



Annual
Report

2010

About this Report

This annual report of Sberbank of Russia ("Sberbank" or the "Bank") for the reporting period from January 1, 2016, to December 31, 2016, includes the results of Sberbank and its subsidiaries (together "Group" or "Sberbank Group") for 2016. Main subsidiaries of the Group include the Russian and foreign commercial banks and other companies controlled by the Bank.

» [List of key subsidiaries and affiliates of Sberbank is provided on page 278–283](#)

This report is based on the consolidated financial statements of the Group under the International Financial Reporting Standards ("IFRS") in accordance with the requirements of the securities laws of Russia, recommendations of Bank of Russia Corporate Governance Code, and GRI Sustainability Reporting Guidelines.¹

This annual report includes:

- » [Summarized consolidated financial statements based on the consolidated financial statements under the IFRS for 2016 and the audit report therein provided on page 252–259](#)
- » [Main forms of annual financial \(accounting\) statements of the Bank under the RAS for the year 2016 are available on pages 260–277](#)

This annual report was preliminary approved by the Supervisory Board of Sberbank (Minutes No 17 as of April 20, 2017) and approved by the Revision Commission of Sberbank.



» [Please visit Sberbank IR website
\[www.sberbank.com\]\(http://www.sberbank.com\)](#)

¹ This report is prepared in accordance with the laws of Russia, including:

- Bank of Russia Ordinance No. 3533-U dated January 15, 2015, On the Terms and Procedure for Preparing and Submitting Statements by Professional Securities Market Participants to the Central Bank of the Russian Federation
- Bank of Russia Corporate Governance Code recommended for joint-stock companies in Bank of Russia Letter No. 06-52/2463 dated April 10, 2014
- GRI G4 Sustainability Reporting Guidelines
- Federal Law No. 39-FZ dated April 22, 1996, On the Securities Market
- Federal Law No. 208-FZ dated December 26, 1995, On Joint-Stock Companies
- Regulations on Additional Requirements for Preparing, Convening, and Holding the General Shareholders' Meeting approved by Order No. 12-6/pz-n of the Federal Commission for the Securities Market of Russia dated February 2, 2012
- Bank of Russia Regulation No. 454-P dated December 30, 2014, On information disclosure by issuers of equity securities

Disclaimer

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

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

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

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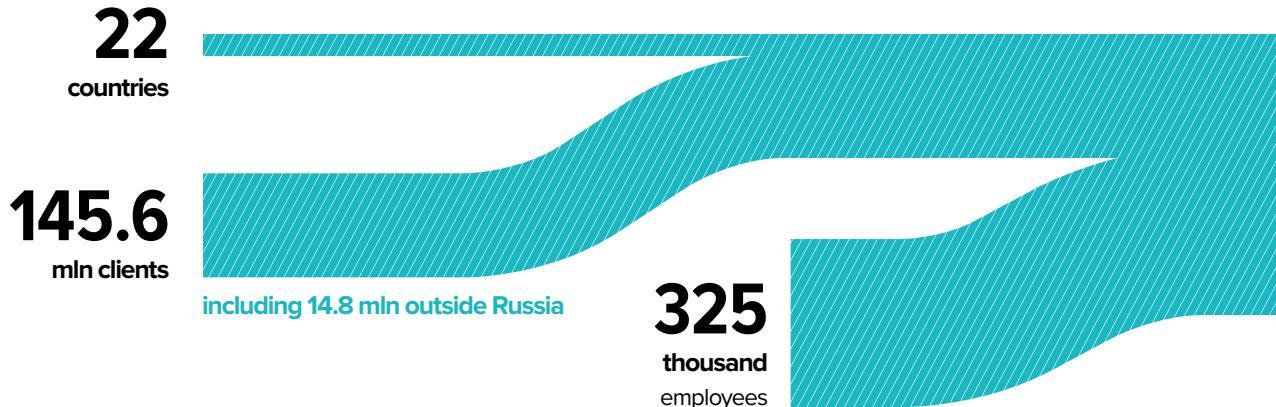
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Sberbank Today

Sberbank Group is the largest financial institution in Central and Eastern Europe. The Bank was founded in 1841 and celebrated its 175th anniversary in 2016. The core activity of the Group is providing financial services to retail and corporate clients in all regions of presence. Group's geography covers 22 countries, including Russian Federation. The number of the Group's clients has reached 145.6 million.

In its activity, the bank is aimed at implementing digital technologies and increasing process efficiency to ensure long-term sustainable development and create the value for all stakeholders - clients, shareholders, the society and the state.

Sberbank Group in the World



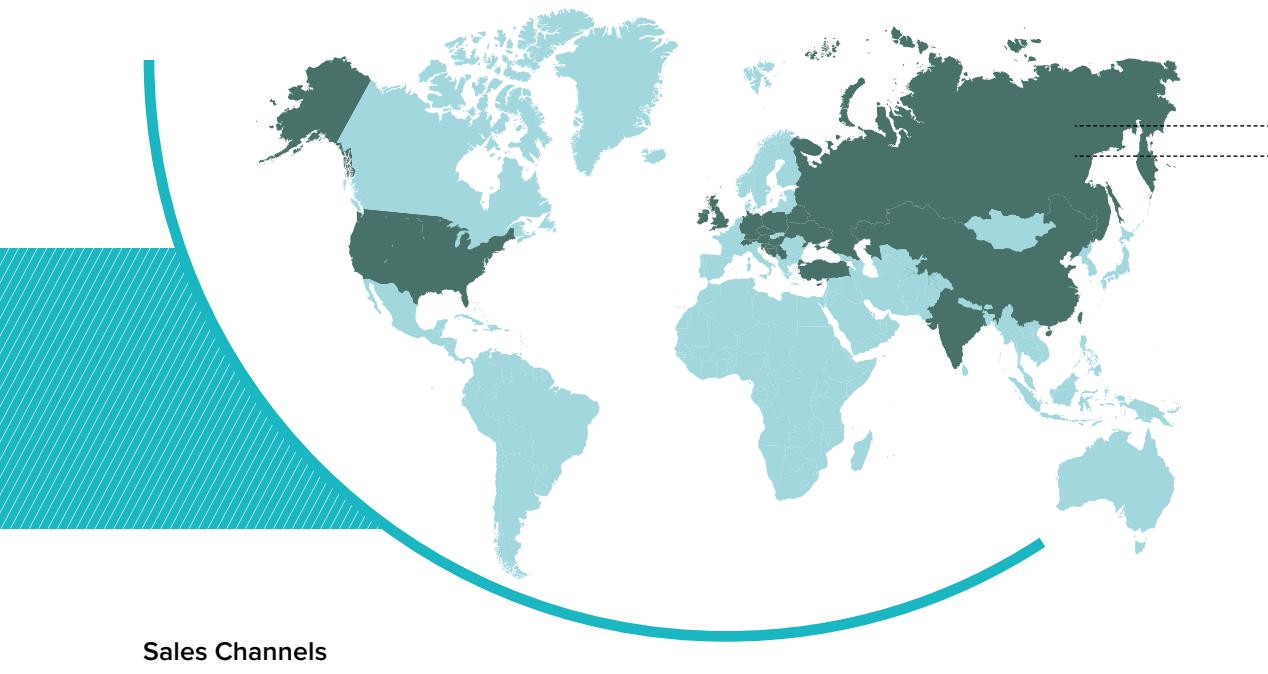
Group Structure

Outside Russia, the Group operates through its subsidiary banks in Turkey, Ukraine, the Republic of Belarus, Kazakhstan, Austria, Switzerland, and other countries of Central and Eastern Europe as well as through its branch office in India, representative offices in Germany and China, and companies of the former Troika Dialog Group located in the US, UK, Cyprus, and certain other countries. The number of the bank's clients beyond Russia has reached 14.8 million. The share of international business amounts to 14% of the Group's assets according to the management accounting data.

As of December 31, 2016, the Group operates in Russia through Sberbank of Russia, which has 14 regional banks, 79 regional bank branches, and 15,016 branches, as well as through its major subsidiaries located in Russia, including Sberbank Leasing JSC, Sberbank Capital LLC, companies of the former Troika Dialog Group, Sberbank Private Pension Fund JSC, Insurance Company Sberbank Life Insurance LLC, Insurance Company Sberbank Insurance LLC, Sberbank Factoring LLC, and Cetelem Bank LLC (formerly BNP Paribas Vostok LLC). Starting January 1, 2016, Vostochno-Sibirsky Regional Bank was reorganized by transferring its branch network to Sibirsksy Regional Bank, and Severo-Kavkazsky Regional Bank was reorganized by transferring its branch network to Yugo-Zapadny Regional Bank.

Clients in Russia**129.0 mln**retail clients, including
83.2 mln active clients¹**1.8 mln**active corporate
clients**35.4 mln**

payroll clients

**Sales Channels****2 mln**More than 2 mln
visitors in Russia every day**15 thousand branches**

branches in Russia

80 thousand

self-service terminals in Russia

17.4 mlncredit cards in circulation
issued by Sberbank**107 mln**debit cards in circulation issued
by Sberbank**611 thousand**corporate cards issued
by Sberbank**47.4 mln**unique active clients using remote
channels (Sberbank Online internet
banking and Mobile banking
services)**20.6 mln**unique active users
of the Sberbank Online
mobile app**27.1 mln**unique active users
of the Mobile banking service¹ The Bank considers clients with at least one transaction in the last three months as active.

Awards in 2016



Best Russian bank

according to the Banker magazine



The Contact Center of Sberbank received top awards in the five categories of Crystal Headset, a contest held by the Call Center Guru community of professionals, including for

- “Best Personnel Training”**
- “Best Sales Team”**
- “Best Training Team”**
- “Best Contact Center for Employment”**
- “Manager of the Year”**



“Best in Mobile Banking”

“Best Bill Payment & Presentment”

“Best Information Security Initiatives”

“Best SMS/Text Banking”

according to Global Finance magazine

» To learn more about IT-developments of Sberbank please go to page 175



Sberbank Online received the Runet Award

for the Best Mobile App

The Banking Sphere Award

for Positive User Experience:
Mobile Banking Apps
and Information Security



The program “Spasibo from Sberbank” was awarded the Grand Prix award as

The Leader of Loyalty Marketing in Russia at the Loyalty Marketing Forum 2016

» To learn more about information security of Sberbank please go to page 69

» For more details on loyalty program “Spasibo from Sberbank” see pages 53



For the second time, Sberbank was awarded the Consumer Rights and Service Quality prize for
“The Most Client-Oriented Bank in Russia”

» For more information on clientcentric service model see pages 10



Best bank in the Russian private banking segment

according to Global Finance magazine

Ranked No. 1 in the Russian private banking industry

according to Forbes magazine



Sberbank was recognized at CIPR Inside Awards 2016 for the quality of its internal communications. The Bank was awarded for
“the Best Example of Employee Engagement”

» For more information on corporate culture and personnel development see pages 144



The Fraud-Monitoring Project of Sberbank for remote retail channels won the 2016 open contest for

“Best Project of the Year”



Sberbank won the Distribution & Marketing Innovation Award 2016

for Salesforce Change Management for the implementation of its Smart Management System.



Sberbank was assigned the National Corporate Governance Rating for

8

“The Best Practice of Corporate Governance”

» For more details on Corporate governance in Sberbank see pages 87

Key highlights

In 2016, Sberbank Group achieved a record net profit of RUB 541.9 bln. Return on equity increased more than twofold and reached 20.8%.

Net profit, RUB bln

	2016	2015	2014	2013	2012
2016	541.9				
2015	222.9				
2014		290.3			
2013		362.0			
2012		347.9			

Return on average equity (ROE), %

	2016	2015	2014	2013	2012
2016	20.8				
2015	10.2				
2014		14.8			
2013		20.8			
2012		24.2			

Return on average assets (ROA), %

	2016	2015	2014	2013	2012
2016	2.1				
2015	0.9				
2014		1.4			
2013		2.2			
2012		2.7			

Net interest margin (NIM), %

	2016	2015	2014	2013	2012
2016	5.7				
2015	4.4				
2014		5.6			
2013		5.9			
2012		6.1			

Cost/Income ratio (CIR)

	2016	2015	2014	2013	2012
2016	39.7				
2015	43.7				
2014		43.2			
2013		46.0			
2012		48.7			

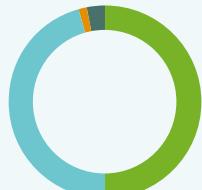
Cost of risk (COR), %

	2016	2015	2014	2013	2012
2016	1.8				
2015	2.5				
2014		2.3			
2013		1.1			
2012		0.2			

Earnings per share, (EPS) RUB/share

	2016	2015	2014	2013	2012
2016	25.00				
2015	10.36				
2014		13.45			
2013		16.78			
2012		16.03			

Shareholder Structure of Sberbank as of the Shareholder Register as of April 14, 2016



- Bank of Russia¹ **50.0% + 1 share**
- Nonresident Corporate Investors **45.60%**
- Resident Corporate Investors **1.50%**
- Private Investors **2.90%**

Share Capital Structure

As of December 31, 2016, the total number of outstanding shares of Sberbank was as follows:

- Ordinary shares with a nominal value of RUB 3 –

21,586,948,000 units

- Preferred shares with a nominal value of RUB 3 –

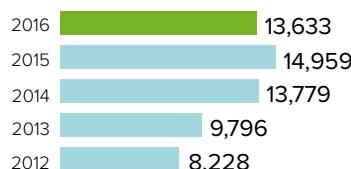
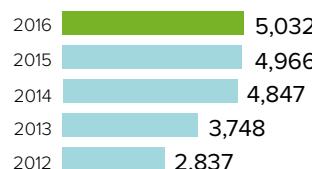
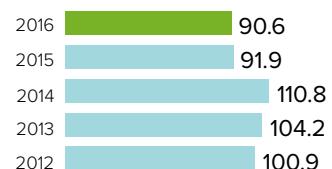
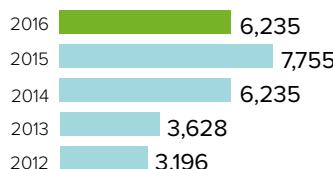
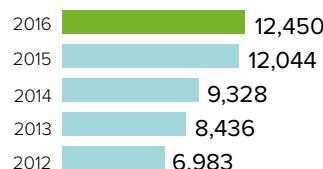
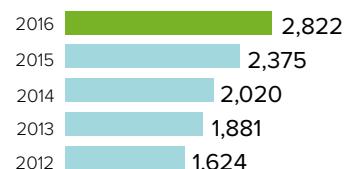
1,000,000,000 units

- Maximum number of authorized ordinary shares –

15,000,000,000 units

The total number of shareholders is more than

198 thousand

Loans to corporate clients, RUB bln**Loans to private clients, RUB bln****Loans to deposits ratio (LDR), %****Corporate deposits, RUB bln****Retail deposits, RUB bln****Equity, RUB bln****Credit Ratings**

	Fitch	Moody's
Long-term, currency	BBB–	Ba2
Long-term, rubles	BBB–	Ba1
Forecast	Stable	Stable ²

Stock Exchange Listings**Common and preferred shares:**

- Moscow Exchange PJSC

ADR (4 ordinary shares)

- London Stock Exchange
- Frankfurt Stock Exchange (Entry Standard segment)

Weight of Sberbank shares/ADRs in indices

Index	Weight, %	Type of Securities
MICEX/RTS	15.46	Ordinary and preferred shares
FTSE Russia IOB	23.60	ADR
DAXGlobalRussia	10.23	ADR
MSCI Russia	17.39	Ordinary shares
MSCI Russia 10/40	9.30	Ordinary shares
MSCI Russia ADR/GDR	20.24	ADR

¹ Sole shareholder with an interest of no less than 5% of share capital.

² February 21, 2017, Moody's changed its outlook on Sberbank's long-term ratings from "negative" to "stable."

Sustainable Business Model

The integrated clientcentric business model of Sberbank takes into account the interests of all stakeholders. In its activities, the Bank focuses on long-term sustainable development by using the Run-Change-Disrupt approach.

Today, the business model of Sberbank is geared toward meeting the basic financial needs of clients, but over time it will also integrate the offers of nonfinancial services. The latest technologies significantly alter the way clients communicate with the Bank, and in the long run this will change the very nature of the Bank as a financial institution—the Bank is evolving from being a financial transaction provider into a platform for interacting with clients where financial services are just a part of the offering. To compete for clients, the Bank will uphold the

required level of loyalty among its client base, which means that the strategies for specific business areas will be adjusted in accordance with this task. Empathy and design thinking are the most crucial foundational elements for developing future business models of client relations. The integration of new approaches to client data processing (including Big Data) will allow the Bank to apply the “mass customization” of its offers to all client categories.

» Read more about Sberbank's strategy on page 33

Stakeholder Engagement Principles

Clients

- The bank that acts as a partner always ready to help each client on finance-related issues.
- The bank that is continuously improving to make its clients happy.
- The bank that values each client.
- The bank that can be trusted.

Team

- The bank that is an exciting place to work at.
- The bank where employees are given opportunities to develop, and where professionals want to be employed.
- The bank where employees feel they are actively involved in all processes.
- The bank that values its employees and takes care of them.
- The bank that offers its employees respectable financial benefits and social status.

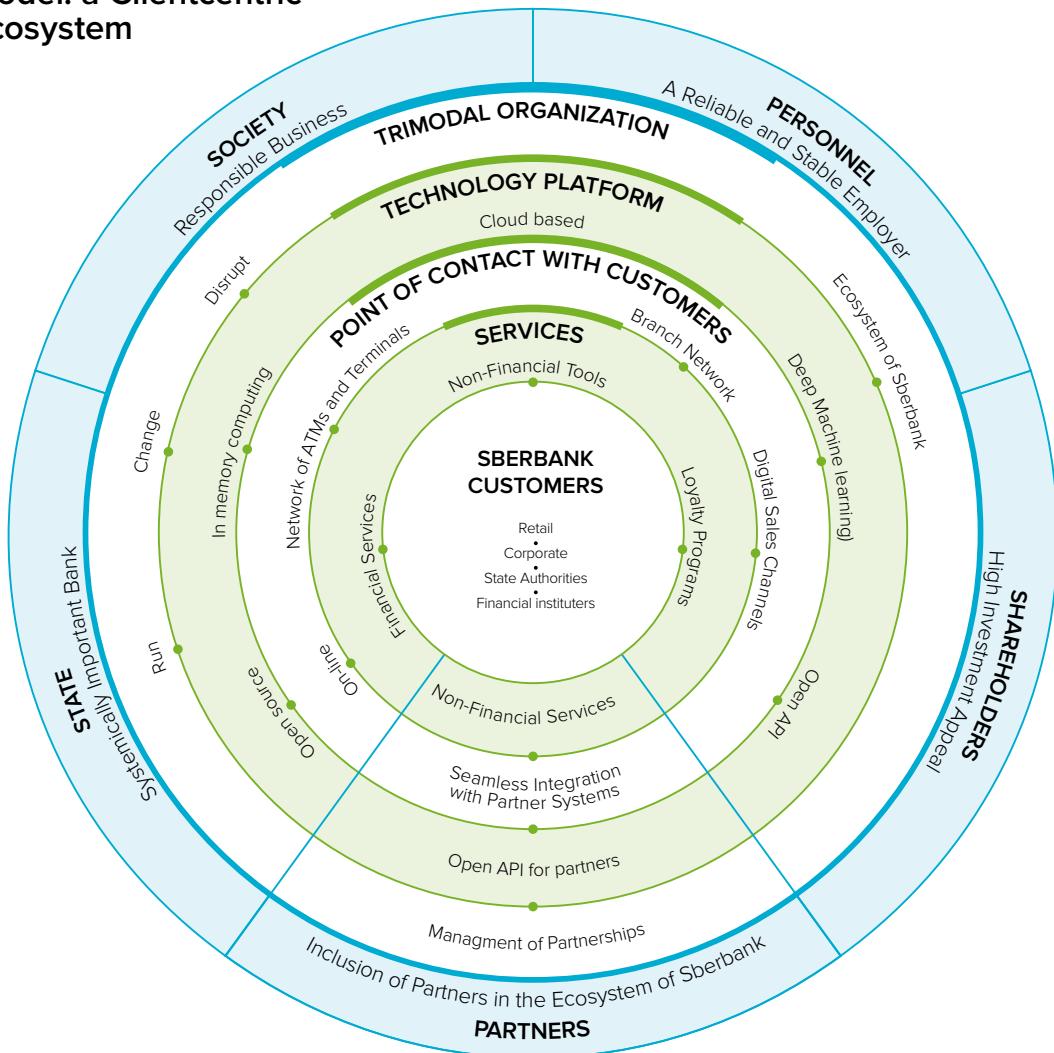
Society and the State

- The Russian bank actively involved in the development of the global financial system.
- The leading bank, a pillar of the national financial system and foundation for national growth and prosperity.
- An active contributor to the economic and social development of each region, town, or city.
- The responsible bank conscious of the implications brought about by its decisions and actively investing to increase the public's financial awareness and culture.
- The bank with proactive staff.

Shareholders

- The bank committed to high corporate governance standards and operating on the principles of openness, transparency, and predictability.
- The bank that is actively implementing high standards of social responsibility.
- The leader of the national banking sector aiming to maximize shareholder value.
- The bank that consistently pursues a reasonable and professional approach to risks.

The Sberbank Business Model: a Clientcentric Ecosystem



Trimodal Organization

To achieve the highest performance possible, Sberbank operates in three modes



Current activities

Process management of current activities

Changes

Project management in the implementation of new products and technologies

Innovation

Startups/New business models



“

We have plans to complete the technological modernization initiated several years ago and build world-class IT systems and a top-notch technology infrastructure. We will become market leaders in the use of the latest digital, mobile, and social technology. We also want to be among global leaders for cyber security, analytics, and big data.

Herman Gref,
CEO, Chairman of the Executive
Board

Deployment of Information Technology

Sberbank aims to make technological innovations a part of its own DNA, learn how to integrate them into existing business processes, and use them as a foundation to launch new business models

Technological innovation will help make the IT systems, infrastructure, and processes of Sberbank Group:

- **Reliable:** by ensuring a high level of reliability and availability for all IT services and by streamlining the architecture, centralizing and upgrading the infrastructure
- **Flexible:** by bringing products to the market as rapidly as possible, increasing the scalability of IT systems, streamlining and standardizing the architecture, technologies, and processes
- **Cost-effective:** by optimizing the IT costs and total business expenses of Sberbank as much as possible
- **Future-proof:** by building a solid technological foundation for the further development of the Bank after the implementation of the new Strategy

Key achievements at the current stage

Modernization of the Technological Platform

- The IT systems of Sberbank can withstand an average annual increase of 40%–45% of transaction load and 70% for the peak load on the main systems.
- The IT system centralization program is fully complete.
- Today, Sberbank is building a fundamentally new technological platform with no comparisons anywhere in the world.

Reliability

- The availability of Sberbank critical banking systems is 99.99%.
- Operational downtime reduced more than tenfold: 74 hours in 2016 vs. 800 hours in 2012
- Downtime due to incidents reduced almost twentyfold: 54 hours in 2016 vs. 1,056 hours in 2012 Southern Port processing data center.
- The Southern Port data center (DC) commissioned in 2012 was certified in accordance with the globally recognized Tier III Gold Operational Sustainability standard.
- In 2016, the Bank began construction of its new DC in the Skolkovo Innovation Center, which is designed to be the largest in Russia and one of the largest in Europe. The Bank changes its approach to the management of the IT infrastructure from the principle of availability of IT systems to the quality and reliability of business services.

Flexibility

- The speed of launching new IT projects has significantly increased: 270 projects in 2016 vs. 7 in 2011.

Cost Efficiency

- Sberbank outperforms the world's leading banks in terms of key IT performance indicators (IT costs, number of IT staff, and related costs).
- Amid a higher workload, operating costs are steadily declining.

Operating Model

- Sberbank reduced the number of employees involved in supporting client transactions from 58,000 in 2008 to 10,000 in 2016.
- IT support processes of Sberbank are certified under CMMI (Level 3).
- The Bank is currently undergoing an agile transformation by transitioning to a flexible design methodology "Sbergile." Once completed, the transformation will maximize not only design flexibility but also the speed of bringing new products to market.

Big Data

- Today, Sberbank processes petabytes (10^{15}) of data.
- The analysis of big data on client activity has helped reduce non-performing loans, lower risks, which led to lower interest rates on loans and offer special offers with more appealing terms for various segments of borrowers.

Innovation

- The main strategic innovation of Sberbank is its creation of a new technological platform and introduction of new services on its basis.
- Sberbank is constantly exploring emerging technologies in terms of their potential application and benefits.
- The main areas of breakthrough innovation in 2016–2017 include blockchains, Internet of Things, machine learning, biometrics, and cloud computing.
- Sberbank actively involves its employees in terms of current innovations: In 2016, this included more than 100 thousand employees who submitted more than 30 thousand proposals, 13 thousand of which were implemented. The resulting economic effect amounted to more than RUB 4 bln.

Cybersecurity

- The Bank launched the basic functionality of its Security Operations Center, which implements the collective, real-time protection system of the banking community against cybercrime under the concept of Cyber-Security-as-a-Service.
- More than 100 mln transactions are checked online daily.

» For more details on Sberbank IT, see the "Information Technology" chapter on page 154

Developing Risk Culture in Sberbank

Risk culture is a part of Sberbank's corporate culture. These are established standards of employee behavior aimed at identifying and managing risks. Risk culture supplements the formal procedures and mechanisms existing in Sberbank and forms an integral part of the risk management system.

Five main principles followed by the Bank to improve risk culture

1

By reporting mistakes, I show care not only for myself, but also for my colleagues, as they are something we can all learn from



2

I am convinced that constructive criticism makes both my work and the work of my colleagues better



3

The Bank's, as well as everyone else's income, depends on a responsible attitude towards risks



4

Together we can achieve more for everyone



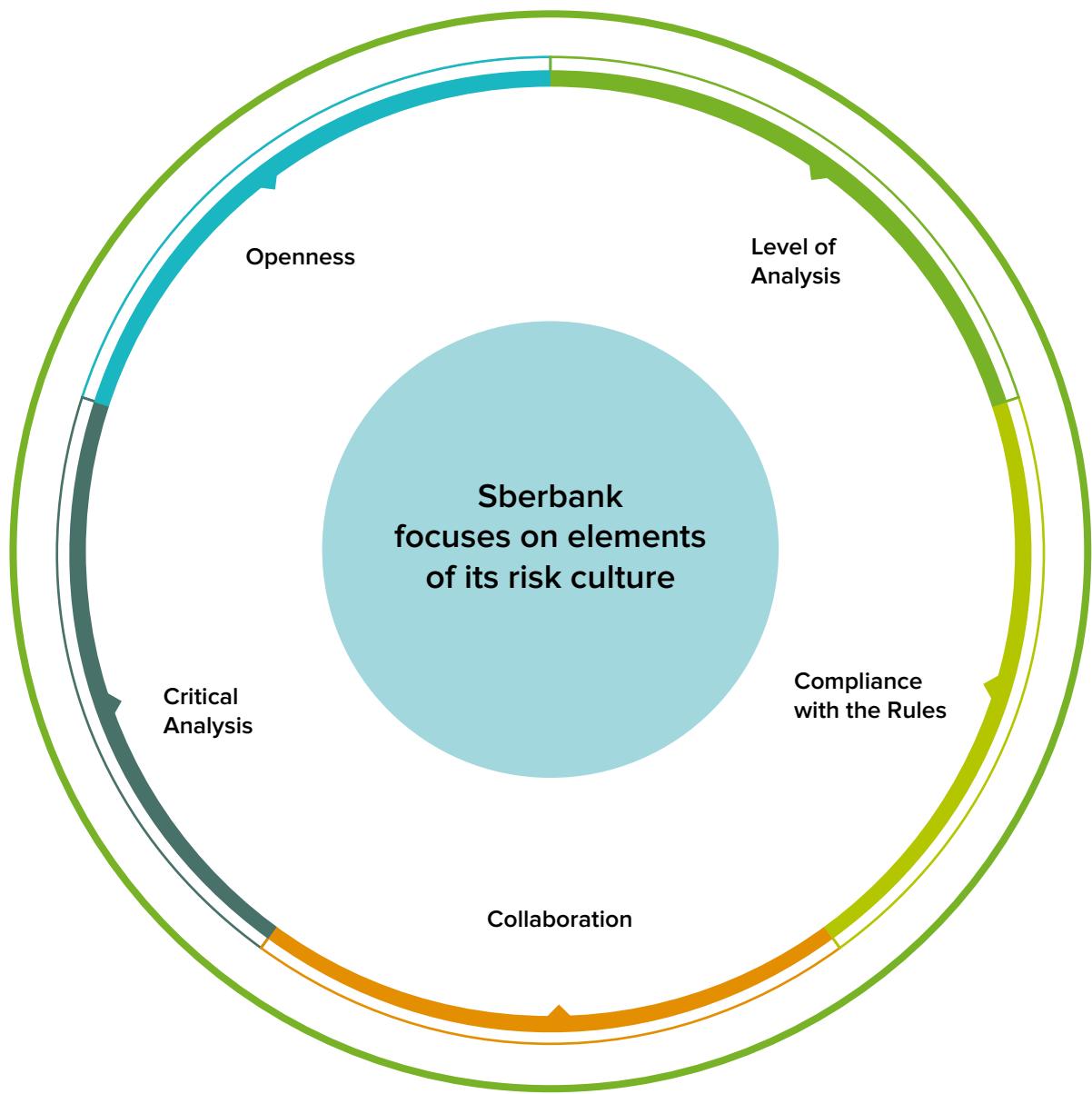
5

I apply rules so everyone can see my commitment to the interests of the Bank



Currently, Sberbank is implementing a large-scale project to develop a risk culture that combines communication, educational, organizational and methodological components.

» [Read more about risk management in Sberbank on page 174](#)



Appeal for Investors

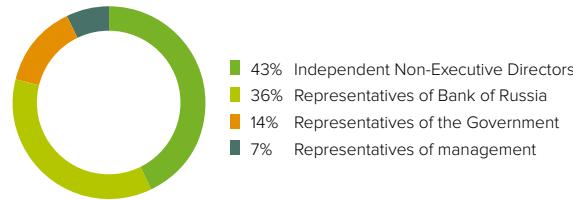
We are working to increase earnings per share by ensuring the growth of business value for our shareholders and investors

High Corporate Governance Standards Based on Openness and Transparency

rating 8

out of 10 under NCMR
(National Corporate Management Rating)

Supervisory Board composition as of 31.12.2016, %

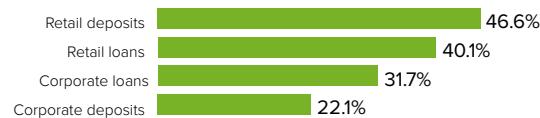


Unique market position and deep client knowledge

Leader

of the Russian Banking Sector

Sberbank's Market Shares in Russia



Using

Big Data

and client knowledge from social media and mobile operators, the coverage of population segments from young people to senior citizens

Business

Risk Management

Technologies

Governance Model

Team and culture

Key Areas of

Strategy

Commitment to Strategic Goals

Strong brand

Nº6 by brand value
among European banks
and 24th among banks in the world
for 2016

The only Russian brand ranked among the top 100 banks in the world and the only Russian banking brand in the world rankings

Brand Finance Global 500

**High indices of client satisfaction
and a willingness to recommend the services
of Sberbank**

Successful story of a major bank transformation:

- Reducing management levels
- Centralizing and automating functions
- Changing corporate culture
- Restructuring business models

Focus on the development of technologies and innovations:

- Highly efficient IT systems
- Reduced time for bringing products to market
- Implementation of Unified Front-End System (UFS) and Platform for business support and development (PBSД 18+)
- Applying agile technologies
- Using crowdsourcing
- Working with big data
- Machine learning
- Internet of Things
- Blockchain
- Laboratories of innovations

Strong management team:

- Think tank center
- Learning leading companies on the cutting edge of relevant technologies
- Hiring employees with competencies in advanced technologies
- Proprietary corporate university
- Collaborating with major universities around the world

Significant subsidiary banks of the Group

Turkey



DenizBank A.Ş.

Subsidiary bank DenizBank A.Ş. is 5th by of consolidated asset volume, among the largest private banks in Turkey, and has a 5% share of the banking market. The bank has branches in 81 Turkish regions, and the branch network is comprised of 740 branches. The financial group DenizBank A.Ş., in addition to Turkey, is also represented by a subsidiary bank, DenizBank AG, in Austria, JSC Denizbank Moscow in Russia, and the branch in Bahrein as well.

DenizBank A.Ş. focuses on client service in Turkey. However, from July 2013, Russian clients of Sberbank may now benefit from interest-free cash withdrawals in all self-service terminals of DenizBank. Sberbank and DenizBank A.Ş. carry out joint communication and promotion campaigns and implement the Loyalty Program in Russia and in Turkey. DenizBank A.Ş. develops and implements its methodology to manage significant risks complying with the Group's approaches and carries out events to raise the level of risk culture. As part of the agreement with the Government Pension Fund of Turkey, around 50 thousand new pension accounts are opened in the DenizBank A.Ş. each month.

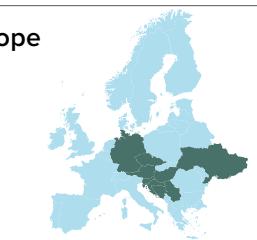
Sberbank Europe AG

The subsidiary bank Sberbank Europe AG (SBE), Austria, operates in the Czech Republic, Slovakia, Hungary, Croatia, Serbia, Slovenia, Bosnia and Herzegovina, in Republika Srpska within Bosnia and Herzegovina, as well as in Ukraine; SBE branches function in Germany. The SBE Group branch network has 228 branches. The SBE Group serves over 673 thousand corporate and individual clients.

Development of corporate business of SBE banks is aimed at the extension of relations with subsidiary and affiliated enterprises of the largest Russian holdings as well as with the leading companies of the countries of their presence. The banks actively develop trade financing services with the employment of export agencies of the countries of their presence as well as syndicated lending.

German branch (Sberbank Direct) was opened in July 2014 as the fully functional online bank that offers deposits to individual clients at profitable rates as well as a safe and user-friendly interface. As of January 1, 2017, the volume of deposits attracted by the branch amounted to around EUR 1.7 bln, whereas the number of clients was around 50 thousand. Sberbank Direct offers attractive short-term financing conditions to their clients. Sberbank Direct meets the highest safety standards in the German market. The certified bank platform provides instant 24/7 access, easy opening of an account, and maximum safety for online banking. Within the two years, Sberbank Direct won the first place in the FMH Zins-Award competition, one of the Germany's most important awards in the direct banking sector. Alongside with that, in 2016, the branch received five awards from reputable companies, including the Institute of Service Quality in Germany (DISQ). Being the branch of Sberbank Europe AG, Sberbank Direct is a member of the Austrian system of deposits insurance.

Europe



Sberbank is the only bank in the Czech Republic that for four years in a row ranks in the top-3 of the banks most friendly to their clients, which enabled the bank to considerably increase the volume of retail and mortgage crediting.

Sberbank Banja Luka is the fourth largest bank in the Republika Srpska. Sberbank Banja Luka reached the bank recognizability ratio at 41% and became the first bank in the Republika Srpska to offer mobile banking to its clients.

In 2016, Sberbank issued over 100 thousand cards in Serbia, over 60 thousand of which were credit cards. The first factoring transaction was held in the country, and several partner agreements were concluded, including an agreement with a large retailer. Sberbank also became the first bank in Serbia that settled a transaction with the Government of the Republic of Belarus on the subsidy of interest rates within the scope of trade relations between the two countries—supplies of buses produced in Belarus to Serbia.

Sberbank in Slovenia launched a new card product in September 2016, Ide@l Mastercard. The card enjoys big popularity among the clients, the majority of which are new clients.

Sberbank Croatia was recognized for the ninth time as the best employer in the country's banking industry and awarded the Employer Partner award.

Sberbank in Hungary increased the share of the consumer crediting market by more than three times.

Sberbank in Bosnia and Herzegovina actively develops the Bank@work sales channel: the number of clients increased by one-third, while the sales of credit cards doubled.

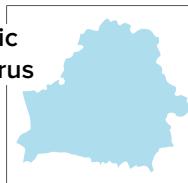
BPS-Sberbank OJSC

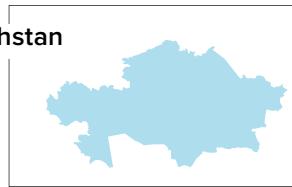
The Sberbank subsidiary bank in the Republic of Belarus is one of the leaders in the regional financial market and occupies 3rd place in terms of asset volume with a share of 7.8%.

The activities of the subsidiary bank in 2016 were influenced by the negative processes taking place in the economy of the Republic of Belarus, including the shrinking of economic activity, worsening financial standing of most enterprises, and decline in the actual incomes of the population. The GDP of the Republic of Belarus dropped by 2.6% in 2016, which resulted in the decline of bank sector indicators: the share of trouble assets in the assets exposed to credit risk increased by 6 p.p. to reach 12.8%.

In the current macroeconomic climate, the activities of the subsidiary bank were concentrated on improving the quality of assets, diversification of the sources of income, and optimization of expenses. The optimization of operating expenses resulted in a reduction of 29%. A profit of RUB 76.8 mln was obtained as of the end of 2016 in accordance with national standards.

Significant transformations touched upon the business model of the subsidiary bank. In particular, corporate business was changed considerably, as a result of which work with large- and mid-size clients is currently performed on the basis of assessment of the client's total return, taking into account their credit risk and volume of cross sales. The focus of development in the small and microbusinesses segment was defined, and new services were offered to clients, such as online reserving of accounts, online payment in Russian rubles in 30 minutes, and 24/7 online payments in Belarussian rubels within the bank. The retail business underwent changes as well, including the launch of international processing of the Group with new contact-free technology and automatic underwriting; the number of Sberbank Online users also doubled to reach 412 thousand, and the share of sales of deposits online increased to 22%.



Kazakhstan**Subsidiary Bank Sberbank JSC**

SB Sberbank JSC has 81 structural units in Kazakhstan. The base of active clients totals 33.3 thousand corporate and 769.2 thousand individual clients. The bank network comprises 1,420 POS terminals and self-service terminals.

Net profit for 2016 amounted to RUB 1,286 mln, and return on equity, to 4.8% (in this section hereinafter provided information in accordance with national standards). The subsidiary bank ranks 4th in terms of asset volumes in the rating of second-tier banks of the Republic of Kazakhstan.

In 2016, in contrast to the growth of prices on resource-based commodities in Kazakhstan, the country's economy demonstrated improvement. The inflation rate almost reached the level of the official corridor established by the National Bank of the Republic of Kazakhstan, closing the year at 8.5%. GDP growth equaled 1%. The economy was supported by the construction, agricultural and transport sectors, with a total share of about 18% in the GDP structure.

Nonetheless, in 2016 the loan portfolio of the Kazakhstan banking sector was reduced by 0.3%, which is explained by a tough credit and monetary policy, low demand for credit, poor quality of new borrowers, and banks working with trouble credits. The loan portfolio of corporate clients in the subsidiary bank dropped by 14%, which was the result of planned payouts under nonrevolving loan facilities by borrowers with deteriorating credit quality indicators. Meanwhile, the retail credit portfolio increased by more than 11% following the increase of subsidiary bank liquidity.

Corporate client funds of the subsidiary bank declined 6.5% as a result of contract outflows of expensive deposits. Retail client funds increased by 27.7% thanks to the measures taken by the National Bank to support the banking sector by raising the maximum recommended rates for national currency deposits, which promoted the growth of individual client deposit volumes.

The subsidiary bank successfully implements innovative technological solutions. For example, in 2016, the Sberbank Business Online mobile app was launched, private clients of Sberbank Online gained the ability to make SWIFT payments to banks anywhere in the world, transfer funds to contacts in their phone's address book, and other advantages.

In 2016, SB JSC Sberbank once again confirmed its status as a leader in its participation in governmental programs and the development of banking sector technologies. The Bank ranks 1st among Kazakhstan banks in terms of subsidies and the guarantee volume to the DAMU Entrepreneurship Development Fund offered as part of the Unified Program for Business Support and Development Business Roadmap – 2020.

Switzerland**Sberbank (Switzerland) AG**

In 2016, the focus of Switzerland subsidiary bank Sberbank (Switzerland) AG (SBS) attention was directed at the development of new possibilities in the commodities trade financing. In total, in 2016, SBS allocated over USD 2 bln to transactions in this area.

The bank achieved serious results in the development of its platform. In the beginning of the year, the strategic platform was built, and the first STIR transactions (short-term transactions in national and foreign currency) as well as spot transactions for sales of gold were registered. Further on, the license for trade with securities was obtained after a check by Swiss body of financial services regulation FINMA, which considerably improved SBS reputation in the market of Switzerland. In September, SBS was accepted as an international member of the world's largest exchange to trade with precious metals, the Shanghai Gold Exchange. This membership is a considerable step forward in the development of SBS activity at the commodities market. The area of corporate crediting in 2016 was influenced by limitations of financing as a result of sanctions; however, due to the investment of funds obtained from paid out credits into new assets the volume of corporate crediting increased.

Ukraine**SBERBANK PJSC**

The real GDP volume of Ukraine for 2016 increased by 2.3%, which was its maximum growth since 2011, and the lowest inflation rate since 2013 was registered (12.4%). In this climate, the National Bank of Ukraine at several stages throughout the year lowered the refinancing rate from 22% to 14%. The Ukrainian hryvnia fell in value against the US dollar by 12% to 27.20 UAH per 1USD.

In 2016, the subsidiary bank's activities were aimed at high-quality customer service, maintaining financial stability, complying with the capitalization plan, active work with the credit portfolio, and stabilization of the deposit base. Throughout the year, the client base of the subsidiary bank increased: the number of corporate clients increased by 16.8%, up to 40 thousand, and the number of individual clients, by 1%, up to 1,067 thousand. The regulatory capital adequacy standard was fulfilled as part of the Program of strengthening capital approved by the National Bank of Ukraine: CAR (H2) as of January 1, 2017, amounted to 7.6% in accordance with national standards.

March 27, 2017, Sberbank entered into a legally binding agreement on the sale of 100% of shares of SBERBANK PJSC (Ukraine) to a consortium of investors, the members of which shall be Norvik Bank (Latvia) and a private Belorussian company. The deal is expected to be finalized in H1 2017 after its approval by the financial and antimonopoly regulators of related jurisdictions, including Latvia and Ukraine.

Strategic Report



Sergey Ignatiev

Chairman of the Supervisory Board

Address of the Chairman of the Supervisory Board

Dear Shareholders:

Despite the economic problems of the previous two years, Sberbank continued to follow the path of stable development and completed the year 2016 keeping ahead in many aspects of the approved Strategy.

In the situation of continuing uncertainty, Sberbank demonstrated a high level of preparedness for the first signs of economic revival, having earned a record level profit in 2016. Such a result became possible due to a number of factors. The Bank continuously works on the growth of efficiency, creates and develops the best services for its multimillion client base in Russia and abroad, and improves business processes, thus making digital world opportunities more and more reliable and affordable for society. On behalf of the Supervisory Board of Sberbank, I would like to thank our team of many thousand employees for their commitment and devotion and congratulate them on the excellent results of the year.

In 2016, the Supervisory Board of the Bank took an active part in settling strategic issues of Sberbank activity. At the 60 meetings of the Board over 120 issues were addressed, including top priority areas, such as information technologies, cybersecurity, and risk and capital management strategy. It is vitally important that the international experience and strategic insight of the members of the Supervisory Board help Sberbank worthily face the challenges of the new time.

As a conclusion, I would like to note the success of the Bank in improving the corporate governance system. In 2016, the Russian Institute of Directors conducted an assessment of Sberbank corporate governance practices, and as a result the Bank was awarded the maximum rank among the Russian companies. Also, Sberbank became the owner of the ICA certificate that proves that the Bank compliance management systems meet the best international standards and practices.

I am very pleased that the largest bank in the country demonstrates excellent results in all spheres of its activity, puts maximum of resources into the development of successful up-to-date business with a high level of social responsibility, and each year continues to enhance the trust of investors, shareholders, and partners.

Yours sincerely,

S. M. Ignatiev

Chairman of the Supervisory Board

Address of the CEO, Chairman of the Executive Board

Dear shareholders, clients, and partners:

We began the previous year in an unstable situation with rather conservative forecasts; however, stabilization of oil prices and the RUB/USD exchange rate helped the Russian economy find its way back to growth again in the fourth quarter of 2016 after two difficult years. As such, the policy of Bank of Russia remained rather rigid, which did not allow for lowering interest rates in the economy to the level sufficient to stimulate the growth of demand for credits. In contrast with above, Sberbank assets in 2016 declined, whereas due to systematic lowering of the funding cost throughout the whole year we improved the forecast several times, and as of the year-end we earned a record level profit for the whole history of Sberbank.

As of the year end of 2016, net profit of Sberbank Group under the IFRS reached RUB 541.9 bln, earnings per share increased by 2.4, return on equity equaled 20.8%, double increase compared with the result of 2015. By its return on equity ratio, Sberbank ranked first among the largest European banks and fifth among the world's 100 largest banks.

Such a result would be impossible to achieve without radical transformations in the Bank's business processes and considerable growth of efficiency. Sberbank continues its large-scale business transformation with the ultimate goal of turning into a high-tech digital company able to create the best innovative products for its clients in the ever-changing and more and more sophisticated environment.

In 2016, we made a number of considerable steps toward this goal in all areas of our activity.

In the realm of noncash services, we continued the accelerated transition of sales to digital channels. The number of active users of Internet banking and text-service is close to 50 mln. The volume of cash transactions is declining steadily. The share of noncash circulation on retail transactions exceeded 50%. Over 100 mln transactions a day are made online. We are constantly developing new mobile solutions, anticipating our clients' expectations and reducing the time to market. It is evident that active growth in this area will continue in the future.

Apart from the whole number of innovative services and projects, in 2016 we launched the first ecosystem in the real estate market, and—despite the sharp increase of competition in the market of mortgage loans—we retained our market share at the level of 55%.

For several years already, we continue to track the level of NPS, an index that shows the client's willingness to recommend Sberbank services to their friends and acquaintances, considering it one of the key indicators of our team's efficiency. In 2016, the level of NPS of retail clients increased by 3 p.p. and reached 58%.



Herman Gref

CEO, Chairman of the Executive Board

In 2016, we also did a great job of transferring our corporate clients to digital channels as well. Sberbank Business Online remote service system is used by 1.4 mln clients, over 99% of payments is made through this system.

Transfer of services to digital channels has a positive influence not only on the growth of our business volumes and improvement of client experience but also on raising our own efficiency. In 2016, due to increased use of remote channels, we could absolutely seamlessly reduce the number of Sberbank offices serving legal entities in the country by more than one thousand. We are also working on optimization of the retail customer service network, taking into account, however, the necessity of maintaining a high level of customer service and ensuring its continuity.

We continued the program of efficiency and lowering operating costs in 2016. Despite the conducted salary indexing, we were able to improve the operating expenses to earnings ratio to 39.7%.

Our internal processes and systems are undergoing a total transformation as well. In 2016, we completed development of the core of the base platform, implemented the principal business hubs, and launched the first product factories. Implementation of this project laid the foundation for the appearance of brand new technological solutions for maintaining competitiveness in the future. We also started implementation of the Sbergile business process, which enables flexible development of new solutions and the optimal speed of their introduction.

With regard to the area of risk management, in 2016, we continued to improve our systems, having introduced principally new transaction models of small entrepreneurial subjects assessment and an optimized approach to collecting problem debts from physical persons. We continue to introduce new instruments specializing in big data processing. The use of modern, innovative risk management technologies allows us to maintain portfolio quality significantly higher than the market.

“In 2016, we achieved the leading position in terms of cybersecurity in Russia and plan to proactively develop this area to better protect clients, Bank assets, and shareholders. This year, the security subdivisions of the Bank have prevented over a million suspicious transactions totaling approximately RUB 17 bln.”

Thanks to the implementation of the program Reliability 99.99 ahead of plan, the idle time of systems caused by incidents was reduced twofold.

Being a systemically significant bank in Russia, we see it as one of our most important tasks to raise the accessibility and convenience of bank services and finally increase the quality of life of society as a whole. In 2016, we launched the project “A Bank with a Difference” aimed at making the bank services optimally comfortable for disabled clients.

