of the HR and Remuneration Committee (6 in presentia and 1 in absentia meetings were held)
G. Luntovsky (Chairman, non-executive director)	7
V. Mau (independent director)	7
G. Melikyan (independent director)	7

The activity of the HR and Remuneration Committee in 2017:

- Within the framework of its competence, the HR and Remuneration Committee in 2017 considered the following issues:
- The proposals received from Sberbank’s shareholders on the nomination of candidates to the Supervisory Board for the election at the annual General Shareholders’ Meeting based on the results of 2016.
 - Results of the self-evaluation of the Supervisory Board based on the results for 2016.
 - Issues on the succession system of the members of the Supervisory Board and the executive bodies of the Bank.
 - Issues on the remuneration system of the members of the Supervisory Board, the executive bodies of the Bank and other key management employees.
 - The draft Succession Policy for the Members of the Supervisory Board and approaches to the selection of candidates as members of the Supervisory Board.
 - On the development of corporate governance practices.
 - On charitable activity.
 - The Work Plan of the HR and Remuneration Committee for 2017-2018 was approved.

Strategic Planning Committee

A Strategic Planning Committee was created as part of the Supervisory Board for the purposes of preparing and submitting recommendations to the Supervisory Board on issues pertaining to the strategic development of the Bank.

The main objectives of the Strategic Planning Committee are to perform a preliminary analysis of the issues of determining the strategic operating goals of the Bank, monitor implementation of the Bank’s Development Strategy, draft recommendations to the Supervisory Board on how to adjust it, and appraise the long-term performance of the Bank.

Members of the Strategic Planning Committee and attendance record

Half the members of the Strategic Planning Committee are independent non-executive directors. The Chairman of the Strategic Planning Committee is a non-executive director.

- The following changes occurred in the composition of the Committee during 2017:
- Independent member of the Supervisory Board Alessandro Profumo left the Supervisory Board and Committee (he was not elected at the annual General Shareholders’ Meeting held on 26 May 2017).
 - Independent member of the Supervisory Board Leonid Boguslavsky was appointed to the Committee.
 - Two non-executive directors were appointed to the Committee – Olga Skorobogatova and Maksim Oreshkin.

Director, who exited the Supervisory Board on 26 May 2017	
A. Profumo (independent director)	1
Directors elected to the Supervisory Board on 26 May 2017	
O. Skorobogatova	2
M. Oreshkin	1
L. Boguslavsky (independent director)	3

Activity of the Strategic Planning Committee in 2017:

- Within the framework of its competence, in 2017 the Strategic Planning Committee considered the following issues:
- On the development of corporate culture.
 - On the status of Agile transformation.
 - On implementation of the Cybersecurity program.
 - On the creation of innovative services based on risk models and expert reviews.
 - On the results of the implementation of the Development Strategy for 2014-2018.
 - On Approval of the Development Strategy for 2020.
 - Draft of the new version of the Dividend Policy.
 - Issues of the management of subsidiaries and associates.
 - The Work Plan of the Strategic Planning Committee was approved for 2017–2018.

Composition of the Strategic Planning Committee	Information on attendance of the meetings of the Strategic Planning Committee (five meetings in presentia were held)
A. Kudrin (Chairman, non-executive director)	5
H. Gref	5
S. Shvetsov	3
M. Gilman (independent director)	5
G. Melikyan (independent director)	5
N. Wells (independent director)	5
E.T. Aho (independent director)	5

Risk Management Committee

The Risk Management Committee was created as part of the Supervisory Board to prepare and submit recommendations to the Supervisory Board on risk management issues.

The main objectives of the Risk Management Committee are to conduct a preliminary review of the risk management strategy of the Bank and its Group, the risk appetite, and also to monitor implementation of the risk management strategy and compliance with the risk appetite.

Members of the Risk Management Committee and attendance record

Most of the members of the Risk Management Committee are independent non-executive directors. The Chairman of the Risk Management Committee is an independent director.

During 2017 there was one change to the composition of the Risk Management Committee: independent member of the Supervisory Board A. Profumo left the Supervisory Board and the Committee (he was not elected at the annual general shareholders' meeting held on May 26, 2017). No new members were appointed to the Risk Management Committee.

Activity of the Risk Management Committee in 2017:

- Within the framework of its competence, the Risk Management Committee considered the following issues in 2017:
- On application of the Internal-Ratings-Based Approach (IRB).
 - On updating the Risk Appetite of Sberbank and Sberbank Group.
 - On updating the Risk Management and Capital Management Strategy of Sberbank Group.
 - On implementation of the action plan on the internal procedures for assessing the capital adequacy of Sberbank and Sberbank Group.
 - Review of the Development Strategy of Sberbank for 2020.
 - On the stress testing scenario and the results of its application.
 - On the development level of the compliance system implemented and projected compliance risks management measures.
 - Risk reports were considered.

Composition of the Risk Management Committee	Information on attendance of the meetings of the Risk Management Committee (held: eight meetings in presentia and for meetings in absentia)
G. Melikyan (Chairman, independent director)	12
N. Ivanova (non-executive director)	11
M. Gilman (independent director)	9
N. Wells (independent director)	8
E.T. Aho (independent director)	10
Director, who left the Supervisory Board on 26 May 2017	
A. Profumo (independent director)	2

Executive bodies

The Executive Board of Sberbank is the collegiate executive management body headed by the CEO, Chairman of the Executive Board, who is responsible for the general management of the Bank’s day-to-day activities. The Executive Board submits to the Supervisory Board at least once a year a progress report on implementation of the Bank’s strategy, on the execution of the decisions of the Supervisory Board and the General Shareholders’ Meeting, on a quarterly basis – a report on the financial and business performance of the Bank and the level of risks assumed by the Bank. Members of the Executive Board are appointed and dismissed from office by decision of the Supervisory Board.

The CEO, Chairman of the Executive Board of the Bank heads the Executive Board and manages its activities, is responsible for the operational management of the Bank, ensures the implementation of the decisions of the Supervisory Board and the General Shareholders’ Meeting, organizes the work of the Executive Board, allocates duties between members of the Executive Board, chairs the meetings of the Executive Board. The CEO, Chairman of the Executive Board is elected by the General Shareholders’ Meeting for four years.

The CEO, Chairman of the Executive Board of the Bank is responsible for organizing the system for the preparation and reliability of the financial statements of the Bank, the timely disclosure of information and providing information on the Bank’s activities to shareholders, clients and other stakeholders.

Members of the Executive Board of Sberbank as at December 31, 2017

	Full name	Position
1	Herman Gref	President, Chairman of the Executive Board
2	Maxim Poletaev	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 Chairwoman of the Executive Board
6	Stanislav Kuznetsov	Deputy Chairman of the Executive Board
7	Alexander Morozov	Deputy Chairman of the Executive Board
8	Alexander Torbakhov	Deputy Chairman of the Executive Board
9	Yulia Chupina	Deputy Chairwoman of the Executive Board
10	Alexander Bazarov	Senior Vice-President

Members of the Executive Board of Sberbank

The collegiate executive body of Sberbank is formed and changed so as to ensure the succession of members of the Executive Board and contribute to an increase in its operating efficiency.

The HR and Remuneration Committee of the Supervisory Board is responsible jointly with management of the HR function of Sberbank for the preparation of succession plans, identification of staffing requirements and development of existing competencies, the search and hiring of the most appropriate candidates, above all from the internal resources of the Bank.

In its work the HR and Remuneration Committee of the Supervisory Board considers during succession planning the results of regular performance appraisals of each member of the Executive Board, taking account of the performance of Sberbank as a whole.

- From 1 January to December 31, 2017 the following changes were made to membership of the Executive Board of the Bank:
- In accordance with the decision of the Supervisory Board dated February 14, 2017, Deputy Chairman of the Executive Board Vadim Valerievich Kulik was removed from the Executive Board and his authorities were terminated in connection with his resignation on February 15, 2017.
 - In accordance with the decision of the Supervisory Board dated February 14, 2017, Deputy Chairwoman of the Executive Board Svetlana Alekseyevna Sagaidak was removed from the Executive Board and her authorities were terminated in connection with his resignation on March 1, 2017.

Brief biographical data on Executive Board members



HERMAN GREF

CEO, Chairman of the Executive Board of Sberbank

Date of birth: 08.02.1964

Education:
1990 – Dostoyevsky Omsk State University with a specialization in Legal studies;
1993 – Postgraduate student in the Law Department, Saint Petersburg State University;
2011 – Candidate of Sciences in Economics

Year membership on the Executive Board was attained: 2007



MAKSIM POLETAEV

First Deputy Chairman of the Executive Board of Sberbank

Date of birth: 06.04.1971

Education:
1993 – Yaroslavl State University with a degree in Accounting, Management, and Analysis of Business Activities

Year membership on the Executive Board was attained: 2013



LEV KHASIS

First Deputy Chairman of the Executive Board of Sberbank

Date of birth: 05.06.1966

Education:
1989 – Korolev Kuibyshev Aviation Institute of the Order of the Red Banner of Labor (Aircraft Engineering);
1995 – Institute of Continued Education and Advanced Training for Financial and Banking Specialties at the Finance Academy under the Government of Russia (Banking);
2001 – Saint Petersburg University of the Ministry of Internal Affairs of Russia (Law);
2007 – Institute for Systems Analysis in the Russian Academy of Sciences, Doctor of Economics

Year membership on the Executive Board was attained: 2013

More detailed information on
Executive Board Members



OLEG GANEEV

Deputy Chairman of the Executive Board of Sberbank

Date of birth: 05.10.1972

Education:
1995 – Ufa State Aviation Technical University with a specialization in Automated Design Engineering Systems;
1997 – Bashkir State University with a specialization in Economic and Social Planning;
2010 – Russian Presidential Academy of the National Economy and Public Administration, MBA, Strategic Management and Marketing;
2014 – London Business School, Management and Finance for Bankers

Year membership on the Executive Board was attained: 2014



BELLA ZLATKIS

Deputy Chairman of the Executive Board of Sberbank

Date of birth: 05.07.1948

Education:
1970 – Moscow Financial Institute with a specialization in Finance & Credit;
1978 – Postgraduate student of the All-Union Correspondence Financial and Economic Institute, PhD in Economics

Year membership on the Executive Board was attained: 2004



STANISLAV KUZNETSOV

Deputy Chairman of the Executive Board of Sberbank

Date of birth: 25.07.1962

Education:
1984 – Military Institute with a Military and Political Specialization, including the study of foreign languages (German and Czech);
2002 – Law Institute of the Ministry of Internal Affairs of Russia (Law);
2005 – Candidate of Sciences in Law

Year membership on the Executive Board was attained: 2008



ALEXANDER MOROZOV

Deputy Chairman of the Executive Board of Sberbank

Date of birth: 09.03.1969

Education:
1995 – Lomonosov Moscow State University (Economic Theory);
2004 – Harvard Business School, MBA Program

Year membership on the Executive Board was attained: 2008



ALEKSANDER TORBAKHOV

Deputy Chairman of the Executive Board of Sberbank

Date of birth: 22.08.1971

Education:
1994 – Sergo Ordzhonikidze Moscow Aviation Institute with a specialization in Gyroscopic Instruments and Systems of Orientation, Navigation, and Stabilization;
1997 – Moscow State Institute of International Relations (International Economic Relations);
2005 – The University of Chicago (USA), MBA

Year membership on the Executive Board was attained: 2010



YULIYA CHUPINA

Deputy Chairman of the Executive Board of Sberbank

Date of birth: 11.11.1970

Education:
1993 – Maurice Thorez Moscow State Linguistic University;
1997 – ESADE Administration and Management Business School (Spain), MBA in Finance and International Management;
1997 – New York University, Leonard N. Stern School of Business (USA), MBA in Finance and International Management

Year membership on the Executive Board was attained: 2016



ALEXANDER BAZAROV

Senior Vice President of Sberbank

Date of birth: 05.08.1962

Education:
1984 – Shevchenko Kiev State University with a specialization in Political Economy;
1987 – Postgraduate student at Shevchenko Kiev State University, Candidate of Sciences in Economics;
1995 – University of Pennsylvania (USA), MBA Program

Year membership on the Executive Board was attained: 2008

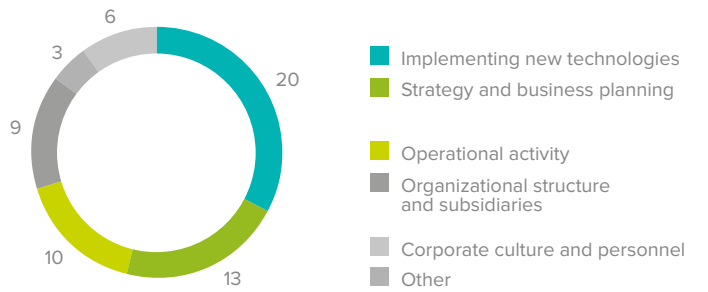
Information on the ownership of Sberbank’s shares by members of the Executive Board

Title	Full name of the member of the Executive Board	Participation interest in the authorized capital of Sberbank, %	Percentage of ordinary shares owned,%	Information on transactions concluded with Sberbank's shares in 2017
CEO, Chairman of the Executive Board	Herman Gref	0.0031	0.003	Did not conclude any transactions
First Deputy Chairman of the Executive Board	Maxim Poletaev	0.0001	-	Did not conclude any transactions
First Deputy Chairman of the Executive Board	Lev Khasis	0.0012	0.0013	Did not conclude any transactions
Deputy Chairman of the Executive Board	Oleg Ganeev	-	-	Did not conclude any transactions
Deputy Chairwoman of the Executive Board	Bella Zlatkis	0.0004	0.0005	Did not conclude any transactions
Deputy Chairman of the Executive Board	Stanislav Kuznetsov	-	-	Did not conclude any transactions
Deputy Chairman of the Executive Board	Alexander Morozov	0.0014	0.0009	Did not conclude any transactions
Deputy Chairman of the Executive Board	Alexander Torbakhov	-	-	Did not conclude any transactions
Deputy Chairwoman of the Executive Board	Yuliya Chupina	-	-	Did not conclude any transactions
Senior Vice-President	Alexander Bazarov	0.0022	0.0023	Did not conclude any transactions

Performance of the Executive Board of Sberbank in 2017

The work of the Executive Board was organized in accordance with the previously approved six-monthly plans for holding meetings. For example, in 2017 29 meetings of the Executive Board of Sberbank were held in presentia, which considered more than 60 issues.

Issues considered by the Executive Board in 2017



Remuneration system

Remuneration of the members of the Supervisory Board

The payment of remuneration to members of the Supervisory Board of Sberbank and compensation of expenses related to their participation in the work of the Supervisory Board are performed pursuant to the procedure established by an internal regulation of Sberbank – Regulations on Remuneration and Compensation to be Paid to the Members of the Supervisory Board (hereinafter the Regulations), approved by the annual General Meeting of Shareholders of Sberbank on May 31, 2013, with due account of the changes approved by the annual General Meeting of Shareholders of Sberbank on May 27, 2016.

Remuneration consists of a basic component and additional component. The basic component is paid to the member of the Supervisory Board provided that they participated in at least half the meetings held by the Supervisory Board. The additional remuneration is paid for work in committees, for chairing committees, performing the duties of senior independent director, and also for chairing the Supervisory Board.

Information on the payment of remuneration is indicated for members of the Supervisory Board, who expressed during the 12 months of 2017 written consent to the receipt of remuneration.

The Regulations also stipulate the possibility of compensating members of the Supervisory Board for their operating expenses related to the exercise thereby of functions of members of the board. During 12 months of 2017, compensation of operating expenses related to the exercise of the functions of members of the board was performed to one member of the Supervisory Board and equaled RUB 12.1 thousand.

Remuneration of the members of Supervisory Board

Base remuneration	RUB 5.9 million
Additional remuneration for performing the duties of a member of any of the Committees of the Supervisory Board	+20% of the base remuneration
Additional remuneration for performing the duties of Chairman of any of the Committees of the Supervisory Board and performing the duties of senior independent director	+30% of the base remuneration
Additional remuneration for performing the duties of Chairman of the Supervisory Board	+50% of the base remuneration

Remuneration for members of the Supervisory Board related to their participation in this government body of Sberbank paid in 2017, RUB million

Base remuneration (9 people)	53.1
Additional remuneration, including:	21.3
Total:	74.4

Remuneration of the members of the Executive Board¹

The Remuneration Policy for Members of the Executive Board in place at Sberbank stipulates that the remuneration depends on the performance of Sberbank and the personal contribution of each member of the Executive Board to the attainment of this result through the application of tools for regular performance appraisals through a balanced scorecard. The salary structure includes fixed and variable components.

In 2015, in accordance with the requirements of Instruction No. 154-I of the Bank of Russia dated June 17, 2014 “On the Procedure for Assessing the Remuneration System at a Credit Institution and the Procedure for Forwarding a Directive to the Credit Institution to Eliminate the Violations in its Remuneration System”, Sberbank adopted a long-term remuneration program for the members of the Executive Board based on the value of the shares of Sberbank, including the payment of funds.

- The program is based on the following parameters:
- 40% of the variable component of the annual remuneration is deferred and is paid in monetary form in equal shares over three years;
 - payments to program participants are contingent on the dynamics of the value of Sberbank’s shares;
 - the long-term remuneration may be adjusted (up to and including cancelation in full) if material risks are realized, with due account of the extent of the liability of the employee for the adoption of the decisions, which led to realization of the risks.

¹ The remuneration amounts are presented in this section in accordance with the data of the annual (accounting) financial statements of Sberbank for 2017.

Information on the remuneration of members of the Executive Board

	Fixed remuneration	Variable remuneration	Long-term remuneration (deferred remuneration for 2015–2016)
Remuneration to members of the Executive Board for 2017	RUB 1,2 billion	RUB 2,7 billion	RUB 1,2 billion
Total	RUB 5,1 billion		
Goal	Competitive incentive package to attract and retain highly qualified managers	Aimed at the attainment of individual and team performance targets	Aimed at the convergence of the interests of management and the shareholders of Sberbank and at the attainment of a long-term sustainable appreciation in value
Description	Paid fixed remuneration includes official salary, payment of vacation, payment for business trip expenses. Is established on the basis of professional experience, role in the management of Sberbank and level of remuneration on the labor market	Paid variable remuneration includes quarterly bonuses, remuneration based on the year-end results (includes a part in the amount of RUB 0.5 billion payable in 2018), other lump-sum remuneration accrued in 2017. Directly related to the attainment of a range of key performance indicators: individual and team, financial and non-financial	Long-term remuneration paid out in the reporting year
Payment terms	Monthly	Annually/quarterly subject to attainment of established performance targets	Annually subject to the attainment of the performance targets of Sberbank

During 2017 the total amount of the deferred Long-term Remuneration of Members of the Executive Board equaled RUB 1.6 billion. Deferred remuneration will be paid in monetary form in equal shares during 2018-2020 and may be adjusted up to and including cancelation in full. Corresponding liabilities are included in other financial liabilities in the consolidated statement of financial position, before payment is made.

No early payments of the long-term remuneration on resignation were made during 2017. There were no instances for failure to pay or withhold long-term remuneration as a result of adjustments, taking account of assumed risks based on the results for 2017.

No payments of severance pay were performed to members of the Executive Board in 2017.

Remuneration of members of the Internal Audit Commission

Remuneration to the members of the Internal Audit Commission and compensation of expenses related to their participation in the work of this control body of Sberbank are paid in the amount and pursuant to the procedure established by the internal regulations of Sberbank "Regulations on the Internal Audit Commission", approved by the annual General Shareholders' Meeting of Sberbank on June 6, 2014. Remuneration in the amount of RUB 1 million is paid to the Chairman of the Internal Audit Commission for the performance of his duties; RUB 750 thousand is paid to each member of the Internal Audit Commission.

Remuneration in the amount of RUB 2.5 million was paid to the members of the Internal Audit Commission for the 12 months of 2017, related to their participation in this control body of Sberbank.

The amount of all the payments accrued to members of the Internal Audit Commission, who are employees of Sberbank, equaled RUB 82.8 million for the 12 months of 2017.

Control and reporting

Internal control and risk management system

The internal control system consists of the set of internal control bodies and areas that ensure compliance with the procedure for implementing and attaining the goals established by the legislation of the Russian Federation, the foundation documents and internal regulations of Sberbank.

The Supervisory Board is responsible for determining the principles of and approaches to the organization of the internal control and risk management systems at the Bank. The establishment and maintenance of the effective functioning of the internal control and risk management systems at the Bank are performed by the executive bodies, which are also responsible for the implementation of the decisions of the Supervisory Board in these areas.

The internal control and risk management systems are built using the “Three Lines of Defense” model.

The regulator and external audit of Sberbank ensure additional external control over the functioning of the internal control and risk management system.

Internal control at Sberbank is performed by the following bodies, services and officials:

- Management bodies;
- Internal Audit Commission;
- Internal Audit Service;
- Internal Control Service;
- Chief Accountant of the Bank (deputy chief accountants);
- The heads (their deputies) and chief accountants (their deputy chief accountants) of the branches of the Bank;
- Structural unit (designated employee) responsible for countering the laundering of the proceeds of crime and the financing of terrorism;
- Controller of the professional participant of the securities market;
- Other units and employees exercising internal control in accordance with the authorities determined by the internal regulations of the Bank.

Three Lines of Defense Model

The first line of defense Acceptance of risks	Business units: • identify and conduct primary risk assessment; • carry out primary control of the compliance of the risk with the established limits; • develop and implement measures necessary to comply with the established limits.
The second line of defense Risk management	Units responsible for risk management: • identify and assess risk significance; • develop risk management and assessment methodology and system of risk level limits; • assess and forecast the level of risks; • control compliance with established limits; • carry out stress testing; • prepare risk reporting.
The third line of defense Audit of the risk management system	Internal audit: • assess the efficiency; • In accordance with international approaches, all three systems are appraised: internal control, risk management, and corporate governance. This requirement is enshrined in the Regulations on the Internal Audit Service of the Bank; • notify the Supervisory Board and the executive bodies of the bank of identified shortcomings and the actions taken to eliminate them.

Organization of the risk management process

The risk management system applied by Sberbank meets the requirements of global best practice and is based on the standards and tools recommended by the Basel Committee on banking supervision. The main objectives of the integrated risk management system as a component of the Sberbank management process are:

- identification and assessment of the materiality of risks;
- evaluation, aggregation, forecasting of the level of risks;
- establishment of limits and risk restrictions;
- monitoring and control of the level of risks, implementation of measures to reduce the accepted risk in order to maintain it within the established external and internal limits;
- compliance with the mandatory standards and restrictions set by the Bank of Russia;
- assessment of capital adequacy to cover risks, development of preventive and corrective actions to maintain capital adequacy;
- ensuring a common understanding of the risks at the Group level;
- development of a risk culture and risk management competencies in the Group taking into account the best world practices.

To ensure effective planning and control of the assumed risks, the risk management functions are distributed among the Supervisory Board, the CEO of Sberbank, the Chairman of the Executive Board, the Executive Board, the head of the Risk Block (Head of the Risk Management Service of Sberbank), specialized committees of the Executive Board, the units of the Risk Block and other units of Sberbank and the members of the Group.

Internal Audit Service

The Internal Audit Service is intended to support the management bodies of the Bank in the attainment of set goals and ensure the effectiveness and performance of the Bank, and operates in compliance with the principles of constant activity, independence, impartiality, honesty, objectiveness and professional competence. The Internal Audit Service is an independent structural unit, which performs inspections on the entire internal control functioning system, is accountable to the Supervisory Board and is subordinate administratively to the CEO, Chairman of the Executive Board. The Head of the Internal Audit Services is appointed and removed from office by the Supervisory Board.

In August 2016 PricewaterhouseCoopers Consulting LLC (PwC) conducted an external assessment of the Internal Audit Service of Sberbank from the perspective of compliance with professional standards on internal auditing. The main conclusions of the external assessment: “The results of our analysis of the performance of the internal audit function make it possible to state that the activity of Sberbank’s Internal Audit Service is constantly improving. The strengths of the Bank’s Internal Audit Service are the level of qualifications of its employees and the quality of the reports based on the results of audits.”

Sberbank takes the necessary measures to ensure the independence and impartiality of the Internal Audit Service, creates the conditions for the impartial and effective exercise by the Internal Audit Service of its functions.

The Internal Audit Service conducts audits in all areas of Sberbank’s activities and monitors the effectiveness of the measures adopted by departments/units and management bodies based on the results of the audits, thereby reducing the level of identified risks.

The Head of the Internal Audit Service provides the Supervisory Board with the reports of the Service on the implementation of the Annual Audit Plan approved by the Supervisory Board and on the results of audits for corresponding reporting periods.

In its work, the Internal Audit Service uses internal audit best practices, including international fundamental principles of internal audit professional practice.

In 2017 the Internal Audit Service conducted 9.9 thousand audits, of which 5 thousand were scheduled and 4.9 thousand were unscheduled. Management of Sberbank, the units of the central administration and branches were notified of the results of all the audits pursuant to the established procedure. Based on the results of the audits, management issued 1.3 thousand orders to resolve systemic problems. During the year 22.3 thousand measures were taken to eliminate the violations (82% were completed, 18% were in progress), and 8 thousand disciplinary measures were taken against the employees of Sberbank.

The Internal Audit Services of Sberbank and Group companies conducted 184 audits of subsidiary banks and 63 audits of subsidiaries. Based on the results of the groups of Group companies, more than 2.1 thousand recommendations were issued.

In accordance with the requirements of Instruction No. 3624-U dated 15 April 2015, within the framework of the audit of internal capital adequacy assessment procedures¹, 19 significant risks were audited in 2017 (15 significant risks in 2016). Based on the results of the audit for 2016–2017, 413 orders were issued, of which 45% have already been performed.

As a whole the internal control and risk management systems comply with the nature and scale of the operations being performed, the level and combination of the assumed risks.



OLEG CHISTYAKOV

Head of the Internal Audit Service of Sberbank, Senior Managing Director – Director of the Internal Audit Division

Date of birth: 22.10.1964

Work experience:
from 2004 to 2009 – Deputy Director, Division for Internal Control, Internal Audits and Audit, Sberbank of Russia. From 2009 to 2014 – Acting Director, Director of the Division for Internal Control, Internal Audits and Audit, Sberbank of Russia. From January 2015 – Senior Managing Director – Director of the Internal Audit, Sberbank.

Education:
1986 – Ordzhonikidze Moscow Management Institute (now State University of Management), engineer-economist.

Awards: Medal of the Order of Second Degree “For Services to the Homeland”.

¹ In accordance with Instruction No. 3624-U of the Bank of Russia dated April 15, 2015 “On the Requirements on the Risk and Capital Management System of the Credit Institution and the Bank Group”.

Internal Control Service

An Internal Control Service was created at Sberbank to implement internal controls, assist the management bodies of Sberbank in ensuring that Sberbank’s activity complies with legislation, regulations and best practice, and also to create and apply effective methods and mechanisms for managing the risks of the emergence of losses at Sberbank owing to non-compliance with the legislation of the Russian Federation and the internal regulations of Sberbank, the standards of the self-regulatory organization and/or the application of sanctions and/or other enforcement actions by the supervisory authorities. The Service represents the totality of the structural units and employees of the Bank operating in accordance with the Regulations on the Internal Control Service.

The Internal Control Service operates on the principles of independence, continuity, objectivity, impartiality and professional competence.

The Internal Control Service is accountable to the Supervisory Board, the CEO, Chairman of the Executive Board, and the Executive Board of the Bank. The Internal Control Service submit reports at least once a year on its work to the bodies of the Bank, and in the established instances – to the Supervisory Board.



LARISA ZALOMIKHINA

Head of the Internal Control Service of Sberbank, Senior Managing Director – Director of the Compliance Division

Date of birth: 04.01.1973

Work experience:
from 2004 to 2012 – held different positions at Financial Brokerage Troika Dialog. From 2012 to 2014 – Director of the Compliance Division, Sberbank of Russia. From December 2014 – Senior Managing Director – Director of the Compliance Division, Sberbank.

Education:
1996 – Moscow Institute of Physics and Technology, specializing in Applied Mathematics and Physics.

Risk Unit

For risk management purposes at the Bank, the Risk Unit develops supports and improves risk management system. The Unit also determines risk management principles, develops a methodology for assessment and management of risks and also develops a system of risk level limits. To avoid any conflicts of interest, the Bank ensures that the Risk Unit is independent from other divisions concluding operations/transactions exposed to risks.



ALEXANDER VEDYAKHIN

Senior Vice President, (Chief Risk Officer, Sberbank Group)

Date of birth: 20.02.1977

Work experience:
from 2008 to 2012 – First Deputy Chairman of the Executive Board, Sberbank PJSC (Ukraine). From 2012 to 2015 – Executive Director of the Risk Department, Managing Director, Risk Unit Administration, Sberbank, member of the Board of Directors, Chief Risk Officer, DenizBank (Turkey). From July 2015 – Senior Vice President, Chief Risk Officer, Sberbank Group. He is a member of the Board of Directors and Supervisory Boards of subsidiary banks and subsidiaries of Sberbank.

Education:
1999 – Volgograd State Technical University, Faculty of the Economy (cum laude); 2010 – Russian Presidential Academy of the National Economy and Public Administration, MBA “Banks, Business Management”; 2012 – training in the joint skills upgrade program of Sberbank and London Business school. Candidate of Economic Sciences.

Awards: 2016 – Medal, order “For Merit to the Fatherland”, II Class

External Auditor

Sberbank engages an independent audit firm to audit and confirm the reliability of the financial statements prepared both under Russian and international standards.

Sberbank holds a public tender each year to select the audit firm to provide audit services. The public tender documentation is approved by the tender commission and published on the official website of Sberbank. The audit firm selected by public tender is approved by the Executive Board, the Audit Committee of the Supervisory Board, and the Supervisory Board, and is appointed by the annual General Shareholders’ Meeting of Sberbank.

On May 26, 2017 the annual General Shareholders' Meeting of Sberbank appointed PricewaterhouseCoopers Audit as the auditor of Sberbank for 2017 and the first quarter of 2018. In accordance with the audit engagement contract, PricewaterhouseCoopers Audit performed the following types of work:

- audit of the annual financial statements of Sberbank for 2017 prepared in accordance with the requirements of the legislation of the Russian Federation;
- audit of the consolidated financial statements of Sberbank 2017 prepared in accordance with IFRS;
- reviews of the interim condensed consolidated financial statements of Sberbank for the first six and nine months of 2017, and also for the first three months of 2018 prepared in accordance with IFRS;
- audit of the interim financial statements of Sberbank for the first six months of 2017 prepared in accordance with the requirements of the legislation of the Russian Federation.

Payments of Sberbank Group companies to the group companies of the auditor of Sberbank

	Payments, RUB million without VAT	
	2016	2017
Audit of the financial statements (including audit of the statutory financial statements, IFRS financial statements)	13.2	48.3
Interim audits and reviews	13.5	19.6
Tax consultancy services	30.2	23.9
Other non-tax consultancy services	172.9	173.9

Internal Audit Commission

The Internal Audit Commission is elected by the annual General Shareholders' Meeting to monitor the financial and business activities of Sberbank. In accordance with the Articles of Association of Sberbank, the Internal Audit Commission has seven members. The members of the Audit Commission may not at the same time be members of the Supervisory Board or hold other positions in Sberbank's management bodies.

On May 26, 2017 the Annual General Meeting of Shareholders of the Bank elected three external representatives and four representatives of Sberbank to the Internal Audit Commission.

The Internal Audit Commission in 2017

Chairwoman of the Audit Commission	Natalya Borodina	Deputy Director of the Internal Audit Department of the Central Bank of the Russian Federation
Member of the Audit Commission	Maria Voloshina	Deputy Chief Accountant of the Bank of Russia – Deputy Director of the Accounting and Reporting Department
Member of the Audit Commission	Tatyana Domanskaya	Executive Director, Head of the Department for Interaction with External Controlling Bodies of the Internal Audit Division of Sberbank
Member of the Audit Commission	Yuliya Isakhanova	Senior Managing Director – Head of the Financial Control Directorate of the Finance Department of Sberbank
Member of the Audit Commission	Irina Litvinova	Deputy Director of the Internal Audit Department of the Central Bank of the Russian Federation
Member of the Audit Commission	Alexey Minenko	Managing Director, Deputy Chief Accountant – Deputy Director, Accounting and Reporting Directorate/Division of Sberbank
Member of the Audit Commission	Natalya Revina	Senior Managing Director – Director of the Integrated Risk Management Department of Sberbank ¹

¹ Held the position of Senior Managing Director – Director of the Integrated Risk Management Department of Sberbank until September 14, 2017.

The Internal Audit Commission audits Sberbank's financial and economic activities based on annual results and also at any other time on the initiative of the bodies and persons indicated in Federal Law No. 208-FZ dated December 26, 1995 "On Joint Stock Companies", the Articles of Association of Sberbank, and the Regulations on the Audit Commission of Sberbank.

The Audit Commission assesses the accuracy of the data included in the annual report and contained in the annual financial statements of Sberbank, is entitled to convene an extraordinary General Shareholders' Meeting or meetings of the Supervisory Board of Sberbank in instances when the violations identified by the internal audit in Sberbank's financial and economic activities, or a real threat to the interests of the Bank (its depositors) require the adoption of decisions on matters that fall within the competencies of these bodies of Sberbank.

Share capital and securities

Structure of share capital

Sberbank has been operating on the Russian financial market as a joint stock company since 1991. During this time it has placed 13 share issues, whose shareholder holders are Russian and foreign investors.

The longstanding activity of Sberbank to develop the business has made it possible to form a share capital of RUB 67.8 billion, consisting of ordinary and preferred shares. In 2017 the size of the share capital did not change.

Structure of the share capital by types of shares as at 31 December 2017

Type of shares	State registration number of the share issue	Nominal value	Number of issued shares
Ordinary shares	10301481B	RUB 3	21,586,948,000 units
Preferred shares	20301481B	RUB 3	1,000,000,000 units
Total			RUB 67,760,844,000

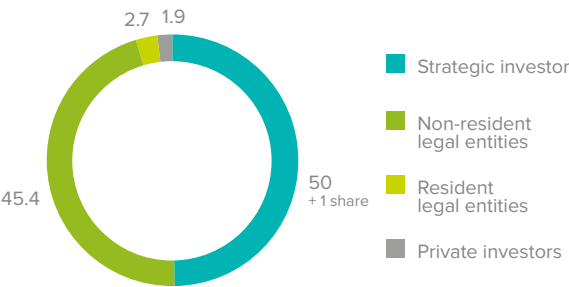
The total number of shareholders of Sberbank as at 2 May 2017 – closing date of the shareholder register – equaled 204.4 thousand, including 196.2 thousand individual shareholders and 8.2 thousand corporate shareholders. Interests in the authorized capital of Sberbank are allocated among the strategic investor – the Bank of Russia, legal entities and private investors.

Structure of the share capital by type of shareholder on the closing date of the shareholder register¹

	2013	2014	2015	2016	2017	Change 2017/2016
Strategic Investor (Bank of Russia)	50.0% + 1 share	50.0% + 1 share	50.0% + 1 share	50.0% + 1 share	50.0% + 1 share	-
Non-resident legal entities	44.0%	43.5%	43.3%	45.6%	45.4%	- 0.2 percentage points
Resident legal entities	2.3%	2.5%	2.8%	1.5%	1.9%	+1.4 percentage points
Private investors	3.7%	3.96%	3.9%	2.9%	2.7%	- 0.2 percentage points

¹ Date of the preparation of the list of persons entitled to participate in the annual General Shareholders' Meeting

Structure of the share capital by type of shareholder in 2017, %



Sberbank does not have any other information on the ownership of more than 5% of the Bank's shares other than the information that has already been disclosed. In addition, we have no information on the possible acquisition and/or the acquisition by specific shareholders of a degree of control that is disproportionate to their participation in the authorized capital of Sberbank.

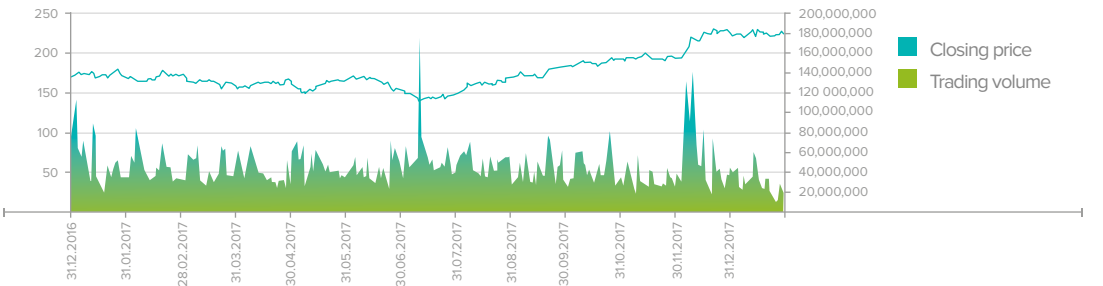
Information on securities

At present Sberbank is a public market company whose securities trade on the Moscow, London and Frankfurt stock exchanges, and also on the US over-the-counter market. Sberbank is the issuer of different types of securities.

Shares

The ordinary and preferred shares of Sberbank have been included by the Moscow Stock Exchange in the first-tier (upper) quotation list.

Dynamics of the share quotations of Sberbank and total trades in 2017, RUB



Sberbank's securities started 2017 by exceeding the historic maximum, supported by an increase in oil quotation prices against the backdrop of the approval of the OPEC+¹ pact to reduce oil production and anticipations of a normalization of Russian-American relations. Price quotations subsequently contracted to mid-2016 levels owing to a deterioration in the geopolitical situation and the risks of new sanctions. The decision to pay dividends in the amount of 25% of IFRS net profit helped to revive the Sberbank share price.

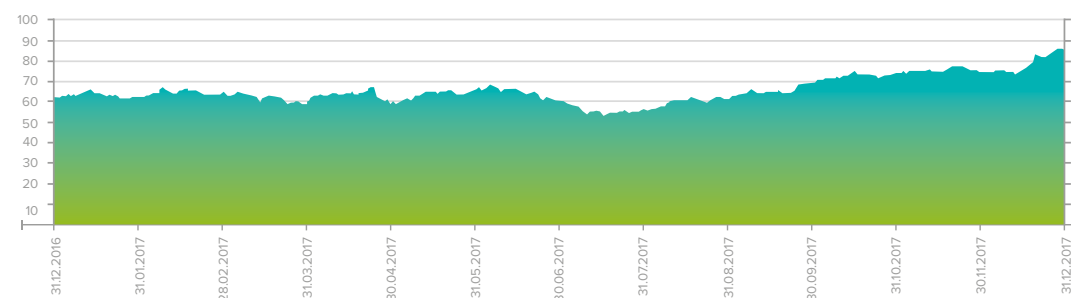
Starting from the end of August 2017 the quotation prices of Sberbank grew steadily with the support of strong IFRS financial statements for the first six months of 2017, and then against the background of a whole array of corporate news – on profit plans to 2020 and a possible increase in dividend payments to 50% of net profit. At the end of the year, on December 16, Sberbank held an Investor's Day in London, presenting its goals to 2020, which was also received positively by the market.

Sberbank's shares remain the most liquid stock on Russian trading platforms. Trading volumes in the Bank's ordinary and preferred shares on the Moscow Stock Exchange equaled approximately RUB 3 trillion, more than 30% of total trading volumes on the Moscow Stock Exchange and comparable with the aggregate trading volume of the largest Russian blue chips Gazprom, LUKOIL and Rosneft taken together.

Sberbank's market capitalization

	2013	2014	2015	2016	2017	Change 2017/2016
Market capitalization, including preferred shares, USD billion	68.7	21.9	30.8	63.2	87.7	+38.8%
Market capitalization ranking among Russian companies	3	6	3	2	1	Improvement by 1 position
Market capitalization ranking among global banks	27	79	49	21	18	Improvement by 3 positions

Change in the market capitalization of Sberbank in 2017, USD billion

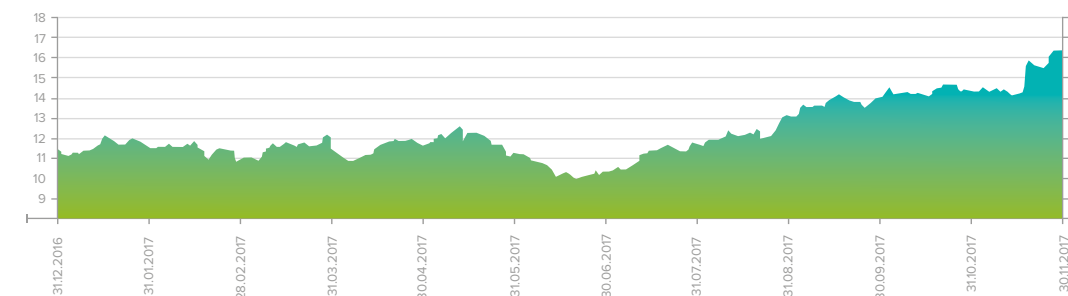


¹ OPEC – Organization of the Petroleum Exporting Countries

American depositary receipts for shares

ADRs for the ordinary shares of Sberbank are quoted on the London and Frankfurt Stock Exchanges, have been accepted for trading on the over-the-counter market in the USA since June 2011. JPMorgan Chase Bank, N.A. is the depositary bank for the depositary receipt programs of Sberbank. One American depositary receipt is equivalent to four ordinary shares in Sberbank.

Dynamics of quotations of ADRs for the shares of Sberbank in 2017, USD



Debt instruments

Sberbank is the issuer of exchange bonds, whose issue guarantees the additional financing of the Bank's activity. The current breakdown of the debt securities portfolio and its characteristics are considered in the section Financial Performance.

Exchange indices

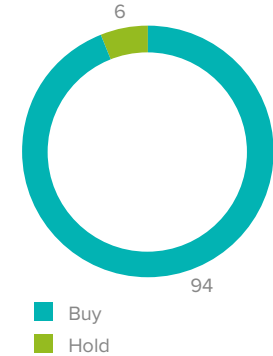
Sberbank's shares are included in the basis used to calculate a number of exchange indices, and also the indices of leading Russian stock exchanges.

Main indices that include Sberbank's shares and their weight as at December 31, 2017

Index	Type of security	Weight, %
MICEX/RTS**	Ordinary and preferred shares	15.02
MSCI Russia Index	Ordinary shares	23.32
MSCI Emerging Markets Index	Ordinary shares	0.86
FTSE Russia IOB Index	ADRs	24.89

** As of 29.12.2017

Structure of the recommendations of analysts as at 31 December 2017, %



The full list of analysts



Opinion of market analysts and credit ratings

Sberbank’s shares are included in the list of priority securities for investments among companies from developing markets: at the end of 2017, 16 of the 17 analysts with an active coverage of Sberbank had the recommendation “buy” and only one – “hold”. You can study the full list of analysts, their recommendations target prices for Sberbank’s shares on the web site of the Bank (<http://www.sberbank.com/investor-relations/share-profile/analyst-coverage>).

In 2017 the credit ratings of Sberbank were confirmed by the leading international rating agencies Fitch and Moody’s.

In addition, in the reporting year Sberbank was assigned for the first time the rating AAA (RU) by the Analytical Credit Rating Agency (ACRA). The high rating of the Russian agency is attributable to the systemic significance of the Bank for the Russian economy, and also its balanced and adequate business development strategy. More details about the assignment of the credit rating to Sberbank can be found on the website of ACRA (<https://www.acra-ratings.com/press-releases/189>).

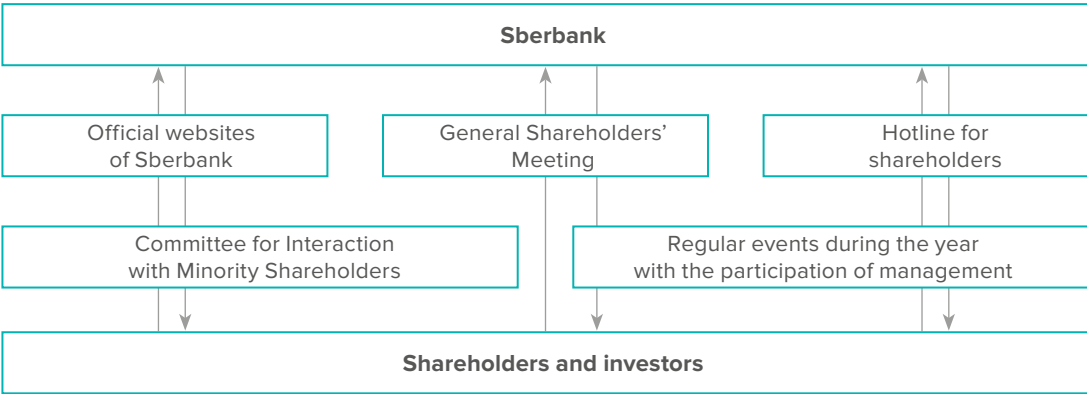
Dynamics of Sberbank’s credit ratings

	2014	2015	2016	2017
Fitch				
Long-term, currency	BBB	BBB–	BBB–	BBB–
Long-term, rubles	BBB	BBB–	BBB–	BBB–
Outlook	negatige	negative	stable	positive
Moody’s				
Long-term, currency	Ba1	Ba2	Ba2	Ba2
Long-term, rubles	Baa2	Ba1	Ba1	Ba1
Outlook	negative	stable	negative	stable
ACRA				
Credit rating according to the national scale	-	-	-	AAA (RU)
Outlook				stable

Interaction with shareholders and investors

Sberbank has organized a system of interaction with shareholders and investors that is aimed at supporting the information transparency and investment appeal of the Bank. Investors and shareholders may use any of the communication channels available to them.