Last year, we celebrated the 175th anniversary of Sberbank. By this date, we launched a project “The Art of Preserving,” which enabled the Russian people to visit free of charge the largest national and regional museums in 28 museums of 27 cities of the country, and as a result many museums boasted a record attendance rate. Also, very successful was the first exhibition in Russia of tactile paintings for the blind and visually challenged organized together with the Pushkin State Museum of Fine Arts.

Several years ago, we embarked on the path of great changes, without which it is impossible to retain leadership positions in today’s world. The

culture of change has already become a part of everyday life for the Sberbank team of many thousands of employees, we learned to not be afraid of new things and to look openly to the future, creating it now with our own hands. I am very pleased to see a friendly team of ardent professionals aimed at self-improvement and achievement of the highest results, this is the best return on investments into our employees and corporate culture.

In conclusion, I would like to thank our shareholders for their trust in our team. Thanks to your trust and support, Sberbank capitalization in 2016 grew by 71%, strengthening the Bank's leading positions on this indicator among the European and world banks. We shall put all our efforts into meeting your expectations by continuing the development and creation of additional value for the business in the future.

On behalf of the Executive Board

Herman Gref

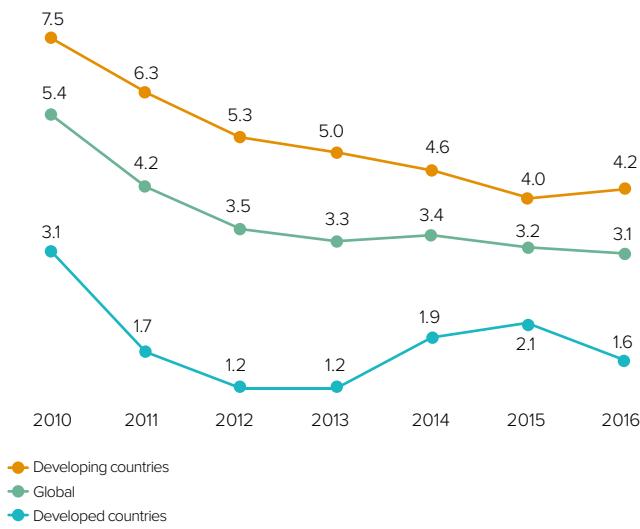
CEO, Chairman of the Executive Board

Market review

Macroeconomics

The global commodity and financial markets have stabilized in 2016, which had an immediate positive effect on the Russian economy. Oil prices increased, and by the end of 2016 they were stable above \$50 per barrel.

GDP GROWTH FROM 2010-16 (IMF DATA), as a % of the previous year



According to the IMF, the growth rate of the world economy slowed down to 3.1% in 2016 compared to 3.2% in 2015. The growth rate of global trade also declined to 1.2% in 2016 compared to 2.0% in 2015. As a result, the risks of shocks on global markets remain high, but the situation gives grounds for optimism.

First, the slowdown in economic growth in developing economies has been replaced by its acceleration up to 4.2% in 2016 compared to 4% in 2015. Economic growth has intensified in India, while the Chinese economy has stabilized, and the slump in Brazil came to an end. In the postcrisis period, emerging markets have become the engine of global growth, thus making the acceleration of their growth an important feature of 2016.

Second, the slowdown of growth rates in developed countries to 1.6% in 2016 (compared to 2.1% in 2015) was quite natural. In these countries, the economy almost exhausted its potential and it became more and more difficult to grow quickly. In the US economy, unemployment has fallen to precrisis levels, and the monetary policy continues to normalize. In the Eurozone, growth has intensified as the imbalances accumulated over the precrisis period become less severe, but monetary policy normalization is still ahead.

Emerging markets are the new engine of global growth

Russian economy

The 8-quarter long recession was the longest in the country's recent history. The Russian economy lost about 5% of GDP and 5 years of development. However, a number of indicators demonstrate that the acute phase of the crisis is already in the past, and growth of the economy is stabilizing

The most plausible scenario is the further adaptation of the economy and growth rates of 1.5%–2% in the medium term. At the same time, risks that the macroeconomic situation may deteriorate remain in place. Key risks are unfavorable changes in oil and gas prices and new sanctions against Russia.

Results of 2016

The trends of Russia's economic development in 2016 can be viewed as positive. Rosstat estimates that GDP declined by 0.2% compared to a 2.8% drop in 2015. On a YoY basis, the GDP decline of 0.4% in Q1 was followed by an increase of 0.3% in Q4 2016. The decline in retail trade and construction was offset by growth in industry, transport, and agriculture.

But the Russian economy is still hampered by weak consumer and investment demand. Weak consumer demand can be explained by a drop in real disposable incomes of 5.9% in 2016, while retail lending came out of stagnation and by the end of the year showed an increase of 1.4% (without FX adjustment). The decline of investments in fixed assets slowed down by the end of the year, which gives hope for the further recovery of investment activity.

Throughout 2016, inflation slowed down under the impact of a tight monetary policy, weak domestic demand, and lower devaluation and sanction-related pressures. Annualized inflation decreased from 12.9% in December 2015 to 5.4% in December 2016, which allowed Bank of Russia to cut its key rate by 0.5 pp twice, in June and September, to eventually reach 10%. However, in the face of persistent inflationary risks, Bank of Russia plans to maintain a tight policy.

Oil prices registered an increase in 2016. In 2016, the average price of Urals oil was \$42.1 per barrel. The exchange rate of the Russian ruble was determined by changes in oil prices and geopolitical risks, while the average USD exchange rate for 2016 was 67 rubles. Capital outflow slowed down to USD 19.2 bln compared to USD 58.2 bln in 2015, but on the contrary the banking sector registered a capital inflow of USD 1.1 bln following the sale of foreign financial assets. The external debt of Russia remained virtually unchanged in 2016, ending the year at USD 513.4 bln.

Urals oil price and ruble / dollar rate dynamics



Russia's banking sector

In 2016, Bank of Russia began reducing its key rate and simultaneously continued the liquidation of banks conducting risky lending policies and violating the law and risk-management requirements. The number of operating credit institutions licensed to conduct banking operations decreased from 733 to 623.

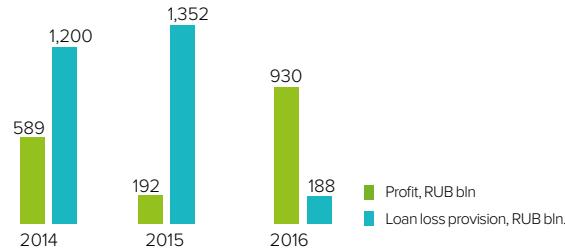
Main indicators of the banking system

During the year, the movement of the ruble exchange rate was rather volatile, which affected the trend of bank assets: in 2016 they decreased by 0.4% (in 2015, they grew by 6.9%).

Overdue loans growth peaked



Banking sector profits are recovering after the slump in 2015



In 2016, the loan portfolio of the overall banking system declined by 4.2%, while a year earlier it grew by 5.6%. Loans to companies fell by 5.9% (they increased by 13.4% a year earlier), and retail loans, by 1.1%, which on the contrary is better than in 2015 when the portfolio contracted by 5.7%.

RUB 930 bln
banking system profits in 2016

The situation with overdue debts in the banking system somewhat improved after troubled debts were written off at the end of the year. Over the year, the level of overdue loans changed from 6.5% to 6.4%. This decrease was observed for both retail and corporate loan portfolios. The level of bad debts on retail loans declined from 8.1% to 7.9%, and for corporate loans, from 6.1% to 5.9%. Overdue loans decreased by 6.3% over the year. Provisions for possible losses from loans declined by 2.3%. The loan provision to credit portfolio ratio increased from 9.3% to 9.5%, and corporate funds deposited with the banks fell by 8.9% (growth of 14.1% a year earlier). The banks continued to actively repay their debts to Bank of Russia and reduced this item by 49.2% (by 42.3% a year earlier). Retail deposits grew by 4.2% (they jumped by 25.2% a year earlier), and at the same time almost all growth was generated in Q4 when the market rose by 3.8%.

In 2016, the banking system's profits amounted to RUB 930 bln, which is substantially higher than in 2015 (RUB 192 bln). The share of unprofitable banks grew following the reduction in the total number of credit institutions: among 623 operating credit institutions, 28.6% finished 2016 at a loss, while a year earlier, this figure stood at 24.6%.

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

Sberbank in the Russian market

Sberbank's Share in the Key Segments of Russian Financial Market, %

	2014	2015	2016
Assets	29.1	28.7	28.9
Loans to corporate clients	35.0	32.2	31.7
Loans to private clients	35.9	38.7	40.1
Corporate deposits	21.9	25.0	22.1
Retail deposits	45.0	46.0	46.6
Capital	28.7	29.7	33.5

In 2016, Sberbank continued to consolidate its position in retail markets, while its share in the corporate segment declined. In the retail lending market, Sberbank has significantly increased its share in credit cards as well as cash loans. However, stronger competition in the mortgage lending market, including as a result of the state-supported mortgage program, led to a slight decrease of the Bank's share in this segment. The portfolio continued a positive trajectory in the market of individual retail deposits as Sberbank and other state-owned banks strengthened their positions benefiting from flight to quality provided by more reliable financial institutions

Forecast of Macroeconomic Indicators and the Banking Sector for 2017

According to the base scenario, the forecast for 2017 remains moderately positive, with oil prices staying at around \$50 per barrel, and the exchange rate remaining at RUB 64 per USD. We expect GDP growth to recover to 1.2%, and for inflation to stabilize at 5%.

Base Forecast for 2017¹

1,2	64	5	-30
GDP growth (%, average)	FX rate (RUB/USD)	Inflation (%, average)	Capital outflow (USD bln, for the period)

Nominal growth rate in 2017, %

Nominal growth rate in 2017, %	Corporate Loans	Retail loans	Corporate deposits	Retail deposits
Sector	5–7 %	5–7 %	6–8 %	7–9 %
Sberbank	In line with the sector	Slightly better than the sector	In line with the sector	In line with the sector

¹This forecast was published on December 16, 2016. Sberbank reserves the right to revise its figures during the year, depending on the impact of external factors.

Sberbank in International Markets

Sberbank develops its business in the markets of other countries through a network of subsidiary banks and financial companies.

Subsidiary banks:

- Republic of Kazakhstan
- Republic of Belarus (with a representative office in Poland)
- Switzerland
- Austria (with a bank network in Czech Republic, Hungary, Croatia,
- Serbia, Slovenia, Bosnia and Herzegovina, Banja Luka on the territory of Bosnia and Herzegovina, Ukraine and a branch in Germany)
- Turkey (with a subsidiary in Austria)
- Ukraine

Financial institutions:

- Republic of Kazakhstan
- Republic of Belarus
- Ireland
- USA
- Great Britain
- Republic of Cyprus

The Geographic Presence of Sberbank



Subsidiary banks operate in the Republic of Kazakhstan, Republic of Belarus (with a representative office of BPS-Sberbank OJSC in Poland), Switzerland, Austria (with a network of banks in the Czech Republic, Hungary, Croatia, Serbia, Slovenia, Bosnia and Herzegovina, Banja Luka in Bosnia and Herzegovina, Ukraine, and a branch in Germany), and Turkey (with a subsidiary bank in Austria). Ukraine. The Bank's financial companies operate in the Republic of Kazakhstan, Republic of Belarus, Ireland, the United States, the United Kingdom, and Cyprus.

Within their regions of presence, subsidiary banks offer a wide range of banking services to retail and corporate clients and perform operations in financial markets. All operations are made under licenses obtained from national regulators. The finance companies provide services in accordance with their specialization.

In India, Sberbank is represented by Sberbank Branch in New Delhi, and in Bahrain, by a branch of DenizBank A.Ş., a subsidiary bank. In addition, Sberbank performs a range of functions through two foreign representative offices located in Germany and China. These representative offices are not directly involved in banking operations but contribute instead to promoting the business of Sberbank and its clients in their regions of presence.

Market share by assets in countries of presence:

Kazakhstan

Subsidiary Bank
Sberbank

Belarus



BPS-Sberbank OJSC

Ukraine



SBERBANK PJSC

Turkey



Denizbank A.Ş.

Market share of Sberbank Europe Group by assets in its countries of presence (Sberbank's estimate):

Austria	1.1%	Bosnia and Herzegovina	7.1%
Czech Republic	1.3%		
Hungary	1.0%	Banja Luka	3.1%
Slovenia	5.1%	Serbia	2.8%
Croatia	2.4%	Ukraine	0.2%

Information on the Number of Employees and Clients

Subsidiary Banks	Number of employees, thousand	Number of clients, mln
Subsidiary Bank Sberbank JSC (Kazakhstan)	3.5	1.3
BPS-Sberbank OJSC (Belarus)	2.6	1.6
SBERBANK PJSC (Ukraine)	2.0	1.1
Denizbank A.Ş. (Turkey)	14.7	10.1
Sberbank Europe Group	4.3	0.7

The Strategy and Its Implementation

Mission

We give people confidence and reliability, we make their life better by helping realize their hopes and dreams.

Values

I am a leader	We are a team	Everything for the client
Responsibility <ul style="list-style-type: none"> I take responsibility for my actions and for what is happening around me. 	Support <ul style="list-style-type: none"> We gladly help each other working to achieve a common goal. 	Client focus <ul style="list-style-type: none"> All our activities are built around clients and are in their interests.
Honesty <ul style="list-style-type: none"> We are honest with each other and with our clients. 	Development <ul style="list-style-type: none"> We help our colleagues grow and develop. 	Expectations <ul style="list-style-type: none"> We exceed client expectations.
Perfection <ul style="list-style-type: none"> We continuously develop and improve ourselves, the bank, and our environment. 	Trust <ul style="list-style-type: none"> We are open and trust our colleagues 	Happiness <ul style="list-style-type: none"> We aim to surprise and delight clients with the quality of our services and attitude.



“

In every work, respect is of importance, I say what's more important is – love. Love for your clients, team, and colleagues. An attentive, sensitive attitude and ability to support and share positive emotions—that is the basis of our wins.

Herman Gref

CEO, Chairman of the Executive Board

Sberbank is the main bank of the country that determines unprecedented requirements for us as a financial institution: we are an indicator of the health and stability of Russia's financial system. Sberbank is a partner for the vast majority of citizens (over 83 mln) and companies of Russia (1.8 mln).

The bank forms trust-based and responsible relations not only with clients but also with other stakeholders: the state, shareholders, employees, and partners. This is a top priority and is reflected in Sberbank's policy in the area of corporate and social responsibility corresponding to ISO 26000 and aimed at management of relations with stakeholders and harmonization of Sberbank's effect on the national economy, social sphere, and ecology.

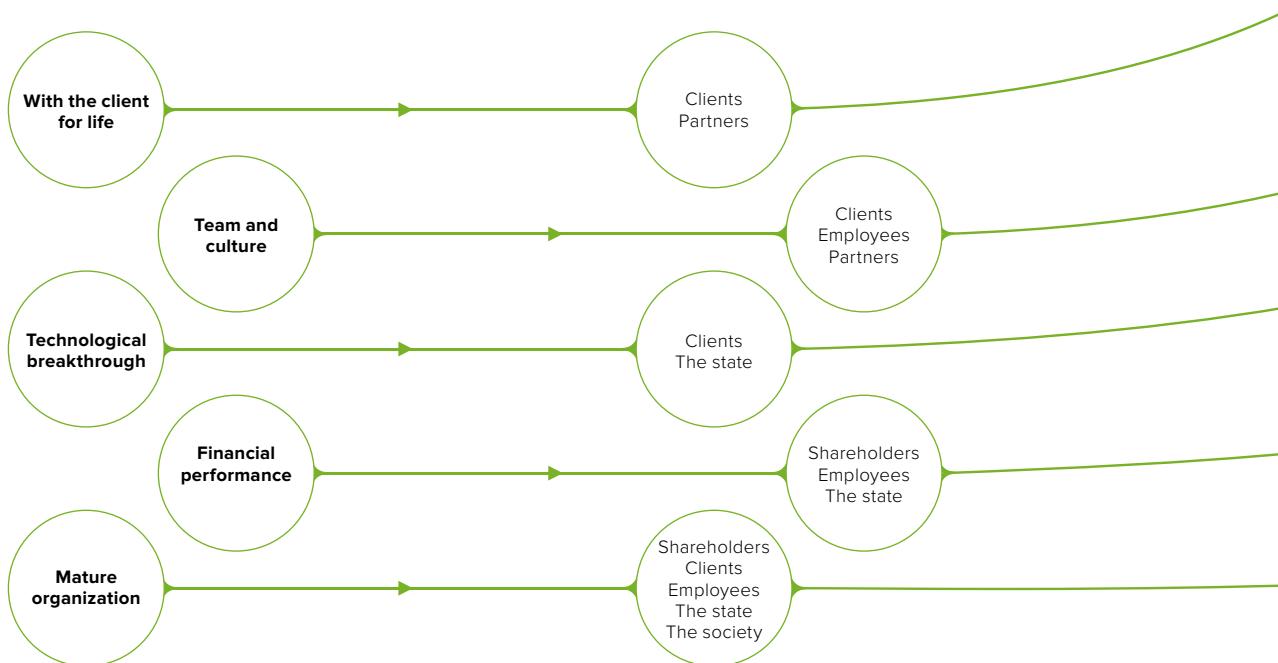
In 2016, the half way point of Sberbank's Development Strategy for 2014–2018 was passed (the “Strategy”). Despite the unprecedented turbulence in 2015, the business model and all key systems have successfully passed the stability test. In 2016, Sberbank returned to the path of successful implementation of the Strategy and ranked among the most successful banks in the world.

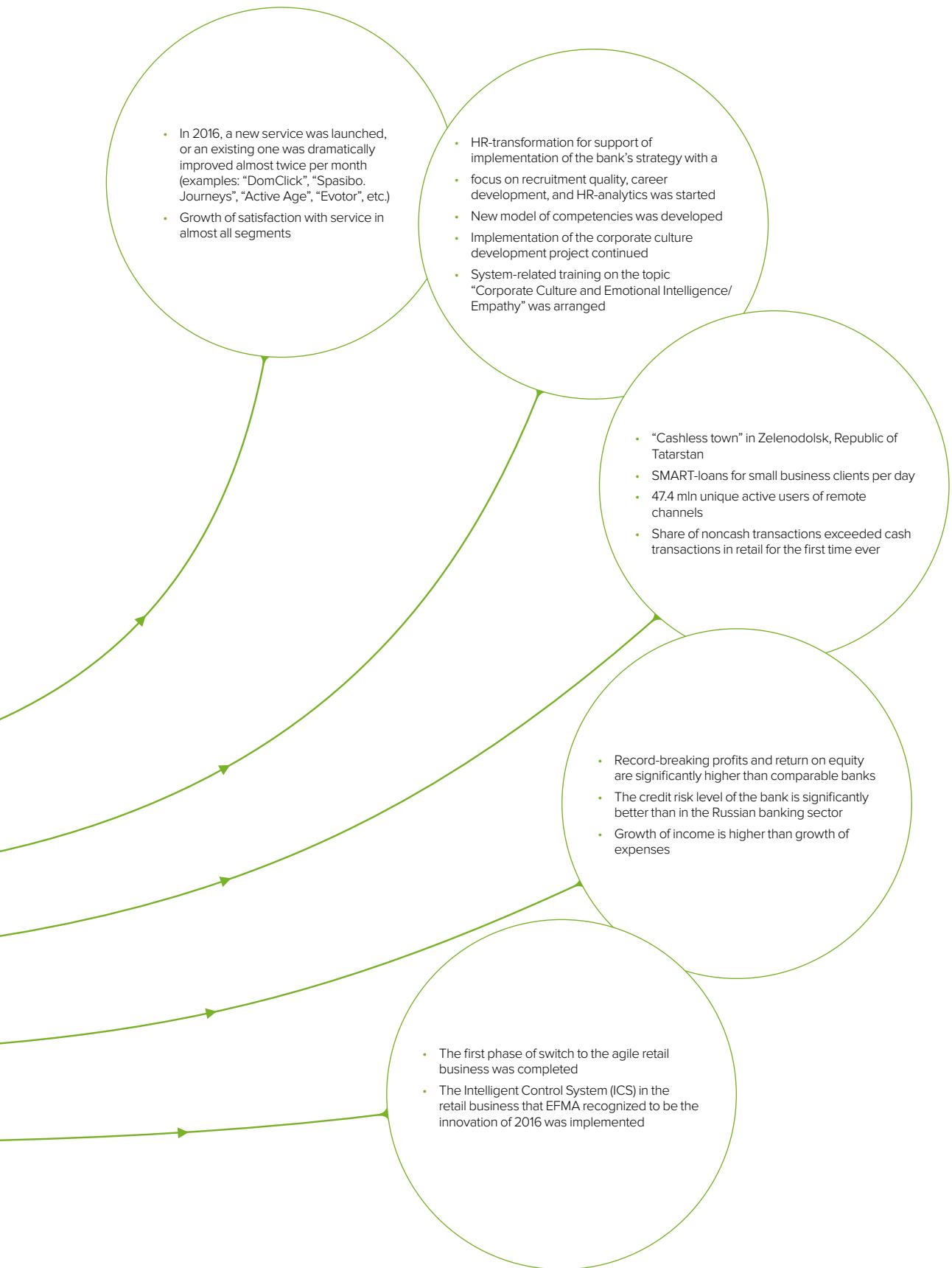
Sberbank's Development Strategy for 2014–2018

- The main areas of the Strategy were approved by the Supervisory Board in November of 2013. They are still relevant and determine the prospects for Sberbank's development vector:
 - **With the client for a lifetime:** We will build very deep relationships of trust with our clients and will become a useful, sometimes unnoticeable, and yet integral part of their lives. Our goal is to surpass the expectations of our clients.
 - **Team and culture:** We strive to make Sberbank employees and Sberbank's corporate culture one of the main sources of our competitive advantage.
 - **Technological breakthrough:** We will complete technological modernization of Sberbank and will learn how to integrate all of the most advanced technologies and innovations into our business.
 - **Financial performance:** We will improve the financial returns of our business through more efficient cost control and risk-return ratio.
 - **Mature organization:** We will form organizational and management skills and will create processes corresponding to the scale of Sberbank Group and our level of ambitions.

Fundamental trends fixed in the Strategy have not changed dramatically, although their evolution and accelerating development force us to go beyond the scope of tasks determined in the Strategy.

The Strategy is being successfully implemented, and obvious success—evident to all stakeholders—has been achieved in each area





Instruments of interaction with stakeholders

Stakeholders	Instrument	Description	Coverage
Clients	Research, polls of clients	For the purpose of analysis of client needs, research of attitude of consumers toward financial services in general and Sberbank's services in particular and research of behavior and lifestyle of clients for the elaboration of the value offer for them are being performed. For receipt of client feedback, the complex system "Voice of the Client" is in place	Sberbank, all subsidiary banks
Employees	Events; internal communication channels	<ul style="list-style-type: none"> • Polls of involvement, pulse polls, and sampling atmosphere in teams • Assessment of satisfaction of clients with the scope and the quality of internal services – "Voice of the Internal Client" system • Direct line of the President and other senior executives • Lines informing on corporate ethics issues • Meetings with the best employees • Communication channels: corporate portal, corporate TV, general banking mailouts, etc. • For the management: monthly Meetings of Leaders, the annual Forum of Leaders 	Sberbank, subsidiary banks and companies
Society	Events; external communication channels	<ul style="list-style-type: none"> • Activity in mass media content: distribution of press releases, comments, interviews of Sberbank's speakers, holding press briefings and press conferences, arranging press tours • Publication of material facts and financial statements of Sberbank in federal mass media in accordance with the requirements for information disclosure 	Sberbank, subsidiary banks and companies
Shareholders	Events; research; meetings of the Committee	<ul style="list-style-type: none"> • Annual study of Sberbank's perception by investors, assessment of strengths and weaknesses of the investment history (corporate governance, Strategy, Dividend Policy, the quality of information disclosure and communications with investors) in dynamics and in comparison with other international companies of the financial sector • Meetings of the Committee for interaction with minority shareholders with participation of Sberbank's management in Moscow and territorial banks for discussion of topics that are important for minority shareholders • Information disclosure in accordance with the requirements of law 	International and Russian institutional investors, private investors

Stakeholders	Instrument	Description	Coverage
State	Events; external communication channels	<ul style="list-style-type: none"> • Monitoring regulatory activity of the state, federal laws, and regulations of Bank of Russia that have been adopted and are being elaborated. Assessment of regulatory risks, forming Sberbank's position with respect to forthcoming regulatory changes • Elaboration of offers for enhancement of statutory regulation in case of the revelation of gaps and controversies. Forming the Plan of Regulatory Initiatives approved by Sberbank's Executive Board. Submission of reasoned and substantiated offers to federal legislative and executive public authorities and Bank of Russia • Participation in meetings, workshops, roundtables, conferences, parliament hearings, consultancy and expert councils, and other events arranged by federal legislative and executive public authorities and Bank of Russia with respect to bills and drafts of regulatory acts associated with the regulatory risk for Sberbank as well as offers related to the enhancement of statutory regulation • Participation in public discussions of drafts of regulatory acts and assessment of their regulatory impact on conduct of business held by federal authorities 	Federal Assembly, Government of Russia, Administration of the President, federal authorities: Ministry of Finance of Russia, Ministry of Economic Development of Russia, Ministry of Communications and Mass Media of Russia, Federal Tax Service, Federal Antimonopoly Service, etc. Bank of Russia
Mass Media	Monitoring and analysis of topics covered by the mass media	Daily/weekly monitoring of mass media in the regions of presence and on the Internet with preparation of analytical reports for the top management and prompt review of the market and the press, including daily monitoring of negative publications in the mass media and applications of clients through state supervisory bodies	Federal and regional Russian and foreign mass media, social media

2017 Priorities

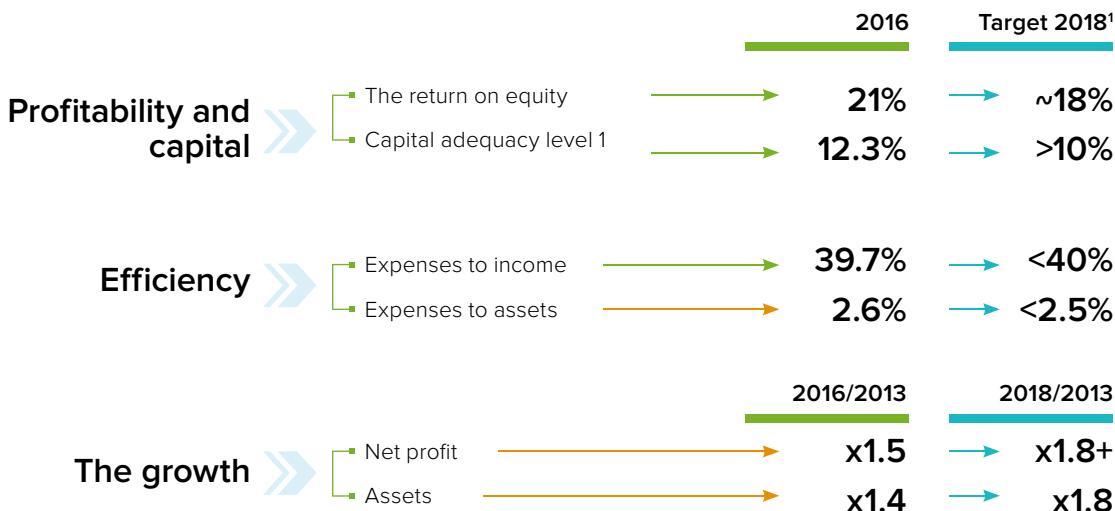
In response to external challenges and for the purposes of acceleration of the internal transformation, Sberbank has formulated its key general banking priorities for 2017:

- Decrease of time-to-market
- Increase of efficiency and performance of processes, including through automation and growth of STP share (continuous data processing)
- Personalization of client servicing on the basis of data analytics
- Increase the speed and quality of decision making

Status of implementation of Sberbank's Development Strategy for 2014–2018 by main areas

Financial performance

In terms of financial performance, Sberbank has achieved the Strategy's purpose with respect to indicators of profitability, efficiency, and adequacy of capital, despite preservation of crisis signs in the economy.



¹Note: The financial purposes of the Strategy were revised in September of 2015 due to overseas confrontation, sanctions against Russia and Sberbank introduced by the U.S. and the European Union, and deterioration of expectations toward the loan portfolio quality. Changes to the Strategy were approved by the Supervisory Board.

Number of active retail clients, mln



Retail segment



■ Quantity of products per clients, items

● Index of satisfaction and loyalty of clients (NPS), %

Corporate segment



■ Quantity of products per clients, items

● Index of satisfaction and loyalty of corporate clients (TRIM²), points

With the client for life

Retail clients

Sberbank's clients are almost the entire population of Russia, and we are proud that the number of our active retail clients is growing.

In 2016, great attention was paid to increasing the quality of customer service quality and to working with applications. For that, the client feedback request system was implemented. Each third client received an invitation to participate in that poll; in total, over 30 mln texts were sent to clients. “Hearing the client’s voice” is a top priority of Sberbank’s interaction with clients that allows us to speak with confidence about the growth of satisfaction with Sberbank’s service level. The highest level of CSI has been reached in premium service channels (“Sberbank Perviy” and “Sberbank Premier”) as well as in Sberbank Online banking services. Satisfaction with the service level has a significant impact on the loyalty level of our clients and the readiness to recommend Sberbank to friends and familiar persons; this indicator grew again in 2016 as compared to the previous year (from 55% to 58%). Moreover, we made progress in the most numerous segments (youth, social, mass market) and kept the indicator at the 2015 level in the segments focused on the higher service level (mass high-yielding segment, VIP-clients).

That work resulted in the growth of the quantity of products per client (2.9 in 2016 as compared to 1.7 in 2013), which evidences the deepening of Sberbank’s relations with the client and promotes the growth of operational income per client.

For the last several years, Sberbank has been actively creating infrastructure and forming the habit of using remote service channels for financial transactions.

Corporate clients

Sberbank’s clients are 1.8 mln corporate clients and individual entrepreneurs. We divide them by segments proceeding from their size and needs: “Small and microbusiness,” “Large and medium business,” “Regional state sector,” “Military industrial complex,” and “Large clients.”

Preferences of corporate clients are not changing as quickly as those of retail clients, especially large clients. However, key trends such as ensuring speed, simplicity, and convenience gain even more impact on the arrangement of corporate customer service. One of the examples of such products is a pilot project SMART-loans (offering preapproved limits).

In 2016, the Intelligent Control System (ICS) for corporate clients was launched by analogy with the “Retail Business” Unit. It is designated for setting goals for our employees for interaction with clients and monitoring of deviations. In 2016, through ICS, Sberbank performed control over deviations of sales in segments “Large and medium business,” “Small and microbusiness,” and “Regional state sector.” As a result of that, the efficiency of client managers has significantly increased: the number of transactions has increased by three times as compared to 2015.

²NPS is the index of a clients’ readiness to recommend Sberbank to friends and familiar persons; CSI is the client satisfaction index. Key diagnostics question: To what extent are you satisfied with today’s visit to Sberbank? This assessment is made on a 10-point scale, where 1 is “not satisfied at all,” and 10 is “very satisfied.”

³TRIM is the corporate client satisfaction and loyalty index. Based on the sampling of several thousands entities, including nonclients of the bank, the factors affecting bank reputation and image and strong and weak points are discovered, and comparison with the competitors is performed (TRIM=Measuring, Management, Monitoring).

Team and culture

Employees are a key competitive advantage and the basis of Sberbank's success. The Group wants its employees to be worthy representatives of Sberbank in interaction with clients, be leaders irrespective of a position, and assume responsibility for themselves and their work. The Group actively supports the professional and personal growth of employees as their development would enhance Sberbank's operation. Transitioning to a new level of leadership in the Group lays new demands for leaders, not only as efficient managers but also as tutors of their teams. The task of Sberbank is to create and keep the involvement level of employees that will ensure the high quality of client services and support by employees during transformation of the business model

Sberbank forms such culture and practice that will help it become the most client-oriented, innovative, and quick technological company in Russia. Development of human capital and talent management is a key prerequisite for long-term and sustainable development. We believe that the top-priority task is forming the basis—that is, competencies of the future for our employees since by 2020, according to the forecast of World Economic Forum, only 57% of current skills will remain relevant.

In 2016, a new model of competencies of employees was developed, and we plan to completely integrate the new competencies in all HR-processes during 2017: recruitment, promotion, development, retention. The model includes six competencies: solving problems, achievement of a result/responsibility, innovation, client-oriented approach, team development/cooperation, self-management.

On the horizon of implementation of the Strategy, we strive to be included in the top-5 most attractive employers, and we will complete the following tasks for that:

- Ensure high-quality recruitment (external/internal) and on-boarding
- Decrease the cost of the HR function for the Group
- Create HR infrastructure for trimode organization

Sberbank works on creating a system of continuous diagnostics of corporate culture and involvement. The first steps for a switch from the annual overall poll of involvement to continuous spot pulse measurements of involvement, team atmosphere, and leadership styles in particular business units and territories have already been made. The permanent work with the results is in progress; in addition to that, the qualitative diagnostics of corporate culture is performed through focus groups and facilitated meetings with employees. Moreover, we study and pilot the possibilities of assessment of team atmosphere and interaction between employees with the aid of new instruments of sociometry.

For monitoring of the dynamics of change of Sberbank's corporate culture, the following indicators were chosen:

- Level of involvement of employees equal to 75.6 p. p. (65 p. p. in Sberbank's Development Strategy for 2014–2018)
- Readiness of employees to recommend Sberbank as an employer (ENPS equal to 72.6 p. p., earlier, 65.5)
- Level of use of the tutorial style of leadership by executive officers of Sberbank (57.9%, needs enhancement) Technological breakthrough

Technological breakthrough

The priority areas in the development of the technological platform of Sberbank were the following.

Reliability and safety:

- Ensuring reliability and performance of automated systems with due regard to reserve required for the growth of business. In 2016, the reliability level of 99.99% was achieved for crucial automated system in the mode 24/7.
- Simplification and unification of the IT-landscape of Sberbank for increase of satisfaction, loyalty of external and internal clients, as well as enhancement of quality and convenience of service: Based on the results of 2016, approximately 700 nontarget automated system were pulled out of operation that is 66% higher than the plan.
- Due to the growth of volume and share of transactions made in remote channels of service, cyber security becomes the most important element of securing stable functioning of Sberbank and client protection. In 2016, Sberbank prevented over 1.5 thousand cyberattacks per day.

Innovation infrastructure:

- On the base of innovation laboratories, pilot control of new technologies from the standpoint of their application in the financial activity is performed in Sberbank.
- Innovation laboratories cover all key bank functions (retail, corporate, cybersecurity, general banking), which allows for testing new business models and client feedback to new products on an on-going basis.

Mature organization

In 2016, Sberbank started reforming the bank management model and achieved the biggest progress in the implementation of agile-approaches at the headquarter.

In the first quarter of 2016, the Executive Board of Sberbank made a decision on preparation for the launch of agile-transformations with the purpose of implementing practices that allow for accelerating development of products for clients. In the third quarter, 125 agile-teams (over 1 thousand representatives of retail business and IT) got started.

The distinctive characteristics of the new approach are:

- Commitment to the final result when an operating product is more important than exhaustive documentation
- Full-time work of the cross-functional team over one task E2E with the existence of powers for its completion that decreases management levels and takes Sberbank away from a hierarchical interaction model
- Absolute transparency, clear responsibility, and contribution of each team member in the final result are achieved through observance of simple interaction rules (prioritizing and distribution of tasks, summing up, and open discussion of problems)

The first months of work on the basis of the new methodology demonstrated optimistic results:

- Involvement of employees of the agile-organization is higher than involvement of employees working on the basis of the traditional model.
- Despite the short-term work period, the speed of implementation of project tasks in agile compares favorably to projects on the basis of the waterfall methodology.
- All teams in agile accomplished their goals by 100%.

Sberbank will continue a switch to the agile-organization and plans to transfer all corporate and retail business to that work format by the end of 2017.

Risks of implementation of Sberbank's Development Strategy for 2014–2018

Updating the Strategy's objectives, analysis of the “gaps” between the current and target state, implementation of the initiatives related to their elimination, and clarification of the tasks in the short term take place in each cycle of business planning implemented on the basis of three-year rolling planning with annual updating. When developing a business plan, Sberbank pays special attention to the analysis of the Strategy implementation and ensuring the attainment of the strategic objectives of the Group.

Though the current forecasts for Russia's economic development and banking sector development have worsened compared to the scenario considered during the development of the Strategy, fundamental global technological trends and expectations regarding clients' preferences did not suffer any significant changes. That means the main qualitative transformations set out in Sberbank's Strategy remain relevant and do not need to be revised

The main factors capable of having an impact on the implementation of the Strategy are provided below.

Factors	Possible impact on Sberbank	Minimization measures
State of the global economy and geopolitical risks	<ul style="list-style-type: none"> The Group's financial result may differ from the strategic plans 	<ul style="list-style-type: none"> Updating the forecasts for the development of the economy and banking markets as well as triggers for the transition between scenarios Clarification of the initiatives aimed at eliminating discrepancies between the current situation and the Strategy objectives
Slowdown of key banking markets and deterioration of asset quality in the banking markets	<ul style="list-style-type: none"> Reduced performance of the Group's business Growing share of distressed assets of the Group, reduction of profitability 	<ul style="list-style-type: none"> Review of the action plan of a number of initiatives to resolve the most urgent tasks aimed at supporting Sberbank's activities during the crisis period (risk management, working with troubled assets, and development of Big Data)
Increased competition from nonbanking companies	<ul style="list-style-type: none"> Considerable flow of clients to digital channels and reduced satisfaction of traditional banking clients Outflow of clients to other companies Reduction of Group income 	<ul style="list-style-type: none"> Building the ecosystem and marketplaces of Sberbank; IT-platform for aggregation of partners' proposals and provision of our own nonfinancial services to maximize coverage of client needs Ensuring a technology breakthrough by means of transition to digital channels and creating the best offer for the client based on advanced technologies, including personalization of product proposals on the basis of Big Data Reduction of the time to market by implementing agile-based approaches toward change management

Despite the complicated external conditions, the main objectives set out in the Strategy are maintained. Implementation of the Strategy is supported by organized processes of strategic and business planning, project activity management, and the executives' performance efficiency management system based on the above.

On a regular basis, the Group –and Group members evaluate the results of implementing the Development Strategy and attaining the business plan target indicators. The analysis of deviations between actual and target indicators and the forecast of the strategy and business plan fulfillment subject to newly discovered circumstances are, among other things, the basis for decisions on adjusting the strategy or business plan, making it possible to reduce the potential adverse effect from strategic and business risks.

Prospects of the Sberbank development

The range of key programs and projects implemented in accordance with the objectives of the Strategy is still considered up-to-date.

New opportunities

In today's new economic conditions, Sberbank sees new opportunities for its Strategy's success by:

▪ Increasing the trust and loyalty of clients

by deepening our knowledge of our clients, using feedback, accelerating the reforms of the sales and management systems, consolidating our positions on the Russian market

▪ Maintaining the needed capacities to implement strategic projects

at a time when competitors have difficulty maintaining current business parameters

▪ Strengthening our position as a technology leader

by improving the reliability and availability of services for clients, building an ecosystem for Sberbank powered by breakthrough technologies accelerating the introduction of new products to the market, introducing agile-methods of creating services, moving to a unified IT platform

Upgrading management systems

through a client-centered approach and cross-functional interactions in the management of services, processes and projects

Radically improving efficiency

in each area of Sberbank's operations through cost management, risk and return ratio, reduced operational risk, increased business process efficiency, and the implementation of new business models

Developing data analytics

by systematically introducing technologies to identify bottlenecks and preventive responses to opportunities and deviations

Developing new employee competencies

by teaching them new skills and implementing a new corporate culture

Clients

Retail Clients

Key Indicators and Events

In 2016, the systematic implementation of a clientcentric service model and development of sales channels helped Sberbank achieve steady improvements of its indicators across all segments of services for private clients. The development of digital sales channels also allowed the Bank to offer modern tools and services, increase the number of clients, and reduce expenses.

Main Achievements of Sberbank in 2016

+4.4%
83.2
 mln
 Number of active individual clients in Russia

+0.6 p. p.
46.6%
 Share in the retail deposit market

+1.4 p. p.
40.1%
 Share in the retail loan market

+4.0 p. p.
39.1%
 Share in the credit card market

+4.0 p. p.
50.3%
 Share of salaries paid through Sberbank¹

+2.1 p. p.
61.0%
 Share of pensioners receiving pensions through Sberbank

+22%
47.4 mln
 Number of unique active clients using remote channels (online banking and text service)

+35%
24.7 mln
 Number of participants in the "Spasibo from Sberbank" loyalty program

+10.2 p. p.
50.8%
 Share of noncash turnover via Sberbank retail transactions

+11.2 p. p.
77.4%
 Share of noncash payments by individuals

+3 p. p.
58%
 Net Promoter Score (NPS) of private clients

+0.2
9.3 points
 Client Satisfaction Index (CSI)

¹ The share as of November 1, 2016, year-on-year increase by November 1, 2015.



“

In my opinion, one of the main achievements of 2016 is the growth of the index of readiness to recommend Sberbank (NPS) by 3 points to 58. Our clients' opinion is of great importance to us. The achieved result demonstrates that we are on the right track. In 2016, we launched the first ecosystem ("DomClick") and a set of innovative services and projects. All that forms a solid base for further developing digital channels, increasing client involvement, and switching to a completely different level of efficiency.

Alexander Torbakhov

Deputy Chairman of the Executive Board

Awards and Ratings



- The Most Accessible Bank and The Most Reliable Bank Fully Meeting Its Obligations—Sberbank was deemed the winner of these categories as part of the Quality of Life Awards established by the Financial University under the Government of Russia



- Best in Mobile Banking, Best Bill Payment & Presentment, Best Information Security Initiatives, Best SMS/Text Banking—Sberbank was deemed the winner of these categories as part of the Consumer Digital Bank awards established by Global Finance magazine for Central and Eastern Europe



- Positive User Experience: Mobile Banking Apps (Sberbank Online services for iOS and Android devices); Information Security (Sberbank Online for Android, the world's first secure financial app, together with Kaspersky Lab)—Sberbank was deemed the winner in these categories as part of the Banking Sphere awards



- "The Leader of Loyalty Marketing in Russia" Grand Prix as well as victories in the categories for The Best Loyalty Program in a Financial Institution, The Best Coalition Loyalty Program, Service of the Year – For the Best Support System for Loyalty Program Participants, awarded to the Thank You from Sberbank program at the Loyalty Marketing Forum 2016



- Sberbank received the Runet Award for Mobile Apps



- Sberbank Online was ranked first in the UsabilityLab ratings of user-friendliness and functionality of mobile banking apps



- Sberbank Online was first in "Finance, Banks, Insurance" for the Golden App contest and was ranked second "Best App"



- Sberbank Online for iPhone and Android were among the best 2016 mobile apps in the App Store and Google Play



- The Brokerage Service section of Sberbank Online was mentioned in the special category of "Most Mass Product" in the Innovations in Investments competition held by the Moscow Stock Exchange



- Sberbank Private Banking was named the Best Bank in the Russian private banking segment (according to Global Finance magazine)

Client satisfaction index



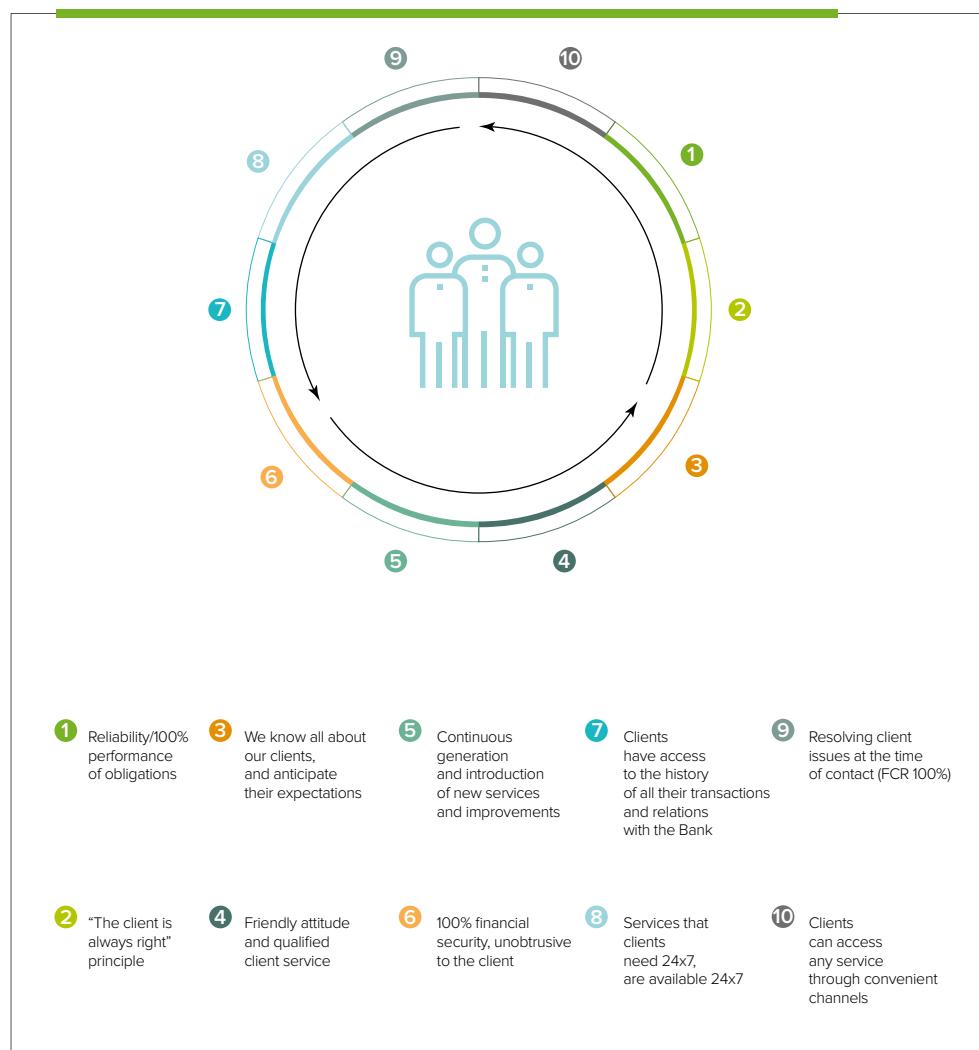
CSI, points

Ensuring the availability of financial services

In its activities, Sberbank focuses on the needs of its clients and is constantly expanding the ways it engages with them. The Bank fine-tunes its service channels to various client groups so they can easily, conveniently, beneficially, and safely use its banking services.

Clientcentric Service Model

Principles of Clientcentric Service Model



Beta Testing of Sberbank Online Apps

Throughout the three years of beta testing for Sberbank Online apps on major mobile platforms such as iOS, Android, and Windows Phone, we have used crowdsourcing, which also helps when making improvements to the app. Over the year, we organized 11 testing projects with the permanent participation of 300 testing experts and published more than 500 proposals to improve the app.

The “Creating the Best Customer Experience” project

The main objective of this project is to promote a clientcentric culture among the employees of Sberbank. As part of this project, managers share their stories about providing service and assisting Bank clients and also support their colleagues by voting for the most interesting stories of clientcentric behavior. Every month, more than a thousand stories come to serve as the basis for the best practices in training to interact with clients.

The “Designing the ‘Checkers’ Set of Coins” project

The crowdsourcing project on Designing the “Checkers” Set of Coins invited clients to suggest ideas for coins and coin boxes. Several best proposals were selected following the project, and in February 2017 they were presented at the World Money Fair in Berlin.

Projects to Implement the Clientcentric Service Model

Every day, Sberbank seeks and collects feedback from its clients, promptly processes it, and uses the results to improve its quality of service. Each month, more than 6 mln clients participate in these surveys. The know-how of 2016 includes automated surveys on satisfaction with service quality, using 8 channels of service. In cases of low scores, we call clients to find out why they were unsatisfied. The CRM contact module Bank registers all client requests and that is run at the bank processes them in a unified system every day. To minimize reputation risks, we have developed a unique methodology to identify potentially “toxic” events based on Big Data and also organized a system to compensate clients for errors on the Bank’s personal behalf. To involve the Bank’s personnel more in the clientcentric model, we organized special projects for employees aimed at developing empathy. The client story contest with a monthly participation of more than 40,000 employees has already become a beloved tradition for employees of the front office. I like Sberbank, a motivational program with elements of gamification involving around 60 thousand employees, is also becoming increasingly popular. Design thinking is used in more than 40 projects in the Retail business that, among other achievements, recently launched UPLAB, a retail innovation laboratory.