Main communication channels with investors and shareholders



We continue paying special attention to the development and deployment of new technological solutions during communications with shareholders and investors in order to increase their effectiveness, accessibility and convenience. For example, at the end of 2017 we implemented a function that enables shareholders to submit requests through any of Sberbank’s offices serving individuals in the Russian Federation, and also through an automated secure customer remote service system Sberbank Online. This initiative has simplified significantly the access of shareholders to information of interest to them. The shareholders are notified of the status of the consideration of submitted requests through SMS notices.

Results of the work of the Investor Service Center

In 2017 the Investor Service Center of Sberbank continued its work of interacting with investors, taking account of numerous years of experience of using different forms of communications.

During the reporting period it held 445 individual and group meetings with investors, 22 investment conferences, six events in the format of Non-Deal Roadshows, and also Investor’s Day, during which the new Development Strategy of Sberbank till 2020 was presented. In addition to regular information events, Sberbank also participates in conference calls and organizes visits to bank offices (site visits).

The findings of the annual research on the perception of Sberbank by leading international investors and analysts conducted in 2017 show that the market highly values our approach to public interaction with the investment community and disclosure of information on our results.

The research on the perception of Sberbank by leading international investors and analysts based on the results of 2017 was performed in 2018 by the independent organization Nasdaq Global Perception. It engaged 22 representatives of the investment community from Great Britain, the USA, Germany and the Russian Federation for the survey of opinions.

The research on perception was conducted on a number of criteria, which were rated from 1 to 5 points. The overall rating of Sberbank based on the results of the research fluctuates between 3.9 and 4.8 points. The best result was obtained on such criteria as strategic vision, management experience and expertise, and also the accessibility and transparency of investor communications. At the same time, expectations on improvements were drafted for such criteria as the accessibility of management and the extent of the implementation of ESG¹ aspects in the activity of the Bank.

Interaction with minority shareholders

A Committee for Interaction with Minority Shareholders has been established and is operational at Sberbank. In accordance with the Regulations on this Committee, its main competencies are:

- Comprehensive study of the proposals and initiatives of shareholders on issues of improving the corporate governance of Sberbank;
- Drafting of recommendations on issues of expanding the participation of minority shareholders in the activity of Sberbank, improvements to the quality of customer service of Sberbank and the provision of services to them.

In 2017 the Committee held nine meetings, including three in the cities of Kemerovo, Krasnodar and Khabarovsk. The participants of the meetings discussed among other things the performance of Sberbank, issues on how to improve corporate governance practices,

¹ Environment, social, corporate governance

management of subsidiaries and associates, and also the charitable activities of the Bank. Senior Independent Director of the Supervisory Board G. Melikyan attended the final meeting of the Committee in December 2017.

An online survey of minority shareholders on the level of satisfaction with the exercise of their rights was held for the first time through Sberbank’s website. More than one thousand minority shareholders of Sberbank participated in the survey. The average percentage of shareholders satisfied with the level of exercise of their rights equaled 72%. The minority shareholders highlighted what they considered to be corporate governance strengths at Sberbank:

- High business indicators and positive dynamics of the share value;
- Positive history of compliance with the rights of minority shareholders, including a transparent and consistent dividend policy;
- High degree of transparency and prompt disclosure of information.

Regulations on the Committee for Interaction with Minority Shareholders



Dividend payments

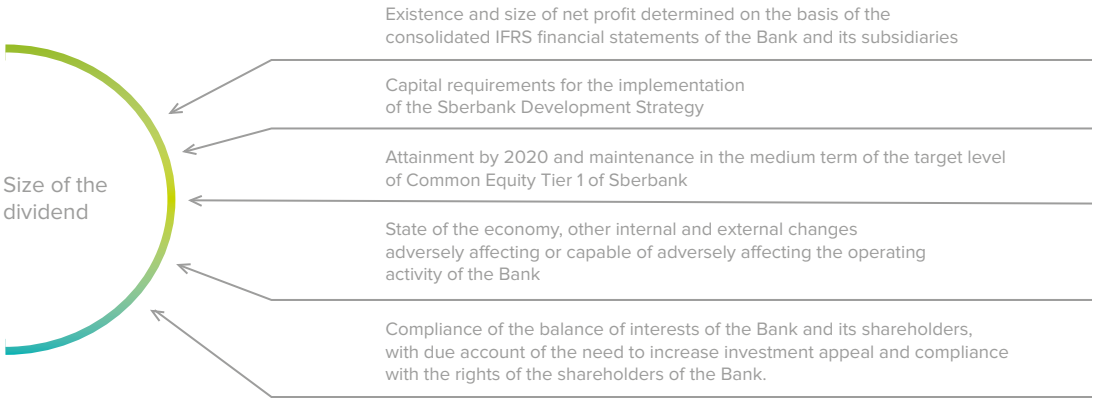
The right of shareholders to participate in Sberbank’s profits is upheld through the Dividend Policy (<http://www.sberbank.com/investor-relations/disclosure/regulative-documents>). The Supervisory Board of Sberbank considers and approves the Dividend Policy for the medium term, in effect for at least three years, depending on the external and internal economic factors affecting business development.

At the end of 2017 the Supervisory Board approved and introduced the new Dividend Policy for 2018–2020. This document stipulates a gradual increase in dividend distribution out of the share of dividend payments in the net profit of Sberbank in accordance with IFRS from the current level up to 50% by 2020, taking into account the criteria affecting the amount of the dividend (achievement of the target adequacy of the core capital (Common Equity Tier 1) of 12.5% without taking into account the Russia’s national countercyclical buffer set by the Central Bank of Russia pursuant to Basel III requirements.

Dividend Policy



Dividend distribution on Sberbank’s shares is subject to



Major transactions

On May 26, 2017 the Annual General Shareholders' Meeting approved to pay dividends for 2016 in the amount of RUB 6 per ordinary and preferred share, which is a record amount over the past seven years. The aggregate amount of dividends paid for 2016 was RUB 135.5 billion, or 25% of the net profit.

During 2017 Sberbank did not conclude transactions recognized as major transactions in accordance with the Federal Law "On Joint Stock Companies" or any other transactions, the conclusion of which is subject to the procedure for approving major transactions applicable in accordance with the Charter of Sberbank.

History of dividend payments

Year of payment	2011	2012	2013	2014	2015	2016	2017
Based on the results of the year	2010	2011	2012	2013	2014	2015	2016
Ordinary shares, RUB per share	0.92	2.08	2.57	3.2	0.45	1.97	6.0
Nominal value of an ordinary share, RUB	3	3	3	3	3	3	3
Preferred shares, RUB per share	1.15	2.59	3.2	3.2	0.45	1.97	6.0
Nominal value of preferred shares, RUB	3	3	3	3	3	3	3
Dividend payout based on net profit under IFRS	12.0	15.3	16.9	20.0	3.5	20.0	25.0

Interested-party transactions

In 2017 Sberbank concluded 78 transactions recognized as interested-party transactions in accordance with the Federal Law "On Joint Stock Companies". Of these transactions, one was approved by the General Meeting of Shareholders of Sberbank, while the remainder were approved by the Supervisory Board. A full list of transactions and key information on them can be found in the appendix: "Report on interested-party transactions concluded by Sberbank in 2017" on page 374.

**Impact
on society**

Sberbank's approach to managing its impact on society

Our activity touches upon various areas of public life and covers all constituent entities of the Russian Federation and a number of foreign countries. Recognizing this fact, Sberbank endeavors to use the opportunities at its disposal to improve the well-being of the residents in the regions where the Bank has a presence.

Support for local communities, charity and sponsorship, improving the financial literacy of the general public, and minimizing the negative impact on the environment are priorities that lie at the heart of Sberbank's Corporate Social Responsibility Policy.

The impact on society is managed as part of the Bank's overall system of management and is an integral part of this system. Measures that will have an impact on society are performed through the system of business planning and project management.

Sberbank focuses its attention on the development of volunteer activity among its employees, encouraging them to make a favorable contribution to public life and become more engaged.

A specialized body – the Charity and Sponsorship Committee – and the Bank's Executive Board are responsible for considering charity and sponsorship projects. New members were appointed to the Charity and Sponsorship Committee in 2017.

To increase its positive impact, Sberbank invests significant amounts annually in the following:

- charity and volunteer programs to support child welfare facilities and social institutions, including orphanages and hospitals;
- support for social projects and initiatives, charity organizations and funds;
- support for socially significance projects in culture and the arts, sports, science and education, and the largest business events (forums, conferences, exhibitions);
- implementation of initiatives aimed at the efficient use of resources and effective natural resource management, as well as measures to reduce the Bank's adverse impact on the environment and to finance energy conservation measures.

Charity and sponsorship projects

Charity and sponsorship are two of our key areas of participation in public life and part of Sberbank's corporate culture. Problem solving in this area has been elevated to the strategic level: charitable activity was discussed in 2017 at meetings of the Supervisory Board and the Committee for Engagement with Minority Shareholders.

The key areas of Sberbank's charitable support are:

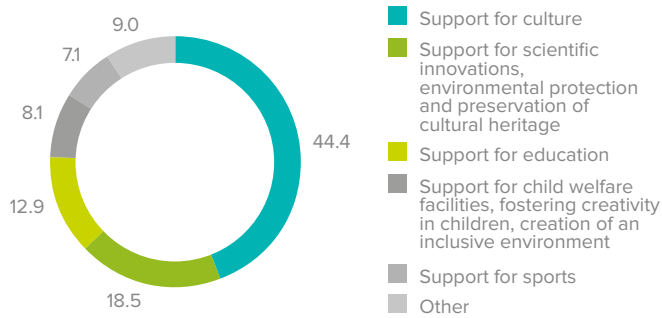
- scientific research and development;
- environmental protection and preservation of the country's cultural heritage;
- support for child welfare facilities, fostering creativity in children, and creating an inclusive environment;
- culture;
- sports;
- education.

Sberbank performed a number of large charitable activities and sponsorship projects of social significance for individual regions and for the country as a whole in 2017.

Costs of PJSC Sberbank on charitable activity, RAS, RUB million

Area of support	2014	2015	2016	2017
Sports	180.3	174.3	499.9	410.8
Healthcare	174.2	62.9	193.4	179.2
Culture	263.1	234.7	559.2	2 562.4
Religious organizations	39.1	7.7	112.0	114.4
Education	185.1	214.0	360.9	743.6
Child welfare facilities, fostering creativity in children, creating an inclusive environment	188.2	1 369.8	752.0	467.2
Veterans and people with disabilities	76.2	233.9	139.4	203.3
Financial assistance	77.5	108.4	348.1	16.7
Forums and congresses	0.4	6.1	19.6	6.0
Scientific innovations, environmental protection and preservation of cultural heritage	387.3	611.7	771.9	1 072.0
Total	1 571.5	3 023.4	3 756.5	5 775.5

Structure of costs of PJSC Sberbank on charitable activity, RAS, %



Sberbank is committed to making a positive contribution to public life not only through direct participation in charitable projects, but also through the promotion of the culture of charitable giving in Russia. To perform this task, the Bank has established a service based on the “Sberbank Together” mobile application. Work on improving the service continued in the reporting year. Services and products were created for the following areas of charity activity:

- society (individuals) – the possibility for private donors to make charitable contributions for additional bonuses from Sberbank partners is planned;
- business (legal entities) – the development of charitable services for companies concerned with corporate social responsibility is planned;
- third sector (nongovernmental organizations) – the creation of useful services to assist NPOs to more proactively engage people in charity and attract larger donations.

Support for culture

One of Sberbank’s traditional areas of charitable support for culture is assistance for leading Russian theatres. Since 2012 the Bank has supported the Andrey Tarkovsky “Mirror” International Cinema Festival, the Moscow International Youth Festival and Circus Arts Competition, the “Artmigration” Festival for Young Directors of the Union of Theatre Workers of Russia, and the “Golden Mask” Performing Arts Festival.

Support for the Golden Mask Festival in 2017

Since 2002 Sberbank has been the general sponsor of the Golden Mask Russian Performing Arts Festival, which presents the best theatrical productions from around Russia on stages in Moscow over the course of three months. The participating stage plays are selected by the Council of Experts consisting of theatre critics. The Golden Mask jury is made up of actors, directors, conductors, choreographers, and theatrical stage designers.

In 2017 Sberbank implemented several projects to expand the festival’s audience and the accessibility of the events organized as part of the festival.

The “Speak to Theatre” project included a series of five public discussions in Moscow and Perm with leading figures in culture and the arts. The goal of the project is to acquaint a wider audience with the pressing issues in the theatrical world, and to make theatrical art more easily understandable. An online broadcast was organized on the Afisha.Live platform for each discussion.

An online information hub was launched for the festival, which became the primary resource for learning about the special projects involved, the schedule of events and public discussions.

Sberbank implemented a project to create a special mobile app called “Art.Aloud” with audio descriptions¹ of the stage plays for visually impaired people. Three Golden Mask productions were adapted as part of this initiative, including Andrei Moguchy’s “The Thunderstorm”.

During the reporting year Sberbank also partnered for the first time with the “Mask in the City” program, which organizes a series of public flash mobs. Fragments of the stage plays and performances of the festival’s theatre nominees were performed on the streets of Moscow, original street performances were presented, and street photo exhibitions showing memorable moments from the Awards Ceremony of the Golden Mask National Theatre Award and its heroes – the winners of the award over the years – were organized. At special exhibitions organized at the Moscow train stations – Belorussky, Kazansky and Leningradsky – all the stage plays nominated for the Golden Mask in 2017 were presented in photographs.

The showing of an exclusive program called “The Language of Birds” was organized at the Festival on World Autism Awareness Day. Its creators are convinced that the theatre can facilitate understanding and the building of interpersonal and social relations, which is the most difficult challenge for people with this type of illness.

In all, more than 1.5 million people attended the stage plays and events held as part of the festival in Moscow in the reporting year.

¹Audio description is a brief description of items, a space or actions that may not be understandable to blind or visually impaired people without special verbal explanations.

For the past two years Sberbank has been a partner of the Saint Petersburg International Cultural Forum.

In 2017 the Bank was the general partner of Tatiana Navka’s “Ruslan and Lyudmila” show on ice, and the general sponsor of the first exhibition in Russia of famous Chinese artist Cai Guo-Qiang, whose works use the “gunpowder drawings” technique. The exhibition project “October”, devoted to the one hundredth anniversary of the October Revolution, was presented at the Pushkin Museum.

The first regional tour of the Russian orchestra MusicAeterna led by conductor Teodor Currentzis was organized with Sberbank’s help. Performances were held in Perm, Tyumen, Krasnoyarsk and Novosibirsk.

A Jubilee Concert dedicated to the sixtieth anniversary of the formation of the Military-Industrial Commission took place in Moscow with sponsorship assistance from Sberbank.

Sberbank also made a significant contribution to financing the CONTEXT.Diana Vishneva International Festival of Contemporary Dance. The festival’s packed program included performances by world famous dance troupes, the organization of public master classes, meetings with choreographers, a young choreographers competition, and the showing of cinema programs. With Sberbank’s assistance, the festival was able to secure collaboration with the renowned choreographer Goyo Montero for the first time. The result of this collaboration was the creation of a new performance entitled ASUNDER.

Sberbank Europe was an official partner of the “Days of Russian Cinema” in Vienna, organized by the Austrian Russian Culture Institute and the National Film Foundation of the Russian Federation. An area was also organized at the headquarters of Sberbank Europe in Vienna for holding free exhibitions of reproductions of the paintings of famous Russian artists of the XIX and beginning of the XX centuries: Serov, Repin, Vasnetsov, Polenov, Prakhov and Ostroukhov.

DenizBank also participates in initiatives aimed at bringing culture and art to the attention of the general public. For example, in 2017 the bank organized the “DenizBank First Script First Film” competition together with the Turkish Foundation of Cinema and Audiovisual Culture (TÜRSAK) , which gave professional and amateur scriptwriters the chance to publicly share ideas for their original screenplays.

Cultural events accessible to disabled people

In 2017 Sberbank became a general partner of the 360° Film Festival project of the Polytechnic Museum, which presents original documentaries on science and new technologies and other important aspects of social development to the public. For the first time, the festival was adapted to allow visually impaired people to watch the films using the “Art.Aloud” application. Discussions with leading scientists, experts and science communicators on the topics raised by the festival’s films were also held during the event.

Expansion of the joint project between Sberbank and the Pushkin State Museum of Fine Arts “Seeing the Invisible”, which was specially created for visually impaired people, continued in the reporting year. Copies of the exhibited masterpieces were produced using relief printing making it possible to imitate various textures.

The “See the Invisible” exhibition was also held for the first time in Moscow on November 13, 2016, on International Day of the Blind. In 2017 the exhibition traveled to seven Russian cities: Kazan, Volgograd, Voronezh, Ekaterinburg, Omsk, Novosibirsk, and Khabarovsk. In each of the seven new cities of the 2017 tour a tactile copy of a masterpiece from the collection of the host museum was added. An audit guide voiced for free by famous actors was prepared for the exhibition in each city.

Support for education

Sberbank allocates considerable funds to support institutions at all levels of the educational system, to maintain and improve the level of education. Events included educational and scientific conferences, skills competitions, support for programs to develop the scientific potential of youth and the elaboration of advanced educational programs.

In 2017 Sberbank was a general partner of the Russian Quantum Technology Conference, at which speakers from US universities were brought in to discuss developments in quantum technologies. Sberbank also supported the holding of the Conference on Emotional intelligence, which was the first platform to combine scientific and practical experience in a unique interdisciplinary way.

We provided support for the Russian National Physics and Technology Test “Come Out and Solve!” and the semi-final of the Northern Eurasian Region of the International Collegiate Programming Contest for the 2017–2018 season. These events are designed to reveal the potential of youth and to form highly professional cadres for the Russian economy.

The Bank was also the general sponsor of the XIX World Festival of Youth and Students in 2017 in Sochi. As part of the festival Sberbank organized an educational Innovation Laboratory and a lecture hall for Sberbank Corporate University. Visitors to the laboratory were able to engage in interactive learning about the advantages of digital technology, and audience members at the lecture hall were treated to lectures on the use of big data, artificial intelligence and robotics, as well as participated in workshops on emotional intelligence.

To promote science and education and incite youths to intellectual pursuits, Sberbank organized sponsorship support for the National Research University Higher School of Economics in 2017 as part of the annual “HSE Day” celebration.

“Okhta Lab”

We acted as a strategic partner for the Okhta Lab in Saint Petersburg in 2017. This is a unique project that has no equivalents anywhere in Russia. The format of the project stipulates the operation in a shopping and recreational center of a public cultural and educational space combining a lecture hall, library, coworking space and an art gallery. The topics of the events to be held at the Okhta Lab touch upon various areas of science, art, medicine, psychology, educational issues and parenting, support for a healthy lifestyle, personal performance management and self-improvement, business case studies and other areas of knowledge. Participation in this initiative has strengthened the positive digital image of Sberbank.

In 2017 DenizBank partnered with the Turkish Community Services Foundation¹ and the Ministry of National Education of Turkey to support a volunteer project under which volunteers, representatives of the local government authorities, teachers, students and other residents performed repairs at schools in a number of towns in Turkey. In addition, DenizBank provided, in cooperation with the Turkish Educational Association², financial support to 120 school children and 400 members of their families living in rural communities.

The employees of Sberbank Europe in Serbia took part in a school improvement project in the cities of Kragujevac, Lazarevac, Subotica, Šabac and Belgrade. The schools included the renowned Šabačka gimnazija, which has produced many of the country’s well-known scientists, sportsmen and entertainers. In 2017.

Support for child welfare facilities, fostering creativity in children, creating an inclusive environment

Sberbank regularly provides support to child development activities both in general education institutions, and in orphanages and boarding schools. In the reporting year, not only were efforts carried out to strengthen their material and technical base, but initiatives aimed at developing the creative abilities of students, creating an inclusive environment for children with developmental challenges and children left without parental care, including those related to rehabilitation of orphans.

Together with the Government of the Republic of Karelia, Sberbank provided financial aid for the repair and purchase of the necessary equipment for Help Centers for children without parental custody.

We continued to participate in the “SOS Children’s Villages” project in the reporting year. With the Bank’s help, the city of Vologda completed the construction of three family homes and carried out other construction and repair work.

The Young Army Cadets project was implemented in 2017 with the support of Sberbank. The goal of the project is to cultivate a military and patriotic spirit, camaraderie, social responsibility, and leadership qualities in children, and to identify their talents and abilities. During the implementation of this project, physical fitness, sports and patriotic programs were developed. The project made it possible to organize summer holidays and educational programs for nearly 4 thousand children.

Sberbank in Switzerland supported the “Land of Children” Festival, which included a number of cultural events for children from Russian-speaking families living in Switzerland. Around 7 thousand people took part in the events.

¹ Turkish Community Services Foundation (TOVAK).
² Turkish Education Association.

Quantorium project to create a children's technopark network

In 2017 Sberbank signed a memorandum of understanding with the federal operator of the Quantorium network of children's technoparks. This document establishes the terms and conditions for building cooperation between the parties to form the mechanisms for financing socially significant investment projects in the Russian Federation and raising private financing for these projects. In particular, the parties intend to create the infrastructure necessary to attract private financing for the opening and management of 50 Quantorium centers in Russia.

The idea behind the project is to give children and youths the opportunity to receive extended education, to restore the prestige of engineering and scientific professions, and to prepare a talent pool for the technological leadership of Russia. The project is aimed at teaching the coming generation the most sought after modern professions.

In the reporting year Sberbank contributed to the creation of the Druzhba children's technopark in Ryazan. By the end of 2017, a total of 24 technoparks had been opened in 19 regions. The project plans to expand to another 17 regions in 2018.

Each Quantorium is a site with an area of more than 500 square meters containing laboratories and high technology workshops, an interactive museum and a multimedia space where children and youths can learn emerging disciplines in the areas of the physical sciences and technology and perform their own project on state-of-the-art technical equipment.

This initiative is meant to draw in 10% of all children aged 10–15 by 2020 and to create a community of more than 500 thousand future engineers.

“Contribution to the Future” charity fund

The “Contribution to the Future” charity fund was created in 2015 and carries out Sberbank's mission to instill confidence and security and improve people's quality of life. The fund's work concentrates on two key areas: “Modern Education” and “Inclusive Environment”.

The focus in the field of “Modern Education” is to develop practically oriented education and form a new emotional and intellectual disciplinary and educational environment. The fund supports initiatives aimed at introducing new solutions in Russian education, accelerating the transfer of knowledge and development of the skills and competencies required for life in the rapidly changing modern world.

The “Inclusive Environment” programs are oriented toward the resolution of problems of socialization, career guidance and employment of children raised in orphanages and at boarding schools, as well as children with special needs. The programs help the children to obtain the skills, knowledge and experience required to live an independent and rewarding life.

All the programs and projects are tailored for a wide audience: children, parents, teachers, directors and specialists of the general education system.

Key measures of “Contribution to the Future” charity fund in “Modern Education”

Measure	Area	Coverage and results in 2017
Teacher for Russia	Attracting graduates of leading institutions of higher education of Russia to teaching positions in schools and the preparation of young specialists for the teaching profession	100% of the graduates of the first enrollment continued working in the educational system, and 95% initiated extracurricular and extramural projects - The program encompassed five regions, 50 schools, 170 teachers and 20 thousand students
Openness practice for parents	Attracting graduates of leading institutions of higher education of Russia to teaching positions in schools and the preparation of young specialists for the teaching profession	- Research was performed on “Practical training in openness of the school to the family” (30 practical training sessions) and “Practical training in joint education of children and parents during family leisure time” (80 practical training sessions) - The modules for family weekend educational programs were developed - The scenarios for 10 master classes for children and parents were tested based on the Moscow international educational salon EdCrunch 2017¹
Social and emotional intelligence	- Creation of educational programs for children, including materials for teachers and parents, based on emotional and intellectual educational models - Development and implementation of systems for assessment of individual progress and social and emotional competence	- The curriculum for the “Social and emotional development of children” was issued for children aged 4-17 - Testing of the program was launched in 14 schools in Moscow and Tyumen, covering 4.5 thousand students, 212 teachers, and 27 tutors - The assessment tool for social and emotional skills according to the international methodology ESP (Education and Social Progress) for primary school classes was developed and tested as part of the international research of the OECD²
The “4 Cs” of the modern world. Formation of the competencies of the XXI century and assessment of individual progress in their development (together with NRU Higher School of Economics)	Creation of the tools for forming and assessing the competencies: “creative and critical thinking”, “communication”, and “cooperation” (4 Cs) for educational institutions	Lesson scenarios to develop the 4 Cs were designed and tested in school as part of the international research of the OECD with the participation of 27 teachers and nearly 600 students in three schools in Moscow

¹ International conference for new educational techniques

² Organisation for Economic Co-operation and Development

Teach to Learn	• Sharing of experience and knowledge and formation of a professional community as part of the development of the “teach to learn” area • Creation and development of research and educational projects	• A professional community, including around 200 participants from 40 Russian cities, was formed with the support of the FIED¹ • 25 practical training exercises and tools that help to teach to learn were selected An information database consisting of video lectures and materials on practices, approaches and tools under the program was formed
Financial literacy	• Improving financial literacy through the creation of a community of teachers, a new methodological base and platform for discussion and exchange of educational materials and practices	• A professional community was formed for the development of new content on financial literacy • 30 scenarios for financial literacy games for school children were drafted • Two board games for children and a financial daily for youths were issued
The “Skills School of the 21st Century” educational initiatives competition (together with NRU Higher School of Economics)	• to identify the best ideas and practices in educational programs, organization models oriented on teaching children the skills of the XXI century, and facilitating their wide distribution • to support innovative teaching and organizational and management planning when implementing the FSES² • to start an open discussion platform to discuss the prospects for developing the school of the future.	• 208 applications were received, and four winners were identified

¹ Federal State-Funded Institution of the Ministry of Education and Science of the Russian Federation “Federal Institute of Educational Development”

² Federal State Educational Standard

Key measures of “Contribution to the Future” charity fund in “Inclusive Environment”

Measure	Area	Coverage and results in 2017
The “Kind New Year Gift” campaign among bank employees	• Increasing access to developmental lessons for children with special needs and children without parental custody in the regions	• The campaign covered 18 regions of Russia and 22 non-profit organizations • The amount of support for NPOs, with the fund's contribution, equaled RUB 8 million. 15 thousand lessons were held for 800 children
Inclusive museum (together with “Observation Wheel” and ICOM of Russia)	• Developing better socialization processes and creative rehabilitation of children with disabilities, including cognitive disabilities • Creating an accessible environment at museums	• The first Russian national campaign “An inclusive day at the museum” was organized. It included 260 museums in 100 cities and 64 regions of Russia • A grants competition for museum projects was held in two areas: “Inclusive Start” and “Inclusive Development”, with two winners being chosen from 52 applications from 29 regions of Russia
Development of new educational practices	Creating the educational framework for work with children with special needs and orphans	• Two educational programs on understanding the nature of the disorders on the autism spectrum and behavioral therapy were developed together with the Vykhod Foundation • The foundation was laid for the development of a new method of instruction of students from colleges of education for work with children with special needs
Project for employing young people leaving orphanages in Saint Petersburg together with the Raul Foundation	Assisting in the social adaptation of young people leaving orphanages	• The project covered 247 young people leaving orphanages, with employment being found for 33 of them • 20 volunteers were trained from among Sberbank employees • Five methodological recommendations for volunteers and employers were drafted

¹ Nongovernmental Professional Expert Organization International Council of Museums (ICOM)

Support for veterans

In the reporting year we continued implementing programs for targeted aid delivery, social rehabilitation, and adaptation of veterans in society.

MEMORY OF GENERATIONS Charitable Foundation

The charitable foundation’s objective is to support the veterans of combat operations, including participants in World War II. The Foundation, created in 2015, has provided targeted aid to 5.4 thousand veterans during its two years of operation.

The Foundation’s symbol is the RED CARNATION, which represents the memory of fallen heroes and our gratitude to the brave men and women who fought for our Fatherland.

In 2017 the Foundation delivered RUB 120.4 million to support the following initiatives:

- prosthesis of lower and upper extremities and hearing aids;
- provision of wheelchairs and other individual care items;
- purchase of medicines;
- support for rehabilitation courses at health resorts;
- assistance for hospitals, rehabilitation centers and social institutions for veterans;
- organization of medical assistance and hospitalization.

The result of the Foundation’s work in 2017 also included a number of photo exhibitions entitled “Russian Heroes, As Never Seen Before”, the goal of which was to show veterans and heroes of combat operations in a new light to our fellow citizens, to highlight the fact that these people live among us and show through their example that, despite the injuries and wounds received, people can still move forward and achieve their goals.

Support for scientific research

We allocated significant funds in 2017 for preparing practical proposals and recommendations for the elaboration of a Development Strategy for the country and the formation of general principles for the transformation of state administration. Support was provided for research activities, determining the methods and tools for creating the conditions necessary for sustainable economic growth in Russia, and social and educational projects and campaigns.

Sberbank traditionally supports the scientific research and innovations of the Center for Strategic Research. In 2017 managers of the Bank were part of the subgroup “State Administration” of the working group of the Economic Council of the President of the Russian Federation. In pursuit of the goal of improving the country’s appeal for internal and external investors, the Center has prepared the required analytical materials and developed in-depth methods and tools to help the country to firmly protect its interests.

Sberbank provided financial support to the Gaidar Institute for Economic Policy for the creation of a modern research and education platform. With the Bank’s support, the Institute performs fundamental and applied research on the main challenges facing the development of the Russian economy and brings in international experts in macroeconomics, monetary policy, banking and statistical analysis methods.

We continue to work together with the Institute for Urban Economics to analyze and assist in overcoming the socioeconomic hurdles standing in the way of development of Russian cities and regions, provide advisory assistance to the state authorities and organizations on reforming the housing sector, land relations, and management of municipal economic development.

Environmental protection and preservation of cultural heritage

In 2017 we implemented a program to preserve and renovate cultural heritage sites: historical and architectural ensembles were improved in Voronezh, Kaliningrad, Moscow, Perm, Peterhof, Saint Petersburg, and Yaroslavl.

As part of the “Year of the Environment” and the “Year of Nature Conservation Areas”, Sberbank continued its cooperation with the Eurasian Center for Preservation of Far Eastern Leopards, thanks to which measures were taken to improve the scientific and infrastructure assets of the Land of the Leopard National Park and to organize a series of public awareness projects and large-scale environmental campaigns.

We assisted the “Wildlife of the Steppe” Association in 2017 to implement socially significant environmental protection projects for the rehabilitation and reproduction of rare and endangered species of steppe animals and birds, and to perform bioengineering, environmental awareness and educational measures. Sberbank also provided support for the scientific and educational projects of the Russian Geographical Society.

Support for sports

To develop physical fitness and popular sport among the general population and promote a healthy lifestyle, Sberbank provides charitable assistance to numerous sports federations and clubs, and organizes the holding of international tournaments and competitions in the Russian regions and abroad.

We organized a number of different sporting events and recreational activities for the most vulnerable members of society in various Russian cities in 2017.

Sberbank works with the Cycling, Figure Skating, Rugby, and Canoe federations as part of its work to advance the Olympic movement.

In 2017 we continued its tradition and held the sixth annual “Green Marathon” together with the Naked Heart Foundation. Residents of 54 Russian cities (a record) as well as residents of Kazakhstan, Belarus and marathon newcomer India took part in the marathon. Eleven new cities in Russia joined the event: Vladimir, Saransk, Yoshkar-Ola, Kirov, Kostroma, Yakutsk, Tomsk, Surgut, Syktyvkar, Togliatti and Yuzhno-Sakhalinsk. The event was attended by more than 157 thousand people, with 82 thousand taking part in the run. Various social campaigns to help children with special needs, urban beautification and environmental protection were also held in regional banks under this project.

“Satellite”

During the reporting year Sberbank Europe was the official sponsor of the European snow volleyball tour and the Satellite beach volleyball tour. The Bank organized 12 tournaments in Czech Republic and Slovenia in total. Sberbank in Slovenia also acted as the sponsor of the Slovenian Paralympic Volleyball Team.

First international children’s chess tournament organized by Sberbank

The initial idea for holding a Sberbank chess tournament was tied to the Bank’s one hundred seventy-fifth anniversary in 2016. The first international chess tournament for the children of Sberbank employees was held in 2017. This intellectual game forms the valuable skill of strategic thinking, which is necessary for productive professional activity and self-fulfillment in adult life.

The tournament participants were invited through a series of qualification games held in all regional branches of Sberbank, as well as in the four countries where Sberbank has subsidiary banks – Belarus, Kazakhstan, Serbia and Turkey. In all, more than 250 children took part in the tournament.

During the tournament, Russian chess grandmasters Vladimir Kramnik, Anatoly Karpov and Sergey Karjakin held a simultaneous chess exhibition for the children. According to the grandmasters, there were several very talented girls and boys at the tournament who have a chance to become professional chess players in the future.

The tournament identified the strongest players in three age categories: under 9 years of age, from 10 to 12 years of age, and from 13 to 16 years of age. The championship took place in six Swiss-system rapid chess tournaments with a 10-minute time control limit per game for each player. The winners and runners-up were given commemorative prizes, medals and certificates.

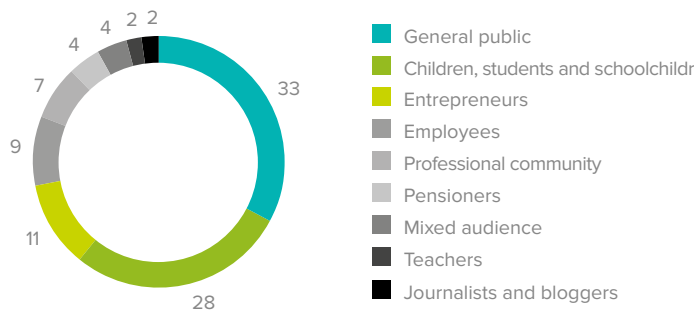
Enhancing financial literacy

Sberbank holds training events, which cover main banking products and the work of its remote services and form a responsible attitude to personal finances among the general public.

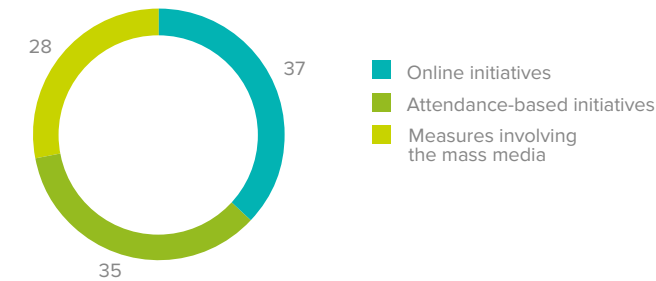
The events can be organized for the general public, and for individual social categories. Some of the events are also aimed at improving the level of financial knowledge among the representatives of professional communities – beginning entrepreneurs and experts in individual market segments.

Sberbank takes an active part in forums and seminars to develop approaches and determine future areas of development of financial literacy. The Bank also contributes to the creation of the methodological framework of the measures to enhance financial literacy to be held by financial and state institutions.

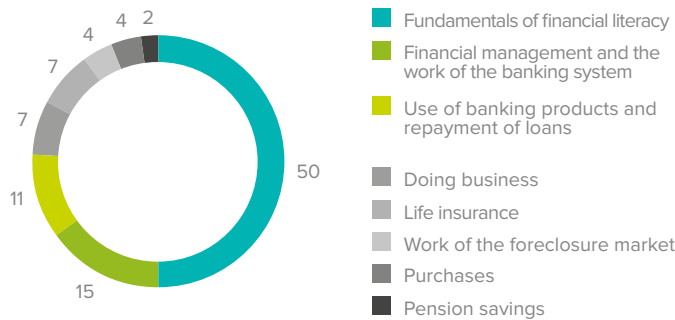
Structure of initiatives to enhance financial literacy by segment of the target audience, %



Format for holding initiatives to enhance financial literacy, %



Topics raised by initiatives to enhance financial literacy, %



Examples of measures to enhance financial literacy organized in 2017

Initiative	Goal	Coverage and results in 2017
Strategic partnership with the Ministry of Finance of the Russian Federation at Russian national financial literacy weeks	Implementing the National strategy for enhancing the financial literacy of the public in priority areas. Holding training events on the fundamentals of financial literacy for children and adults.	More than 300 activities for children and young people in 84 regions of the country, including the holding of lectures, webinars, field trips to offices as part of Financial Literacy Week. During Savings Week for adults, the main emphasis is placed on digital communications channels (distribution of invitations to the Week to bank clients, placement of information on the website Sberbank.ru, in social networks and on the employee portal) More than two million people took part in the events.
“Active Age” for pensioners	Popularizing the image of an active pensioner on the website http://www.sberbank.ru/person/active_age . Promoting financial literacy among the elderly, including through online courses.	Publication of stories about active pensioners and financial advice on the platform “Active Age”. Program coverage – more than one million people.
Financial literacy for the education sector	Organizing high-tech projects that are accessible to children and teachers in remote areas of Russia.	Implementation together with the Central Bank of Russia of “Online lessons for youngsters” for schoolchildren in grades 6-11 on the website www.dni-fg.ru , which produced 116 radio shows and had 198 thousand listens. Organization of the All-Russian Academic Olympic Games on the Financial Market and Basic Consumer Knowledge for Upperclassmen, coverage – eight thousand people. Launch of the program of the “Contribution to the Future” Charity Foundation to prepare financial literacy materials for teachers and parents. Coverage of the initiative – more than 200 thousand people.

Corporate volunteering

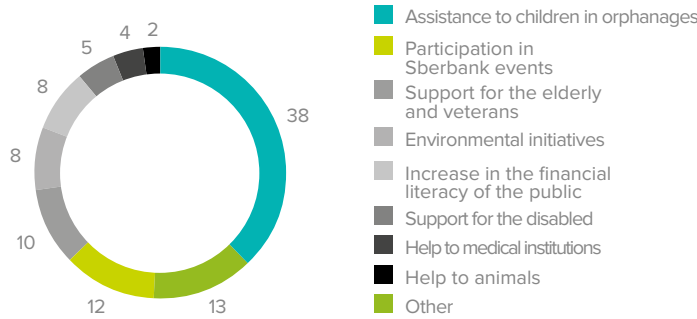
Initiative	Goal	Coverage and results in 2017
Financial advice for young people in the VKontakte social network (SberCat chatbot)	Teaching teenagers in an accessible and entertaining way about the fundamentals of financial literacy: personal resource planning, financial products, services, and the principles of their safe and effective use.	The chatbot sends users financial advice on key financial literacy issues. Forming the skills needed to manage personal income and expenses, setting and achieving financial goals, effective use of financial tools using practical examples through meaningful regular communications. Coverage – more than 7 million people.
Developmental programs for Sberbank employees and their family members	Increasing the level of financial literacy of Sberbank employees and creating incentives for more effective use of products and services. Improving the level of knowledge of the family members of employees. Testing during the participation of employees in new approaches to learning about financial literacy and engaging employees in financial literacy projects for clients.	The upgrade of the “I Like Sberbank” platform for bank employees continued. This platform presents key products and services of the Bank and includes incentive mechanisms for the use of products and services. Developed board games and an interactive diary devoted to financial literacy for children of employees for all ages, and special methodological guides for getting parents involved in their child’s education. Organization of the Olympics for Financial Literacy and Entrepreneurship for the children of employees – 3.8 thousand participants. Financial literacy testing of bank employees – five thousand participants. Total coverage of the program – more than 90 thousand people.
Russian National Program “Financial Literacy Days in Educational Institutions”	Support for the NPO SAPFIR Association of Financial Market Professionals as part of “Financier Day” celebrations. Forming an understanding among students of the key financial concepts and the opportunities to use this information when taking decisions on expenses and savings, and when selecting financial tools.	Coverage of the measure – the city of Moscow and regional centers of the Russian Federation. This measure brought together financiers from all constituent entities of the Russian Federation and representatives of the local population.

Sberbank is considering the participation of its employees in volunteer projects as a way of developing mentoring skills, team skills, strengthening corporate culture and establishing an agreeable working environment. When organizing work in this area, Sberbank adheres to the following principles:

- Each employee may organize their own volunteering project;
- The volunteering community is based on the self-organization of employees. Nobody can be forced to volunteer;
- Any form of voluntary participation of employees to resolve social issues is welcome: from a monetary donation to the organization of their own project;
- The Bank does not place any constraints on employee initiatives, but at the same time has its own focus areas;
- The implementation of social projects by volunteers should be effective for the beneficiaries.

During 2017 over one thousand volunteering initiatives were implemented with the participation of more than 2.5 thousand employees. Corporate volunteering focused primarily on helping children in orphanages and supporting Sberbank events.

Areas of corporate volunteering in 2017, %



Sberbank is implementin its Unified Online Platform for the organization of volunteer projects, enabling any employee to organize a volunteer project and involve his or her colleagues. The platform can be used to organize one-off events, post useful materials and publish news on volunteering initiatives.

In 2017 we held the first Social Project Competition, the goal of which was to identify the most interesting volunteer projects and develop the practice of intelligent charity. Seventy applications were considered as part of the competition, with nine winners receiving communications support and a certificate of recognition from Bank management. We plan to hold this competition on an annual basis. The Bank also helps employee volunteers to broaden the scope of their knowledge and skills through training with professional experts in the organization of social welfare programs.

Financing of projects of social significance

Sberbank finances major projects of social significance for individual regions and the country as a whole, thereby implementing the priority lines of its business in order to facilitate economic growth and support local communities. The Bank contributes to the development of society through the creation of new workplaces, an increase in tax revenues to the budget, the creation of infrastructure assets, the development of domestic production and reduction in consumer prices for products, and as a result an increase in living standards.

Projects of social significance are aimed at the construction of transport, power, production, and social infrastructure assets in the regions where Sberbank has a presence.

Examples of the financing of projects of social significance in 2017

Description of the project	Amount of financing	Significance of the project
Construction of the third launch complex of the Central Ring Road over 105 kilometers	RUB 38.5 billion	The Central Ring Road is one of the biggest infrastructure projects in the Russian Federation involving the construction of a toll road over a total distance of approximately 530 kilometers with the goal of alleviating the pressure on federal roads and the Moscow Ring Road through the redistribution of transit traffic.
Yamal LNG project – construction of a liquefied natural gas plant based on the South Tambayskoe gas condensate field on the Yamal Peninsula	EUR 2.7 billion	The project is of strategic importance for the development of the Russian economy as a whole and is also a catalyst for economic growth in the region. The construction stage of the plant has already resulted in the creation of 23 thousand new workplaces.
Construction of the new passenger terminal of the Yemelyanovo International Airport in Krasnoyarsk	RUB 4.17 billion	The project is based on the establishment of a transcontinental aviation transfer hub (aviation hub) on the basis of Yemelyanovo International Airport in Krasnoyarsk. Implementation of the project is timed to coincide with the holding of the Universiade in 2019 and facilitates the development of the region's transport infrastructure.

Description of the project	Amount of financing	Significance of the project
Construction of new state-of-the-art airport terminal in Perm with a throughput capacity of 900 passengers per hour	RUB 2.2 billion	State-of-the-art terminal over a total area of 30 thousand m2 replaces the outmoded complex that had functioned for 50 years and will enable the airport to increase the number of passengers being served to 2 million a year.
Financing by Sberbank Leasing for the acquisition of electric trains for subsequent lease to Central Suburban Passenger Company (CSPC)	RUB 6.1 billion	The project will make it possible to upgrade the fleet of electric trains for the transportation of the general public by suburban trains in Moscow and Moscow Region, and also passengers during the holding of the 2018 FIFA World Cup. The electric trains meet all safety criteria for carriage and the comfort level of passengers, are equipped with a climate control and air conditioning system, and also provide Wi-Fi access.
Construction of off-site infrastructure facilities for the combined heat and power plant in Sovetskaya Gavan	RUB 5.6 billion (amount drawn down at the end of 2017 – less than RUB 2 billion)	The new infrastructure assets will make it possible to implement a structure for the supply of heat to Sovetskaya Gavan and neighboring districts, and also ensure the uninterrupted supply of power to the housing and industrial facilities of the Vanino-Sovetsko-Gavanskaya Energy Hub and the Special Port Economic Zone.

Investment projects in the housing and utilities sector for up to RUB 5-10 billion is significant from a social standpoint for the regions. This area is also relevant as costs on the correct preparation and support of projects, taking account of the requirements of financial institutions, could reach amounts commensurate to the investment budget of the project, rendering the financing of such projects unattractive. In addition, the regions lack the required competencies to support projects at the appropriate level. Only big concessionaires can afford to work once all the financing requirements of banks have been considered.

Accordingly, in order to simplify the procedures for preparing and supporting investment projects, Sberbank has developed jointly with the Ministry of Construction and Housing Utilities of the Russian Federation “out-of-the-box” investment solutions that include document templates for the preparation, support and financing of concession projects in the housing and utilities sector. Rights under a concession agreement are used exclusively as security, which is effectively a guarantee of revenue.

Role of Sberbank in improving the efficiency of state administration

Sberbank is playing a proactive role in interacting with the state authorities and improving the efficiency of state administration. This enables Sberbank to attain its strategic goals and at the same time to contribute to the development of the financial market as a whole. The main areas of activity of the Bank in this aspect are:

- the drafting of proposals on how to improve statutory regulation;
- participation in the work of industry professional associations and support for the economic development initiatives of the state authorities;
- the delivery of training course for the representatives of the state authorities.

Participation in expert communities and support for the initiatives of the state authorities

In 2017 Sberbank was a proactive participant in implementing the Russian government’s program “Digital Economy of the Russian Federation” which aims to create the terms and conditions for the transition of the country to a digital economy. The Bank operates regularly on all five areas of the program. In one of these areas – “Information security” – Sberbank is the competency center, arranging the collection and consolidation of expert positions and defending business interests before the relevant state authorities. The Bank also performed extensive work in the area Staff and Education, resulting in the action plans that factor in as much as possible the staffing requirements of hi-tech sectors. Within the framework of the Program the action plans also reflect the trends required by Sberbank to implement its development strategy.

Sberbank is a member of the Russia Association of Banks – a professional association lobbying the interests of banks and enhancing the effective interaction of this sector of business with the state authorities, inter alia, by establishing the community’s position on draft regulations being developed. For example, in 2017 the draft law “On the Financial Ombudsman”, which proposes the introduction of new institute for appeals against the actions of financial organizations, was the subject of active debate. Approval of this draft law could have a significant impact on the work of the banking sector as a whole.

Improving legal regulation

Sberbank seeks to adopt a proactive position when it comes to improving legislative regulation. The Bank prepares relevant proposals and proactively responds to amendments to legislation prepared by the competent state authorities.

Sberbank monitors and analyzes on a weekly basis drafts of regulations subject to procedures regarding public discussion and assessment of the regulatory impact. At its meetings the Working Group for Interaction with the State Authorities discusses the results of the analysis and drafts Sberbank’s position on these drafts based on the impact of the draft regulations on the business of Sberbank and the members of Sberbank Group, and also on the financial market as a whole. Subsequently, Sberbank’s position is relayed to the Ministry of Economic Development of the Russian Federation and other state authorities.

For example, Sberbank’s position was taken into account during the adoption of a number of legislative amendments in the reporting year of major significance for the banking market, including: the issue of a new version of the chapter of the Civil Code on financial transactions, approval of a federal law that introduces the institution of online mortgages and stipulates the mechanism for online communications with Rosreestr and turnover in electronic mortgages, and also the approval of a Government Resolution that stipulates an increase in the scope of the information that banks may obtain independently for customer lending purposes.

Organization of events for the representatives of the state authorities

Sberbank constantly plays an active role in conducting events for representatives of the state authorities for the purpose of teaching them public administration best practices and increasing the level of financial and management competencies.

In 2017 Sberbank delivered more than a dozen practical training events for the employees of municipal and regional administrations on the topic of preparing and supporting investment projects, with due account of the requirements of financial institutions.

Sberbank has been approving a Plan of Regulatory Initiatives on an annual basis since 2014. Projects that are priorities for the implementation of Sberbank’s strategy should be included in the plan. In 2017 goals related to the implementation of the Plan of Regulatory Initiatives were performed in full.

Development of procurement infrastructure and interaction with suppliers

Effective interaction with suppliers is guaranteed by taking the following approaches:

- centralization of the procurement function at the level of Sberbank of Russia;
- a procedure for accrediting suppliers for the list of products most in demand, establishing additional requirements on reliability, work experience on the subject of the procurement and the reputation of the company;
- mandatory audit of the market value and the need for the procurement, to rule out economically inefficient expenditure or the misappropriation of funds;
- use of several stages for screening and assessing suppliers during the procurement of complex domestic products;
- use of the procurement form as a priority (auctions, quotations requests), which increase the transparency of procurement activities and reduce the risk of corruption in the actions of bank officials;
- transition to automation of procurement processes.

Quantitative characteristics of the procurement activity of Sberbank

Indicator	2014	2015	2016	2017
Total number of suppliers engaged by the organization	1,798	39,295	59,653	54,478
Total amount of payments sent to suppliers, RUB million	92,582	183,025	216,407	261,264
Share of local suppliers in the procurement budget, %	95	96	99.5	99
Share of small and medium business in the procurement budget, %	33	39	46	49

Anti-corruption measures

To monitor procurement activity at the Groupseparate divisions – procurement centers operate at Headquarters and the divisions of regional Banks.

In contracts with counterparties, Sberbank includes a special provision “Guarantees on the Prevention of Corruption in Procurement Activity”, which stipulates a fine for violations of established anti-corruption norms.

Instructions have been issued at the Bank’s divisions clarifying the procedure for the interaction of employees with third party counterparties and ethical rules of conduct.

Support of business events

Aware that it has a significant impact on the business environment, Sberbank continues providing traditional support to Russian and international business events aimed at facilitating exchanges of experience, developing international cooperation, attracting investors and increasing the economic appeal of the Russian Federation. In 2017 Sberbank was the partner of about30 business events.

Largest business events held with the support of Sberbank in 2017

Event	Goal	Coverage	Venue
International Arctic Forum	Discussion on how to create comfortable conditions for residing and working in the Arctic Region and ensuring the environmental security of the area	2.4 thousand participants from 32 countries. 150 speakers and moderators	Arkhangelsk
World Economic Forum	Discussion of current topics and events in the global economy	Over one thousand chief executive officers of companies. Approximately three thousand participants from more than 70 countries	Davos, Switzerland
Russian-British Business Forum	Discussion of the development of trade and investment relations between Russia and Great Britain	500 participants	London, Great Britain
Russian-Chinese Forum	Development of business relations between Russia and China	Over one thousand Participants	Guangzhou, China
Russian Investment Forum Sochi-2017	Discussion of investment projects, how to develop the global economy and increase the investment and innovation potential	Over 4.5 thousand participants	Sochi
Eastern Economic Forum 2017	Strengthening of the relations of the international investment community, Russian business, the federal, regional and local authorities, comprehensive expert assessment of the economic potential of the Russian Far East	Approximately 3.7 thousand participants from 55 countries	Vladivostok
Russian Power Week	Discussion of the current global energy agenda, identification of the main development areas of the fuel and energy complex and search for the optimal solutions in response to existing challenges.	Over 10 thousand participants	Moscow
Startup conference for technology entrepreneurs Startup Village	Discussion of technology trends, creating new markets and transforming business models, integrating breakthrough technologies in business practice, promising Russian developments, from the prototype to the finished product	Approximately 20 thousand participants from 20 countries. Approximately 150 startup projects were demonstrated	Moscow, Skolkovo

Event	Goal	Coverage	Venue
SOC-Forum 2017 Practice of Countering Cyber Attacks and Building Information Security Monitoring Centers	Exchange of experience and opinions of the leading industry experts, discussion of the practice of building and operating information security monitoring centers	Over 1.7 thousand participants	Moscow
Exhibition Russian Internet Week	Exchange of experience and demonstration of the achievements of the Russian hi-tech and innovations sector	Over 22 thousand participants	Moscow
Specialist Exhibition Metro Expo 2017	Establishment of a unique communications platform for the support and development of small and medium-sized businesses in Russia	Over 250 participating companies. Over 19 thousand visitors	Moscow
Annual Russian Entrepreneurship Day 2017	Creation of a platform for the development of B2B communications and establishment of business development proposals	Over 1.5 thousand participants	Moscow
XIII International Aviation and Space Salon MAKS—2017	Demonstration of Russian high technologies and the openness of the domestic market for cooperation with foreign partners	Over one thousand participating companies, approximately 1.5 thousand business meetings, approximately 450 thousand visitors	Zhukovsky
Saint Petersburg International Economic Forum 2017	Creation of a global platform to discuss key economic issues	Over 14 thousand participants from more than 140 countries	Saint Petersburg
Project initiative support program of the Public-Private Partnership Development Center	Selection and assistance to the most promising and socially important public-private partnership projects	Over 2.4 thousand program project participants	Constituent entities of eight federal districts of the Russian Federation
II Moscow Financial Forum	Platform for discussions on selecting Russia's financial economic development strategy	Over 1.4 thousand participants	Moscow
Block of events organized by OPORA RUSSIA	Events to establish a favorable business environment and stimulate the development of entrepreneurship	Over one thousand forum participants in Moscow	Moscow and Russian regions

Environmental impact management

Sberbank's approach to environmental impact management is based on the principle of mitigating adverse environmental impacts while at the same time reducing the Group's operating costs.

For this purpose, we implement measures to reduce resource consumption and increase the energy efficiency of our main facilities – offices and service outlets. By decreasing resource consumption, we can also reduce the quantity of waste, which is a key area of environmental protection of the Group.

Efficient consumption

Conservation measures enable us to implement the green office concept and include:

- Installing LED lamps, lights and motion sensors;
- Installing energy-saving office appliances;
- Reducing the amount of paper used thanks to an electronic document flow and archiving system and the introduction of duplex printing as the default setting;
- Installation of contact-free sensors on faucets to reduce water consumption.

In 2017 Sberbank commissioned a new Data Processing Center DPC–2 and started building the Technopark Office Center in the Skolkovo Innovation Center. Both facilities comply with the Silver Level of LEED green standards.

Consumption of energy resources by type, Sberbank Group¹

Resource	2014	2015	2016	2017
Electricity consumption, GJ	3,866,662	3,797,996	3,645,526	3,728,050
Heat consumption, GJ	522,438	324,207	284,651	272,273
Fuel, GJ				
Diesel	1,754,882	1,386,792	1,698,557	1,332,383
Gasoline	1,771,817	1,104,175	1,084,541	321,981
Gas	591,078	799,402	691,504	823,078
Coal	49,473	21,867	24,986	33,384
Firewood	34,421	32,751	24,102	20,779
Total energy consumption, GJ	8,590,772	7,467,190	7,453,867	6,531,928

Fuel and energy consumption in physical and monetary terms, PJSC Sberbank

Resource	2015		2016		2017	
	Quantity	Cost, RUB thousand	Quantity	Cost, RUB thousand	Quantity	Cost, RUB thousand
Electricity, kWh	977,619,622	4,569,414	956,691,858	4,941,574	971,944,192	5,230,372
Heat, Gcal	1,297,926	1,519,063	988,219	1,501,644	898,430	1,473,409
Drinking water, cubic meters	5,902,326	145,586	3,436,591	116 021	3,218,813	108,079
Diesel fuel, liters ²	15,197,627	512,736	19,669,230	680,576	34,825,385	1,273,096
Gasoline, liters ³	13,189,924	440,389	14,390,268	520,502	8,720,265	302,844
Gas, cubic meters	17,826,941	104,175	14,879,667	100,544	20,329,969	129,866
Coal, tons	841	3,272	961	3,757	1,284	5,181
Firewood, cubic meters	2,099	1,743	1,545	1,314	1,332	1,410
Kerosene, liters	35,890	1,725	47,612	1,530	53,512	1,911

¹ The values of the indicators for 2014-2016 years were corrected due to the enhancement of the methodology for data collection

² The indicator for 2017 is shown with due account of the consumption of automobile diesel fuel. Previously the calculation methodology of this indicator had not factored in this component and had only included the fuel used for internal generating purposes.

³ The indicator for 2017 is shown with due account of the consumption of automobile gasoline. Previously the calculation methodology of this indicator had not factored in this component and had only included the fuel used for internal generating purposes.

The positive results from the deployment of green office principles are reflected in the increase in the mass of paper waste transferred for recycling.

Mass of paper waste transferred for recycling, Sberbank Group¹

	2014	2015	2016	2017
Weight of paper waste transferred for recycling, tons	1,264	1,553	2,623	3,404

Responsible waste management

In view of the operating specifics of the Bank, office waste, paper waste and out-of-service office appliances are the main types of waste formed. In addition, the Bank accumulates in its activity cartridges, storage batteries and fluorescent lamps.

The principle of separate waste collection is applied at Sberbank's offices. This enables us to decrease the weight of the waste transferred to landfill sites for burial. As a result, over 97% of 1–3 hazard class waste generated and out-of-service electronic and electrical equipment (hazard class 4) is transferred for recycling and treatment by specialized organizations.

Household waste is classified as low-hazard and practically non-hazardous class 4–5 waste generated as a result of the functioning of Sberbank's offices and sales outlets. All waste is transferred for burial to specially equipped municipal solid-waste landfill sites.

¹ The values of the indicators for 2014–2016 years were corrected due to the enhancement of the methodology for data collection

Quantity of hazardous waste generated and transferred for recycling and treatment, Sberbank Group¹

	2014	2015	2016	2017
Hazardous waste generated, tons	1,027	2,802	1,484	6,848
Hazardous waste transferred for recycling and treatment, tons	988	2,665	2,019	7,083

Quantity of low-hazard and virtually non-hazardous waste formed and transferred for recycling and treatment, Sberbank Group¹

	2014	2015	2016	2017
Waste from office and household premises, tons	44,560	44,004	55,375	40,926
Other low-hazard waste, tons	11,375	10,937	12,644	11,897
Overall, tons	55,935	54,941	68,020	52,822

¹ The values of the indicators for 2014–2016 years were corrected due to the enhancement of the methodology for data collection

Financial results



Major performance indicators of Sberbank Group under IFRS for five years

Major performance indicators of Sberbank Group under IFRS for five years

	2013	2014	2015	2016	2017	Change
For the year. RUB bln						
Operating income before provisions	1,094.8	1,300.7	1,429.8	1,697.5	1,903.3	12.1%
Provision charge for debt financial assets	(134.9)	(361.4)	(475.2)	(342.4)	(287.3)	-16.1%
Operating income	959.9	939.3	954.6	1,355.1	1,616.0	19.3%
Operating expenses	(504.2)	(565.1)	(623.4)	(677.6)	(672.8)	-0.7%
Profit before tax	455.7	374.2	331.2	677.5	943.2	39.2%
Net profit	362.0	290.3	222.9	541.9	748.7	38.2%
As of 31 December. RUB bln						
Loans and advances to customers. net	12,934	17,757	18,728	17,361	18,488	6.5%
Loans and advances to customers before provision for loan impairment	13,544	18,626	19,924	18,665	19,891	6.6%
Total assets	18,210	25,201	27,335	25,369	27,112	6.9%
Due to individuals and corporate customers	12,064	15,563	19,798	18,685	19 814	6.0%
Total liabilities	16,329	23,181	24,960	22,547	23 676	5.0%
Total equity	1,881	2,020	2,375	2,822	3,436	21.8%
Per share. RUB per share						
Basic and diluted earnings per ordinary share	16.78	13.45	10.36	25.00	34.58	38.3%
Net assets per ordinary share	87.5	94.0	110.5	131.2	159.8	21.8%

Major performance indicators of Sberbank Group under IFRS for five years

	2013	2014	2015	2016	2017	Change
Financial ratios. %						
Profitability ratios						
Return on assets (ROA)	2.2	1.4	0.9	2.1	2.9	0.8 p.p.
Return on equity (ROE)	20.8	14.8	10.2	20.8	24.2	3.4 p.p.
Spread (return on assets less cost of funds)	5.7	5.5	4.1	5.3	5.6	0.3 p.p.
Net interest margin (net interest income to average earning assets)	5.9	5.6	4.4	5.7	6.0	0.3 p.p.
Operating expenses to operating income before provisions (CIR)	46.0	43.2	43.7	39.7	35.2	-4.5 p.p.
Net loans and advances to customers to current accounts and term deposits of individuals and corporate customers and savings certificates (net loans-to-deposits ratio)	104.2	110.8	91.9	90.6	91.6	1.0 p.p.
Capital adequacy ratios. %						
Common equity Tier 1 capital adequacy ratio (Basel III / Basel I)	10.6 ¹	8.6 ¹	8.9 ¹	10.2	11.4	1.2 p.p.
Total capital adequacy ratio (Tier I and Tier II) (Basel III / Basel I)	13.4 ¹	12.1 ¹	12.6 ¹	12.0	13.0	1.0 p.p.
Equity to total assets	10.3	8.0	8.7	11.1	12.7	1.6 p.p.
Asset quality ratios						
Non-performing loans to total loans outstanding (NPL ratio)	2.9	3.2	5.0	4.4	4.2	-0.2 p.p.
Provision for loan impairment to non-performing loans (NPL coverage) (times)	1.5	1.4	1.2	1.6	1.7	0.1
Provision for loan impairment to total gross loans to customers	4.5	4.7	6.0	7.0	7.1	0.1 p.p.

¹ Capital adequacy ratios for 2012 - 2015 inclusive are calculated based on the requirements of Basel I

Analysis of the Statement of Profit and Loss

General trends

The net profit of Sberbank Group under IFRS in 2017 increased to RUB 748.7 billion, which is 38.2% higher than in 2016. The Group's operating income before provisions in 2017 increased by 12.1% to RUB 1,903.3 billion, due to net interest income as well as due to net fee and commission income. In 2017, net provision charge for impairment of debt financial assets decreased by 16.1% to RUB 287.3 billion against RUB 342.4 billion in 2016. Operating expenses in 2017 decreased by 0.7% to RUB 672.8 billion primarily due to changes in methodology of calculation of depreciation expenses and telecommunication expenses. Should these amendments were not applied, the amount of operating expenses would have been RUB 694.1 billion with 2.4% increase for 2017.

	2016	2017	
		RUB bln	Change, %
Net profit of the Group	541.9	748.7	38.2
Operating income before provisions	1,697.5	1,903.3	12.1
Operating expenses	(677.6)	(672.8)	- 0.7
Provision charge for impairment of debt financial assets	(342.4)	(287.3)	-16.1

Net interest income

The Group's net interest income increased by 6.6% in 2017 to RUB 1,452.1 billion. This growth was primarily due to decrease of interest expenses on the back of reduction in interest rates on funding. Interest income of the Group decreased by 2.6%, primarily due to decrease in interest rates on the market.

Interest income of the Group, RUB bln

	2016	2017	Change
Net interest income	1,362.8	1,452.1	6.6%
Interest income	2,399.0	2,335.8	-2.6%

Factor analysis of change in the net interest income of the Group in 2016–2017, RUB bln

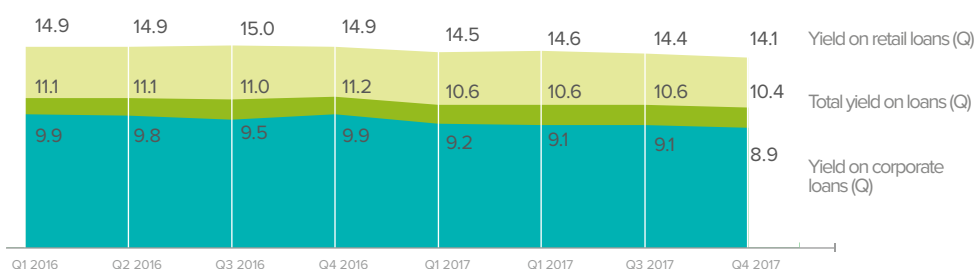
	Changes in volume	Changes in rates	Change in interest income/expenses
Assets			
Loans to corporate customers	(60.2)	(94.7)	(154.9)
Loans to individuals	40.7	(26.4)	14.3
Due from other banks	16.8	47.7	64.5
Debt securities	2.7	10.2	12.9
Change in interest income	-	(63.2)	(63.2)
Liabilities			
Due to individuals	(36.6)	86.3	49.7
Due to corporate customers	31.1	30.0	61.1
Subordinated debt	2.5	0.1	2.6
Other borrowed funds	2.8	(3.9)	(1.1)
Debt securities in issue	21.1	1.8	22.9
Due to banks	9.3	8.0	17.3
Change in interest expenses	30.2	122.3	152.5
Change in net interest income/expense	30.2	59.1	89.3

Factor analysis of interest income of the Group, RUB bln

	2016			2017		
	Average amount for the year	Interest income	Average yield, %	Average amount for the year	Interest income	Average yield, %
Loans to corporate customers	14,348.7	1,401.1	9.8	13,731.9	1,246.2	9.1
Loans to individuals	4,989.3	744.6	14.9	5,261.8	758.9	14.4
Due from other banks	1,705.3	52.4	3.1	2,253.2	116.9	5.2
Debt securities	2,889.9	200.9	7.0	2,928.7	213.8	7.3
Total earning assets	23,933.2	2,399	10.0	24,175.6	2,335.8	9.7
Provision for loan impairment of debt financial assets	(1,272.6)	,	,	(1,376.9)	,	,
Non-earning assets	3,402.6	,	,	2,919.0	,	,
Total assets	26,063.2	,	,	25,717.7	,	,

Interest expenses decreased by 14.7% in 2017 compared to 2016 and amounted to RUB 883.7 billion. This decline resulted mainly from a downward trend in cost of funding in 2017. Main reduction in interest expenses was attributed to interest expenses from corporate customers (by 24.4%), equally due to the reduction in average volume of amounts due to corporate customers in 2017 and due to the reduction in the cost of these resources. Also, the decline was recorded in interest expenses on debt securities in issue (by 26.4%), primarily due to repayment in 2017 of a number of issues of loan participation notes issued under the MTN programme of Sberbank. Interest expenses on amounts due to individuals, which is a key source of financing for the Group, continue to remain the main component of interest expenses. The share of these expenses was 62.3% in the total amount of interest expenses compared to 57.9% at the end of 2016. At the same time interest expenses on amounts due to individuals showed reduction by 8.3% in 2017, mainly due to decrease in cost of term deposits. Partly this reduction was compensated by an increase in interest expenses supported by an increase in volume of deposits of individuals.

Average loan yields, %



Interest expenses of the Group, RUB bln

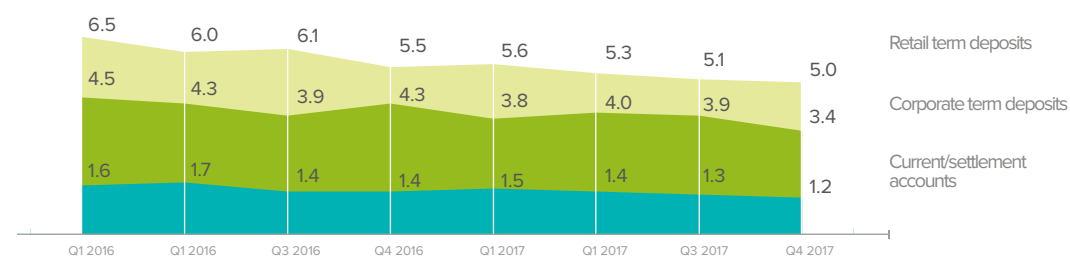
	2016	2017	Change, %
Interest expenses (including insurance expenses)	(1,036.2)	(883.7)	-14.7

Factor analysis of interest expenses of the Group, RUB bln

	2016			2017		
	Average amount for the year	Interest expenses	Average cost, %	Average amount for the year	Interest expenses	Average cost, %
Due to individuals	11,988.0	(600.2)	-5.0	12,719.0	(550.5)	-4.3
Due to corporate customers	6,993.0	(250.3)	-3.6	6,123.1	(189.2)	-3.1
Subordinated debt	778.6	(47.0)	-6.0	737.4	(44.4)	-6.0
Other borrowed funds	316.5	(10.7)	-3.4	234.4	(11.8)	-5.0
Debt securities in issue	1,299.0	(86.7)	-6.7	982.2	(63.8)	-6.5
Due to banks	758.7	(41.3)	-5.4	587.4	(24.0)	-4.1
Total	22,133.8	(1,036.2)	-4.7	21,383.5	(883.7)	-4.1
Non-interest-bearing liabilities	1,319.7			1,235.4		
Total liabilities	23,453.5			22,618.9		

On the background of lower interest rates in 2017, the cost of funds was reducing throughout the year for nearly all of the Group's liabilities. The cost of interest-bearing liabilities decreased by 0.6 pp. during the year from 4.5% in the 4th quarter of 2016 to 3.9% in the 4th quarter of 2017, supported mainly by decrease in cost of corporate and retail term deposits (-0,9 pp. to 3,4% and -0,5 pp. to 5,0%, accordingly). The decrease in interest expenses was not only due to changes in interest rates, but also due to decrease in average volumes of the Group's liabilities. For amounts due to individuals increase in volume slightly compensated reduction in interest expenses supported by an increase in average volumes of due to individuals in 2017. The share of reduction in interest expenses of amounts due to individuals amounted to 32.6% of the total amount of reduction in interest expenses of the Group for 2017.

Average customer deposit costs, %

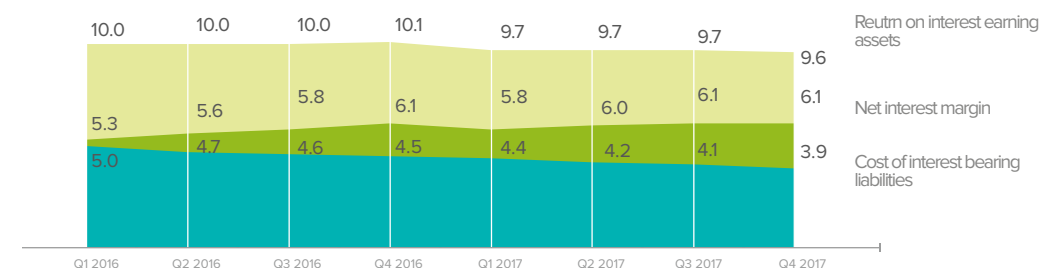


Net interest margin amounted to 6.0% in 2017, a 0.3 pp. increase compared to the ratio of 2016. Growth of net interest margin was accompanied throughout the year by significant reduction in cost of interest-bearing liabilities, which exceeded notably reduction in return on interest-earning assets. Thus, return on interest-earning assets decreased in 2017 for 0.3 pp. from 10.0% in 2016 to 9.7% in 2017, cost of interest-bearing liabilities decreased for 0.6 pp. from 4.7% in 2016 to 4.1% in 2017. Changes in net interest margin in 2017.

Changes in net interest margin in 2017

	Value
2016 NIM	5.7%
Return on corporate loans	-0.4%
Return on retail loans	-0.1%
Return on amounts due from other banks	0.2%
Structure of interest earning assets	-0.1%
Cost of amounts due to corporate customers	0.1%
Cost of amounts due to individuals	0.4%
Ratio of interest-earning assets to interest-bearing liabilities	0.2%
2017 NIM	6.0%

Yield on interest earning assets and cost of funds (quarterly), %



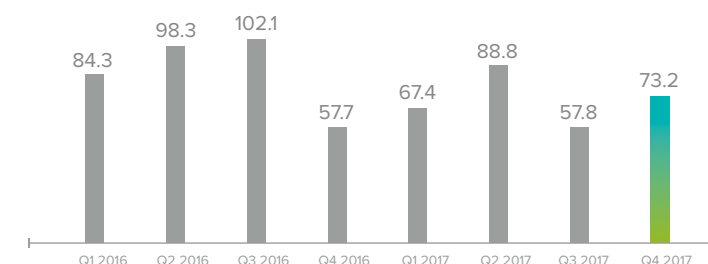
Fee and commission income and expense

In 2017, the commission income of the Group increased by 15.8% to RUB 505.1 billion. Net fee and commission income of the Group increased by 12.9% – to RUB 394.2 billion. The main driver of commission income growth was commission income received from operations with banking cards. During the year these income increased by 24.3%, or by RUB 46.0 billion, – to RUB 235.1 billion. The share of this income in the Group's commission income was 46.5%. Significant share in the Group's commission income is attributed also to commission income from cash and settlement transactions with individuals and legal entities - 36.2%. This income grew by 8.0% in 2017.

Fee and Commission Income and Expense, RUB bln

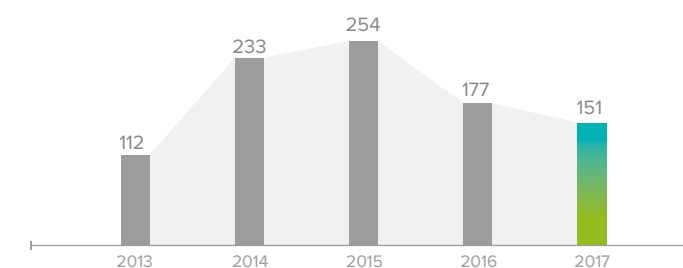
	2016	2017	Change	
			RUB bln	%
Operations with banking cards, including:	189.1	235.1	46.0	24.3
- Acquiring, commissions of payment systems and other similar commissions	145.3	182.0	36.7	25.3
- Service fees	43.5	52.3	8.8	20.2
- Other	0.3	0.8	0.5	166.7
Cash and settlements transactions	169.1	182.7	13.6	8.0
Client operations with foreign currencies and precious metals	22.0	28.0	6	27.3
Documentary commissions	25.7	26.1	0.4	1.6
Agent commissions	12.5	16.9	4.4	35.2
Securities and commodities brokerage, custodian and investment banking (including syndications) commissions	5.6	6.3	0.7	12.5
Other	12.3	10.0	(2.3)	-18.7
Fee and commission income	436.3	505.1	68.8	15.8
Commission expense on operations with banking cards	(72.4)	(99.2)	(26.8)	37.0
Other commission expense	(14.8)	(11.7)	3.1	-20.9
Fee and commission expense	(87.2)	(110.9)	(23.7)	27.2
Net fee and commission income	349.1	394.2	45.1	12.9

Net provision charge for loan impairment, RUB bln

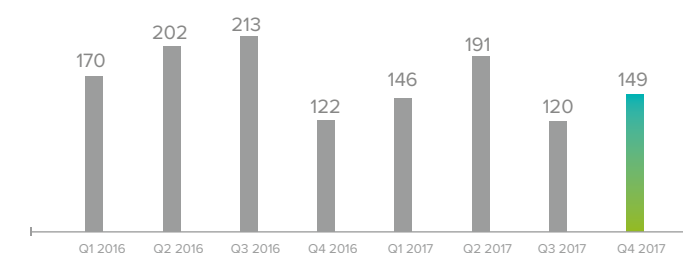


In 2017 the provision charge for loan impairment decreased by 16.1% from RUB 342.4 billion in 2016 to RUB 287.2 billion in 2017. The reason for a decrease in provision charge for loan impairment was primarily the stabilization in the quality of the Group's loan portfolio due to the gradual recovery of the Russian economy after recession. The cost of credit risk decreased by 26 b.p. during 2017 from 177 b.p. in 2016 to 151 b.p. in 2017.

Cost of risk (annual figures) (bp)



Cost of risk (quarterly) (bp)



Other operating income/expenses

Other net operating income, which include net income / (expenses) from operations with securities, derivative financial instruments, foreign currency, and net income / expenses from insurance and pension fund operations amounted to RUB 57.0 billion in 2017. In 2016 other net operating expenses were recorded which amounted to RUB 14.4 billion. The increase in other operating income in 2017 was affected by the increase in income from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation. Besides, in 2016 other net operating expenses included a negative effect of revaluation of office premises for the amount of RUB 25 billion.

Operating expenses

In 2017, the Group's operating expenses decreased by 0.7%. The most significant decrease was shown by depreciation of premises and equipment (-31.5%) driven by changes in the estimates of remaining useful life of fixed assets. Also substantial decrease was recorded by telecommunication expenses (by 13.9%) on the back of reclassification of expenses on sms-alerts. Reduction in operating expenses was supported also by decrease in expenses from foreign subsidiaries due to FX effect. Should the Group did not apply methodology changes for calculation of depreciation and telecommunication expenses, the amount of operating expenses would have been RUB 694.1 billion with 2.4% increase y-o-y, which is in line with inflation growth rate. Staff costs - the main component of operating expenses - demonstrated increase by 4.8% in 2017 driven by indexation of staff salaries. The ratio of operating expenses to operating income before provisions continued downward trend and amounted to 35.2% in 2017 compared to 39.7% in 2016 (decrease by 4.5 pp). The decrease of this ratio was supported mainly by the growth of operating income

Operating expenses, RUB bln

	2016	2017	Change	
			RUB bln	%
Staff costs	384.3	402.7	18.4	4.8
Depreciation of premises and equipment	62.8	43.0	(19.8)	-31.5
Repairs and maintenance of premises and equipment	42.5	40.5	(2.0)	-4.7
Administrative expenses	39.7	40.4	0.7	1.8
Taxes other than on income	34.1	36.8	2.7	7.9
Operating lease expenses	33.1	30.9	(2.2)	-6.6
Telecommunication expenses	29.4	25.3	(4.1)	-13.9
Amortization of intangible assets	20.2	22.9	2.7	13.4
Consulting and assurance services	12.1	12.3	0.2	1.7
Advertising and marketing services	8.7	7.8	(0.9)	-10.3
Other	10.7	10.2	(0.5)	-4.7
Total operating expenses	677.6	672.8	(4.8)	-0.7

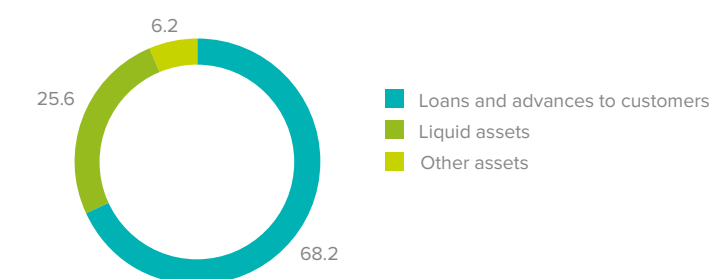
Analysis of the assets structure of Sberbank Group under IFRS

General trends

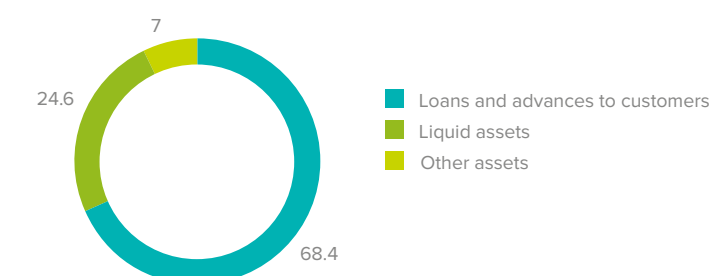
In 2017, the Group's assets increased by 6.9% – to RUB 27.1 trillion. Loans and advances to customers remain the largest category of assets: their share at the end of 2017 amounted to 68.2% of total assets. The proportion of liquid assets, including cash and cash equivalents, due from banks, securities portfolio comprised 25.6%. In 2017, the securities portfolio increased by 21.0% to RUB 3.3 trillion. The portfolio is almost totally comprised of bonds and is used primarily for liquidity management.

In 2017, the securities portfolio increased by 21.0% to RUB 3.3 trillion. The portfolio is almost totally comprised of bonds and is used primarily for liquidity management.

Liquid and other assets breakdown in 2017, %



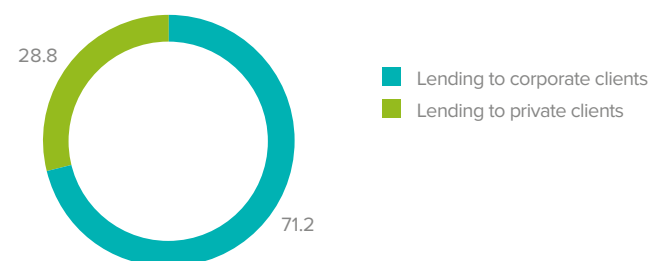
Liquid and other assets breakdown in 2016, %



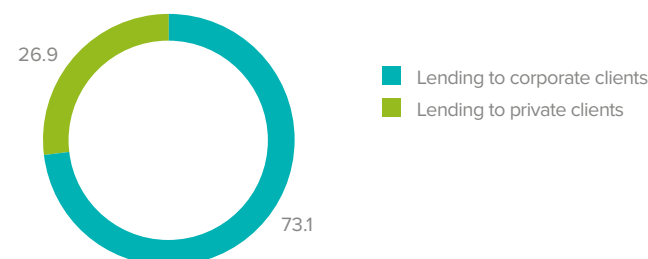
Loans and advances to customers

The total loan portfolio of the Group before provision for loan impairment increased by 6.6% y-o-y to RUB 19.9 trillion. Corporate loans increased by 4.0% in 2017. Their share in the total loan portfolio slightly decreased in 2017 compared to 2016 and amounted to 71.2% (2016: 73.1%), mainly due to increase of the share of mortgage loans in the total loan portfolio (16.1% compared to 14.8% for the previous year).

Loans and advances to customers in 2017, %



Loans and advances to customers in 2016, %



Retail loan portfolio grew by 13.6% in 2017 y-o-y and comprised RUB 5.7 trillion. The driver of growth in the retail lending was mortgage loans, which grew by 16.0% in 2017. In 2017, the share of mortgage loans slightly increased and continued to remain the main component of the retail loan portfolio: 55.8% against 54.7% in 2016. Sberbank's domestic market share in mortgage loans reached 55.6%. The increase in mortgage loans was supported by other classes of retail loans. Thus, credit cards and overdrafts grew by 15.7%, consumer and other loans to individuals showed growth of 9.6% in 2017.

Structure of the credit portfolio of the Group

	2016		2017	
	RUB bln	% of total	RUB bln	% of total
Commercial loans to legal entities	9,916.0	53.2	10,468.1	52.6
Specialized loans to legal entities	3,717.0	19.9	3,706.5	18.6
Mortgage loans to individuals	2,750.9	14.8	3,190.6	16.1
Consumer and other loans to individuals	1 574.1	8.4	1,725.9	8.7
Credit cards and overdrafts	586.9	3.1	678.9	3.4
Car loans to individuals	119.8	0.6	121.2	0.6
Total loans and advances to customers before provision for loan impairment	18,664.7	100	19,891.2	100.0

Quality of the loan portfolio

The provision coverage level of the total loan portfolio before provision for loan impairment comprised 7.1% as at the end of 2017, remaining almost unchanged compared to 2016 (7.0%). In 2017, the proportion of NPL90+ (non-performing loans with interest payments and/or principal overdue more than 90 days) in the Group's total loan portfolio decreased from 4.4% to 4.2%. At the same time, the provision coverage of non-performing loans (NPLs) in 2017 increased to 1.7 times as at the end of 2017 compared to 1.6 times as at the end of 2016.

Restructured loans before provision for loan impairment decreased by 2.2% compared to 2016; its share in the total loan portfolio comprised 5.9% as at December 31, 2017 (6.5% as at December 31, 2016). The provision coverage of non-performing loans (NPLs) combined with

Analysis of the liabilities and equity of the Group

restructured non-NPLs increased to 83.1% as at December 31, 2017, compared to 74.6% as at December 31,

2016.

Securities portfolio

The Group's securities portfolio is represented mainly by debt instruments (97.1%) 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 41.2%, which grew by 3.7 p.p. compared to 2016. The proportion of corporate bonds in the portfolio structure comprised 34.4% as at the year-end 2017 with 0.8 p.p. increase y-o-y.

The share of corporate bonds with investment rating comprised 32.1% in the Group's total portfolio of corporate bonds (as at the end of 2016 – 27.1%). The share of securities pledged under repurchase agreements increased from 4.2% to 7.9% in 2017.

Structure of the securities portfolio of the Group

	2016		2017	
	RUB bln	% of total	RUB bln	% of total
Russian federal loan bonds (OFZ bonds)	1,019.1	37.5	1,355.2	41.2
Corporate bonds	913.9	33.6	1,132.6	34.4
Foreign government and municipal bonds	348.6	12.8	292.8	8.9
Russian Federation Eurobonds	273.6	10.1	235.1	7.2
Russian municipal and subfederal bonds	78.7	2.9	122.1	3.7
Mortgage-backed securities	0.0	n.a.	45.6	1.4
Bonds of the Bank of Russia	0.0	n.a.	10.2	0.3
Promissory notes	0.4	0.0	1.4	0.0
Total debt securities	2,634.3	96.9	3,195.0	97.1
Corporate shares	71.0	2.7	83.1	2.6
Investments in mutual funds	12.2	0.4	11.3	0.3
Total securities	2,717.5	100.0	3,289.4	100.0

Credit rating debt securities portfolio breakdown

	2016		2017	
	RUB bln	% of total	RUB bln	% of total
Investment rating	1,533.5	58.2	1,956.4	61.2
Speculative rating	1,051.7	39.9	1,128.1	35.3
Not rated	49.1	1.9	110.5	3.5
Total debt securities	2,634.3	100.0	3,195.0	100.0

General trends

The Group's liabilities structure is dominated by amounts due to individuals and corporate customers, total amount of which comprised RUB 19.8 trillion as at 31 December 2017, or 83.7% of liabilities. In general, the Group's liabilities increased by 5.0% to RUB 23.7 trillion in 2017.

Customer deposits

Amounts due to customers increased by 6.0% in 2017. Amounts due to individuals increased by 7.8% to RUB 13.4 trillion with term deposits demonstrating growth of 4%. In 2017 the share of due to individuals increased slightly in the total structure of the Group's liabilities compared to 2016 and comprised 56.7% (2016: 55.2%). Thus, amounts due to individuals continue to remain the main source of financing for the Group. The volume of corporate customers increased by 2.5% to RUB 6.4 trillion.

Customer deposits of the Group

	2016		2017	
	RUB bln	% of total	RUB bln	% of total
Due to individuals				
- Current/demand accounts	2,478.9	13.3	3,052.2	15.5
- Term deposits	9,970.7	53.3	10,368.1	52.2
Total due to individuals	12,449.6	66.6	13,420.3	67.7
Due to corporate customers				
- Current/settlement accounts	1,982.3	10.6	2,204.8	11.1
- Term deposits	4,252.9	22.8	4,189.1	21.2
Total due to corporate customers	6,235.2	33.4	6,393.9	32.3
Total	18,684.8	100.0	19,814.2	100.0

Debt securities issued by the Group

Debt securities issued by the Group, RUB bln

	2016	2017	Change	
			RUB bln	%
Savings certificates	482.6	374.9	(107.7)	-22.3
Loan participation notes issued under the MTN programme of Sberbank	473.9	302.5	(171.4)	-36.2
Bonds issued:				
- on the local market	84.3	133.2	48.9	58.0
- on international capital markets	21.1	16.0	(5.1)	-24.2
Promissory notes	92.4	103.4	11.0	11.9
Bonds issued under mortgage securitization programme of Sberbank	5.5	3.9	(1.6)	-29.1
Deposit certificates	1.2	0.7	(0.5)	-41.7
Total debt securities in issue	1161.0	934.6	(226.4)	-19.5

The volume of debt securities in issue decreased by 19.5% in 2017. The decline was mainly due to appreciation of Russian Rouble and repayment of a number of debt securities. Loan participation notes issued under the MTN programme of Sberbank decreased by 36.2% due to repayment of a number of issues. Savings certificates decreased by 22.3%. At the same time bonds issued on the local market showed considerable growth (by 58.0%) due to additional funds attracted by Sberbank in 2017 on the Russian market under the programme of exchange-traded bonds denominated in Russian Roubles. Also growth was shown by promissory notes, which increased by 11.9% in 2017.