Developing Remote Customer Service Channels

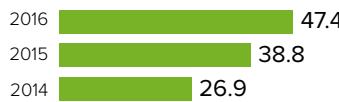
Sberbank develops various service channels to better provide services to its clients. These include remote channels (Sberbank Online, Mobile banking text service), self-service terminals (ATMs, information and payment terminals), and customer service points (service offices, direct sales, Sberbank first).

Remote Service Channels

- Contactless payments via Apple Pay have been launched with the option of linking a card through Sberbank Online.
- Wallet from Sberbank has also been launched, which is the Bank's first retail mobile product outside of traditional financial services.
- Sberbank Online for Android launched the push notification feature for logins and operations in online banking.

Unique active clients, mln people

Unique active clients of remote channels, mln



	2014	2015	2016
Unique ¹ active clients of remote channels, including Sberbank Online (web and mobile app), Mobile Bank text service, mln people	26.9	38.8	47.4
Sberbank Online mobile app clients	3.8	10.5	20.6
Sberbank Online web app clients	18.0	24.6	25.1
Sberbank Mobile bank text service clients	14.1	22.7	27.1

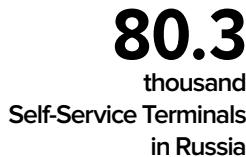
¹Each client can use various remote channels: web and mobile Sberbank Online app as well as Mobile bank text service.

Self-Service Terminals

In 2016, Sberbank implemented a special client service plan that allows the visually impaired and blind to check, on their own, their card balance and withdraw cash from ATMs by using headphones and a Sberbank card. To date, the Bank has installed 2,940 such devices.

In 2016, the network of self-service terminals was reduced in accordance with the strategy of the Bank to transfer payments to alternative remote service channels, such as Sberbank Online and the Mobile Bank text service.

Number of self-service terminals, thousand units



Customer Service Points

An important goal in 2016 was ensuring the effectiveness of employees in direct sales units in their personal contacts with clients. The personal contact provides maximum benefits as it opens the opportunity to make unique proposals that will interest the client and also analyze the client's response. For that reason, in 2016, the Bank implemented a new work model for direct sales specialists. Each specialist of this type is equipped with a mobile device and a tablet with the iServe application developed specifically by taking into account the needs of clients and employees.

The Bank has also implemented a number of other innovations. For example, it established a training program that introduces new employees to their functions directly at their new workplace. The operational function of services for legal entities is integrated into the branch network of the retail business.

The Bank implemented a system for the preventive management of operational risks in the branch network of the retail business, and it began operations measuring the risk atmosphere. It developed a scoring model that helps better predict the emergence of operational risk at points of service by processing various data on operations, processes, and employees. The Bank implemented a system of tasks for regional executives working with high-risk points of service that eliminates the causes of risk events. The implementation of this system helped Sberbank save RUB 91.2 mln rubles in its first year of operation by reducing the damages caused by operational risks in the retail network by 10%, and in high-risk points of service, by 30%.

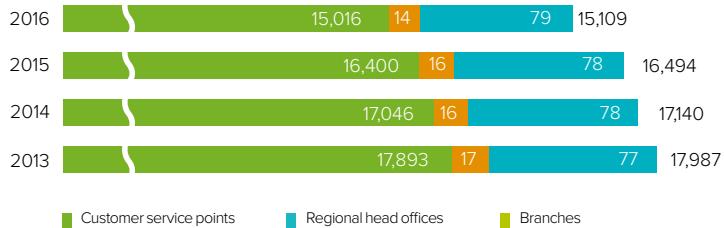
In 2016, Sberbank completed its project on paperless transactions with clients in the Bank's offices, using technology unique to the Russian banking sector. As part of the Paperless Front Office project, 40% of operations at points of service are conducted using paperless technology.

In 2016, during the implementation of the Reformatting Branch Network Units project in cities with a population of over 100 thousand, Sberbank opened 38 new banking services offices, 22 self-service offices, organized 23 mobile cash offices to serve remote rural areas, and closed 930 points of service branches. In cities, the Bank closed 874 branches mainly because their current location was inconsistent with established geomarketing criteria as well as because of unsatisfactory premises conditions. In rural areas, Sberbank closed 56 branches as a result of the accident-prone or unsatisfactory condition of its buildings.

Instead of closing outlets, mobile banking offices were opened in remote areas. In rural settlements with the relevant technical capabilities, the Bank is installing self-service terminals that allow clients to perform a full range of banking transactions. The access of individuals to banking services is also being increased with remote service channels, such as the text service and online banking.

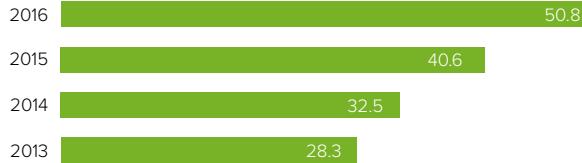
In 2016, the Bank began work on creating a Unified Sales Model based on geoanalytics data. The new technology will help increase the availability and efficiency of the office and self-service terminal network and better consider the individual needs of most clients. In 2017, the Bank plans to open 9 new branches, 129 branches will be moved to make their location more convenient and increase the number of clients, and 550 branches will be closed.

Total number of Sberbank points of service branches in Russia as of December 31



Cashless World

Share of noncash turnover via Sberbank retail transactions, %



50.8%

Share of noncash turnover via Sberbank retail transactions

The following factors primarily influenced the increase of the share of noncash turnover in Sberbank:

- The growth of noncash transfers, which in 2016 went up by 67%, with cash transfers increasing by 6%
- The growth of the share of clients conducting POS transactions by 8.2% during the year
- The increase of the share of noncash operations at points of service by 18.7%, and by 4.7% at self-service terminals

Noncash Payments by Telephone

In October 2016, Sberbank launched a joint project with Apple Pay to let clients pay with an Apple phone or watch at any terminal that accepts contactless cards or online. All users need to do is link a MasterCard to their smartphone. The launch was recognized as the best in the world. In November, the Bank also launched support for Samsung Pay. Over three months, clients of Sberbank made more than 6 mln transactions through Apple Pay and Samsung Pay.

Smart City

In October, Sberbank and the Government of the Republic of Tatarstan started a joint project for the first “smart” contactless and cashless city in Russia, the city of Zelenodolsk. More than 80% of retail and service outlets of the city are equipped with POS terminals and accept noncash payments, while 70% of adults received multifunctional city resident cards. The project received a diploma as a finalist of the National Payment Initiative, a contest for creating a cashless urban ecosystem.

MSU Campus Card

In August, the Bank started its project for the MSU Campus Card at Moscow State University. The unique feature of this project is that these cards are embedded with three applications for campus, city, and bank services, where a single card is used to enter the university campus, log into the student’s personal area, pay for purchases, pay for trips on public transport, and set appointments with doctors. Sberbank also deployed a cashless ecosystem at MSU that accepts cards to pay for meals and purchase items in retail outlets and vending machines.

Noncash Payments for Public Transport

The Bank is actively developing projects to organize noncash payments for public transport. The bank card can be used to pay for rides in the Moscow, Kazan, and Novosibirsk Metro as well as on buses in the Moscow Region, Saint Petersburg, Novosibirsk, and Krasnodar.

Number of clients participating in the “Spasibo from Sberbank” loyalty program, mln people

2016		24.7
2015		18.3
2014		10.9
2013		8.5

Spasibo from Sberbank

The Spasibo from Sberbank. Impressions. Allows users to use Spasibo bonuses to buy tickets to the theater, musicals, exhibitions, and museums. The Spasibo from Sberbank. Travel. Allows users to save money and exchange bonuses for discounts on plane tickets, hotels, and rental cars around the world. On average, 4,000 plane tickets per month are sold under this project. Overall, in 2016, the number of apps installed by the clients of this program increased fourfold and reached 1.5 mln.

**One of the best banks
in the world for children
and young people according
to Global Inclusion Awards**

Working with Groups of Clients in Need of Social Assistance

Young people

Young people represent the most “satisfied” segment of Sberbank. In December, their NPS was 70%, which is the highest figure seen since measurements began as well as the highest at Sberbank. In 2016, the number of young clients increased by 7.7% to reach 8.86 mln.

Sberbank is currently implementing the strategy for working with young people it adopted in 2014. It makes great efforts to adapt the products and services of the Bank as well as the channels and communications methods for the youngest segment. In the reporting year, the portfolio of active Youth Cards exceeded 4.8 mln, which is the card held by 99% of new young clients.

As part of a joint project with Bank of Russia, Online Lessons in Financial Literacy: Market Professionals are Coming to Every School, more than 90 thousand Russian schoolchildren, including in rural and remote areas, learned about the benefits of today’s financial instruments and banking services. A similar offline project involved 23,000 students in major cities.

In 2016, Sberbank was recognized by the Global Inclusion Awards as one of the best banks in the world for children and young people for Ladoshki, a biometric system project designed to help pay for meals in the cafeterias of educational institutions with the palm of a student’s hand.

» More details about this project can be found at [ладошки.дети](#)

» More details about the opportunities offered by the pension card can be found on the program’s website at [www.sberbankaktivno.ru](#)

Senior citizens

As of January 1, 2017, 61.0% of Russian seniors receive their pension through Sberbank. The share of seniors receiving their pension directly to cards is 85%. In 2016, the Bank brought up to date and rebranded the loyalty program for its Active Age card, and now more than 9 thousand program partners offer discounts to the holders of this card. Also on the website, clients can buy tickets for travel at comfortable prices, learn about special offers in stores, and receive lots of other relevant information.

The share of seniors receiving pensions through Sberbank, %

61.0%
Share of pensioners
receiving pensions
through Sberbank



44.6%
of Sberbank's offices
are adapted for people
with disabilities

Special Bank

The goal of the Special Bank project is to create an ecosystem of products and services that takes into account the life scenarios and needs of clients with disabilities. Sberbank estimates that about 90% of people with disabilities in Russia are its clients. The Special Bank project is aimed at adapting the channels of interaction with these clients and developing new services and products for clients with disabilities.

Today, 44.6% of Sberbank's offices are adapted for people with disabilities and have special ramps as well as equipment for visually impaired and hearing impaired individuals, including ATMs with an audio input. More than 16 thousand Sberbank ATMs are located at lower levels for convenient wheelchair access, and 9.8 thousand ATMs feature Braille markings. In Sberbank, visually impaired people have access to a facsimile to process transactions. A number of regional banks (Moscovsky, Baikalsky, Uralsky) launched pilot projects to test Home Service, a new service channel, and a remote sign language service in some offices.

In 2017, the Bank plans to launch a program for consultations with a contact center specialist via remote service channels like online chat. This online channel is extremely effective for serving people with disabilities, as anyone with hearing and speech impairments will be able to get the necessary consultation and assistance directly on the website of Sberbank.

GERT Suits

This technology was designed to simulate age-related changes in the human body. The suit has a number of individual components attached to clothing, including a vest, armlets and knee wraps, gloves, special footwear, and special glasses and headphones. Together, these produce the effect of low sensorimotor activity, in particular, lens opacity, narrow visual field, high-frequency hearing loss, restricted head movement, joint stiffness, loss of physical vigor, reduced hand grip and grasp capacity, and the general impairment of coordination skills. Initially, the suits were used for the training of medical personnel at universities but turned out to be relevant for trade and services as well.



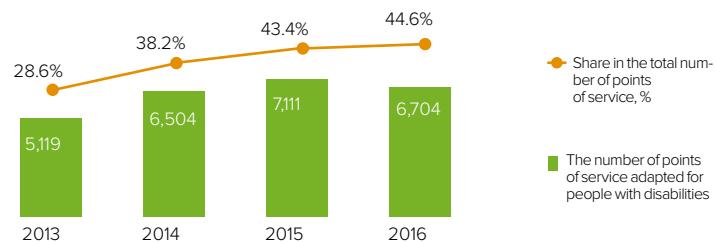
“

That was very useful. We can make quite a few conclusions out of my experience in the suit. I think we'll also develop special products for handicapped persons to purchase such items as wheelchairs and many others.

Herman Gref

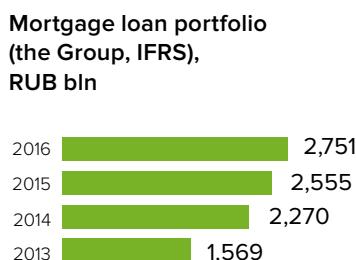
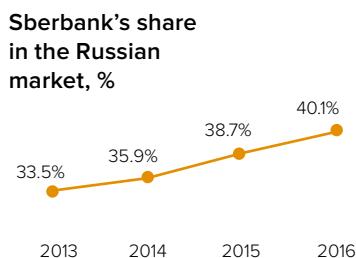
Chairman of the Executive Board

Ensuring the Accessibility of Services for People with Disabilities



Sberbank tests its services and processes by using empathy simulators such as GERT age-simulation suits. This suit allows anyone to feel exactly like a person with disabilities, or just an elderly person, and get first-hand experience of how comfortable or uncomfortable this condition is for using various spaces and services, including in the banking area, allowing them to subsequently offer adequate and creative solutions based on what they experienced.

- » Sberbank has created a platform at www.SpecialBank.ru specifically for interactions between experts, people with special needs, and Sberbank employees.



54.6%
Sberbank's share
in the Russian market
of mortgage loans

» To get familiar with the program, please visit at:
<https://domclick.ru/>

Loans

Loan portfolio

	2013	2014	2015	2016
Loan portfolio (the Group, IFRS), RUB bln:	3,748	4,847	4,966	5,032
Mortgage loans	1,569	2,270	2,555	2,751
Consumer Loans	1,673	1,868	1,682	1,574
Credit cards and overdrafts	349	539	587	587
Car loans	157	170	142	120

Mortgage loans

	2013	2014	2015	2016
Sberbank's share in the Russian market of mortgage loans, %	50.4	53.0	55.0	54.6
Volume of Sberbank loans, RUB bln	638	898	667	722
Number of Sberbank loans, thousand loans	451	589	439	475

Mortgage loans remained Sberbank's priority in the year under review. In total, in 2016, Sberbank issued 475 thousand mortgage loans in the amount of RUB 722 bln, which exceeds the result of the preceding year by 8.3%.

At the beginning of 2016, Sberbank and Rosreestr (Federal Service for State Registration, Cadastre, and Cartography) launched the electronic registration service for finished housing transactions, and in the middle of the year the pre-existing scheme was supplemented by the option of electronic registration for newly-built property. Over 15 thousand transactions were registered in the electronic system throughout the country over the year.

To settle real estate transactions, Sberbank created a multi-format platform DomClick ("Dom" means "House"). The platform makes it possible to apply for a mortgage loan, select and approve a real estate item, as well as submit transaction documents for a state registration of real property rights. This service unites Sberbank clients, personnel and partners, which are real estate developers and agencies. Over 120 thousand people have already formalized their mortgage loans via DomClick.

The Mortgage for military personnel product was converted into the Credit factory technology, which reduced the decision-making time from ten to four days and increased the market share of this segment from 24.5% to 39.6%. Sberbank is the loan volume leader in this segment according to the results of H2 2016.

The Mortgage with state support program for both finished and in-construction housing in the primary real estate market was extended in March 2016. All in all, mortgage loans in the amount of RUB 429 bln were provided to 254 thousand families as part of this program in 2015–2016, while mortgages worth RUB 237 bln were granted to 142 thousand families in 2016. Upon the completion of the program as of January 1, 2017, Sberbank decided on the possibility of issuing loans on the terms thereof, provided the loan application was submitted in 2016.

122.4

**thousand loans were granted
as part of the “Mortgages for
Young Families” campaign**

Simultaneously with the extension of the “Mortgage with state support” program, Sberbank also launched a “Campaign for developers” with reduced downpayments (starting from 15%) and a fixed annual rate of 13.5%, inclusive of voluntary life insurance. A total of 10.3 thousand loans worth RUB 24.1 bln were issued as part of this program in 2016.

From August till the end of the year, Sberbank conducted a “Campaign for the workers of organizations providing care to orphans and legally free children”, offering soft (from 11.5% to 12.5%) annual lending rates, no surcharges for the mortgage registration, and a reduced initial contribution of 15%.

In 2016, the transfer of loan approval procedures to “Credit factory” technology and underwriters was also completed. The corresponding committees of the regional head offices were excluded from the loan-decision process. As a result, over 200 processes were optimized by a factor of 15, while decision-making time for a number of retail products was decreased by half.

The “Mortgage for Young Families” campaign was extended, and the interest rate discount within the program increased from 0.5% to 0.75%. A total of 122.4 thousand mortgages worth RUB 182 bln were issued as part of this campaign in 2016.

Sberbank decreased its interest rates several times in the course of 2016, by 1.5–2 percentage points in aggregate. Partner channels continued to play an important role in the development of mortgages, with their share during the year growing to up to 46.4%, and the number of partner-companies increasing to 28 thousand. A total of 5.4 thousand mortgage applications from 66 partner-companies were submitted thanks to the introduction of the new service to submit mortgage applications from the partners’ automated systems.

Starting in 2015, Sberbank has been participating in the assistance program for certain categories of housing mortgage borrowers who happened to be in difficult financial situations. The state allocated RUB 4.5 bln for its implementation. Joint-stock company “Agency for Housing Mortgage Lending” is the operator of this program. Over 6.7 thousand families participated in this program in 2016, receiving financial assistance in the amount of RUB 1.2 bln. Sberbank’s share is 73.4% of the total number of transactions carried out as part of this program.

As of the end of 2016, borrowers can submit applications for troubled debt restructuring to any of the Sberbank customer service centers. This scheme has increased the availability of restructuring for our clients, as previously the submission of applications and signing of documents was only possible in towns where overdue debt management subdivisions were located. In addition, Sberbank has simplified the application procedure. The Sberbank website contains information about the restructuring procedure and terms and has an open “hot line” to support the branch managers. All this facilitates product sales, which in turn helps clients ease their debt burden to an acceptable level and avoid default.

**Consumer loans portfolio
(the Group, IFRS),
RUB bln**



33.2%
**Sberbank's share
in the Russian market
of consumer loans**

Consumer lending

Consumer loans portfolio

	2013	2014	2015	2016
Sberbank's share in the Russian market of consumer loans, %	32.8	32.5	33.2	33.2
Volume of Sberbank loans, RUB bln	970	915	519	797
Number of Sberbank loans, thousand loans	5,518	5,081	3,168	4,385

The volume of consumer loans issued by Sberbank in 2016 surpassed the result of 2015 by 53%.

During the year, Sberbank decreased interest rates three times for consumer loans and launched three promotional campaigns, which helped achieve high results in the consumer loans market.

The development of remote service channels tripled the volume of consumer loans processed via these channels and made after-sales servicing more convenient by creating the option for early loan repayment and also making available detailed information on the loan payment schedule.

**Car loan portfolio
(the Group, IFRS), RUB bln**



14.4%
**The joint share of Sberbank
and Cetelem Bank LLC
in the Russian car
loan market**

Car loans

Car loan portfolio

	2013	2014	2015	2016
The joint share of Sberbank and Cetelem Bank LLC in the Russian car loan market, %	14.8	15.8	15.2	14.4
Joint position of Sberbank and Cetelem Bank LLC in the car loan market	2	1	1	1
Volume of Sberbank and Cetelem Bank loans, RUB bln	103	85	42	51
Number of Sberbank and Cetelem Bank loans, thousand loans	215	150	80	81

Practically all car loan businesses of the Group in Russia were 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), as well as 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

The portfolio funds due to individuals

2016	12,450
2015	12,044
2014	9,328
2013	8,436

	2013	2014	2015	2016
Sberbank's share in the Russian market of deposits, %	46.7	45.0	46.0	46.6
in Rubles	50.6	50.1	49.6	49.1
in foreign currency	28.2	30.4	37.3	38.6

Sberbank's volumes and share in the market of individual funds continued to grow in 2016. The factors contributing to the growth include the improved quality of customer service, the launch of promotional deposits in rubles, the maintenance of competitive rate levels in US dollars, the revoking of licenses from unreliable banks, and the strengthening of the ruble at the end of 2016.

46.6%
Sberbank's share
in the Russian
deposit market

In December 2014, during the economic crisis and sharp upsurge of foreign currency rates, Sberbank made the decision to increase interest rates for deposits in foreign currency. This led to the growth of the foreign currency deposits' share in the portfolio and allowed Sberbank to increase its share in the market of foreign currency deposits. The reduction of the foreign currency share in the portfolio in 2016 was determined by the decrease in currency rates and the small outflow of deposits opened at a higher interest rate in the crisis period. Sberbank's share in the market of foreign currency liabilities continues to grow: in 2016, the share increased by 1.3 percentage points to reach the record level of 38.6%.

32.3%
The share of sales
in remote service
channels

The attraction of funds from individuals via Sberbank's remote sales channels demonstrates strong growth. The total volume of resources attracted in 2016 via two promotional, remotely opened deposits amounted to around RUB 172 bln. The strategy for the development of attracting individual funds via remote sales channels will continue in 2017.

The share of sales in remote service channels, %

2016	32.3
2015	15.9
2014	11.1

Payments and Transfers

	2014	2015	2016
The share of noncash payments by individuals, % including:	48,1	66,2	77,4
payments for housing and utilities services	49,1	62,0	74,1
payments for mobile service	88,4	94,2	96,6

In 2016, Sberbank launched the Smart Payment service. The system informs clients about decreases in the balance on their mobile phone account, or new bills for housing and utilities services, with the option for instantaneous and automatic payments. Currently, the system of payments through Sberbank is integrated with the state information system of the housing and utilities services, which contains all data on completed payments.

In the market of payments for online entertainment, Sberbank entered into a federal agreement with Mail.ru, making it possible to pay for Odnoklassniki and Moi Mir social media services via Sberbank.

At the end of the year, Sberbank activated cash payments via the Sirius automated system, allowing for possible remaining cash and cash equivalents ("payments involving change") to be transferred to the client's mobile phone account or the account of the Gift of Life charity foundation.



Sberbank's achievements in payment solutions were also recognized once again by the professional community: for the second consecutive year Sberbank earned the BEST DIGITAL BANK award for the Best Bill Payment & Presentment.

Acquiring and Bank Cards

Credit cards

Credit cards and overdraft portfolio (the Group, IFRS), RUB bln

2016	587
2015	587
2014	539
2013	349



39.1%
Sberbank's share
in the Russian market
of credit cards

In June, Sberbank launched a new service allowing credit card holders to check the amount and date of their next payment at any time by sending a text message with the word "debt" to the number 900.

As of July, Visa Gold credit cards are now issued with Visa PayWave contactless payment technology for purchases, which helps clients save time and make card payments even more secure, thus protecting cards from wear. In addition, Sberbank launched the procedure of increased limits and offered to raise limits by 20%–30% for every tenth credit card holder who was active and had no delay in payments.

Debit cards



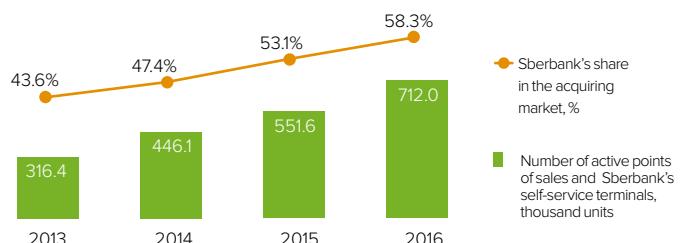
Sberbank is the largest issuer of debit cards in Russia. Sberbank is actively developing its line of bank cards, including premium cards. The first cards with an increased number of bonuses from the Spasibo loyalty program—Visa Platinum and Visa Infinite—were issued in April, and at the end of the year Sberbank began issuing Mir cards at all of its branches. Sberbank also made a new interface for card orders offering individual—website visitor conversion from choosing a design to confirming orders. Now, clients can download photographs from VK.com, Odnoklassniki, and Instagram.

Sberbank has also continued to develop its ancillary services. Thus, over 4 mln clients have been using the convenient Kopilka (piggy bank) money saving service, which can be enabled in iOS and Android mobile applications. The availability of this service as a mobile application helped Kopilka connect to new clients and was easy to use for existing ones.

Sberbank's turnover in the acquiring network, RUB bln

2016	4,461
2015	2,885
2014	1,969
2013	1,299

Acquiring



58.3%
Sberbank's share
in the Russian
acquiring market

Sberbank is proactively introducing new acquiring network technologies and services. The Bank was the first in Russia to implement Internet-acquiring for the Apple Pay system, after arranging for integration with web authorization and InApp authorization for mobile applications. The list of its partners includes Aeroflot, Ural Airlines, Ticketland, Utkonos, Biglion, AnyWayAnyDay, and WebMoney.

Sberbank also launched a pilot project for biometric payments in the Azбука Vkusa supermarket in Moscow on Nakhimovsky Prospekt: now, after linking a card just once, clients can make payments by simply placing their finger on a special scanner.

Sberbank proceeded to roll out Mir card acquiring in the acquiring network, including Internet-acquiring. A total of 85% of the Bank's terminals were already connected by the end of December.

The development of the LightCabinet platform witnessed rapid growth, designed and introduced in 2015 for the direct online interaction of partners with Sberbank, and the management of intrabank processes related to merchant acquiring and payroll projects. All registration activities related to regional head offices, such as the registration of points of sale and service or terminal blocking, are now processed through a single centralized system. Security subdivisions as well as related business units participating in the conclusion and monitoring of merchant acquiring contracts have been linked up to the system.

To improve service quality for acquiring clients, a uniform standard of technical support for the sales and service network was introduced throughout the entire Bank. In addition, the system for the online monitoring of terminals became operational, making it possible to track the technical state of terminals and enter automatic orders for technical expert repairs. The benefits of implementation over the course of 5 years will amount to around RUB 1.3 bln.

Sberbank's innovative approach in the field of Internet-acquiring was noted by a professional award for the Best Banking Online Acquiring Service at the Tagline conference.

Wealth management

Market leadership

Sberbank's
Depository Services



Nº1
in the market
of depository
services

Insurance company
Sberbank insurance life LLC



Nº1
in the market
of life insurance

Sberbank Insurance
Broker LLC



Nº3
in the market
of insurance
brokers

Non-state Pension
Fund of Sberbank JSC



Nº1
in the market
of compulsory
pension
insurance

Sberbank
Asset Management JSC



Nº1
Market position
of open-end
mutual funds

In 2016, Sberbank clients acquired over 12 mln products. The total number of products sold since the formation of this sector in 2009 exceeds 32 mln.

Sberbank continues to develop long-term life insurance programs for its clients. For example, clients of the Sberbank First and Sberbank Premier premium channels took out more than 50 thousand policies of universal and unit-linked life insurances. Long-term insurance programs are a source of not only commission income but also a significant volume of long-term funds raised.

Substantial growth has been achieved in the development of corporate insurance products, with over 200 thousand insurance contracts being drawn up during the year.

The effective use of centralized sales-management technologies in the network of bank service offices helped considerably boost the sales of packaged insurance products, with average monthly volumes exceeding 230 thousand units.

One particularly important result of the year was the transition to electronic digital signatures for mandatory pension insurance (MPI) contracts with Nonstate Pension Fund of Sberbank JSC. In addition, at the end of the year, Sberbank commenced its sale of nonstate pension (NSP) contracts in the network of bank service offices, and Sberbank's clients gained the ability to personally form their pension savings. The new product attracted much interest, with about 70 thousand NSP contracts being drawn up in November–December 2016.

¹ By volume of pension savings

Sberbank offers a broad line of wealth management products to its clients sold in all business segments of the Bank: Retail and Corporate blocks, CIB, and Private banking. At present, the following products are available for purchase at Sberbank: insurance products—voluntary life insurance, collateral insurance for consumer and corporate loans, corporate insurance of financial risks and third-party liability, packaged insurance products “Credit Card Protection,” “Home Protection,” “Family Protection+,” “Stable Business,” etc.; investment products—accumulative and investment life insurance, individual investment accounts, mutual investment funds, trust management; pension products—nonstate pension schemes, mandatory pension insurance.

The provision of services via remote channels is one of the key and most promising areas of business development. Today, Sberbank clients can purchase insurance, pension, and investment products online at www.sberbank.com, the websites of subsidiary entities, Sberbank Online, and text banking. The overall number of electronic sales of welfare products exceeded 70 thousand in 2016. In 2017, attention will be focused on the further development of online product sales.

Subsidiary Companies

Insurance company Sberbank Insurance LLC

The company continues to earnestly develop its product line, increasing sales and improving its positions in the rating of Russian insurers. Company revenues from insurance premiums more than doubled in 2016 compared to 2015, amounting to a total of RUB 8.5 bln.

“A++”
an exceptionally high
(maximum)
reliability rating

RAEX (Expert RA)
rating

Today, the company offers more than 60 products for individuals and corporate clients, and the effectiveness of its work is confirmed by the financial results: in 2016 IFRS net profits amounted to over RUB 925 mln. Based on the results of 2016, the company had fifth place among the major insurers of Russia in terms of the number of contracts signed. In terms of overall revenue, the company comes in at 22nd place, moving up from 34th in 2015.

Insurance company Sberbank insurance life LLC

The company is a Sberbank partner in programs involving credit, risk, and accumulative and investment life insurance. Based on the results of 2016, the Bank’s revenues from premiums amounted to RUB 58.3 bln, exceeding the same period of the preceding year by 33.7%. The company retained its leading position in the Russian life insurance market with its 29% market share, according to the Association of Life Insurers.

“A++”

an exceptionally high
(maximum)
reliability rating

RAEX (Expert RA)
rating

In 2016, the company continued to broaden its product line. An innovative telemarketing channel was launched in H1, integrating updated versions of the “Family Protection” and “Protected Borrower” products. Now, the “Protected Borrower” insurance program is also available via the company’s online channel.

The second release of the “Rentier” product was rolled out in the Sberbank first channel, which substantially broadens the choice of options available to clients of premium channels. The “Rentier” program received the Investor Awards prize for the best investment product on the Russian market according to the results of the previous year.

To all holders of the Sberbank Premier service package, Sberbank and insurance company now offer the option to obtain independent medical consultations by the world’s leading experts upon the first-time diagnosis of a serious disease (as part of the “Expert Second Medical Opinion” program).

A coupon version of the Smart Policy product is also now available in the Sberbank first and Sberbank Premier premium channels, which is unique because it ensures certain fixed payments for clients even in the conditions of minimum growth rates on the market.

Partnership agreements have been reached with LLC Rostelecom – Retail Systems (the company offers packaged products, the “Right Choice” and “Safety Belt,” to clients throughout Russia) and Rosbank (its clients can acquire “Mayak” investment life insurance and “Capital” accumulative life insurance).

Modifications of the “Protected Borrower” and “Cart Blanche” products have been introduced. The “Protected Borrower” program now contains a reduced list of qualifications to obtain insurance, thus making the product available to a wider range of clients, including small and microbusiness clients.

In 2016, the company was ranked among the five major insurers of Russia.

Sberbank Insurance Broker LLC

The company has a leading position in regional presence among brokers in the Russian market. According to the results of 2016, the company holds 3rd place among insurance brokers in Russia by volume of revenue with its 19% market share.

“A++”

an exceptionally high
(maximum)
reliability rating

RAEX (Expert RA)
rating

“AAA”
the highest rating
of financial strength

National Rating Agency

“A++”
an exceptionally
high (maximum)
reliability rating

RAEX (Expert RA)
rating

“AAA”
the highest rating
of financial strength

National Rating Agency

“A++”
an exceptionally
high (maximum)
reliability rating

RAEX (Expert RA)
rating**Sberbank PPF CJSC**

Nonstate Pension Fund of Sberbank JSC is the absolute leader in the market of mandatory pension insurance: first place in the volume of pension savings and number of insured persons. The pension assets growth rate of the company substantially surpasses the growth rate of the industry. The company's market share comes to 16.7% in the volume of pension savings, and to 14.2%, in terms of the number of insured persons. By the results of 2016, pension assets amounted to RUB 371 bln, which is 1.4 times higher than in 2015. The client base grew by 1.3 mln people since the beginning of the year and reached the level of 4.7 mln people.

Based on the results of 2016, the return on investments of pension assets to be recorded on the accounts of insured persons amounted to 9.4%. The return on investment of pension provisions to be recorded on pension accounts in 2016 amounted to 9.04% (the baseline strategy) and 8.07% (Sberbank strategy), with an inflation rate of 5.4%.

In 2016, for the first time ever, the Bank published its financial statements according to IFRS and took first place in net profit among the TOP 10 nonstate pension funds for 2015, with net profit increasing by 1.5 times up to RUB 6.4 bln.

An average client account of mandatory pension insurance amounted to RUB 82.5 thousand, exceeding the average market level by 17.5%.

According to the Pension Fund of Russia, Nonstate Pension Fund of Sberbank JSC signed over 50% of the total number of mandatory pension insurance contracts made by nonstate pension funds in 2016.

Sberbank Asset Management JSC

The assets managed by the company amounted to RUB 121.3 bln by the end of 2016, which makes the company one of the leaders in the collective investments market. Sberbank Asset Management JSC occupies 1st place based on the volume of resources in open-end mutual funds; the company manages assets worth RUB 28.8 bln in 20 open-end mutual funds, and its market share comes to 22.1%. The value of net assets of the five closed-end real estate mutual investment funds grew by more than 30% during the year and reached RUB 12.3 bln.

The authoritative international Extel Survey ranking recognized Sberbank Asset Management JSC as the best management company in Russia in 2014, 2015, and 2016.

Sberbank's Depository

Sberbank's Depository is the leader in the Russian market of depository services based on the volume of assets under custody. During 2016, the assets under custody grew from RUB 4.2 trln to a record value of RUB 6.0 trln. The number of depository accounts opened at Sberbank's Depository increased from 442.6 thousand to 551 thousand.

Sberbank's Depository also occupies the leading position among Russian depository banks based on the number of depository receipts (ADR/GDR) under maintenance (55 programs for shares of 33 Russian issuers by the end of 2016) in cooperation with world DR issuers: BNY Mellon, JP Morgan, and Citibank. The quality of Sberbank's Depository services is confirmed by its stable high rating from the Global Custodian authoritative international journal, generated on the basis of opinions from international clients. By the end of 2016, the Depository had proven once again its leading positions in respect to competitors in the Russian market as well as received recognition as one of the best in the world's emerging markets. The Depository earned high rating scores in all categories of services for which a market analysis was performed in Russia and earned the Global Outperformer award. In the course of 2016, Sberbank's Depository implemented the following measures aimed at the development of business and optimization of operations:

- Commencement of servicing depository receipt programs for shares of JSC Novatek and AFK Sistema as well as the organization of closed subscriptions for the issue of depository receipts of JSC MTS
- Approval by the Supervisory Board of the changes to the RDR program of RUSAL, providing for the conversion of RDR into foreign shares circulating on the Moscow Exchange to be effected in 2017
- Launching a pilot project on the securitization of mortgage loans and issue of mortgage securities as part of the "Factory of AHML mortgage securities (Agency for Housing Mortgage Lending)"
- Tender awarded for the operator of the depo account of one of the two largest international clearing centers, Clearstream Banking S.A., by nonbank financial institution CJSC NSD (National Settlement Depository)
- Starting on July, 2016, introducing a new technology for corporate actions involving securities in ISO 20022 format and the commencement of e-mail and text notifications of clients about corporate actions, as required by changes in the legislation on securities
- Debut of the "Mortgage collateral accounting on the basis of blockchain technology" project at the Laboratory of innovations
- Construction of a model of potential Bank client demand for depository–brokerage services using Big Data technology.



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In 2016, we achieved the leading position in terms of cybersecurity in Russia and plan to proactively develop this area to better protect clients, Bank assets, and shareholders. This year, the security subdivisions of the Bank have prevented over a million suspicious transactions totaling approximately RUB 18 bln.

Stanislav Kuznetsov

Deputy Chairman of the Executive Board

Security of banking operations

Sberbank pays a great deal of attention to economic and information security as well as the provision of security (confidentiality) for its clients.

Economic security

325 attempts to use forged ID documents were prevented during the reporting period (a year earlier, 100 such cases were prevented). Sberbank has introduced a monitoring system to detect the insertion of fake banknotes in the Bank's self-service terminals. With active assistance from the of economic security divisions, the police detained 16 persons involved in such an offense. Sberbank also contributes to the introduction of changes in the legislation for the criminalization of illegal use of composite and fake banknotes by including the new Article 186.1 in the RF Criminal Code. The existing fraud detection procedure "Red button–Ar" helped prevent the issue of RUB 10.3 bln loans to corporate clients using forged documents.

In the process of concluding and monitoring acquiring contracts, the security subdivisions have automated and made uniform the security checks of sales and service sites and points of service.

Information security

As part of the fight against fraud, Sberbank's security subdivisions collaborated with law enforcement authorities to put an end to the activity of nine cybercriminal groups, which launched mass attacks against Sberbank clients. Detained and prosecuted over 80 persons, and prevented the posting of more than 1 mln suspicious transactions with potential damages of over RUB 17.9 bln. In addition, fraud attempts at points of sale served by Sberbank in the amount of nearly RUB 6.0 bln were detected and averted. Sberbank will continue its operations on the introduction of modern cross-channel systems of fraud detection and new security systems for remote client service channels, which help provide clients with secure, fully functional, and convenient services on mobile platforms.

Guarantee of client data confidentiality

Sberbank ensures the inviolability of client personal data as part of the framework of the unified, complete system of organizational/technical and legal measures aimed at the protection of information with due account for the requirements of Russian legislation on personal data and the protection of information.

The systems of protection of personal client data and information security of Sberbank underwent improvements during the reporting period in line with the requirements of the international and national standards of information security as well as the top world practices.

A review and assessment of actual threats to the security of personal data have been performed, and the designed Model of threats to the security of personal data in Sberbank's information systems was agreed with the Federal service for technical and export control of Russia.

The security of Sberbank's automated systems underwent evaluation in accordance with the established levels of personal data security in the course of the development and commissioning of automated systems as part of the framework of delivery acceptance testing.

A training course on the procedure of processing and protection of personal data was designed for the purpose of expanding Sberbank's employees' practical knowledge and reducing risks related to the violation of procedures on the processing and protection of personal data.



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In 2016, we made yet another huge step in the migration of the business to remote and digital channels. Our task is to create the most convenient services for clients to conduct paperless and cashless business, which helps promptly and reliably carry out all necessary operations. The transfer of clients to digital channels also positively influences our own effectiveness. Thanks to the fact that 99% of payments by legal entities are made through Sberbank Business Online, in 2016, we managed without a hitch to reduce the number of Sberbank offices serving corporate clients in the country by one thousand

Maxim Poletaev

First Deputy Chairman
of the Executive Board

68
points
TRIM-index for 2016

Corporate clients

Key Indicators and Events

In 2016, Sberbank invested resources in the development of the segment and designed effective instruments as well as priority products and services for corporate clients.

Service quality

Sberbank pays a great deal of attention to the level of satisfaction and loyalty of corporate clients.

In 2016, TRIM-index increased by 1 point compared to the preceding year, reaching 68%, due primarily to the growth of satisfaction among clients from large and medium businesses. Estimates of clients from small and microbusinesses remain stable compared to the preceding year.

CSI values improved substantially in respect to most products and channels, with the highest growth recorded in the opening of current accounts (by 3%), execution of settlement operations (by 5%), and Sberbank Business Online (by 7%).

The index of the “number of calls per 1,000 active clients” amounted to 10.2 by the end of the year. Sberbank thoroughly analyzes problem zones in communications with clients and works to eliminate them. For instance, as a result of mass communications regarding the “Self-encashment” service, Sberbank proceeded with the introduction of the automated Sirius system, which resolves client issues according to a simplified scheme within one hour.

Sberbank is modernizing its claims service and works with the negative comments of clients based on marketing study reports. A pilot session on compliance procedures was held with the corporate client support service, which tripled client responses to compliance inquiries.

Sberbank implemented its “Customer Voice” project, which transforms client feedback and helps improve client experiences and product offers.

Online loan in one day

To improve customer service quality and increase client satisfaction, Sberbank started to review applications and provide loans remotely online, which reduced the time-to-cash to one day.

Loan document flow in remote service channels

With the development of remote service channels, the document submission processes for the consideration of lending transactions and formalization of loan and collateral documentation were transferred to the electronic format, making communications between Sberbank and client considerably more convenient.

Transactional business

99%
of payments
are made through
Sberbank
Business Online

The development of remote client service channels makes the key Sberbank services mobile and remote, and therefore more comfortable for clients, which is evidenced by the statistics of Sberbank Business Online users:

- Over 1.4 mln clients conduct transactions in this system
- By the end of 2016, 99% of payments were made via Sberbank Business Online or its mobile application

Today, 33% of all payments by corporate clients in Russia pass through Sberbank. Starting at the beginning of 2016, clients settling accounts in Sberbank gained the ability to effect settlements with counterparties 17 hours a day, 7 days a week, and from Q4 2016, 20 hours a day, 7 days a week, including holidays. Currently, more than one mln clients make payments outside of regular business hours. A total of 9.4 mln transactions were conducted in 2016, with the share of transactions outside business hours reaching 11%. Work in this area is being continued to increase service access time to 24/7.

A new online service was launched in July for the remote opening of a client's second and subsequent settlement accounts. Now, without ever visiting an office of Sberbank, clients may open these accounts through Sberbank Business Online and start using them immediately for settlements.

In 2016 Sberbank launched solutions to satisfy specific needs of large and medium corporate business clients. For example, for transactions on the acquisition of a company and repayment of loans, a new product called "escrow account" was developed, which is an account for the contingent deposit of resources to be used subject to the occurrence of certain conditions. The second nonstandard project was designed for the support of a major infrastructure construction and called "collateral account," where the client was provided with transaction security in the form of a pledge of rights under the assigned account contract.

Nº1
in Russia
by the volume of foreign
economic activity funds

Sberbank is active in the development of products for clients and participants of foreign economic activities (FEA). Sberbank is No. 1 by the volume of FEA in Russia, provides client service with a broad line of products, and settles payments for more than 130 countries in 18 currencies.

In September, Sberbank began offering a new service, "Customs payments and service," which lets clients make customs payments themselves or through a brokerage scheme, and also file e-declarations for the goods. The service is arranged entirely remotely through Sberbank Business Online. Its key advantage for clients includes cost saving and the ability to make payments to the Federal customs service of Russia online without reserving resources on an account. This service has no analogs in the banking services market.

39%
Sberbank's share
in the market of corporate cards

20%
Sberbank's share
in the market of cash
collection services

In October, Sberbank launched a new product called "Nominal account" to record the cash resources of third parties—beneficiaries for the subsidiary Sberbank Real Estate Centre LLC. This service is an alternative to bank safe deposit boxes in transactions with real estate. The use of this account enhances the security of cash transfers between the parties to the transaction, increases the volume of attracted resources of the bank, and reduces the volume of physical cash passed between transaction participants.

In 2015, Sberbank introduced an automated process of insurance payments to depositors – individual entrepreneurs and clients of insolvent banks from the Deposit Insurance Agency fund and at the beginning of 2016 began making such payments. Out of 17 thousand depositors from 29 insolvent banks, 7.4 thousand individual entrepreneurs applied to Sberbank.

The number of cash transactions at bank service points steadily declined during 2016 due to the promotion of corporate cards and the development of the self-encashment service, which allows cash depositing at self-service terminals without the use of a card. As a result, the number of cash transactions at bank service points decreased by half during the year.

Since the beginning of the year, Sberbank's share in the market of corporate cards has grown by 9 percentage points to reach 39%. The number of cards doubled during the year to 607 thousand. Starting in 2016, Sberbank now offers a new service—the issue of corporate cards linked to the current account. Now clients can issue a card linked to an already existing settlement account without applying to a bank office and take full control over its life cycle through Sberbank Business Online, including changes to the holder's data and the card's spending limit. Over 326 thousand such cards were issued by the beginning of 2017 through mass preissue technology.

The "Self-encashment" service, which lets clients replenish the company's current account through self-service terminals, is becoming ever more popular. The service can be used regardless of the company's place of registration at any self-service terminal with cash-acceptance functionality. The number of such terminals throughout the country totals 55.5 thousand. Over 400 thousand corporate clients of Sberbank deposit earnings with the help of this service. The volume of this service's transactions grew during the year by 17% to total RUB 61.6 bln. The number of transactions using this service has grown to 1.5 mln transactions per month. At the beginning of 2017, Sberbank launched a pilot project for the provision of the "Self-encashment" service with the use of Sberbank Business Online, Sberbank Business, and Sirius systems.

In 2016, Sberbank reduced its share on the market of cash collection services by 2 p.p. to 20%. The total volume of collected revenues was RUB 5.8 trln.

E-invoicing electronic document flow between Sberbank and its clients providing invoices for bank services and certificates has become even more popular and in-demand, with the share of electronic invoices growing from 60% to 89%. A service called Reliable Partner became available to clients at the end of 2016, which is part of Sberbank Business Online system and included in E-invoicing. This service accumulates the data from open sources in a single information window and enables users to check the relevance and integrity of their business partner data and assess their financial position and reliability.

Large and medium business

In 2016, Sberbank provided new products and services for large and medium businesses. Thus, existing lenders of the segment were offered Loans in 1 Day for short-term loans up to 1.5 years as well as overdraft. New borrowers who required preliminary rating approval were offered short-term loan options up to 3 years with proactive limits. In 2017, Sberbank plans to continue the implementation of up-to-date products for this business segment.

In 2016, a new service was offered to Sberbank clients specially developed for large and medium business to monitor the following industries: macroeconomics, agricultural complexes, retail trade, construction, and fuel and energy complexes. Such reviews are provided on a quarterly basis for free and are quite popular with clients. It is expected they will eventually be released on a more regular basis.

23.2
bln was lent under the soft
loan program to small
and medium
businesses

In June, together with the SME Development Corporation, the Bank launched the 6.5 Program for soft loans to small and medium businesses. During the program, 352 transactions were approved, and RUB 23.2 bln was lent.

In 2016, a pilot project on the sector risk concentration of large and medium businesses was launched: sectoral analysis of the client database and the market, including when only potential, was completed, and dominant sectors were defined by region. The analysis of the situation helped form client and product teams, including client managers, credit inspectors, and transaction product managers. In the future, Sberbank will create a sectoral structure of large and medium business in all head offices.

Small and microbusiness

64%
of all small and microbusinesses
in Russia are serviced at
Sberbank

Sberbank provides services to 1.56 mln active small and microbusiness clients. This totals 64% of all active companies in this segment in Russia. In 2016, the number of active small and microbusiness clients in Sberbank increased by 3%.

On average, each client of this segment uses 2.75 Sberbank products. As a rule, these are settlement accounts, remote banking services, self-service cash collection, corporate cards, acquiring, salary projects, loans, and others.

In 2016, Sberbank offered small businesses new efficient tools for business development with an improved line of credit products. Thus, clients can now choose the new SMART loan service, which is designed for preapproved loans based on transaction data analysis. Client advantages include a decision within an hour if approved, and no collateral required.

The following products are popular among small and microbusinesses:

- “Business Guarantee”: approval of a transaction less than RUB 5 mln within 1 day
- “Overdraft Online”: the client receives individual pricing conditions above RUB 15 mln without visiting the bank
- “Express Overdraft” with lower requirements to the borrower’s business life and period of cooperation with the Bank in terms of its settlement account
- “Secured Express” with an extended loan period
- “Express Mortgage” with an increased maximum loan amount and extended lending period

- Business Trust for Asset Risk: a nontarget loan with an issue period of up to three days and an amount limited by the collateral
- TOP-UP: recovery of the loan limit for clients who already have Business line loans or a Trust loan in the Credit Factory

Sberbank also offers its clients useful transaction products: web acquiring to help promptly integrate with popular client site management systems; Trade Plus package with the option to connect clients with acquiring turnover of less than RUB 100 thousand per month; the remote opening of a second and subsequent accounts.

In addition, Sberbank also offers a number of useful nonbanking services to small and microbusiness clients. In particular, individual entrepreneurs can have their corporate cards insured. Clients also have access to the My Accountancy and My Team line of accounting services, the innovative SMART-terminal with POS system hardware and software suite, acquiring connection, a package of cloud services for commodity and management accounting, business intelligence, and more.

In 2017, Sberbank plans to both increase its credit portfolio of small and microbusinesses and also develop the relevant nonbanking services to form a specialized ecosystem.

In 2016, Sberbank offered a package of applied development tools (API) for the integration of partner services with Sberbank's corporate systems, in particular with Sberbank Business Online. As a result of these efforts, now Sberbank Business Online client can, for example, access Sberbank's partner services without any additional authentication.

Sberbank also developed and debuted a free application for iPad called Manager Planner, which features the most important tools needed by today's busy professionals. This included, first and foremost, tasks recording and calendar planning, information storage, automatic recognition of business cards by photo, and contact maintenance.



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In 2016, the capital markets grew, and revenues significantly exceeded 2015 numbers. There were a number of remarkable deals made both on the equity capital market and the debt capital market. I would note in particular the public offering of ALROSA, which is now one of the largest privatization transactions through the public market in Eastern Europe since the end of 2013 and the largest Russian public offering ever since February 2014. On the whole, today there is a clear positive trend in the capital market, which leads us to expect new outstanding deals from Russian issuers in the nearest future.

Igor Bulantsev

Senior Vice President,
Sberbank CIB Manager

82
CIB clients satisfaction
rate according
to independent
study

Major clients (CIB)

CIB Unit

In 2016, Sberbank significantly reorganized the CIB management team, implemented the project on the centralization of Moscow Bank's CIB, approved the operational model of CIB customer servicing, and optimized the CIB legal structure. Sberbank approved client and credit strategies for purposeful work with various client segments in accordance with their priority needs. At the same time, Sberbank offered clients new technologies, including the convenient eFX and Sberbank Finline electronic platforms, which already have over 200 active users, and the Trade Funding and Document Flow system. According to the results of annual study held by TNS, the client satisfaction rate of Sberbank CIB increased for the year from 78.5 to 82 and reached the level of the world's leading investment banks. An equity warrant issue was the first pilot transaction of venture financing and was an important milestone in the operations of CIB.

Operations on Global Markets

Sberbank continued developing its operations in global markets. In particular, Sberbank successfully developed its business in the capital markets. In the equity capital market (ECM), Sberbank CIB successfully finalized the privatization of Alrosa's SPO for RUB 52 bln, which gave Sberbank CIB the third place on the Russian ECM market based on the annual results. Sberbank CIB retained its leading positions in the organization of ruble bond placements and completed a number of landmark transactions in the international DCM segment of Russian Railroads, Sovkomflot, EvroKhim, Polus, MKB, and Global Ports.

Sberbank continued operations in the foreign exchange market, which was relatively unstable in 2016. Market trends during the year changed from quarter to quarter. At the beginning of the year, the Russian foreign exchange market was influenced by extreme volatility on the commodity markets, which resulted in a decrease of client activity in the foreign exchange market by 25%–40% in various client segments. Foreign exchange derivatives are among the most affected of business areas as the hedging period of many clients shortened to historically low levels. In Q2 and Q3, the market stabilized, the exchange rate volatility of the ruble decreased from 30% to 15%, which along with turnover growth facilitated the recovery of client activity. The stabilization of oil quotes in Q4 and gradual strengthening of the ruble resulted in its further increase. The growth of client numbers on the Sberbank Markets platform and the implementation of the first trading algorithm for client flow coverage also contributed to the positive revenue dynamics.

Sberbank also developed transactions with currency and interest derivatives along with dynamic management for counterparty credit risks. In 2016, a number of major deals were concluded in this area.

**Sberbank is the leader
on the Russian market
of REPO
financing**

Nº 1
in brokerage service
active clients

**Direct access to Sberbank
online quotes for financial
institutions and corporate
clients**

Throughout 2016, Sberbank successfully managed to increase its volumes of short-term bank liquidity through REPO markets and interbank lending. The current volume of liquidity deposit in the market is RUB 800 bln, cumulative for all currencies. At the same time, the volume of the REPO portfolio increased to the level of RUB 730 bln, while the volume of the structural equity financing portfolio grew from USD 250 mln to USD 550 mln. These indicators made Sberbank a leader on the Russian REPO financing market in 2016.

Sberbank developed share trading and the trade of share derivatives. Throughout 2016, there was a high degree of volatility on the stock market. The Russian stock market started with a decline, then demonstrated growth of over 50% in terms of USD. Taking this into consideration, we observed a significant increase of interest in the stock market from both Russian and foreign investors. The Alrosa privatization deal was the key to this year's success. The sale of shares on the open market organized by Sberbank CIB has, in fact, become the first major transaction after a long pause in privatization and was completed despite the sanctions. About 30% of investors who submitted applications were from Russia; about 30%, from Europe; and about 25%, from the Middle East and Asia.

Electronic markets are another one of Sberbank's development areas. In 2016, the active promotion of structural notes for qualified retail clients ensured quadrupled growth of the portfolio to USD 284 mln. In addition, the project on the reorganization of the operational process is now complete: 2/3 of operational functions of brokerage services have been moved from regional branches to a single operational center on the basis of the Malakhit multifunctional service center (Yekaterinburg). The brokerage service in Sberbank Online was also launched, where clients can track assets in their brokerage account online.

The proprietary electronic trade system Sberbank Markets was developed and launched taking into account the best practices on foreign exchange markets. The system provides direct access to online Sberbank quotes for financial institutions and corporate clients. Sberbank Markets aggregates the accessible liquidity of external marketplaces (Moscow Stock Exchange, various interbank platforms, and sites) and its own interbank flows. Therefore, the instant liquidity of the platform is higher than a marketplace considered separately. The key products of the foreign exchange market, such as short conversion, currency forward transactions, and swaps at any fixed value date for a period up to one year, are available for clients. The post-trade process is also implemented under the project framework, which automates transaction calculations made on client accounts to reduce the operational load of clients. The system also supports work with a group of companies and helps solve centralization challenges related to the foreign exchange transactions of the group. The system supports modern data-integration standards with external corporate systems of clients and high-security standards.

Sberbank remains the leader on the bond market with a share of 15%. Among the major achievements in trade operations on the commodity markets are the following:

- Started supplies of spot metals to Zurich
- First deals with agriculture companies
- First prepayment deal with metals (copper)
- A number of major hedging transactions for precious metals, including Sberbank (Switzerland) AG, were made
- Sberbank (Switzerland) AG obtained the status of an international member of the Shanghai gold exchange, one of the world's centers for the physical trade of gold, silver, and other precious metals. As a result, the bank gained direct access to the rapidly growing Chinese gold market and trading floor along with growing influence on the international market.

Trade Finance

The amount of transactions settled by Sberbank in the field of trade finance and related business in 2016 increased by 10% to exceed USD 32 bln. Development of settlements in domestic letters of credit in rubles has become a genuine breakthrough—the amount of these transactions totaled RUB 447 bln and exceeded last year's value by 57%. Payments over RUB 2.5 bln were made under the product of "Domestic Uncovered Letters of Credit with Advanced Payments", with the total amount of uncovered letters of credit issued in 2016 exceeding RUB 100 bln. Despite continuing import reductions, the amount and number of letters of credit with post-import financing increased by more than 2.2 times compared to 2015. The total amount of import letters of credit with financing issued in 2016 totaled USD 344 mln.

Volume of transactions using domestic letters of credit, RUB bln

2016		447
2015		288
2014		166

57%
Growth of settlements in domestic letters of credit

In 2016, the volume of transactions with coverage from the Russian Agency for Export Credit and Investments Insurance, (EXIAR) grew significantly: it exceeded RUB 226 bln, while the current portfolio of projects under development exceeds RUB 450 bln. Sberbank contributed to the development of the EXIAR Program to insure loans for the establishment of export-oriented businesses, as part of which the debut transaction of the syndicated loan to Yamal SPG with EXIAR coverage was initiated. Optimization of the terms of the EXIAR program for small-scale exporter support, including the increase of insurance coverage, enabled Sberbank to actively provide financing to clients from small and medium businesses at more favorable terms. Following the results of the year, Sberbank now holds a leading position among Russian banks according to the number of financing transactions for this segment of exporters.

1.75
USD bln Amount of financing of commodity trade based on Sberbank (Switzerland) AG

Sberbank confidently overtook positions on the international market of Commodity Trade Finance based on Sberbank (Switzerland) AG. The amount of the business in this segment by year-end exceeded USD 1.75 bln. The constantly expanding product offer and deep understanding of the market enabled Sberbank to compete with recognized leaders in CTF and to actively take part in the financing of commodity flows from Russia, the CIS, and Eastern Europe countries.

Sberbank continues to develop cooperation with foreign banks and Export Credit Agencies (ECA) both in Western Europe and Asia. In 2016, Sberbank and foreign banks entered into loan agreements in the Export Credit Agencies segment for the total amount of EUR 280 mln. Currently,

**Best trade finance bank
in Russia
according
to Trade & Forfaiting
Review**

deals on obtaining long-term financing under ECA coverage in the EU, Japan, and China for over EUR 1.5 bln are being developed.

In 2016, Sberbank was again recognized as the best trade finance bank in Russia when it won the Trade & Forfaiting Review Excellence Awards, established by the publication of the same name.

Financial institutions

In 2016, Sberbank strongly developed digital channels for client communications. Thus, a system of remote banking servicing for Sberbank called FinLine financial institutes was launched. The system operates as a single window and provides the following services: the ability to carry out basic settlements functions, receive information about cashflows in the account, current liquidity, and to receive online payment statuses. A total of 114 credit institutions are already connected to the system, and 295 accounts are serviced.

To facilitate the foreign economic operations of clients and improve the quality of international payments, Sberbank has opened 99 correspondent nostro ruble and foreign currency accounts in 56 banks worldwide as of January 1, 2017. In 2016, about 10.6 mln payments in rubles and foreign currencies were made every month through LORO correspondent accounts opened with Sberbank, which exceeds the previous year's total by 2.1 mln. The average monthly volumes of transactions exceeded the value of 2015 by RUB 3.7 trln and totaled RUB 16.7 trln.

In December 2016, Sberbank opened a correspondent account in the name of Clearstream Banking S.A., Luxembourg (Deutsche Börse Group), which was the first practical step to exercise the mandate issued to Sberbank for the rendering of clearing and custody services to provide Clearstream Banking access to the Russian market. Engaging one of the largest global settlement systems for service is an important milestone in the promotion of the Russian securities market among foreign institutional investors. At the end of 2015, Sberbank jointly with Harbina Bank established the Russian and Chinese Financial Council, which is a platform for financial and banking cooperation with China's regional banks, and in 2016 it was actively developed. Currently, 28 Russian and 29 Chinese financial institutions are members. This initiative was supported by the Russian banking regulator.

State Authorities

In 2016, loans in the amount of RUB 994 bln were provided to clients in the regional state sector. The balance of client loan debt in this segment was RUB 835 bln as of January 1, 2017

As of January 1, 2017, Sberbank's share of the lending market for the government agencies of constituents of Russia and local government agencies was 75.5%.

Financing of socially significant projects

Financing the construction of facilities for Universiade 2019	RUB 8 bln	<ul style="list-style-type: none"> Krasnoyarsk Financing of sporting facilities for Universiade in 2019: Reconstruction of the Yarugin Sports Palace Ice rink with a capacity of 3,500 Reconstruction of the Regional Emergency Hospital, a regional government-owned healthcare institution Multipurpose sports center SOPKA Campus of SFU ("Periya" residence halls) Start center with a ski stadium Raduga multipurpose sports center
Guarantees on the execution of MSU-1 contract liabilities on the construction and reconstruction of road infrastructure	RUB 6.2 bln	<p>Moscow</p> <p>Construction and reconstruction of road infrastructure</p>
DON, an agricultural corporation Financing of the construction and launch of a meat processing plant	RUB 4.3 bln	<p>Voronezh Region</p> <p>Construction of one of the largest meat processing plants in Southern Russia</p>
Molvest Financing of the construction of a dairy farm	RUB 1.7 bln	<p>Voronezh Region</p> <p>Construction of one of the largest dairy farms in Russia..</p>
LLC MEZ Amursky (part of Amuragrocenter Group) Financing of the construction of a soy processing plant	RUB 1.0 bln	<p>Amur Region, Belogorsk, Belogorsk Priority Social and Economic Development Area</p> <p>Construction of a plant for deep soy processing with a capacity of 240 thousand tons.</p> <p>Expected share of the soy processing market in Russia: 9%.</p> <p>After launching the project, Amuragrocenter Group will become the sole manufacturer of soy isolates in Russia.</p>
Polysan Financing of the third stage of pharmaceutical plant construction	RUB 3.3 bln	<p>Leningrad Region.</p> <p>The project will help satisfy the growing demand for medications produced by the company (for example, Cicloferon)</p> <p>The socially significant project providing jobs for the residents of Saint Petersburg and Leningrad Region. The pharmaceuticals produced will be worthy of competition against foreign alternatives.</p>

The financing of construction of a plant producing liquefied natural gas	EUR 2.7 bln	Construction of a plant producing liquefied natural gas based on the resources of the South-Tambev field. Under this project, transport infrastructure, including a sea port and the Sabetta airport, will be built
Financing of construction of the Bystrinsky Mining and Processing Plant	USD 800 mln.	Financing of construction of the Bystrinsky Mining and Processing Plant in Zabaykalsky Krai. Construction of a top global mining and processing plant will create over 3 thousand jobs and accelerate the region's development.
The financing of costs for finalizing the construction of the Berkakit – Tommot – Yakutsk railway	RUB 1 bln	The central and northern parts of the Amur-Yakutsk railway main line connects the Trans-Siberian railway and Baikal-Amur main line with Yakutia.
Credit lines for the construction of residential real estate	over RUB 80 bln	Credit lines for the construction of residential real estate in various regions (Moscow, Moscow Region, Saint Petersburg, Yekaterinburg, and Novosibirsk). The total volume of constructed area exceeds 1.5 mln sq. m. M.

Business Class

In 2016, Sberbank launched a joint Business Class project with Google (www.business-class.pro), which allows new and existing entrepreneurs to systematize the knowledge and skills needed for business development. The course program includes video tutorials, webinars, workshops from successful entrepreneurs, and mentorship. Upon completion of the program, new entrepreneurs receive a comprehensive knowledge of business processes and a step-by-step business plan for their own business. More experienced entrepreneurs study the latest principles and tools of business development in the conditions of an economic recession. In 2016, this pilot started in Tatarstan, where 30 thousand persons participated. In 2017, the project geography is planned to be extended, with about 100 thousand entrepreneurs to be trained. The project will be consistently expanded to the other Russian regions.

» www.business-class.pro

Shareholders

Corporate Governance

Address of the Chairman of the Supervisory Board

Dear shareholders and investors:

We would like to bring to your attention to the corporate governance report of Sberbank, where we demonstrate Sberbank's commitment to the highest standards of corporate governance, and also to inform you on the practical aspects of Sberbank activities on the implementation and development of corporate governance practices and procedures in 2016.

Corporate governance issues are under the constant focus and control of the Supervisory Board. The Supervisory Board considers the improvement of corporate governance as part of general improvements to the bank's management efficiency.

Development of corporate governance

Sberbank is a public company with ordinary and preferred shares traded on the Moscow Stock Exchange and included in the top quotation list. Depositary receipts issued for ordinary shares of the Bank are traded on the London and Frankfurt stock exchanges and are also listed on the US OTC market. The circulation of issue-grade securities of Bank on Russian and foreign trading platforms is a factor imposing advanced requirements on the quality of Sberbank corporate governance.

The improvement and development of the Bank's corporate governance is a consistent and comprehensive process. The main aims of transformations made are as follows: to increase the internal efficiency and external competitiveness of the Bank and to improve the informal perception of the Bank's corporate governance practices on behalf of shareholders, investors, and representatives of the professional business community.

Corporate governance approach

As both a credit organization and a public company, Sberbank monitors corporate laws and corporate governance practices in Russia and abroad and complies with the following:

- Recommendations of the Basel Committee on Banking Supervision and the Financial Sustainability Council of financial institutions
- The principles and recommendations of the Corporate Governance Code of Bank of Russia and other requirements of the regulator (Bank of Russia) in the sphere of corporate governance
- Requirements of the Listing Rules of Moscow, London, and Frankfurt Stock Exchanges
- Corporate governance principles of G20/OECD
- 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)



Sergey Ignatiev

Chairman of the Supervisory Board

Compliance with Bank of Russia Code of Corporate Management

Currently, Sberbank complies with the majority of the principles and recommendations of Bank of Russia Code of Corporate Management.

Sberbank will continue to further develop and improve its corporate governance practices according to the recommendations of Bank of Russia Code of Corporate Management, taking into account the analysis of the prospective application of new practices.

» [Read the Report on Compliance with the Corporate Governance Code of Bank of Russia on page 228-251](#)

The Recommendations for the Preparation of the Report on Compliance with the Principles and Recommendations set forth in the Corporate Governance Code (appendix to Bank of Russia Letter No. IN-06-52/8 dated February 17, 2016) were used as a methodology in accordance with which the Bank assessed its compliance with corporate governance principles.

Brief Description of the corporate governance system

Corporate governance is the basis of the entire management and control system of Sberbank and includes an organizational model, external and internal control and monitoring mechanisms, and corporate values and guidelines

The key elements of the Sberbank corporate governance system are as follows:

- General Shareholders' Meeting
- Two-level governance system with a transparent and efficient division of management between the Supervisory Board (general management of Sberbank) and the Executive Board (collective executive body), with the option of delegating the Executive Board members to the Supervisory Board, but not exceeding ¼ of the Board's composition
- Independent external audit
- Audit Commission
- Multilevel systems of internal control (accountable to the Audit Committee of the Supervisory Board) and risk management (accountable to the Risk Management Committee of the Supervisory Board)
- Corporate Secretary

The corporate values and guidelines of Sberbank are formed and reflected in Sberbank's following internal documents: The Code of Corporate Management, Code of Ethics, Policy on Countering Corruption, Conflict of Interest Management Policy, and Corporate Social Responsibility Policy.

Role of the Supervisory Board

The Supervisory Board carries out overall management of the Bank's activities and reports to the General Shareholders' Meeting.

The Supervisory Board defines the strategic goals and development directions of Sberbank as well as the general principles and approaches to the organization of risk management and internal control systems.

The Supervisory Board carries out control over the activities of Sberbank's executive bodies, including the compliance of such activities with the approved development strategy of Sberbank.

The Supervisory Board is responsible for the creation, development, and efficiency monitoring of Sberbank corporate governance and for ensuring the transparency of information in Sberbank's activities.

Efficiency of the Supervisory Board

The efficiency of the Supervisory Board is achieved thanks to its balanced composition and coordinated operations. The Supervisory Board includes members of different ages, gender, and nationalities, who have the knowledge, competencies, and understanding of international markets and foreign business cultures necessary for the efficient performance of tasks and functions of the Supervisory Board, and development of Sberbank's long-term strategic objectives.

The composition of the Supervisory Board is also balanced in consideration of the interests of all shareholders and the limitation of the dominant influence of the key shareholder's representatives on the decisions made by the Supervisory Board..

Committees of the Supervisory Board

The Supervisory Board has four committees for the preliminary consideration of issues related to the competencies of the Supervisory Board and for preparing recommendations on making decisions on said issues: The Audit Committee, HR and Remunerations Committee, Strategic Planning Committee, and Risk Management Committee.

The Committees report to the Supervisory Board. The Chairmen of committees provide reports on the work performed by the committees chaired by them as well as on any issues considered and decisions made to the Supervisory Board.

Independent Directors

To ensure the effectiveness of decisions made and to support an equilibrium of interests of different shareholder groups, independent directors are included as part of the Supervisory Board's membership.

6 directors among 14 members of the Supervisory Board are independent directors.

During the independence assessment of the Board's members held by the Supervisory Board, 5 of 6 directors were recognized as fully corresponding to the independence criteria defined by the Code of Corporate Governance of Bank of Russia and the Listing rules of the Moscow Stock Exchange; one director matching the formal criteria of relations with Sberbank and Russia was also recognized as independent due to the immateriality of his relations and the ability of the director to act in good faith and prudently for the benefit of the Bank and its shareholders.

A senior independent director is elected from among the independent directors.

Assessment of Supervisory Board performance

Starting in 2012, to identify additional focuses for the Supervisory Board's operations and committees and to define improvement and development areas, Sberbank established assessments for the activities of the Supervisory Board and its members.

The external assessment of the activities of the Supervisory Board involving external advisers is held at least once every three years, and the Supervisory Board conducts an annual self-assessment of the quality of its own performance (using questionnaires) at a different time.

» For more detailed information on the self-assessment of 2016 see page 100-101

The results of assessments (self-assessments) are considered at the meeting in presentia of the Supervisory Board

Adaptation of newly elected members of the Supervisory Board

Sberbank introduces newly elected members of the Supervisory Board to their position by holding special introductory briefings for them with the participation of top management and other key employees of Sberbank.

Experience has proven that the holding of such an event accelerates the adaptation time of newly elected members of the Supervisory Board and allows them to take an active role in the work of the Supervisory Board immediately after their election.

In the form of assistance to newly elected members of the Supervisory Board, Sberbank also publishes a special interactive Directory containing the main up-to-date information about Sberbank, its organization structure, corporate management system, main rights and obligations of the members of the Supervisory Board, and other useful information.

Upon the work of the Supervisory Board in 2016.

In 2016, the Supervisory Board held 60 meetings, 9 of which were in presentia, while 51 featured in absentia voting. Over 120 issues in total were addressed at the meetings. Throughout the year, the Supervisory Board addressed issues of the top priority bank activities, including information technologies, cybersecurity, risk and capital management strategies, corporate governance, and the appointment and termination of authority for members of the Supervisory Board, and listened to the management Statements of Financial Performance of Sberbank and other issues.

On observing the rights of shareholders

Sberbank's corporate governance system ensures the equal treatment of all shareholders as they exercise their right to participate in Sberbank management and also creates the most favorable opportunities for the exercise of said right.

Respect of the interests of Sberbank shareholders, regardless of the number of shares they own, is among Sberbank's top priorities. Thus, Sberbank also puts forth its full effort to respect the interests of other stakeholders as regards issues of Sberbank's corporate and social responsibility, when working out its development strategy and carrying out its current operations.

Sberbank grants its shareholders equal opportunity to participate in its profits by receiving dividends as well as the right to receive significantly important information on Sberbank's operations.

On the assessment of corporate governance quality

In 2016, Sberbank for the first time received an independent assessment of its corporate governance quality. The Russian Institute of Directors carried out an assessment of Sberbank's corporate governance practice, as a result of which Sberbank was assigned a corporate governance rating of 8, or «Advanced Corporate Management Practice,» on the 10-point rating scale of the National Corporate Management Rating (NCMR). A rating of 8 means that Sberbank duly complies with Russian legislative regulations as regards corporate governance and follows a considerable number of recommendations from the Code of Corporate Management

by Bank of Russia. Sberbank is characterized by significantly low risks of owner losses resulting from the quality of corporate governance. Corporate governance assessment at an NCMR level of 8 is the highest value ever assigned to a Russian company.

On the plans to improve the Bank's corporate governance system

» More details on the main results of 2016 see on page 93-95

Sberbank carries out persistent goal-oriented work to improve its corporate governance procedures and practices. In 2016, Sberbank implemented an array of initiatives in the following areas: ensuring shareholder rights, introducing the best practices in the activity of the Supervisory Board, ensuring information transparency, cascading Sberbank's corporate governance practices in the companies of Sberbank Group, and developing and supporting legal initiatives for corporate governance.

In 2017, further improvement of Sberbank's corporate governance practices is planned for the following areas: ensuring shareholder rights and establishing conditions for their exercise, increasing the effectiveness of the Supervisory Board and its Committees operation, disclosing information, developing corporate governance practices in Sberbank's subsidiaries, updating and developing Sberbank's internal documents, and developing and supporting legal initiatives for corporate governance.

The main focus in 2017 will be placed on the introduction of digital procedures in Sberbank's corporate governance processes, including support for electronic voting at the general meetings for all categories of shareholders.

Despite the positive results in corporate governance development, as of the end of 2016, there are still a number of areas and aspects of Sberbank activity that require close attention and further development. The Supervisory Board is invariably oriented on the further improvement of the corporate governance practices, considering such an approach a cornerstone of future Sberbank achievements in terms of raising its internal efficiency and external competitiveness.

Yours sincerely,

Sergey Ignatiev

Chairman of the Supervisory Board

Sberbank corporate governance practice

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The Bank corporate governance system conforms to the best Russian and international corporate governance standards and practices, and its main principles are outlined in the Corporate Governance Code of Sberbank. In 2016, following the results of the assessment of the corporate governance practices applied by the Bank carried out by the Russian Institute of Directors, the Bank was assigned a National Corporate Management Rating (NCMR) of 8, or "Advanced Corporate Management Practice", the highest value of any Russian company ever rated.

Bella Zlatkis

Deputy Chairman of the Executive Board

Corporate Governance System

The corporate governance system is based on the Corporate Governance Principles developed by Sberbank.

Sberbank's Corporate Governance Principles:

Priority of shareholder rights and interests

The principle of the priority of shareholder rights and interests means the ability of shareholders to make decisions important for Bank operations, such as the approval of documents regulating the Bank's control bodies, profit distribution, as well as the election of members of the Supervisory Board

Provision of long-term sustainable business development

The history of Sberbank spans over 175 years, and during this period Sberbank has become the leader of the Russian banking sector and one of the largest financial institutions in the world. Nowadays, Sberbank is a modern universal bank offering the widest range of services for all groups of clients and actively participating in social and economic life. Aware of the fact that further sustainable bank development is impossible without effective governance, Sberbank orients itself on the implementation and development of the best practices of corporate governance as well as on the building of a well-balanced and transparent corporate governance system serving the interests of its clients, shareholders, and investors.

Separation of powers and responsibility in business management

Effective interaction between the Supervisory Board and executive bodies as well as the clear separation of their powers are the key factors ensuring the due implementation of corporate government 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 Bank operations issues. In addition, the executive bodies inform the Supervisory Board on a regular basis on the most important issues and decisions, which are crucial for implementing Sberbank's Development Strategy, business planning, and development, as well as on 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

Compliance of the competencies and qualifications of the Supervisory Board members with the scope of Sberbank's activities

The members of the Supervisory Board possess considerable knowledge and experience sufficient to accomplish the long-term strategic tasks of Sberbank's development. However, they are not able to be experts in all areas. In some situations, the members of the Supervisory Board must receive additional knowledge regarding certain aspects of the Supervisory Board's operations.

In this connection, Sberbank organizes special programs to increase qualifications, exchange experience, and obtain the required knowledge while taking into consideration the individual needs of each member of the Supervisory Board. A particularly important role in the formation and implementation of these programs belongs to the HR and Remunerations Committee.

Complete accountability of control bodies before shareholders

This principle means the complete accountability of Sberbank before shareholders by timely and fully providing to them only true and accurate information regarding Sberbank's current financial standing, achieved economic results, operations results, and management structure, which enables shareholders and investors to make well-grounded and effective decisions. Moreover, this principle is implemented through the separation of accountability among Sberbank's control bodies: the Supervisory Board is accountable to Sberbank's shareholders; the executive bodies, to the Supervisory Board; and Sberbank officials, to Sberbank's executive bodies.

Equilibrium and efficiency of the internal control and risk management systems

Sberbank as a credit organization places special importance on building effective internal control and risk management systems designed to adhere to the best international established concepts and practices in this area as well as to meet the requirements of the regulator in full.

The responsibility for determining the principles and approaches of internal control and risk management system organization as well as supervision over the efficiency of these systems and taking measures in case of any drawbacks is vested upon the Supervisory Board. Sberbank's executive bodies provide for the establishment and support of effective internal control and risk management systems as well as hold responsibility for the fulfillment of Supervisory Board decisions in these areas.

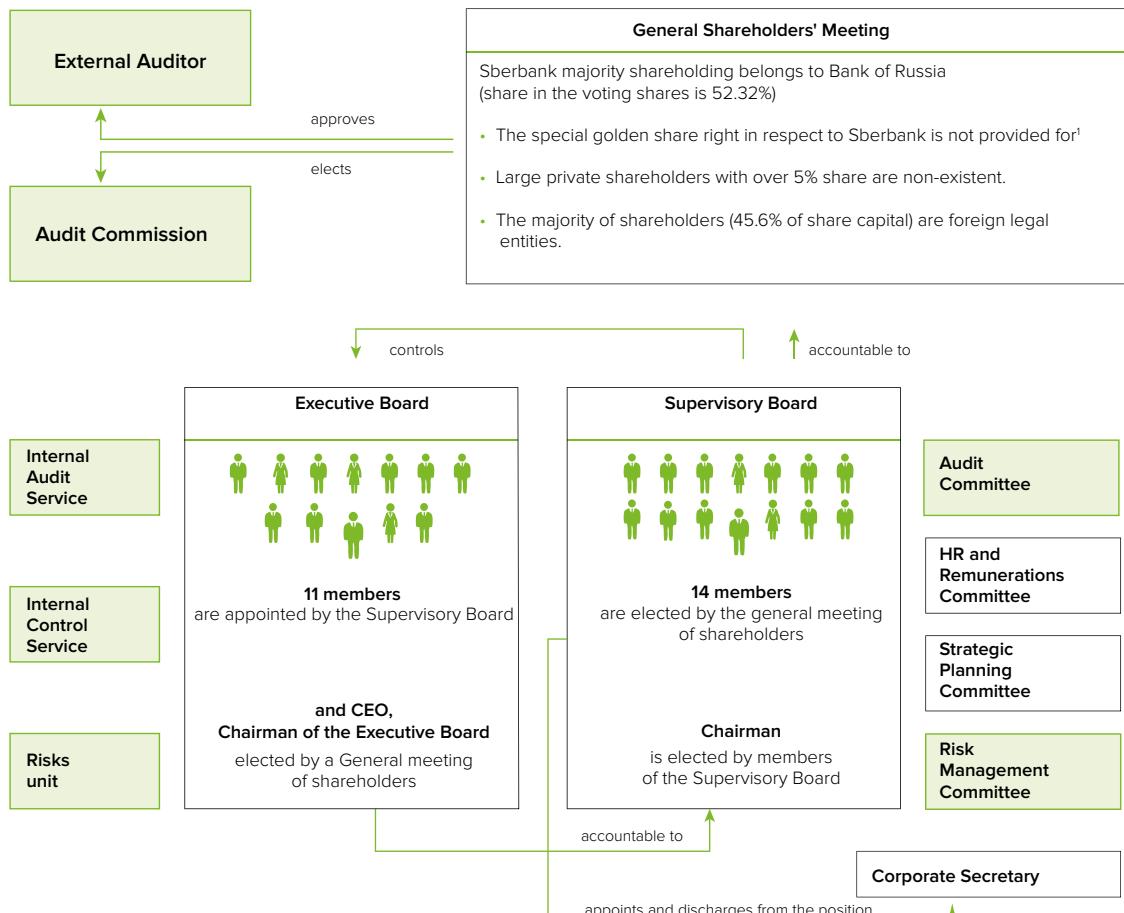
Information transparency

Sberbank strives as a public company to increase the transparency of its operations by supporting an active and open dialog with its shareholders, investors, and other stakeholders. Sberbank's information transparency is based on information disclosure made in accordance with Sberbank Information policy approved by the Supervisory Board, which is built on the principles of completeness, truth, availability, a balanced nature of disclosed information, as well as the regularity and timeliness of its disclosure. Access to public information (except for cases set forth in the legislation) shall be provided by Sberbank free of charge and shall not require special procedures (obtaining passwords, registration, or other technical restrictions) to read it.

» The Code of Corporate Governance and Information Policy of Sberbank are published on Sberbank's corporate website: www.sberbank.com/investor-relations/disclosure/regulative-documents

Sberbank's corporate governance system is based on an organizational model designed to regulate relations between Sberbank managers, the Supervisory Board, and shareholders, which puts forth corporate decision-making rules and procedures and ensures management and control over Sberbank's activities.

Sberbank Corporate Governance System elements (Members of the Supervisory Board and the Executive Board as of January 1, 2017)



– Internal and external control and risk management vertical

¹Golden share is a conventional name for the corporate right belonging to the Russian Federation, government or municipal entity which is a shareholder of the joint-stock company. Serves the purposes of government control over the joint-stock company.

Corporate Governance Rating

In 2016, Sberbank for the first time received an independent assessment of its corporate governance quality. The Russian Institute of Directors assigned Sberbank a National Corporate Management Rating (NCMR) of 8 for «Advanced Corporate Management Practice.».

A rating of 8 means that Sberbank duly complies with Russian legislative regulations as regards corporate governance and follows a considerable number of recommendations from the Code of Corporate Management by Bank of Russia. Sberbank is characterized by significantly low risks of owner losses resulting from the quality of corporate governance.

In the course of assessment of Sberbank's corporate governance quality, the following positive aspects of its applied practices were noted:

- The Corporate Governance Code was approved in Sberbank.
- The Committee for Interaction with Minority Shareholders is established and actively functioning in Sberbank.
- The period of introducing shareholder proposals for the agenda of the annual General Shareholders' Meeting was increased (not later than 75 days after the end of the Bank's financial year).
- The possibility to vote electronically at the meeting of shareholders is provided.
- Additional materials recommended by the Code of Corporate Management of Bank of Russia are included in the list of materials to prepare for the General Shareholders' Meeting, and the further expansion of the scope of materials to prepare for the General Shareholders' Meeting is provided for as well.
- Information is disclosed on who proposed each of the issues included in the agenda of the General Shareholders' Meeting and as regards the candidates promoted for election to governance and control bodies who promoted them.
- The General Shareholders' Meeting has its own video feed.
- The size of dividends is calculated on the basis of net profit according to IFRS.
- Independent directors account for over 1/3 of the Supervisory Board members, and the senior independent director is elected from among the independent directors.
- Within the structure of the Supervisory Board, committees are established and actively functioning.
- The majority of issues recommended by the Code of the Corporate Management of Bank of Russia are addressed at the meeting in presentia of the Supervisory Board.
- On important issues (apart from those provided for by the legislation), decisions are made by the Supervisory Board with not less than a $\frac{3}{4}$ majority.
- Supervisory Board member liability is insured.
- Supervisory Board performance is assessed.
- The effective functioning of internal control and risk management systems is provided for.
- The internal audit system is developed.
- The Information Policy is approved by the Supervisory Board.

- The English version of the website is available and contains a significant scope of information for shareholders and investors.
- The Corporate Social Responsibility Policy (KSR), Code of Corporate Ethics, and Anticorruption Policy have all been approved by Sberbank.
- The Bank actively implements KSR projects for all key stakeholders, and since 2010 it prepares social reports according to GRI standards.

The Best Annual Report of a Company with Capitalization over RUB 200

In the process of assessment, the following areas were determined to require further development and improvement:

- The election of the sole executive body of Sberbank (CEO, Chairman of the Executive Board) does not fall under the competence of the Supervisory Board.
- The HR and Remunerations Committee is not headed by an independent director.
- The issues recommended by the Code of Corporate Management of Bank of Russia for significant organizations to fall under the competence of the Supervisory Board do not do so accordingly.
- Supervisory Board authority is not extended in part to the approval of significant transactions.

All recommendations received by Sberbank in the course of corporate governance assessment were reviewed carefully and taken into account for the further improvement of applied corporate governance procedures and practices.

» Sberbank annual reports are available on Sberbank's corporate website: www.sberbank.com/investor-relations/financial-results-and-presentations/annual-reports

Assessment of information disclosure in the annual report

In 2016, Sberbank's annual report from 2015 became the winner of the most prestigious award at the 19th Annual Reports Contest held by the Moscow Stock Exchange and RCB Media Group, "The Best Annual Report of a Company with Capitalization over RUB 200 bln." Also, Sberbank's 2015 annual report was announced as the winner by the expert community in an additional category of the 19th Contest of Annual Reports, "The Best Annual Report in the Financial Sector".

Sberbank results in the Annual Report Contests of the Moscow Stock Exchange

2010

Second place in the category for "Best Information Disclosure in an Annual Report by Companies with a Capitalization over RUB 100 bln"

2011

Third place in the category for "Best Information Disclosure in an Annual Report by Companies with a Capitalization over RUB 100 bln" and Winner in the category of "Best Interactive Report"

2013

Winner in the category for "Best Annual Report in the Financial Sector of the Economy".

» Official Sberbank site for information disclosure: www.sberbank.com

Assessment of information disclosure on the Sberbank website

In 2016, Sberbank twice won the category for "Best Information Disclosure on the Corporate Website" as part of the framework of the Contest of Information Disclosure on Company Websites held by the National Association of Corporate Secretaries and the 19th Annual Report Contest held by the Moscow Stock Exchange and RCB Media Group.



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Despite positive results in corporate governance development, as of the end of 2016, there are still a number of areas and aspects of Sberbank's activity that require close attention and further development.

Cited from the Address of **Sergey Ignatiev**, Chairman of the Supervisory Board

Corporate Governance Development

Measures implemented by Sberbank within 2016

General guidelines to improve Sberbank's corporate governance practices in 2017

Ensuring shareholders rights

Ensuring shareholder rights and establishing conditions for their exercise

- The volume of information provided for shareholders to prepare for the Annual General Shareholders' Meeting increased significantly due to, among other things, the inclusion of explanatory information and recommendations by the Supervisory Board regarding each issue of the agenda.
- Attention is focused on communication with shareholders, among others ways, through the work of the Committee for Interactions with Minority Shareholders (participation in the meetings of the Committee of Sberbank's business unit heads and independent members of the Supervisory Board).
- The software complex Shareholder's Private Cabinet has been developed.
- The listing of Sberbank's shares on the Moscow Stock Exchange's top quotation list has been ensured following the results of the listing reform as well as the full compliance of Sberbank's corporate governance with the requirements of stock exchange listing rules.

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

The Supervisory Board and its Committees

- External independent assessment of Supervisory Board activity efficiency has been carried out, areas for further improvement have been identified, and the Plan to implement recommendations based on assessment results has been worked out.
- The procedure for preparing and formalizing materials for Supervisory Board meetings has been updated, and the polling of its members regarding the meeting's results has been put into practice.
- The introductory briefing for newly elected members of the Supervisory Board has been held, and the interactive Reference Book has been updated.
- The level of remunerations for members of the Supervisory Board has been adjusted in accordance with the practices of comparable companies (the size of the base rate and incentives rate has been increased).
- The HR and Remunerations Committee has formed the list of recruitment needs of the Supervisory Board (based on the results of the conducted poll).

- To approve the Policy to ensure the continuity of Supervisory Board membership
- To develop the program of professional development for Supervisory Board members
- To increase the effectiveness of the preparation and holding of meetings of the Supervisory Board and its Committees, among other ways, by introducing the Supervisory Board Electronic Account
- To ensure compliance with the Moscow Stock Exchange Listing Rules as regards the formation of the Supervisory Board and its Committees

Measures implemented by Sberbank within 2016	General guidelines to improve Sberbank's corporate governance practices in 2017
Ensuring Information Transparency	Information Disclosure
<p>» The new website section is available at: www.sberbank.com/investor-relations/corporate-governance/sbact</p>	<ul style="list-style-type: none"> To submit to the Supervisory Board a report on Sberbank's Information Policy implementation status To undergo the confirmation/ improvement procedure of the National Corporate Management Rating (NCMR)
Cascading of Sberbank's corporate governance practices in the companies of Sberbank Group	Development of corporate governance practices in the companies of Sberbank Group
<ul style="list-style-type: none"> Standard corporate governance documents have been developed for the companies of Sberbank Group: The Provision on the Corporate Secretary, Regulation on Meetings of the Board of Directors The Sberbank Corporate Structure software complex has been developed (includes various information on the companies of Sberbank Group). The fourth annual conference of Sberbank Group on corporate governance issues has been held. 	<ul style="list-style-type: none"> To develop the program of the Corporate Governance web course and organize training for representatives of the companies of Sberbank Group To hold the fifth annual conference of Sberbank Group on corporate governance issues
Development and support of legal initiatives involving corporate governance	Development and support of legal initiatives involving corporate governance
<p>During 2016, Sberbank took an active role in the development of proposals to improve Federal legislation on the issues of the</p> <ul style="list-style-type: none"> assignment of the Board of Directors' right to propose candidates to be elected to the Supervisory Board (regardless of shareholder proposals). Regulation on the termination of authority of a Board of Directors member upon their application (before expiry of the term) Transfer of issues under the competencies of the General Shareholders' Meeting to the competencies of the Board of Directors (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 Audit Commission (created at the Bank's discretion) Regulation of exercise of the company participants rights on information 	<p>To continue in 2017 Sberbank's activities to initiate and support legal initiatives involving corporate governance</p>

General Shareholders' Meeting

» The procedure for preparing and holding the General Shareholders' Meeting is governed by the Regulations on the General Shareholders' Meeting published on Sberbank's corporate website: www.sberbank.com/investor-relations/disclosure/regulative-documents

The General Shareholders' Meeting is the superior management body of Sberbank, which makes decisions on the core issues of its activities.

On May 27, 2016, the Annual General Meeting of Sberbank Shareholders was held. The Meeting passed decisions on the approval of the annual report and annual accounting (financial) statement of Sberbank for 2015, elected Supervisory Board and Audit Commission members, and appointed Sberbank's auditor for 2016 and Q1 2017. In addition, decisions were made on the profit distribution and payment of dividends for 2015; amendments to the Charter and Provision on Remunerations and Compensations to the Members of the Supervisory Board were approved; the decision was passed on the increase of the base remuneration for members of the Supervisory Board (from RUB 4.2 to 5.9 bln); interested-party transactions were approved (on the insurance of Supervisory Board members and the liability of Sberbank officials as well as Sberbank subsidiary liability, in part compensation for losses inflicted upon Sberbank or third persons when exercising their authority).

The video transmission of the meeting was once again broadcast on the Sberbank website as well on the official pages of Sberbank TV and the TASS Russian information agency on Facebook. The total number of users who watched the video transmission of the meeting (in Russian and in English) totaled 26,600.

When preparing for the Annual General Meeting of Sberbank Shareholders in 2016, Sberbank considerably increased the volume of information provided for shareholders by including explanatory information and recommendations by the Supervisory Board in the meeting materials for each issue on the agenda.

Starting in 2015, Sberbank has been offering electronic voting for shareholders who account for their shares on with nominal holders; in addition, the active development of the Electronic Voting service is under way for all categories of shareholders through the Shareholder's Private Cabinet software complex on Sberbank's website. The use of the new service is planned to start in 2017 and will enable all Sberbank shareholders to vote electronically at the meeting (if they wish to do so) through the new electronic resource. The option to vote the traditional way and participate in the meeting personally will also be preserved.

Supervisory Board

The role of the Supervisory Board

The Supervisory Board performs the overall management of Sberbank activities, except for issues falling under the competencies of the General Shareholders' Meeting under the law and Charter of Sberbank. The Supervisory Board's competencies are defined in the Charter and separated from the competencies of the executive bodies. Issues falling under the competencies of the Supervisory Board cannot be transferred for resolution by Sberbank's executive bodies. The Supervisory Board is accountable to the General Shareholders' Meeting, and information regarding its operations is disclosed as part of the Annual report.

The key functions of the Supervisory Board and its Committees

Supervisory Board

1. Management

- determination of strategic goals and lines of development;
- formation and monitoring of corporate governance system effectiveness and ensuring its development;
- key employees motivation and remuneration policy drafting;
- development of a talent management system and the staffing of governing bodies.

2. Control

- control over the actions of executive bodies, inter alia, compliance of activities with the approved development strategy;
- determination of basic principles for and approaches to the organization of risk management and the internal control system

3. Communications

- providing transparency of the bank's activities through the formation of its information policy; the timely and full disclosure of information, communications with stakeholders

Supervisory Board Committees

Audit Committee

HR and Remunerations Committee

Strategic Planning Committee

Risk Management Committee

Preliminary consideration of issues associated with the:

- with the accounting (financial) statements of the Bank;
- risk management;
- internal control;
- corporate governance;
- internal and external audit;
- counteraction of unscrupulous practices of the Bank employees and third parties;
- review of the report submitted by the Audit Commission on the results of inspection of the financial and economic activities of the Bank.
- continuity planning and formation of the professional composition of the Supervisory Board, executive bodies and other top executives of the Bank;
- development of an effective system of remuneration to members of the Supervisory Board, executive bodies and other employees of the Bank.
- determination of the Bank strategic objectives (together with the Bank's executive bodies);
- monitoring of the implementation of Bank's Development Strategy and development of recommendations to the Supervisory Board for its adjustment;
- assessment of long-term performance efficiency of the Bank.
- Bank Risk and Equity Management Strategy;
- assessment of the Bank's policy on the remuneration of members of the Supervisory Board, executive bodies and other key executives of the Bank for compliance with the strategy of the Bank's risk and capital management;
- control over ensuring the completeness, accuracy and reliability of information on the risks assumed by the Bank.

Chairman of the Supervisory Board

The Supervisory Board is headed by the Chairman, who is elected from among the members of the Supervisory Board. The Chairman of the Supervisory Board may not simultaneously act as the CEO, Chairman of the Executive Board of Sberbank. The Chairman is in charge of the Supervisory Board, organizes the development of its work plan, approves the agenda of Board meetings, and presides over the General Shareholders' Meeting of Sberbank.

During meetings, the Chairman ensures the free discussion of issues on the agenda, promotes the development of informed decisions, and maintains a constructive and friendly atmosphere.

Independent directors and their role. Senior Independent Director

To ensure the effectiveness of decisions made and to support an equilibrium of interests of different shareholder groups, independent directors are included as part of the Supervisory Board's membership.

According to the Code of Corporate Management of Bank of Russia, a member of the Board of Directors who possesses sufficient professionalism, experience, and independence to form their own opinion shall be recognized as **an independent director**, who is able to express unbiased and prudent judgments that are not influenced by the executive bodies of the Bank, certain groups of shareholders, or other stakeholding parties.

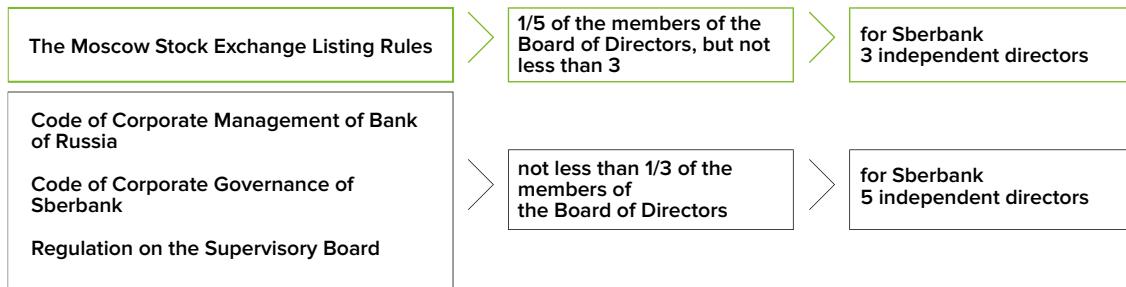
The Moscow Stock Exchange criteria to determine the independence of directors

A director is deemed independent if they are:

- not associated with an issuer
- not associated with the shareholder of a substantial issuer
- not associated with the competitor of a substantial counterpart/issuer
- not associated with the government or any municipal institution

Independent directors bring their unbiased perceptions as well as their objective and constructive judgment on the issues under consideration to the work of the Supervisory Board. Great importance is attached to the opinion of independent directors when considering issues of the strategy and direction of Sberbank's development, reports on their fulfillment as well as the assessment of executive body activities, risk management and internal control system efficiency, and the work of the Supervisory Board and its Committees. Since 2015, pursuant to the decision of the Supervisory Board, a senior independent director is appointed from among independent directors; their main tasks are to assist the Chairman of the Supervisory Board, arrange the assessment of its operations, coordinate interaction between independent directors, and develop a consolidated opinion of independent directors on the issue under consideration when necessary.

Requirements on the number of independent directors serving as members of the Supervisory Board



Actual membership of the Sberbank Supervisory Board:



The Supervisory Board performs assessment of independence status of the Board members and may in certain situation recognize director as independent, despite the presence of some formal association criteria. Based on the results of the assessment performed by the Supervisory Board regarding the independence of its Board members, 5 directors, E. Aho, M. Gilman, G. Melikyan, A. Profumo, and N. Wells have been recognized as fully complying with the independence criteria set forth by the Code of Corporate Management of Bank of Russia and the Moscow Stock Exchange Listing Rules. In relation to V. Mau, the decision was made on his recognition as an independent director, despite the presence of formal criteria of his association with Sberbank and Russia, Sberbank's significant counterparts. Said decision was approved by the Supervisory Board because of the fact that said association was not deemed material and does not influence the capability of V. Mau to act reasonably and in good faith in the interests of Sberbank and its shareholders or to form objective and independent opinions and judgments.