Equity of the Group

Equity of the Group, RUB bln

	2016	2017	Change	
			RUB bln	%
Share capital	87.7	87.7	-	0.0
Treasury shares	(7.9)	(15.3)	(7.4)	93.7
Share premium	232.6	232.6	-	0.0
Revaluation reserve for office premises	66.9	60.8	(6.1)	-9.1
Fair value reserve for investment securities available-for-sale	24.0	35.3	11.3	47.1
Foreign currency translation reserve	(19.8)	(26.4)	(6.6)	33.3
Remeasuments of defined benefit pension plans	(1.1)	(1.3)	(0.2)	18.2
Retained earnings	2,435.7	3,058.6	622.9	25.6
Total equity attributable to shareholders of the Bank	2,818.1	3,432.0	613.9	21.8
Non-controlling interest	3.5	4.0	0.5	14.3
Total equity	2,821.6	3,436.0	614.4	21.8

Capital Adequacy Ratio of the Group

Capital Adequacy Ratio of the Group (Basel III), RUB bln

Indicator	2016	2017
Tier 1 capital		
Share capital	87.7	87.7
Share premium	232.6	232.6
Retained earnings	2,435.7	3,058.6
Non-controlling interest	4.4	4.4
Treasury shares	(7.9)	(15.3)
Revaluation reserve for office premises	66.9	60.8
Fair value reserve for investment securities available-for-sale	24.0	35.3
Foreign currency translation reserve	(11.8)	(21.0)
Remeasurement of defined benefit pension plans	(0.7)	(1.0)
less goodwill	(11.3)	(8.0)
less intangible assets	(45.0)	(60.8)
Other deductions from capital	(8.7)	(12.7)
Tier 1 capital	2,765.9	3,360.6
Tier 2 capital		
Eligible subordinated debt	475.9	459.7
Tier 2 capital	475.9	459.7
Total capital	3,241.8	3,820.3
Risk weighted assets (RWA)		
Credit risk	23,443.0	25,245.7
Operational risk	2,736.0	3,092.8
Market risk	849.3	1,158.3
Total risk weighted assets (RWA)	27,028.3	29,496.8
Common equity Tier 1 capital adequacy ratio (Common equity Tier 1 capital to Total RWA), %	10.2	11.4
Tier 1 capital adequacy ratio (Tier 1 capital to Total RWA), %	10.2	11.4
Total capital adequacy ratio (Total capital to Total RWA), %	12.0	13.0

Common equity Tier 1 capital adequacy ratio under Basel III comprised 11.4% as at 31 December 2017. Total capital adequacy ratio under Basel III amounted to 13.0% as at the year-end 2017, which is significantly higher than the baseline set by Basel Committee (8%). Capital adequacy ratios demonstrated increase in 2017 compared to 2016 driven by anticipatory growth of the Group's equity in comparison with the growth of risk weighted assets.

Foreign subsidiary banks



Foreign subsidiary banks

SB Sberbank JSC



Economic conditions in 2017

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

Key indicators (Management report)

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

Market position

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

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

Priorities of the Strategy for 2020

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

BPS-Sberbank OJSC



Economic conditions in 2017

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

Key indicators (Management report)

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

Market position

- third place in the banking market in terms of assets with a 6.6% share (7,8% in 2016)
- second place by volume of loans to the public, with a market share of 5%
- first place by assets among banks with foreign capital
- leader in the Republic among banks with foreign capital in terms of CIR

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

Priorities of the Strategy for 2020

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

Kazakhstan

Republic of Belarus

Sberbank PJSC



Economic conditions in 2017

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

Key indicators (Management report)

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

Market position

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

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

Priorities of the Strategy for 2020

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

Ukraine

DenizBank A.S.



Economic conditions in 2017

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

Key indicators (Management report)

	2016	2017
Assets, RUB bln	2,316	2,426
Capital, RUB bln	194	206
ROE	17.0%	15.4%
ROA	1.4%	1.3%
CIR	43.2%	40.8%
Number of personnel, thousands	14.8	14.1

Market position

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

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

Priorities of the Strategy for 2020

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

Turkey

Sberbank Europe AG



Central and Eastern Europe

Economic conditions in 2017

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

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

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

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

Market position

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

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

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

Key indicators (Management report)

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

Priorities of the Strategy for 2020

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

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

Risk report

Risk management principles

The risk management system is part of the Group's overall management system and aims to ensure sustainable development as part of the implementation of the Sberbank Development Strategy 2020. The Group's risk management system is formed and takes account of the requirements of the Bank of Russia and regulations of the Russian Federation, and also the recommendations of the Basel Committee on Banking Supervision.

The Group is constantly improving the risk management system, consistently implementing and improving risk management methods and processes both at an integrated level, and also at the level of management systems designed for individual risk types.

One of the key achievements of the Bank in 2017 was to obtain permission to assess credit risks on the basis of an Internal-Ratings Based Approach (hereinafter IRB). The permit was issued by the Banking Supervision Committee of the Bank of Russia on 16 November 2017 and entered into force on January 1, 2018 after the adoption of a decision by the Supervisory Board to apply the IRB approach.

The transition to IRB will enable Sberbank to assess credit risk more accurately for the purpose of calculating capital adequacy requirements, and also to deploy a strategic business management system, with due account of consumed capital in accordance with global best practices.

Below we provide an executive risk management summary of the Group. If you would like more detailed information on the Group's risks, we suggest you take a look at the report "Information on Assumed Risks, Risk Assessment Procedures, Risk and Capital Management of the Banking Group" on the corporate website of Sberbank www.sberbank.com.

Risk and Capital
Management Strategy



The underlying principles are determined in the Risk and Capital Management Strategy of Sberbank Group. Second version of the strategy was approved by the Supervisory Board in April 2017 (you can study the Strategy by clicking [here](#)).

Risk awareness

A decision to perform any transaction is only taken after a comprehensive analysis of the risks resulting from this transaction.

Risk-adjusted performance management

Priority lines of development and allocation of capital are determined based on the analysis of the risk-adjusted performance figures of individual indicators and lines of business.

Involvement of senior management

The Supervisory Board, the CEO, the Chairman of the Executive Board, Executive Board and other collective bodies of Sberbank, and also the supervisory boards and executive boards of Group members, review reports on the level of assumed risks and instances of violations of established risk management procedures, limits, and limitations on a regular basis.

Risk restrictions

The Group has put in place a system of limits and restrictions, ensuring the maintenance of an acceptable risk level within the framework of the Risk Appetite of the Group.

Allocation of functions, powers and responsibility

The allocation of functions and responsibility between the divisions of Sberbank and Group members is in accordance with the "three lines of defense" principle.

Centralized and decentralized approaches

The Group combines centralized and decentralized approaches towards risk management and capital adequacy to achieve maximum efficiencies.

Use of information technologies

Management of risks and capital adequacy is based on use of state-of-the-art information technologies that help improve the quality and promptness of decision making.

Material risks of the Group

Improvements in methods

Risk and capital adequacy management methods are continuously being enhanced, while procedures, technologies, and information systems are being improved with due account of established strategic objectives, changes in the external environment, and innovations in international practice.

Risk culture

The Group is implementing a project to develop its risk culture and to encourage employees to openly discuss and respond to existing and potential risks and to be intolerant to any attempts to disregard or keep quiet about risks and the risky behavior of other people.

The risk culture supplements the formal existing mechanisms and constitutes an integral part of the integrated risk management system.

The risk culture development, is formed through three key channels: the personal example of management , general banking communications and training. At the end of 2017 89% of Sberbank employees had attended risk management training programs. Management delivered risk culture communications to the employees of respective divisions in most business units and covered over 80% of the employees of Sberbank Group. Similar activity started at subsidiary banks.

Regular information-awareness campaigns are conducted through general banking communications channels, propagating targets for risk-oriented behavior.

Risk-based incentive system

The remuneration system in place at the Group ensures that the amount of remuneration of employees is in line with the nature and scope of their operations and performance, and the level and combination of the assumed risks.

Information disclosure

All the information required in compliance with the requirements of the regulators related to risk and capital adequacy management must be timely disclosed.

Bank manages all the material risks discovered as a result of the annual procedure for identifying and assessing the materiality of the risks.

Material risks of the Group in 2017:

Credit risk

- Credit migration risk
- Credit concentration (regarding credit risk)
- Residual risk
- Counterparty risk on financial market transactions
- Country risk

Market risk

- Trading Book
 - Currency risk
 - Interest rate risk on trading positions
 - Market credit spread risk
 - Commodity risk
 - Volatility risk

Banking Book

- Currency risk
- Interest rate risk
- Market credit spread risk of the bank book securities
- Real estate risk

Operational Risk

- Operational risk
- Legal risk
- Cyber security risk

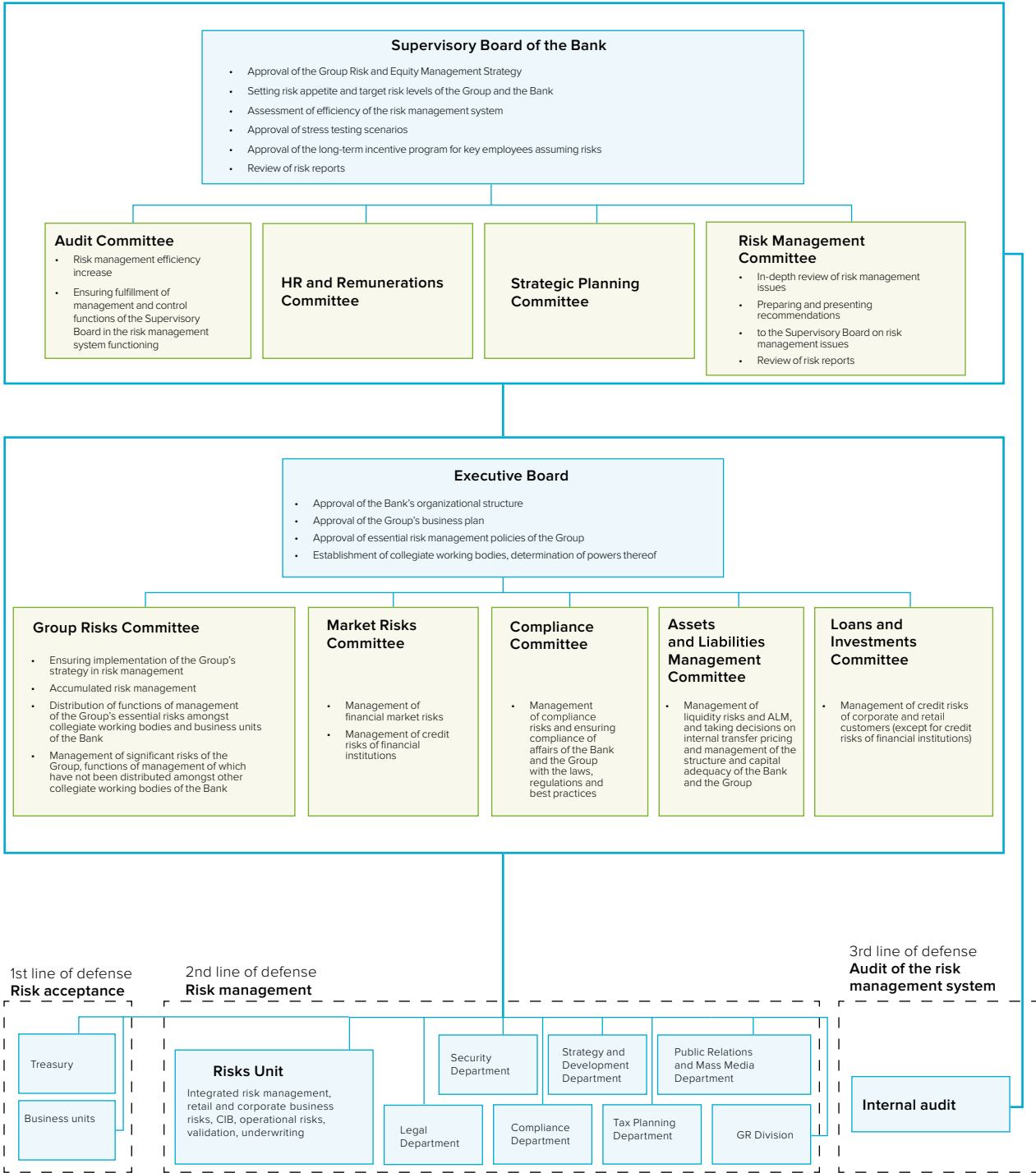
Liquidity Risk

- Physical liquidity risk
- Regulatory liquidity risk
- Structural liquidity risk (concentration risk)

Other Risks

- Tax risk
- Reputation risk
- Compliance risk
- Business risk
- Technology risk
- Venture risk
- Regulatory risk
- Model risk
- Strategic risk
- Social and environmental risks
- Participation risk

Authority and responsibility in risk management



Risk appetite

Risk appetite is the maximum total level of risk that the Group, Sberbank, or a Group participant is willing to assume during the process of creating shareholder value and achieving its strategic goals, including target profitability indicators.

The risk appetite is established for the Group, Sberbank and Group members with due account of the requirements of the Bank of Russia and the regulators of the countries where the Group has a presence.

The risk appetite is established from a strategic planning perspective at least once a year. The Supervisory Board of Sberbank considers the issue of whether the Risk Appetite of the Group or Sberbank needs to be changed. Individual Risk Appetite limits may be updated during the financial year if economic circumstances change and/or if the Bank of Russia changes its requirements on credit institutions (changes to existing ratios and/or the introduction of new ratios).

On September 12, 2017 the Supervisory Board of Sberbank approved an updated three-tier system of the Risk Appetite indicators of Sberbank:

- The first tier contains key risk indicators (the target rating, capital adequacy, the quality of the credit portfolio and liquidity)
- The second tier contains the limits on economic capital by lines of business and risk types
- The third tier includes all the other indicators.

The updated Risk Appetite covers all types of risks, divisions and lines of business.

Management of significant risks

Integrated risk management process

The integrated risk management process includes the following stages:

- Risk Identification and assessment of their materiality – The goal of the stage is to identify all the material risks that affect the Group’s activities.
- Planning of the level of exposure to the risks – The goal of the stage is to identify the target level of the risks by factoring in the risk metrics in the business plan.
- Establishment of the Risk Appetite of the Group and Group members – The goal of the stage is the approval by the Supervisory Board of Sberbank of the maximum permissible level of risks and also to form a system of limits and restrictions that make it possible to comply with the established Risk Appetite of the Group.
- Management of the aggregate risk level – The goal of the stage is to ensure the compliance of the level of risks with target levels.

A management system is formed in bank in respect of all material risks.

In the case of corporate clients, credit institutions, constituent entities of the Russian Federation, municipalities, insurance and leasing companies, the assessment is performed on the basis of a credit rating system, and also through the construction of cash flow forecasting models or other material indicators

In the case of individuals and microbusinesses the assessment is performed based on a solvency rating and scoring model.

In the case of corporate credit risks, a multi-tier system of limits has been developed and is used to limit the risk on lending and transactions on financial markets. The high-level limit for such operations is SNL (Single Name Limit) or “individual limit”, which makes it possible to monitor the anticipated losses resulting from the default of borrows of related borrowers. The level of the limit determined based on the assessment of the financial and non-financial position of the borrower.

The Bank identifies separately country limits that restrict the geographical concentration of risks of the Group (except for risks in the Russian Federation) and do not restrict the risks on transactions with individual counterparties.

Counterparty credit risks on transactions on financial markets are managed as part of the unified system of limits for the Group. The system of limits for credit counterparty risks has two tiers: overall limit for the counterparty and portfolio limits broken down by group transactions.

- As part of retail credit risks established limits are grouped as follows:
- structural limits (lending based on the scheme, product /group of approved products);
 - limits on the powers of the collegiate body and personal limits;
 - concentration limits based on the value of the credit products provided to a borrower);
 - limits on the lending division.

The Group pays close attention to monitoring the concentration of credit risks and compliance with the prudential requirements of the regulator.

To comply with the requirements established by the Bank of Russia on the statutory ratios R6, R21 (maximum risk per borrower or group of related borrowers) and R7, R22 (maximum amount of major credit risks), the Bank maintains and monitors a list of major and related borrowers.

Sberbank’s largest borrowers include representatives of different sectors of the economy. Consequently, the credit risk is diversified adequately. To improve the quality of the loan portfolio, Sberbank is developing credit sector strategies. In 2017, such strategies were approved by major industries.

Credit risk

The Credit Risk Management Policy aims to increase the competitive advantages of the Group by expanding the range of counterparties and list of products, reduction in the level of implemented credit risks, and optimizing the industry, regional and product structure of credit portfolios.

The Group applies the following credit risk management policies:

- preventing risk by identifying, analyzing and assessing potential risks at the stage preceding the performance of transactions;
- planning the level risk by assessing the level of anticipated losses;
- implementing unified risk assessment and identification processes;
- limiting risks by establishing limits;
- establishing provisions to cover potential losses on disbursed credits;
- structuring transactions;
- managing the security of transactions;
- applying a system of authorities when adopting decisions;
- monitoring and controlling the risk level;
- auditing the functioning of the credit risk management system.

Credit risk is assessed for the Group as a whole and also for individual asset portfolios, counterparties, countries, geographical regions, types of economic activity.

For the purpose of improving the efficiency of bad debt management during the retail recovery process, individual risk strategies were implemented at the Group in 2017, where events are appointed on the basis of mathematical models, the functionality of the automatic calculation of proposals on the restructuring and also deployed additional automation tools, which make it possible to reduce costs on the recovery process.

The main tool used to reduce the credit risk rating is collateral. The need to accept collateral and the volume of assumed collateral depends on the risk of the borrower/transaction and is fixed against the backdrop of the credit products. The quality of the collateral is determined by the likelihood that funds will be obtained in the amount of the anticipated collateral value in the event of levy of execution on the collateral or its sale. Appraisal of the collateral value is made based on the internal expert assessment of the Group's specialists or a valuation of independent appraisers, or based on the discounted cost of the collateral in the financial statements of the borrower. Use of the sureties and guarantees of solvent corporate and private clients and for the adjustment of credit risk indicators requires the same assessment of the risks of the surety/guarantor as the borrower. The Group monitors regularly the pledged assets to oversee the quantitative, qualitative and cost parameters of the pledged assets, their legal appurtenance, and storage and maintenance terms.

The Group has a multidimensional system of authorities, which makes it possible to determine the decision-making level for each loan application. Each regional division – Group member is assigned a risk profile that determines the authorities of this division to adopt independent decisions, depending on the risk category of the application. In turn, the risk category of the application is contingent on the aggregate limit and risk category of the borrower/group of related borrowers and also the category of the credit product.

To cover anticipated losses from the realization of the credit risk the Group establishes provisions in accordance with the requirements of the Bank of Russia, banking regulators and IFRS.

The overdue debt and bad debt recovery processes in the Group are based on the principle of maximum automation and standardization, which eliminates the human factor at different levels of work with bad debt and makes it possible to apply a uniform approach to the debt recovery process. The Group constantly monitors processes for the recovery of bad debt at all collection stages. If it identifies triggers attesting a decline in the level of effectiveness of the collection or growth in the distressed portfolio in certain regions, client or product segments, the Group optimizes the recovery and lending process.

During the settlement of bad debts, the Group uses a set of tools that complies with global practices: remote communications, on-site visits, debt restructuring, work with debt collection agencies, judicial and enforcement proceedings, etc. The application of a certain tool is determined by a flexible strategy, depending on the risk level of the client and the loan.

Market risk of the trading book

The market risk management policy of the trading book is focused on the optimization of the market risk and its compliance with the established Risk Appetite.

The Group uses the VaR method as the main market risk assessment method. This metric assesses maximum portfolio losses with a predetermined time period and predetermined probability (confidence level) on the “normal” market. The “normal” market is characterized by the dynamics of market factors (quotations of currencies/shares/commodities, interest rates) in the absence of a systemic crisis or adverse events in the economy and banking sector.

- VaR is calculated based on the following assumptions:
- the range of historical data used for calculation is two years;
 - VaR is calculated for a period of 10 business days during which the positions exposed to market risk can on average be closed (or hedged);
 - A 99% unilateral confidence probability level is used, which means that losses exceeding VaR are expected for one out of 100 periods.

The VaR metric at the level of each portfolio is subject to regular back testing in accordance with the requirements of the Basel Committee on Banking Supervision. When assessing market risk, the Group also factors in shortcomings in the VaR method.

Taking into account these shortcomings in the VaR method, the Group supplements it with market risk estimates using scenario analysis and stress testing methodology.

Market risk management is performed on a portfolio basis. The main management tool is the establishment of the limits of market risks for separate portfolios. The limits are established on the four hierarchy

Interest rate risk for trading positions

Limits on the portfolio structure by maturity/expiration, limits of sensitivity to a change in interest rates, limits of maximum losses (stop-loss), limits of the value at risk (VaR), limits on the stress test results are established to limit the interest rate risk.

Market credit spread risk

The Group manages the risk by setting limits on the sensitivity to changes in the market credit spread broken down by the currency of the asset, the country of the issuer, and the maturity date. The maximum loss limits (stop-loss) and limits on the value at risk (VaR) are also established.

Currency risk

For the purpose of limiting the currency risk of transactions on financial markets, limits on the open currency position for all portfolios of transactions, stop-loss limits sensitive to currency risk, and also limits of the value at risk (VaR) and stress test results are established.

Commodity risk

For the purpose of restricting the commodity risk on the trade book, limitations are introduced on the list of commodity products for trading in the portfolio, and limits on the amount of investments in specific commodities, limits for maximum losses (stop-loss), and limits for the value at risk (VaR) are established.

Volatility risk

Stress test limits and limits on sensitivity indicators are established for options.

levels, starting with the aggregate level and ending with the limits of the separate sub-portfolios or strategies. The upper limits represent the metrics of the Risk Appetite of the Group.

In the event of an abrupt change in the market conditions and capital adequacy, the procedure for a rapid decrease in credit risk limits is applied.

- Unified rules for distributing and demarcating authorities during market risk management are applied in all Group members.:
- Separation of functions (performance of transactions on financial markets, accounting for these transactions, management of the risks of corresponding transactions) based on lines of independent subordination (both administrative and functional) in order to rule out conflicts of interest.
 - Delegation of liability for allocation of the Risk Appetite, broken down by business units, Group members and other units of concentration.
 - Joint adoption of decisions on the management of market risk with the participation of the divisions responsible for the performance of transactions on financial markets, and the divisions responsible for managing market risk (including the monitoring of market risk).

The market risk of transactions on financial markets is monitored by divisions that do not depend organizationally on the divisions concluding transactions on the financial markets. The risk monitoring process implies the uninterrupted control of trading transactions at all stages of the operational process.

Market risk on transactions on financial markets is managed at the Group through a system of management bodies adopting decisions, depending on the risk level and the hierarchy of portfolios. Such a system makes it possible to achieve operating efficiencies and ensure the flexibility of the adopted decisions.

Market risk of the banking book

Interest rate and currency risks of the banking book

- The main goals of managing the interest rate and currency risks of the banking book are:
- to limit possible financial losses and to ensure financial sustainability;
 - to comply with the regulatory requirements established by the Bank of Russia and local regulators;
 - to limit risk by determining the Risk Appetite ;
 - to maintain the level of the risk within the framework of the established Risk Appetite.

- The following metrics are used primarily at the Group to assess the interest rate and currency risks of the banking book:
- change in net interest income in the event of a predetermined change in interest rates (paralleled or unparalleled shift in the interest rate curve) based on the preset time horizon. A change in net interest income is used to assess the impact of the interest rate risk on the financial performance of the Bank and the Group in the short term (up to a year) and medium term (as a rule, up to three years).
 - change in the fair value of the instruments of the banking book discounted at the current fair value, based on a predetermined change in the interest rates used to calculate the current fair value of such instruments.
 - the regulatory open currency position reflects the structure of open positions for the Group and Group members, which is calculated in accordance with the requirements of the Bank of Russia;
 - the economic open currency position reflects the sensitivity of the financial performance to a change in the exchange rates of foreign currencies and prices for precious metals.

The economic capital metric is used to assess capital requirements to cover the interest rate and currency risks (the amount of capital required to cover unforeseen losses arising in the event of the realization of the risk, based on a preset time horizon with the present confidence probability level).

Internal and external scenarios are used to calculate economic capital and perform stress testing based on the interest rate risk, including in accordance with the recommendations of the Basel Committee, and also modeling of losses using the Monte Carlo method. The forecasting of possible changes in interest rates is performed separately for significant currencies, accounting for more than 5% of the balance sheet structure in the form of assets or liabilities.

To improve the quality and accuracy of the interest rate risk and currency risk assessment models, the Group uses behavioral adjustment models in order to calculate the impact of customer behavior on cash flows, including depending on interest rate and exchange rate dynamics.

Within the framework of interest rate risk management, a target position on interest rate risk in rubles for the Bank and target values of the volumes and maturity structure of the main assets and liabilities have been established as part of the business plan of Sberbank Group, which ensure the attainment of the target interest rate position.

The table below shows the influence of shock changes in interest rates to the net interest income of the Group for one year as for December 31, 2017 and December 31, 2016¹:

	Decrease in interest rates		Increase in interest rates	
	for December 31, 2017	for December 31, 2016	for December 31, 2017	for December 31, 2016
Russian ruble				
Change in interest rates, basis point	(400)	(400)	400	400
Change in net interest income, RUB million	116,595	100,345	(116,595)	(100,345)
US dollar				
Change in interest rates, basis point	(200)	(200)	200	200
Change in net interest income, RUB million	(7,405)	(8,858)	7,405	8,858
Turkish lira				
Change in interest rates, basis point	(400)	(400)	400	400
Change in net interest income, RUB million	13,757	20,637	(13,757)	(20,637)
Euro				
Change in interest rates, basis point	(200)	(200)	200	200
Change in net interest income, RUB million	(3,620)	(4,095)	3,620	4,095

The Bank monitors continuously the current level of the interest rate risk of the banking book, control over compliance with limits and also analysis of the dynamics of interest rate risk indicators.

The main sources of the currency risk of the banking book are:

- operations relating to the establishment and dissolution of provisions on outstanding loans in a foreign currency;
- loan restructuring transactions regarding a change in the currency of the debt;
- foreign currency income and expenses.

Limits on open currency positions have been established at the Group to limit the currency risk for the divisions of the Bank and individual subsidiaries.

The Sberbank Treasury calculates the cumulative value of the open currency position of the Group on a monthly basis and monitors compliance with group limits.

¹ Here "for" means as of close of business.

The cumulative value of the opening currency position of Sberbank Group for the banking and trading books¹

	for 31.12.2017			for 31.12.2016		
Currency	US dollar	Euro	Swiss franc	US dollar	Euro	Gold
Open currency position, RUB million	14,932	39,113	(27,076)	17,998	(21,958)	(6,521)
Open FX position, % of capital	0.4	1.0	0.7	0.5	0.6	0.2

Risk of the market credit spread of the securities of the banking book

The risk of the market credit spread of the securities of the banking book – is the risk of losses or a decrease in the capital of the bank as a result of a fall in the market prices of the securities portfolio available for sale as a result of an adverse change in market credit spreads.

In 2017 bank established a risk management system for this type of risk and also implemented corresponding procedures for the monitoring. The risk is assessed by using VaR metric which is calculated using the Monte Carlo method. A corresponding value of VaR is used as economic capital to such risk.

Real estate risk

The real estate risk may materialize in the event of the sale or revaluation of real estate property at a loss. The real estate risk management system includes the following components:

- identification and assessment of the risk before the performance of operations (transactions);
- application of the system of authorities during decision-making;
- limitation on the risk through the establishment of the limits;
- decrease in the risk by refraining from individual operations (transactions) and by reducing the Group's own real estate portfolio;
- coverage of anticipated losses by establishing loan loss provisions;
- assessment of economic capital on the coverage of unexpected losses;
- performance of an independent cost expert valuation as part of the procedure for approving transactions (audit of the arm's length principle);
- constant monitoring and control of the level of the real estate risk.

The key real estate risk indicators are:

- the risk exposure – the current value of the Group's real estate portfolio, net of accrued depreciation, loss and impairment provisions for the real estate for sale purposes obtained during the settlement of bad debt;
- the economic capital or the real estate risk – the amount of the capital required to cover possible losses from the real estate risk for a horizon of one year. The weight of this risk type in the overall structure of Sberbank's economic capital remains stable at a low level.

¹ The table presents the three biggest open currency positions calculated in accordance with Instruction No. 509-P of the Bank of Russia in aggregate for the banking and trading books.

Liquidity risk

The Group is exposed to liquidity risk because it does not accumulate cash in instances of the one-time discharge of all existing liabilities. Instead, the Group assesses the adequate level of cash and liquidity provisions to discharge liabilities at different time horizons based on the current state of the market, assumptions on future dynamics of balance-sheet items, and accumulated historical data.

The goal of risk liquidity management is to ensure the ability of the Bank and other Group members to perform all its obligations to clients and counterparties unconditionally and on time, while complying with regulatory requirements both in normal business conditions and also in crises.

The following types of liquidity risk are singled out:

- **funding liquidity risk** – the risk that the Bank or a Group participant will be unable to fulfil its obligations to clients and counterparties in a certain currency or in precious metal due to a shortage of cash or non-cash funds (inability to make payments, issue loans, etc.);
- **regulatory liquidity risk** – the risk of a violation of the mandatory liquidity requirements of the Bank of Russia (for example, N2, N3, N4, N26, N28) and the mandatory liquidity requirements established by local regulators in the countries where Group participants and Bank branches have a presence;
- **structural liquidity risk (concentration risk)** – the risk of a significant deterioration of funding or regulatory liquidity due to imbalances in the structure of assets and liabilities, including a high dependence of the liability base on one or several clients or sources of funding in a specific currency or for a specific term.

Liquidity risk management is assessed primarily through:

- calculation of the risk metrics that correspond with the requirements of local regulators, and also internal metrics are calculated;
- forecasting of the balance sheet (top down approach), which makes it possible to calculate the required funding and liquidity buffer taking into account the conjuncture in the debt capital markets and the availability of specific sources of funding. This approach is used during business planning and development of the Funding Plan;
- forecasting of the balance sheet (bottom up approach), which makes it possible to calculate the liquidity profile for future periods on the basis of a cash flow forecast, taking into account the expected customer behavior and business development forecasts from business units. This approach is used during operational management of liquidity risk in the short and medium term;
- scenario analysis for the purpose of determining potential liquidity requirements against the impact of different risk factors;
- stress testing for the purpose of determining the amount of the liquidity buffer required to ensure the operations of Group members in the event of the materialization of each of the following scenarios: market crisis, reputation crisis or both crises simultaneously.

To improve the quality of the risk assessment , the Group develops and implements behavioral adjustment models which accounts the impact of client behavior on cash flows.

To limit the liquidity risk, the Group uses a system of indicators:

- Loan to Deposit Ratio (LDR)
- R26 – Ratio of the current liquidity of a banking group determined by Regulations No. 509-P of the Bank of Russia dated March 12, 2015
- Survival horizon – it indicates the maximum time in days during which the bank will be able to discharge its liabilities in the event of the materialization of the stress scenario, using the available liquidity buffer.

The Group manages the current liquidity ratio factoring in a change in the structure of claims and liabilities broken down by currencies, inter alia the funding requirements of major members of the Group. The Group maintains reserves of highly liquid assets adequate for compliance with the ratio not only for currencies taken in aggregate,

Operational risk

but also broken down by each significant foreign currency. The Bank establishes a multi-tier system of limits, which ensures unconditional compliance with the minimum permissible level of the ratio established by the Bank of Russia in different scenarios.

The system of liquidity risk management includes the following elements:

- accounting of liquidity risk during the pricing of products;
- accounting of liquidity risk in the internal transfer pricing system;
- use of an incentive mechanism for divisions that depends on the level of liquidity risk management;
- liquidity risk assessment when introducing new banking products;
- assessment of the impact of major transactions on liquidity risk and statutory requirements;
- management of the liquidity buffer;
- development of an action plan on restoring financial sustainability against the backdrop of a liquidity crisis.

To mitigate the liquidity risk, the Bank and Group members:

- maintains a stable and differentiated structure of liabilities;
- invests in liquid financial assets diversified by types of currencies and maturity to quickly and effectively fill in unexpected liquidity gaps;
- controls the use of existing liquidity reserves;
- maintains relations with counterparties on financial markets in order to raise funds within the shortest possible timeframes in the event that a liquidity demand arises.

Management of liquidity risk in the Bank and the Group as a whole is carried out by the Assets & Liabilities Management Committee. The Group’s liquidity risk assessment, management and control are performed in accordance with unified standards, taking into account the diversification of requirements for different categories of Group participants. Unified rules for attracting and allocating resources have been defined, to coordinate the activities of the Group’s participants in the debt capital markets, and unified principles for attracting funds from the capital markets. The management bodies of Group member are responsible for the effective management of the liquidity of respective entities, and also for compliance with the limits and limitations established by the bank and the requirements of local regulators.

Operational risk management system is aimed at preventing this risk and minimizing the potential losses related to the organization of internal processes and external events.

The operational risk management process in the Group includes the following main stages:

- identifying operational risk;
- assessing operational risk;
- analyzing the problem areas of processes, drafting and adoption of a decision on optimizing the procedures to reduce the level of the operational risk;
- monitoring operational risk;
- controlling and decreasing operational risk.

To implement the aforementioned stages, the Group has implemented such operational risk management tools as the collection of internal data on losses resulting from the materialization of operational risk incidents, the self-appraisal of departments, and scenario analysis for operational risks.

Risk coordinators are appointed in all the structural divisions of Sberbank and Group members who are responsible for the interaction with operational risk divisions on issues of the identification, assessment, monitoring, and control of operational risk. In particular, risk coordinators report incidents of operational risks that have materialized and also assess potential risks during the self-appraisal.

To monitor operational risk, the Group uses a system of reports for management and collective bodies involved in risk management processes. Operational risk reporting is generated on a daily, monthly, and quarterly basis.

Data on risk assessments and incurred losses make it possible to identify risk concentration zones for the subsequent development of a range of measures to mitigate the risk level of the Group.

To prevent and decrease losses arising from the operational risk, the Group has developed and applies appropriate mechanisms and procedures:

- comprehensive regulation of business processes and procedures;
- delimitation of powers;
- internal control over compliance with the established procedure for performing operations and concluding transactions and discipline on limits;
- a range of measures to ensure information security and business continuity;
- improvements to audit procedures and control over the quality of automated systems and the hardware suite;
- insurance of property and assets;
- employee skills upgrades at all organizational levels etc.

Other risks

Legal risk

The goal of managing legal risks is to ensure that the activities of Sberbank and Group members comply with the requirements of the law and law enforcement practice.

The following are the key factors capable of reinforcing the impact and scale of the manifestation of a legal risk:

- Amendments to legislation, the requirements of the regulatory authorities, judicial and law enforcement practice;
- Inconsistency in judicial and law enforcement practice, regulatory collisions;
- Complication of financial instruments and strategies, the assimilation of new products and technologies.

To respond promptly to changes in the level of legal risk, the Group prepares reporting on instances of the risk realization and losses on the current level of the risk, and on the current status of measures aimed at minimizing the risk.

The level of legal risk is compared with the data for previous reporting periods; in the event of material deviations, the reasons are analyzed, and, where necessary, proposals are prepared on how to change bank processes.

Cybersecurity risk

The goal of cybersecurity risk management is to ensure the sustainable development of the Group and also to ensure compliance with the regulatory requirements of regulators.

A working body is constantly active in the Bank – the Cybersecurity Risk Management Committee, which makes decisions on managing this risk. Losses from the materialization of cybersecurity risk events are considered when assessing the aggregate amount of operational risk.

Detailed information on measures to ensure cybersecurity is given in the sections:

- Security of banking operations
- Creation of the ecosystem
- Leadership in cybersecurity

Compliance risk

The main areas of the activity of the Bbank and Group members in compliance risk management are:

- to prevent official misuse and corruption offenses by the employees;
- to prevent and settle conflicts of interest;
- to counteract money laundering and the financing of terrorism;
- to comply with licensing and other regulatory requirements in financial markets;
- to ensure market conduct and fair competition during the conclusion of transactions on financial markets and prevent bad faith practices (use of inside information, price manipulation, etc.);
- to comply with economic sanctions and restrictions established by the Russian Federation, and also international organizations and individual countries;
- the implementation of the requirements of US legislation on the taxation of foreign accounts - the Foreign Account Tax Compliance Act, the FATCA and the requirements of the OECD standard for the exchange of tax information between partner countries in automatic mode (Standard for Automatic Exchange of Financial Account Information or Common Reporting Standard, CRS);
- to protect the rights of clients, including investments.

The Bank has developed and approved internal regulations and implemented control procedures by way of development of the indicated areas.

The Compliance Risk Management System of the Bank has been distinguished with the certificates of the International Compliance Association on compliance with quality standards ISO 19600:2014 and ISO 37001:2016.

The compliance risk management system is regularly subjected to analysis and audits conducted by both internal and external experts. The compliance division prepares an annual audit plan and also for the subsidiary banks and associates.

For the purposes of developing and improving the compliance risk management system, the following initiatives were implemented in 2017:

- training courses were delivered on areas of compliance over 90% of employees have been trained;
- a special course was developed “Introduction into compliance for senior management” and also for newly hired employees of the Bank – “An introductory course for new employees on compliance risk management”;
- a large-scale internal communications campaign was conducted aimed at increasing the employee awareness on the operating principles of the “Compliance Hotline” and information disclosure methods and channels regarding intentions or instances of the

commission of corruption offenses, , and also an increase in the level of engagement of employees and their responsibility for preventing corruption offenses;

- compliance risk assessment matrices were developed and implemented in all compliance areas;
- new processes aimed at identifying dubious transactions concluded through the Bank's system are implemented;
- actions were implemented to bring activity on financial markets into line with the requirements of the European Directive MIFID ;
- actions were implemented to bring activity on the financial markets of the CIB Unit into line with the requirements of the Fourth⁴ European Anti-Money Laundering Directive (4 EU AML Directive);
- procedures have been implemented to ensure the compliance of the Bank with the requirements of Regulations No. 596/2014 of the European Union dated April 16, 2014 "On Countering Bad Faith Practices on Financial Markets";
- minimum compliance requirements have been developed and implemented for members of the Group and have been communicated to the controlling members of the Group. Information obtained from members of the Group is collected, processed and analyzed;
- Sberbank's Policy on Implementing US Legislation on the Taxation of Foreign Accounts (Foreign Account Tax Compliance Act, FATCA) has been developed and approved, together with a number of other internal regulations in this area.

To further improve the compliance risk management system, the Bank is determining the following development areas for 2018:

- proactive work with clients in order to reduce the number of suspicious transactions concluded through the Bank's system;
- improvements were introduced to the model for assessing the risks of the involvement of clients in suspicious transactions;
- a number of IT projects were implemented for the transition to target compliance control systems (identification of suspicious transactions, online approval of transactions, monitoring of sanctions, implementation of requirements under FATCA/CRS, management of conflicts of interest);
- implementation of machine learning technologies to increase the effective identification of the suspicious transactions of clients and also transactions subject to sanctions controls;
- establishment of a compliance culture through the development of an employee learning system and promotion of a hotline on compliance issues;
- improvements to the internal compliance regulatory framework;
- implementation of measures to bring activity on financial markets into line with the requirements of European directives (SFTR , EU Regulation on securities financing transactions, reporting of OTC repo).

Regulatory risk

For the purpose of managing regulatory risk, Sberbank regulates the activity of its officials and divisions aimed at preventing and reducing the likelihood of the materialization of a risk. The Bank has organized a process of internal interaction to minimize the consequences of the identified risk.

A collegiate advisory body operates at bank – a working group on improving legislative regulation and establishing a favorable business environment for the implementation of the Development Strategy of Sberbank 2020. At its meetings the Working Group elaborates the consolidated position of Sberbank on regulatory initiatives and draft laws that contain regulatory risks

Tax risk

A multi-tier tax risk management system has been established at the Group, including:

- business tax support from a preliminary expert tax assessment of proposed transaction terms and conditions to defense of the Bank's interest before the tax authorities and in court;
- internal procedures for the purpose of promptly identifying and eliminating instances of the incorrect application of the rules of the requirements of legislation on taxes and fees;
- identification and elimination of internal sources of tax inefficiency;
- monitoring of legislative initiatives and interaction with the supervisory, regulatory, and legislative authorities on issues of the development and application of legislation on taxes and fees.

General group tax risk management processes have been implemented in all subsidiary banks and other consolidated members of Sberbank. At the same time, tax risk management is carried out by each Group member independently within the framework of the functions and authority assigned to such member based on uniform requirements and procedures, while due account is taken of the specific characteristics of its activities and the requirements of local regulators. Information on tax risks assumed at the level of each member is transferred to Sberbank through the reporting system.

Reputation risk

To assess reputation risk, bank uses the following indicators:

- a material change in the financial position of Sberbank;
- dynamics of the results of opinion polls conducted among target groups of clients, employees, public organizations, shareholders and investors, the government bodies, etc.;
- increase or decrease of the number of complaints and claims against Sberbank;
- frequency of the malfunctioning of Sberbank's IT systems resulting in the protracted unavailability of Sberbank's services for a large number of clients;
- negative and positive feedback and reports on Sberbank and its affiliates in the mass media;
- identification of instances of illegal actions in respect of Sberbank and its clients;
- changes in the business reputation of affiliates and counterparties of Sberbank;
- external economic, political, industry-specific, social events and trends capable of exerting a negative effect on Sberbank's activity;
- refusal of regular or major clients and counterparties to cooperate with Sberbank.

All the employees of Sberbank and members of the Group:

- comply with the requirements of the applicable laws of the Russian Federation, instructions, rules, standards of self-regulatory organizations, established codes of conduct, and ethical standards of business adopted by Sberbank and members of the Group. The foreign members of the Group comply with the above in the part that does contravene local legislation;
- implement reputation risk management procedures in accordance with the competence of the division;
- interact with the Public Relations and Media Communications Office of the Marketing and Communications Department and the Investor Relations Department on reputation risk management.

An Information Space On-Line Monitoring Service was established at Sberbank and is operational for the purpose of the early identification of possible information risks, whose materialization might result to the loss of good will. In the case of the employees of press centers, training courses are delivered to identify the potential information risk and minimize it at early stages.

Strategic risk

Strategic risk is the risk that the Group might incur losses over a timeframe longer than a year, as a result of errors committed when making decisions determining the development strategy. The errors may consist of the inadequate consideration of possible hazards for the Group's activity, incorrect identification of promising lines of business where the Group could attain competitive advantages or the incomplete provision of resources and management decisions that should have facilitated the attainment of strategic goals.

Strategic risk management is based on the following principles:

- Link with strategic planning: the results of the assessment, control and monitoring of the strategic risk are used during the determination of the strategic and business goals.
- The proportionality principle: The bank develops requirements on strategic risk management, which comply with the nature and scale of the transactions being performed by the Group, the level and combination of risks.
- Use of information technologies: the bank uses information systems that make it possible to promptly identify, assess, monitor, control and take measures to reduce the strategic risk;
- Monitoring of the effectiveness of risk management: the bank assesses the extent to which the management of these risks is performed professionally in the Group as components of the management system function over time and in light of material amendments.
- Principle of three lines of defense.

In December 2017 the Sberbank Supervisory Board approved the new Sberbank Development Strategy for 2020. During its drafting possible macroeconomic development scenarios in the world and in Russia were analyzed, and the conditions for a transition between them were determined. The benchmarks of the Strategy were based on an in-depth investigation into socioeconomic and technological trends, an analysis of the appeal of individual lines of business, and an assessment of the compliance of the Bank's internal processes and systems with global best practice.

The key risks associated with the implementation of the Strategy for 2020 and the measures to prevent these risks are given in section 2.5 of this Report "Realization of risks of the New Strategy".

Model risk

The goal of the model risk management of the is to ensure that all the risk assessment quantitative models being used at the Group comply with approved requirements on quality, forecast accuracy, and stability.

As part of the management of such risk, the Group has organized a model validation procedure, which is aimed to assess the correctness and accuracy of the functioning of the models, and also the extent of their use during the decision-making process. If the result of the validation is unsatisfactory, the model is revised entirely.

In August 2017 a new version of the Model Risk Management Policy was adopted, where, the model risk management perimeter was expanded materially.

Other types of risks

For the risks recognized as significant based on the identification of the Group's risks in 2017 (social and environmental risk, technology risk, participation risk, venture risk), the Bank is developing a management system.

Addendum

Report on Compliance with the Principles and Recommendations of the Code of Corporate Governance

This Report on compliance with the principles and recommendations of the Code of Corporate Governance was reviewed by the Supervisory Board of Sberbank (the “Company,” “Sberbank”) at the meeting held on April 17, 2018, Minutes No.10.

The Supervisory Board confirms that the data contained in this Report represent the complete and credible information on Sberbank compliance with the principles and recommendations of the code of Corporate Governance (the “Code”) in 2017.