Structure of the Supervisory Board

The make-up 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, as established by applicable laws, and possess ample knowledge and experience in areas related to Sberbank's main activities: finance, banking operations, regulation of banking activities, corporate governance, risk management, internal control, audit, and compliance. Supervisory Board members have also the knowledge of the functional specifics of working at various positions in different companies, an understanding of the specifics of international markets, and the way business is done in foreign cultures and are of different ages, gender, and nationalities.

Structure of the Supervisory Board

Deputy Chairman of the Supervisory Board

- Nonexecutive directors
- Executive director

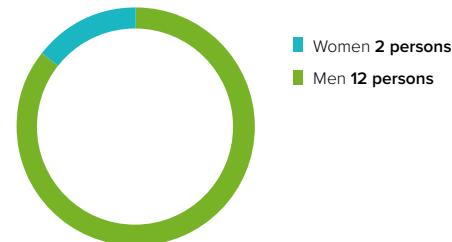
Deputy Chairman of the Supervisory Board

- Senior Independent Director
- Independent directors

Balance of directors¹



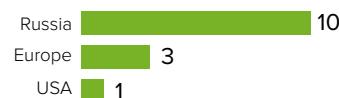
Balance of male and female directors¹



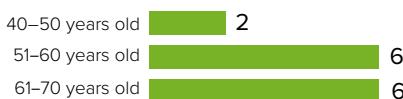
Tenure of office¹



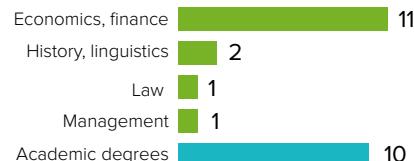
Geographical distribution¹



Supervisory Board member age distribution¹



Education¹



Industry-specific experience and other skills of the members of the Supervisory Board

Full name	Tenure of work in supervisory Board	Banking activities	Economics, finance, investments	Eligible	Corporate management	Audit, consulting	Securities market, exchange activities	International financial institutions	Public service experience	Teaching activities
S. Ignatiev	17	✓	✓	✓	✓	✓			✓	✓
A. Kudrin	15	✓	✓		✓	✓	✓		✓	✓
G. Luntovskiy	17	✓	✓	✓	✓					
H. Gref	12	✓	✓	✓	✓			✓	✓	✓
S. Shvetsov	7	✓	✓	✓	✓	✓	✓			
N. Ivanova	15	✓	✓		✓	✓				
D. Tulin	7	✓	✓		✓	✓		✓		✓
A. Siluanov	2	✓	✓		✓	✓	✓	✓	✓	✓
A. Profumo	6	✓	✓			✓	✓			
G. Melikyan	3	✓	✓	✓	✓	✓				
M. G. Gilman	3	✓	✓		✓	✓		✓		✓
N. Wells	3	✓	✓	✓	✓	✓	✓	✓		
V. Mau	9	✓	✓			✓	✓		✓	✓
E. T. Aho	1		✓		✓	✓		✓	✓	✓

¹as of December 31, 2016

Director liability insurance

The liability of all members of the Supervisory Board related to performance of their duties in Sberbank is insured under the Directors, Officers, and Companies Liability Insurance Agreement. This Insurance is vital as the members of the Supervisory Board do not possess the guaranteed ability to cover the losses that may be inflicted upon Sberbank due to their erroneous actions. D&O Liability Insurance is the insurance for losses inflicted by the incorrect actions of responsible officials. D&O Liability Insurance is the best practice recommended by the Russian Federation Financial Market Development Strategy through 2020 approved by the Government of Russia, Code of Corporate Management of Bank of Russia and provided for by the Sberbank Code of Corporate Governance.

Main provisions of the Contract for Liability Insurance of D&O

Parameters	Existing Contract of D&O
Insurer	JSC SOGAZ
Insurance period	October, 2015 – June, 2017
The insurance premium	50.4 mln rubles
Insurance coverage	4.6 bln rubles
Additional insured amount for an Independent Director	30 mln rubles in aggregate 150 mln rubles

Assessment of Supervisory Board performance

Starting in 2012, Sberbank has been assessing the Supervisory Board and its Committees' activities, which has helped increase the Board's efficiency.

Assessment of performance efficiency of the Supervisory Board and its committees



At the beginning of 2017, the Supervisory Board carried out a self-assessment of its activities as of year-end 2016. Assessment results demonstrated the high level of organization of the Supervisory Board and its Committees work, the internal efficiency and interaction between the Board and Sberbank, and the fulfillment by the Supervisory Board of its set tasks. The members of the Supervisory Board highly assessed the work of the Chairman of the Board. On the whole, based on the assessment results, certain areas were distinguished the Board should pay special attention to in the future, among which are issues of risk management control and risk appetite. Moreover, the members of the Supervisory Board appreciated the positive changes in determining the Bank's development strategy, its financial resilience, and anticrisis management. The importance of such changes was identified during the course of assessment in 2014–2015.

Information on the implementation of recommendations to improve corporate governance practices based on the results of earlier assessments

Recommendations	Comments
To sustain the number of Supervisory Board members at a level not exceeding 10–14 persons.	The number of Supervisory Board members amounts to 14 people (for the first time, the Board of 14 people was elected at the Annual General Shareholders' Meeting on May 29, 2015).
To determine the size of compensation for the members of the Supervisory Board on the same level accepted in financial organizations of similar size and importance.	In 2016, the Annual General Shareholders' Meeting approved an increase in the base remuneration for the members of the Supervisory Board (from RUB 4.2 to 5.9 mln).
To normalize the requirements to materials and speeches, materials for the Supervisory Board and its committees should focus on recommended decisions, related arguments, and conclusions.	Taken into account in 2016 in the Regulation on Supervisory Board Activities.
Materials should briefly provide information on the risks of implementation of the offered decisions, alternative options, and the weakest/strongest arguments.	
Develop an immediate feedback form (assessment page) for the members of the Supervisory Board's evaluation of the main aspects of the materials and reports on each of the issues on the agenda.	Feedback from members of the Supervisory Board has been active since Q1 2016.
Heads of the Committees shall inform the Supervisory Board on discussions in the Committee that took place since the previous meeting.	Put into practice since Q4 2015.
Actively inform the members of the Supervisory Board on the option to seek external expertise on complicated issues. Ensure support of the members of the Supervisory Board when selecting outside experts (the identification of critical issues, selection process, and resolution of legal issues).	The option to seek and use independent expertise is reported to members of the Supervisory Board immediately after their election at the special introductory briefing. More details on outside expertise have been recorded in the electronic Reference Book for members of the Supervisory Board starting since 2014.

Members of the Supervisory Board:

Changes to Supervisory Board membership in 2016

From January 1 till May 26, 2016, the Supervisory Board acted pursuant to the decision by the Annual General Shareholders' Meeting dated May 29, 2015, and consisted of 14 members:

From May 27 till December 31, 2016, the Supervisory Board acted pursuant to the decision by the Annual General Shareholders' Meeting dated May 27, 2016, and consisted of 14 members:

1. S. Ignatiev	1. S. Ignatiev
2. G. Luntovskiy	2. G. Luntovskiy
3. A. Kudrin	3. A. Kudrin
4. N. Ivanova	4. N. Ivanova
5. A. Siluanov	5. A. Siluanov
6. D. Tulin	6. D. Tulin
7. S. Shvetsov	7. S. Shvetsov
8. H. Gref	8. H. Gref
9. M. Gilman	9. M. Gilman
10. V. Mau	10. V. Mau
11. G. Melikyan	11. G. Melikyan
12. A. Profumo	12. A. Profumo
13. S. Sinelnikov-Murylev	13. E. T. Aho
14. N. Wells	14. N. Wells

Brief biographical data on Supervisory Board members



Sergey Ignatiev

**Chairman of the Supervisory Board,
Nonexecutive director**

Date of birth: January 10, 1948

Place of birth: Leningrad

Citizenship: Russian Federation

Year(s) of election to the Supervisory
Board: 2000–2016

Membership in Committees: no
membership in Committees.

Work experience:

Since 2002, he has held the office of Deputy Governor of the Central Bank of the Russian Federation. From June 2013 to the present, he has been an Advisor to the Governor of the Central Bank of the Russian Federation. He has extensive experience in teaching and research work and is an author of many scientific papers.

Education:

1975 – Lomonosov Moscow State University with a specialization in Political Economy.

1978 – Postgraduate student at Lomonosov Moscow State University Candidate of Sciences in Economics, Assistant Professor

List of other nonexecutive professional obligations:

Member of the Board of Directors, Central Bank of the Russian Federation and the State Corporation Deposit Insurance Agency. Member of the Supervisory Board at Russian National Reinsurance Company JSC.



Georgy Luntovskiy

**Deputy Chairman of the Supervisory
Board, Nonexecutive director**

Date of birth: April 12, 1950

Place of birth: Kursk

Citizenship: Russian Federation

Year(s) of election to the Supervisory
Board: 2000–2016

Membership in Committees: Chairman of
the HR and Remunerations Committee.

Work experience:

From 2005 to the present, he has been the First Deputy Governor of the Central Bank of the Russian Federation. His sphere of professional competence includes issues relating to the organization of cash circulation, personnel policy and work with personnel, the organization and functioning of the national payment system, and operations of the Russian Encashment Association.

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.

List of other nonexecutive professional obligations:

Member of the Boards of Directors, Central Bank of the Russian Federation and JSC Goznak. Member of the Supervisory Board, Interstate Bank Chairman of the Supervisory Boards of Russian Encashment Association (ROSINKAS) and National Payment Card System JSC.



Aleksey Kudrin

Deputy Chairman of the Supervisory Board, Nonexecutive director

Date of birth: October 12, 1960

Place of birth: Dobele, Latvian SSR

Citizenship: Russian Federation

Year(s) of election to the Supervisory Board: 1997, 2000–2003, 2005–2010, 2013–2016

Membership in Committees: Chairman of the Strategic Planning Committee

Work experience:

From 2000 through 2011, he held the office of Deputy Chairman of the Government of Russia – Minister of Finance. While holding this position, he was three times the winner of the Finance Minister of the Year award (in 2004 awarded by the British «The Banker», in 2006 by the British «Emerging markets», and in 2010 by the British «Euromoney»). From June 2011 to the present, he has been the Dean of the Department of Free Arts and Sciences of Saint Petersburg State University. Author of more than 30 scientific papers related to economics and finance.

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.

List of other nonexecutive professional obligations:

Chairman of the Supervisory Board of Moscow Exchange PJSC. Chairman of the Board of Directors at Meditsina PJSC and Future Private Pension Fund JSC.

Member of the Board of Directors, nonstate Higher Professional Education Institution Russian Economic School.



Esko Tapani Aho

Member of the Supervisory Board, Independent Director

Date of birth: May 20, 1954

Place of birth: Veteli, Finland

Citizenship: Finland

Year(s) of election to the Supervisory Board: 2016

Membership in Committees: member of the Strategic Planning Committee, member of the Risk Management Committee.

Work experience:

Since April 2013 to date, he holds the office of Executive Chairman of the Board of Directors, Finnish Company East Office of the Finnish Industries. From 2009 till August 2012, he held the office of Vice President, member of the Executive Board at Nokia Corporation. 1991–1995 was Prime Minister of Finland.

Education:

1980 – University of Helsinki (Finland), Political History, Master of Social Sciences

List of other nonexecutive professional obligations:

Chairman of the Board of Directors at Verbatim.



Martin Grant Gilman

**Member of the Supervisory Board,
Independent Director**

Date of birth: August 11, 1948

Place of birth: Memphis, USA

Citizenship: USA

Year(s) of election to the Supervisory
Board: 2014–2016

Membership in Committees: member
of the Strategic Planning Committee,
member of the Risk Management
Committee.

Work experience:

From September 2005 to April 2015, he held the office of Director at the Center for Advanced Studies, Higher School of Economics (Moscow, Russia). Currently, a Professor in the Department of Economics and Advisor to the Rector of National Research University – Higher School of Economics (Moscow, Russia). He has more than 20 years of experience in the International Monetary Fund (1996–2002 – IMF Resident Representative in 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.

List of other nonexecutive professional obligations:

Member of the Board of Directors at ROSBANK PJSC.



Herman Gref

**CEO, Chairman of the Executive
Board, Member of the Supervisory
Board, executive director**

Date of birth: February 8, 1964

Place of birth: Panfilovo, Irtysh District,
Pavlodar Region, Kazakh SSR

Citizenship: Russian Federation

Year(s) of election to the Supervisory
Board: 2005–2016

Membership in Committees: Member of
the Strategic Planning Committee

Work experience:

From November 2007 till present, CEO, Chairman of the Executive Board of Sberbank. In 2000–2007 – Minister of Economic Development and Trade of Russia.

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.

List of other nonexecutive professional obligations:

Member of the Board of Directors at Yandex N.V. Member of the Supervisory Boards at the Autonomous Nonprofit Organization Center for Expert Reviews on Issues of World Trade Organization, National Research University Higher School of Economics, the Autonomous Nonprofit Organization Agency of Strategic Initiatives to Promote New Projects. Chairman of the Board of Directors at DenizBank A.Ş. (Turkey).



Nadezhda Ivanova

Member of the Supervisory Board,
Nonexecutive director

Date of birth: June 13, 1953

Place of birth: Moscow

Citizenship: Russian Federation

Year(s) of election to the Supervisory
Board: 2002–2016

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

Work experience:

From 1995, held the office of Director of the Consolidated Economic Department at the Central Bank of the Russian Federation. June 2013–January 2017 – Deputy Chairman – Director of the Consolidated Economic Department at the Central Bank of the Russian Federation. From February 2017 – Adviser to the Chairman of Bank of Russia.

Education:

1975 – Moscow Financial Institute with a specialization in Finance & Credit.

List of other nonexecutive professional obligations:

Member of the Board of Directors of the Central Bank of the Russian Federation.



Vladimir Mau

Member of the Supervisory Board,
Independent Director

Date of birth: December 29, 1959

Place of birth: Moscow

Citizenship: Russian Federation

Year(s) of election to the Supervisory
Board: 2008–2016

Membership in Committees: Chairman of
the Audit Committee, member of the HR
and Remunerations Committee

Work experience:

Since 2002 to date, Rector of the Russian Federation Presidential Academy of the National Economy and Public Administration. Expert in economic theory, history of economic thought, and national economics. Contributed to the development and practical implementation of economic reforms in Russia.

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

List of other nonexecutive professional obligations:

Member of the Board of Directors at Transcapitalbank PJSC, Gazprom PJSC, Severstal PJSC. Member of the Board at the Strategic Development Center Foundation. Member of the Russian Presidential Economic Council.



Gennady Melikyan

**Member of the Supervisory Board,
Senior Independent Director**

Date of birth: November 27, 1947

Place of birth: Kropotkin, Krasnodar Krai

Citizenship: Russian Federation

Year(s) of election to the Supervisory
Board: 2014–2016

Membership in Committees: Chairman
of the Risk Management Committee,
member of the Strategic Planning
Committee, member of the HR and
Remunerations Committee.

Work experience:

From 2003 to 2011, held the office of Deputy Governor of the Central Bank of the Russian Federation/Head of the Main Inspectorate of Credit Institutions and afterward held office as the First Deputy Governor of the Central Bank of the Russian Federation. 1992–1997 – Minister of Labor and Social Development of Russia.

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.

List of other nonexecutive professional obligations:

Member of the Boards of Directors at Energotransbank Commercial Bank (AVTOTOR Group), and Mezhdgosudarstvennaya Neftyanaya Kompaniya Soyuzneftegaz CJSC.



Alessandro Profumo

**Member of the Supervisory Board,
Independent Director**

Date of birth: February 17, 1957

Place of birth: Genoa, Italy

Citizenship: Italy

Year(s) of election to the Supervisory
Board: 2011–2016

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

Work experience:

Since 1997 to 2010 was President of Unicredit Group. 2012 to August 2015 – Chairman of Monte dei Paschi di Siena (Italy). Specialist in mergers and acquisitions.

Education:

1987 – Bocconi University (Italy), MSc (Business Administration).

List of other nonexecutive professional obligations:

Chairman of the Board of Directors at Appeal Strategy & Finance S.r.l., Equita SIM Spa, Turati 9, Nicla S.P.A. Member of the Board of Directors at TOG, Mossi Aziende agricole vitivinicole S.r.l.



Anton Siluanov

**Member of the Supervisory Board,
Nonexecutive director**

Date of birth: April 12, 1963

Place of birth: Moscow

Citizenship: Russian Federation

Year(s) of election to the Supervisory
Board: 2015–2016

Membership in Committees: no
membership in Committees.

Work experience:

2005 to 2011 held the office of Deputy Minister of Finance. December 2011 to date – Minister of Finance of Russia. From June 2013, Associate Professor of the Finance and Economics Department of the Financial University under the Government of Russia.

Education:

1985 – Moscow Financial Institute with a specialization in Finance & Credit.

1995 – Candidate of Sciences in Economics

2012 – Doctor of Economics.

List of other nonexecutive professional obligations:

Member of the Supervisory Boards of ALROSA Diamond Mining Company PJSC, Rostech Group of Companies, Russian Direct Investment Foundation, Bank for Development and Foreign Economic Affairs Group of Companies (Vnesheconombank). Chairman of the Board of Directors at Deposit Insurance Agency Group of Companies. Chairman of the National Financial Council of the Central Bank of the Russian Federation. Manager of Russia at the International Monetary Fund, International Bank for Reconstruction and Development, Multilateral Investment Guarantee Agency, and New Development Bank BRICS. Plenipotentiary of Russia in the Eurasian Development Bank. Member of the Russian Presidential Economic Council.



Dmitry Tulin

**Member of the Supervisory Board,
Nonexecutive director**

Date of birth: March 26, 1956

Place of birth: Moscow

Citizenship: Russian Federation

Year(s) of election to the Supervisory
Board: 1997–1998, 2012–2016

Membership in Committees: member of
the Audit Committee.

Work experience:

2006–2012 – a partner of Deloitte & Touche CIS. From 2012 to date – Associate Professor of the Finance, Credit, and Insurance Department at the Russian Academy of Entrepreneurship. From January 2015 to date – the First Deputy Governor of the Central Bank of the Russian Federation.

Education:

1978 – Moscow Financial Institute with a specialization in International Economic Relations

1985 – Candidate of Sciences in Economics.

List of other nonexecutive professional obligations:

Member of the Board of Directors of the Central Bank of the Russian Federation.



Nadya Wells

**Member of the Supervisory Board,
Independent Director**

Date of birth: December 24, 1970

Place of birth: London, United Kingdom

Citizenship: Great Britain

Year(s) of election to the Supervisory
Board: 2014–2016

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

Work experience:

2001 to 2014 held the offices of Vice President, Portfolio Manager, and Investment Analyst for Global Emerging Markets at Capital International SA. She is currently an 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

List of other nonexecutive professional obligations:

Member of the Board of Directors at Barings Emerging Europe Plc., East Capital Explorer AB.



Sergey Shvetsov

**Member of the Supervisory Board,
Nonexecutive director**

Date of birth: December 27, 1970

Place of birth: Moscow

Citizenship: Russian Federation

Year(s) of election to the Supervisory
Board: 2010–2016

Membership in Committees: Member of
the Strategic Planning Committee

Work experience:

2003–2011 – Director of the Financial Market Operations Department, Central Bank of the Russian Federation. 2011–2013 – Deputy Governor of the Central Bank of the Russian Federation. Since September 2013, holds the office of First Deputy Governor of the Central Bank of the Russian Federation.

Education:

1993 – Lomonosov Moscow State University with a specialization in Economic Cybernetics.

List of other nonexecutive professional obligations:

Member of the Board of Directors of the Central Bank of the Russian Federation.
Chairman of the Supervisory Board of Russian National Reinsurance Company JSC.

Information about the ownership of Sberbank shares by members of the Supervisory Board

	Share in the authorized capital, %	Percentage of ordinary shares, %	Information on transactions with Bank shares of Sberbank in 2016
Sergey Ignatiev	—	—	No transactions settled
Georgy Luntovskiy	—	—	No transactions settled
Alexey Kudrin	—	—	No transactions settled
Esko Tapani Aho	—	—	No transactions settled
Martin Grant Gilman	0,00018	0,00019	No transactions settled
Herman Gref	0,0031	0,003	No transactions settled
Nadezhda Ivanova	—	—	No transactions settled
Vladimir Mau	—	—	No transactions settled
Gennady Melikyan	0,0001	0,0001	No transactions settled
Alessandro Profumo	—	—	No transactions settled
Anton Siluanov	—	—	No transactions settled
Dmitry Tulin	—	—	No transactions settled
Nadya Wells	—	—	No transactions settled
Sergey Shvetsov	—	—	No transactions settled
Cumulative percentage of Sberbank shares owned by members of the Supervisory Board	0,0034	0,0033	

Information on the status of members of the Supervisory Board (reflecting changes that took place in 2016)

Independent status confirmed (INED)	Chairman of the Supervisory Board Deputy Chairman of the Supervisory Board	Members of the Audit Committee	Members of the HR and Remunerations Committee	Members of the Strategic Planning Committee	Members of the Risk Management Committee
S.Ignatiev	Chairman of the Supervisory Board				
G.Luntovskiy	Deputy Chairman of the Supervisory Board		Chairman of the Committee		
A.Kudrin	Deputy Chairman of the Supervisory Board			Chairman of the Committee	
N. Ivanova					
A. Siluanov					
D. Tulin			member of the Committee ending on May 26, 2016		
S. Shvetsov					
H.Gref					
M.Gilman	INED				
V. Mau	INED	Chairman of the Committee			
G. Melikyan	INED		member of the Committee starting from May 27, 2016		Chairman of the Committee
A. Profumo	INED	member of the Committee starting from May 27, 2016			
S. Sinelnikov-Murylev ¹	INED ¹	member of the Committee ending on May 26, 2016	member of the Committee ending on May 26, 2016		member of the Committee ending on May 26, 2016
N. Wells	INED				
E. T. Aho ²	INED ²		member of the Committee starting from May 27, 2016	member of the Committee starting from May 27, 2016	

¹Was a member of the Supervisory Board ending on May 26, 2016, inclusive.

²Became a member of the Supervisory Board starting on May 27, 2016 (after election at the Annual General Shareholders' Meeting).

Information on the participation of members of the Supervisory Board at the Board meetings and Committees meetings in presentia in 2016

	The number of attended Supervisory Board meetings in presentia (out of 9 meetings held)	The number of attended Audit Committees meetings in presentia (out of 6 meetings held)	The number of attended HR and Remunerations Committees meetings in presentia (out of 8 meetings held)	The number of attended Strategic Planning Committee meetings in presentia (out of 4 meetings held)	The number of attended Risk Management Committee meetings in presentia (out of 6 meetings held)
S. Ignatiev	9				
G. Luntovskiy	8		8		
A. Kudrin	9			4	
N. Ivanova	8	6			6
A.Siluanov	6				
D. Tulin	6	6	4		
S. Shvetsov	9			4	
H.Gref	9			4	
M.Gilman	9			3	3
V. Mau	9	6	8		
G. Melikyan	9		4	4	6
A. Profumo	9	2		3	5
S. Sinelnikov-Murylev ³	4	2	4		2
N. Wells	9	5		4	5
E. T. Aho ⁴	5			3	3

³Was a member of the Supervisory Board ending on May 26, 2016, inclusive.

⁴Became a member of the Supervisory Board starting on May 27, 2016 (after election at the Annual General Shareholders' Meeting).

Meetings of the Supervisory Board

Year	Total number of meetings held	In presentia	In absentia	Issues addressed
2016	60	9	51	over 120
2015	67	7	60	143

Principal issues addressed by the Supervisory Board in 2016

Business strategy and top priority areas of development

- | | |
|---|--|
| In part of Sberbank's development strategy and determining the top priority areas of activity | On the progress of Sberbank's Development Strategy for 2014–2018.
On Sberbank's areas of development through 2025.
On the development of international activities in Sberbank.
On progress in implementing corporate and investment business development projects.
On the credit financing of small and medium businesses.
On the status of the technological transformation in Sberbank (implementation of the «18+» and «Unified Front-End System» programs). |
|---|--|

Corporate Governance

As regards preparation for the Annual General Shareholders' Meeting and interactions with shareholders	<p>Review of proposals received from Sberbank shareholders on the nomination of candidates to the Supervisory Board and the Audit Commission for election at the Annual General Shareholders' Meeting at the end of 2015.</p> <p>Holding of the Annual General Meeting of Sberbank Shareholders at the end of 2015.</p> <p>Preliminary approval of the Bank's annual report for 2015.</p> <p>Profit distribution and recommendations for the amount of dividends paid in 2015; fixing the date upon which the persons entitled to receive dividends are determined.</p> <p>Preliminary review of issues submitted for approval at the General Meeting Sberbank Shareholders.</p> <p>Approval of the form and text of voting ballots for the Annual General Meeting of Sberbank Shareholders at the end of 2015.</p> <p>Establishing the list of information (materials) provided for review to persons entitled to participate in the Annual General Meeting of Sberbank Shareholders at the end of 2015.</p> <p>Review of intermediate reports on interactions with Sberbank minority shareholders.</p>
As regards the practice of Supervisory Board operations	<p>Election of the Chairman of the Supervisory Board.</p> <p>Election of the Deputies to the Chairman of the Supervisory Board.</p> <p>Election of the Senior Independent Director.</p> <p>Election of the members of the Supervisory Board Committees.</p> <p>Review of the preliminary work plan of the Supervisory Board for 2016–2017; approval of the Work Plan of the Supervisory Board.</p> <p>Assessment of Supervisory Board member independence.</p> <p>Review of the results of independent performance efficiency assessments for the Supervisory Board and its Committees as of the end of 2015.</p> <p>Approval of the Plan for the implementation of recommendations following the results of independent performance efficiency assessments of the Supervisory Board and its Committees.</p> <p>On the Corporate Governance System of Sberbank (report for the Supervisory Board).</p>
As regards improvements in corporate governance practices	<p>Approval of the Regulation on Major Transactions and Interested Party Transactions.</p> <p>Approval of the Sberbank Information Policy.</p>
Control, reporting, risks, audit, compliance	
As regards control and audit	<p>Upon the results of audits conducted by Sberbank Internal Audit Service in 2015, the first half of 2016, and 9 months of 2016.</p> <p>Approval of the Audit Plan by the Internal Audit Service for 2017.</p> <p>Review of the additional agreement with audit company Ernst & Young LLC for audit of interim RAS accounting (financial) statements of Sberbank for 3 months of 2016.</p> <p>Approval of the new version of the Provision on Sberbank Internal Audit Service.</p> <p>Review of the report on compliance with the legal requirements on countering the misuse of insider information and market manipulation in Sberbank (on a quarterly basis).</p> <p>Review of the report on the performance of an inspector of a professional participant of the securities market of Sberbank (on a quarterly basis).</p> <p>Review of the report on compliance with the legal requirements for the internal control of a professional participant of the securities market.</p>
In part of statements	<p>Results of Sberbank Group for 2015 according to IFRS.</p> <p>Preliminary review of the Annual Accounting (Financial) Statements of Sberbank for 2015.</p> <p>Review of Sberbank results for H1 2016 and financial results for 8 months of 2016.</p> <p>Review of Sberbank results for 9 months of 2016 and financial results for 10 months of 2016.</p>

In part of risk management	<p>On risk management in Sberbank.</p> <p>Upon compliance with the Risk Appetite of Sberbank and Sberbank Group.</p> <p>On the procedure for risk registration for the purpose of adjusting the remuneration of Sberbank employees.</p> <p>On the level of compliance system development, implemented and projected measures to manage compliance risks.</p> <p>Approval of plans to manage liquidity and capital adequacy in crisis situations.</p> <p>Upon the structural transformation of Treasury functions, ALM risk management, and the role of the Sberbank Assets and Liabilities Management Committee.</p> <p>Review of the report on the results of compliance with Sberbank's internal capital adequacy assessment procedures in 2015.</p>
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Information technologies, cybersecurity

In the area of information technologies development and cybersecurity assurance	<p>On the status and development prospects of information technologies in Sberbank.</p> <p>On the status and development prospects of cybersecurity issues in Sberbank.</p> <p>Upon the status of technological transformation in Sberbank.</p> <p>On the innovative activity of Sberbank related to the Technology Unit.</p>
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Appointment and termination of authority for members of the Executive Board

Executive bodies of Sberbank	<p>Introduction of changes to Sberbank's Executive Board membership.</p> <p>Approval of participation of the members of the Executive Board in the control bodies of other legal entities.</p> <p>Issues in the development of an effective remuneration system for the members of the Supervisory Board, executive bodies of Sberbank, and other key managerial officials.</p>
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Supervisory Board Committees

Audit Committee

For the purposes of preliminary review of issues related to financial and economic activity control, the Audit Committee is established within the structure of the Supervisory Board.

The main objectives of the Audit Committee are to increase the effectiveness of internal control, risk management, and corporate governance systems, ensure the performance of management and control functions of the Supervisory Board regarding the functioning of these systems, and control over the reliability of accounting (financial) statements and activities of the external auditor and Internal Audit Service.

Members of the Committee and attendance rates

The majority of Audit Committee members are independent nonexecutive directors. The Chairman of the Audit Committee is an independent director.

In 2016, only one change took place in Committee membership: independent member of the Supervisory Board S. G. Sinelnikov-Murylev withdrew his membership from the Supervisory Board and the Committee (was not elected at the Annual General Shareholders' Meeting that took place on May 27, 2016), and independent member of the Supervisory Board A. Profumo was introduced into the Committee.

Membership of the Audit Committee January 01, 2016 ending on May 26, 2016	Information on the attendance rate of Audit Committee meetings (held in total: 3 meetings in presentia)	Membership of the Audit Committee May 27, 2016, ending on December 31, 2016	Information on the attendance rate of Audit Committee meetings (held in total: 2 meetings in presentia and 1 meeting in absentia)
V. Mau (Chairman, Independent Director)	3	V. Mau (Chairman, Independent Director)	3
N. Wells (Independent Director)	3	N. Wells (Independent Director)	2
N. Ivanova	3	N. Ivanova	3
S. Sinelnikov-Murylev (Independent director)	2	A. Profumo (Independent Director)	2
D. Tulin	3	D. Tulin	3

Audit Committee activity in 2016

In 2016, 6 meetings of the Audit Committee were held, of which 5 were in presentia, and 1, in absentia. The agendas of Committee meetings were formed in accordance with the Committee Work Plan.

In 2016, the Audit Committee reviewed the following issues within the scope of its competencies:

- The results of audits conducted by Sberbank Internal Audit Service in 2015, the first half of 2016, and for 9 months of 2016.
- Audit Report on the Annual Accounting (Financial) Statements of Sberbank for 2015.
- Audit Commission opinion following the audit of Sberbank's financial and economic activity in 2015.
- Candidate of Sberbank's auditor for 2016 and the first quarter of 2017.

- The additional agreements with audit company Ernst & Young LLC for audit of interim RAS Accounting (Financial) Statements of Sberbank for 3 months of 2016.
- Information on the audit results of audit company Ernst & Young LLC in the first quarter of 2016 and recommendations following the 2015 audit results.
- Approval of the Audit Plan by the Internal Audit Service for 2017.
- Approval of the Audit Committee Work Plan for 2016–2017.

Interaction with the Audit Commission

To review the issue on the results of the audit of Sberbank's financial and economic activity, the Chairman of the Audit Commission is invited to participate in the meeting of the Audit Committee. The participation of the Audit Commission representative at the meeting of the Audit Committee will make it possible to discuss in a constructive and meaningful way the audit opinion and to hear the opinion on the conformance of Sberbank's financial and economic performance on the actual state of affairs. In 2016, the Chairman of the Audit Commission took part in one meeting of the Audit Committee.

HR and Remunerations Committee

To establish an effective system of remunerations and plan for the continuity and formation of professional membership of the Supervisory Board, executive bodies, and other key managerial officials of Sberbank, the HR and Remunerations Committee is established within the structure of the Supervisory Board.

The main objectives of the HR and Remunerations Committee are to strengthen the staff and increase the effectiveness of the Supervisory Board, prepare proposals on the development of an effective remuneration system for Supervisory Board members, Sberbank's executive bodies, and other key managerial officials of Sberbank.

Members of the Committee and attendance rates

The majority of HR and Remunerations Committee members are independent directors. The Chairman of the HR and Remunerations Committee is a nonexecutive director.

In 2016, two changes took place in Committee membership:

- Independent member of the Supervisory Board S. G. Sinelnikov-Murylev withdrew his membership on the Supervisory Board and the Committee (was not elected at the Annual General Shareholders' Meeting that took place on May 27, 2016), and the independent member of the Supervisory Board (Senior Independent Director) G. Melikyan was introduced into the Committee.
- Nonexecutive director, member of the Supervisory Board D. Tulin ceased to participate in the Committee's operations.

Membership of the HR and Remunerations Committee January 01, 2016 ending on May 26, 2016	Information on the attendance rate of the HR and Remunerations Committee meetings (held in total: 4 meetings in presentia)	Membership of the HR and Remunerations Committee May 27, 2016, ending on December 31, 2016	Information on the attendance rate of the HR and Remunerations Committee meetings (held in total: 4 meetings in presentia)
G. Luntovskiy (Chairman, nonexecutive director)	4	G. Luntovskiy (Chairman, nonexecutive director)	4
V.Mau (Independent Director)	4	V.Mau (Independent Director)	4
S. Sinelnikov-Murylev (Independent director)	4	G.Melikyan (Independent Director)	4
D. Tulin	4		

HR and Remunerations Committee activities in 2016

In 2016, 8 meetings of the HR and Remunerations Committee were held in presentia. The agendas of Committee meetings were formed in accordance with the Committee Work Plan.

In 2016, the HR and Remunerations Committee reviewed the following issues within the scope of its competencies:

- Planning for the continuity of membership of the Supervisory Board and the executive bodies of Sberbank
- Development of an effective remuneration system for members of the Supervisory Board, executive bodies of Sberbank, and other key managerial officials
- Assessment of Supervisory Board member independence
- Review of the results of the independent performance efficiency assessment of the Supervisory Board and its Committees as of the end of 2015
- Approval of the Plan for the implementation of recommendations following the results of independent performance efficiency assessments of the Supervisory Board and its Committees
- Procedural issues of HR and Remunerations Committee activities

Strategic Planning Committee

To prepare and offer recommendations to the Supervisory Board on issues of Sberbank's strategic planning, the Strategic Planning Committee is established in the structure of the Supervisory Board.

The main objectives of the Strategic Planning Committee are to make a preliminary analysis of the issues determining Sberbank's strategic objectives, control Sberbank's Development Strategy implementation, and work out recommendations to the Supervisory Board regarding its correction and the assessment of Sberbank's performance in the long-term.

Members of the Committee and attendance rates

The majority of Strategic Planning Committee members are independent nonexecutive directors. The Chairman of the Strategic Planning Committee is a nonexecutive director.

In 2016, only one change took place in Committee membership: The independent member of the Supervisory Board E. T. Aho was introduced into the Committee.

Membership of the Strategic Planning Committee January 01, 2016 ending on May 26, 2016	Information on the attendance rate of Strategic Planning Committee meetings (held in total: 1 meeting in presentia)	Membership of the Strategic Planning Committee May 27, 2016, ending on December 31, 2016	Information on the attendance rate of Strategic Planning Committee meetings (held in total: 3 meetings in presentia)
A. Kudrin (Chairman, Nonexecutive Director)	1	A. Kudrin (Chairman, Nonexecutive Director)	3
H. Gref	1	H. Gref	3
S. Shvetsov	1	S. Shvetsov	3
M. G. Gilman (Independent Director)	0	M. G. Gilman (Independent Director)	3
G. Melikyan (Independent Director)	1	G. Melikyan (Independent Director)	3
A. Profumo (Independent Director)	0	A. Profumo (Independent Director)	3
N. Wells (Independent Director)	1	N. Wells (Independent Director)	3
		E. T. Aho (Independent Director)	3

Strategic Planning Committee activities in 2016

In 2016, 4 meetings of the Strategic Planning Committee were held in presentia. The agendas of Committee meetings were formed in accordance with the Committee Work Plan. In 2016, the Strategic Planning Committee reviewed the following issues within the scope of its competencies:

- On the structure and expected results of the implementation of Sberbank's programs and projects portfolio
- On the status and development prospects of cybersecurity issues in Sberbank
- On the results of Sberbank client questioning as regards their satisfaction with the quality of service in retail ISUs (Internal Structural Unit)
- On the status of the technological transformation in Sberbank (implementation of the «18+» and «Unified Front-End System» programs)
- On Sberbank's employee number optimization plans
- On the progress of the Sberbank Development Strategy for 2014–2018
- On Sberbank areas of development through 2025
- On the development of international activities
- On the innovative activity of Sberbank related to the Technology Unit
- The Strategic Planning Committee Operational Plan for 2016–2017 was approved

Risk Management Committee

For the purposes of preparing and offering recommendations to the Supervisory Board on issues of risk management, the Supervisory Board includes a Risk Management Committee.

The main objectives of the Risk Management Committee are to make preliminary reviews of Sberbank and Group's risk management strategy, risk appetite as well as monitor the implementation of risk management strategies and risk appetite compliance

Members of the Committee and attendance rates

The majority of Risk Management Committee members are independent nonexecutive directors. The Chairman of the Risk Management Committee is an independent director.

In 2016, only one change took place in Committee membership: Independent member of the Supervisory Board S. G. Sinelnikov-Murylev withdrew his membership from the Supervisory Board and Committee (was not elected at the Annual General Shareholders' Meeting that took place on May 27, 2016), and the independent member of the Supervisory Board E. T. Aho was introduced into the Committee.

Members of the Risk Management Committee For the period starting on January 01, 2016 ending on May 26, 2016	Information on the attendance rate of Risk Management Committee meetings (held in total: 2 meetings in presentia)	Members of the Risk Management Committee For a period starting on May 27, 2016, ending on December 31, 2016	Information on the attendance rate of Risk Management Committee meetings (held in total: 2 meetings in presentia and 2 meetings in absentia)
G. Melikyan (Chairman, Independent Director)	2	G. Melikyan (Chairman, Independent Director)	4
N. Ivanova	2	N. Ivanova	4
M. Gilman (Independent Director)	1	M. G. Gilman (Independent Director)	2
A. Profumo (Independent Director)	1	A. Profumo (Independent Director)	4
N. Wells (Independent Director)	2	N. Wells (Independent Director)	3
S. Sinelnikov-Murylev (independent director)	2	E. T. Aho (Independent Director)	3

Risk Management Committee activities in 2016

In 2016, 6 meetings of the Risk Management Committee were held, of which 4 were in presentia, and 2, in absentia. The agendas of Committee meetings were formed in accordance with the Committee Work Plan. In 2016, the Risk Management Committee reviewed the following issues within the scope of its competencies:

- On risk management in Sberbank
- On market risk management
- On liquidity and ALM risk management
- On the approval of plans for liquidity and capital adequacy management in crisis situations
- On compliance with the Risk Appetite of Sberbank and Sberbank Group in H1 2016
- On compliance with the requirements of Bank of Russia toward the risk and capital management system of the credit organization and bank group

- On the structural transformation of Treasury functions and the role of the Sberbank Asset and Liability Management Committee
- On the level of compliance system development, implemented and projected measures to manage compliance risks
- On the results of the assessment of economic capital, stress-testing, and updating of the Risk Appetite of Sberbank Group
- Report on the main types of risk for 2015.
- Report on the internal procedures for Sberbank capital adequacy assessment for 2015.
- Report on the main types of risk for H1 2016.
- Approval of the Risk Management Committee Operational Plan for 2016–2017.

Corporate Secretary

For the purposes of Sberbank's compliance with the requirements of the current legislation, the Charter, and the internal documents of Sberbank guaranteeing the exercise of shareholder rights and legitimate interests, the Corporate Secretary is appointed following the decision of the Supervisory Board.

The main functions of the Corporate Secretary are as follows:

- Participation in the preparation and holding of General Shareholders' Meetings
- Support of the operations of the Supervisory Board and its Committees
- Participation in the implementation of policies on information disclosure, support in storing Sberbank's corporate documents, providing documents and information about Sberbank upon shareholder request
- Interaction with shareholders on issues of compliance with Sberbank's corporate procedures to protect shareholder rights and legitimate interests as well as participation in the prevention of corporate conflicts
- Control over compliance with the requirements of RF legislation, the Charter, and internal documents of Sberbank in part related to performing the functions of the Corporate Secretary, control over ensuring shareholder rights and legitimate interests when decisions are made by the control bodies and when implementing corporate procedures
- Improvement of Sberbank's corporate governance system and practices
- Compliance with the requirements set forth by the rules of security listing and circulation on Russian stock exchanges

In their activities, the Corporate Secretary is accountable to and controlled by the Supervisory Board and is administratively subordinate to the CEO, Chairman of the Executive Board of Sberbank. The activity of the Corporate Secretary is governed by the Regulation on the Corporate Secretary approved by the Supervisory Board of Sberbank.

» The Regulation on the Corporate Secretary is published on Sberbank's corporate website: www.sberbank.com/investor-relations/disclosure/regulative-documents

**Oleg Tsvetkov****Corporate Secretary**

Date of birth: December 1, 1973

Place of birth: Sokol, Vologda Region

Citizenship: Russian Federation

Year of appointment: 2014

Work experience:

2006–2014 he held the office of corporate secretary at Severstal OJSC, and, inter alia, from 2011 to 2014 he served as Head of the Department of Corporate Relations at Severstal OJSC. Starting in January 2014 – Head of the Corporate Secretary Service, Sberbank. September 12, 2014, appointed to the position of Corporate Secretary of Sberbank.

Education:

2000 – Moscow State Law Academy, Legal Studies Department

2002 – Candidate of Sciences in Philology (English language)

2008 – The Business School of the University of Northumbria (UK), MBA.

List of other nonexecutive professional obligations:

Chairman of the Board of the Russian National Association of Corporate Secretaries

Executive Bodies

The Executive Board and CEO, Chairman of the Executive Board of Sberbank

The Executive Board of Sberbank is a collective executive control body headed by the CEO, Chairman of the Executive Board, who is responsible for the general management of Sberbank's current activities. At least once every year, the Executive Board provides to the Supervisory Board a report on the progress of the implementation of Sberbank's strategy and the execution of Supervisory Board and General Shareholders' Meeting decisions and on a quarterly basis provides a report on Sberbank's financial and economic performance and the level of risks assumed by Sberbank. Executive Board members are appointed to and dismissed from office pursuant to the decision of the Supervisory Board.

The CEO, Chairman of the Executive Board of Sberbank heads the Executive Board and manages its activities, manages the operations of Sberbank, ensures the implementation of the decisions of the Supervisory Board and General Shareholders' Meetings, organizes the work of the Executive Board, distributes duties among the members of the Executive Board, and presides over the meetings of the Executive Board. The CEO, Chairman of the Executive Board is elected at the General Shareholders' Meeting for 4 years.

The CEO, Chairman of the Executive Board is responsible for organizing the preparation system, reliability of Sberbank's accounting (financial) statements, timely disclosure of information and providing its shareholders, Sberbank's clients, and other stakeholders with information about Sberbank's activities.

Members of the Executive Board

Members of the Executive Board of Sberbank as of December 31, 2016

1	Herman Gref	CEO, 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 Chairman of the Executive Board
6	Stanislav Kuznetsov	Deputy Chairman of the Executive Board
7	Vadim Kulik	Deputy Chairman of the Executive Board
8	Alexander Morozov	Deputy Chairman of the Executive Board
9	Svetlana Sagaydak	Deputy Chairman of the Executive Board
10	Alexander Torbakarov	Deputy Chairman of the Executive Board
11	Yuliya Chupina	Deputy Chairman of the Executive Board
12	Alexander Bazarov	Senior Vice President

Changes to Executive Board membership:

From January 1 to December 31, 2016, the following changes took place in Sberbank's Executive Board membership:

- In accordance with the resolution of the Supervisory Board dated February 29, 2016, Sergey Nikolayevich Gorkov, Deputy Chairman of the Executive Board, was removed from the Executive Board, and his authorities were terminated.
- In accordance with the resolution of the Supervisory Board dated February 29, 2016, Nikolay Viktorovich Tsekhomskiy, Senior Vice President, Director of the Finance Department, was removed from the Executive Board, and his authorities were terminated.
- Following the decision passed by the Supervisory Board on February 29, 2016, Svetlana Alekseyevna Sagaydak, who earlier held the position of Senior Vice President of Sberbank, was made a member of the Executive Board starting from April 11, 2016, as Deputy Chairman of the Executive Board.
- Following the decision passed by the Supervisory Board on June 28, 2016, Yuliya Germanovna Chupina, who earlier held the position of Senior Vice President of Sberbank, was made a member of the Executive Board starting from July 29, 2016, as Deputy Chairman of the Executive Board.

From January 1 to March 31, 2017, the following changes took place in Sberbank's Executive Board membership:

- Following the decision passed by the Supervisory Board on February 14, 2017, Deputy Chairman of the Executive Board Vadim Valeryevich Kulik was removed from the Executive Board, and his powers were terminated on February 15, 2017.
- Following the decision passed by the Supervisory Board on February 14, 2017, Deputy Chairman of the Executive Board Svetlana Alekseyevna Sagaydak was removed from the Executive Board, and her powers were terminated on March 1, 2017.

Brief biographical data on Executive Board members

Below can be found short biographical data on the members of the Executive Board as of December 31, 2016.¹



Herman Gref

CEO, Chairman of the Executive Board, Member of the Supervisory Board

Date of birth: February 8, 1964

Place of birth: Panfilovo, Irtysh District, Pavlodar Region, Kazakh SSR

Citizenship: Russian Federation

Year membership on the Executive Board was attained: 2007.

Work experience:

From November 2007 till present, CEO, Chairman of the Executive Board of Sberbank. In 2000–2007 – Minister of Economic Development and Trade of Russia.

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.

List of other nonexecutive professional obligations:

Member of the Board of Directors at Yandex N.V. Member of the Supervisory Boards at the Autonomous Nonprofit Organization Center for Expert Reviews on Issues of World Trade Organization, National Research University Higher School of Economics, the Autonomous Nonprofit Organization Agency of Strategic Initiatives to Promote New Projects. Chairman of the Board of Directors at DenizBank A.Ş. (Turkey).



Maksim Poletaev

First Deputy Chairman of the Executive Board

Date of birth: April 6, 1971

Place of birth: Yaroslavl

Citizenship: Russian Federation

Year membership on the Executive Board was attained: 2013.

Work experience:

October 2009 to June 2013 – Vice President – Chairman of the Moscow Bank of Sberbank. In June 2013 appointed First Deputy Chairman of the Executive Board of Sberbank. He supervises and coordinates the work of the Regional Development Unit, the Retail Business Unit, the Corporate Business Unit, and the CIB Unit.

Education:

1993 – graduated from Yaroslavl State University with a degree in Accounting, Management, and Analysis of Business Activities.

List of other nonexecutive professional obligations:

Chairman of the Board of Directors at Sberbank Capital LLC, Sberbank Real Estate Center LLC, Russian Auction House JSC. Chairman of the Supervisory Board at Sberbank Asset Management JSC.

¹Information on the professional activities of Executive Board members is provided for the previous five years

**Lev Khasis****First Deputy Chairman of the Executive Board**

Date of birth: June 5, 1966

Place of birth: Kuybyshev (now Samara)

Citizenship: Russian Federation

Year membership on the Executive Board was attained: 2013.

Work experience:

May 2010 to June 2011, held the office of Chief Executive Officer at Trading House PEREKRESTOK JSC. October 2011 to August 2013 – Senior Vice President, Wal-Mart Stores Inc. In September 2013, appointed as First Deputy Chairman of the Executive Board at Sberbank. Supervises and coordinates work of the Information Technologies Unit, the Operations Unit, the Administrative Unit, the Digital Business Development Directorate, the Promising Lines of Business Center, and a number of other areas of Sberbank

Education:

1989 – Korolev Kuibyshev Aviation Institute of the Order of the Red Banner of Labor (Aircraft Engineering)

1995 – Institute of Continued Education and Advanced Training for Financial and Banking Specialties at the Finance Academy under the Government of Russia (Banking)

2001 – Saint Petersburg University of the Ministry of Internal Affairs of Russia (Law)

2007 – Institute for Systems Analysis in the Russian Academy of Sciences, Doctor of Economics

List of other nonexecutive professional obligations:

Member of the Board of Directors at Sberbank – Automated Bidding System CJSC. Deputy Chairman of the Board of Directors at Jet.com.Inc. Chairman of the Supervisory Board at SBERBANK (Ukraine).

**Oleg Ganeev****Deputy Chairman of the Executive Board**

Date of birth: October 5, 1972

Place of birth: Ufa, Republic of Bashkortostan

Citizenship: Russian Federation

Year membership on the Executive Board was attained: 2014.

Work experience:

October 2008 to January 2011, Head of the Office, then Deputy Chairman of the Executive Board of Rus-Bank PJSC. February 2011 to September 2012 – Manager at Sberbank Bashkir Branch No. 8598. September 2012 to November 2014 – Vice President, Senior Vice President of Sberbank. In November 2014, appointed First Deputy Chairman of the Executive Board. Currently holds the position of Head of the CIB Unit.

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

List of other nonexecutive professional obligations:

None

**Bella Zlatkis****Deputy Chairman of the Executive Board**

Date of birth: July 5, 1948

Place of birth: Moscow

Citizenship: Russian Federation

Year membership on the Executive Board was attained: 2004.

Work experience:

From 2004 to date – Deputy Chairman of the Executive Board of Sberbank. Supervises and coordinates the work of the GR, Legal Issues, Compliance and Subsidiaries Unit, and the Internal Audit Directorate.

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

List of other nonexecutive professional obligations:

Chairman of the Supervisory Board of National Settlement Depository Nonbank Lending Institution (CJSC). Chairman of the Supervisory Board of Moscow Exchange PJSC.

**Stanislav Kuznetsov****Deputy Chairman of the Executive Board**

Date of birth: July 25, 1962

Place of birth: Leipzig (GDR)

Citizenship: Russian Federation

Year membership on the Executive Board was attained: 2008.

Work experience:

January 2008 to October 2010 – Senior Vice President of Sberbank. In October 2010, appointed Deputy Chairman of the Executive Board. Supervises the work of the Administrative Unit, the Administrative Support Center, and the Moscow Regional Directorate of the Cashflow Management Center. Coordinates the work of Sberbank's security subdivisions.

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

List of other nonexecutive professional obligations:

Chairman of the Board of Directors at Rublevo-Archangelskoye JSC, Secure information zone LLC. Member of the Board of Directors at Sberbank – Automated System for Trading CJSC.

**Vadim Kulik**

Deputy Chairman of the Executive Board

Date of birth: August 14, 1972

Place of birth: Nalchik, Kabardino-Balkar ASSR

Citizenship: Russian Federation

Year membership on the Executive Board was attained: 2013.

Work experience:

February 2010 to May 2013 held the offices of Director of the Risks Department, Vice President, and Director of the Risks Department, Senior Vice President of Sberbank. May 2013 to February 2017 – Deputy Chairman of the Executive Board. Supervises and coordinates the Information Technologies Unit, the Risks Unit, the IT Support Center, and a number of other departments.

Education:

1995 – Mendeleyev Russian Chemical and Technological University with a specialization in the Chemical Technology of Materials in Modern Power Engineering.

List of other nonexecutive professional obligations:

Chairman of the Board of Directors at Sberbank Technologies JSC. Member of the Board of Directors at DenizBank A.Ş. (Turkey). Deputy Chairman of the Board of Directors at Sberbank Leasing JSC.

**Alexander Morozov**

Deputy Chairman of the Executive Board

Date of birth: March 9, 1969

Place of birth: Moscow

Citizenship: Russian Federation

Year membership on the Executive Board was attained: 2008.

Work experience:

2009–2012 – Vice President – Director of the Finance Department of Sberbank. Since January 2013 – Deputy Chairman of the Executive Board. Supervises and coordinates the Finance Unit.

Education:

1995 – Lomonosov Moscow State University (Economic Theory)

2004 – Harvard Business School, MBA Program.

List of other nonexecutive professional obligations:

Member of the Board of Directors at Seteleml Bank LLC, Denizbank Anonim Şirketi (Turkey), Sberbank (Switzerland) AG, Sberbank PPF. Member of the Supervisory Board at Sberbank Europe AG.

Member of the Supervisory Board at Sberbank (Ukraine).

**Svetlana Sagaydak**

Deputy Chairman of the Executive Board

Date of birth: May 3, 1968

Place of birth: Dresden (GDR)

Citizenship: Russian Federation

Year membership on the Executive Board was attained: 2016.

Work experience:

2011–2016 – Vice President – Director of Problem Assets Directorate, Senior Vice President of Corporate Business Unit.

April 2016 to March 2017 – Member of the Executive Board, Deputy Chairman of the Executive Board of Sberbank. Worked as Head of the International Block.

Education:

1992 – Lomonosov Moscow State University With a specialization in Political Economy.

2000 – Lomonosov Moscow State University with a specialization in the Science of Law

2007 – Candidate of Economic Sciences;

2011 – Kingston University (United Kingdom), MBA Program

List of other nonexecutive professional obligations:

Member of the Board of Directors at DenizBank A.Ş. (Turkey), member of the Supervisory Board at DENİZBANK A. Ş., Deputy Chairman of the Board of Directors at BPS-Sberbank OJSC (Belarus), Sberbank Europe AG, Sberbank (Ukraine).

**Aleksander Torbakhov**

Deputy Chairman of the Executive Board

Date of birth: August 22, 1971

Place of birth: Moscow

Citizenship: Russian Federation

Year membership on the Executive Board was attained: 2010.

Work experience:

October 2010 to date – Deputy Chairman of the Executive Board of Sberbank. Supervises the work of the Retail Business Unit.

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 Program.

List of other nonexecutive professional obligations:

Chairman of the Boards of Directors at Setelem Bank LLC, Universal Electronic Card JSC, PS Yandex.Money LLC, Center of Loyalty Programs JSC. Deputy Chairman of the Board of Directors at Sberbank Real Estate Center LLC.

**Yuliya Chupina**

Deputy Chairman of the Executive Board

Date of birth: November 11, 1970

Place of birth: Moscow

Citizenship: Russian Federation

Year membership on the Executive Board was attained: 2016.

Work experience:

2006–2014 – Deputy CEO, Chairman of the Executive Board at Bank VTB OJSC. From September 2014 – Counsel to the CEO, Chairman of the Executive Board at Sberbank. In April 2015 appointed Senior Vice President of Sberbank. From July 2016 – member of the Executive Board, Deputy Chairman of the Executive Board at Sberbank. Head of the Strategy & Development and HR Units

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.

List of other nonexecutive professional obligations:

Member of the Board of Directors at SberTeh JSC.

**Alexander Bazarov**

Senior Vice President

Date of birth: August 5, 1962

Place of birth: Kiev, Ukrainian SSR

Citizenship: Ukraine

Year membership on the Executive Board was attained: 2008.

Work experience:

May 2009 to December 2012 – Vice President – Director of the Major Customer Relations Department of Sberbank. January 2013 till present – Senior Vice President. Comanager of the CIB Unit.

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.

List of other nonexecutive professional obligations:

Member of the Supervisory Board at Sberbank (Ukraine).

Information on ownership of Sberbank shares by members of the Supervisory Board

	Share in the authorized capital, %	Percentage of ordinary shares, %	Information on the settlement of transactions with Sberbank shares in 2016
Herman Gref	0.0031	0.003	No transactions settled
Maxim Poletaev	0.0001	—	No transactions settled
Lev Khasis	0.0012	0.0013	No transactions settled
Oleg Ganeev	—	—	No transactions settled
Bella Zlatkis	0.0004	0.0005	No transactions settled
Stanislav Kuznetsov	—	—	No transactions settled
Vadim Kulik	—	—	No transactions settled
Alexander Morozov	0.0014	0.0009	No transactions settled
Svetlana Sagaydak	0.00003	0.00003	Settled transaction for the purchase of ordinary shares (June 15, 2016) Interest in share capital before transaction was settled – 0
Alexander Torbakhov	—	—	No transactions settled
Yuliya Chupina	—	—	No transactions settled
Alexander Bazarov	0.0022	0.0023	No transactions settled
Cumulative percentage of Bank shares owned by the members of the Executive Board	0.008	0.008	

Remuneration System

HR and Remunerations Committee

The main function of the HR and Remunerations Committee is the development of an effective remuneration system for the members of the Supervisory Board, executive bodies of Sberbank, and other key managerial officials. The following issues are within the scope of competencies of the HR and Remunerations Committee:

- Sberbank's policy related to the remuneration of members of the Supervisory Board, executive bodies, and other employees of Sberbank, including the Corporate Secretary
- Criteria and procedure for determining the size of remuneration for members of the Supervisory Board, executive bodies, and other employees of Sberbank, including the Corporate Secretary
- and determining the major conditions of contracts with members of the executive bodies of Sberbank
- The long-term remuneration program for members of the executive bodies of Sberbank
- Preliminary assessment of the operations of executive bodies and other employees of Sberbank, including the Corporate Secretary, following the year-end results

Remuneration for Members of the Supervisory Board

The payment of remuneration to the members of the Supervisory Board of Sberbank and the compensation of expenses connected with their contributions to the operations of the Supervisory Board shall be made according to the procedure established by the internal document of Sberbank, the Regulation on Remuneration and Compensation to Be Paid to the Members of the Supervisory Board (the "Regulation") approved by the Annual General Meeting of Sberbank Shareholders on May 31, 2013, subject to the changes approved by the Annual General Meeting of Sberbank Shareholders on May 27, 2016.

Remuneration consists of a base part, which is paid to a member of the Supervisory Board, provided that they participated in no less than half of the Supervisory Board meetings held in the billing period, and additional remuneration for work in the Committees, for chairing Committees, for the performance of the duties of senior independent director, and for chairing the Supervisory Board:

Type of remuneration	Before 2016	Starting in 2016
Base remuneration	RUB 4.2 mln	RUB 5.9 mln
Additional remuneration for the performance of the duties of a member of any of the Committees of the Supervisory Board	+10% of the base remuneration	+20% of the base remuneration
Additional remuneration for the performance of the duties of the Chair of any of the Committees of the Supervisory Board and the Senior Independent Director	+20% of the base remuneration	+30% of the basic remuneration
Additional remuneration for the performance of the duties of Chairman of the Supervisory Board	+30% of the basic remuneration	+50% of the basic remuneration

In calculating the remuneration for members of the Supervisory Board, the amounts of the base and additional remuneration established at the time of their election to the Supervisory Board shall apply

Remuneration for members of the Supervisory Board associated with their participation in this control body of Sberbank paid out in 2016, RUB mln¹

Base remuneration (8 persons)	33.6
Additional remuneration	8.0
Total	41.6

¹Remuneration shall be paid by Sberbank to the members of the Supervisory Board who express their written consent to receive remuneration.

The Regulation also provides for the possibility of compensation to members of the Supervisory Board of operating expenses related to the performance of their duties as Board members. In 2016, compensation of operating expenses associated with the performance of the functions of Board members was paid to one member of the Supervisory Board in the amount of RUB 38.6 thousand.

Remunerations for Executive Board Members

Sberbank's Policy for the remuneration of Executive Board members provides for the dependence of remuneration on Sberbank's performance and each Board member's personal contribution to the achievement of such performance, by using tools for regular performance evaluations through a system of balanced indicators. The salary structure includes fixed and variable components.

In 2015, Sberbank also adopted a long-term incentive program for key managerial staff based on the value of Sberbank shares, which provided for cash payments. The program was created based on the concept of risk-oriented remuneration and fully meets the requirements of Bank of Russia for remuneration payment systems in Russian credit institutions.

The main parameters of the program:

- A total of 40% of the variable part of annual remuneration is deferred and will be paid in the future in three annual payments.
- Payments to the program participants depend on the positive performance of Sberbank—if Sberbank's activities were unprofitable during any of the three years following the year when the program participants became entitled to such payments, they shall lose the right to said remuneration in the year when the loss was recorded.
- The program participant may be deprived of the right to receive remuneration in part or in full, for example, upon failure to comply with their official duties (including the breach of job duties), upon the dismissal of the employee for this reason, or as a result of a negative personal contribution to Sberbank's results

The remuneration system for members of the Executive Board

	Fixed remuneration	Variable remuneration	Remuneration in the long-term incentive program
Remuneration paid to the members of the Executive Board of Sberbank in 2016 (RAS), RUB bln	0.71	1.95	0.94 (the first part of deferred remuneration for 2015)
Total, RUB bln	3.59		
Objective	Attractive motivation package to attract and retain highly qualified managers	Aimed at meeting individual and group efficiency targets	A long-term incentive program designed to increase Sberbank performance
Description	Fixed remuneration includes salary, vacation compensation, business trip compensation. Established on the basis of professional experience, their role in Sberbank management, and the current remuneration level on the labor market.	Variable remuneration includes quarterly bonuses and remuneration following the year-end results. Directly connected with meeting the set of key efficiency targets: individual and group, financial and nonfinancial. Variable remuneration also includes remuneration to members of the Executive Board for the performance of the functions of Supervisory Board members (RUB 4.6 mln in 2016)	Deferred remuneration, which is paid in cash and cash equivalents within the following 3 years and reassessed at a fair value as per each reporting date on the basis of the average price of Sberbank's ordinary shares for the previous 6 months.
Payment terms	Quarterly	Quarterly/Yearly upon achievement of assigned KPIs	Yearly under the condition of Sberbank's positive performance

The amount of deferred remuneration paid to members of the Executive Board in 2016 equaled RUB 1.25 bln as part of the long-term remuneration program. Related liabilities are included in other financial liabilities of the consolidated financial standing report before making actual payments.

Control and Reporting

The internal control and risk management system

The Internal Control System comprises the system of bodies and areas of internal control that ensure compliance with the procedure for meeting and implementing objectives set forth by the laws of Russia and the incorporating and internal documents of Sberbank.

The Supervisory Board is responsible for defining the principles of and approaches to the organization of internal control and risk management systems of the Bank.

The creation and maintenance of effective functioning of internal control and risk management systems at the bank are provided by executive bodies, which are also responsible for implementing decisions by the Supervisory Board in these areas.

The internal control and risk management systems of Sberbank are built using the Three Lines of Defense model, where:



Internal control in Sberbank is performed by:

Control bodies of the Bank

Audit Commission

Chief accountant of The Bank

(his/her deputies)

Heads (their deputies) and Chief accountants (their deputies) of the Bank's branches

Other units and employees exercising internal control within the scope of authorities set forth by the Bank's internal documents.

Internal Audit Service

Internal Control Service

Structural unit (responsible official) for countering the (laundering) of criminal proceeds and financing of terrorism

Inspector of a professional participant of the securities market

Organization of the risk management process

The risk management system applied by Sberbank is based on standards and tools recommended by the Basel Committee on Banking Supervision and complies with the requirements of the world's best practices. The main objectives of the integrated risk management system as an integral part of Sberbank's management processes are the introduction of risk management standards, principles, limits, and restrictions, monitoring of the risk level and generation of risk reports, ensuring compliance of the level of assumed risks to fixed risk appetite limits, and the modeling and creation of a common risk profile.

» Distribution of authority in the risk management system, see Risk Management section, page 196

To ensure the effective planning and control of accepted risks, risk management functions are distributed among the Supervisory Board, the Chairman of the Board, the CEO, the Executive Board, the supervisor of the Risk Unit (Head of the Risk Management Service of Sberbank), specialized committees of the Executive Board, business units of the Risk Unit, and other business units of Sberbank and members of the Group.

Internal Audit Service

The Internal Audit Service is intended to support Sberbank's control bodies in achieving their objectives and ensure the efficiency and high performance of Sberbank's operations and operates in compliance with the principles of constant activity, independence, impartiality, fairness, objectivity, and professional competence. The Internal Audit Service is an independent structural unit that performs inspections of the entire system of internal control functioning; it is accountable to the Supervisory Board and is administratively subordinate to the CEO, Chairman of the Executive Board. The Head of the Internal Audit Service is appointed to and removed from office by the Supervisory Board.

In August 2016, OOO PricewaterhouseCoopers Advisory (PwC) conducted an external assessment of the Internal Audit Service of Sberbank for compliance with International Internal Audit Professional Standards. Main conclusions of external assessment: "The results of the analysis of internal audit performance make it possible to state that the activity of Sberbank Internal Audit Service is continuously improving. The strong points of the Bank's Internal Audit Service are the qualification level of its employees and the quality of its audit reports."

Sberbank shall take the necessary measures to ensure the independence and fairness of the Internal Audit Service and the seamless and efficient performance of the Internal Audit Service's functions.

The Internal Audit Service conducts audits in all areas of Sberbank's activities and monitors the effectiveness of the department and control body measures that reduce identified risks following audit results.

The Head of the Internal Audit Service provides the Supervisory Board with the Service's reports on the implementation of the Yearly Audit Plan as approved by the Supervisory Board and on the results of Sberbank audits for the respective periods.

**Oleg Chistyakov****Head of the Internal Audit Service**

Year of birth: October 22, 1964

Year of appointment: 2014.

Work experience:

2009 to present – Director of the Internal Control, Inspection, and Audit Administration of Sberbank. September 12, 2014, appointed as Head of the Internal Audit Service of Sberbank.

Education:

1986 – Sergio Ordzhonikidze Moscow Management Institute, Engineer-Economist

In its work, the Internal Audit Service uses the best internal audit practices, including the international fundamentals of the professional internal audit practice

Internal Control Service

To implement internal controls, assist the control bodies of Sberbank in ensuring the compliance of Sberbank's activities to the laws, regulations, and best practices, as well as to create and apply effective methods and mechanisms for managing the risk of losses incurred by Sberbank as a result of noncompliance with the laws of Russia, internal documents of Sberbank, standards of self-regulatory organizations and/or sanctions, and/or other enforcement measures on the part of supervisory authorities, Sberbank established its Internal Control Service to comprise the structural business units and employees of Sberbank acting in accordance with the Regulations on the Internal Control Service.

The Internal Control Service acts in accordance with the principles of independence, continuity, objectivity, impartiality, and professional competence.

The Internal Control Service is accountable to the Supervisory Board, CEO, Chairman of the Executive Board and Executive Board of Sberbank. At least once annually, the Internal Control Service provides reports on completed work to Sberbank's executive bodies and in certain cases to the Supervisory Board.

**Larisa Zalomikhina****Head of Internal Control Service:**

Year of birth: January 4, 1973

Year of appointment: 2014.

Work experience:

2004 to 2012 – President of Financial Broker Troika Dialog CJSC. December 2012 to present – Director of the Compliance Division. From September 2014 – Head of Sberbank's Internal Control Service.

Education:

1996 – Moscow Institute of Physics and Technology (MIPT) with a specialization in Applied Mathematics and Physics.



Aleksander Vedyakhin

Head of the Risk Management Service

Year of birth: February 20, 1977

Year of appointment: 2015.

Risk Management Service

For the purpose of managing risks, Sberbank established the Risk Management Service, which comprises the structural units and committees of Sberbank, the main functions of which include risk management. To avoid any conflicts of interest, Sberbank ensured the independence of business units responsible for risk management from business units engaged in operations/transactions exposed to risks

Work experience:

2008 to 2012 – the First Deputy Chairman of the Executive Board at Sberbank (Ukraine). December 2012 to July 2015 – Executive Director of the Risk Department, Managing Director of the Sberbank Risk Unit Administration. June 2015 till present – Senior Vice President.

Education:

1999 – Volgograd State Technical University with a specialization in World Economics

2001 – PhD in Economics

2010 – Russian Presidential Academy of the National Economy and Public Administration, «Banks» MBA Program

External Auditor

To check and verify the reliability of financial (accounting) statements compiled both under Russian and international standards, Sberbank employs an independent auditing organization.

Sberbank holds an annual open tender for selecting the auditing organization with the right to audit the Bank. Tender documentation for open tenders is approved by the tender commission and published on the official website of Sberbank. The auditing organization selected following the open tender is approved by the Executive Board, the Audit Committee of the Supervisory Board, and the Supervisory Board and submitted for approval to the annual General Shareholders' Meeting of Sberbank.

On May 27, 2016 the annual General Shareholders' Meeting of Sberbank appointed AO PricewaterhouseCoopers Audit the auditor of Sberbank for 2016 and the first quarter of 2017 (the auditor of Sberbank for 2015 and the first quarter of 2016 was Ernst & Young LLC). In accordance with the audit service agreement, AO PricewaterhouseCoopers performed the following types of works:

- audit of Sberbank's annual accounting (financial) statements for 2016 prepared in accordance with the requirements;
- audit of Sberbank's consolidated financial statements prepared in accordance with IFRS;
- reviews of interim condensed consolidated financial statements for 6 and 9 months of 2016 and Q1 2017 prepared in accordance with IFRS;
- audit of Sberbank's interim accounting (financial) statements for 6 and 9 months of 2016 prepared in accordance with the requirements of the legislation of the Russian Federation.

Below the payments made by the Sberbank Group's companies to the companies of the Group of Sberbank's auditor are presented.

RUB, million	2015	2016
Audit of the annual statements (includes audit of the regulatory statements, IFRS statements)	245.4	13.2
Interim audits and reviews	116.6	13.5
Tax consultancy services	94.4	30.2
Other non-tax consultancy services	156.9	172.9

Audit Commission

For the purposes of control over Sberbank's financial and economic activities, the Audit Commission is elected by the Annual General Shareholders' Meeting. In accordance with Sberbank's Charter, the number of members of the Audit Commission is seven. Members of the Audit Commission may not simultaneously act as members of the Supervisory Board or hold other positions in the Sberbank's control bodies.

May 27, 2016, the Annual General Meeting of Sberbank Shareholders elected 3 external representatives and 4 representatives of Sberbank to the Audit Commission:

Chairman of the Audit Commission	Natalya Borodina	Deputy Director of the Internal Audit Department of the Central Bank of Russia
Member of the Audit Commission	Vladimir Volkov	Deputy Chief Accountant of the Central Bank of the Russian Federation – Deputy Director of the Accounting and Reporting Department
Member of the Audit Commission	Tatyana Domanskaya	Head of the Division for Interaction with External Controlling Authorities, the Internal Audit Department 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	Head of the Division for Audit Operations on Accounting and Financial and Business Operations 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 of the Accounting and Reporting Department of Sberbank
Member of the Audit Commission	Natalia Revina	Senior Managing Director – Head of the Integrated Risk Management Department of Sberbank

The Audit Commission shall audit Sberbank's financial and economic activities following the results of the year as well as at any other time upon the initiative of the bodies and persons set forth by Federal Law No. 208-FZ dated December 26, 1995, On Joint-Stock Companies, the Charter of Sberbank, and the Regulation on the Bank's Audit Commission.

The Audit Commission evaluates the accuracy of data included in the annual report and contained in the Annual Accounting (Financial) Statements of Sberbank, may call to convene an extraordinary General Shareholders' Meeting or meetings of Sberbank Supervisory Board when any breaches are revealed during the audit in the Sberbank's financial and economic activities, or a real threat to Sberbank's interests (or depositors) is discovered that requires adopting resolutions on matters that fall within the competencies of said bodies of Sberbank.

Sberbank's compliance management system has been certified according to the standard ISO 19600:2014 - "Compliance function management"

Payment of remuneration to members of the Audit Commission of Sberbank and the compensation of expenses connected with their participation in the operations of this control body are made in the amount and under the procedure established by the Regulations on the Audit Commission, which is an internal document of Sberbank approved by the Annual General Shareholders' Meeting on June 6, 2014. For the performance of their duties, the Chairman of the Audit Commission is paid remuneration in the amount of 1 mln rubles; members of the Audit Commission are paid 750 thousand rubles each.

The total remuneration paid to members of the Audit Commission in 2016 related to their participation in this Sberbank control body amounted to RUB 4 mln

Compliance control (anticorruption)

Among the key events in the area of compliance risk management in 2016 we can single out the following:

- the Compliance Department has a new organizational structure in order to optimize the work process for compliance-related activity;
- additional control procedures have been implemented for the purpose of preventing the involvement of the Bank in the processes of legalization (laundering) proceeds from crime and financing of terrorism;
- a set of measures has been developed to bring the Bank's activity in line with new legislation (including foreign laws in the financial markets which are of extraterritorial effect).
- the project of preparation for implementing the requirements of the Standard for Automatic Exchange of Financial Account Information or Common Reporting Standard, CRS, has been realized.
- implemented additional control procedures in conflict of interest risk management and the fight against corruption in the Bank;
- measures have been directed towards improving the identification process of economically sanctioned persons among the Bank's clients;
- current training courses on compliance have been updated and new training courses have been developed, including the launch of training under the professional development program, "Compliance" on the basis of "Sberbank Corporate University CPE ANO for Line and Middle Managers."

During 2016, Sberbank implemented additional control procedures in the area of countering corruption and managing conflicts of interest risk (for instance, control over the joint work of relatives). In addition, measures have been taken to improve internal regulative documents: standards regulating the acceptance of gifts and disclosure by employees of conflicts of interest have been developed and approved, and the compliance control hotline function has been improved. In 2016, as part of the qualification development program Compliance on the basis of Autonomous Nonprofit Organization of Further Professional Education Corporate University of Sberbank for line and mid-level managers, over 49 thousand employees completed training in the fields of countering corruption and controlling conflicts of interests.

Development of the compliance control system:

- Stage-by-stage transition to the target automated online compliance control platform in relation to the client and their transactions for the purpose of countering the laundering of criminal proceeds and financing of terrorism

- Development of the system of client transaction monitoring on the Oracle FCCM platform, in part control over suspicious client transactions
- Promotion of the hotline to counter corruption offenses
- Modernization of automated preliminary control procedures when making transactions on the stock markets
- Development and stage-by-stage implementation of the automated system to control conflicts of interest
- Expansion of personnel training programs to the area of compliance

Sberbank is an active participant of professional communities, including, among others, the Expert Group on Countering the Legalization of Criminal Proceeds and Financing of Terrorism, Internal Control and Regulatory (Compliance) Risk under Expert Consultative Counsel, the Federation Counsel, the Federal Assembly of Russia Committee on Budget and Financial Markets under the Federation Counsel, as well as the National Association of Stock Market Participants (NAUFOR) and the National Securities Market Association (NSMA).

Authorized Capital

Sberbank is an open market company, the shares of which are freely traded on the Moscow Stock Exchange as well as the London and Frankfurt Stock Exchanges and are accepted for trading on the US OTC market as ADR.

Since Sberbank's IPO in June 1991, there have been 13 issues of shares among investors (Russian and foreign legal entities and individuals). The share capital was formed in the amount of RUB 67.76 bln and consists of 21,586,948,000 ordinary shares and 1,000,000,000 preferred shares with a nominal value of RUB 3 each.

Sberbank's main shareholder is the Central Bank of the Russian Federation, the interest of which in the authorized capital of Sberbank is 50% plus one voting share, in the voting shares, 52.32%.

The structure of Sberbank shareholders (share in the share capital on the day of closing the Shareholder Register¹)

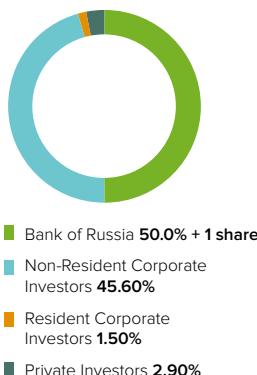
	2012, %	2013, %	2014, %	2015, %	2016, %	Change 2016/2015
Strategic Investor (Bank of Russia)	57.6	50.0 +1	50.0 +1	50.0 +1	50.0 +1	—
Nonresident Corporate Investors	33.8	44.0	43.52	43.27	45.60	+2.33
Resident Corporate Investors	4.1	2.3	2.52	2.83	1.50	-1.33
Private Investors	4.5	3.7	3.96	3.91	2.90	-1.01

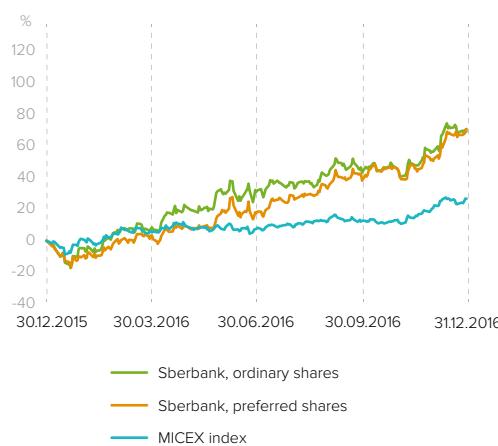
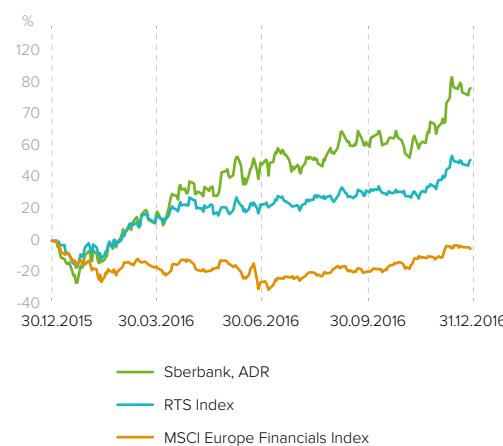
¹Means the date of record date of record for the list of persons entitled to participate in the Annual General Shareholders' Meeting.

Stock exchange and quotations

The ordinary and preferred shares of Sberbank have been quoted on Russian stock exchanges since 1996. They are included in the quotation list of the first (top) level by CJSC MICEX Stock Exchange. American

The structure of Sberbank shareholders at the end of business hours on April 14, 2016



Dynamics of quotes of Sberbank's shares in 2016:**Dynamics of quotes of ADR to Sberbank's shares in 2016:**

Depository Receipts (ADR) for ordinary shares of Sberbank are quoted on the London and Frankfurt stock exchanges and have been accepted for trading on the US over-the-counter market since June 2011. The main shareholder and founder of Sberbank is Bank of Russia, which owns 50% of share capital plus one voting share. Other shareholders of Sberbank comprise international and Russian institutional investors and individuals. In 2016, Sberbank ordinary shares were ahead of the market after finishing the year with 71.1% growth and 26.8% growth in the MICEX index. Such dynamics are explained, first and foremost, by Sberbank's restored financial indicators and the improvement of forecasts in the financial models of analysts throughout the year. The consensus forecast of leading analysts on the net profit of Sberbank for 2016 from the beginning of the year increased by 55% to reach RUB 516 bln, which resulted in the growth of the target projected price for ordinary Sberbank shares and, as a result, was followed by their rally to the new historic maximum (intraday maximum RUB 185.34 per share reached on December 21, 2016).

Sberbank shares entered the list of top priority investment securities among the companies from emerging markets: at the end of 2016, among 20 analysts actively covering Sberbank, 14 recommended «buy», 5 recommended «hold» and only 1 «sell».

Sberbank securities still remain the most liquid stock on domestic trading platforms: for instance, the MICEX trading volumes of 2016 of ordinary and preferred Sberbank shares amounted to over RUB 2.4 trln, which made up around 30% of the entire MICEX trading volume, and is comparable with the cumulative trading volume of the largest Russian blue chips (Gazprom, Lukoil, Rosneft) put together.

Based on the results of 2016, Sberbank became the 4th in Europe and the 21st bank in the world in terms of capitalization.

	2015	2016
Ordinary share (MICEX), RUB per share	101.3	173.3
Preferred share (MICEX), RUB per share	76.5	129.8
MICEX index, points	1,761.4	2,232.7
Market capitalization including preferred shares, billion USD	30.8	63.2

Relationship with Shareholders and Investors

To increase Sberbank's information transparency and investment appeal, in 2016, the Sberbank Center on Interaction with Investors actively utilized various forms of interaction with investors:

- Meetings with investors as part of conferences organized by investment banks (including HSBC, J.P. Morgan, UBS, Morgan Stanley and VTB Capital)
- Nondeal roadshows
- Conference calls
- Target events (Analyst Day at the University of Sberbank, group meetings with Russian PPFs)
- Site visits (visiting the Credit Factory, Sberbank service points).

During 2016, the Investor Relations Team held over 470 meetings with institutional investors in the USA, United Kingdom, United Arab Emirates, and in the countries of Asia and Europe, including over 70 meetings with Sberbank's top managers. Sberbank took part in 20 investment conferences, where Bank specialists communicated with the managers of over 750 investment funds. In 2016, Sberbank held meetings with mid-level managers because of an increased interest toward individual bank processes and units, such as risk management, bank cards and acquiring, Bank XXI, corporate business, and the Sberbank center for macroeconomic research.

In 2016, Sberbank IR, a mobile application for investors, was both developed and launched. The application created on the basis of individually configured "dashboards" with access on both Android and iOS devices enables users to receive up-to-date information on the investment history of Sberbank and also share quotes, financial statements, media materials, Bank information, and other data: quotes of shares, financial statements, media materials, information on Sberbank, etc.

Starting in 2011, the Investor Relations Team conducts annual research of the perception of Sberbank by leading international investors and analysts. The findings show continuous improvement of financial communications, disclosure and presentation materials, and the increased access to and recognizability of Sberbank management in the investment community, which has a positive impact on investment history.

In 2016, the Investor Relations Team of Sberbank became the winner of IR magazine's Russia & CIS Awards for IR services in the Russian financial sector and one of the winners of Best IR in Russia in the Large Caps (the largest capitalization) category based on the results of the independent research of opinions of stock market participants held by the international editorial office of IR magazine.

470
meetings with institutional
investors

Best IR in Russia
in the Large Caps

The Committee for Interactions with Minority Shareholders

To support interactions with minority shareholders, the Committee for Interaction with Minority Shareholders continues to operate in Sberbank. In 2016, the Committee held 9 meetings, where reports and presentations were delivered on the situation in the Russian economy, CIB development strategy, Sberbank's financial performance, and the operations of the Supervisory Board. In December 2016, the Committee held a meeting in Moscow where the following members of the Supervisory Board answered questions regarding Sberbank's corporate governance: Senior Independent Director G.G. Melikyan and Independent Director N. Wells. In March 2016, a visit to Sberbank Credit factory was arranged. As part of the Committee's work in the regions, the meetings in the Siberian, Ural, and Northwestern regional head offices were held.

Payment of dividends

In 2016, as of year-end 2015, Sberbank allocated for the payment of dividends at 20% of the net profit determined on the basis of the consolidated financial statements according to IFRS. In accordance with the Regulation on the Dividend Policy of Sberbank, said amount of allocations for the payment of dividends enabled to pay dividends in equal amounts (RUB 1,97) for the year 2015 to the owners of ordinary and preferred shares.

Taking into account the external and internal economic factors influencing the capital adequacy and target levels of capital adequacy, Sberbank considers it reasonable to follow the target dividend amount set forth by Sberbank's Development Strategy through 2018 at the level of 20% of net profit according to IFRS.

Information on the decisions made by the General Shareholders' Meeting as of year-end 2016 shall be disclosed in accordance with the current legislation on Sberbank's official website: www.sberbank.com.

History of dividend payouts

Payment year	2011	2012	2013	2014	2015	2016
Based on annual results	2010	2011	2012	2013	2014	2015
Ordinary shares, RUB per share	0.92	2.08	2.57	3.2	0.45	1.97
Nominal cost of an ordinary share, RUB	3	3	3	3	3	3
Privileged shares, RUB per share	1.15	2.59	3.2	3.2	0.45	1.97
Nominal privileged share cost, RUB	3	3	3	3	3	3

Major transactions

In 2016, Sberbank did not have major transactions in compliance with the Federal Law "On Joint-Stock Companies" or any other major or significant transactions that would require approval under the Charter of Sberbank.

Employees



“

Our objective is to become an effective HR department for the three hundred thousand employees of the Bank and to create an environment where each one of us can become the best version of ourselves, develop ourselves, and reach new heights.

Yuliya Chupina

Deputy Chairman of the Executive Board

Sberbank considers its personnel to be the most important asset and the basis of competitiveness. Sberbank manages its human capital in such a way so as to ensure the implementation of its strategy and establish conditions for the development of the individual potential of employees, regardless of their religious beliefs, political views, gender, or age.

Corporate culture development

Recruitment in Sberbank is performed in two key position segments: This implies the formation of the principles and norms of conduct in accordance with Sberbank's mission and values as well as facilitating the achievement of business objectives.

Among the factors calling for the necessity to purposefully develop Sberbank's corporate culture are the following:

- The restriction of regulatory requirements In all geographical locations of the Group, Sberbank calls for the necessity for all employees to unconditionally follow all procedures and rules, including unwritten ones (the so-called gray zone), and also requires the consolidation of risk and compliance culture.
- The transformation of Sberbank to a trimodal, technological organization with the new cultural characteristics of a new leadership style, the absence of a hierarchy/flat structures, a high level of inter-team communication.
- Changes to the structure of Sberbank personnel:
 - Employees of generation Y by 2018 shall amount to 50% of the total number of Sberbank employees.
 - Due to the active digitalization of Sberbank, the share of IT specialists, data specialists, and others is increasing

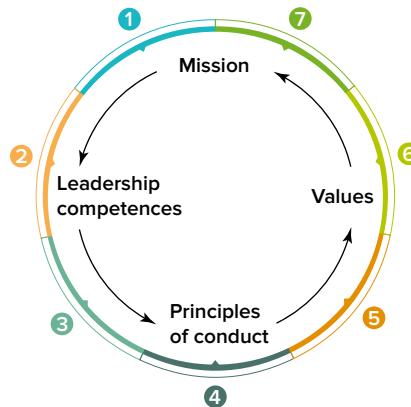
According to Russian and international research, employees of these categories expect a more open and democratic environment from their employer, and from their immediate boss, they expect continuous feedback and support in their development and self-fulfillment.

Sberbank culture is a special environment that helps employees become the best versions of themselves to make the lives of our clients and of society as a whole much better.

Top priority topics of corporate culture development:

I am a leader	We are a team	Everything for the client
Responsibility and self-development	Trust and openness, a United Team	The interests of the client are the focus of attention

Instruments to develop corporate culture form a unified ecosystem.



1 Role models

- Focus on top and medium level management
- Continuous feedback instruments (Team, the leader's NPS, pulse polls)
- Team coaching for members of the Executive Board
- Recognition of the best employees

2 Communications

- Cascading of the Book of Values, a project to develop corporate culture
- Monthly Leader Meetings

3 Training

- Training on corporate culture and emotional intelligence up to the level of ISUs (Internal Structural Unit)
- Speaking on corporate culture topics at corporate culture training programs

4 Social projects

- Sberbank for children and parents
- Volunteering
- Contribution to the Future Charity Foundation
- The best practices to develop corporate culture for the client, partners and governmental bodies

5 HR processes

- Recruitment and adaptation
- Assessment according to values at 5+, including cross-functional assessment
- Taking culture into account when making HR decisions

6 Business practices

- Changes to manager KPIs on Team and Culture

7 Other

- New dress code
- New office space

Results of the development of corporate culture instruments in 2016

Role models:

- Pulse polls for leadership styles and involvement were introduced, work with results was performed, diagnostics of the atmosphere and involvement of Agile teams were completed, the transition to continuous diagnostics of corporate culture and involvement began.
- The “peer-to-peer Team” continuous feedback system is used by around 1,000 Sberbank managers.
- Cross-functional assessment on values for leaders in the top 200+ was launched.
- Team coaching for the top team on culture and interaction was conducted

Communication:

- Cascading of the project to develop corporate culture was completed, including subsidiaries, affiliated companies, and subsidiary banks.
- Leader meetings were held monthly, which served as a channel of direct communication with Sberbank managers.
- 1,500 best employees earned awards, a number of motivational events for the best employees were held, including, among others, events as part of celebrating Sberbank's 175th anniversary.

Training:

- Over 600 medium level managers were trained on corporate culture and emotional intellect programs.
- Training on corporate culture and empathy for line managers was debuted, including ISU (Internal Structural Unit) managers.
- Training on (transformational style) leadership for managers was debuted.

Social projects:

- As part of the Sberbank for children and parents program, Open Doors Day for the children of employees and Open Perspectives Day (a professional orientation for teenagers and the development of parental competencies) were held, and informational digests for children and parents were published.
- The all-Bank pool of volunteers was formed; 2,000 volunteers took part in corporate events, training for volunteers and meetings of the most active volunteers with Sberbank managers were organized.
- Sberbank Charity Foundation launched a pilot program to develop emotional intelligence in schoolchildren, agreements were made with a number of the world's leading universities (Harvard, Stanford) on the development of a report on new literacy and key competencies; coverage of the Teacher for Russia project was expanded.

HR processes:

- The integration of cross-functionality and collaboration in HR processes was started.

When launching/piloting the new management models (Agile, Turquoise organizations), the focus is placed on culture, new communication approaches, and training to work in a new format as regards culture and soft skills.

Cultural development objectives for 2017

The plan of action for 2017 includes the development of culture for tri-modal organization among the top 1,000+ managers, line managers, and employees with a focus on:

- Continuous feedback for self-development and team development
- Training on the fundamentals of corporate culture and emotional intelligence
- Social projects oriented toward Sberbank employees and significant for society as a whole
- Introduction of corporate culture in all HR processes

Personnel structure

Number of employees

As of the end of 2016, the actual number of employees of the Group totalled 325.1 thousand people. In this section, the information is presented upon the principal members of the Group which have a significant influence on the regions of their presence and cover 96% of the total number of employees.

Most Group employees are employed with Sberbank; in 2016, they totaled about 260 thousand persons (or about 80% of the total staff size of the Group). During the reporting period, the turnover rate in the Group decreased by 1 p.p. to 13%.

Sberbank strives to create comfortable work conditions for its employees, which is why all employees work under the conditions of a collective agreement, and 86% are full-time employees.

Sberbank is working actively to increase its personnel engagement rate by offering a competitive benefits package and thoroughly studying the needs of employees for the purpose of further improving its loyalty programs.

100%
of Sberbank employees are
covered by the Collective
Agreement

Staff size of the Group

	2013	2014	2015	2016
Subsidiary banks and companies	41,286	44,883	46,993	54,235 ¹
Sberbank	255,515	275,723	271,231	259,999
Share of employees covered by collective agreements, %	88	87	87	83

The staff size of the Group broken down by gender

Employees, %	2016
Men	30.9
Women	69.1

Turnover rate, %	2013	2014	2015	2016
Staff turnover in subsidiary banks and companies	24	27	24	21
Staff turnover in Sberbank	22	17	13	12
Group	22	18	14	13

Staff size of the Group broken down by age, %	2016
Under 30 years	38.8
30–50 years	52.1
Over 50 years	9.1

¹Hereinafter, analysis of the staff size is given net of the subsidiary bank PAO Sberbank (Ukraine).

Group structure broken down by categories of employees, %		2016
Managers		9.0
Employees		91.0
Structure of the Group's management bodies broken down by gender, %		2016
Men		82.8
Women		17.2
Structure of the Group's management bodies broken down by age, %		2016
Under 30 years		4.0
30–50 years		79.4
Over 50 years		16.6

Recruitment and Adaptation

Recruitment is performed in two key segments of positions: mass and nonmass (specialists and managers). Sberbank tries to attract talented persons who may contribute to its development. For mass positions, Sberbank usually employs external candidates. In recruitment of employees for nonmass positions, a priority is given to internal candidates. Rare and unique specialists are recruited from the external market.

Screening and assessment of candidates are performed using different assessment procedures, including skill tests, personal questionnaires, interviews, professional cases, and assessment tools. For mass recruitment, Sberbank starts using such automated tools and automatic search for CV, automatic calling by robot, bot recruiter, video interview.

Managers are chosen using cross-functional interviews, which allows for collegiate and more objective decision making on choosing new team members.

Sberbank offers adaptation programs “Welcome to Sberbank” and training webinars for all new-coming employees. New-comers are also supported by a coworker instructor who will help merge with the team.

12
thousand internships in Sberbank
annually

Sberbank pays much attention to recruitment and development of the youth. Every year, over 12 thousand students take internships in Sberbank annually in Sberbank. Sberbank takes an active part in training of a new generation of specialists not only in the field of finance but also in the area of data analysis and IT. We open specialized departments in higher educational institutions and support talented students with scholarships. Sberbank employees give regular lectures and hold master classes in the leading higher educational institutions.



“

The bank implements a great number of changes, and HR should definitely support them. It is very important for us, while staying large, to become quick!

Yuliya Chupina

Deputy Chairman of the Executive Board

Training and Development

Sberbank pays close attention to consistent training and development of all target groups of personnel. For this purpose, Sberbank holds unique comprehensive training programs in different modern formats, which are developed based on the business trends and requirements and take into account corporate competencies of Sberbank, and also offers the conditions for self-development in the course of work.

In 2016, a new competence model was developed based on the skills of the 21 century, which takes into account Sberbank's strategic lines of development. The model allows communicating new expectations from the employees and determining the lines of employee development to allow them to meet new challenges. The model includes six competencies:

- **Clientcentricity** – deep understanding of clients' demands and building trust-based long-term relations, proactive formation of market trends and clients' demands.
- **Resolution of problems and systemic thinking** – the ability to resolve problems, to think consistently and critically, and to have a cognitive flexibility.
- **Result management and responsibility** – the ability to achieve a result based on design thinking; to create a prototype and to improve it to the competitive product or service.
- **Innovativeness and digital skills** – the ability to assume calculated risk, to take part in the development of trends and technologies, to be curious, to encourage various models of thinking, and to strive for continuous improvements.
- **Development of team spirit and cooperation** – the ability to interact with coworkers and to build teams, to carry on a dialog, to support coaching and cross-team cooperation, to adhere to the principles of Agile and “Teal” organizations.
- **Self-management** – the ability to reflection, empathy, communication skills, energy management, the skill to resolve conflicts.

Implementation of a new competence model is one of the priorities in Sberbank for 2017. It will affect not only training and development but also recruitment and assessment processes as well as other elements of the HR cycle.

Training and development of specialists and managers are synchronous. There are the Corporate University of Sberbank and the Virtual School for managers. Sberbank specialists are able to undergo training and development in the training centers and remotely in the Sberbank automated system as well as at the work places.

Most training programs for managers and specialists are associated with the acquiring of specialized professional knowledge and skills as well as with the development of corporate competencies aimed at solving problems and result management, team development and self-management, clientcentricity and innovativeness.

Among the key programs for managers, which are offered in the Corporate University of Sberbank, we can point out the following:

- Development of top managers (implemented in cooperation with LBS)
- Sberbank 500 (implemented in cooperation with INSEAD)
- Sberbank Mini-MBA

Sberbank promotes the culture of coaching and mentoring. Managers undergo training on the employee development tools, and consistent implementation of coaching is continued. Special attention is paid to succession of managers. At the moment, 80% of managers have their successors. When substituting the positions, a priority is given to internal employees. Following the results of all promotions in 2016, 81% of positions were filled in with internal candidates. Managers are transferred cross-functionally and cross-territorially, which allows growing a pool of managers in the company who are ready to fill in managerial positions. For the purpose of promotion of cross-territorial and cross-functional transfers, the Rotation Rules have been developed and approved. They allow the employees to plan their career and determine the goals of their development and advancement. Sberbank also approved the Rules for Employee Support under Cross-Territorial Relocations.

For the purpose of building a career of the employees, Sberbank promotes the culture of self-development and responsibility for one's own career. Training workshops dedicated to the formation of development plans and identification of career targets are held to support the employees in their career building. To consider the possibilities for their advancement, each employee may check open jobs of Sberbank in the internal portal and may set the notification system for the jobs they are interested in.

Motivation System

Sberbank has adopted the Assessment System of Employees' Performance Results and performance management, which take into account efficiency and adherence to Sberbank's values.

A variable salary portion directly depends on this assessment. Sberbank specialists receive feedback from their managers (especially in the event of differences between self-estimate and final estimate). Managers shall undergo a checkup by personnel commissions once a year for the purpose of identification of areas for development. Sberbank's top management discusses personal results in the course of performance dialog, usually following the results of each quarter.

The system of compensations and benefits in Sberbank is based on fairness and transparency. The remuneration policy is based on a regular analysis of market supply and demand. Corporate benefits include voluntary health insurance and a Sberbank corporate pension program.