No.	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles	Status ¹ compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles
1.1	The company shall provide for equal and fair treatment of all shareholders when they exercise their right to participate in the company's management.				
1.1.1	The Company creates maximally favorable conditions for shareholder participation in the General Meeting and conditions for working out a well-founded position on General Meeting agenda items and coordinating their activities as well as the opportunity to express their views on the issues under consideration.	1. There exists a publicly available internal document of the company approved by the General Shareholders' Meeting and regulating the procedures for holding the General Meeting. 2. The Company provides an accessible way to communicate with the company, such as a hot line, e-mail, or forum on the Internet that allows shareholders to express their opinions and send in questions regarding the agenda during the preparation process for holding the General Meeting. The said steps were taken by the company before each General Meeting held in the reporting period.		☒ complied with ☐ partially complied with ☐ not complied with	
1.1.2	The procedure for notification of the holding of the General Meeting and for the provision of materials for the General Meeting gives shareholders the opportunity to properly prepare for their participation in it.	1. Notification on the holding of a General Shareholders' Meeting is posted (published) on the website no later than 30 days before the date of the General Meeting. 2. Notification on the holding of the Meeting specifies the location of the meeting and the documents required for admission to the building. 3. Shareholders were provided access to information about who proposed agenda items and who proposed nominees to the Board of Directors and Audit Commission of the company.		☒ complied with ☐ partially complied with ☐ not complied with	
1.1.3	During the course of preparation and the actual General Meeting, shareholders were able to receive information about the meeting and its related materials freely and in a timely manner, ask questions of the executive bodies and members of the Board of Directors of the company, and communicate with each other.	1. During the reporting period, shareholders were given the opportunity to ask questions to members of the executive bodies and to members of the Board of Directors of the company before and during the Annual General Meeting. 2. The positions of the Board of Directors (including special opinions included in the Minutes) on each item of the agenda of the General Meetings conducted during previous reporting periods was included in the materials for the General Shareholders' Meeting. 3. The Company provided the duly entitled shareholders with access to the list of people entitled to participate in the General Meeting starting from the date of its receipt by the company for every General Meeting held in the reporting period.		☒ complied with ☐ partially complied with ☐ not complied with	

No.	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles	Status ¹ compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles
1.1.4	The exercise of a shareholder's right to demand convocation of the General Meeting, to nominate candidates to the governing bodies, and to submit proposals to be included in the agenda of the General Meeting did not involve undue difficulties.	1. During the reporting period, shareholders had the opportunity for at least 60 days following the end of the respective calendar year to submit proposals to be included in the agenda of the Annual General Meeting. 2. During the reporting period, the company did not reject any proposals for the agenda or candidates for the company's governing bodies due to typographical errors or other nonessential flaws present in the shareholder's proposal.		☒ complied with ☐ partially complied with ☐ not complied with	
1.1.5	Each shareholder had the opportunity to freely exercise their right to vote using the easiest and most convenient means.	1. The internal document (internal policy) of the company contains provisions pursuant to which each participant of the General Meeting is entitled, before the completion of the meeting in question, to request a copy of their completed ballot certified by the Tally Commission.		☒ complied with ☐ partially complied with ☐ not complied with	
1.1.6	The General Meeting procedure established by the company provides equal opportunity for all people attending the meeting to express their opinions and ask any questions they want.	1. During the General Shareholders' Meetings held in the reporting period in the form of a meeting (collective attendance of shareholders), there was sufficient time provided for reports concerning the agenda issues and time to discuss such issues. 2. Candidates for the Company's governance and control bodies were available to answer questions asked by shareholders at the meeting where their nominations were voted upon. 3. The Board of Directors, when making decisions related to the preparation and holding of General Shareholders' Meetings, considered the use of telecommunications facilities to provide shareholders remote access for participation in General Meetings during the reporting period.		☒ complied with ☐ partially complied with ☐ not complied with	
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.	1. The Bank's dividend policy has been developed, approved by the Board of Directors, and disclosed. 2. If the dividend policy of the company uses indicators from the company's reporting to determine the amount of dividends, the relevant dividend policy provisions shall take the indicators of consolidated financial statements into account.		☒ complied with ☐ partially complied with ☐ not complied with	

No.	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles	Status ¹ compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles
1.2.2	The company shall not make a decision on the payment of dividends if such a decision, without constituting a formal violation of the restrictions imposed by law, is economically unreasonable and may lead to the formation of misconceptions about the company's activities.	1. The company's dividend policy provides clear guidance on the financial/economic circumstances where the company should not pay dividends.		☐ complied with ☒ partially complied with ☐ not complied with	The company's dividend policy provides clear guidance as to which internal and external conditions should be considered and analyzed by Sberbank when deciding on dividend payments: availability and amount of net profit of the Group; the Bank's needs in capital; achievement and maintaining at the middle-term perspective of the target level of adequacy of the Tier I capital of the Sberbank Group (Basel III); state of the business environment; other internal and external changes that have (or potentially may have) a significant negative impact on the operating activities of the Bank; existence of force majeure circumstances, including natural disasters, wars; maintenance of the balance of interests of the Bank and its shareholders, taking into account the need to increase the investment attractiveness and execution of the rights of the Bank's shareholders. The decision on the possibility of payment (or non-payment) of dividends and the amount of dividends is made by the Bank on the basis of the analysis of the above conditions. In practice, the Bank's operations are profitable and the Bank follows the policy of regular dividend payments on shares. From the moment Sberbank went public (in 1991) dividends were paid to the shareholders annually: in 1991-1993, 1996-2016 – in cash, in 1994 and 1995 – by capitalization of the dividends payable to new shares. Taking into account the profitable operations of the Bank and the Bank's adherence to the unconditional exercise of the shareholder's right to fair participation in its profit, the Bank's intention to increase (gradually during the next three years) the share of the dividend payments from 25% to 50% of the net profit of the Sberbank Group (subject to the limitation above) until the termination of the Dividend Policy (December 2020) the approach to compliance with this criterion will not be revised.
1.2.3	The company does not allow the deterioration of dividend rights for existing shareholders.	1. During the reporting period, the company did not take any action leading to the deterioration of the dividend rights of existing shareholders.		☒ complied with ☐ partially complied with ☐ not complied with	
1.2.4	The company is committed to excluding shareholders' use of other ways to make profit (income) at the expense of the company besides dividends and disposal value.	1. To exclude shareholders' use of other ways to earn profit (income) at the expense of the company besides dividends and disposal value, the company's internal documents establish control mechanisms that ensure the timely identification and procedure for the approval of transactions with persons affiliated (associated) with substantial shareholders (persons entitled to dispose of votes from voting shares) in cases where the law does not formally recognize such transactions as related-party transactions.		☒ complied with ☐ partially complied with ☐ not complied with	
1.3	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.				
1.3.1	The company has created conditions for the fair treatment of each shareholder by the company's governing and control bodies, including conditions that ensure the inadmissibility of major shareholder abuses in relation to minority shareholders.	1. During the reporting period, the procedures for managing potential conflicts of substantial shareholders' interests were effective, and conflicts between shareholders, if there were any, were given due attention by the Board of Directors.		☒ complied with ☐ partially complied with ☐ not complied with	
1.3.2	The company takes no actions that lead or may lead to an artificial redistribution of corporate control.	1. Quasitresury shares are absent or did not vote during the reporting period.		☒ complied with ☐ partially complied with ☐ not complied with	
1.4	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.				
1.4.1	Shareholders are provided with reliable and effective methods of accounting for rights to shares as well as with the possibility for free and unhindered disposal of the shares they hold.	1. The quality and reliability of the company's registrar activities for maintaining the register of securities holders meet the needs of the company and its shareholders.		☒ complied with ☐ partially complied with ☐ not complied with	
2.1	The Board of Directors carries out the company's strategic management, defines the basic principles and approaches to the company's risk management and internal control system, controls the operations of executive bodies, and also exercises other key functions.				

No.	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles	Status ¹ compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles
2.1.1	The Board of Directors is responsible for making decisions related to the appointment to and release from executive body offices, inter alia, due to a failure of members of such bodies to perform their duties properly. The Board of Directors also supervises to ensure that the company's executive bodies act in accordance with the approved development strategy and main lines of the company's activity.	1. The Board of Directors has statutory powers to appoint to and release from office and also to define the contract terms for executive body members. 2. The Board of Directors has reviewed the report(s) of the sole executive body and the members of the collegial executive body on the company's implementation of strategy.		☐ complied with ☒ partially complied with ☐ not complied with	1. Partially complied with. Historically (Since Sberbank went public in the 1990's), the issue of election of a sole executive body (CEO, Chairman of the Executive Board of the Bank) is referred by the Charter to the competence of the General Shareholders' Meeting. To date, the implementation of recommendations for the transfer of the Meeting's powers for the election of a sole executive body to the Supervisory Board is limited by the probability of these actions being recognized as a restriction of shareholder rights (in accordance with the current standards of law). In order to reduce and mitigate the risk of non-compliance with this recommendation, the HR and Remunerations Committee of the Supervisory Board is entitled to analyze the Bank's needs in the professional qualifications of candidates to the sole executive body of the Bank, to determine selection criteria, hold preliminary assessment of candidates to this position. Furthermore, Sberbank provided active support and assistance to the legislative initiative for the issue of the transfer of powers to select (and revoke) the sole executive body from the Meeting to the Board of Directors. In Q1 2018 the draft law containing this initiative was not approved by the State Duma of the Russian Federation, therefore, in 2018 it is impossible to introduce the relevant changes in the Sberbank's Charter to be approved at the annual General Shareholders' Meeting. In case such changes are introduced in the federal legislation during Q1 2019, it will be possible to change the Sberbank's Charter for the transfer of powers to select the President, the Chairman of the Executive Board from the Meeting to the Supervisory Board already in 2019. 2. is complied with.
2.1.2	The Board of Directors establishes the basic guidelines of the company's activities in the long term, evaluates and approves the key performance indicators and core business objectives of the company, and evaluates and approves the strategy and business plans for the company's core activities.	1. During the reporting period, the Board of Directors meetings discussed issues related to progress in the implementation and actualization of the strategy, the approval of the financial and economic plan (budget) of the company, and the consideration of criteria and indicators (including the interim ones) of the company's strategy and implementation of its business plan.		☐ complied with ☒ partially complied with ☐ not complied with	In general, the principle 2.1.2 is complied with by Sberbank with respect to all applicable criteria. However, the approval of the business plan and budget and the monitoring of their implementation fall within the Executive Board's competence. Such segregation of duties has formed historically, as Sberbank is a multidivisional credit organization and the general business plan and budget of the Bank is formed by means of consolidation of business plans and budgets of the Banks' divisions (operating activities) that undergo an obligatory procedure of presentation and defense at the Executive Board of the Bank. The Executive Board also follows up the execution of the business plan and budget, including within regular reports of the heads of the Bank's divisions. This function is stipulated for the Executive Board in the internal document of the Bank – the Regulation on the Supervisory Board approved by the shareholders at the annual General Meeting in 2014. The Supervisory Board, in its turn, is regularly provided with the information on interim indicators of implementation of the Bank's Strategy, business plan and budget for the purpose of control of the implementation.
2.1.3	The Board of Directors determines the principles of and approaches to the organization of the risk management and internal control system of the company.	1. The Board of Directors has determined the principles of and approaches to the organization of the risk management and internal control system of the company. 2. The Board of Directors has assessed the risk management and internal control system of the company during the reporting period.		☒ complied with ☐ partially complied with ☐ not complied with	
2.1.4	The Board of Directors determines the company's policy on the remuneration and/or reimbursement of expenditures (compensations) for the members of the Board of Directors, executive bodies, and other key executives of the company.	1. The company has developed and implemented a policy (policies) on the remuneration and/or reimbursement of expenditures (compensations) for members of the Board of Directors, executive bodies, and other key executives of the company approved by the Board of Directors. 2. Issues related to such policy (policies) were examined during the reporting period at the Board of Directors meetings.		☒ complied with ☐ partially complied with ☐ not complied with	
2.1.5	The Board of Directors plays a key role in the prevention, detection, and resolution of internal conflicts between the company's bodies, the company's shareholders, and the company's employees.	1. The Board of Directors plays a key role in the prevention, detection, and resolution of internal conflicts. 2. The company has created a system for identifying transactions associated with conflicts of interests and a system of measures aimed at resolving such conflicts.		☒ complied with ☐ partially complied with ☐ not complied with	
2.1.6	The Board of Directors plays a key role in ensuring the transparency of the company, the timeliness and completeness of the company's disclosure of information, and unhindered shareholder access to the company's documents.	1. The Board of Directors has approved the Regulation on Information Policy.		☒ complied with ☐ partially complied with ☐ not complied with	

No.	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles	Status ¹ compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles
2.1.7	The Board of Directors oversees the company's corporate governance practice and plays a key role in the company's significant corporate events.	1. During the reporting period, the Board of Directors examined the issue of corporate governance practices in the company.		☒ complied with ☐ partially complied with ☐ not complied with	
2.2	The Board of Directors is accountable to the company's shareholders.				
2.2.1	Information about the operations of the Board of Directors is disclosed and submitted to shareholders.	1. The company's annual report for the reporting period includes information on the attendance of Board and Committee meetings by individual directors.		☒ complied with ☐ partially complied with ☐ not complied with	
2.2.2	The Chairman of the Board of Directors is available for communication with the company's shareholders.	1. The company has a transparent procedure that enables shareholders to submit questions to the Chairman of the Board of Directors and their own position regarding such questions.		☒ complied with ☐ partially complied with ☐ not complied with	
2.3	The Board of Directors is an effective and professional management body of the company capable of making objective independent judgments and decisions in the interest of the company and its shareholders.				
2.3.1	Only persons who have an excellent business and personal reputation as well as the knowledge, skills, and experience required to make decisions within the competence of the Board of Directors and required for the effective performance of its functions shall be elected as Board of Directors members.	1. The procedure for assessing the Board of Director's performance adopted by the company includes, inter alia, the assessment of the professional qualifications of Board of Directors members. 2. During the reporting period, the Board of Directors (or its Nomination Committee) assessed candidates for the Board of Directors from the perspective of whether or not they have sufficient experience, knowledge, business reputation, no conflicts of interest, etc.		☒ complied with ☐ partially complied with ☐ not complied with	
2.3.2	The members of the Board of Directors are elected using a transparent procedure that allows shareholders to receive candidate-related information sufficient to provide insight into their personal and professional qualities.	1. In all cases of holding the General Shareholders' Meeting in the reporting period where the agenda included the issue of elections to the Board of Directors, the company submitted to shareholders biographical data on all candidates for the position, results of the assessment of candidates conducted by the Board of Directors (or the Nomination Committee), and information on a candidate's adherence to the criteria of independence in accordance with recommendations 102–107 of the Code, and the written consent of the candidates for election to the Board of Directors.		☒ complied with ☐ partially complied with ☐ not complied with	
2.3.3	The composition of the Board of Directors is balanced, inter alia, in terms of the qualifications of its members and their experience, knowledge, and business qualities and enjoys the trust of shareholders.	1. Within the framework of the procedure for the Board of Directors performance assessment held in the reporting period, the Board of Directors has analyzed its own needs related to professional qualifications, experience, and business skills.		☒ complied with ☐ partially complied with ☐ not complied with	
2.3.4	The number of members of the Board of Directors makes it possible to organize the activities of the Board of Directors in the most efficient manner, including the possibility of the formation of Board committees; it also enables a substantial minority of shareholders of the company to elect the candidate they vote for to the Board of Directors.	1. Within the framework of the procedure for the assessment of the Board of Directors held during the reporting period, the Board of Directors has examined the issue concerning whether the number of members of the Board of Directors meets the company's needs and shareholder interests.		☒ complied with ☐ partially complied with ☐ not complied with	

No.	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles	Status ¹ compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles
2.4	The membership of the Board of Directors includes an adequate number of independent directors.				
2.4.1	An independent director is a person possessing enough professionalism, experience, and independence to form their own opinion and who is able to express unbiased and scrupulous judgments that do not depend on the influence of executive bodies of the company, particular groups of shareholders, or other stakeholders. In addition, it should be noted that a candidate (selected to be a member of the Board of Directors) normally cannot be considered independent if they are associated with the company or a major shareholder, contractor, or competitor thereof or is associated with the state.	1. During the reporting period, all independent members of the Board of Directors met all independence criteria set forth in recommendations 102–107 of the Code or were recognized as independent upon the decision of the Board of Directors.		☒ complied with ☐ partially complied with ☐ not complied with	
2.4.2	An assessment of whether the candidates to the Board of Directors comply with independence criteria is carried out, and the regular analysis of whether independent members of the Board of Directors comply with the independence criteria is carried out. When carrying out this assessment, substance shall take precedence over form.	1. During the reporting period, the Board of Directors (or the Nomination Committee of the Board of Directors) has formed an opinion on the independence of each candidate to the Board of Directors and has provided shareholders with a report to that effect. 2. During the reporting period, the Board of Directors (or the Nomination Committee of the Board of Directors) has considered the independence of existing members of the Board of Directors whom the company states in the annual report as independent directors at least once. 3. The company has developed procedures determining what a member of the Board of Directors must do if they cease to be independent, including the obligation to promptly report the fact to the Board of Directors.		☒ complied with ☐ partially complied with ☐ not complied with	
2.4.3	Independent directors shall make up not less than one-third of the elected membership of the Board of Directors.	1. Independent directors shall make up not less than one-third of the membership of the Board of Directors.		☒ complied with ☐ partially complied with ☐ not complied with	
2.4.4	Independent directors play a key role in preventing internal conflicts in the company and carrying out some of the company's significant corporate actions.	1. Independent directors (who have no conflicts of interest) preevaluate significant corporate actions related to possible conflict of interests and provide the Board of Directors with the results of this evaluation.		☒ complied with ☐ partially complied with ☐ not complied with	
2.5	The Chairman of the Board of Directors shall facilitate the most effective fulfillment of the functions entrusted to the Board of Directors.				

No.	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles	Status ¹ compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles
2.5.1	The Chairman of the Board of Directors shall be an independent director, or a senior independent director shall be determined from among the selected independent directors who coordinates the work of the independent directors and cooperates with the Chairman of the Board of Directors.	1. The Chairman of the Board of Directors is an independent director, or a senior independent director has been determined from among the independent directors³. 2. The role, rights, and liabilities of the Chairman of the Board of Directors (and the senior independent director, if applicable) are appropriately defined in the internal documents of the company.		☒ complied with ☐ partially complied with ☐ not complied with	
³The Chairman of the Supervisory Board is a Nonexecutive Director (a representative of the majority shareholder). The position of senior independent director has been introduced to strengthen the role of independent directors and coordinate their interaction in the development of a consolidated opinion when necessary as well as to assist the Chairman of the Supervisory Board.					
2.5.2	The Chairman of the Board of Directors maintains a constructive atmosphere during meetings, ensures the free discussion of issues on the agenda, and supervises the execution of resolutions adopted by the Board of Directors.	1. The effectiveness of the Chairman of the Board of Directors has been evaluated within the procedure of evaluation for the Chairman of the Board's effectiveness in the reporting period.		☒ complied with ☐ partially complied with ☐ not complied with	
2.5.3	The Chairman of the Board of Directors takes the necessary measures to provide the members of the Board of Directors in a timely manner with the necessary information to adopt decisions on Agenda items.	1. The internal documents of the company establish the obligation of the Chairman of the Board of Directors to take measures to provide the members of the Board of Directors in a timely manner with materials on the Agenda items of the Meeting of the Board of Directors.		☒ complied with ☐ partially complied with ☐ not complied with	
2.6	The members of the Board of Directors shall reasonably, in good faith, and with due care and discretion perform their duties in the interests of the Company.				
2.6.1	The members of the Board of Directors shall make decisions taking into account all information, having no conflict of interests, and demonstrating equal treatment toward shareholders of the company within the framework of usual business risks.	1. The internal documents of the company establish that members of the Board of Directors are obligated to notify the Board of Directors if they have a conflict of interest regarding any item on the agenda of the meeting of the Board of Directors or the committee of the Board of Directors before starting discussion on the relevant agenda issue. 2. The internal documents of the company stipulate that members of the Board of Directors shall abstain from voting on any issue where there is a conflict of interest. 3. The company has established a procedure allowing the Board of Directors to obtain professional advice on issues related to its competence at the expense of the company.		☒ complied with ☐ partially complied with ☐ not complied with	
2.6.2	The internal documents of the company establish and clearly set forth the rights and obligations of the members of the Board of Directors.	1. The company has adopted and released an internal document that clearly defines the rights and obligations of the members of the Board of Directors.		☒ complied with ☐ partially complied with ☐ not complied with	

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2.6.3	The members of the Board of Directors have enough time to fulfill their obligations.	1. Individual attendance at the meetings of the Board and committees and the time allocated for the preparation of attendance at the meetings have been taken into account as part of the procedure of evaluation for the Board of Directors in the reporting period. 2. In accordance with the internal documents of the company, members of the Board of Directors are obligated to notify the Board of Directors of their intention to be a member of the management bodies of other entities (besides subsidiaries and dependent entities of the company) and of the fact of such an appointment.		☒ complied with ☐ partially complied with ☐ not complied with	
2.6.4	All members of the Board of Directors have equal opportunities to access the documents and information of the company. Newly elected members of the Board of Directors are provided with sufficient information about the company and the activities of the Board of Directors within the shortest time possible.	1. In accordance with the internal documents of the company, members of the Board of Directors have the right to obtain access to documents and to make a request concerning the company and its subsidiaries; the executive bodies of the company are obligated to provide the relevant information and documents. 2. The company has a formal program of informational meetings for newly elected members of the Board of Directors.		☒ complied with ☐ partially complied with ☐ not complied with	
2.7	The Meeting of the Board of Directors, the preparation for it, and the participation of the members of the Board of Directors in it shall ensure the effective operation of the Board of Directors.				
2.7.1	Meetings of the Board of Directors are held as required, taking into account the scale of activities and challenges the company faces at the time.	1. The Board of Directors held at least six meetings in the reporting year.		☒ complied with ☐ partially complied with ☐ not complied with	
2.7.2	The internal documents of the company establish the procedure for preparing and conducting meetings of the Board of Directors and provide for the opportunity of members of the Board of Directors to properly prepare for them.	1. The company has approved an internal document defining the procedure for preparing and conducting meetings of the Board of Directors, which also establishes that notice of the meeting shall be given no less than 5 days before the date of the meeting.		☒ complied with ☐ partially complied with ☐ not complied with	
2.7.3	The form of the meeting of the Board of Directors is determined based on the importance of the agenda items. The most important issues are solved at meetings held by personal attendance.	1. The Charter or internal documents of the company stipulate that the most important issues (according to the list provided in recommendation 168 of the Code) shall be considered at Board meetings held by personal attendance.		☒ complied with ☐ partially complied with ☐ not complied with	
2.7.4	Resolutions on the most important issues of the company's activities are adopted at a meeting of the Board of Directors by a qualified majority or a majority of votes of all elected members of the Board of Directors.	1. The Charter of the company stipulates that resolutions on the most important issues stated in recommendation 170 of the Code shall be adopted at a meeting of the Board of Directors by a qualified majority (no less than three-quarters of the votes) or a majority of votes of all elected members of the Board of Directors.		☒ complied with ☐ partially complied with ☐ not complied with	
2.8	The Board of Directors shall establish committees for preliminary consideration of the most important issues of the company's activities.				

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2.8.1	An Audit Committee consisting of independent directors has been created for the preliminary consideration of issues related to supervision of the financial and economic activities of the company.	1. The Board of Directors has established an Audit Committee consisting solely of independent directors. 2. The internal documents of the company determine the objectives of the Audit Committee, including objectives from recommendation 172 of the Code. 3. 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. 4. Meetings of the Audit Committee were held at least once a quarter during the reporting period.		☐ complied with ☒ partially complied with ☐ not complied with	1. is partially complied with. Most of the Audit Committee members (two out of three) are independent directors. One director is a non-executive director (representative of a majority shareholder). The Audit Committee is headed by an independent director. This practice complies with the requirements of the MOEX Listing Rules. However, complete execution of this recommendation by Sberbank to a great extent depends on the willingness of the majority shareholder to nominate and select a greater number of independent directors to the Supervisory Board of Sberbank, as well on the principal consent of the majority shareholder to replace its representatives in the Audit Committee with independent directors. At the moment Sberbank, willing to comply with this recommendation, has initiated changes in the Regulation on the Supervisory Board Committees that will remove restrictions to hold the position of the Chairman in several Committees at the same time. These changes are planned to be approved in 2018. The approval of these changes will help Sberbank to increase the variation of formation of the Supervisory Board Committees and will also provide a possibility for independent directors to participate in activities of a greater number of the Committees both as Chairmen or as members of the Committees. 2. is complied with. 3. is complied with. 4. is complied with.
2.8.2	A Remunerations Committee, consisting of independent directors and headed by an independent director (not the Chairman of the Board of Directors), has been created for the preliminary consideration of issues related to the formation of effective and transparent practices of remuneration.	1. The Board of Directors has established a Remunerations Committee that consists only of independent directors. 2. The Chairman of the Remunerations Committee is an independent director who is not the Chairman of the Board of Directors. 3. The internal documents of the company define the objectives of the Remunerations Committee, including objectives from recommendation 180 of the Code.		☐ complied with ☒ partially complied with ☐ not complied with	1-2 are partially complied with. There is a HR and Remunerations Committee set up under the Supervisory Board; the tasks of the Committee are described in the Regulation on the Supervisory Board Committees in accordance with the recommendations of the Code. To date, the HR and Remunerations Committee cannot be formed only out of independent directors. The majority of the members of the Committee (two out of three) are independent directors. This practice complies with the requirements of the MOEX Listing Rules. The Committee is headed by the non-executive director other than the Chairman of the Supervisory Board. However, complete execution of this recommendation by Sberbank to a great extent depends on the willingness of the majority shareholder to nominate and select a greater number of independent directors to the Supervisory Board of Sberbank, as well on the principal consent of the majority shareholder to replace its representatives in the HR and Remunerations Committee with independent directors. At the moment Sberbank, willing to comply with this recommendation, has initiated changes in the Regulation on the Supervisory Board Committees that will remove restrictions to hold the position of the Chairman in several Committees at the same time. These changes are planned to be approved in 2018. The approval of these changes will help Sberbank to increase the variation of formation of the Supervisory Board Committees and will also provide a possibility for independent directors to participate in activities of a greater number of the Committees both as Chairmen or as members of the Committees. 3. is complied with.
2.8.3	A Nomination (HR, Appointment) Committee, the majority of whose members are independent directors, has been created for the preliminary consideration of issues related to staff planning (succession planning), occupational structure, and the performance of the Board of Directors.	1. The Board of Directors has established a Nomination Committee (or its objectives as stated in recommendation 186 of the Code are carried out in another Committee⁴), the majority of whose members are independent directors. 2. The internal documents of the company determine the objectives of the Nomination Committee (or the respective Committee with combined functions), including objectives from recommendation 186 of the Code.		☐ complied with ☒ partially complied with ☐ not complied with	1-2 are partially complied with. No separate Nominations Committee shall be formed under the Supervisory Board as The tasks of the said Committee shall be implemented within the frames of the HR and Remunerations Committee, which combines the functions of the remunerations committee and the nominations committee. The majority of the members of the HR and Remunerations Committee (two out of three) are independent directors. The tasks of the HR and Remunerations Committee are described in the Regulation on the Supervisory Board Committees in accordance with the recommendations of the Code. Taking into account the availability of the HR and Remunerations Committee, which combines the functions of the remunerations committee and the nominations committee, it appears unreasonable to create a separate nominations committee.
2.8.4	Taking into account the scale of activities and the risk level, the Board of Directors has ascertained that the members of its committees fully comply with the goals of the company's activities. Additional committees have been either created or deemed unnecessary (Strategy Committee, Corporate Management Committee, Ethics Committee, Risk Management Committee, Budget Committee, Health, Safety and Environment Committee, etc.).	1. During the reporting period, the Board of Directors of the company considered the issue of the appropriateness of the membership of its committees to the objectives of the Board of Directors and the goals of the company's activities. Additional committees have been either created or deemed unnecessary.		☒ complied with ☐ partially complied with ☐ not complied with	⁵The list of other committees created under the Supervisory Board: • Strategic Planning Committee; • Risk Management Committee.

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2.8.5	The composition of the committees is determined such as to allow comprehensive discussion of preliminarily considered issues, taking into account all different opinions.	1. The committees of the Board of Directors shall be headed by independent directors. 2. The internal documents (policies) of the company include provisions under which persons who are not members of the Audit Committee, the Nomination Committee, or the Remunerations Committee can attend committee meetings only on invitation of the Chairman of the committee in question.		☐ complied with ☒ partially complied with ☐ not complied with	1. is partially complied with. Despite of the fact that representation of independent directors in the Supervisory Board complies with the requirements of the MOEX Listing Rules and recommendations of the Code, at the moment there is no possibility to assign an independent director to the position of the Chairman of each Committee (four Committees have been created under the Supervisory Board, which have only six independent directors). Two Committees - the Audit Committee and the Risk Management Committee, are headed by independent directors. The HR and Remunerations Committee and the Strategic Planning Committee are headed by non-executive directors. Sberbank encourages further increase of the representation of independent directors in the Supervisory Boards, however complete execution of this recommendation by Sberbank to a great extent depends on the willingness of the majority shareholder to nominate and select a greater number of independent directors to the Supervisory Board of Sberbank. At the moment Sberbank, willing to comply with this recommendation, has initiated changes in the Regulation on the Supervisory Board Committees that will remove restrictions to hold the position of the Chairman in several Committees at the same time. These changes are planned to be approved in 2018. The approval of these changes will help to increase the number of committees led by independent directors. 2. is complied with.
2.8.6	Chairpersons shall regularly inform the Board of Directors and its Chairperson on the activities of their committees.	1. During the reporting period, the chairpersons shall regularly report on the activities of their committees to the Board of Directors.		☒ complied with ☐ partially complied with ☐ not complied with	
2.9	The Board of Directors shall provide a quality assessment of the activities of the Board of Directors along with its Committees and members.				
2.9.1	The quality assessment of the activities of the Board of Directors aims to define the performance of the Board of Directors, committees, and members of the Board of Directors and the conformity of their activities with the developmental needs of the company as well as to intensify the activities of the Board of Directors to detect areas where such activities may be improved.	1. Self-assessment or external assessment of the Board of Directors conducted during the reporting period included a performance assessment of committees, members of the Board of Directors, and the Board of Directors as a whole.		☒ complied with ☐ partially complied with ☐ not complied with	
2.9.2	Performance of the Board of Directors and the committees and members of the Board of Directors shall be assessed regularly at least once annually. A third-party organization (consultant) shall be engaged to conduct an independent performance assessment of the Board of Directors at least once every three years).	1. To conduct an independent performance assessment of the Board of Directors, the company engaged a third-party organization (consultant) at least once in the last three reporting periods.		☒ complied with ☐ partially complied with ☐ not complied with	
3.1	The Corporate Secretary of the company shall ensure current effective interaction with shareholders and the coordination of company activities to protect the rights and interests of its shareholders as well as provide support for the effective performance of the Board of Directors.				
3.1.1	The Corporate Secretary shall have sufficient knowledge, experience, qualifications to perform the obligations imposed on them, an impeccable reputation and also enjoy the confidence of shareholders.	1. The company has adopted and disclosed an internal document, the Regulations on the Corporate Secretary. 2. The company website and annual report shall contain the biography of the Corporate Secretary with the same level of detail as that of members of the Board of Directors and the executive management of the company.		☒ complied with ☐ partially complied with ☐ not complied with	
3.1.2	The Corporate Secretary shall have sufficient independence from executive bodies of the company as well as the authorities and resources required to perform their tasks.	1. The Board of Directors shall approve the assignment, dismissal, and additional remuneration of the Corporate Secretary.		☒ complied with ☐ partially complied with ☐ not complied with	

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4.1	The amount of remuneration paid by the company shall be sufficient to engage, motivate, and retain persons with the competencies and skills necessary for the company. Members of the Board of Directors, executive bodies, and other key executive employees of the company shall be remunerated in accordance with the remuneration policy accepted in the company.				
4.1.1	The amount of remuneration paid by the company to members of the -Board of Directors, executive bodies, and other key managers shall create sufficient motivation for them to work effectively, thus allowing the company to attract and retain competent and qualified specialists. At the same time, the company avoids remuneration exceeding the necessary level as well as an unreasonably large gap between the remuneration amounts of said managers and the employees of the company.	1. The company has adopted an internal document (documents) or a remuneration policy (policies) for members of the Board of Directors, executive bodies, and other key managers that clearly defines approaches to the remuneration of said officers.	☒ complied with ☐ partially complied with ☐ not complied with		
4.1.2	The remuneration policy of the company was drafted by the Remunerations Committee and approved by the Board of Directors. The Board of Directors, assisted by the Remunerations Committee, shall provide supervision over the introduction and implementation of the remuneration policy and, if needed, review and make amendments thereto.	1. During the reporting period, the Remunerations Committee considered the remuneration policy (policies) and implementation practices and submitted appropriate recommendations to the Board of Directors where applicable.	☒ complied with ☐ partially complied with ☐ not complied with		
4.1.3	The company's Remuneration Policy contains transparent mechanisms for determining the amount of remuneration for members of the Board of Directors, executive bodies, and for other key managers of the company and also regulates all payments, benefits, and privileges provided to the officers mentioned above.	1. The company's Remuneration Policy (Policies) contain(s) transparent mechanisms for determining the amount of remuneration for members of the Board of Directors, executive bodies, and other key managers of the company and also regulate(s) all payments, benefits, and privileges provided to the officers mentioned above.	☒ complied with ☐ partially complied with ☐ not complied with		
4.1.4	The company shall define its reimbursement (compensation) policy specifying the list of expenses subject to compensation and the service level to which members of the Board of Directors, executive bodies, and other key managers of the company are entitled. Such policy may be a part of the company's remuneration policy.	1. The company's remuneration policy (policies) or other internal documents establish(es) the compensation rules for members of the Board of Directors, executive bodies, and for other key managers of the company.	☒ complied with ☐ partially complied with ☐ not complied with		
4.2	The system for remuneration of the members of the Board of Directors shall ensure that the financial interests of the directors are brought closer to the long-term financial interests of the shareholders.				
4.2.1	The company shall pay fixed annual remuneration to the members of the Board of Directors. The company shall not pay remuneration for participation in individual meetings of the Board of Directors or committees thereof. The company shall not use short-term motivation or additional material incentives in relation to 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 activities therein during the reporting period.	☒ complied with ☐ partially complied with ☐ not complied with		
4.2.2	Long-term possession of shares best facilitates bringing the financial interests of the directors closer to the long-term financial interests of the shareholders. At the same time, the company shall not attach the condition of achievement of a certain level of performance to the right to sell shares, and the members of the Board of Directors shall not participate in option programs.	1. If the internal document(s) on the remuneration policy (policies) stipulate(s) provision of the company's shares to the members of the Board of Directors, the company shall set forth and disclose clear rules for shareholding by the members of the Board of Directors aimed at encouraging long-term possession of such shares.	☒ complied with ☐ partially complied with ☐ not complied with		
4.2.3	The company shall not provide any additional payments or compensations in the case of the early termination of powers of members of the Board of Directors due to a change of control over the company or other circumstances.	1. The company shall not provide any additional payments or compensations in the case of the early termination of powers of members of the Board of Directors due to a change of control over the company or other circumstances.	☒ complied with ☐ partially complied with ☐ not complied with		
4.3	The system for remuneration of members of executive bodies and other key executive employees of the company shall provide for the dependence of the amount of remuneration on the performance results of the company and their personal contribution to achieving these results.				

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4.3.1	Remuneration for members of executive bodies and other key executive employees shall be determined in such a way as to ensure a reasonable and justified ratio between the fixed part of remuneration and the variable part thereof, which depends on company performance results and the personal (individual) contribution of the employee to the final result.	1. During the reporting period, annual performance indicators approved by the Board of Directors were used to determine the amount of variable remuneration for members of executive bodies and other key executive employees. In the course of the last assessment of the system for the remuneration of the members of executive bodies and other key executive employees, the Board of Directors (Remunerations Committee) ascertained that the company uses an effective ratio between the fixed and variable parts of remuneration. 3. The company applies a procedure that ensures the return of bonuses wrongly obtained by members of executive bodies and other key executive employees.		☒ complied with ☐ partially complied with ☐ not complied with	
4.3.2	The company has implemented a long-term incentive program for members of executive bodies and other key executive employees using company shares (options or other derivative financial instruments whose underlying asset is company shares).	1. The company has implemented a long-term incentive program for members of executive bodies and other key executive employees using company shares (financial instruments based on company shares). 2. The long-term incentive program for members of executive bodies and other key executive employees stipulates that the right to sell the shares or other financial instruments used in such program may be exercised not earlier than three years from the provision thereof. At the same time, the right to sell them is conditional upon the company's achievement of certain performance indicators.		☒ complied with ☐ partially complied with ☐ not complied with	
4.3.3	The amount of compensation (golden parachute) paid to the members of executive bodies or key executive employees in the case of the early termination of their powers at the initiative of the company, provided there have been no unethical acts on the part of the officers mentioned, shall not exceed double the amount of the fixed part of their annual remuneration.	1. The amount of compensation (golden parachute) paid to the members of executive bodies or key executive employees during the reporting period in the case of the early termination of their powers at the initiative of the company, provided there have been no unethical acts on the part of the officers mentioned, did not exceed double the amount of the fixed part of their annual remuneration.		☒ complied with ☐ partially complied with ☐ not complied with	Compensation to the members of executive bodies or key executive employees in the case of early termination of their powers at the initiative of the Bank, provided there have been no unethical acts on the part of the officers mentioned, is not provided for. The cases set forth in the Labor Code of Russia in relation to the executives of the company and reflected in labor contracts with members of the Executive Board constitute an exception. Such cases include: termination of labor contracts due to a change of ownership of the bank (Art. 181 of the RF Labor Code) or due to a decision to terminate the labor contract made by an authorized body of the bank's Executive Board, provided there have been no unethical acts on the part of the employee (Art. 279 of the RF Labor Code). In the said cases, the RF Labor Code stipulates that the compensation shall constitute at least triple the amount of the average monthly wage of the employee. Labor contracts define the minimum possible size, which is triple the amount. In the 2017 reporting year, no such cases occurred.
5.1	The company has established an effective risk management and internal control system aimed at providing reasonable confidence in achieving the objectives set by the company.				
5.1.1	The Board of Directors has defined principles and approaches to the organization of risk management and the internal control system in the company.	1. The functions of the Company's various executive bodies and units in the risk management system and internal control have been clearly defined in the internal documents/relevant policy approved by the Board of Directors.		☒ complied with ☐ partially complied with ☐ not complied with	
5.1.2	The executive bodies of the company shall ensure the creation and maintenance of an effective risk management and internal control system.	1. The executive bodies of the company have ensured the distribution of functions and powers for risk management and internal control between subordinate managers (heads) of units and departments.		☒ complied with ☐ partially complied with ☐ not complied with	
5.1.3	The risk management and internal control system of the company shall ensure an objective, fair and clear vision of the current condition and perspectives of the company, reporting integrity and transparency, and the reasonableness and admissibility of the risks accepted by the company.	1. The company has approved an anticorruption policy. 2. The company has established an accessible means of informing the Board of Directors or the Audit Committee thereof about violations of the law, internal procedures, or the Code of Ethics of the company.		☒ complied with ☐ partially complied with ☐ not complied with	

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5.1.4	The Board of Directors of the company shall take the measures necessary to ensure that the current risk management and internal control system complies with the organizational principles and approaches defined by the Board of Directors and functions effectively.	1. During the reporting period, the Board of Directors or the Audit Committee thereof has assessed the effectiveness of the risk management and internal control system applied in the company. Information on the main results of such assessment has been included in the annual report.		☒ complied with ☐ partially complied with ☐ not complied with	
5.2	To conduct a systematic independent assessment of the reliability and effectiveness of the risk management and internal control system and corporate management practices, the company shall arrange for internal auditing.				
5.2.1	To conduct internal auditing, the company has established a separate structural unit or engaged an independent external organization. The functional and administrative accountability of the internal audit unit shall be clearly delineated. The internal audit unit shall functionally report to the Board of Directors.	1. To conduct internal auditing, the company has established a separate structural unit functionally subordinate to the Board of Directors or the Audit Committee or engaged an independent external organization following the same accountability principle.		☒ complied with ☐ partially complied with ☐ not complied with	
5.2.2	The internal audit unit shall conduct an assessment of the effectiveness of the internal control system, the risk management system, and the corporate governance system. The company shall apply generally accepted internal auditing standards.	1. During the reporting period, an internal audit provided an assessment of the effectiveness of the internal control and risk management system. 2. The company uses generally accepted approaches to internal control and risk management.		☒ complied with ☐ partially complied with ☐ not complied with	
6.1	The company and its activities are transparent to the shareholders, investors, and other stakeholders .				
6.1.1	The company has elaborated and introduced an information policy that ensures effective information exchange between the company, shareholders, investors, and other stakeholders.	1. The Board of Directors of the company has approved an information policy based on the Code's recommendations . 2. The Board of Directors (or one of its committees) considered issues related to the company's compliance with its information policy at least once during the reporting period.		☒ complied with ☐ partially complied with ☐ not complied with	
6.1.2	The company discloses information on the system and practice of corporate governance, including detailed information on compliance with the principles and recommendations set forth in the Code.	1. The company discloses information on its corporate governance system and the general principles of corporate governance applied in the company, including on its website. 2. The company discloses information on the membership of executive bodies and the Board of Directors, the independence of the members of the Board, and their membership in committees of the Board of Directors (as defined in the Code). 3. If there is an entity that controls the company, the latter shall publish a memorandum of the controlling entity on the plans of such entity related to corporate governance in the company.		☒ complied with ☐ partially complied with ☐ not complied with	The memorandum will be published if prepared by the controlling entity.
6.2	The company shall disclose full, relevant, and reliable information on the company in a timely manner to provide the shareholders of the company and investors with the opportunity to make sound decisions.				

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6.2.1	The company shall disclose information in accordance with the principles of regularity, consistency, and promptness as well as the accessibility, reliability, fullness, and comparability of the data disclosed.	1. The information policy of the company shall define approaches and criteria for defining information that can significantly influence the assessment of the company and the cost of its securities as well as procedures for ensuring the timely disclosure of such information. 2. If the securities of the company are traded in foreign organized markets, essential information shall be disclosed simultaneously and equivalently in Russia and in such markets during the reporting year. 3. If foreign shareholders hold a significant number of the company's shares, during the reporting period information was disclosed both in Russian and in one of the most widespread foreign languages.		☒ complied with ☐ partially complied with ☐ not complied with	
6.2.2	The company avoids a formal approach to information disclosure and divulges essential information on its activities even if the disclosure of such information is not stipulated by the law.	1. During the reporting period, the company disclosed annual and semiannual financial statements prepared as per IFRS. The annual report for the reporting period includes summarized consolidated financial statements prepared as per audited consolidated financial statements along with the independent auditor's report. 2. The company discloses full information on the capital structure as per Recommendation 290 of the Code both in the annual report and on its website.		☒ complied with ☐ partially complied with ☐ not complied with	
6.2.3	The annual report, as one of the most important instruments of information exchange with shareholders and other stakeholders, shall contain information making it possible to evaluate the results of the company's activities for the year.	1. The annual report of the company contains information about the key aspects of its operations and financial results. 2. The annual report contains information about environmental and social aspects of the company's activities.		☒ complied with ☐ partially complied with ☐ not complied with	
6.3	The company provides information and documents at the request of shareholders in accordance with the principles of equal and unhindered access.				
6.3.1	Provision of information and documents by the company at the request of shareholders in accordance with the principles of equal and unhindered access.	1. The company's information policy defines the procedure for providing shareholders with unhindered access to information, including information about controlled legal entities, at the shareholders' request.		☒ complied with ☐ partially complied with ☐ not complied with	
6.3.2	Provision of information to shareholders ensures a reasonable balance between the interests of certain shareholders and the interests of the company itself, which is concerned with the confidentiality of important -commercial information that could significantly influence its competitiveness.	1. During the reporting period, the company did not refuse to satisfy shareholders' information requests, or such refusals were reasonable. 2. In cases defined by the Company's Information Policy, shareholders are informed about the confidential nature of information and undertake to keep it in secret.		☒ complied with ☐ partially complied with ☐ not complied with	
7.1	Actions that significantly impact or could significantly impact the share capital structure and financial state of the company and, consequently, the position of the shareholders (significant corporate actions) shall be taken in a fair manner, ensuring the observation of the rights and interests of the shareholders and other stakeholders.				

No.	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles	Status ¹ compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles
7.1.1	Reorganization of the Company, acquisition of 30 percent or more of its voting shares (takeover), performance of significant transactions, an increase or decrease in the Company's share capital, listing or delisting of shares, and other actions that could result in significant changes to the shareholders' rights or violations of their interests shall be deemed significant corporate actions. The Charter of the company defines the list (criteria) of transactions or other actions that are significant corporate actions, and such matters are reserved to the Board of Directors of the company.	1. The Charter of the Company defines the list of transactions or other actions that are significant corporate actions and the criteria for defining such actions. The making of decisions on significant corporate actions is reserved to the competence of the Board of Directors. In cases when such corporate actions are expressly reserved by law to the competence of the General Shareholders' Meeting, the Board of Directors shall provide shareholders with appropriate recommendations. 2. The Charter of the company deems at least the following actions to be significant corporate actions: reorganization of the company, acquisition of 30 percent or more of its voting shares (takeover), performance of significant transactions by the company, an increase or decrease in the company's share capital, and listing and delisting of its shares.		☐ complied with ☒ partially complied with ☐ not complied with	1–2 are complied with partially. The Banks' Charter does not provide a list of transactions or actions that are deemed significant or criteria for their identification. The list of significant corporate actions is provided in the Code of Corporate Management of Sberbank. Significant corporate actions include: reorganization of the Bank, acquisition of 30 percent or more of its voting shares (takeover) by one shareholder, performance of significant transactions (including major transactions, mergers and acquisitions), an increase or decrease in the Company's share capital, listing or delisting of shares, and other actions that could result in significant changes to the shareholders' rights or violations of their interests. The making of decisions on significant corporate actions is reserved by law and by the Bank's Charter to the competence of the General Shareholders' Meeting or the Supervisory Board. In case an issue falls under authority of the Supervisory Board, decisions on significant corporate actions, in accordance with the Charter of Sberbank, shall be made by qualified majority vote (at least three quarters of the votes). During the period of validity of the Code of Corporate Management of Sberbank (from April 2015) there were no significant corporate actions. At the moment the applied approach meets the needs of the Bank, it appears unreasonable to change it in the next few years.
7.1.2	The Board of Directors plays a key role in decision making or preparation of recommendations on significant corporate actions; the Board of Directors relies on the position of the Company's independent directors.	1. The company provides for a procedure for the independent directors to declare their position on significant corporate actions before the approval thereof.		☒ complied with ☐ partially complied with ☐ not complied with	The Supervisory Board plays an important role in decision making as regards significant corporate actions. Sberbank's Code of Corporate Governance provides for the possibility of establishing an ad hoc interim committee for preliminary consideration of issues regarding significant corporate actions.
7.1.3	When performing significant corporate actions relating to the rights and legal interests of shareholders, the company ensures equal terms for all the shareholders of the company, and if legislation provides insufficient mechanisms for the protection of shareholders' rights, the company takes additional measures to protect the rights and legal interests of its shareholders. In this case, the company relies both on compliance with the formal requirements of the law and the principles of corporate governance set forth in the Code.	1. Considering particular aspects of the company's activities, the Charter determines criteria for classifying the company's transactions as significant corporate transactions that are lower than the minimal criteria determined by the law. 2. During the reporting period, all significant corporate actions underwent the approval procedure before they were taken.		☐ complied with ☒ partially complied with ☐ not complied with	1. is complied with partially. The Charter of Sberbank does not provide criteria for classifying the Banks's transactions as significant corporate transactions that are lower than the minimal criteria determined by the law. When performing significant corporate actions, the Bank relies both on the requirements of the law and the provisions of the Bank's charter on making the decisions related to significant corporate actions by qualified majority vote of the members of the Supervisory Committee (at least three quarters of the votes), which to a great extent increases corporate control over transactions and at the moment meets the needs of the Bank. It appears unreasonable to change the existing approach in the next few years. 2. During 2017 there were no significant corporate actions.
7.2	The company ensures a procedure for taking significant corporate actions that enables shareholders to obtain full information on such actions in a timely manner, provides them with the opportunity to influence such actions, and guarantees the observation and adequate protection of their rights when such actions are taken.				
7.2.1	Information on significant corporate actions includes the reasons, conditions, and results of such actions.	1. During the reporting period, the company promptly disclosed detailed information on its significant corporate actions, including the grounds and terms thereof.		☒ complied with ☐ partially complied with ☐ not complied with	

No.	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles	Status ¹ compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles
7.2.2	Rules and procedures related to significant corporate actions taken by the company are defined in its internal documents.	1. The internal documents of the company stipulate the procedure for engagement of an independent appraiser to determine the value of property alienated or acquired under a major transaction or an interested party transaction. 2. The internal documents of the company -stipulate the procedure for engagement of an independent appraiser to determine the value of share acquisition and repurchase. 3. The company's internal documents -stipulate an extended list of grounds for deeming members of its Board of Directors and other persons specified by the law to be parties interested in the company's transactions.		☒ complied with ☐ partially complied with ☐ not complied with	

¹ The status “complied with” is indicated only if the company complies with all the criteria for assessment of compliance with the corporate governance principle. Otherwise the status “partially complied with” or “not complied with” shall be indicated.

² Specified for each criterion for assessing compliance with corporate governance principles if the company complies only with a part of the criteria or with none of the criteria for assessment of compliance with the principle. If the company indicates the status “complied with,” no explanation is required.

³ Indicate which of the two alternative approaches admitted by the principle is being implemented in the company and give reasons for the approach chosen.

⁴ If the objectives of the Nomination Committee are fulfilled by another committee, indicate its name.

⁵ Indicate the list of additionally established committees.

Summary IFRS Consolidated Financial Statements Prepared from the Audited Consolidated Financial Statements



Report of the Independent Auditor on the Summary Consolidated Financial Statements

To the Shareholders and the Supervisory Board of Sberbank of Russia

Our opinion

In our opinion, the accompanying summary consolidated financial statements of Sberbank of Russia (the "Bank") and its subsidiaries (together – the "Group") are consistent, in all material respects, with the audited consolidated financial statements of the Group for the year ended 31 December 2017, in accordance with the basis described in the footnote to the summary consolidated financial statements.

The summary consolidated financial statements

The summary consolidated financial statements of the Group derived from the audited consolidated financial statements of the Group for the year ended 31 December 2017 comprise:

- the consolidated statement of financial position as at 31 December 2017;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the consolidated statement of cash flows for the year then ended.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The audited consolidated financial statements and the summary consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 27 February 2018. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the audited consolidated financial statements of the current period.

Management's responsibility for the summary consolidated financial statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the basis described in the footnote to the summary consolidated financial statements.



Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 "Engagements to Report on Summary Financial Statements".

AO PricewaterhouseCoopers Audit

14 March 2018
Moscow, Russian Federation



E.N. Kriventsev, engagement partner and certified auditor (licence number 01-000198)
AO PricewaterhouseCoopers Audit

Audited entity: Sberbank of Russia

Main state registration number: 1027700132195, issued on 16 August 2002

117997, Russian Federation, Moscow, Vavilova 19

Independent auditor: AO PricewaterhouseCoopers Audit

State registration certificate number 008.890, issued by the Moscow Registration Chamber on 28 February 1992

Certificate of inclusion in the Unified State Register of Legal Entities issued on 22 August 2002 under registration number 1027700148431

Member of Self-regulated organisation of auditors "Russian Union of auditors" (Association)

Main registration record number 11603050547 in the register of auditors and audit organisations



Consolidated Statement of Financial Position

<i>in billions of Russian Roubles</i>	31 December 2017	31 December 2016
ASSETS		
Cash and cash equivalents	2,329.4	2,560.8
Mandatory cash balances with central banks	427.1	402.0
Financial assets at fair value through profit or loss	654.1	605.5
Due from banks	1,317.8	965.4
Loans and advances to customers	18,488.1	17,361.3
Securities pledged under repurchase agreements	258.9	113.9
Investment securities available-for-sale	1,743.7	1,658.9
Investment securities held-to-maturity	773.6	545.8
Deferred tax asset	15.5	13.9
Premises and equipment	516.2	482.9
Assets of the disposal groups and non-current assets held for sale	10.5	5.8
Other financial assets	253.1	314.5
Other non-financial assets	324.2	337.8
TOTAL ASSETS	27,112.2	25,368.5
LIABILITIES		
Due to banks	693.3	561.9
Due to individuals	13,420.3	12,449.6
Due to corporate customers	6,393.9	6,235.2
Debt securities in issue	934.6	1,161.0
Other borrowed funds	247.3	261.4
Financial liabilities at fair value through profit or loss other than debt securities in issue	164.4	212.9
Deferred tax liability	27.7	55.1
Liabilities of the disposal groups	—	0.8
Provisions on insurance and pension fund operations	688.1	479.2
Other financial liabilities	289.9	312.6
Other non-financial liabilities	100.4	77.3
Subordinated debt	716.3	739.9
TOTAL LIABILITIES	23,676.2	22,546.9
EQUITY		
Share capital	87.7	87.7
Treasury shares	(15.3)	(7.9)
Share premium	232.6	232.6
Revaluation reserve for office premises	60.8	66.9
Fair value reserve for investment securities available-for-sale	35.3	24.0
Foreign currency translation reserve	(26.4)	(19.8)
Remeasurement of defined benefit pension plans	(1.3)	(1.1)
Retained earnings	3,058.6	2,435.7
Total equity attributable to shareholders of the Bank	3,432.0	2,818.1
Non-controlling interest	4.0	3.5
TOTAL EQUITY	3,436.0	2,821.6
TOTAL LIABILITIES AND EQUITY	27,112.2	25,368.5

Approved for issue and signed on behalf of the Executive Board on 27 February 2018.

Herman Gref,
Chairman of the Executive Board and CEO

Marina Lukianova,
Chief Accountant

These summary consolidated financial statements of Sberbank of Russia and its subsidiaries (together - the "Group") have been prepared by extraction, without any modification, of the consolidated statements of financial position, profit or loss, comprehensive income, changes in equity and cash flows from the audited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards. The summary consolidated financial statements do not contain all the disclosures presented in the audited consolidated financial statements of the Group. For a better understanding of the Group financial position, its financial performance and its cash flows the summary consolidated financial statements should be read in conjunction with the audited consolidated financial statements.

The audited consolidated financial statements of the Group can be obtained from Sberbank of Russia and are available at the website www.sberbank.com.

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Consolidated Statement of Profit or Loss

<i>in billions of Russian Roubles</i>	2017	2016
Interest income	2,335.8	2,399.0
Interest expense	(826.4)	(986.9)
Deposit insurance expenses	(57.3)	(49.3)
Net interest income	1,452.1	1,362.8
Net provision charge for impairment of debt financial assets	(287.3)	(342.4)
Net interest income after provision charge for impairment of debt financial assets	1,164.8	1,020.4
Fee and commission income	505.1	436.3
Fee and commission expense	(110.9)	(87.2)
Net (losses) / gains from trading securities	(3.0)	7.4
Net gains from securities designated as at fair value through profit or loss	8.0	6.0
Net gains from investment securities available-for-sale	27.2	11.1
Impairment of investment securities available-for-sale	(0.2)	(0.5)
Net gains / (losses) from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	20.6	(53.4)
Net gains from operations with precious metals, precious metals derivatives and precious metals accounts translation	4.1	6.5
Net (losses) / gains from operations with other derivatives	(13.5)	0.7
Net losses from revaluation of office premises	—	(25.0)
Impairment of premises, equipment and intangible assets	(9.5)	(0.3)
Goodwill impairment	(11.3)	(0.3)
Net gains / (losses) on initial recognition of financial instruments, loans restructuring and sale of loans	4.7	(0.1)
Net charge for other provisions	(16.7)	(19.4)
Revenue of non-core business activities	42.4	30.8
Cost of sales and other expenses of non-core business activities	(36.7)	(27.1)
Net premiums from insurance and pension fund operations	249.5	192.8
Net claims, benefits, change in contract liabilities and acquisition costs on insurance and pension fund operations	(232.6)	(177.8)
Other net operating income	23.9	34.2
Operating income	1,616.0	1,355.1
Operating expenses	(672.8)	(677.6)
Profit before tax	943.2	677.5
Income tax expense	(194.5)	(135.5)
Profit for the year	748.7	541.9
Attributable to:		
• shareholders of the Bank	750.4	540.5
• non-controlling interest	(1.7)	1.4
Earnings per ordinary share attributable to the shareholders of the Bank, basic and diluted (expressed in RUB per share)	34.58	25.00

Approved for issue and signed on behalf of the Executive Board on 27 February 2018.

Herman Gref,
Chairman of the Executive Board and CEO

Marina Lukianova,
Chief Accountant

These summary consolidated financial statements of Sberbank of Russia and its subsidiaries (together - the "Group") have been prepared by extraction, without any modification, of the consolidated statements of financial position, profit or loss, comprehensive income, changes in equity and cash flows from the audited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards. The summary consolidated financial statements do not contain all the disclosures presented in the audited consolidated financial statements of the Group. For a better understanding of the Group financial position, its financial performance and its cash flows the summary consolidated financial statements should be read in conjunction with the audited consolidated financial statements.

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Consolidated Statement of Comprehensive Income

	Year ended 31 December	
<i>in billions of Russian Roubles</i>	2017	2016
Profit for the year	748.7	541.9
Other comprehensive income:		
Items to be reclassified to profit or loss in subsequent periods		
Investment securities available-for-sale:		
- Net gains on revaluation of investment securities available-for-sale, net of tax	32.9	78.2
- Impairment of investment securities available-for-sale transferred to profit or loss, net of tax	0.2	0.4
- Accumulated gains transferred to profit or loss upon disposal of investment securities available-for-sale, net of tax	(21.8)	(8.9)
Exchange differences on translating foreign operations:		
- Exchange differences on translating foreign operations for the year	(11.7)	(121.0)
- Accumulated exchange differences on translating foreign operations transferred to profit or loss upon disposal of subsidiary	5.1	—
Total other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods, net of tax	4.7	(51.3)
Items that will not be reclassified to profit or loss in subsequent periods		
Revaluation of office premises:		
- Revaluation of office premises, net of tax	—	2.2
- Change in valuation of office premises transferred to other classes of assets, net of tax	(2.7)	—
Remeasurement of defined benefit pension plans	(0.2)	(0.4)
Total other comprehensive (loss) / income that will not be reclassified to profit or loss in subsequent periods	(2.9)	1.8
Total other comprehensive income / (loss)	1.8	(49.5)
Total comprehensive income for the year	750.5	492.4
Attributable to:		
- shareholders of the Bank	752.2	491.1
- non-controlling interest	(1.7)	1.3

These summary consolidated financial statements of Sberbank of Russia and its subsidiaries (together - the "Group") have been prepared by extraction, without any modification, of the consolidated statements of financial position, profit or loss, comprehensive income, changes in equity and cash flows from the audited consolidated financial statements of the Group prepared in accordance with international financial reporting standards. The summary consolidated financial statements do not contain all the disclosures presented in the audited consolidated financial statements of the Group. For a better understanding of the Group financial position, its financial performance and its cash flows the summary consolidated financial statements should be read in conjunction with the audited consolidated financial statements.

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Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Bank									
<i>in billions of Russian Roubles</i>	Share capital	Treasury shares	Share premium	Revaluation reserve for office premises	Fair value reserve for investment securities available-for-sale	Foreign currency translation reserve	Remeasurement of defined benefit pension plans	Retained earnings	Total	Non-controlling interest
Balance as at 31 December 2015	87.7	(6.7)	232.6	69.3	(45.7)	101.1	(0.7)	1,935.2	2,372.8	2.2
Changes in equity for the year ended 31 December 2016										
Net result from treasury shares transactions	—	(1.2)	—	—	—	—	—	(0.2)	(1.4)	(1.4)
Dividends declared	—	—	—	—	—	—	—	(44.4)	(44.4)	(44.4)
Transfer of revaluation reserve for office premises upon disposal or depreciation	—	—	—	(4.4)	—	—	—	4.4	—	—
Profit for the year	—	—	—	2.2	69.7	(120.9)	(0.4)	540.5	540.5	1.4
Other comprehensive income / (loss) for the year	—	—	—	—	—	—	—	(69.4)	(69.4)	(69.4)
Total comprehensive income / (loss) for the year	—	—	—	2.2	69.7	(120.9)	(0.4)	540.5	461.3	1.3
Balance as at 31 December 2016	87.7	(7.9)	232.6	66.9	24.0	(19.8)	(1.1)	2,495.7	2,818.1	3.5
Changes in equity for the year ended 31 December 2017										
Net result from treasury shares transactions	—	(7.4)	—	—	—	—	—	4.0	(3.4)	(3.4)
Dividends declared	—	—	—	—	—	—	—	(134.9)	(134.9)	(134.9)
Transfer of revaluation reserve for office premises upon disposal or depreciation	—	—	—	(3.4)	—	—	—	3.4	—	—
Changes in ownership interest in subordinated	—	—	—	—	—	—	—	—	—	—
Profit for the year	—	—	—	—	—	—	—	750.4	750.4	(2.7)
Other comprehensive (loss) / income for the year	—	—	—	(2.7)	11.3	(6.6)	(0.2)	—	1.8	1.8
Total comprehensive (loss) / income for the year	—	—	—	(2.7)	11.3	(6.6)	(0.2)	750.4	752.2	(1.7)
Balance as at 31 December 2017	87.7	(15.3)	232.6	60.8	35.3	(26.4)	(1.3)	3,058.6	3,432.0	4.0

These summary consolidated financial statements of Sberbank of Russia and its subsidiaries (together - the "Group") have been prepared by extraction, without any modification, of the consolidated statements of financial position, profit or loss, comprehensive income, changes in equity and cash flows from the audited consolidated financial statements of the Group prepared in accordance with international financial reporting standards. The summary consolidated financial statements do not contain all the disclosures presented in the audited consolidated financial statements of the Group. For a better understanding of the Group financial position, its financial performance and its cash flows the summary consolidated financial statements should be read in conjunction with the audited consolidated financial statements.

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Consolidated Statement of Cash Flows

	Year ended 31 December	
<i>in billions of Russian Roubles</i>	2017	2016
Cash flows from operating activities		
Interest received	2,134.5	2,193.5
Interest paid	(767.4)	(915.0)
Deposit insurance expenses paid	(55.7)	(45.6)
Fees and commissions received	498.8	438.0
Fees and commissions paid	(112.2)	(83.1)
Net losses incurred on trading securities	(3.2)	(2.6)
Dividends received	0.3	2.0
Net gains received on securities designated as at fair value through profit or loss	1.7	2.1
Net gains received / (losses incurred) from trading in foreign currencies and from operations with foreign currency derivatives	62.8	(32.3)
Net (losses incurred) / gains received from operations with other derivatives	(4.0)	17.0
Net gains received from operations with precious metals and precious metals derivatives	2.6	3.4
Revenue received from non-core business activities	33.2	35.4
Expenses paid on non-core business activities	(28.4)	(28.9)
Insurance premiums received	140.0	87.1
Claims, benefits and acquisition costs on insurance operations paid	(5.6)	(2.8)
Pension fund premiums received	109.7	103.3
Claims, benefits and acquisition costs on pension fund operations paid	(21.8)	(19.3)
Other net operating income received	14.3	13.2
Operating expenses paid	(596.4)	(610.1)
Income tax paid	(210.1)	(214.0)
Cash flows from operating activities before changes in operating assets and liabilities	1,193.1	942.2
Changes in operating assets and liabilities		
Net increase in mandatory cash balances with central banks	(50.0)	(115.2)
Net increase in financial assets at fair value through profit or loss	(124.7)	(87.6)
Net increase in due from banks	(325.0)	(190.6)
Net increase in loans and advances to customers	(1,624.3)	(54.9)
Net decrease in other assets	61.8	242.4
Net increase / (decrease) in due to banks	136.0	(424.3)
Net increase in due to individuals	1,084.8	1,103.3
Net increase / (decrease) in due to corporate customers	316.4	(889.3)
Net decrease in debt securities in issue except for loan participation notes issued under the MTN programme of Sberbank	(33.1)	(83.0)
Net (decrease) / increase in financial liabilities at fair value through profit or loss other than debt securities in issue	(0.2)	1.8
Net decrease in other liabilities	(26.9)	(47.3)
Net cash from operating activities	607.9	387.5

These summary consolidated financial statements of Sberbank of Russia and its subsidiaries (together - the "Group") have been prepared by extraction, without any modification, of the consolidated statements of financial position, profit or loss, comprehensive income, changes in equity and cash flows from the audited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards. The summary consolidated financial statements do not contain all the disclosures presented in the audited consolidated financial statements of the Group. For a better understanding of the Group financial position, its financial performance and its cash flows the summary consolidated financial statements should be read in conjunction with the audited consolidated financial statements.

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Consolidated Statement of Cash Flows (Continued)

	Year ended 31 December	
<i>in billions of Russian Roubles</i>	2017	2016
Cash flows from investing activities		
Purchase of investment securities available-for-sale	(1,497.3)	(1,569.8)
Proceeds from disposal and redemption of investment securities available-for-sale	1,285.3	1,765.3
Interest received on investment securities available-for-sale	129.4	128.9
Purchase of investment securities held-to-maturity	(374.2)	(116.5)
Proceeds from redemption of investment securities held-to-maturity	117.7	73.5
Interest received on investment securities held-to-maturity	48.1	35.5
Acquisition of premises, equipment and intangible assets	(116.3)	(112.1)
Proceeds from disposal of premises, equipment and intangible assets including insurance payments	10.6	19.9
Acquisition of investment property	(0.7)	(0.6)
Proceeds from disposal of investment property	0.7	1.3
Acquisition of associates	(0.3)	—
Proceeds from disposal of associates	0.1	0.4
Acquisition of subsidiaries net of cash acquired	(1.4)	—
Proceeds from disposal of subsidiaries net of cash disposed	1.7	15.3
Net cash (used in) / from investing activities	(396.6)	241.1
Cash flows from financing activities		
Other borrowed funds received	268.9	154.6
Redemption of other borrowed funds	(276.3)	(205.2)
Interest on other borrowed funds paid	(11.0)	(9.4)
Funds received from subordinated debt issued or reissued	0.6	0.3
Redemption of subordinated debt	(24.9)	(18.5)
Interest on subordinated debt paid	(45.3)	(46.6)
Funds received from loan participation notes issued or reissued	0.1	2.6
Redemption of loan participation notes issued	(164.3)	(42.9)
Interest on loan participation notes issued paid	(24.2)	(32.1)
Cash received from non-controlling shareholders	0.1	—
Purchase of treasury shares	(9.8)	(4.5)
Proceeds from disposal of treasury shares	6.4	3.1
Dividends paid	(134.7)	(144.5)
Net cash used in financing activities	(414.4)	(244.1)
Effect of exchange rate changes on cash and cash equivalents	(23.5)	(157.8)
Net effect of changes in cash and cash equivalents included in disposal groups	(4.8)	0.5
Net (decrease) / increase in cash and cash equivalents	(231.4)	227.2
Cash and cash equivalents as at the beginning of the year	2,560.8	2,333.6
Cash and cash equivalents as at the end of the year	2,329.4	2,560.8

These summary consolidated financial statements of Sberbank of Russia and its subsidiaries (together - the "Group") have been prepared by extraction, without any modification, of the consolidated statements of financial position, profit or loss, comprehensive income, changes in equity and cash flows from the audited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards. The summary consolidated financial statements do not contain all the disclosures presented in the audited consolidated financial statements of the Group. For a better understanding of the Group financial position, its financial performance and its cash flows the summary consolidated financial statements should be read in conjunction with the audited consolidated financial statements.

The audited consolidated financial statements of the Group can be obtained from Sberbank of Russia and are available at the website www.sberbank.com

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The summary annual accounting (financial) statements of Sberbank (RAS)

Independent auditor’s report on the summary annual accounting (financial) statements

To the Shareholders and the Supervisory Board of Sberbank of Russia:

Our opinion

In our opinion, the accompanying summary annual accounting (financial) statements of Sberbank of Russia (the “Bank”) are consistent, in all material respects, with the audited annual accounting (financial) statements, on the basis described in the footnote to the summary annual accounting (financial) statements.

Summary annual accounting (financial) statements

Summary annual accounting (financial) statements of the Bank derived from the audited annual accounting (financial) statements of the Bank for the year 2017 comprise:

- the balance sheet (disclosure form) for the year 2017;
- the income statement (disclosure form) for the year 2017;
- the appendices to the balance sheet and the income statement:
 - the statement of the capital adequacy to cover risks, amount of provisions for possible losses from loans and other assets (disclosure form) as at 1 January 2018;
 - information on statutory ratios, the financial leverage ratio and short-term liquidity ratios (disclosure form) as at 1 January 2018;
 - the cash flows statement (disclosure form) as at 1 January 2018.

The summary annual accounting (financial) statements do not contain all the disclosures required by the Russian Federation regulations for credit institutions in terms of preparation of the annual accounting (financial) statements. Reading the summary annual accounting (financial) statements and the auditor’s report thereon, therefore, is not a substitute for reading the audited annual accounting (financial) statements and the auditor’s report thereon. The audited annual accounting (financial) statements and the summary annual accounting (financial) statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited annual accounting (financial) statements.

The audited annual accounting (financial) statements and our report thereon

We expressed an unmodified audit opinion on the audited annual accounting (financial) statements in our report dated 14 March 2018. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the audited annual accounting (financial) statements of the current period.

Management’s responsibility for the summary annual accounting (financial) statements

Management is responsible for the preparation of the summary annual accounting (financial) statements on the basis described in the footnote to the summary annual accounting (financial) statements.

Auditor’s responsibility

Our responsibility is to express an opinion on whether the summary annual accounting (financial) statements are consistent, in all material respects, with the audited annual accounting (financial) statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 “Engagements to Report on Summary Financial Statements”.

14 March 2018
Moscow, Russian Federation

E.N. Kriventsev, engagement partner (licence number 01-000198)
AO PricewaterhouseCoopers Audit

Audited entity: Sberbank of Russia	Independent auditor: AO PricewaterhouseCoopers Audit
Main state registration number: 1027700132195, issued on 16 August 2002	State registration certificate number 008.890, issued by the Moscow Registration Chamber on 28 February 1992
117997, Russian Federation, Moscow, Vavilova 19	Certificate of inclusion in the Unified State Register of Legal Entities issued on 22 August 2002 under registration number 1027700148431
	Member of Self-regulated organisation of auditors “Russian Union of auditors” (Association)
	Main registration record number 11603050547 in the register of auditors and audit organisations

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BALANCE SHEET
(disclosure form)
for 2017

of the credit institution: Sberbank of Russia

Sherbank

Address (location) of the credit institution 19 Vavilova St., Moscow 117997

Form code under OKUD 0409806 Quarterly (Annual)				
Line number	Item	Explanation number	Figures for the reporting period, thous. RUB	Figures for the previous reporting year, thous. RUB
1	2	3	4	5
I	ASSETS			
1	Cash and cash equivalents	5.1	621 718 630	614 848 983
2	Funds of credit institutions held with the Central Bank of the Russian Federation	5.1	747 906 470	967 161 874
2.1	Mandatory cash balances		158 658 496	154 713 883
3	Due from credit institutions	5.1	299 995 122	347 942 780
4	Financial assets assessed at fair value through profit or loss	5.2	91 468 983	141 343 233
5	Net loans	5.3	17 466 111 114	16 221 622 141
6	Net investments in securities and other financial assets available for sale	5.4	2 517 864 732	2 269 613 004
6.1	Investments in subsidiaries and affiliates	5.5	664 464 539	691 905 668
7	Net investments in securities held to maturity	5.6	645 442 126	455 961 164
8	Current profit tax claims		372 664	8 124 301
9	Deferred tax asset		21 311 177	0
10	Fixed assets, intangible assets, and inventories	5.7	483 555 870	469 120 697
11	Long-term assets available for sale		11 364 582	8 076 804
12	Other assets	5.8	251 808 469	217 263 502
13	Total assets		23 158 919 939	21 721 078 483
II	LIABILITIES			
14	Loans, deposits, and other funds of the Central Bank of the Russian Federation		591 164 171	581 160 307
15	Due to credit institutions	5.9	464 300 153	364 499 528
16	Due to customers other than credit institutions	5.10	17 742 620 034	16 881 988 991
16.1	Deposits (funds) of individuals and individual entrepreneurs		11 777 377 023	10 937 747 277
17	Financial liabilities carried at fair value through profit or loss		82 400 673	107 586 935
18	Issued debt obligations	5.11	575 341 051	610 931 898
19	Current profit tax liability		11 241 468	5 771 617
20	Deferred tax liability		0	17 878 331
21	Other liabilities	5.12	270 017 973	280 194 323
22	Provisions for possible losses from credit contingencies, other possible losses and transactions with offshore residents		62 686 684	42 145 668
23	Total liabilities		19 799 772 207	18 892 157 598
III	SOURCES OF EQUITY			
24	Shareholders' (members') equity	5.13	67 760 844	67 760 844
25	Treasury shares (interests) redeemed from shareholders (members)		0	0
26	Additional paid-in capital		228 054 226	228 054 226
27	Reserve fund		3 527 429	3 527 429
28	Revaluation of securities available for sale at fair value reduced by deferred tax liability (plus deferred tax asset)		54 667 423	39 900 064
29	Revaluation of fixed assets less deferred tax liability		39 933 964	45 400 901
30	Revaluation of liabilities (claims) for payment of long-term remunerations		-17 982	0
31	Revaluation of hedging instruments		0	0
32	Funds for grant financing (contributions to assets)		0	0
33	Retained earnings (uncovered losses) of previous years		2 311 656 423	1 945 987 988
34	Unused profit (loss) for the reporting period	6	653 565 405	498 289 433
35	Total sources of equity		3 359 147 732	2 828 920 885
IV	OFF-BALANCE-SHEET LIABILITIES			
36	Irrevocable liabilities of the credit institution		10 134 992 202	6 701 111 522
37	Guarantees and sureties granted by the credit institution		1 341 462 264	1 234 474 908
38	Non-credit contingent liabilities		142 841	142 840

CEO, Chairman of the Executive Board
Sherbank

H. Gref
(full name)

Senior Managing Director, Chief Accountant –
Director of the Accounting and Reporting Department
Sherbank

L.S.

M.Yu. Lukyanova
(full name)

14 March 2018

These summary annual accounting (financial) statements of Sherbank of Russia (the "Bank") have been prepared by extraction, without any modifications, of the balance sheet (disclosure form) for the year 2017, the income statement (disclosure form) for the year 2017 and the appendices to the balance sheet and the income statement from the audited annual accounting (financial) statements of the Bank prepared in accordance with the Russian Federation regulations for preparation of the annual accounting (financial) statements by credit institutions. The summary annual accounting (financial) statements of the Bank do not contain all the disclosures presented in the audited annual accounting (financial) statements of the Bank. For a better understanding of financial position of the Bank, its financial performance and its cash flows the summary annual accounting (financial) statements of the Bank should be read in conjunction with the audited annual accounting (financial) statements of the Bank.

The audited annual accounting (financial) statements of the Bank can be obtained from Sherbank of Russia and are available at the website www.sberbank.com.

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Bank Reporting		
Territory code under OKATO	Code of the credit institution (branch) under OKPO	registration number (reference number)
45293554000	00032537	1481

INCOME STATEMENT
(disclosure form)
for 2017

of the credit institution: Sberbank of Russia

Sherbank

Address (location) of the credit institution 19 Vavilova St., Moscow 117997

Form code under OKUD 0409807 Quarterly (Annual)				
Line number	Item	Explanation number	Figures for the reporting period, thous. RUB	Figures for the same period of the previous year
1	2	3	4	5
Section 1. Profit and Loss				
1	Interest income, total, including:	6.1	2 032 170 704	2 079 766 069
1.1	From funds deposited with credit institutions		116 102 323	64 397 494
1.2	From loans to customers other than credit institutions		1 759 389 151	1 867 144 838
1.3	From provision of services related to leasing		1	12 025
1.4	From investments in securities		156 679 229	148 211 712
2	Interest expenses, total, including:	6.2	730 382 293	878 207 077
2.1	On deposits from credit institutions		53 788 230	64 296 230
2.2	On deposits from customers other than credit institutions		636 868 978	759 401 850
2.3	On debt obligations in issue		39 725 085	54 508 997
3	Net interest income (negative interest margin)		1 301 788 411	1 201 558 992
4	Changes in the provisions for possible total losses from loans, loan debt and debt equivalents, funds in correspondent accounts, and accrued interest income, including:		-119 132 217	-87 884 500
4.1	Changes to provisions for possible losses from accrued interest income		-8 926 467	-6 151 158
5	Net interest income (negative interest margin) less provisions for possible losses		1 182 656 194	1 113 674 492
6	Net income from operations with financial assets carried at fair value through profit or loss		12 395 172	-74 292 233
7	Net income from operations with financial liabilities carried at fair value through profit or loss		0	0
8	Net income from operations with securities available for sale		24 365 165	2 607 540
9	Net income from operations with securities held to maturity		-13 596	185 187
10	Net income from foreign currency operations		38 955 167	29 511 322
11	Net income from revaluation of foreign currency	6.3	-13 134 618	18 837 516
12	Net income from operations with precious metals		620 076	2 217 651
13	Income from other equity participation		13 796 624	8 725 625
14	Fee and commission income	6.4	422 337 011	360 618 710
15	Commission fee expenses	6.4	58 654 818	43 700 379
16	Provisions created for possible losses from securities available for sale	5.4	0	-7 234
17	Provisions created for possible losses from securities held to maturity	5.6	653 231	2 208 381
18	Provisions created for other losses		-111 546 646	-41 951 351
19	Other operating income		48 260 335	33 975 420
20	Net income (expenses)		1 560 689 297	1 412 610 647
21	Operating expenses	6.5	714 803 671	764 715 933
22	Pretax profit/loss	3.2	845 885 626	647 894 714
23	Tax compensation (expenses)	6.6	192 320 221	149 605 281
24	Profit (loss) from continued activity	3.2	653 589 923	498 056 954
25	Profit (loss) from discontinued activity		-24 518	232 479
26	Profit (loss) for the reporting period	6	653 565 405	498 289 433

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Line number	Item	Explanation number	Figures for the reporting period, thous. RUB	Figures for the same period of the previous year
1	2	3	4	5
1	Profit (loss) for the reporting period	6	653 565 405	498 289 433
2	Other total income (loss)		0	0
3	Items that are not reclassified into profit or loss, total, including:		-6 545 363	-13 372 024
3.1	Changes in the fixed asset revaluation fund		-6 527 381	-13 372 024
3.2	Changes in the fund for revaluation of liabilities (claims) related to pension security for employees under defined contribution plans		-17 982	0
4	Profit tax related to items that may not be reclassified into profit or loss		-1 060 446	-1 701 258
5	Other total income (loss) that may not be reclassified into profit or loss, less profit tax		-5 484 917	-11 670 766
6	Items that may be reclassified into profit or loss, total, including:		18 459 197	96 302 369
6.1	Changes in the fund for revaluation of financial assets available for sale		18 459 197	96 302 369
6.2	Changes in the cash flow hedging fund		0	0
7	Profit tax related to items that may be reclassified into profit or loss		3 691 840	19 260 474
8	Other total income (loss) that may be reclassified into profit or loss, less profit tax		14 767 357	77 041 895
9	Other total income (loss), less profit tax		9 282 440	65 371 129
10	Financial performance for the reporting period		662 847 845	563 660 562

CEO, Chairman of the Executive Board
Sberbank

(signature)

H. Gref
(full name)

Senior Managing Director, Chief Accountant –
Director of the Accounting and Reporting Department
Sberbank

(signature)

L.S.

M.Yu. Lukyanova
(full name)

14 March 2018

These summary annual accounting (financial) statements of Sberbank of Russia (the “Bank”) have been prepared by extraction, without any modifications, of the balance sheet (disclosure form) for the year 2017, the income statement (disclosure form) for the year 2017 and the appendices to the balance sheet and the income statement from the audited annual accounting (financial) statements of the Bank prepared in accordance with the Russian Federation regulations for preparation of the annual accounting (financial) statements by credit institutions. The summary annual accounting (financial) statements of the Bank do not contain all the disclosures presented in the audited annual accounting (financial) statements of the Bank. For a better understanding of financial position of the Bank, its financial performance and its cash flows the summary annual accounting (financial) statements of the Bank should be read in conjunction with the audited annual accounting (financial) statements of the Bank. The audited annual accounting (financial) statements of the Bank can be obtained from Sberbank of Russia and are available at the website www.sberbank.com.

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Bank Reporting		
Territory code under OKATO	Code of the credit institution (branch)	
	under OKPO	registration number (reference number)
45293554000	00032537	1481

STATEMENT OF CAPITAL ADEQUACY TO COVER RISKS, AMOUNT OF PROVISIONS
FOR POSSIBLE LOSSES FROM LOANS AND OTHER ASSETS
(disclosure form)
as of January 1, 2018

of the credit institution: Sberbank of Russia

Sberbank

Address (location) of the credit institution 19 Vavilova St., Moscow 117997

Form code under OKUD 0409808

Quarterly (Annual)

Section 1. Information on the level of capital adequacy

Line number	Name of the indicator	Explanation number	Instrument cost (amount) as of the reporting date, thous. RUB		Instrument cost (value) as of the beginning of the reporting year, thous. RUB	
			included in the capital calculation	not included in the capital calculation in the period before January 1, 2018	included in the capital calculation	not included in the capital calculation in the period before January 1, 2018
1	2	3	4	5	6	7
Sources of core Tier 1 capital						
1	Charter capital and paid-in capital, total, including capital formed through:	8.1	236 765 070	X	236 765 070	x
1.1	Ordinary shares		236 765 070	X	236 765 070	x
1.2	Preferred shares		0	X	0	x
2	Retained earnings (loss):		2 656 239 740	X	2 317 501 302	x
2.1	of previous years		2 341 459 055	X	1 905 443 182	x
2.2	of the reporting year		314 780 685	X	412 058 120	x
3	Reserve fund		3 527 429	X	3 527 429	x
4	Share of charter capital subject to gradual exclusion from the calculation of equity (capital)		not applicable	X	not applicable	x
5	Subsidiaries' core capital instruments held by third persons		not applicable	not applicable	not applicable	not applicable
6	Sources of core capital, total (line 1 +/- line 2 + line 3 – line 4 + line 5)		2 896 532 239	X	2 557 793 801	x
Items decreasing the sources of core Tier 1 capital						
7	Trading portfolio adjustment		not applicable	not applicable	not applicable	not applicable
8	Goodwill less deferred tax liabilities		0	0	0	0
9	Intangible assets (except for goodwill and amounts related to rights for mortgage loan servicing), less deferred tax liabilities		60 755 720	15 188 930	31 644 296	21 096 197
10	Deferred tax assets dependent on future income		0	0	0	0
11	Cash flow hedging provisions		not applicable	not applicable	not applicable	not applicable
12	Incompletely created provisions for possible losses		0	0	0	0
13	Income from securitization transactions		not applicable	not applicable	not applicable	not applicable
14	Income and expenses connected with changes in credit risk for liabilities assessed at fair value		not applicable	not applicable	not applicable	not applicable
15	Assets of defined benefit pension plan		not applicable	not applicable	not applicable	not applicable
16	Investments in equity shares (stock)		0	0	0	0
17	Mutual cross-shareholdings		not applicable	not applicable	not applicable	not applicable
18	Non-material investments in core capital instruments of financial institutions		0	0	0	0
19	Material investments in core capital instruments of financial institutions	8.2	109 223 621	27 305 905	83 468 389	55 645 593
20	Rights for mortgage loan servicing		not applicable	not applicable	not applicable	not applicable
21	Deferred tax assets independent of future income		0	0	0	0
22	Aggregate amount of material investments and deferred tax assets in excess of 15 percent of core capital, total, including :		0	0	0	0

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23	Material investments in core capital instruments of financial institutions	0	0	0	0
24	Rights for mortgage loan servicing	not applicable	not applicable	not applicable	not applicable
25	Deferred tax assets independent of future income	0	0	0	0
26	Other items reducing the sources of core capital established by the Bank of Russia, total, including:	0	0	0	0
26.1	Items subject to gradual exclusion from the calculation of equity (capital)	0	X	0	x
27	Negative value of additional Tier 1 capital	88 733 800	X	173 957 960	x
28	Figures decreasing the sources of core capital, total (sum of lines 7 to 22 and lines 26 to 27)	258 713 141	X	289 070 645	x
29	Core Tier 1 capital, total (line 6 – line 28)	2 637 819 098	X	2 268 723 156	x
Sources of additional Tier 1 capital					
30	Additional Tier 1 capital instruments and share premium, total, including:	0	X	0	x
31	those classified as capital	0	X	0	x
32	those classified as liabilities	0	X	0	x
33	Additional Tier 1 capital instruments subject to gradual exclusion from the calculation of equity (capital)	0	X	0	x
34	Additional Tier 1 capital instruments of subsidiaries, which are held by third persons, total, including:	not applicable	X	not applicable	x
35	Additional Tier 1 capital instruments of subsidiaries subject to gradual exclusion from the calculation of equity (capital)	0	X	0	x
36	Sources of additional Tier 1 capital, total (line 30 + line 33 + line 34)	0	X	0	x
Items decreasing the sources of additional Tier 1 capital					
37	Investments in the bank's own additional Tier 1 capital instruments	0	0	0	0
38	Reciprocal cross ownership of additional Tier 1 capital instruments	not applicable	not applicable	not applicable	not applicable
39	Non-material investments in additional Tier 1 capital instruments of financial institutions	not applicable	not applicable	not applicable	not applicable
40	Material investments in supplementary Tier 1 capital instruments of financial institutions	0	0	0	0
41	Other items reducing the sources of additional Tier 1 capital established by the Bank of Russia, total, including:	88 733 800	X	173 957 960	x
41.1	Items subject to gradual exclusion from equity (capital), total, including:	88 733 800	X	173 957 960	x
41.1.1	Intangible assets	10 508 634	X	18 150 255	x
41.1.2	Treasury shares (interests) purchased (redeemed) from shareholders (members)	0	X	0	x
41.1.3	Shares (interests) of subsidiary and affiliate financial institutions and resident credit institutions	78 225 166	X	155 807 705	x
41.1.4	Sources of equity capital formed from inappropriate assets	0	X	0	x
41.1.5	Negative value of supplementary capital resulting from adjustment of the value of equity (capital) by the amount of sources of additional capital formed by investors using inappropriate assets	0	X	0	x
42	Negative value of supplementary capital	0	X	0	x
43	Items decreasing the sources of additional Tier 1 capital, total (sum of lines 37 to 42)	88 733 800	X	173 957 960	x
44	Additional Tier 1 capital, total (line 36 – line 43)	0	X	0	x
45	Tier 1 capital, total (line 29 + line 44)	2 637 819 098	X	2 268 723 156	x
Sources of supplementary capital					
46	Supplementary capital instruments and paid-in capital	1 083 971 028	X	890 933 469	x
47	Supplementary capital instruments subject to gradual exclusion from the calculation of equity (capital)	32 754 200	X	39 305 040	x
48	Supplementary capital instruments of subsidiaries which are held by third persons, total, including:	not applicable	X	not applicable	x
49	Supplementary capital instruments of subsidiaries subject to gradual exclusion from the calculation of equity (capital)	not applicable	X	not applicable	x
50	Provisions for possible loss	not applicable	X	not applicable	x
51	Sources of supplementary capital, total (line 46 + line 47 + line 48 + line 50)	1 116 725 228	X	930 238 509	x
Items decreasing the sources of supplementary capital					
52	Investments in the bank's own supplementary capital instruments	0	0	0	0
53	Reciprocal cross ownership of supplementary capital instruments	not applicable	not applicable	not applicable	not applicable
54	Non-material investments in the supplementary capital instruments of financial institutions	0	0	0	0
55	Material investments in the supplementary capital instruments of financial institutions	83 894 849	20 973 712	72 507 234	48 338 155
56	Other figures reducing the sources of supplementary capital established by the Bank of Russia, total, including:	2 542 869	X	2 073 044	x
56.1	Items subject to gradual exclusion from equity (capital), total, including:	2 542 869	X	2 073 044	x
56.1.1	Sources of capital formed by investors from inappropriate assets	1 373 329	X	0	x
56.1.2	Accounts receivable overdue for more than 30 calendar days	133 540	X	1 044	x

56.1.3	Subordinate loans provided to resident credit institutions	1 036 000	X	2 072 000	x
56.1.4	Excess of the aggregate amount of loans, banking guarantees and sureties provided to own shareholders (participants) and insiders over its maximum amount	0	X	0	x
56.1.5	Investments in construction and acquisition of fixed assets and material assets	0	X	0	x
56.1.6	The difference between the actual cost of a share payable to participants who have withdrawn from the company and the cost for which this share was sold to another participant	0	X	0	x
57	Items decreasing the sources of supplementary capital, total (sum of lines 52 to 56)	86 437 718	X	74 580 278	x
58	Supplementary capital, total (line 51 – line 57)	1 030 287 510	X	855 658 231	x
59	Equity (capital), total (line 45 + line 58)	3 668 106 608	X	3 124 381 387	x
60	Risk-weighted assets:	X	X	x	x
60.1	Items subject to gradual exclusion from the calculation of equity (capital)	354 935 200	X	260 936 940	x
60.2	those necessary for defining core capital adequacy	8.4	24 657 847 239	x	22 835 336 918
60.3	those necessary for defining Tier 1 capital adequacy	8.4	24 657 847 239	x	22 835 336 918
60.4	those necessary for defining the equity (capital) adequacy	8.4	24 688 868 103	x	22 902 029 338
Equity (capital) adequacy ratio and buffers on equity (capital) adequacy ratio requirements, percentage					
61	Core capital adequacy (line 29 - line 60.2)	10.7	x	9.9	x
62	Fixed capital adequacy (line 45 - line 60.3)	10.7	x	9.9	x
63	Equity (capital) adequacy (line 59 - line 60.4)	14.9	x	13.6	x
64	Equity (capital) adequacy ratio buffers, total, including:	not applicable	x	not applicable	x
65	capital conservation buffer	not applicable	x	not applicable	x
66	counter-cyclical buffer	not applicable	x	not applicable	x
67	buffer for systemically important banks	not applicable	x	not applicable	x
68	Core capital available for directing to support of equity (capital) adequacy	not applicable	x	not applicable	x
Equity (capital) adequacy ratio requirements, percentage					
69	Basic capital adequacy ratio	8.4	10.7	x	9.9
70	Tier 1 capital adequacy ratio	8.4	10.7	x	9.9
71	Equity (capital) adequacy ratio	8.4	14.9	x	13.6
Figures accepted for the reduction of sources of capital which do not exceed the applicable materiality thresholds					
72	Non-material investments in capital instruments of financial institutions	0	X	0	x
73	Material investments in capital instruments of financial institutions	0	X	0	x
74	Rights for mortgage loan servicing	not applicable	X	not applicable	x
75	Deferred tax assets independent of future income	0	X	0	x
Restrictions on the inclusion of provisions for possible losses in the calculation of supplementary capital					
76	Provisions for possible losses included in the calculation of supplementary capital, with regard to positions for which the credit risk is calculated using the standardized approach	not applicable	X	not applicable	x
77	Limitations on including provisions for possible losses in the calculation of supplementary capital when using the standardized approach	not applicable	X	not applicable	x
78	Provisions for possible losses included in the calculation of supplementary capital, with regard to positions for which the credit risk is calculated using the IRB model approach	not applicable	X	not applicable	x
79	Limitations on including provisions for possible losses in the calculation of supplementary capital when using the IRB model approach	not applicable	X	not applicable	x

Instruments that shall be gradually excluded from the calculation of equity (capital) (applies from January 1, 2018 to January 1, 2022)						
80	The current limitation on including instruments subject to gradual exclusion from the calculation of equity (capital) in the list of core capital sources	0	X	0	x	
81	Instruments not included in the list of core capital sources due to the limitation	0	X	0	x	
82	The current limitation on including instruments subject to gradual exclusion from the calculation of equity (capital) in the list of additional Tier 1 capital sources	0	X	0	x	
83	Instruments not included in the list of additional Tier 1 capital sources due to the limitation	0	X	0	x	
84	The current limitation on including instruments subject to gradual exclusion from the calculation of equity (capital) in the list of supplementary capital sources	0	X	0	x	
85	Instruments not included in the list of supplementary capital sources due to the limitation	0	X	0	x	

Note: Information on balance sheet data that are sources of data for Section 1 of the Report is provided in explanation No. 8 of the accompanying information for form 0409808.