Financial Incentives

Sberbank cares for its employees, among other things, by offering them a competitive salary and providing them with an extended benefits package. For this purpose, Sberbank conducts an annual study of salaries in the competitive companies, based on the results of which Sberbank decides to increase salary in those units where it was found to be below the market level. In 2016, salaries increased by no less than 8%; in some regions they increased up to 12%. Overall staff costs in Sberbank increased by 11% against the previous year.

Benefits Package

Voluntary health insurance (VHI) program

The new VHI Program offers a number of programs for preventing diseases in addition to the main programs for comprehensive medical service. For example, Targeted Screening provides for preventive screening to detect cardiovascular and oncological diseases and assess of the risk of their development. This Program has been developed based on international screening standards and includes tests with a high index of evidence-based recommendations. The Preventative Dentistry option is aimed at prevention and oral hygiene. The Medication Insurance program for the regions (not including Moscow and Saint Petersburg) allows employees to receive compensation of 80% of the cost of expensive drugs used to prevent serious diseases. Sberbank also cares for the families of its employees. In Moscow and Saint Petersburg, a pilot project was launched to allow employees to choose the Family program free of charge with copayment (for spouses and children under 18 years old) on condition of compensation of only 20% of the cost of services received when coming to the outpatient clinic. This initiative provides for comprehensive medical coverage for the employee's family and increases the effectiveness of Sberbank's expenses per one insured person.

Sberbank's VHI Program covers all employees who have completed the probation period successfully.

	2013	2014	2015	2016
Number of Program participants, persons	77,000	276,000	271,000	260,046
Program financing, RUB mln	850	2,341	2,594	2,745

In 2016, Sberbank launched a project for creating an IT platform (ecosystem) for managing the health of Sberbank Group employees, which will provide a personal "My health" VHI account (www.mzdorovie.com) where each employee will be able to find details on the conditions of their Insurance Program and useful information on a healthy lifestyle.

Corporate Pension Program

Sberbank pays corporate pensions through the Sberbank PPF. The amount of financing for the corporate pension program in 2016 increased by 35.3% to RUB 3.6 bln, and the number of its participants grew to 167,000 people.

	2013	2014	2015	2016
Number of Program participants, persons	117,000	136,000	155,000	167,000
Program financing, RUB mln	2,138	2,611	2,660	3,600

Nonfinancial incentives

Sberbank uses a system of corporate awards and various practices for choosing the best employees. In 2016, more than 1,500 employees received governmental and corporate awards, among other things, for their contribution to the development of the corporate culture. As an incentive, the best of them took part in significant corporate events, including as part of the celebration of the 175th anniversary of Sberbank.

Maintaining a dialog with employees

Sberbank has an open system of internal corporate communications in which the organization tries to take the opinion of each employee into account.

72%

Level of satisfaction of Sberbank's employees with processes in the field of labor relations

In 2016, 396 complaints were filed and settled, which is almost 30% more than in 2015. During the year, the level of employee satisfaction with processes in the field of labor relations grew by 4.2 p.p. and reached 72%.

There are several channels through which employees may submit comments or complaints. The bank has lines for keeping employees informed of corporate culture matters (compliance, internal audit, management style and team atmosphere, labor relations). Each employee may also send a question to HR by e-mail with regard to all issues related to personnel management. A comment or complaint received via any channel is analyzed thoroughly and processed both at the level of the territorial bank and through expert review at headquarters. Furthermore, there is a Client Care Office in Sberbank that reviews employee questions as well as client communications. At the present time, processing of employee comments is being optimized and will be implemented in a special intrabank automated system.

Sberbank's internal HR communications channel "Fast Facts" addresses such relevant and vital questions as adaptation of new-comers, training, career and development, assessment and remuneration, benefits and privileges, recreation and employee health.

"Open Dialog" between Herman Gref and employees

In 2016, Herman Gref held his traditional "Open Dialog" with employees. The live session was held for the 7th time and lasted more than four hours. 2,864 questions were asked during the session, and Herman Gref answered 63 of them in person. A poll held among the employees revealed that 80% of them found "Open Dialog" to be useful for the team, 39% did not receive answers to all the questions they were concerned about, and 55% thought that the live session would have a positive influence on the quality of service for Sberbank clients.

The topics of greatest interest to employees were:

- The bank for clients (Sberbank services, products for clients and employees, and assessment of Sberbank services by employees)
- Sberbank's development strategy
- Remuneration
- Sberbank technologies and IT development
- Career and development

In comparison with the previous year, the interest of employees in high-quality service for clients and scheduled implementation of new services and products increased notably. The remuneration issue went down to 3rd place by the number of questions for the first time out of all the sessions, which shows a general atmosphere of personnel satisfaction with the incentive system existing in the company.

Occupational health and safety

For the purpose of evaluating the effectiveness of occupational health and safety practices, Sberbank uses a system of indicators of which two have the highest priority: the workplace injury rate and occupational diseases.

Sberbank has adopted a uniform procedure for evaluating the effectiveness of the OHS management system. One of the efficiency indicators is the workplace injury rate.

All accidents at the workplace in Sberbank units are investigated in accordance with the procedure established by law. For the purpose of reducing workplace injuries, Sberbank is developing preventive and corrective actions with due regard to the causes and circumstances of the incidents and has also taken measures to prevent such incidents. As a result of these measures, the workplace injury rate in 2016 decreased by 12% (from 28.03 to 24.66).

Costs for improving labor conditions and decreasing the workplace injury rate at Sberbank amounted to RUB 722 mln (including RUB 292 mln for decreasing the injury rate and RUB 430 mln for improving labor conditions), on the whole remaining at the previous year's level (RUB 736.5 mln).

Injury severity and frequency ratio of Sberbank for 2013–2016

Ratio	Formula	2013	2014	2015	2016
Injury frequency	Kf=T*1000/S	0.94	0.86	0.75	0.68
Injury severity	Ks=D/T	39.05	34.37	37.37	36.27

Promotion of a healthy lifestyle

Sberbank offers various initiatives aimed at encouraging employees to lead a healthy lifestyle. In particular, the bank held promotional campaigns dedicated to healthy meals, express health diagnostics, cardiac system testing, etc., during corporate events. A monthly "Healthy Apps" newsletter was organized to tell about free mobile apps dedicated to a healthy lifestyle. Sberbank also started to create a unified knowledge base in the field of healthy lifestyle practices, rules, and standards.

Sberbank Olympics

In February 2016, the 6th Sberbank Winter Olympic Games were held in Sochi. Along with six sports (ice hockey, biathlon, cross-country skiing, alpine skiing, snowboarding, and team quest), the event also included meetings and training workshops as well as an Art Fest. Representatives of 14 territorial banks and Sberbank's headquarters; subsidiary banks from Ukraine, the Republic of Belarus, and the Republic of Kazakhstan, and Sberbank Europa, DenizBank, and SberTech CJSC participated in this unique event—about 1,200 people in total.

Development of society and the state

Charity and sponsorship projects

As a socially responsible and systemically important financial institution, Sberbank traditionally puts great emphasis on the development of projects that are of social significance for its regions of presence and for the whole country.

In 2016, Sberbank supported cultural events, financed research and development and educational initiatives, supported child welfare facilities and contributed to the development of the creative skills of children and an inclusive environment, promoted a healthy lifestyle, invested in environmental protection, and provided financial aid to veterans and disabled people.



“We participate actively in charity work. In 2016, the construction workers of the Services section installed 430 playgrounds and sports grounds within a short time, equipped 16 ambulances for the administration of Tambov, built a preschool in Nazran, and implemented other socially significant projects.

Stanislav Kuznetsov

Deputy Chairman of the Executive Board

Charity activity costs structure, RUB mln

Area of support	2013	2014	2015	2016	Share in total volume for 2016, %
Sports	371.6	180.3	174.3	499.9	13.3
Healthcare	76.7	174.2	62.9	193.4	5.1
Culture	287.8	263.1	234.7	559.2	14.9
Religious organizations	34.8	39.1	7.7	112.0	3.0
Education	157.9	185.1	214.0	360.9	9.6
Child welfare facilities, development of the creative skills of children and an inclusive environment	228.3	188.2	1,369.8	752.0	20.0
Veterans and disabled people	53.3	76.2	233.9	139.4	3.7
Provision of financial aid	0.3	77.5	108.4	348.1	9.3
Forums and congresses	1.2	0.4	6.1	19.6	0.5
Research and development, environmental protection, and preservation of cultural heritage objects	401.1	387.3	611.7	771.9	20.5
Total	1,612.9	1,571.5	3,023.4	3,756.5	100.0

To make charity support more effective, in 2016, Sberbank adopted uniform principles for such support in all territorial banks.

In 2017, Sberbank will allocate funds within the framework of its charity activity to implement projects which are socially significant for individual regions and for the whole country. Sberbank will continue to cooperate with organizations that are permanent participants of Sberbank's charity programs as part of the development of corporate social responsibility.

In autumn 2016, Sberbank provided Russians with the opportunity to visit the largest national and regional museums for free and literally made art accessible to everyone as part of the Art of Preservation project, which took place in 28 museums in 27 cities across the country. Thanks to Sberbank, over 300,000 people were able to connect with beauty, and even in the largest museums of the country attendance was several times greater than usual: for example, the Russian Museum in Saint Petersburg set historical records.

"A gift not for ourselves but for everyone", that is the project's ideology, which made it possible to bring its inclusive component to life: the opening of the first exhibit of pictures for the blind and visually impaired in Russia, "Seeing the Invisible." For this ambitious project, implemented in collaboration with the Pushkin State Museum of Fine Arts, a Spanish publishing office made six tactile pictures using an embossed printing technique. Each of the pictures was accompanied by a special audio guide read by national artist of Russia Yevgeny Mironov. The exhibition sparked such a massive public response that a tour around Russia is scheduled for 2017.

Support for culture

For the purpose of supporting national culture and art and preserving and developing our artistic heritage, Sberbank continued to collaborate with various cultural establishments. Sberbank traditionally supports the leading Russian theaters. For example, Sberbank has been a general partner of the "Golden Mask" national theatrical festival for the last 15 years, and since 2011 it has also been a general partner of offsite creative events held by the Obraztsov Puppet Theater, where the actors of the famous theater go on a tour around Russian cities for the children in orphanages.

Sberbank also supports the Andrey Tarkovsky "Mirror" International Cinema Festival and the International Summer Theater School of the Union of Theater Workers of Russia. In 2016, Sberbank provided its first support to the Saint Petersburg International Cultural Forum and the "Circle of Light" festival in Moscow.

Sberbank also allocated funds for preparing and releasing new performances and concert programs, producing films, holding music festivals and competitions, organizing tours, purchasing musical instruments, restoring cultural heritage objects, enhancing material and technical facilities, and purchasing theatrical equipment for cultural establishments.

In 2016, as part of the celebration of the 175th anniversary of Sberbank and the promotion of Russian culture in Europe, Sberbank Europe supported concerts of the Mariinsky Orchestra conducted by Valery Gergiyev, which were held in Vienna and Prague. The key partners and clients of Sberbank in Europe were invited to the concerts.

Research and Development

Sberbank took part in 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. The projects included research activities and social and educational campaigns and determined methods and tools for creating the necessary conditions for sustainable economic growth in Russia.

Support for education

Sberbank believes it is important to develop and improve the Russian educational system. The company took part in organizing academic conferences and skills competitions, replenishing the endowments of the leading educational institutions of the country and supporting the scientific potential of youth and the elaboration of advanced educational programs.

Support of child welfare facilities, development of the creative skills of children and an inclusive environment

Sberbank provided substantial aid to child welfare facilities. Work was performed to improve the material and technical facilities of schools, orphanages, and boarding schools. Training programs were developed for general education institutions to develop the creative skills of students and create an inclusive environment for children with special needs and children without parental care. Activities were organized for the rehabilitation of orphaned children and the development of the creativity of children and youth.

The “Kind New Year Gift” campaign

An annual campaign of Sberbank’s “Contribution to the Future” Charitable Foundation to increase the availability of development classes for children with special needs and children without parental care in the regions of the country. Such classes allow them to acquire new skills, knowledge, and experience they need for a full life. The Foundation supports projects and programs of noncommercial organizations for the socialization, adaptation, and professional orientation of such children and for creating new opportunities for them to become independent society members, to find their vocation, and to be happy: dngp.vbodushee.ru.

Contribution to the Future Foundation

- Sberbank's Contribution to the Future Charitable Foundation was founded in 2015. The mission of the foundation is to make strategic social investments in the development of the system of Russian general education with due regard to the challenges of the 21st century and an inclusive environment providing members of society with equal opportunities for self-fulfillment and a full life regardless of any peculiarities of development and health.
- The activity of the Foundation is focused on two key areas: modern education and the development of an inclusive environment.
- In the field of education, the Foundation strives to change the educational paradigm with consideration for the objectives of the development of skills and competencies relevant for the rapidly changing world of the 21st century. The Foundation's programs provide for: analysis of global trends and preparation of recommendations on the key competencies of the new era and formats for their development; elaboration and approval for further distribution of new educational programs for mainstream schools, education technologies and formats, and forms of assessment; and support for new leaders of the educational system.
- In the field of developing an inclusive environment, the Foundation tries to create the necessary conditions for socialization, career guidance, and further employment of orphans and children with special needs with an emphasis on limited mental development. Tools will include development of infrastructure and distribution of the best solutions and practices as well as involvement of interested participants (including Sberbank employees, partners, and clients) in the programs and projects of the Foundation in this area.

Current projects of 2016–2017

Modern Education:

- Supporting the Teacher for Russia Program (New Teacher Foundation)
- Social and emotional intelligence at school (educational programs for the four stages of general education)
- “4 “Cs” at school: Critical and Creative thinking, Communication, and Cooperation (class assignments and recommendation method) (together with the National Research University Higher School of Economics)
- The “Skills School of the 21st Century” educational initiatives competition (together with the National Research University Higher School of Economics)¹
- Report on New Literacy and Key Competencies in the 21st century (together with the National Research University Higher School of Economics and the world's leading educational institutes)
- Supporting a competition of educational innovations
- Educational programs for working with children with special needs (together with the Way Out Foundation)
- Publishing the books “Teachers to Teachers” and “Teachers to Parents”.

Projects to be started in 2017:

- A methodical center for new literacy and competencies of the 21st century
- Soft-skills development modules on sites for additional education (Sirius, Artek, Quantorium, and others)
- A succession pool of school principals (together with the National Research University Higher School of Economics and the Agency for Strategic Initiatives)
- The Parents program (together with the Sberbank Program for Children and Parents)
- Financial literacy
- Learning How to Learn

Inclusive Environment:

- The “Kind New Year Gift” campaign
- The book “For Children about Children: Disability As It Is”
- The promotional event “Observation Wheel: Opening Art for Kids” together with the Art of Being Near Foundation

Projects to be started in 2017:

- An inclusive day at the museum (all-Russian event) with the participation of the Program “Observation Wheel: Opening Art for Kids” of the Art of Being Near Foundation
- A pilot program for employing young people leaving orphanages at Sberbank (Saint Petersburg and Moscow) together with the Raul Foundation

¹skills21.vbodushee.ru

Support for a healthy lifestyle

While broadcasting healthy lifestyle ideas within the company, Sberbank also gets involved in the development of physical education and mass sports in the country. Sberbank provided charitable support to sports federations and clubs, contributed to strengthening the infrastructure of sports facilities, and took part in the organization and holding of various sports events for vulnerable social groups.

Protection of the environment and cultural heritage

Sberbank sees the preservation of a healthy planet and objects of cultural and historical heritage for future generations as one of the most important and significant aspects of its social activity. That is why this year Sberbank continued to support various activities for environmental protection (improvement of the environmental situation, protection of wildlife sanctuaries and park lands) and animal protection and allocated considerable funds for the maintenance and restoration of items of culture and art.

Provision of financial aid

Sberbank provided financial aid to individuals and families in difficult straits

Support for veterans and disabled people

Sberbank directed charitable aid to various establishments for veterans and disabled people. The Bank implemented programs for targeted aid delivery, social rehabilitation, and adaptation of veterans and disabled people in society.

Memory of Generations Charitable Foundation

In 2016, the Memory of Generations Foundation provided aid to 1,746 veterans of various combat operations, who received needed rehabilitation equipment, medical devices and drugs, as well as support in prostheses of lower and upper extremities. 473 veterans live on a permanent basis in 33 state boarding houses in various cities of Russia, from Kaliningrad to Vladivostok. At the same time, the Foundation launched production in Russia of a new symbol of the country—the Red Carnation badge. The Foundation engaged veterans of combat operations in the partial assembly and packing of the Red Carnation badges. 672,000 badges were sold in federal grocery chains in May and June. Net profit from the promotional event in the amount of RUB 11,201,408.88 was allocated to support the veterans of combat operations attended by the Memory of Generations Foundation.

The Memory of Generations Foundation is a unique federal project established in 2015, on June 22, the day World War II started, at the initiative of Herman Gref, CEO, Chairman of the Executive Board of Sberbank.

Corporate Volunteering

Main areas of volunteering initiatives, quantity



- 439 Support for children in the orphan asylums (including boarding schools)
- 142 Sberbank events
- 78 Support for aged people (including veterans)
- 76 Financial literacy
- 74 Support for healthcare institutions (including treatment)
- 42 Environment
- 35 Support for animals
- 24 Support for people with limited abilities
- 116 Other (sport, support for poor people and others)

Sberbank welcomes the participation of its employees in the implementation of various social projects and the growth of volunteering in the company. Sberbank finds it important to develop a conscious attitude toward charity in its employees, to engage them in the implementation of important social projects needed by society, and to turn them into active agents of change in the social environment.

Participation in volunteer projects forms a channel for releasing creative energy and develops empathy, mentoring skills, and cross-functional interaction among employees and a deeper understanding of the team culture within the framework of joint project activity. In 2016, the volunteering movement in Sberbank encompassed over 1,000 different initiatives. Volunteers are most often engaged for major internal corporate events: Open Doors Days, congratulation of veterans, and the Green Marathon event. For example, over 1,000 volunteers took part in the Green Marathon in 2016, and about 500 others underwent voluntary certification to take part in financial literacy programs. In developing its volunteering initiatives, Sberbank tries to go from providing mostly financial aid to aid that opens up opportunities. This primarily concerns the projects associated with the support of orphanages and boarding schools.

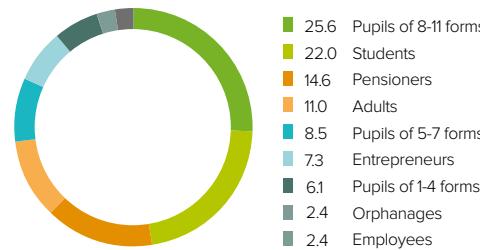
Green Marathon

Since 2012, Sberbank has been organizing the national Green Marathon race aimed at promoting a healthy lifestyle and caring for the environment. Every year, over 90,000 people participate in or visit the festival throughout Russia, including Sberbank employees. Over the five years of its existence, the race established a Russian record as the race is held concurrently in the greatest number of cities in the country and is even unofficially called “the marathon of the cities.” For example, in 2016, 47 cities took part in the event. Marathon runners could also use the services of the Sberbank Health Program: the Effective Heart point offered all guests and participants of the Green Marathon testing of the state of their cardiac system and to learn how their bodies recover after physical loads, and the general state of health could be checked at the express diagnostic point. At all the health points, the participants received recommendations from sports doctors from the Olympic Committee of Russia. Along with the race, social events are held as part of the Green Marathon: cleanup days and assistance to orphanages together with an NCO. A total of 137,200 people have taken part in the marathon over the entire time it has been held, and 42 social events have been held.

Enhancing financial literacy

Sberbank pays attention to enhancing the financial literacy of the Russian population in general and of company employees in particular. In 2016, over 150 different initiatives were implemented in this area.

Structure of initiatives by segments, %



Examples of initiatives in the field of financial literacy

“I like Sberbank” Incentive Program

The purpose of the Program is to enhance the financial literacy of Sberbank employees and clients by distributing information on banking products and services, thus engaging employees and clients in the use of Sberbank products and services. The Program was implemented within the framework of a uniform creative communication platform and encompassed over 60,000 people, of whom over 60% were Sberbank employees. The level of satisfaction with the Program is fairly high—8.9 out of a possible 10 points.

Seminars for pensioners in the regions of Russia

The purpose of the Program is to help mature and elderly people master modern banking solutions and use them in their daily life. During the day of financial literacy for pensioners, 10 training seminars on “The advantages and benefits of bank cards. Specifics of offers for pensioners” were held. Everyone wishing to attend the seminar registered on the portal of governmental services. 430 people took part in the initiative.

A similar Program was aimed at enhancing pupils’ awareness of modern banking products and the rules for their safe use. Sberbank took a scrupulous approach to implementing this educational initiative: in collaboration with Bank of Russia it held 180 webinars “Your safe pocket bank”, organized the All-Russian Academic Olympic Games on the Financial Market and Basic Consumer Knowledge for senior pupils, and gave lectures and held seminars on areas of banking activity and the basics of financial literacy. The events encompassed 39,000 Russian pupils and 40 regions.

All-Russian Savings Week – 2016

The purpose of the Program is to develop the national initiative “Contribution to the Enhanced Financial Literacy of the Population and the Development of Financial Education in Russia.” The training program involved digital communication channels such as the websites Sberbank.ru and finprosto.ru as well as the social networks Vkontakte, Odnoklassniki, Facebook, and Twitter and the Sberbank intranet portal for employees. In nine cities of the Stavropol Krai and the Khanty-Mansi Autonomous District, training seminars dedicated to the insurance market in Russia and abroad and to Sberbank’s insurance products were held. The initiative encompassed 2,000 people.

Development of the informational and educational financial literacy portal finprosto.ru

The purpose of the portal is to communicate information on banking products and services to the public. 125,000 unique users and 31,100 registered users visited finprosto.ru, where interactive training materials and services intended for various audiences are posted. The visitors who complete online courses successfully receive useful e-books as a prize.

Development of an auction infrastructure and interaction with suppliers

Sberbank has a procedure in place for accreditation of suppliers of the highest-demand products. Procurements of complex products or services involve procurement procedures that consist of several stages for screening suppliers.

46%

Share of small- and medium-sized business in the procurement budget of Sberbank

Along with the standard participant assessment methodology, Sberbank also reviews their experience, qualifications, and financial stability. When procuring goods, works, and services in the headquarters and territorial banks, priority is still given to the use of bidding procedures in electronic form (auctions, requests for quotations). About 80% of procurement procedures is held in electronic form using the official e-trading platform (sberbank-ast.ru); procurement information is also published in the Unified Procurement Information System of Russia (zakupki.gov.ru).

Procurement activity in Sberbank¹

	2013	2014	2015	2016
Total number of suppliers engaged by the organization	1,323	1,798	39,295	59,653
Total payments to suppliers, RUB mln	66,798	92,582	183,025	216,407
Share of local suppliers in the procurement budget, %	93	95	96	99.5
Share of medium, small, and microbusiness in the procurement budget, %	28	33	39	46

¹Data from 14 regional head offices was taken into account when calculating the quantitative characteristics of procurement activity in 2016. In 2015, data submitted by the Baikal, Volgo-Vyatsky, West Ural, Southwestern, Northwestern, and Far Eastern regional head offices was not taken into account due to the absence of fully centralized accounting of internal business activity at that time.

Corruption prevention measures

Procurement and monitoring thereof are performed in specialized procurement centers. Contracts with Sberbank's counterparties included a standard clause on Guarantees on the Prevention of Corruption in Procurement Activity.

Job descriptions were updated and included the responsibility of the employees for corrupt practices; there are instructions clarifying the procedure for interaction with external counterparties and ethical rules of conduct. Employees engaged in the procurement activity of Sberbank undergo an annual psychophysiological study.

The role of Sberbank in improving state administration

With the active participation of Sberbank, educational programs on the use of modern management technology have been implemented for the representatives of the government and business.

Project name	Participants	Regions
Modern Management Technology and its Use in Government Bodies Engaged in the Development of the Far East	Heads and officials of government bodies engaged in the development of the Far East (224 people)	Far Eastern Federal District (9 constituent entities of Russia)
Improvement of the Road Facilities Management System	Heads of road facilities of Russia (Federal Road Agency or Rosavtodor) (97 people)	30 constituent entities of Russia
Modern Principles of Effective Governance	Members of the Government of the Moscow Region, heads of government bodies and municipalities of the Moscow Region (150 people)	Moscow Region
Modern Management Technology and its Use in the Implementation of the Priority Program "Complex Development of Monocities"	Heads of monocities (307 people)	58 constituent entities of Russia
Modern Management Technology and its Use in the Reformation of State Administration	Heads of government bodies and municipalities in the Republic of Tatarstan (100 people)	Republic of Tatarstan
Governance Policy based on Values and Formation of Regional Points of Growth in the Far East	Heads and officials of government bodies of Russia engaged in the development of the Far East (195 people)	Far Eastern Federal District (9 constituent entities of Russia)

Support of business events

Sberbank, as systemically important financial institution of the country, traditionally takes part in the leading industry events and economic forums.

In 2016, Sberbank acted as a partner to the Eastern Economic Forum dedicated to the economic potential and investment attractiveness of the Far East. Sberbank took part in the meeting of the Russian-Chinese Financial Council, where a number of agreements and memoranda of cooperation were signed.

The International Investment Forum in Sochi is a venue for presenting the economic and investment potential of the country, which gathers representatives of national and foreign business and of the investment community. Sberbank was not only a partner of the Forum but also took active part in its work. For example, during the meeting of the work group led by Deputy Chairman of the Government of Russia Dmitry Kozak, Sberbank's proposal to create packaged industry solutions for the projects of public and private partnership was supported and approved at the highest level. Sberbank also signed two Agreements with regions (Yamal-Nenets Autonomous District and Yaroslavl Region) and carried on negotiations with the heads of the Chelyabinsk, Sverdlovsk, and Vladimir Regions and the Republic of Bashkortostan on the implementation of joint projects.

During the Saint Petersburg International Economic Forum, which is one of the largest venues for the communication of the world business elite, Sberbank signed 18 cooperation agreements. Sberbank was a general partner of the Forum, as it has been since 2008.

Environmental impact management

Sberbank's approach toward environmental impact management is based on the mitigation of adverse impact along with the reduction of operating costs.

Responsible waste management

The main kinds of waste for Sberbank as a financial institution are paper and office appliances; the Bank continues to reduce the volume of its waste. This testifies to the company's progress in the field of mitigating its adverse environmental impact. At the same time, this indicator also reflects the reduction of consumables consumption in the Group and reduction in costs for their purchase as well as the costs of waste processing and disposal.

Paper consumption

The amount of paper recycled increased by

63%

An electronic office document flow system is used in Sberbank. This reduces paper consumption annually. In 2016, total paper consumption amounted to 7,838 tons, and total savings in the area of managerial document flow exceeded 300 tons.

Paper recycling

	2014	2015	2016
Weight of paper delivered for recycling, tons	1,156.95	1,401.41	2,333.09

Generation of low-hazard waste sent to landfills

	2014	2015	2016
Garbage from office and utility premises, tons	43,662	42,842	53,679

Hazardous waste management

	2014	2015	2016
Generated, tons	976	2 683	2 118
Delivered for recycling/neutralization, tons	988	2 664	1 736

Use of office equipment

100%
of office appliances, fluorescent lamps, and storage batteries were delivered for recycling or neutralization in 2016

Electricity consumption decreased by

2 %

Sberbank uses technical equipment of the office, which facilitates and speeds up paper work and administrative and managerial activity. Most wastes associated with office equipment are hazardous wastes. In 2017, we achieved a 100% delivery of such waste as fluorescent lamps, storage batteries, and office equipment for recycling or neutralization.

Effective consumption of resources

Energy consumption, Sberbank Group

Resource	2014	2015	2016
Electricity consumption, J	3,785,476	3,679,873	3,592,334
Heat consumption, J	348,589	320,668	293,631
Fuel, J			
diesel	1,753,446	1,386,082	1,697,375
gasoline	749,320	1,114,012	1,663,157
gas	41,451	222,381	178,363
coal	49,473	21,867	24,976
firewood	34,421	32,751	24,098
Total energy consumption, J	6,762,177	6,777,634	7,473,934

Fuel and energy consumption in physical and monetary terms, Sberbank

	2015		2016	
	cost, quantity	RUB thous.	cost, quantity	RUB thous.
Electricity, kW*h	977,619,622	4,569,414	956,691,858	4,941,574
Heat energy, Gcal	1,297,926	1,519,063	988,219	1,501,644
Potable water, cubic meters	5,902,326	145,586	3,436,591	116,021
Diesel fuel, liters	15,197,627	512,736	19,669,230	680,576
Gasoline, liters	13,189,924	440,389	14,390,268	520,502
Gas, cubic meters	17,826,941	104,175	14,879,667	100,544
Coal, tons	841	3,272	961	3,757
Firewood, cubic meters	2,099	1,743	1,545	1,314
Kerosene, liters	35,890	1,725	47,612	1,530

Fuel and energy consumption is a major item of expenditures in any organization. Reduction of their consumption increases operating efficiency and mitigates adverse environmental impact. In 2016, Sberbank achieved a reduction in consumption of electricity and heat as well as water.

The design, construction, and reconstruction of Sberbank facilities are performed using “green” construction standards. For example, the reconstruction of the facility at 32 Kutuzovsky Prospekt was performed using vertical landscaping technologies to maintain an ecological atmosphere in the premises, and it will be lit with energy-saving LED lamps.

In 2016, construction of the Skolkovo DPC was started. It is expected to be one of the most effective ones in Europe. Its design and construction is being performed in compliance with LEED Silver standards.

Environmental initiatives

Sberbank, in collaboration with the largest Russian enterprises, supports the “Russian Partnership for Climate Preservation” initiative, the main goal of which is to draw the public’s attention to global warming issues. Within the framework of this Agreement, Sberbank expressed its support for the 21st UN Climate Change Conference in Paris and urged the international community to sign a legal document to prevent an increase in the average temperature by more than two degrees Celsius.

In November 2016, the 5th International Energy Efficiency and Energy Saving Forum ENES-2016 was held in Moscow. It was dedicated to the development of the energy industry and the development of new energy-saving technologies. The Forum arranged for an international meeting of mayors dedicated to enhanced energy efficiency and the sustainable development of cities, in which Deputy Chairman of the Executive Board of Sberbank Oleg Ganeev took part. Almost 16,000 people took part in the Forum in total.

Information Technology

Sberbank Technology Platform

Today, the financial services market is being rapidly captured by technology companies that were not initially engaged in financial services. Their global presence gives them a client base incomparably greater than that of any bank as well as technological flexibility and the ability to respond to changing client needs.



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Global transformation of our platform and processes is under way. In 2016, we achieved noticeable results: system downtime decreased by 74%, the target system reliability indicator of 99.99% was almost reached, IT and operations deviation management was fully centralized and unified, the first stage of agile transformation was launched, and the framework for key implementations of the platform core in 2017 was prepared. Moreover, in 2016, the Sberbank Digital Ecosystem began to take on more tangible forms: we launched cloud platform for small business; created Sberbank-Telecom, a mobile virtual network operator ; invested in the non-finance businesses Uber and Gett; we are developing promising companies Yandex.Money, Segmento and Plazius.

Lev Khasis

First Deputy Chairman of the Executive Board

We are currently witnessing the emergence and growth of a “digital” generation: people who are accustomed to modern technology, such as mobile apps and social media, in their everyday lives. Today, clients are not interested in banks as such or the financial services they offer—clients instead need solutions for their specific life objectives.

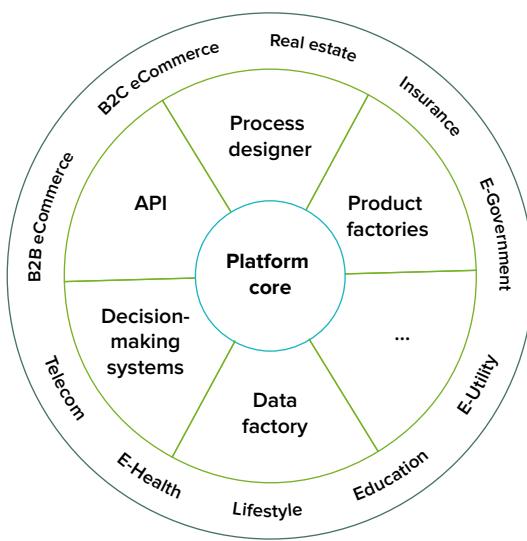
The Bank thus needs to transform itself accordingly and offer its clients not just banking products but also comprehensive satisfaction of their needs. Interactions with “digital” clients should be based on a platform that can determine their lifestyle, interests, and consumer habits, while preserving a history of relations, their activity in global networks, and sensor data, including movement tracking based on geolocation data. This data helps generate a “portrait” of a client to offer them the most relevant services, even those they never used before or even knew of their existence.

For business operations, the technology platform will be the core of integration, allowing them to build internal businesses out of “bricks” and to connect external businesses as quickly as possible.

Thus, the technology platform of Sberbank will serve as the basis for creating ecosystems any businesses can connect to. This should be an important factor in the further development of Sberbank as a global technology company in the highly competitive environment of today's world where the traditional boundaries of industries are losing their familiar forms.

The creation and evolution of the technology platform include the phased development of the bank's business model and appropriate support for its functioning during the transition from a traditional service provider to the ecosystem model.

The Sberbank platform should support the formation of any business



Key achievements under strategic programs in 2016

Sberbank is successfully implementing its strategic initiatives aimed at building a technology platform and transformation into a technology company by the end of 2018.

99.99 Reliability Strategic Program

Sberbank has taken sustained efforts to ensure the high reliability of its systems. Among the major milestones of this work are the organization of georeservation of the services of Sberbank's contact center; the creation of a core for a new highly reliable local area network; the operation of customer services when performing transactions in online stores, money transfers, issuance of loans, or remote Stand-in 24/7 services in case of incidents and technological work. The downtime of critical automated systems of the Yuzhny Port DPC does not exceed 1.6 hours per year. This DPC has been certified under Tier Certification Operational Sustainability, Uptime Institute at the GOLD level.

Highly critical services of data transportation between the automated systems of Sberbank were running 99.999% of time—that is, system downtime does not exceed 5 minutes a year. This ensures the continuity of the main services to private and corporate clients.

There is a pilot block for employees in the Sberbank Online system where new versions of Sberbank Online are tested prior to their wide-scale distribution, which mitigates risks and reduces implementation time.

Transformation of the IT Organization

Sberbank implemented an end-to-end production process and resource planning, which increased control over project launch and implementation and decreased the average project duration from 30 to 18 months. A new process of nonproject task implementation enabled us to make implementation times 1.9 times shorter. Satisfaction of internal clients in the field of implementation of project IT components went up by a factor of 3.8, and in the field of implementation of nonproject tasks it went up by a factor of 3. Sberbank has finished transformation of its IT organization. A platform for technology transformation has been created.

Technology Transformation

Sberbank started agile transformation by transitioning to a flexible design methodology called "Sbergile". Sbergile teams are provided with basic automation, and a process of iterative service development has been elaborated.

Sberbank created a uniform management process for operational and IT production, incidents, and technology standards.

The number of functions for the support of client operations was decreased by 13%. Regional client operations support centers in Khabarovsk and Voronezh underwent transformation. IT operations are supported in all time zones.

Business Development Support Platform (18+)

The platform is meant to become an all-purpose construction kit for building business applications.

The performance efficiency and scalability of the In-Memory-Data grid architecture were practically confirmed; in particular, a high-performance efficiency of 35,000 transactions per second was achieved. A uniform information environment was created to which data on 100 mln clients was uploaded. Mechanisms for audit, authorization, data access, and packaged processing were designed. Important services for business were implemented: a uniform retail client profile, a uniform directory of products and tariffs with respect to deposits and bank cards, and dynamic pricing. The first product factories were launched: P2P transfers, commercial acquiring, and deposits.

The Program team received the status of developers of the open-source community Apache Software Foundation. Program projects got the opportunity to develop open-source components of the technology stack of platforms.

Uniform Front-End System

The purpose of the program is to create a uniform standard in all customer service channels.

The main focus of the Program in 2016 was on the growth of active sales to private clients through the contact center, increasing corporate client loyalty using the service of remote account reservation without visiting a Sberbank office, and reduction of the cost of services of external contact centers of corporate clients.

From the technical point of view, a uniform library of interface components of basic system services was formed to create a user interface. Using the library will make it possible to increase the speed of screen form development by 30%–35% and to reduce the cost of their development by 15%–20%. A number of open-source components were developed and made freely available for reuse to the Internet community. An assembly line for automatic assembly of applications was introduced, and technology for automatic system deployment in all environments is being piloted. Use of DevOps technology will reduce time-to-market considerably and will make it possible to introduce products to the market much more quickly.

The functionality of remote opening of accounts, salary projects, and corporate cards was transferred to a new digital corporate platform. This is the first step in the transition to the Uniform Front-End System.

A mobile workstation for direct sales agents was created to allow planning of meetings and optimization of the agent's routes with regard to the geographic location of clients.

The program is being implemented based completely on the agile method. It takes eight weeks to go from the idea to opening. There are over 90 agile teams working under the Program. In 2016, the Bank formed the best team of IT specialists and business experts. This team includes over 1,000 employees from Sberbank's business units and 17 Sberbank Technology competence centers. To attract the best specialists, Sberbank held an Open House and an International Design Hackathon.

Data Factory

The purpose of the Program is to provide the Group with the conditions for achieving a competitive time to market, data monetization, increased speed of managerial decision making, and reduced cost of data ownership. The Program united activities for creating data services and developing infrastructure with consideration for current trends in building corporate data warehouses and analytical platforms.

Key projects under the Program:

- 4D client profile increases information integrity and corporate client history depth.
- “Mass personalization” increases the efficiency of same-name retail business processes by quickly obtaining accurate information about clients based on data.
- “Boutique assembly line” increases the proceeds from CIB clients by reducing the time and increasing the efficiency of decision making insofar as it concerns information about clients.
- Geomarketing 2.0 provides external clients of Sberbank with information about the economic potential of individual geographic locations.

The Program provides for increased performance efficiency of the analytical data warehouse. A new, important element of the architecture has been created—that is, a data cloud, a distributed data storage for subsequent processing, to which the first data of Sberbank's largest systems—the Uniform Corporate System and the Uniform Credit Portfolio—have been uploaded. An area of data experiments and verification of hypotheses of the models for business users has been introduced. Sberbank has managed to reduce the time of one-time data delivery at the request of Sberbank units to 10 days (from more than four months).

Centralization 3.0

The purpose of the Program is to complete centralization of the landscape by enhancing IT asset performance. In 2016, 682 noncore automated systems (with a target figure of 410) and two DPCs were removed from service under the Program. In 2017, another 270 noncore systems and seven data processing centers are to be removed from service, and IT-equipment is to be replaced.

Breakthrough IT-developments of Sberbank

Technology innovations and application of breakthrough technologies are becoming necessary factors for successful development of a modern bank. Sberbank follows global trends and implements solutions to satisfy the growing needs of its clients.

The changing IT landscape of Sberbank will be based on a technology platform, which will act as an environment ensuring the functioning of the business and allowing ecosystem participants to interact and create value. The technology platform will include infrastructure, data and means for its processing and analysis, applications, development tools, and APIs.

Sberbank actively applies the latest technologies to create innovative services. In particular, methods for working with Big Data have been used in the development of an all-purpose chat platform for Telegram and Facebook messengers. A pilot system of biometric identification based on retinal scanning for self-service terminals has been tested. When launching the project "Biometrics-based payment in the trade network Azbuka Vkusa", closed testing for Sberbank employees by fingerprints was performed. A pilot project for the development of a mathematical model of cash collection and cash on hand management in the self-service terminals of Sberbank was implemented. It is meant to reduce the downtime of terminals and to save on the optimization of cash funds stored.

The Program for the Automation of Risk Management Systems in the Financial Markets, which was started 4.5 years ago, was finished successfully. Systems were created to control market and credit risk limits and to establish limits for financial institutions. Systems for monitoring the arm's-length-principle and independent verification of prices were introduced. The uniqueness of this IT program for Russia is that there has been no positive experience of solving such problems until now. A total of about 360 mln rubles was saved by creating the risk infrastructure.

Sberbank introduced an automated monitoring system for credit applications to identify fraudulent actions of its corporate clients. The system processes big data scopes in memory, which makes it possible to perform real-time verifications.

Sberbank has automated its underwriting quality control system. Creation of risk analysis tools, which is planned before the end of 2017, will make it possible to improve credit portfolio quality and to support a high level of expert review.

A pilot project for deployment of an international card processing center has been completed successfully. Its first client was BPS-Sberbank in the Republic of Belarus.

Sberbank introduced a system that automates collection of past-due debt at the stage of late collection, *inter alia*, using the collector's mobile application.

Sberbank offered its clients an “Investor’s Personal Account” to let them view their balances on brokerage accounts, financial leverage, register of transactions, and information on the deposit/withdrawal of cash and on securities flow between the client’s accounts.

The database of the “Mobile Bank” text service was carried over to a new high-efficiency resource to bear the daily load of 18 mln incoming messages from clients.

A prototype of the portal for Sberbank’s external partners was created, a service with an open interface (API) was published, and an API lifecycle management tool was deployed to connect Sberbank Messenger partners and to publish the API of corporate services and attract new partners.

A new channel for processing multimedia messages “Text Chat” was created in the contact center to reduce expenses on telephone traffic and to slow down the growth of load on operators.

Sberbank implemented a “direct settlements” technology, which made it possible to make real-time payments in Sberbank’s payment system. Thus, the time for payment between Sberbank clients was reduced from 45 to 6 minutes.

Sberbank introduced a simplified structure of processing corporate clients’ requests, as a result of which up to 50% of financial claims are settled within one day, and self-cash collection requests are resolved within an hour. The maximum time for processing corporate clients’ requests does not exceed two days.

A data quality management policy was created, and a unique training program for the Russian market on data handling was developed and first completed by 80 top managers of Sberbank.

A new data monetization business appeared in Sberbank. A basic portfolio of Sberbank products was formed based on aggregated data. The first transactions were made with external clients for products for building a model of the propensity to buy and client base segmentation for targeted campaigns.

The Open Data portal was launched, a unique information product based on Big Data technologies that provides aggregated data on the economic activity of the population and business.

Sberbank created the innovation laboratories where the mean time of the development of an innovative product prototype does not currently exceed five months. Among the innovative initiatives tested or implemented by Sberbank, we can name the following:

- Tracking and management of powers of attorney, electronic real estate mortgage bonds, money transfers, and accounting of factoring transactions based on blockchain technology
- Building an electronic document-flow system based on blockchain technology together with the Federal Antimonopoly Service
- Automated scheduling of employees’ work in the customer service offices
- Using Platform as a Service (PaaS) technology and implementing a new product with the minimum valuable performance for the client (MVP), which will reduce the time to market of new products of Sberbank

- Using the technology of automatic communication with clients in text-service channels (messengers and texting), creating intelligent digital assistants to resolve clients' problems and an all-purpose platform for chat bots
- Creating a new-generation mobile banking application based on messenger technology; creating an ecosystem of client communication, ordinary channels for communications and management of accounts, cash funds and transfers; studying the marketplaces for partners, and providing additional services to clients
- Studying the demand for services that are based on provision of real APIs of Sberbank for the development of applications by external developers; the purpose is to create a community that uses the Sberbank platform for the development of external products
- Developing a corporate file storage where Sberbank will be able to keep all its working documents in its cloud-based environment and provide access to them from workstations and mobile devices to all its employees while complying with security requirements

The project "Creation of a Monitoring System for Deviations in Calculations" (Program PPRB 18+) won the category "Best Industrial Solution" in the contest "Project of the Year" held by the community of IT directors Global CIO.

For its work over the last years, experience in the field of innovations, and crowd-sourcing activities, Sberbank was ranked second at the international Berkley-Haas Open Innovation Awards-2016 in the category "Business Model Transformation."

Among the key plans of technology landscape development for 2017, Sberbank scheduled implementation of all basic technology services of the IT platform and business services for private clients, development of an Open API ecosystem of technology partnership, implementation of artificial intelligence and machine learning algorithms for Sberbank tasks, and connection of at least two businesses of the ecosystem.

Financial results

Major performance indicators of Sberbank Group under IFRS for five years



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I find enhanced performance to be the most important result of 2016: the cost to income ratio improved to 39.7%, and coverage of operating costs with the net commission income increased to 51.5%. In total, this considerably reduces the sensitivity of the bank to a possible reduction in the marginality of the banking business and allows us to look to 2017 with optimism.

Alexander Morozov

Deputy Chairman of the Executive Board

Major performance indicators of Sberbank Group under IFRS for five years

	2012	2013	2014	2015	2016	Change 2016/2015, % (unless specified otherwise)
For the year, RUB bln						
Operating income before provisions	915.3	1,094.8	1,300.7	1,429.8	1,697.5	18.7
Provision charge for loan impairment	(21.5)	(133.5)	(357.0)	(473.1)	(342.4)	-27.6
Operating income	893.8	959.9	939.3	954.6	1,355.1	42.0
Operating expenses	(445.9)	(504.2)	(565.1)	(623.4)	(677.6)	8.7
Profit before tax	447.9	455.7	374.2	331.2	677.5	104.6
Net profit	347.9	362.0	290.3	222.9	541.9	143.1
As of 31 December, rub bln						
Loans and advances to customers, net	10,499	12,934	17,757	18,728.0	17,361.0	-7.3
Loans and advances to customers before provision for loan impairment	11,064	13,544	18,626	19,924.0	18,665.0	-6.3
Total assets	15,097	18,210	25,201	27,335	25,369	-7.2
Due to individuals and corporate customers	10,179	12,064	15,563	19,798.0	18,685.0	-5.6
Total liabilities	13,474	16,329	23,181	24,960.0	22,547.0	-9.7
Total equity	1,624	1,881	2,020	2,375	2,822	18.8

	2012	2013	2014	2015	2016	Change 2016/2015, % (unless specified otherwise)
Per share, rub per share						
Basic and diluted earnings per ordinary share	16.03	16.78	13.45	10.36	25.0	141.3
Dividends per ordinary share declared during the year	2.08	2.57	3.2	0.45	1.97	337.8
Net assets per ordinary share	75.2	87.5	94.0	110.5	131.3	18.8
Financial ratios, %						
Profitability ratios						
Return on assets (ROA)	2.7	2.2	1.4	0.9	2.1	1.2 p.p.
Return on equity (ROE)	24.2	20.8	14.8	10.2	20.8	10.6 p.p.
Spread (return on assets less cost of funds)	5.8	5.7	5.5	4.1	5.3	1.2 p.p.
Net interest margin (net interest income to average earning assets)	6.1	5.9	5.6	4.4	5.7	1.3 p.p.
Operating expenses to operating income before provisions	48.7	46.0	43.2	43.7	39.7	-4.0 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)	100.9	104.2	110.8	91.9	90.6	-1.3 p.p.
Capital adequacy ratios, %						
Core capital ratio (Tier I)	10.4	10.6	8.6	8.9	12.3	3.4 p.p.
Total capital ratio (Tier I and Tier II)	13.7	13.4	12.1	12.6	15.7	3.1 p.p.
Equity to total assets	10.8	10.3	8.0	8.7	11.1	2.4 p.p.
Asset quality ratios						
Non-performing loans to total loans outstanding (NPL ratio)	3.2	2.9	3.2	5.0	4.4	-0.6 p.p.
Provision for loan impairment to non-performing loans (NPL coverage) (times)	1.6	1.5	1.4	1.2	1.6	0.4
Provision for loan impairment to total gross loans to customers	5.1	4.5	4.7	6.0	7.0	1.0 p.p.

Analysis of the Statement of Profit and Loss

General trends

The net profit of Sberbank Group under IFRS in 2016 increased to RUB 541.9 billion, which is 143.1% higher than in 2015. The Group's operating income before provisions in 2016 increased by 18.7% to RUB 1,697.5 billion, mainly due to net interest income and net fee and commission income. In 2016, net provision charge for impairment of debt financial assets decreased by 27.9% to RUB 342.4 billion against RUB 475.2 billion in 2015. Operating expenses in 2016 slowed down the growth rate in comparison to the previous year and increased by 8.7% - to RUB 677.6 billion. As at the end of 2016, the Group performed revaluation of office premises, which resulted in a negative effect on operating income in the amount of RUB 25 billion.