Section 2. Information on the amount of credit, operational, and market risks covered by capital

Subsection 2.1. Credit risk using the standardized approach

Line number	Name of the indicator	Explanation number	Figures as of the reporting date			Figures as of the start of the reporting year		
			Cost of assets (instruments) evaluated using the standard approach, thous. RUB	Assets (instruments) less provisions for possible losses, thous. RUB	Cost of risk-weighted assets (instruments) thous. RUB	Cost of assets (instruments) less provisions for possible losses, thous. RUB	Assets (instruments) less provisions for possible losses, thous. RUB	Cost of risk-weighted assets (instruments) thous. RUB
1	2	3	4	5	6	7	8	9
1	Credit risk on assets recorded in the balance sheet accounts	8.4	15 739 343 892	15 064 734 998	11 030 454 869	16 426 493 578	15 756 459 732	11 332 545 334
1.1	Assets with a risk ratio <1>-0 percent, total, including:		2 962 984 951	2 962 749 239	0	2 726 725 838	2 723 905 058	0
1.1.1	Cash and required provisions deposited with the Bank of Russia		1 687 160 730	1 687 160 730	0	1 567 052 611	1 567 052 611	0
1.1.2	Credit claims and other claims secured by guarantees of the Russian Federation, the Russian Ministry of Finance, and Bank of Russia		1 275 623 685	1 275 387 973	0	1 159 673 227	1 156 852 447	0
1.1.3	Credit claims and other claims against the central banks and governments of countries with a country risk assessment of "0" or "1" <2>, including those secured by the guarantees of those countries		200 536	200 536	0	0	0	0
1.2	Assets with a risk ratio of 20 percent, total, including:		1 370 248 823	1 367 707 380	273 541 476	2 189 490 566	2 184 637 744	436 927 549
1.2.1	Credit claims and other claims against subjects of the Russian Federation or municipal entities, and against other entities secured by the guarantees or the pledge of securities of subjects of the Russian Federation or municipal entities		972 031 113	971 400 346	194 280 069	1 632 346 659	1 630 977 581	326 195 516
1.2.2	Credit claims and other claims against the central banks or governments of countries with a country risk assessment of "2", including those secured by their guarantees (pledge of securities)		0	0	0	0	0	0
1.2.3	Credit claims and other claims against credit institutions that are residents of countries with a country risk assessment of "0" or "1" that have long-term credit ratings <3>, including those secured by their guarantees		398 217 710	396 307 034	79 261 407	557 143 907	553 660 163	110 732 033
1.3	Assets with a risk ratio of 50 percent, total, including:		5 939 585	5 923 481	2 961 741	6 942 954	6 925 841	3 462 921
1.3.1	Credit claims and other foreign currency-denominated claims secured by guarantees of the Russian Federation, the Russian Ministry of Finance, and Bank of Russia and the pledge of government debt securities of the Russian Federation, the Russian Ministry of Finance, and the Bank of Russia denominated in foreign currency		0	0	0	0	0	0
1.3.2	Credit claims and other claims against the central banks and governments of countries with a country risk assessment of "3", including those secured by their guarantees (pledge of securities)		535 309	535 309	267 655	372 993	372 993	186 497
1.3.3	Credit claims and other claims against credit institutions that are residents of countries with a country risk assessment of "0" or "1" which do not have long-term credit ratings and to credit institutions that are residents of countries with a country risk assessment of "2", including those secured by their guarantees		5 404 276	5 388 172	2 694 086	6 569 961	6 552 848	3 276 424
1.4	Assets with a risk ratio of 100 percent, total, including:		11 291 455 078	10 677 161 391	10 677 161 391	11 350 511 514	10 738 663 540	10 738 663 540
1.4.1	Loan debts of legal entities		4 942 048 288	4 668 986 556	4 668 986 556	5 431 911 885	5 074 977 987	5 074 977 987
1.5	Assets with a risk coefficient of 150 percent: credit claims and other claims against the central banks and governments of countries with a country risk assessment of "7"		108 715 455	51 193 507	76 790 261	152 822 706	102 327 549	153 491 324
2	Assets with increased risk ratios, total, including:		X	X	X	X	X	X
2.1	those with lower risk coefficients, total, including:		1 044 083 900	1 044 083 900	52 485 872	32 729 613	32 729 613	1 935 280
2.1.1	Mortgage loans with a risk coefficient of 50 percent		0	0	0	0	0	0

2.1.2	Mortgage loans with a risk coefficient of 70 percent		0	0	0	0	0	0
2.1.3	claims of clearing participants		1 044 083 900	1 044 083 900	52 485 872	32 729 613	32 729 613	1 935 280
2.2	those with higher risk coefficients, total, including:		7 094 386 651	6 494 702 837	9 050 959 370	6 167 528 223	5 695 130 136	7 719 982 569
2.2.1	those with a risk coefficient of 110 percent		2 333 847 769	2 143 236 550	2 338 943 682	2 554 221 598	2 340 960 181	2 596 016 491
2.2.2	those with a risk coefficient of 130 percent		292 775 180	260 668 994	322 476 061	302 168 045	265 502 272	328 502 696
2.2.3	those with a risk coefficient of 150 percent		4 225 531 735	3 848 565 326	5 772 847 989	3 159 788 744	2 937 317 847	4 405 976 771
2.2.4	those with a risk coefficient of 250 percent		241 120 795	241 120 795	602 801 988	150 238 664	150 238 664	375 596 661
2.2.5	those with a risk coefficient of 1250 percent, total, including:		1 111 172	1 111 172	13 889 650	1 111 172	1 111 172	13 889 650
2.2.5.1	those under transactions assigning monetary claims, including those certified by deeds of pledge		0	0	0	0	0	0
3	Consumer loans, total, including:		190 199 321	176 469 105	204 798 926	161 890	115 495	168 346
3.1	those with a risk coefficient of 110 percent		163 803 643	152 344 144	167 578 558	1 845	1 574	1 731
3.2	those with a risk coefficient of 140 percent		24 735 131	22 655 931	31 718 303	132 827	104 820	146 748
3.3	those with a risk coefficient of 170 percent		9 137	1 644	2 795	16 925	5 720	9 724
3.4	those with a risk coefficient of 200 percent		1 774	323	645	0	0	0
3.5	those with a risk coefficient of 300 percent		1 259 852	1 101 251	3 303 753	10 293	3 381	10 143
3.6	those with a risk coefficient of 600 percent		389 784	365 812	2 194 872	0	0	0
4	Credit risk on credit contingencies, total, including:		3 839 055 514	3 777 961 164	1 331 916 021	3 503 956 384	3 463 356 835	1 220 184 189
4.1	on financial instruments with high risk		1 299 539 374	1 270 156 288	1 270 156 288	1 209 496 318	1 193 023 291	1 193 023 291
4.2	on financial instruments with average risk		62 279 857	62 277 553	31 138 777	13 365 411	13 332 308	6 666 154
4.3	on financial instruments with low risk		153 105 676	153 104 778	30 620 956	102 476 138	102 473 722	20 494 744
4.4	on financial instruments without risk		2 324 130 607	2 292 422 545	0	2 178 618 517	2 154 527 514	0
5	Credit risk on derivative financial instruments		74 587 570	x	72 754 557	106 107 117	x	107 614 638

<1> The classification of assets by risk group is provided in accordance with Clause 2.3 of Bank of Russia Instruction No. 180-I.

<2> Country risk assessments are indicated in accordance with the classification provided by export credit agencies participating in the Arrangement on Officially Supported Export Credits signed by the member countries of the Organization for Economic Cooperation and Development (OECD) (the information on country risk assessments is published in the Banking Supervision section on the official website of Bank of Russia).

<3> The long-term credit ratings of a credit institution are determined based on the ratings assigned by international rating agencies: Standard & Poor's, Fitch Ratings, or Moody's Investors Service.

Subsection 2.3. Operational risk

Line number	Name of the indicator	Explanation number	Figures as of the reporting date, thous. RUB	Figures as of the start of the reporting year, thous. RUB
1	2	3	4	5
6	Operational risk, (thous. RUB), total, including:	8.4	213 038 613	181 748 253
6.1	income for the purpose of calculating the capital to cover operational risk, total, including:			
6.1.1	net interest income		1 420 257 419	1 211 655 017
6.1.2	net non-interest income		1 006 571 833	879 686 664
6.2	the number of years preceding the date of calculation of a transaction risk amount		413 685 586	331 968 353
6.2			3	3

Subsection 2.4. Market risk

Line number	Name of the indicator	Explanation number	Figures as of the reporting date, thous. RUB	Figures as of the start of the reporting year, thous. RUB
1	2	3	4	5
7	Aggregate market risk, total, including:	8.4	368 359 988	204 965 813
7.1	interest-rate risk, total, including:		13 323 247	15 936 051
7.1.1	General		8 302 178	8 720 225
7.1.2	Special		4 917 998	6 992 470
7.1.3	gamma-risk and vega-risk for options included in the calculation of interest rate risk		103 071	223 356
7.2	stock market risk, total, including:		259 804	0
7.2.1	overall		0	0
7.2.2	Special		0	0
7.2.3	gamma-risk and vega-risk for options included in the calculation of stock market risk		259 804	0
7.3	foreign exchange risk, total, including:		8 845 812	0
7.3.1	gamma-risk and vega-risk for options included in the calculation of foreign exchange risk		2 370 325	0
7.4	commodities risk, total, including:		7 039 936	461 214
7.4.1	general commodities risk		1 467 256	299 631
7.4.2	additional commodities risk		3 165 836	126 716
7.4.3	gamma-risk and vega-risk for options included in the calculation of commodities risk		2 406 844	34 867

Section 3. Information on the amount of specific types of assets, credit related commitments, and the amount of provisions established for possible losses

Subsection 3.1. Information on the amount of provisions for possible losses from loans and other assets

Line number	Name of the indicator	Explanation number	Figures as of the reporting date, thous. RUB	Increase (+)/decrease (-) over the reporting period, thous. RUB	Figures as of the start of the reporting year, thous. RUB
1	2	3	4	5	6
1	Actual provisions established for possible losses, total, including:	8.2	1 349 117 279	164 694 439	1 184 422 840
1.1	for loans, debt, and debt equivalents		1 118 562 151	58 640 286	1 059 921 865
1.2	for other balance assets related to the risk of possible losses and for other losses		167 868 444	85 513 137	82 355 307
1.3	for credit contingencies and securities the rights to which are certified by depositories not meeting Bank of Russia criteria and which are reflected in the off-balance accounts		61 094 356	20 494 914	40 599 442
1.4	for operations with offshore residents		1 592 328	46 102	1 546 226

Subsection 3.2. Information on assets and credit related commitments classified by the decision of the authorized management body of the credit institution to a higher quality category than deriving from formalized credit risk assessment criteria

Line number	Name of the indicator	Amount of claims, thous. RUB	Provisions made for possible losses				Changes in volume of formed provisions	
			in accordance with minimum requirements set by Bank of Russia Regulation No. 590-P and Bank of Russia Regulation No. 283-P		by decision of the authorized body			
			percent	thous. RUB	percent	thous. RUB	percent	thous. RUB
1	2	3	4	5	6	7	8	9
1	Receivables from counterparties showing evidence of possible lack of actual activity, total, including:	1 761 619 526	18.72	329 764 149	7.00	123 377 787	-11.72	-206 386 362
1.1	loans	1 741 783 871	18.62	324 381 724	6.87	119 717 264	-11.75	-204 664 460
2	Restructured loans	1 771 090 264	11.16	197 570 767	0.97	17 264 637	-10.19	-180 306 130
3	Loans granted to borrowers for redemption of previous loans	1 539 527 472	5.89	90 640 272	0.42	6 537 805	-5.47	-84 102 467
4	Loans used for provision of loans to third parties and for redemption of existing liabilities of the borrowers, total,	2 287 081 935	11.10	253 756 144	0.71	16 180 927	-10.39	-237 575 217
4.1	to the reporting credit institution	291 512 131	20.29	59 150 872	1.58	4 613 217	-18.71	-54 537 655
5	Loans used for acquisition and (or) redemption of issue-grade securities	51 280 193	19.68	10 091 369	1.85	948 790	-17.83	-9 142 579
6	Loans used for investments in the charter capital of other legal entities	81 002 637	15.78	12 785 069	0.74	598 691	-15.04	-12 186 378
7	Loans resulting from the termination of previous obligations of the borrower replaced by a novation or a compensation for termination	0	0.00	0	0.00	0	0.00	0
8	Credit related commitments to counterparties showing evidence of possible lack of actual activity	105 465 485	7.33	7 732 996	1.58	1 667 249	-5.75	-6 065 747

Subsection 3.3. Information on securities the rights for which are certified by depositories, the provisions for possible losses for which are formed in accordance with Bank of Russia Directive No. 2732-U

Line number	Name of the indicator	Book value of securities	Fair value of securities	Provisions made for possible losses		
				in accordance with Bank of Russia Regulation No. 283-P	in accordance with Bank of Russia Directive No. 2732-U	total
				0	0	0
1	Securities, total, including:	0	0	0	0	0
1.1	the rights for which are certified by foreign depositories	0	0	0	0	0
2	Equity securities, total, including:	0	0	0	0	0
2.1	the rights for which are certified by foreign depositories	0	0	0	0	0
3	Debt securities, total, including:	0	0	0	0	0
3.1	the rights for which are certified by foreign depositories	0	0	0	0	0

Section 4. Leverage ratio information

Line number	Name of the indicator	Explanation number	Value as of the reporting date	Value as of the date one quarter after the reporting date	Value as of the date two quarters after the reporting date	Value as of the date three quarters after the reporting date
1	2	3	4	5	6	7
1	Authorized capital, thousands of RUB	8.1, 8.2	2 637 819 098	2 683 290 510	2 351 898 400	2 496 888 069
2	Amount of balance sheet assets and off-balance-sheet claims at risk for calculating the leverage ratio, thousands of RUB		24 437 027 503	23 599 613 334	23 267 211 033	22 544 311 356
3	Leverage ratio under Basel III, percentage		10.8	11.4	10.1	11.1

Section 5. Key characteristics of capital instruments

Line number	Instrument characteristic	Description of instrument characteristics	Description of instrument characteristics	Description of instrument characteristics
1	2	3	4	5
1	Abbreviated company name of a capital instrument issuer	Sberbank	Sberbank	The Bank of Russia
2	Instrument identification number	10301481V; RU00009029540	20301481V; RU00009029557	Subordinated Loan Agreement of the Bank of Russia No. 13/1 dated 17 October 2008 (including addendums No. 1 and No. 2)
3	Governing law, country code	643	643	643
3.1	Governing law, country name	Russia	Russia	Russia
4	Regulatory condition	core capital	supplementary capital	supplementary capital
5	Capital level in which an instrument is included during the Basel III transitional period	core capital	does not comply	supplementary capital
6	Capital level in which an instrument is included after the Basel III transitional period	on an individual basis and on the bank group level	on an individual basis and on the bank group level	on an individual basis and on the bank group level
7	Instrument type	common stock	preferred shares	subordinated loan (deposit)
8	Instrument cost included in the capital calculation	64 760 844.00	2 975 000.00	150 000 000.00
9	Instrument nominal cost	0.003; Russian ruble	0.003; Russian ruble	150,000,000.00; Russian ruble
10	Instrument classification for accounting purposes	share capital	share capital	a liability recorded at the book value
11	Instrument issue (attraction, placement) date	11.07.2007	11.07.2007	25.03.2015
12	Presence of a maturity period for the instrument	no maturity period	no maturity period	has maturity period
13	Instrument maturity date	without limitation	without limitation	20.10.2028
14	Right to early redemption (repayment) of an instrument coordinated with the Bank of Russia	none	none	yes
15	The initial date (dates) for possible exercise of the early redemption (repayment) right, the terms for exercising this right, and the redemption (repayment) amount	none	none	right to early repayment upon the consent of the Bank of Russia
16	The subsequent date (dates) for exercising the early redemption (repayment) right for the instrument	none	none	not applicable
17	Interest/dividends/coupon yield			
17	Instrument rate type	floating rate	floating rate	fixed rate
18	Rate	not applicable	at least 0.15 of the nominal value	0.07
19	Presence of conditions for ceasing dividend payments on common shares	not applicable	yes	yes
20	Obligatoriness of dividend payment	fully at the discretion of the credit institution (parent credit institution and/or bank group participant)	fully at the discretion of the credit institution (parent credit institution and/or bank group participant)	partially at the discretion of the credit institution (parent credit institution and/or bank group participant)
21	Terms providing for an increase in payments on an instrument or other motivations for early redemption (repayment) of the instrument	none	none	none
22	Payment type	non-cumulative	non-cumulative	non-cumulative
23	Instrument convertibility	non-convertible	non-convertible	non-convertible
24	Instrument conversion terms	not applicable	not applicable	not applicable
25	Partial or full conversion	not applicable	not applicable	not applicable
26	Conversion rate	not applicable	not applicable	not applicable
27	Obligatoriness of conversion	not applicable	not applicable	not applicable
28	Level of capital into which instrument the instrument is converted	not applicable	not applicable	not applicable
29	Abbreviated company name of the issuer of the instrument into which the instrument is converted	not applicable	not applicable	not applicable
30	Possibility of writing off an instrument to cover losses	not applicable	not applicable	yes
31	Instrument write-off terms	not applicable	not applicable	provided that payments to the Bank of Russia lead to grounds for taking bankruptcy prevention actions. The right of the Bank of Russia to request deduction provided for by the agreement and the law
32	Partial or full write-off	not applicable	not applicable	partially or in full
33	Permanent or temporary write-off	not applicable	not applicable	permanent
34	Recovery mechanism	not applicable	not applicable	not applicable
35	Instrument subordination	not applicable	not applicable	not applicable
36	Conformity with the requirements of Bank of Russia Regulation No. 395-P and Bank of Russia Regulation No. 509-P	yes	none	none
37	Description of discrepancies	not applicable	no loss absorption condition	no loss absorption condition

Note: complete information on the conditions of the issue (raising) of capital instruments, as well as relevant information from Section 5 of the Report is provided in the "Regulatory Disclosure" section at www.sberbank.com

Section 5. Key characteristics of capital instruments				
Line number	Instrument characteristic	Description of instrument characteristics	Description of instrument characteristics	Description of instrument characteristics
1	2	6	7	8
1	Abbreviated company name of a capital instrument issuer	The Bank of Russia	The Bank of Russia	SB CAPITAL S.A.
2	Instrument identification number	Subordinated Loan Agreement of the Bank of Russia No. 13/2 dated 5 November 2008 (including addendums No. 1 and No. 2)	Subordinated Loan Agreement of the Bank of Russia No. 13/4 dated 16 June 2014 (including addendum No. 1)	XS0848530977
3	Governing law, country code	643	643	442
3.1	Governing law, country name	Russia	Russia	Luxembourg
4	Regulatory conditions			
4	Capital level in which an instrument is included during the Basel III transitional period	supplementary capital	supplementary capital	supplementary capital
5	Capital level in which an instrument is included after the Basel III transitional period	supplementary capital	supplementary capital	does not comply
6	Consolidation level at which an instrument is included in the capital	on an individual basis and on the bank group level	on an individual basis and on the bank group level	on an individual basis and on the bank group level
7	Instrument type	subordinated loan (deposit)	subordinated loan (deposit)	subordinated bond loan
8	Instrument cost included in the capital calculation	150 000 000 00	200 000 000 00	32 729 200 00
9	Instrument nominal cost	150,000,000.00, Russian ruble	200,000,000.00, Russian ruble	1.00, USD
10	Instrument classification for accounting purposes	a liability recorded at the book value	a liability recorded at the book value	a liability recorded at the depreciated value
11	Instrument issue (attraction, placement) date	25.03.2015	25.03.2015	12.11.2012
12	Presence of a maturity period for the instrument	has maturity period	has maturity period	has maturity period
13	Instrument maturity date	06.11.2025	15.06.2064	29.10.2022
14	Right to early redemption (repayment) of an instrument coordinated with the Bank of Russia	yes	yes	yes
15	The initial date (dates) for possible exercise of the early redemption (repayment) right, the terms for exercising this right, and the redemption (repayment) amount	right to early repayment upon the consent of the Bank of Russia	right to early repayment upon the consent of the Bank of Russia	possibility of early repayment of an instrument in full (not partially) upon the consent of the Bank of Russia related to changes in the tax law or the requirements of the authorized supervisory body which substantially deteriorate the issue terms for the parties to the agreement
16	The subsequent date (dates) for exercising the early redemption (repayment) right for the instrument	not applicable	not applicable	not applicable
	Interest/dividends/coupon yield			
17	Instrument rate type	fixed rate	fixed rate	fixed rate
18	Rate	0.07	0.07	0.05
19	Presence of conditions for ceasing dividend payments on common shares	yes	yes	none
20	Obligoriness of dividend payment	partially at the discretion of the credit institution (parent credit institution and/or bank group participant)	partially at the discretion of the credit institution (parent credit institution and/or bank group participant)	payment is obligatory
21	Terms providing for an increase in payments on an instrument or other motivations for early redemption (repayment) of the instrument	none	none	none
22	Payment type	non-cumulative	non-cumulative	non-cumulative
23	Instrument convertibility	non-convertible	non-convertible	non-convertible
24	Instrument conversion terms	not applicable	not applicable	not applicable
25	Partial or full conversion	not applicable	not applicable	not applicable
26	Conversion rate	not applicable	not applicable	not applicable
27	Obligoriness of conversion	not applicable	not applicable	not applicable
28	Level of capital into which instrument the instrument is converted	not applicable	not applicable	not applicable
29	Abbreviated company name of the issuer of the instrument into which the instrument is converted	not applicable	not applicable	not applicable
30	Possibility of writing off an instrument to cover losses	yes	yes	none
31	Instrument write-off terms	provided that payments to the Bank of Russia lead to grounds for taking bankruptcy prevention actions. The right of the Bank of Russia to request deduction provided for by the agreement and the law	provided that payments to the Bank of Russia lead to grounds for taking bankruptcy prevention actions. The right of the Bank of Russia to request deduction provided for by the agreement and the law	not applicable
32	Partial or full write-off	partially or in full	partially or in full	not applicable
33	Permanent or temporary write-off	permanent	permanent	not applicable
34	Recovery mechanism	not applicable	not applicable	not applicable
35	Instrument subordination	not applicable	not applicable	not applicable
36	Conformity with the requirements of Bank of Russia Regulation No. 395-P and Bank of Russia Regulation No. 509-P	none	none	none
37	Description of discrepancies	no loss absorption condition	no loss absorption condition	no loss absorption condition

Section 5. Key characteristics of capital instruments				
Line number	Instrument characteristic	Description of instrument characteristics	Description of instrument characteristics	Description of instrument characteristics
1	2	9	10	11
1	Abbreviated company name of a capital instrument issuer	SB CAPITAL S.A.	SB CAPITAL S.A.	Pension Savings MC LLC
2	Instrument identification number	XS0935311240	XS1032750165	40701481V
3	Governing law, country code	442	442	643
3.1	Governing law, country name	Luxembourg	Luxembourg	Russia
4	Regulatory conditions			
4	Capital level in which an instrument is included during the Basel III transitional period	supplementary capital	supplementary capital	supplementary capital
5	Capital level in which an instrument is included after the Basel III transitional period	supplementary capital	supplementary capital	supplementary capital
6	Consolidation level at which an instrument is included in the capital	on an individual basis and on the bank group level	on an individual basis and on the bank group level	on an individual basis
7	Instrument type	subordinated bond loan	subordinated bond loan	subordinated bond loan
8	Instrument cost included in the capital calculation	57 600 200 00	57 600 200 00	18 500 000 00
9	Instrument nominal cost	1.00, USD	1.00, USD	1.00, Russian ruble
10	Instrument classification for accounting purposes	a liability recorded at the book value	a liability recorded at the book value	a liability recorded at the book value
11	Instrument issue (attraction, placement) date	10.06.2013	26.02.2014	14.12.2015
12	Presence of a maturity period for the instrument	has maturity period	has maturity period	has maturity period
13	Instrument maturity date	23.02.2023	25.02.2024	14.03.2025
14	Right to early redemption (repayment) of an instrument coordinated with the Bank of Russia	yes	yes	none
15	The initial date (dates) for possible exercise of the early redemption (repayment) right, the terms for exercising this right, and the redemption (repayment) amount	first date of possible exercise of the early redemption right – 23 May 2018; additional possibility of an instrument in full (not partially) upon the consent of the BR related to changes in the tax law or the requirements of an authorized supervisory body substantially deteriorating the issue terms for the parties to the agreement	the first date of possible exercise of the early redemption right – 26 February 2019; an additional possibility of an instrument in full (not partially) upon the consent of the BR related to changes in the tax law or the requirements of the authorized supervisory body substantially deteriorating the issue terms for the parties to the agreement	the first date of exercise of the early call-at-par right – 14 December 2020 upon the consent of the BR; additional possibility of early repayment of an instrument at par upon the consent of the BR related to changes in the requirements of the authorized supervisory body substantially deteriorating the issue terms for the parties to the agreement
16	The subsequent date (dates) for exercising the early redemption (repayment) right for the instrument	starting from 23 May 2018, exercise of the early redemption right is possible on a daily basis	starting from 26 February 2019, exercise of the early redemption right is possible on a daily basis	starting from 14 February 2020, exercise of the early redemption right upon the consent of the Bank of Russia is possible on a daily basis
	Interest/dividends/coupon yield			
17	Instrument rate type	fixed rate	fixed rate	fixed rate
18	Rate	0.05	0.06	0.12
19	Presence of conditions for ceasing dividend payments on common shares	yes	yes	none
20	Obligoriness of dividend payment	partially at the discretion of the credit institution (parent credit institution and/or bank group participant)	partially at the discretion of the credit institution (parent credit institution and/or bank group participant)	partially at the discretion of the credit institution (parent credit institution and/or bank group participant)
21	Terms providing for an increase in payments on an instrument or other motivations for early redemption (repayment) of the instrument	none	none	none
22	Payment type	non-cumulative	non-cumulative	non-cumulative
23	Instrument convertibility	non-convertible	non-convertible	non-convertible
24	Instrument conversion terms	not applicable	not applicable	not applicable
25	Partial or full conversion	not applicable	not applicable	not applicable
26	Conversion rate	not applicable	not applicable	not applicable
27	Obligoriness of conversion	not applicable	not applicable	not applicable
28	Level of capital into which instrument the instrument is converted	not applicable	not applicable	not applicable
29	Abbreviated company name of the issuer of the instrument into which the instrument is converted	not applicable	not applicable	not applicable
30	Possibility of writing off an instrument to cover losses	yes	yes	yes
31	Instrument write-off terms	if R1.1 of the Bank is less than 2% as of the reporting date or the Bank received a notification from LIA regarding a decision to approve the action plan for bankruptcy prevention in respect to the Bank. The right of the Bank of Russia to request deduction is provided for by the agreement and the law	if R1.1 of the Bank is less than 2 % as of the reporting date or the Bank received a notification from LIA regarding a decision to approve the action plan for bankruptcy prevention in respect to the Bank. The right of the Bank of Russia to request deduction is provided for by the agreement and the law	R1.1 ratio, calculated by the co-issuer in accordance with the BR Instruction No.139-1, is less than 2% in total for 6 and > operating days during the period of any/30 successive operating days, or CBS of the BR approves the participation plan of LIA regarding bankruptcy prevention actions, the right of the BR to request deduction provided for by the agreement and the law
32	Partial or full write-off	partially or in full	partially or in full	partially or in full
33	Permanent or temporary write-off	permanent	permanent	permanent
34	Recovery mechanism	not applicable	not applicable	not applicable
35	Instrument subordination	not applicable	not applicable	not applicable
36	Conformity with the requirements of Bank of Russia Regulation No. 395-P and Bank of Russia Regulation No. 509-P	yes	yes	yes
37	Description of discrepancies	not applicable	not applicable	not applicable

Reference section

Information on the flow of provisions for possible losses from loans, debt, and debt equivalents

Explanation number:		5.3
1	Creation (additional accrual) of provisions in the reporting period (thousands of RUB), total including those due to:	514 044 176
1.1	loans issued	214 300 434
1.2	changes in loan quality	282 920 514
1.3	changes in the official currency exchange rate against the ruble, as set by the Bank of Russia	745 840
1.4	other reasons	16 077 388
2	Recovery (decrease) of provisions in the reporting period (thousands of RUB), total including those due to:	455 403 890
2.1	write-off of bad loans	55 138 084
2.2	repayment of loans	289 022 848
2.3	changes in loan quality	94 253 360
2.4	changes in the official currency exchange rate against the ruble, as set by the Bank of Russia	3 220 684
2.5	other reasons	13 768 914

CEO, Chairman of the Executive Board
of Sberbank

(signature)

H. Gref
(full name)

Senior Managing Director, Chief Accountant –
Director of the Accounting and Reporting Department
Sberbank

(signature)

M.Yu. Lukyanova
(full name)

14 March 2018

These summary annual accounting (financial) statements of Sberbank of Russia (the “Bank”) have been prepared by extraction, without any modifications, of the balance sheet (disclosure form) for the year 2017, the income statement (disclosure form) for the year 2017 and the appendices to the balance sheet and the income statement from the audited annual accounting (financial) statements of the Bank prepared in accordance with the Russian Federation regulations for preparation of the annual accounting (financial) statements by credit institutions. The summary annual accounting (financial) statements of the Bank do not contain all the disclosures presented in the audited annual accounting (financial) statements of the Bank. For a better understanding of financial position of the Bank, its financial performance and its cash flows the summary annual accounting (financial) statements of the Bank should be read in conjunction with the audited annual accounting (financial) statements of the Bank.

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Bank Reporting		
Territory code	Code of the credit institution (branch)	
	under OKPO	registration number (reference number)
45293554000	00032537	1481

INFORMATION
ON STATUTORY RATIOS, THE FINANCIAL LEVERAGE RATIO
AND SHORT-TERM LIQUIDITY RATIOS
(disclosure form)
as of January 1, 2018

of the credit institution: Sberbank of Russia

Sberbank

Address (location) of the credit institution 19 Vavilova St., Moscow 117997

Form code under OKUD 0409813
Quarterly (Annual)

Section I. Information on statutory ratios

Line number	Name of the indicator	Explanation number	Regulatory (requirement) value	Actual value		
				as of the reporting date	as of the start of the reporting year	
1	2	3	4	5	6	
1	The core capital adequacy ratio of a bank (R1.1) or a group of banks (R20.1)	8.4	4.5	10.7		9.9
2	The Tier 1 capital adequacy ratio of a bank (R1.2) or a group of banks (R20.2)	8.4	6.0	10.7		9.9
3	The equity (capital) adequacy ratio of a bank (R1.0) or a group of banks (R20.0)	8.4	8.0	14.9		13.6
4	Equity (capital) adequacy ratio of a non-banking credit institution entitled to make transfers of funds without opening bank accounts and other related bank transactions (R1.3)					
5	Instant liquidity ratio of the bank (R2)	9.4	15.0	161.1		217.0
6	Current liquidity ratio of the bank (R3)	9.4	50.0	263.8		301.6
7	Long-term liquidity ratio of the bank (R4)	9.4	120.0	57.6		55.4
8	Maximum risk ratio per borrower or group of related borrowers of a bank (R6)	25.0		Maximum 16.6 Minimum 0.0	Maximum Minimum	17.9 0.1
9	Maximum major credit risk ratio of a bank (R7) or a group of banks (R22)		800.0	115.5		129.8
10	Maximum amount of loans, bank guarantees, and warranties issued by the bank to its members (shareholders) (R9.1)		50.0	0.0		0.0
11	Aggregate risk ratio of the bank's insiders (R10.1)		3.0	0.4		0.5
12	The ratio of the use of bank equity (capital) for the purchase of stocks (shares) of other legal entities (R12), the ratio of the use of the banking group's equity (capital) for the purchase of stocks (shares) of other legal entities by the parent credit institution of the banking group or members of the banking group (R23)		25.0	13.4		15.3
13	Ratio of the amount of liquid assets maturing within the next 30 calendar days to the amount of liabilities of non-bank settlement credit institutions (R15)					
14	Liquidity ratio of a non-banking credit institution entitled to make transfers of funds without opening bank accounts and other related bank transactions (R15.1)					
15	Ratio of maximum aggregate loans to customers involved in settlements for completion of settlement (R16)					
16	Ratio of loans to borrowers, other than those involved in settlements, from non-bank settlement credit institutions on their own behalf and for their own account (R16.1)					
17	Minimum ratio of mortgage coverage and the volume of emission of mortgage-backed bonds (R18)					
18	Maximum credit exposure ratio to bank's affiliate(s) (R25)		20.0	6.9		

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Section 2. Information on calculating the financial leverage ratio

Subsection 2.1. Calculation of the amount of balance sheet assets and off-balance-sheet claims at risk for calculating the financial leverage ratio

Line number	Name of the indicator	Explanation number	Amount, thous. RUB
1	2	3	4
1	Amount of assets according to the balance sheet (disclosure form), total:		23 158 919 939
2	Correction related to investments in the capital of credit, financial, insurance, and other institutions, the reporting data of which is included in consolidated financial statements but not included in the calculation of the amount of equity (capital), statutory ratios, and the amounts (limits) of open foreign exchange positions of the banking group		not applicable for statements of a credit institution as a legal entity
3	Correction related to fiduciary assets recorded in accordance with accounting standards but not included in the calculation of the leverage ratio		0
4	Correction related to derivative financial instruments		67 385 277
5	Correction related to securities lending and borrowing		-117 613 669
6	Correction related to reducing credit contingencies to credit equivalent		1 561 158 275
7	Other corrections		232 822 319
8	Amount of balance sheet assets and off-balance-sheet claims at risk for calculating the leverage ratio, after corrections, total:		24 437 027 503

Subsection 2.2. Calculation of the financial leverage ratio

Line number	Name of the indicator	Explanation number	Amount, thous. RUB
1	2	3	4
Balance sheet assets risk			
1	Balance sheet assets, total:		21 835 772 624
2	Decreasing correction for the sum of figures taken as a decrease in core capital sources		258 713 141
3	Balance sheet assets at risk after correction (difference between lines 1 and 2), total:		21 577 059 483
Risk on operations with DFIs			
4	Current credit risk on operations with DFIs (less variation margin received), total:	9.2	32 413 280
5	Potential counterparty credit risk on operations with DFIs, total:		85 149 262
6	Correction for the amount of the nominal value of the collateral on operations with DFIs subject to write-off from the balance in accordance with accounting standards		not applicable in accordance with Russian Accounting Standards
7	Decreasing correction for the amount of the transferred variation margin in the established cases		0
8	Correction as regards the claims of the clearing member bank against the central counterparty for trade settlements		0
9	Correction for recording the credit risk as regards the underlying (basic) asset for outstanding DFIs		17 385 757
10	Decreasing correction as regards outstanding credit DFIs		5 015 869
11	DFI risk after corrections (sum of lines 4, 5, and 9, minus lines 7, 8, and 10), total:		129 932 430
Risk on securities lending and borrowing			
12	Claims on securities lending and borrowing (excluding netting), total:		1 286 490 984
13	Correction for payment netting (claims and liabilities) on securities lending and borrowing		148 132 763
14	Credit risk per counterparty on securities lending and borrowing		30 519 094
15	Risk on guarantee transactions on securities lending and borrowing		0
16	Claims on securities lending and borrowing after corrections (sum of lines 12, 14, 15 minus line 13), total:		1 168 877 315

Risk for credit contingencies			
17	Nominal risk for credit related commitments, total:		1 331 916 020
18	Correction as regards applying the coefficients of the credit equivalent		-229 242 255
19	Risk on credit contingencies after corrections (difference between lines 17 and 18)		1 561 158 275
Capital and risks			
20	Fixed capital	8.1, 8.2	2 637 819 098
21	Balance sheet assets and off-balance-sheet claims at risk for calculating the leverage ratio (sum of lines 3, 11, 16, 19), total:		24 437 027 503
Leverage Ratio			
22	Leverage ratio under Basel III (line 20/line 21), percentage	8.7	10.8

CEO, Chairman of the Executive Board of Sberbank

(signature)

H. Gref
(full name)

Senior Managing Director, Chief Accountant – Director of the Accounting and Reporting Department Sberbank

L.S.

(signature)

M.Yu. Lukyanova
(full name)

14 March 2018

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Bank Reporting		
Territory code under OKATO	Code of the credit institution (branch) under OKPO	registration number (reference number)
45293554000	00032537	1481

CASH FLOW STATEMENT
(disclosure form)
as of January 1, 2018

of the credit institution: Sberbank of Russia
Sberbank
Address (location) of the credit institution 19 Vavilova St., Moscow 117997

Form code 0409814 Quarterly (Annual)				
No.	Items	Explanation number	Cash flow for the relevant reporting period, thous. RUB	Cash flow for the relevant reporting period of the previous year, thous. RUB
1	2	3	4	5
1	Net cash obtained from (used in) operating activities			
1.1	Total cash received from (used in) operating activities before changes in the operating assets and liabilities, including:		958 936 174	834 076 446
1.1.1	Interest received		2 002 859 758	2 054 306 337
1.1.2	Interest paid		-752 704 327	-894 262 374
1.1.3	Commission received		417 427 950	361 002 420
1.1.4	Commission paid		-58 485 582	-42 900 985
1.1.5	Income less expenses for operations with financial assets carried at fair value through profit or loss which are available for sale		36 910 534	31 271 949
1.1.6	Income less expenses from operations with securities held to maturity		0	0
1.1.7	Income less expenses for operations with foreign currency		38 971 908	29 511 469
1.1.8	Other operating income		47 583 089	36 628 971
1.1.9	Operating expenses		-554 418 636	-520 576 862
1.1.10	Tax expenses (compensation)		-219 208 520	-220 904 479
1.2	Total increase (decrease) of net cash from operating assets and liabilities, including:		-507 122 701	-340 628 223
1.2.1	Net increase (decrease) of required provisions in accounts with Bank of Russia		-3 944 613	-36 350 709
1.2.2	Net increase (decrease) of investments in securities carried at fair value through profit or loss		-327 314	8 281 561
1.2.3	Net increase (decrease) of lending receivables		-1 583 902 568	-535 976 985
1.2.4	Net increase (decrease) of other assets		-19 459 815	240 155 330
1.2.5	Net increase (decrease) of loans, deposits, and other facilities of Bank of Russia		10 003 864	-187 828 927
1.2.6	Net increase (decrease) in deposits of other credit institutions		99 860 507	-203 736 138
1.2.7	Net increase (decrease) in deposits of customers other than credit institutions		1 023 027 045	364 271 683
1.2.8	Net increase (decrease) of financial liabilities carried at fair value through profit or loss		0	0
1.2.9	Net increase (decrease) of outstanding debt instruments		-33 688 049	-29 557 352
1.2.10	Net increase (decrease) of other liabilities		1 308 242	40 113 314
1.3	Totals of section 1 (item 1.1 + item 1.2)		451 813 473	493 448 223
2	Net cash obtained from (used in) investing activities			
2.1	Acquisition of securities and other financial assets categorized as "available for sale"		-1 105 869 246	-1 175 883 791
2.2	Proceeds from sale and redemption of securities and other financial assets categorized as "available for sale"		810 338 883	1 166 836 409
2.3	Acquisition of securities categorized as "held to maturity"		-300 562 079	-111 962 292
2.4	Proceeds from redemption of securities "held to maturity"		102 965 649	50 599 116
2.5	Acquisition of fixed assets, intangible assets, and inventory		-102 552 755	-110 935 497
2.6	Proceeds from sale of fixed assets, intangible assets, and inventory		11 198 410	5 275 370
2.7	Dividends received		11 502 791	13 756 712
2.8	Totals for section 2 (sum of lines 2.1 to 2.7)		-572 978 347	-162 313 973
3	Net cash obtained from (used in) financing activities			
3.1	Shareholders' (members') contributions to the charter capital		0	0
3.2	Acquisition of equity shares (stocks) redeemed from the shareholders (members)		0	0
3.3	Sale of equity shares (stocks) redeemed from the shareholders (members)		0	0
3.4	Dividends paid	8.6	-135 356 667	-44 571 753
3.5	Total of section 3 (sum of lines 3.1 to 3.4)		-135 356 667	-44 571 753
4	Impact of changes to the official currency exchange rates against the ruble as established by the Bank of Russia on cash and cash equivalents		-7 903 517	-68 010 714
5	Increase (use) of cash and cash equivalents		-264 425 058	-218 551 783
5.1	Cash and cash equivalents as of the start of the reporting year	5.1	1 775 146 807	1 556 595 024
5.2	Cash and cash equivalents as of the end of the reporting period	5.1	1 510 721 749	1 775 146 807

CEO, Chairman of the Executive Board
Sberbank

(signature)

H. Gref
(full name)

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M.Yu. Lukyanova
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List of the main subsidiaries and affiliates of Sberbank

Name		Country of registration	Country of business	Cumulative interest from the point of view of the Group ¹
1	Aukcion LLC	Russian Federation	Russian Federation	100.00%
2	Kiparis 2 LLC	Russian Federation	Russian Federation	100.00%
3	GARANT-SV LLC	Russian Federation	Russian Federation	71.95%
4	GARANT-SV LLC	Russian Federation	Russian Federation	100.00%
5	GORIZONT-SERVIS LLC	Russian Federation	Russian Federation	100.00%
6	GAMMA-S LLC	Russian Federation	Russian Federation	100.00%
7	SB Development LLC	Russian Federation	Russian Federation	100.00%
8	Safe information area LLC	Russian Federation	Russian Federation	100.00%
9	Sberbank Capital LLC	Russian Federation	Russian Federation	100.00%
10	Sberbank Leasing JSC	Russian Federation	Russian Federation	100.00%
11	SB Leasing Cyprus Limited	Republic of Cyprus	Russian Federation	100.00%
12	SB LEASING IRELAND LIMITED	Ireland	Russian Federation	100.00%
13	Nord JSC	Russian Federation	Russian Federation	100.00%
14	Sberbank Leasing Kazakhstan LLP	Republic of Kazakhstan	Republic of Kazakhstan	100.00%
15	SB JSC Sberbank	Republic of Kazakhstan	Republic of Kazakhstan	100.00%
16	SBERBANK PJSC (Ukraine)	Ukraine	Ukraine	100.00%
17	BPS- Sberbank OJSC	Republic of Belarus	Republic of Belarus	98.43%
18	BPS Leasing CJSC	Republic of Belarus	Republic of Belarus	98.43%
19	Sberbank – Automated Trading System	Russian Federation	Russian Federation	100.00%
20	Sovremennye Tekhnologii LLC	Russian Federation	Russian Federation	100.00%
21	Registrar Company Status JSC	Russian Federation	Russian Federation	40.00%
22	United Credit Bureau CJSC	Russian Federation	Russian Federation	50.00%
23	Promising Investments LLC	Russian Federation	Russian Federation	100.00%
24	Rublevo- Archangelskoe JSC	Russian Federation	Russian Federation	100.00%
25	Sberbank Financial Company LLC	Russian Federation	Russian Federation	100.00%
26	Sberbank Specialised Depository LLC	Russian Federation	Russian Federation	100.00%
27	Universal Electronic Card JSC	Russian Federation	Russian Federation	100.00%
28	Regional Information Centre of the Oryol Region JSC	Russian Federation	Russian Federation	51.00%
29	Unified Billing and Processing Centre in Nizhny Tagil JSC	Russian Federation	Russian Federation	51.00%
30	Regional Unified Information and Settlement Centre JSC	Russian Federation	Russian Federation	51.00%
31	Regional Information Centre of the Kirov Region JSC	Russian Federation	Russian Federation	49.00%
32	Unified Information and Settlement Centre of the Kaluga Region JSC	Russian Federation	Russian Federation	51.00%
33	NCO Settlement decisions LLC (NCO Universal Electronic Card LLC)	Russian Federation	Russian Federation	100.00%
34	Universal Electronic Card of the Irkutsk Region JSC	Russian Federation	Russian Federation	51.00%
35	Unified Settlement Centre of Mari El Republic JSC	Russian Federation	Russian Federation	49.00%

Name		Country of registration	Country of business	Cumulative interest from the point of view of the Group ¹
36	Regional Information Centre of the Kemerovo Region JSC	Russian Federation	Russian Federation	41.67%
37	Unified Billing and Processing Centre of Khanty-Mansi Autonomous Okrug - Yugra JSC	Russian Federation	Russian Federation	74.90%
38	Regional Information and Settlement Centre JSC	Russian Federation	Russian Federation	50.00%
39	Regional Information and Settlement Centre of the Vologda Region JSC	Russian Federation	Russian Federation	100.00%
40	Strategy Partners Group CJSC	Russian Federation	Russian Federation	74.75%
41	Strategy Partners Kazakhstan LLP	Republic of Kazakhstan	Republic of Kazakhstan	74.75%
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	Sberbank Technologies LLC	Republic of Belarus	Republic of Belarus	99.61%
47	Loyalty Programmes Centre JSC	Russian Federation	Russian Federation	100.00%
48	3D CJSC	Russian Federation	Russian Federation	100.00%
49	SB CIB Holding LLC (Bylinnye Bogatyry LLC)	Russian Federation	Russian Federation	100.00%
50	SB Finance Holding LLC (SIB Financial Broker LLC)	Russian Federation	Russian Federation	100.00%
51	Sberbank CIB USA, Inc.	USA	USA	100.00%
52	SBGB Cyprus Limited	Republic of Cyprus	Russian Federation	100.00%
53	Sberbank CIB (UK) Limited	United Kingdom of Great Britain and Northern Ireland	United Kingdom of Great Britain and Northern Ireland	100.00%
54	SA&PM (Cyprus) Limited (TDAM)	Republic of Cyprus	Russian Federation	100.00%
55	SIB (CYPRUS) Limited	Republic of Cyprus	Russian Federation	100.00%
56	Troika Capital Partners Limited (Cyprus)	Republic of Cyprus	Russian Federation	100.00%
57	Arimero Holding Limited	Republic of Cyprus	Russian Federation	100.00%
58	Formovochnye Avtomaty LLC	Russian Federation	Russian Federation	100.00%
59	Format-Neva LLC	Russian Federation	Russian Federation	100.00%
60	PF LAGOM CJSC	Russian Federation	Russian Federation	100.00%
61	Khochtovary LLC	Russian Federation	Russian Federation	100.00%
62	Lagom-Ukraine LLC	Ukraine	Ukraine	100.00%
63	Binotek LLC	Russian Federation	Russian Federation	100.00%
64	Lagom-Ural LLC	Russian Federation	Russian Federation	100.00%
65	SMG Plastic LLC	Russian Federation	Russian Federation	100.00%
66	Sabon LLC	Russian Federation	Russian Federation	100.00%
67	Sategor CJSC	Russian Federation	Russian Federation	100.00%
68	Sberbank CIB JSC	Russian Federation	Russian Federation	100.00%
69	SB Raw Materials Trading LLC	Russian Federation	Russian Federation	100.00%
70	SIB FINANCIAL CONSULTANT JSC	Russian Federation	Russian Federation	100.00%
71	SB Prosperity LLC (Bogatyrskaya TROIKA LLC)	Russian Federation	Russian Federation	100.00%
72	TD SOFT LLC	Russian Federation	Russian Federation	100.00%
73	Sberbank Asset Management JSC	Russian Federation	Russian Federation	100.00%
74	Sberbank (Switzerland) AG	Swiss Confederation	Swiss Confederation	99.82%

¹ Mathematically rounded to two decimal places.

Annual Report of Sberbank 2017		Portrait of the Group	Strategic report	Performance overview
	Name	Country of registration	Country of business	Cumulative interest from the point of view of the Group¹
75	Insurance company Sberbank insurance life LLC	Russian Federation	Russian Federation	100.00%
76	Sberbank Europe AG	Republic of Austria	Republic of Austria	100.00%
77	SBERBANK BH D.D.	Bosnia and Herzegovina	Bosnia and Herzegovina	100.00%
78	SBERBANK A.D. BANJA LUKA	Bosnia and Herzegovina	Bosnia and Herzegovina	100.00%
79	SBERBANK D.D.	Republic of Croatia	Republic of Croatia	100.00%
80	Sberbank Srbija A.D.	Republic of Serbia	Republic of Serbia	100.00%
81	"SUPER KARTICA» d.o.o. Beograd	Republic of Serbia	Republic of Serbia	33.00%
82	SBERBANK Banka d.d.	Republic of Slovenia	Republic of Slovenia	99.99%
83	Privatinvest d.o.o.	Republic of Slovenia	Republic of Slovenia	99.99%
84	SBERBANK CZ, A.S.	Czech Republic	Czech Republic	100.00%
85	Sberbank Magyarorszag Zrt (MAGYARORSZAGI VOLKSBANK RT.)	Hungary	Hungary	98.93%
86	BEVO-Holding GmbH	Republic of Austria	Republic of Austria	100.00%
87	ALB EDV-Service GmbH	Republic of Austria	Republic of Austria	100.00%
88	Pronam Nekretnine d.o.o. (Sberbank Nekretnine d.o.o.)	Republic of Croatia	Republic of Croatia	100.00%
89	KORUS Consulting CIS LLC	Russian Federation	Russian Federation	100.00%
90	Micro-credit company Vidayuchiesya kredity LLC	Russian Federation	Russian Federation	100.00%
91	Sberbank Factoring LLC	Russian Federation	Russian Federation	100.00%
92	Delovaya Sreda JSC	Russian Federation	Russian Federation	100.00%
93	Cetelem Bank LLC (Commercial Bank BNP Paribas Vostok Limited Liability Company)	Russian Federation	Russian Federation	79.20%
94	SB Securities S.A.	Grand Duchy of Luxembourg	Grand Duchy of Luxembourg	100.00%
95	DENIZBANK A.S.	Turkish Republic	Turkish Republic	99.85%
96	Deniz Faktoring Anonim Sirketi	Turkish Republic	Turkish Republic	99.85%
97	Deniz Yatirim Menkul Kiymetler Anonim Sirketi	Turkish Republic	Turkish Republic	99.84%
98	Deniz Portfoy Yonetimi A.S.	Turkish Republic	Turkish Republic	99.83%
99	Deniz Gayrimenkul Yatirim Ortakligi A.S. (Deniz Yatirim Ortakligi A.S.)	Turkish Republic	Turkish Republic	91.24%
100	Intertech Bilgi islem ve Pazarlama Ticaret A.S.	Turkish Republic	Turkish Republic	99.85%
101	Deniz Kartli Odeme Sistemleri A.S.	Turkish Republic	Turkish Republic	99.85%
102	Acik Deniz Radyo ve Televizyon Iletisim Yayincilik Ticaret ve Sanayi A.S.	Turkish Republic	Turkish Republic	99.84%
103	EKSPRES BILGI ISLEM VE TICARET A.S.	Turkish Republic	Turkish Republic	99.85%
104	Denizbank Kultur Sanat Yayincilik Ticaret ve Sanayi A.S.	Turkish Republic	Turkish Republic	99.85%
105	Euro Deniz International Banking Unit Limited	Republic of Cyprus	Republic of Cyprus	99.76%
106	DENIZBANK AG	Republic of Austria	Republic of Austria	99.85%
107	Deniz Finansal Kiralama Anonim Sirketi	Turkish Republic	Turkish Republic	99.85%
108	Deniz Immobilien Service GmbH	Republic of Austria	Republic of Austria	99.85%
109	Denizbank Moscow Joint Stock Company	Russian Federation	Russian Federation	99.85%

Corporate governance		Impact on society	Financial results	Foreign subsidiary banks	Risk report
	Name	Country of registration	Country of business	Cumulative interest from the point of view of the Group¹	
110	CR Erdberg Eins GmbH & Co KG	Republic of Austria	Republic of Austria	99.85%	
111	Bantas Nakit ve Kıymetli Mal Tasima ve Guvenlik Hizmetleri A.S.	Turkish Republic	Turkish Republic	33.28%	
112	Sotsialnye Garantii OJSC	Russian Federation	Russian Federation	49.87%	
113	ActiveBusinessCollection LLC	Russian Federation	Russian Federation	100.00%	
114	PS Yandex.Money LLC	Russian Federation	Russian Federation	75.00%	
115	Non-Banking Credit Institution Yandex.Money LLC	Russian Federation	Russian Federation	75.00%	
116	Sberbank Service LLC	Russian Federation	Russian Federation	100.00%	
117	SB Capital S.A.	Grand Duchy of Luxembourg	Grand Duchy of Luxembourg	0.00%	
118	Non- state Pension Fund of Sberbank JSC	Russian Federation	Russian Federation	100.00%	
119	Non- state Pension Fund VNIIEF-GARANT JSC	Russian Federation	Russian Federation	100.00%	
120	Insurance company Sberbank insurance LLC	Russian Federation	Russian Federation	100.00%	
121	Sberbank Insurance Broker LLC	Russian Federation	Russian Federation	100.00%	
122	Sberbank Insurance Broker LLP	Russian Federation	Russian Federation	100.00%	
123	Professional consultant LLC	Russian Federation	Russian Federation	100.00%	
124	Platius LLC	Russian Federation	Russian Federation	64.85%	
125	RuTarget LLC	Russian Federation	Russian Federation	100.00%	
126	Sberbank Real Estate Centre LLC	Russian Federation	Russian Federation	100.00%	
127	Digital Technologies LLC	Russian Federation	Russian Federation	100.00%	
128	EVOTOR LLC	Russian Federation	Russian Federation	40.00%	
129	Digital Assets LLC	Russian Federation	Russian Federation	100.00%	
130	Cloud Technologies LLC	Russian Federation	Russian Federation	100.00%	
131	Engri LLC	Russian Federation	Russian Federation	100.00%	
132	Management Company SBVK CJSC	Russian Federation	Russian Federation	100.00%	
133	Sberbank-Telecom LLC	Russian Federation	Russian Federation	100.00%	
134	Segmento LLC	Russian Federation	Russian Federation	50.00%	
135	Natiaco Holding Limited	Republic of Cyprus	Russian Federation	80.93%	
136	DocDoc LLC	Russian Federation	Russian Federation	80.93%	
137	Innovation Services LLC	Russian Federation	Russian Federation	80.93%	
138	MedCenterPlus LLC	Russian Federation	Russian Federation	80.93%	
139	SB Structured Issuance B.V.	the Netherlands	the Netherlands	0.00%	
140	IKS JSC	Russian Federation	Russian Federation	100.00%	
141	Centre of bankruptcy technologies LLC	Russian Federation	Russian Federation	60.00%	
142	Specialized Financial Company SB Credit Products 1 LLC	Russian Federation	Russian Federation	100.00%	

Information about individual financial indicators of the Group by jurisdiction in which the companies of the Group are registered

RUB bln	Jurisdiction																			Total before effect of Intercompany operations	Net effect of Intercompany operations	Total
	Russian Federation	Republic of Austria	Republic of Belarus	Bosnia and Herzegovina	Republic of Croatia	Republic of Cyprus and other jurisdictions	Czech Republic	United Kingdom of Great Britain and Northern Ireland	Swiss Confederation	Hungary		Ireland	Republic of Kazakhstan	Republic of Serbia	Slovak Republic	Republic of Slovenia	Turkish Republic	Ukraine	USA			
	For the year ended 31 December 2017																					
Net interest income	1 307.90	22.70	6.40	2.40	2.50	2.10	4.10	-	-	1.60		(1.80)	13.30	2.20	-	2.20	77.00	7.90	-	1 450.50	1.60	1 452.10
Net provision charge for impairment of debt financial assets	(221.60)	(10.30)	(3.10)	(0.80)	(2.90)	(1.60)	(0.50)	-	(1.00)	0.30		0.10	(10.60)	(0.70)	-	(0.80)	(20.90)	(6.10)	-	(280.50)	(6.80)	(287.30)
Net fee and commission income	395.90	0.30	3.60	0.90	0.50	(0.20)	0.70	-	0.80	1.20		-	6.00	0.70	-	0.50	25.80	0.80	-	437.50	(43.30)	394.20
Net other operating income	49.00	(13.90)	1.50	0.20	0.30	1.90	-	0.10	4.40	1.00		2.50	0.20	0.30	-	0.20	(29.50)	1.50	0.10	19.80	37.20	57.00
Operating income	1 531.20	(1.20)	8.40	2.70	0.40	2.20	4.30	0.10	4.20	4.10		0.80	8.90	2.50	-	2.10	52.40	4.10	0.10	1 627.30	(11.30)	1 616.00
Operating expenses	(592.70)	(8.50)	(6.30)	(2.10)	(1.90)	(2.30)	(3.80)	(1.10)	(2.40)	(3.00)		(1.50)	(6.70)	(1.70)	-	(1.90)	(41.30)	(3.50)	(0.50)	(681.20)	8.40	(672.80)
Profit/(loss) before tax	938.50	(9.70)	2.10	0.60	(1.50)	(0.10)	0.50	(1.00)	1.80	1.10		(0.70)	2.20	0.80	-	0.20	11.10	0.60	(0.40)	946.10	(2.90)	943.20
Income tax expense	(189.70)	(3.40)	(0.20)	(0.10)	0.20	(0.70)	(0.30)	-	-	(0.20)		0.10	(0.10)	-	-	-	(2.50)	-	-	(196.90)	2.40	(194.50)
Net profit/loss	748.80	(13.10)	1.90	0.50	(1.30)	(0.80)	0.20	(1.00)	1.80	0.90		(0.60)	2.10	0.80	-	0.20	8.60	0.60	(0.40)	749.20	(0.50)	748.70
Capital expenditures	84.00	1.10	0.60	0.30	0.30	0.70	0.80	0.10	0.10	0.40		31.50	1.80	0.10	-	0.20	4.60	1.90	-	128.50	-	128.50
	For the year ended 31 December 2016																					
Net interest income	1 194.40	25.10	8.90	2.70	2.90	3.40	4.30	-	0.40	1.80		(1.30)	13.30	2.40	1.50	2.60	89.30	11.00	-	1 362.70	0.10	1 362.80
Net provision charge for impairment of debt financial assets	(278.30)	(0.90)	(3.20)	(0.60)	(0.80)	(0.10)	(0.30)	-	(0.80)	2.10		0.40	(11.70)	(0.90)	(0.90)	(1.10)	(27.40)	(19.50)	-	(344.00)	1.60	(342.40)
Net fee and commission income	309.40	0.80	4.20	0.90	0.50	(1.10)	0.60	0.10	0.80	1.20		-	4.20	0.50	0.40	0.50	24.40	1.20	0.50	349.10	-	349.10
Net other operating (loss)/income	(26.80)	(3.20)	2.30	0.20	0.20	0.50	0.80	0.10	2.10	(0.40)		0.10	2.90	0.30	4.10	0.20	(3.60)	6.50	-	(13.70)	(0.70)	(14.40)
Operating income	1 198.70	21.80	12.20	3.20	2.80	2.70	5.40	0.20	2.50	4.70		(0.80)	8.70	2.30	5.10	2.20	82.70	(0.80)	0.50	1 354.10	1.00	1 355.10
Operating expenses	(565.70)	(9.80)	(8.20)	(2.50)	(2.00)	(2.20)	(4.10)	(1.10)	(2.90)	(3.80)		(0.50)	(7.10)	(2.00)	(1.50)	(2.00)	(58.80)	(4.10)	(0.60)	(678.90)	1.30	(677.60)
Profit/(loss) before tax	633.00	12.00	4.00	0.70	0.80	0.50	1.30	(0.90)	(0.40)	0.90		(1.30)	1.60	0.30	3.60	0.20	23.90	(4.90)	(0.10)	675.20	2.30	677.50
Income tax expense	(127.30)	(0.40)	(1.10)	(0.10)	(0.30)	0.70	(0.30)	-	-	(0.10)		0.10	(0.10)	-	(0.70)	-	(2.30)	(1.10)	-	(133.00)	(2.60)	(135.60)
Net profit/loss	505.70	11.60	2.90	0.60	0.50	1.20	1.00	(0.90)	(0.40)	0.80		(1.20)	1.50	0.30	2.90	0.20	21.60	(6.00)	(0.10)	542.20	(0.30)	541.90
Capital expenditures	98.60	3.30	1.00	-	-	0.80	-	-	-	-		-	1.30	-	-	-	8.30	0.50	-	113.80	-	113.80

Report on interested-party transactions concluded by Sberbank in 2017

This Report presents a list of transactions performed by Sberbank in 2017 that are recognized as interested-party transactions in accordance with the requirements of Federal Law No. 208-FZ “On Joint-Stock Companies” dated December 26, 1995. The consent/ approval of the Supervisory Board of Sberbank was received for the transactions indicated in points 1–13 and 15; the consent of the annual General Shareholders’ Meeting of Sberbank was received for the transaction indicated in point 14. The grounds for recognition as a party interested in the performance of transactions is shown as of the time of their performance.

The accuracy of the data entered in the Report has been confirmed by the Audit Commission of Sberbank.

The report was approved by the Supervisory Board of PJSC Sberbank (Minutes No. 10 of April 17, 2018).

No.	Material terms of the transaction		Number of transactions in the section	Number of transactions as a cumulative total
1	Counterparties: Gazprom Capital, GAZ Capital S.A., Gazprom, or other companies controlled by Gazprom.			
	Interested party and grounds for recognition as a party interested in the performance of the transaction: member of the Supervisory Board of Sberbank V.A. Mau was simultaneously a member of the Board of Directors of Gazprom,			
	participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%,			
	participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Gazprom: 0%.			
	Acquisition by Sberbank of bonds issued by Gazprom or issuers controlled by Gazprom	Amount: RUB 45,000 million	1	1
2	Counterparties: Gazprom Space Systems, acting on behalf of a simple partnership between Gazprom Space Systems, New Technologies, and Gazprom			
	Interested party and grounds for recognition as a party interested in the performance of the transaction: member of the Supervisory Board of Sberbank V.A. Mau was simultaneously a member of the Board of Directors of Gazprom,			
	participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%,			
	participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Gazprom: 0%.			
	Framework agreement on the obligation of Sberbank to open five credit facilities	Amount: not more than RUB 7,379.6 million and not more than EUR 204.2 million	5	6
	Provision by Sberbank of a loan in the form of a non-revolving credit facility	Amount: EUR 137 million	1	7
	Provision by Sberbank of a loan in the form of a non-revolving credit facility	Amount: EUR 21.6 million	1	8
	Provision by Sberbank of a loan in the form of a non-revolving credit facility	Amount: RUB 4,027.3 million	1	9
	Provision by Sberbank of a loan in the form of a non-revolving credit facility	Amount: RUB 3,352.3 million	1	10
	Provision by Sberbank of a loan in the form of a non-revolving credit facility	Amount: EUR 45.6 million	1	11

No.	Material terms of the transaction		Number of transactions in the section	Number of transactions as a cumulative total
3	Counterparty: Sberbank Capital Limited Liability Company			
	Interested party and grounds for recognition as a party interested in the performance of the transaction: - member of the Executive Board of Sberbank, First Deputy Chairman of the Executive Board of Sberbank M.V. Poletaev was simultaneously a member of the Board of Directors of Sberbank Capital,			
	participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0001%,			
	participation interest of the interested party in the share capital of Sberbank Capital 0%.			
	Change in the terms for the provision of a credit facility in the amount of RUB 12,000 million for the financing of current activity, including (but not exclusively) the purchase of real estate properties, provision and repayment of loans	Change in the interest rate for the use of a loan and maturity date of the loan	1	12
	Change in the terms for the provision of a credit facility in the amount of RUB 12,000 million for the financing of current activity, including (but not exclusively) the purchase of real estate properties, provision and repayment of loans	Change in the interest rate for the use of a loan and maturity date of the loan	1	13
4	Counterparty: Sberbank Leasing Joint Stock Company			
	Interested party and grounds for recognition as a party interested in the performance of the transaction: member of the Executive Board of Sberbank V.V. Kulik was simultaneously a member of the Board of Directors of Sberbank Leasing,			
	Participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%,			
	Participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank Leasing: 0%.			
	Provision by Sberbank of bank guarantees to ensure the performance by Sberbank Leasing of its tax obligations	Bank guarantees to a total amount of: RUB 3,000 million Term of provision: up to October 31, 2017	1	14
	Provision by Sberbank of a non-revolving credit facility for financing, including compensation of costs previously incurred by Sberbank Leasing related to the acquisition of railway equipment for transfer under finance lease	Amount: RUB 3,250.33 million Term: up to April 25, 2021	1	15
	Provision by Sberbank of a non-revolving credit facility for financing the costs of Sberbank Leasing related to the acquisition of equipment for subsequent transfer under finance lease	Amount: USD 0.017 million Term: up to July 28, 2023	1	16
	Provision by Sberbank of fourteen non-revolving credit facilities for financing the costs of Sberbank Leasing on the acquisition of vehicles for transfer under finance lease	Total amount of limit on the credit facilities: RUB 54 million Term: up to January 28, 2020	14	30
	Provision by Sberbank of bank guarantees for the purposes of ensuring the performance by Sberbank Leasing of a contract to provide finance leasing services for the acquisition of vehicles.	Amount: RUB 13.5 million Term: up to March 17, 2017	1	31

No.	Material terms of the transaction		Number of transactions in the section	Number of transactions as a cumulative total
	Provision by Sberbank of a non-revolving credit facility for financing the costs of Sberbank Leasing on the acquisition of equipment for subsequent transfer under finance lease	Amount: RUB 34.3 million Term: November 28, 2019	1	32
	Provision by Sberbank of three non-revolving credit facilities for financing the costs of Sberbank Leasing on the acquisition of metal-working equipment for subsequent transfer under finance lease	Total amount of limit on the credit facilities: RUB 156.7 million Term: up to April 28, 2019	3	33
	Provision by Sberbank of ten non-revolving credit facilities for financing the costs of Sberbank Leasing on the acquisition of aircraft for transfer under finance lease	Total amount of limit on the credit facilities: USD 247.9 million Term: up to August 28, 2028	10	43
	Provision by Sberbank of a non-revolving credit facility for financing the costs of Sberbank Leasing on the acquisition of vehicles, special-purpose machinery, and equipment for transfer under finance lease	Amount: RUB 1,120 million Term: up to April 28, 2021	1	44
	Provision by Sberbank of a non-revolving framework credit facility for financing the costs of Sberbank Leasing on the acquisition by the borrower of vehicles, special-purpose machinery, and equipment for subsequent transfer under finance lease	Amount: RUB 400 million Term: August 28, 2023	1	45
	Provision by Sberbank of a non-revolving framework credit facility for financing the costs of Sberbank Leasing on the acquisition of vehicles and special-purpose machinery for transfer under finance lease	Amount: RUB 748 million Term: up to January 28, 2023	1	46
	Provision by Sberbank of a non-revolving framework credit facility for financing the costs of Sberbank Leasing on acquisitions for subsequent transfer under finance lease	Amount: RUB 2,000 million Term: up to July 18, 2029	1	47
	Provision by Sberbank of a non-revolving credit facility for financing the costs related to the acquisition of equipment for transfer under finance lease	Amount: RUB 200 million Term: October 28, 2022	1	48
	Provision by Sberbank of ten non-revolving credit facilities for financing the costs related to the acquisition of equipment with subsequent transfer under finance lease	Amount: RUB 196 million Term: February 28, 2017	1	49

No.	Material terms of the transaction		Number of transactions in the section	Number of transactions as a cumulative total
	Provision by Sberbank of a non-revolving credit facility for financing the costs related to the acquisition of equipment for subsequent transfer under finance lease	Amount: EUR 0.3 million Term: February 28, 2019	1	50
	Provision by Sberbank of a non-revolving credit facility for financing the costs related to the acquisition of equipment for subsequent transfer under finance lease	Amount: USD 0.15 million Term: up to October 28, 2019	1	51
	Provision by Sberbank of two non-revolving credit facilities for financing costs on the acquisition of vehicles with the aim of subsequent transfer under finance lease	Amount: RUB 208.1 million Term: up to February 28, 2022	2	53
	Provision by Sberbank of three non-revolving credit facilities for refinancing costs incurred under existing transactions related to the acquisition of assets for subsequent transfer to lessees under lease agreements as part of the Leasing Conveyor technology	Amount: RUB 6,000 million Term: up to December 29, 2022	3	56
	Provision by Sberbank of three non-revolving credit facilities for financing costs on the acquisition of rolling stock with the aim of subsequent transfer under sale and leaseback	Amount: RUB 1,050 million Term: up to December 25, 2026	3	59
5	Counterparty: Sberbank Automated Trading System Closed Joint Stock Company			
	Interested parties and grounds for recognition as parties interested in the performance of the transaction:			
	- member of the Executive Board of Sberbank, First Deputy Chairman of the Executive Board of Sberbank L.A. Khasis was simultaneously the Chairman of the Board of Directors of Sberbank ATS,			
	participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0012%.			
	Participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank ATS: 0%.			
	- member of the Executive Board of Sberbank, First Deputy Chairman of the Executive Board of Sberbank S.K. Kuznetsov is simultaneously a member of the Board of Directors of Sberbank ATS;			
	participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%;			
	participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank ATS: 0%.			
	Delivery by Sberbank of products with the Sberbank logo indicated on the website of the Corporate Store "I Love Sberbank": www.ilovesberbank.ru .	Amount: RUB 50 million	1	60

No.	Material terms of the transaction		Number of transactions in the section	Number of transactions as a cumulative total
6	Counterparties: Sberbank Europe AG, Signa Holding GmbH, Signa International Sports Holding GmbH Interested parties and grounds for recognition as parties interested in the performance of the transaction: - member of the Executive Board of Sberbank A.V. Morozov was simultaneously a member of the Supervisory Board of Sberbank Europe AG; participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0014%. participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank Europe AG: 0%. - member of the Executive Board of Sberbank S.A. Sagaydak was simultaneously a member of the Supervisory Board of Directors of Sberbank Europe AG; participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.00003%; participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank Europe AG: 0%.			
	Sberbank funds part of the credit facility provided by Sberbank Europe AG based on the Credit Limit Agreement Total amount: EUR 120 million		1	61
	Sberbank Europe AG undertakes to provide Signa International Sports Holding GmbH a non-revolving credit facility to finance its general corporate business goals. Total amount: EUR 155 million Term: up to 60 months		1	62
7	Counterparty: Federal State Autonomous Higher Educational Institution National Research University Higher School of Economics (HSE) Interested party and grounds for recognition as a party interested in the performance of the transaction: member of the Supervisory Board of Sberbank, President, Chairman of the Executive Board of Sberbank H.O. Gref was simultaneously a member of the Supervisory Board of HSE. participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0031%. Party's share in the share capital of HSE: not applicable.			
	Provision of Sberbank bank guarantees The total amount of bank guarantees simultaneously in effect (guarantee limit) cannot exceed RUB 20 million Term: up to August 2, 2019		1	63

No.	Material terms of the transaction		Number of transactions in the section	Number of transactions as a cumulative total
8	Counterparty: Sberbank Europe AG Interested party and grounds for recognition as a party interested in the performance of the transaction: - member of the Executive Board of Sberbank, First Deputy Chairman of the Executive Board of Sberbank A.V. Morozov is simultaneously a member of the Supervisory Board of Sberbank Europe AG, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0014%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank Europe AG: 0%; - member of the Executive Board of Sberbank, First Deputy Chairman of the Executive Board M.V. Poletaev is simultaneously a member of the Supervisory Board of Sberbank Europe AG, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0001%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank Europe AG: 0%; - member of the Executive Board of Sberbank, Deputy Chairman of Sberbank S.K. Kuznetsov is simultaneously a member of the Supervisory Board of Sberbank Europe AG, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank Europe AG: 0%.			
	Purchase by Sberbank of ordinary shares of the additional issue of Sberbank Europe AG Amount: EUR 80 million		1	64
9	Counterparty: Cetelem Bank Limited Liability Company Interested party and grounds for recognition as a party interested in the performance of the transaction: - member of the Executive Board of Sberbank A.Yu. Torbakhov was simultaneously the Chairman of the Board of Directors of Cetelem Bank; participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%; participation interest of the interested party in the share capital of Cetelem Bank: 0%; - member of the Executive Board of Sberbank A.V. Morozov was simultaneously a member of the Board of Directors of Cetelem Bank, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0014%; participation interest of the interested party in the share capital of Cetelem Bank: 0%.			
	Sberbank provides a revolving framework credit facility for the provision by Cetelem Bank of loans to individuals (except mortgage loans) and wholesale financing (financing under a factoring agreement). Amount: RUB 46,500 million Term: up to December 30, 2022		1	65

No.	Material terms of the transaction		Number of transactions in the section	Number of transactions as a cumulative total
	Sberbank provides a revolving framework credit facility with tiered interest rates	Amount: total credit limit RUB 37,600 million Term: up to June 27, 2019	1	66
10	Counterparty: Sberbank (Ukraine) Interested party and grounds for recognition as a party interested in the performance of the transaction: member of the Executive Board of Sberbank, First Deputy Chairman of the Executive Board of Sberbank L.A. Khasis is simultaneously a member of the Board of Sberbank (Ukraine), participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0012%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank (Ukraine): 0%.			
	Sberbank assigns part of its rights of claim to Sberbank (Ukraine) under a loan agreement	No payment is made for the assignment of rights of claim	1	67
11	Counterparty: State Corporation Bank for Development and Foreign Trade Activity (Vnesheconombank) (trust management over pension savings) Interested party and grounds for recognition as a party interested in the performance of the transaction: member of the Supervisory Board of Sberbank M.S. Oreshkin was simultaneously a member of the Board of Directors of Vnesheconombank participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%. participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Vnesheconombank: 0%.			
	Opening by Sberbank of trust management accounts in the currency of the Russian Federation and performance of settlement and clearing operations during the performance of trust management operations with pension savings	Amount: limit of up to RUB 100 million	1	68
	Agreement on maintaining a minimum permanent cash balance on the bank agreement agreed upon by the parties	Amount: limit of up to RUB 100 million	1	69
12	Counterparty: Alfa Strakhovanie Open Joint Stock Company Interested party and grounds for recognition as a party interested in the performance of the transaction: - President, Chairman of the Executive Board of Sberbank H.O. Gref is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0031%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Alfa Strakhovanie: 0%; - member of the Executive Board of Sberbank, First Deputy Chairman of the Executive Board of Sberbank L.A. Khasis is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0012%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Alfa Strakhovanie: 0%;			

No.	Material terms of the transaction		Number of transactions in the section	Number of transactions as a cumulative total
	- member of the Executive Board of Sberbank, First Deputy Chairman of the Executive Board M.V. Poletaev is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0001%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Alfa Strakhovanie: 0%; - member of the Executive Board of Sberbank, Deputy Chairman of the Executive Board of Sberbank A.Yu. Torbakhov is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Alfa Strakhovanie: 0%;			
	- member of the Executive Board of Sberbank, Deputy Chairman of the Executive Board of Sberbank A.V. Morozov is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0014%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Alfa Strakhovanie: 0%; - member of the Executive Board of Sberbank, Deputy Chairman of the Executive Board of Sberbank O.V. Ganeev is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Alfa Strakhovanie: 0%;			
	- member of the Executive Board of Sberbank, Deputy Chairwoman of the Executive Board of Sberbank B.I. Zlatkis is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0004%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Alfa Strakhovanie: 0%; - member of the Executive Board of Sberbank, Deputy Chairman of the Executive Board of Sberbank S.K. Kuznetsov is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Alfa Strakhovanie: 0%;			
	- member of the Executive Board of Sberbank, Deputy Chairwoman of the Executive Board of Sberbank Yu.G. Chupina is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Alfa Strakhovanie: 0%; - member of the Executive Board of Sberbank, Senior Vice-President of Sberbank A.V. Bazarov is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0022%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Alfa Strakhovanie: 0%.			

No.	Material terms of the transaction		Number of transactions in the section	Number of transactions as a cumulative total
	Inclusion of additional insurance plans in the existing voluntary health insurance agreement, establishing the effective term of the additional insurance plans, establishing the amount of insurance premiums and the procedure for their payment under the additional insurance plans	Amount: the average amount of the insurance premium for one insured party is no more than RUB 262 thousand per year	1	70
13	Counterparties: Yandex N.V. (Netherlands), Yandex.Market B.V. (Netherlands) Interested party and grounds for recognition as a party interested in the performance of the transaction: member of the Supervisory Board of Sberbank H.O. Gref was simultaneously a member of the Board of Directors of Yandex N.V., Participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0031%. Participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Yandex N.V.: less than 0.001%			
	Subscription agreement to purchase the additional shares of Yandex.Market B.V. being placed	Amount: RUB 30,000 million	1	71
14	Counterparty: Gas Industry Insurance Company Joint Stock Company (SOGAZ) Interested parties and grounds for recognition as a party interested in the performance of the transaction: - CEO and Chairman of the Executive Board of Sberbank H.O. Gref is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0031%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Executive Board of Sberbank and First Deputy Chairman of the Executive Board of Sberbank L.A. Khasis is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0012%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Executive Board of Sberbank and First Deputy Chairman of the Executive Board of Sberbank M.V. Poletaev is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0001%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Executive Board of Sberbank and Deputy Chairman of the Executive Board of Sberbank A.Yu. Torbakhov is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Executive Board of Sberbank and Deputy Chairman of the Executive Board of Sberbank A.V. Morozov is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0014%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%;			

No.	Material terms of the transaction	Number of transactions in the section	Number of transactions as a cumulative total
	- member of the Executive Board of Sberbank and Deputy Chairman of the Executive Board of Sberbank O.V. Ganeev is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Executive Board of Sberbank and Deputy Chairwoman of the Executive Board of Sberbank B.I. Zlatkis is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0004%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Executive Board of Sberbank and Deputy Chairman of the Executive Board of Sberbank S.K. Kuznetsov is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Executive Board of Sberbank of Russia and Deputy Chairwoman of the Executive Board of Sberbank Yu.G. Chupina is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Supervisory Board of Sberbank S.M. Ignatiev is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Supervisory Board of Sberbank G.I. Luntovsky is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Supervisory Board of Sberbank A.L. Kudrin is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Supervisory Board of Sberbank S.A. Shvetsov is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Supervisory Board of Sberbank N.Yu. Ivanova is a beneficiary in the transaction,		

No.	Material terms of the transaction	Number of transactions in the section	Number of transactions as a cumulative total
	participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%; participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Supervisory Board of Sberbank M.S. Oreshkin is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%; participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Supervisory Board of Sberbank O.N. Skorobogatova is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%; participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Supervisory Board of Sberbank G.G. Melikyan is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.0001%; participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Supervisory Board of Sberbank L.B. Boguslavsky is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%; participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Supervisory Board of Sberbank of Russia M.G. Gilman is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0.00018%; participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Supervisory Board of Sberbank N. Wells is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%; participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Supervisory Board of Sberbank V.A. Mau is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%; participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of SOGAZ: 0%; - member of the Supervisory Board of Sberbank E.T. Aho is a beneficiary in the transaction, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%; participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of JSC SOGAZ: 0%.		
	D&O Liability Insurance Contract of Sberbank and Sberbank Group companies. Insurance premium RUB 36.6 million Insured amount RUB 4,600 million Additional insured amount for independent directors: RUB 30 million Aggregate additional insured amount for independent directors: RUB 150 million	1	72

No.	Material terms of the transaction	Number of transactions in the section	Number of transactions as a cumulative total
15	Counterparty: State Corporation Bank for Development and Foreign Econmic Affairs (Vnesheconombank) Interested party and grounds for recognition as a party interested in the performance of the transaction: member of the Supervisory Board of Sberbank A.G. Siluanov was simultaneously a member of the Supervisory Board of Vnesheconombank, participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Sberbank: 0%. participation interest of the interested party in the share capital (percentage of shares belonging to the interested party) of Vnesheconombank: 0%.		
	Agreement on the conclusion of transactions containing the obligations of the parties regarding the mutual sale and purchase of foreign currency cash, acceptance-handover of foreign currency cash for collection, provision of credit risk assessment services. Amount: No more than RUB 3,250.	1	73
	Agreement on the conclusion of securities sale and purchase transactions/related transactions Amount: within related transactions, where settlements have not been concluded, should not exceed RUB 65,000 million	1	74
	Conclusion of an agreement determining the general terms and the procedure for the execution by the parties of repo contracts on the securities market Amount: within related transactions, where settlements have not been concluded, should not exceed RUB 65,000 million	1	75
	Conclusion of an agreement on repo transactions on the securities market Amount: within related transactions, where settlements have not been concluded, should not exceed RUB 65,000 million	1	76
	Conclusion of two deliverable forward foreign exchange transactions Amount: No more than USD 50 million	2	78

Process for defining material topics

To determine the contents of the Report, we assessed the significance of different operating aspects of the Group and compiled a list of material topics to be disclosed in the Report. This process was performed in three main stages: the identification of material topics, their prioritization and approval. Based on analysis, we compiled a list of 23 topics declared by the working group to be material for both internal and external stakeholders.

Procedure for determining the material topics of this Report



List of the material topics of the Report

Material topics defined by the Group		Corresponding material topics of the GRI standards	Corresponding sustainability goals of the UN			
Best customer experience and ecosystems						
1	Development of socially oriented products	• Customer privacy		4 Professional education 10 Decrease in inequality		
2	Support for small business	• Local communities				
3	Increase in the financial literacy of the population	• Product portfolio				
4	Improvement in the quality of client service					
5	Ensuring client safety and preventing fraud					
6	Ensuring the accessibility of services					
Technological leadership						
7	Increase in the reliability of products and services	• Energy		9 Industrialization, innovation and infrastructure		
8	Ensuring cybersecurity					
9	Environmentally sound IT					
10	Work with data and analytics					
11	Development of innovations					
People: nurturing new skills in effective teams						
12	Professional development and training of employees	• Employment		3 Good health and prosperity 8 Decent work and economic growth		
13	Social protection of employees	• Occupational Health and				
14	Employee health	• Safety				
15	Effective assessment and remuneration system of employees	Training and education				
16	Transformation of the HR function					
17	Development of corporate culture					
18	Development of the brand of an appealing IT employer and talent retention					
Corporate governance						
19	Improvements to corporate governance	• Anti-countering				
20	Countering corruption and management of compliance risk	• Socioeconomic Compliance				
Impact on Society						
21	Contribution to regional development: financing of projects of high social significance	• Indirect economic impacts		12 Domestic consumption and production 17 Partnership for sustainable development		
22	Implementation of charitable and sponsorship projects	• Local communications				
23	Green office	• Energy				
		• Effluents and waste				
		• Procurement practices				

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102-6	Markets served	Sberbank today	4
	Market overview		24
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102-8	Information on employees and other workers	Sberbank today	4
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Glossary

Compliance control – internal control over the compliance of activity in the financial markets with the laws on financial markets in the credit institution. Part of the internal control system of a credit institution.

Corporate social responsibility – a set of principles and obligations the bank complies with in the course of its activity with regard to:

- Assessment and management of impact on the national economy, social sphere and environment
- Management of stakeholder engagement

Credit Factory – a lending process for retail clients and small business entities which is based on the centralized and automated processing of credit applications, followed by a decision on the possibility of lending.

Dividend – a part of the income earned by a business entity which is distributed among its shareholders.

Employee engagement – the emotional and intellectual state of an employee in which he/she tries to perform his/her work in the best possible way, and is willing to contribute to the company's development and success.

Geomarketing – a marketing study technique based on the methods of geographic analysis of various geographically dispersed objects and phenomena, which is used to determine the target audience in the desired territorial unit, and to discover the best location for a new object, to develop a concept for an existing or planned object, etc.

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

Lean laboratory – a format for local research centers of Sberbank whose operations are aimed at finding, developing, and optimizing processes, among them: management of working time, organization of client and working space, change in employee thinking and an assessment of the performance.

Stakeholders – private and corporate clients or groups of entities that influence the bank and its activity and/or are influenced by the bank (clients, employees, shareholders, governmental authorities, nonprofit organizations, etc.).

Stand-In – mode of the system ensuring clients to perform operations by interactive services in case if the system is unavailable in real-time mode.

Technical availability metric – percentage of time when the self-service network was fully available and working without fault out of the total time of potential availability of the network.

Turquoise organization – model for the organization of the future based on self-management.

Acronyms

A.Ş. – Anonim Sirketi (turkish)

ACRA – analytical credit rating agency

ADR – American depositary receipt

ADR – American depositary receipt

AG – joint stock company (german – Aktiengesellschaft)

API – Application programming interface

AS – automated system

BA – Bachelor of Arts

Bank of Russia – the Central Bank of the Russian Federation

BDSP 18+ – Business development support platform (18+)

BS – Bachelor of Science

CIB – corporate investment block that operates under the brand Sberbank CIB since October 8, 2012

CIR – Cost-to-Income

CJSC – closed joint stock company

CPI – compulsory pension insurance

CRM – customer relationship management

CSC – corporate solutions center

CSI – customer satisfaction index

D&O – directors and officers

DAU – daily active users in digital channels

DAU/MAU – the ratio of the number of daily active users to monthly active users in digital channels

DCM – debt capital market

DevOps – development and operations

DPC – data processing center

ECM – equity capital market

ESIA – Russian information system that allows users (individual applicants and government officials) authorized access to information contained in government information systems and other information systems.

ESG – environment, social, corporate governance

FATCA/CRS – Foreign account tax compliance act/ Common reporting standard

FCR – First Contact Resolution

G20 – the Group of Twenty

GDP – gross domestic product

GDR – global depositary receipt

GRI – Global Reporting Initiative

HR – human resources

IFRS – International Financial Reporting Standard

IMF – International Monetary Fund

IPO – initial public offering

IRB – internal-ratings-based approach

ISD – internal structural divisions

ISO 20022 – International standard for electronic communication between financial institutions

ISO 26000 – International standard “Guidance on social responsibility”

ISO 37001 – International standard "Anti-bribery management system"

ISO/IEC 27001 – International standard “Information security management”

IT – Information technologies

IVR – interactive voice response system

JSC – joint stock company

LEED – Leadership in Energy and Environmental Design

LLC – limited liability company

M&A – mergers and acquisitions

M.Sc – Master of Science

MAU – monthly active users in digital channels

MBA – Master of Business Administration

MIF – mutual investment fund

MTN – medium-term note issue program

NCGR – national corporate governance rating

NIM – net interest margin

NPS – net promoter score

NRU HSE – National research university Higher School of Economics

OECD – Organization for Economic Cooperation and Development

OFZs – federal loan bonds

OJSC – open joint stock company

Ph.D. – Doctor of Philosophy

PJSC – public joint stock company

POS – point of sale

PPC – private pension coverage

PPF – private pension fund

Repo – security purchase transaction with an obligation to sell it back after a certain period at a price fixed in this agreement.

ROA – return on assets

ROE – return on equity

SB – subsidiary bank

SBE – Sberbank Europe

SMEB – Unified Interagency Electronic Interaction System.

UFS – unified front-end system

UN – the United Nations

URCCP – unified retail and corporate client profile

USL – unified semantic layer

VaR – Value at Risk

VHI – voluntary health insurance

xBRL – eXtensible business reporting language