RUB bln	2015	2016	Change, %
Net profit of the Group	222.9	541.9	143.1
Operating income before provisions	1,429.8	1,697.5	18.7
Operating expenses	(623.4)	(677.6)	8.7
Provision charge for impairment of debt financial assets	(475.2)	(342.4)	-27.9
Provision charge for impairment loan portfolio	(473.1)	(342.4)	-27.6

Net interest income

The Group's net interest income increased by 37.9% in 2016 to RUB 1,362.8 billion. This growth was primarily due to reduction in interest expenses on the background of declining interest rates on funding in 2016. Interest income of the Group increased by 5.2%, primarily due to growth in volume of earning assets.

Interest income of the Group

RUB bln	2015	2016	Change, %
Net interest income,	988.0	1,362.8	37.9
Interest income	2,279.6	2,399.0	5.2

Factor analysis of change in the net interest income of the Group in 2015–2016

RUB bln	Changes in volume	Changes in rates	Change in interest income/expenses
Assets			
Loans to corporate customers	55.9	(26.1)	29.8
Loans to individuals	23.6	7.3	30.9
Due from other banks	2.0	24.6	26.6
Debt securities	43.3	(11.2)	32.1
Change in interest income	124.8	(5.4)	119.4
Liabilities			
Due to individuals	(96.0)	69.1	(26.9)
Due to corporate customers	(18.3)	111.3	93.0
Subordinated debt	0.8	(0.8)	—
Other borrowed funds	3.4	(1.3)	2.1
Debt securities in issue	2.1	2.7	4.8
Due to banks	142.8	39.6	182.4
Change in interest expenses	34.8	220.6	255.4
Change in net interest income/expense	159.6	215.2	374.8

Factor analysis of interest income of the Group

RUB bln	2015			2016		
	Average amount for the year	Interest income	Average yield, %	Average amount for the year	Interest income	Average yield, %
Loans to corporate customers	13,786.3	1,371.3	9.9	14,348.7	1,401.1	9.8
Loans to individuals	4,829.3	713.7	14.8	4,989.3	744.6	14.9
Due from banks	1,583.5	25.8	1.6	1,705.3	52.4	3.1
Debt securities	2,300.0	168.8	7.3	2,889.9	200.9	7.0
Total interest-earning assets	22,499.1	2,279.6	10.1	23,933.2	2,399.0	10.0
Provision for loan impairment of debt financial assets	(1,042.9)			(1,272.6)		
Non-interest earning assets	3,570.9			3,402.6		
Total assets	25,027.1			26,063.2		

Loan yields, %



Interest expenses of the Group

RUB bln	2015	2016	Change, %
Interest expenses (including insurance expenses)	(1,291.6)	(1,036.2)	19.8

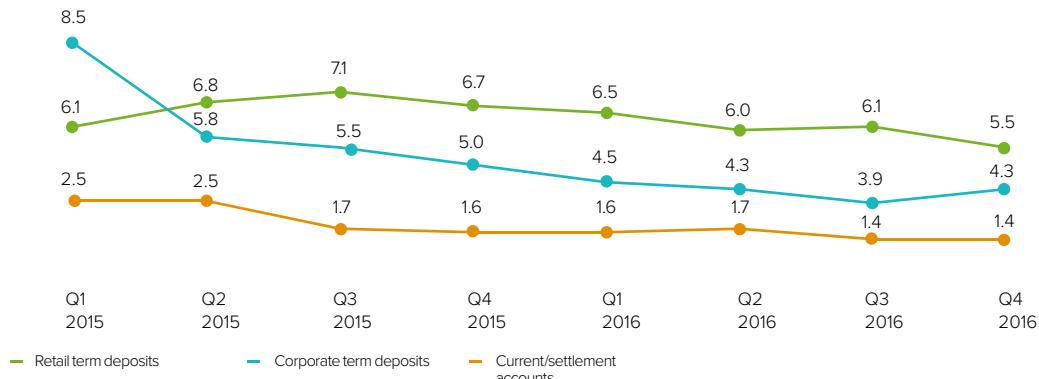
Interest expenses decreased by 19.8% in 2016 compared to 2015 and amounted to RUB 1 036.2 billion. This decline resulted from optimization in liabilities structure in favour of cheaper resources, as well as a downward trend in cost of funding in 2016. Main reduction in interest expenses was attributed to interest expenses on amounts due to banks (by 81.5%), mainly due to the reduction in volume of these funds, primarily attracted from the Bank of Russia. Also, the decline was recorded in interest expenses from corporate customers (by

27.1%), primarily due to the impact of a decrease in interest rates on term deposits. 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 57.9% in the total amount of interest expenses compared to 44.4% at the end of 2015, which confirms the redistribution of the Group's funding towards cheaper resources.

Factor analysis of interest expenses of the Group

RUB bln	2015			2016		
	Average amount for the year	Interest expenses	Average cost, %	Average amount for the year	Interest expenses	Average cost, %
Due to individuals	10,268.7	(573.3)	5.6	11,988.0	(600.2)	5.0
Due to corporate customers	6,639.6	(343.3)	5.2	6,993.0	(250.3)	3.6
Subordinated debt	791.5	(47.0)	5.9	778.6	(47.0)	6.0
Other borrowed funds	431.8	(12.8)	3.0	316.5	(10.7)	3.4
Debt securities in issue	1,330.0	(91.5)	6.9	1,299.0	(86.7)	6.7
Due to banks	2,098.7	(223.7)	10.7	758.7	(41.3)	5.4
Total	21,560.3	(1,291.6)	6.0	22,133.8	(1,036.2)	4.7
Non-interest earning liabilities	1,291.1			1,319.7		
Total liabilities	22,851.4			23,453.5		

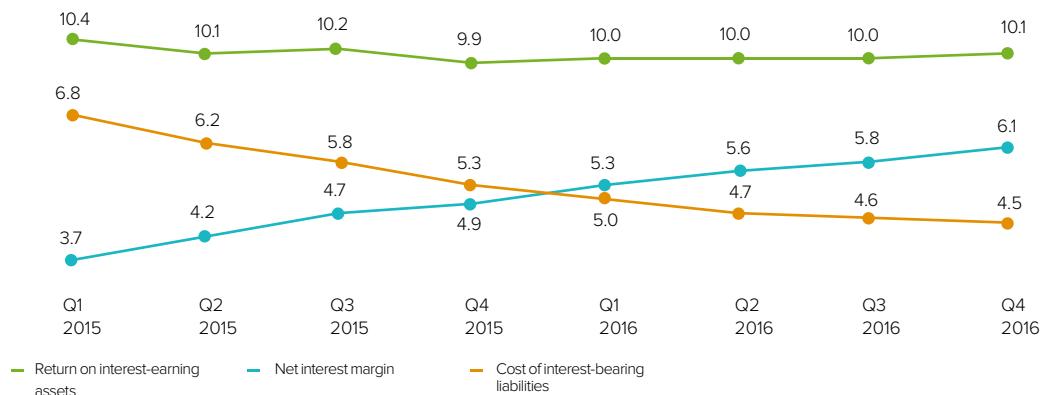
On the background of lower interest rates in 2016, the cost of funds was reducing throughout the year for nearly all of the Group's liabilities. The reducing trend for interest rates had the largest influence on the cost of term deposits of individuals and corporate clients. Thus, for term deposits of individuals the cost of funding decreased by 1.2 pp. during the year from 6.7% in the 4th quarter of 2015 to 5.5% in the 4th quarter of 2016. At the same time, a significant increase in the volume of amounts due to individuals in 2016 led to an increase in interest expenses on amounts due to individuals by 4.7%. For term deposits of corporate clients the cost of funding decreased by 0.7 pp. during the year from 5.0% in the 4th quarter of 2015 to 4.3% in the 4th quarter of 2016. The decrease in interest rates was crucial for reducing interest expenses on corporate customers: during 2016 the decline was 27.1%. In general, the cost of interest-bearing liabilities consistently decreased by 0.8 pp. in 2016 from 5.3% in the 4th quarter of 2015 to 4.5% in the 4th quarter of 2016.

Average customer deposit costs, %

The net interest margin grew consistently throughout 2016 from 4.9% in the 4th quarter of 2015 to 6.1% in the 4th quarter of 2016. The growth of the margin was primarily due to the decrease in cost of funding for the Group, which was observed in 2016. At the same time, return on interest-earning assets increased slightly in 2016: by 0.2 pp. from 9.9% to 10.1%.

Changes in net interest margin in 2016

	Value, %
2015 NIM	4.4
Return on corporate loans	-0.1
Return on retail loans	0.0
Return on amounts due from other banks	+0.1
Return on securities	0.0
Structure of interest earning assets	-0.1
Cost of amounts due to corporate customers	+0.5
Cost of amounts due to individuals	+0.3
Cost of amounts due to other banks	+0.2
Cost of issued securities and subordinated debt	0.0
Structure of interest-bearing liabilities	+0.2
Ratio of interest-earning assets to interest-bearing liabilities	+0.2
2016 NIM	5.7

Yield on interest earning assets and cost of funds, %

Fee and commission income and expense

In 2016, the commission income of the Group increased by 13.6% to RUB 436.3 billion. Net fee and commission income of the Group increased by 9.4% - to RUB 349.1 billion. The main driver of commission income growth was commission income received from cash and settlement transactions with individuals and legal entities. During the year these income increased by 18.9% - to RUB 350.4 billion. The share of this income in the Group's commission income was 80.3%. Also, the growth was shown by documentary and agent commissions.

Fee and commission income and expense

RUB bln	2015	2016	change	
			RUB bln	%
Cash and settlements transactions with legal entities	205.0	248.7	43.7	21.3
Cash and settlements transactions with individuals	89.8	101.7	11.9	13.3
Documentary commissions	23.1	25.7	2.6	11.3
Operations with foreign currencies and precious metals	40.1	22.0	(18.1)	-45.1
Agent commissions	8.4	12.5	4.1	48.8
Cash collection	7.1	7.8	0.7	9.9
Operations on financial markets on behalf of clients and investment banking operations	5.0	5.6	0.6	12.0
Other	5.6	12.3	6.7	119.6
Fee and commission expense on settlement transactions	(60.2)	(80.9)	(20.7)	34.4
Other and commission expense	(4.9)	(6.3)	(1.4)	28.6
Net fee and commission income	319.0	349.1	30.1	9.4

Provision charge for loan impairment

In 2016 the provision charge for loan impairment decreased by 27.6% from RUB 473.1 billion in 2015 to RUB 342.4 billion in 2016. The main reasons for significant decrease in provision charge for loan impairment were the improvement in the quality of the Group's loan portfolio due to the slowdown of the recession in the Russian economy and appreciation of Russian Rouble, which affected the reduction in the amount of provisions for foreign currency loans in Russian Rouble equivalent. The cost of credit risk decreased by 110 b.p. during 2016 from 230 b.p. in the 4th quarter of 2015 to 120 b.p. in the 4th quarter of 2016.

Net provision charge for loan impairment (RUB bln)



Cost of risk (bp)



Other operating income/expenses

Other net operating expenses, 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 14.4 billion in 2016. In 2015 other net operating income amounted to RUB 122.8 billion. Other net operating expenses include a negative effect of revaluation of office premises for the amount of RUB 25 billion. Had the effect of revaluation been excluded, other net operating income would have been RUB 10.6 billion. Also, the decrease in other operating income was affected by the decrease in income from operations with foreign currency and foreign currency interest rate derivative financial instruments in 2016.

Operating expenses

In 2016, the Group's operating expenses increased by 8.7%. The most significant increase was shown by staff costs (11.1%), which are the main component of operating expenses. Primarily this growth was driven by indexation of staff salaries. Also in 2016, the growth was recorded by advertising and marketing expenses (by 19.2%) and operating lease expenses (by 17.8%). At the same time the ratio of operating expenses to operating income before provisions significantly improved: from 43.7% in 2015 to 39.7% in 2016 (for 4.0 pp).

Operating expenses

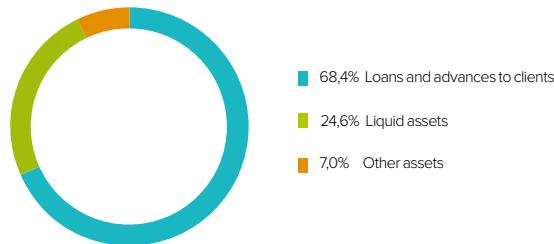
RUB bln	2015	2016	Change	
			RUB bln	%
Staff costs	346.0	384.3	38.3	11.1
Depreciation of premises and equipment	60.2	62.8	2.6	4.3
Repairs and maintenance of premises and equipment	39.9	42.5	2.6	6.5
Administrative expenses	38.3	39.7	1.4	3.7
Taxes other than on income	36.0	34.1	(1.9)	-5.3
Operating lease expenses	28.1	33.1	5.0	17.8
Telecommunication expenses	27.1	29.4	2.3	8.5
Amortization of intangible assets	20.6	20.2	(0.4)	-1.9
Consulting and assurance services	10.5	12.1	1.6	15.2
Advertising and marketing services	7.3	8.7	1.4	19.2
Other	9.4	10.7	1.3	13.8
Total operating expenses	623.4	677.6	54.2	8.7

Analysis of the assets structure of Sberbank Group under IFRS

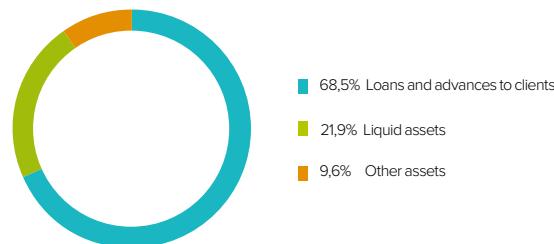
General trends

In 2016, the Group's assets decreased by 7.2% - to RUB 25.4 trillion. Loans and advances to customers remain the largest category of assets: their share at the end of 2016 amounted to 68.4% of total assets. The proportion of liquid assets, including cash and cash equivalents, due from banks, securities portfolio comprised 24.6%. In 2016, the securities portfolio decreased by 6.5% to RUB 2.7 trillion. The portfolio is almost totally comprised of bonds and is used primarily for liquidity management.

Liquid and other assets breakdown in 2016



Liquid and other assets breakdown in 2015

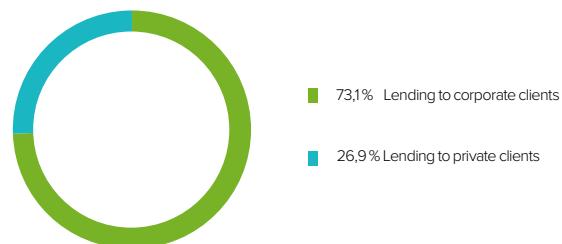


Loans and advances to customers

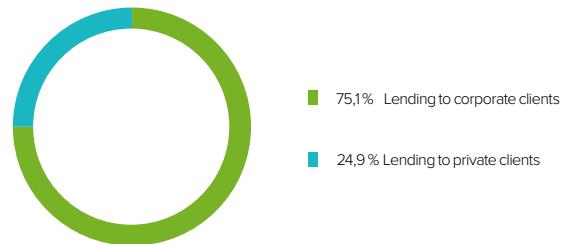
The total loan portfolio of the Group before provision for loan impairment decreased by 6.3% y-o-y to RUB 18.7 trillion. Corporate loans decreased by 8.9% in 2016. Retail lending increased by 1.3% in 2016. The share of corporate loans in the total loan portfolio slightly decreased in 2016 compared to 2015 and amounted to 73.1% (2015: 75.1%). The decrease in corporate loan portfolio was influenced mainly by the revaluation of foreign currency portfolio due to Russian Rouble appreciation, as well as early repayment of loans by a number of large customers.

The corporate loan portfolio decreased by 8.9% - to RUB 13.6 trillion. The decrease in corporate loan portfolio was influenced mainly by the revaluation of foreign currency portfolio due to Russian Rouble appreciation, as well as early repayment of loans by a number of large customers.

Loans and advances to customers in 2016



Loans and advances to customers in 2015



Retail loan portfolio grew by 1.3% in 2016 y-o-y and comprised RUB 5.0 trillion. The driver of growth in the retail lending was mortgage loans, which grew by 7.7% in 2016. In 2016, mortgage loans remained the main component of the retail loan portfolio: their share comprised 54.7%, making increase of 3.3 p.p. in 2016. The share of mortgage loans in the total loan portfolio comprised 14.8%. Sberbank's domestic market share in mortgage loans reached 54.6%. The increase in volumes of mortgage lending was offset by a revaluation of the foreign currency retail loan portfolio, as well as large amounts of early repayments during the 4th quarter of 2016.

Structure of the credit portfolio of the Group

	2015		2016	
	RUB bln	%	RUB bln	%
Commercial loans to legal entities	10,368.0	52.1	9,916.0	53.2
Specialized loans to legal entities	4,590.7	23.0	3,717.0	19.9
Mortgage loans to individuals	2,554.6	12.9	2,750.9	14.8
Consumer and other loans to individuals	1,681.8	8.4	1,574.1	8.4
Credit cards and overdrafts	587.2	2.9	586.9	3.1
Car loans to individuals	142.0	0.7	119.8	0.6
Total loans and advances to customers before provision for loan impairment	19,924.3	100.0	18,664.7	100.0

Quality of the loan portfolio

The provision coverage level of the total loan portfolio before provision for loan impairment comprised 7.0% as at the end of 2016, making an increase of 6.0% compared to 2015. In 2016, 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 5.0% to 4.4%. At the same time, the provision coverage of non-performing loans (NPLs) in 2016 increased to 1.6 as at the end of 2016 compared to 1.2 as at the end of 2015.

The Group has refined the presentation of renegotiated loans disclosure in the consolidated financial statements for 2016 under IFRS. A loan is considered renegotiated if terms of the original loan contract have been changed. Renegotiated loan portfolio consists of "modified" and "restructured" loans. Restructured loans represent loans which were distressed at the moment of the renegotiation. Restructured loans before provision for loan impairment decreased by 1.8% compared to 2015 and amounted to RUB 1.2 trillion. Its share in the total loan portfolio comprised 6.5% as at December 31, 2016 (6.2% as at December 31, 2015). The provision coverage of non-performing loans (NPLs) combined with restructured non-NPLs increased to 74.6% as at December 31, 2016, compared to 64.5% as at December 31, 2015.

Securities portfolio structure

The Group's securities portfolio is represented mainly by debt instruments (96.9%) and is used primarily for liquidity management. The proportion of shares in securities portfolio increased in 2016 compared to 2015 and amounted to 2.7%. The proportion of corporate bonds in the portfolio structure comprised 33.6% as at the year-end 2016 with 6.3 p.p. decrease y-o-y. The share of corporate bonds with investment rating comprised 27.1% in the Group's total portfolio of corporate bonds (as at the end of 2015 - 39.1%). The share of securities pledged under repurchase agreements decreased from 7.6% to 4.2% in 2016. This decrease resulted from significant reduction in dependence on the funds of the Bank of Russia which became possible due to flexible interest policy and by attracting additional volumes of customers deposits.

Structure of the securities portfolio of the Group

	2015		2016	
	RUB bln	Share, %	RUB bln	Share, %
Russian federal loan bonds (OFZ bonds)	872.2	30.0	1,019.1	37.5
Corporate bonds	1,156.9	39.9	913.9	33.6
Foreign government and municipal bonds	413.0	14.2	348.6	12.8
Russian Federation Eurobonds	325.7	11.2	273.6	10.1
Russian municipal and subfederal bonds	76.4	2.6	78.7	2.9
Promissory notes	0.4	0.0	0.4	0.0
Total debt securities	2,844.6	97.9	2,634.3	96.9
Corporate shares	56.2	1.9	71.0	2.7
Investments in mutual funds	5.2	0.2	12.2	0.4
Total securities	2,906.0	100.0	2,717.5	100.0

Credit rating debt securities portfolio breakdown

	2015		2016	
	RUB bln	Share, %	RUB bln	Share, %
Investment rating	1,672.9	58.8	1,533.5	58.2
Speculative rating	1,079.1	37.9	1,051.7	39.9
No rated	92.6	3.3	49.1	1.9
Total debt securities	2,844.6	100.0	2,634.3	100.0

Analysis of the liabilities and equity of the Group under IFRS

General trends

The Group's liabilities structure is dominated by amounts due to individuals and corporate customers, total amount of which comprised RUB 18.7 trillion as at 31 December 2016, or 82.9% of liabilities. Amounts due to banks decreased by 46.3% in 2016. This was largely influenced by reduction in volumes of funding from the Bank of Russia. In general, the Group's liabilities decreased by 9.7% to RUB 22.5 trillion in 2016. The decrease in funding was mainly influenced by decrease in interest rates and appreciation of Russian Rouble.

Customer deposits

Amounts due to customers decreased by 5.6% to RUB 18.7 trillion in 2016. At the same time amounts due to individuals increased by 3.4% to RUB 12.4 trillion. In 2016 the share of due to individuals increased in the total structure of the Group's liabilities compared to 2015 and amounted to 55.2% (2015: 48.3%). Thus, amounts due to individuals continue to remain the main source of financing for the Group. The volume of corporate customers decreased by 19.6% to RUB 6.2 trillion. The decrease in the amounts due to corporate customers was primarily influenced by the reducing market trend for interest rates on term deposits.

Customer deposits of the Group

	2015		2016	
	RUB bln	%	RUB bln	%
Due to individuals				
Current/demand accounts	2,415.4	12.2	2,478.9	13.3
Term deposits	9,628.3	48.6	9,970.7	53.3
Total due to individuals	12,043.7	60.8	12,449.6	66.6
Due to corporate customers				
Current/settlement accounts	2,361.2	11.9	1,982.3	10.6
Term deposits	5,393.4	27.3	4,252.9	22.8
Total due to corporate customers	7,754.6	39.2	6,235.2	33.4
Total	19,798.3	100.0	18,684.8	100.0

Debt securities issued by the Group

RUB bln	2015	2016	Change	
			RUB bln	%
Savings certificates	577.7	482.6	(95.1)	-16.5
Loan participation notes issued under the MTN programme of Sberbank	607.0	473.9	(133.1)	-21.9
Bonds issued:				
on the local market	70.1	84.3	14.2	20.3
on international capital markets	34.5	21.1	(13.4)	-38.8
Promissory notes	80.7	92.4	11.7	14.5
Bonds issued under mortgage securitization programme of Sberbank	7.2	5.5	(1.7)	-23.6
Deposit certificates	1.3	1.2	(0.1)	-7.7
Total debt securities in issue	1,378.5	1,161.0	(217.5)	-15.8

The volume of debt securities in issue decreased by 15.8% in 2016. 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 21.9% due to repayment of a number of issues. Savings certificates decreased by 16.5%. At the same time bonds issued on the local market showed growth (by 20.3%) due to attracting funds by Sberbank on the Russian market under the programme of exchange-traded bonds denominated in Russian Roubles in 2016. Also growth was shown by promissory notes, which increased by 14.5% in 2016.

Equity of the Group

bln RUB	2015	2016	Change	
			RUB bln	%
Share capital	87.7	87.7	—	0.0
Treasury shares	(6.7)	(7.9)	(1.2)	-17.9
Share premium	232.6	232.6	—	0.0
Revaluation reserve for office premises	69.3	66.9	(2.4)	-3.5
Fair value reserve for investment securities available-for-sale	(45.7)	24.0	69.7	152.5
Foreign currency translation reserve	101.1	(19.8)	(120.9)	-119.6
Remeasurements of defined benefit pension plans	(0.7)	(1.1)	(0.4)	-57.1
Retained earnings	1,935.2	2,435.7	500.5	25.9
Total equity attributable to shareholders of the Bank	2,372.8	2,818.1	445.3	18.8
Non-controlling interest	2.2	3.5	1.3	59.1
Total equity	2,375.0	2,821.6	446.6	18.8

The Group's equity increased by 18.8% to RUB 2.8 trillion in 2016. The growth is attributed primarily to the Group's record profit earned for the year.

Capital Adequacy Ratio of the Group, RUB bln

Indicator	2015	2016
Tier I capital		
Share capital	87.7	87.7
Share premium	232.6	232.6
Retained earnings	1,935.2	2,435.7
Treasury shares	(6.7)	(7.9)
less Goodwill	(22.1)	(18.9)
Total Tier 1 capital	2,226.70	2,729.2
Tier 2 capital		
Revaluation reserve for premises	69.3	66.9
Fair value reserve for investment securities available-for-sale	(20.6)	10.8
Foreign currency translation reserve	101.1	(19.8)
Eligible subordinated debt	781.2	717.7
less Investments in associates	(6.5)	(7.5)
Total Tier 2 capital	924.5	768.1
Total capital	3,151.2	3,497.3
Risk weighted assets (RWA)		
Credit risk	24,225.7	21,493.6
Market risk	769.8	774.6
Total risk weighted assets (RWA)	24,995.5	22,268.2
Core capital adequacy ratio (Total Tier 1 capital to Total RWA)	8.9	12.3
Total capital adequacy ratio (Total capital to Total RWA)	12.6	15.7

Core capital adequacy ratio comprised 12.3% as at 31 December 2016. Total capital adequacy ratio amounted to 15.7% as at the year-end 2016, which is significantly higher than the baseline set by Basel Committee (8%). At the same time capital adequacy ratios demonstrated growth in 2016 compared to 2015 due to increase of the Group's equity, as well as due to reduction of risk-weighted assets, mainly due to appreciation of Russian Rouble and the reduction in loan portfolio of the Group.

Risk Management

Risk management of the Group

The risk management system is part of the Group's general management system that is focused on ensuring sustainable development under the Development Strategy approved by the Supervisory Board of the Bank. The Group's risk management system¹ is formed with due regard to the requirements of Bank of Russia and regulations of Russia as well as recommendations of the Basel Committee on Banking Supervision.

The Group is continually improving its risk management system to be in line with the best practices and recommendations of the regulatory authorities. Therefore, the Group performs consistent implementation and improvement of the risk management methods and processes both at the integrated level and at the level of management systems designed for individual kinds of risks.



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Following the best global practices, we continue to improve the risk management system and instruments. In 2016, we implemented fundamentally new transaction models of assessment of small business entities, developed a branch-specific portfolio management strategy, and in cooperation with colleagues from the designated unit optimized the approach toward collection troubled debts on bad debts. The main area of further development is to enrich the risk assessment instruments with new sources of information and to implement new tools specializing handling in big data.

Alexander Vedyakhin

Senior Vice President, Head of the Risks Block

¹ A risk management system has been implemented across the Group, and as Sberbank is the parent company of the Group, certain information on risk management is disclosed in relation to the Group.

The general principles of the Group's risk management system

The underlying principles according to which Sberbank and Group members² form the risk and capital management system are defined in the Risk and Capital Management Strategy of Sberbank Group, approved by the Supervisory Board of Sberbank on September 15, 2015.

Risk awareness: The decision to perform any transaction is made only after comprehensive analysis of risks arising in the course of such transaction.

Risk adjusted performance management: The Group evaluates the adequacy of available capital by way of implementing internal capital adequacy assessment procedures (ICAAP). The ICAAP results are used for decision making on business development (formation of the Development Strategy). Priority lines of development and allocation of capital shall be determined using analysis of the risk-adjusted performance figures of individual indicators and lines of business:

Involvement of senior management: The Supervisory Board, the CEO, Chairman of the Executive Board, the Executive Board, other collegial bodies of Sberbank, as well as supervisory boards and executive boards of Group members shall review reports on the level of assumed risks and violations of established risk management procedures, limits, and limitations on a regular basis.

Risk limits: The Group has an effective multilevel system of limits and restrictions, ensuring maintenance of an acceptable risk level, or Group risk appetite.

Allocation of functions, powers, and responsibility: For effective risk management and with due regard to the need to minimize the conflict of interest between risk assumption and limitation and control of risk levels, the organizational structure of Sberbank and Group members is formed proceeding from the allocation of functions and responsibility between Sberbank units and Group members' units in accordance with the "three lines of defense" principle.

Centralized and decentralized approaches: The Group combines centralized and decentralized approaches toward risk management and capital adequacy to ensure maximum effectiveness.

Use of information technologies: Management of risks and capital adequacy is based on advanced information technologies that improve the quality and promptness of decision making.

Improvement of methods: Risk and capital adequacy management methods are continuously being improved, and procedures, technologies, and information systems are being refined in light of existing strategic objectives, environment changes, and innovations in international practice.

² The risk management system is formed at the level of Sberbank and Group members in which Sberbank is the sole participant, shareholder, founder (100% of direct and/or indirect participation), or has a prevailing interest (>50% of direct and/or indirect participation).

Risk culture: The Group is implementing a project to develop the risk culture to ensure the sustainable and effective operation of the risk management system. This project is aimed at encouraging employees to openly discuss and respond to any existing and potential risks and also at generating an internal mental intolerance toward ignoring or hushing up risks and the risky behavior of other people. Risk culture supplements the formal existing mechanisms and makes up an integral part of the integrated risk management system. Special attention is paid to the behavior of employees as a practical manifestation of risk culture.

Risk-based incentive system: The Group's labor remuneration system ensures that the amount of employees' remuneration is in line with the nature and scope of their operations and performance and the level and combination of accepted risks.

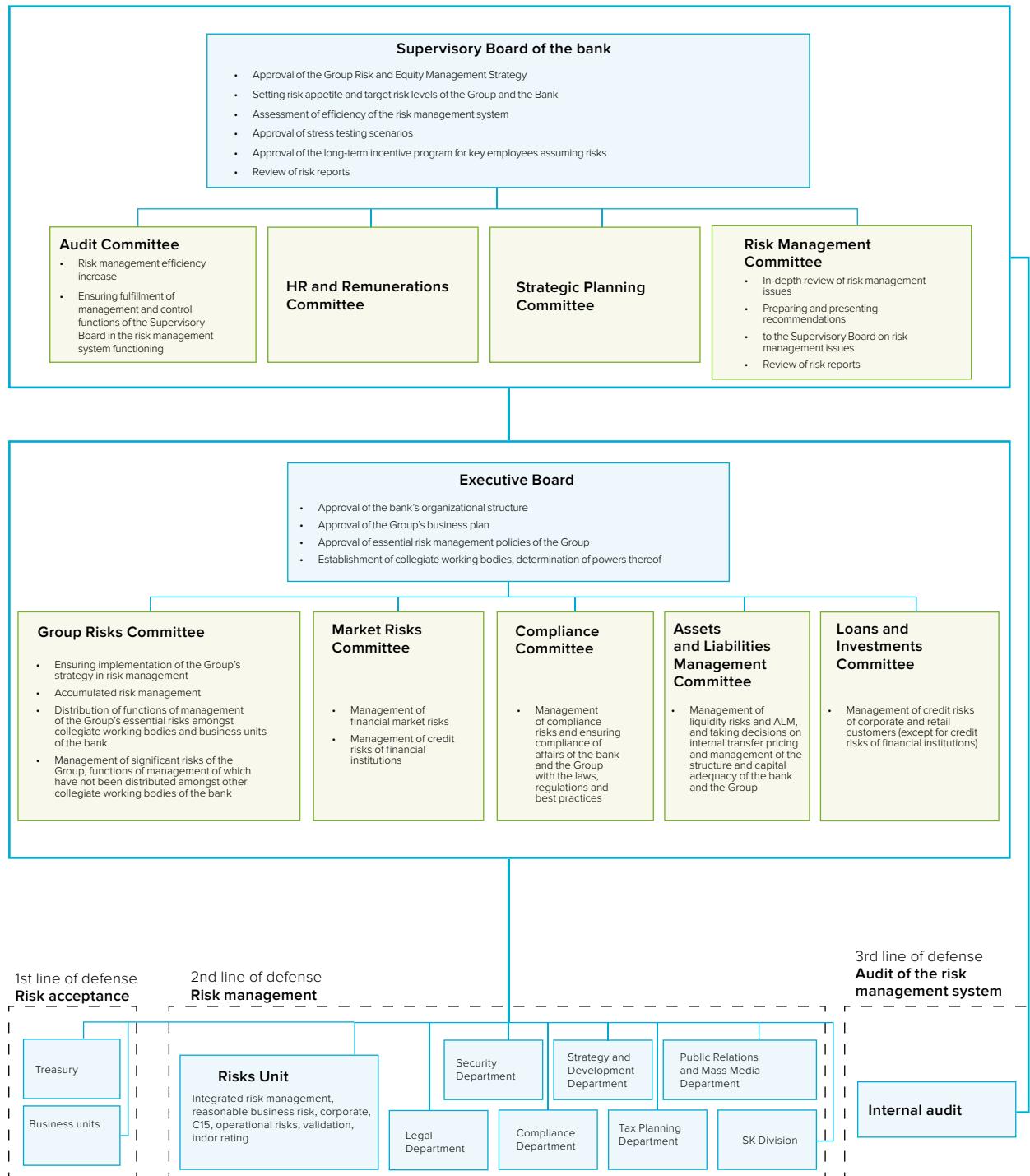
Information disclosure: All information required in compliance with regulators' requirements related to risk and capital adequacy management is subject to disclosure. The scope and frequency of risk information disclosure conform to the requirements of Bank of Russia, requirements for managerial reporting, and requirements for risk information disclosure for all stakeholders.

Integrated risk management

The integrated risk management process includes five main stages:

1. Identification of the Group's risks and assessment of their materiality. The goal of this stage is to identify all material risks that affect the Group's activities.
2. Developing of material risk management systems. The goal of this stage is to allocate risk management functions of the group among officials, units, collegial bodies of Sberbank, and other Group members and to form (update) a methodological framework governing the management of such risk.
3. Planning the risk exposure level of the Group. The goal of this stage is to define the target level of risks for the Group by taking into account the risk metrics in the business plan of the Group and Group members.
4. Risk appetite setting for the Group and Group members. The goal of this stage is the approval by the Supervisory Board of Sberbank of the maximum permissible level of risks that the Group has the right to assume as well as the formation of a system of limits and restrictions that make it possible to meet the established Group risk appetite.
5. Overall risk exposure management . The goal of this stage is to ensure that the level of the Group's risks is consistent with the target values.

Authority and responsibility in risk management



Material risks

The Bank carries out management of all kinds of material risks for the Group that are discovered as a result of annual identification and assessment of risk significance.

Credit risk	Market Risk		Operational Risk	Liquidity Risk	Other risks
	Trading book	Banking book			
Credit migration risk	Currency risk	Currency risk	Operational Risk	Physical liquidity risk	Compliance risk
Credit concentration risk	Interest rate risk	Interest rate risk	Legal Risk	Regulatory liquidity risk	Tax risk
Residual risk	Market credit spread risk	Market credit spread risk	Cyber security risk	Liquidity concentration risk	Strategic risk
Counterparty risk on financial market transactions	Commodity Risk				Business risks
Transfer risk	Volatility Risk				Regulatory risk
National economies risk		Real estate risk			Model Risk
					Reputational risk

Credit risks

Credit risk is the risk of losses occurring due to the failure to perform, delay in performance, or incomplete performance by a debtor of financial liabilities under a contract. These financial liabilities may include a debtor's liabilities on obtained financing, including loans to clients and interbank loans; debt securities; other placed assets, including a request for the return of debt securities, shares, or promissory notes provided under a loan agreement; discounted bills; enforced bank guarantees that were not compensated by the principal; transactions for financing against cession of a monetary claim (factoring); rights (claims) obtained under a transaction (claim cession); instruments of pledge acquired on the secondary market; transactions of sale (purchase) of financial assets with deferred payment (delivery of financial assets); paid letters of credit (including uncovered letters of credit); return of money (assets) under a transaction for the purchase of financial assets with the obligation to return them; or claims under financial lease transactions (leasing).

The group of credit risks includes credit migration risk, concentration risk, counterparty risk on operations in the financial markets, and residual risk.

- *Credit migration risk* is the risk of losses associated with complete or partial loss of value:
 - of a financial asset that is not subject to daily revaluation at current fair value (for example, a loan or a debt security held to maturity) due to a default or deterioration in the credit quality of the counterparty/ issuer (migration);
 - of a security due to the issuer's default.
- *Counterparty risk in financial market operations* is a risk associated with the counterparty's unwillingness or inability to perform obligations under a transaction completely and in a timely manner. Counterparty risk is a type of mutual exposure under futures transactions that can vary over time in response to market trends or fluctuations in the price of underlying assets. Counterparty risk has two components:
 - presettlement risk, which is the risk of incurring losses in connection with the potential failure of the counterparty to perform its contractual obligations during the period of the transaction;
 - settlement risk, which is a risk of losses in connection with the potential failure of the counterparty to perform its obligation after the Bank has fulfilled its obligation under the contract or agreement (by delivering funds, securities, and other assets) as of the date of mutual settlements.
- *Concentration risk (as regards credit risk)* is a risk related to:
 - the provision of large loans to a single borrower or group of related borrowers;
 - concentration of debts in certain areas of the economy, segments, portfolios or geographic regions, etc.;
 - concentration of investments in securities within certain industries or geographic regions;
 - other liabilities that make them vulnerable to the same economic

factors.

- *Residual risk* is a risk arising due to the fact that the methods of risk mitigation used by the Bank can fail to produce the desired effect due to implementation in relation to the security, for example legal risk and liquidity risk.

The purpose of credit risk management is to identify and ensure the level of risk required to ensure the sustainable development of the Group, as determined by the Banking Group development strategy and the macroeconomic parameters.

The credit risk management policy implemented by the Group is aimed at increasing the Group's competitive advantages by widening the range of counterparties and the list of provided credit products and products of the financial markets and by implementing a systematic approach to credit risk management, including one that ensures the maintenance or lowering of the level of materialized credit risks and optimization of the industry, regional, and product structure of credit portfolios.

The Group applies the following methods of credit risk management:

- Preventing credit risk by identifying, analyzing, and evaluating potential risks at the stage that precedes the operations exposed to credit risk
- Planning the credit risk level by evaluating the level of expected losses
- Implementing unified processes of risk evaluation and identification
- Limiting credit risk by establishing limits and/or restrictions for the risk
- Creating provisions for possible losses from loans issued
- Structuring of transactions
- Managing the collateral for transactions
- Using a system of authorities when making decisions
- Monitoring and controlling the risk level

Credit risk is evaluated for the Group in general and in terms of different portfolios of assets exposed to credit risk as well as in terms of individual credit risks of specific counterparties and groups of counterparties, countries, geographical regions, and types of economic activities.

The Group uses a system of internal ratings based on economic and mathematical models of evaluating the probability of default by counterparties and transactions. Assessment of credit risks of the counterparties depends on the types of counterparties:

- Corporate clients, credit institutions, financial companies, small business entities, countries, constituent entities of Russia, municipal entities, insurance and leasing companies—on the basis of the credit ratings system and by building models of predicted cash flow or other significant indicators
- private clients and microbusiness entities—on the basis of the evaluation of the paying capacity and express evaluation on the basis of a scoring model

The credit ratings system ensures a differentiated evaluation of the probability of the nonperformance/improper performance of obligations by the counterparty based on the analysis of quantitative (financial) and qualitative (market factors and factors of external influence, characteristics of management quality, assessment of business reputation, etc.) factors of credit risk and the degree of their influence on the counterparty's ability to service and repay the assumed obligations.

In accordance with the developed macroeconomic scenarios, the Group performs an analysis of the sensitivity of the level of credit risks at the level of individual counterparties and the credit portfolio as a whole, and, based on the results, it detects the macrofactors that maximally correlate to the probability of counterparties' default. For the purposes of stress testing, statistical information on rapid changes in macrofactors is used when modeling the ratings in stress situations.

The system for monitoring and controlling the level of the Group's credit risks is implemented on the basis of principles that ensure preliminary, current, and subsequent control of transactions exposed to credit risks, compliance with the established risk limits, and their timely updating.

A multilevel system of limits for each line of business based on limiting credit risks for loan operations and operations on financial markets has been developed in the Group.

The Group pays close attention to monitoring the concentration of major credit risks and compliance with the prudential requirements of the regulating authority as well as analysis and forecasting of the level of credit risks.

Sberbank has implemented a procedure for daily monitoring of major credit risks. For the purposes of compliance with the requirements established by Bank of Russia with regard to the statutory ratios¹ R6, R21 (maximum risk limit per borrower or group of related borrowers) and R7, R22 (maximum limit of large credit risks), a List of Major and Related Borrowers of the Bank is maintained and monitored.

In accordance with IFRS, the share of loans of 20 major groups of related borrowers for 2016 changed from 22.9% to 23.5% of the Group's credit portfolio before deduction of provision for depreciation. Among the

¹ Bank of Russia Instruction No. 139-I dated December 3, 2012, On Banks' Required Ratios (as amended on October 25, 2013).

Sberbank's major borrowers are representatives from various sectors of the economy; therefore, the default risk is adequately diversified.

To increase credit portfolio quality, credit industry strategies (CIS) are being developed in Sberbank. In 2016, CISs were approved for the main industries, and pilot monitoring of CIS performance with respect to the CIB portfolio was conducted.

The main tool for reducing credit risk is collateral. The need to accept collateral and the volume of accepted collateral depends on the risk of the borrower/transaction and is fixed in the terms of the loan products.

To hedge credit risks, the Bank has developed and implemented a collateral policy defining the basic principles and elements of dealing with collateral in lending. Collateral quality is determined by the probability of receiving cash in the amount of the expected collateral value when enforcing upon or selling the collateral. The collateral quality is indirectly characterized by the list and materiality of risks associated with the collateral and is determined by a number of factors: liquidity, accuracy of determining value, risk of depreciation, exposure to risks of loss and damage, legal risks, etc.

Evaluation of the collateral value is made based on the internal expert evaluation of the Group's specialists or the evaluation of independent evaluators or based on the cost of the collateral in the borrower's accounting statements with a discount. Use of sureties of solvent corporate and private clients and guarantees for adjustment of credit risk indicators requires the same assessment of the risks of the surety/guarantor as of the borrower. The Bank performs regular monitoring of pledged assets to ensure control over the quantitative, qualitative, and cost parameters of the pledged assets, their legal affiliation, and conditions of storage and upkeep.

The Group has a multidimensional system of authorities for determining the level of decision making for every loan application. A risk profile that determines the authority for decision making based on the risk category of the application is assigned to each territorial subdivision/Group bank. In turn, the application risk category depends on the aggregate limit and risk category of the borrower/group of related borrowers as well as the loan product's category. Therefore, the existing systems of limits and authorities help optimize the credit process and properly manage credit risk.

To cover losses from assets exposed to credit risk that are expected from realization of credit risk, the Group forms provisions for possible losses from loans and other possible losses. Provisions are formed in accordance with the requirements of Bank of Russia, bank regulators, and IFRS. In 2016, the volume of loan loss provision formed by the Group increased by RUB 106.9 bln. Formed provisions are adequate to assumed risks.

Credit risk coverage level in Sberbank of Russia under RAS exceeds the indicator for the Russian bank sector as of January 1, 2017:

	Sberbank	Bank sector
Ratio of provisions to the total client credit portfolio, %	6.4	8.2
Coverage of overdue debt by provisions, times	2.6	1.6

The Group performs constant monitoring of the collection of problem indebtedness at all collection stages. When triggers of a decline in the level of effectiveness of collection or of distressed portfolio growth in certain regions or client or product segments are detected, the process of recovery and lending are optimized.

The processes of recovery of overdue and troubled debts in the Group are built based on the principle of maximum automation and standardization, which eliminates human factors at different levels of processing distressed debts and makes it possible to apply a uniform approach to the recovery process.

During the settlement of distressed debts, the Group uses a set of tools that correspond to global practices: remote communications, on-site visits, debt restructuring, relations with debt collection agencies, judicial and enforcement proceedings, etc. Application of a certain tool is determined by a flexible strategy, depending on the risk level of the client and the loan.

The Group performs regular studies of the ongoing recovery process to check its conformity to market trends and best international practices. Based on the results of analysis, the necessary amendments are introduced to the process to increase the level of impaired debt collection, to optimize recovery procedures, and to increase the level of client service.

In 2016, the Group implemented a new targeted automated system for distressed debt recovery for the purpose of optimizing and improving the efficiency of distressed debt management and increased the level of process automation. New technologies for interaction with clients for the purpose of settling distressed debts are also being actively developed.

As of December 31, 2016, the amount of restructured corporate loans amounts to RUB 1,209 bln, and their share in the book assets is 4.8% (December 31, 2015: RUB 1,231 bln and 4.5%).

In 2016, several decision-making process optimization projects were implemented to reduce decision-making time. Furthermore, a project for the management of the corporate client credit portfolio was launched, within the framework of which the bank is transitioning from passive management of credit risk to active management. Active management involves hedging, purchase, and sale of credit risk and management of incoming flow subject to target portfolio metrics that will make it possible to optimize the structure and indicators of the portfolio.

Country risk

Country risk includes transfer risk and national economy risk.

Transfer risk is the risk of losses due to the inability of counterparties from a specific country (except sovereign counterparties) to fulfill their obligations in a currency that differs from the currency of the counterparty's country for reasons other than standard risks (for reasons that depend on the government of the country, not the counterparty).

National economy risk is a risk of loss in connection with the inability or unwillingness of a sovereign counterparty of a specific country or the inability of other counterparties from this country to satisfy their obligations in the national currency for reasons that differ from standard risks (for reasons that depend on the government of the country, not the counterparty).

To limit and manage the risks accepted by the Group with regard to certain countries, the Bank has developed a system of country risk limits. These limits restrict the total concentration of transactions with counterparties from a given country, including sovereign borrowers/issuers and public authorities.

Transfer risk is assessed and capitalized within Sberbank's Capital Adequacy Assessment Process, thus ensuring that sufficient financial resources are available to Sberbank to cover possible losses in the case of the materialization of this risk.

Country concentration of assets and liabilities of Sberbank (RAS), 2015:

RUB mln	Russia	CIS	Countries from the "Group of Developed Countries" ¹	Other countries	Total
Due from credit institutions	7,356	514	328,626	19,489	355,985
Financial assets carried at fair value through profit or loss	176,417	19	21,254	208,288	405,978
Net loans receivable	14,169,959	433,395	1,601,808	664,641	16,869,803
Net investments in securities and other financial assets available for sale	1,774,655	56,010	155,698	329,994	2,316,357
Net investments in securities held to maturity	410,977	5,119	20,376	—	436,472

¹ The countries of the "group of developed countries" include Australia, the Republic of Austria, the Grand Duchy of Luxembourg, the Hellenic Republic, Ireland, the Italian Republic, Canada, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Spain, the Kingdom of the Netherlands, the Kingdom of Norway, the Kingdom of Sweden, New Zealand, the Portuguese Republic, the United Kingdom of Great Britain and Northern Ireland, the United States of America, the Federal Republic of Germany, the Republic of Finland, the French Republic, the Swiss Confederation, and Japan.

Country concentration of assets and liabilities of Sberbank (RAS), 2016:

RUB mln	Russia	CIS	Countries from the "Group of Developed Countries"	Other countries	Total
Assets					
Due from credit institutions	8,603	237	333,431	5,672	347,943
Financial assets carried at fair value through profit or loss	97,087	52	14,019	30,185	141,343
Net loans receivable	14,094,701	252,521	530,692	1,343,708	16,221,622
Net investments in securities and other financial assets available for sale	1,933,195	51,095	126,904	158,419	2,269,613
Net investments in securities held to maturity	411,186	27,820	14,789	2,166	455,961

Financial Market Risks

Market risk means the possibility of financial loss occurring for the Group as a result of unfavorable changes in the exchange rates of foreign currencies, quotations of equity securities, interest rates, prices for precious metals, and other market indicators.

The group of market risks includes interest rate risk, stock market risk, currency risk, commodity risk, market credit spread risk, and volatility risk.

- *Interest rate risk* is the risk of loss or income reduction due to changes in the level of interest rates.
- *Stock market risk* is the risk of loss or income reduction due to changes in the fair value of equity securities (e.g., ordinary and preferred shares).
- *Currency risk* is the risk of loss or income reduction due to changes in the exchange rates of foreign currencies and/or precious metals.
- *Commodity risk* is the risk of loss or income reduction due to changes in the value of commodity assets (not including precious metals).
- *Market credit spread risk* is a risk of losses due to unfavorable changes in the market prices of financial instruments whose current fair value depends on the market appraisal of the credit quality of a debt security issuer/counterparty (of a related name) in the case of the deterioration of the credit quality of the issuer/counterparty, including their default.
- *Volatility risk* is a risk of losses or reduction of profit associated with changes in the volatility of the underlying asset of a financial instrument.

Monitoring of financial market risks is exercised by divisions that are organizationally independent of the divisions that perform transactions in the financial markets. The process of risk monitoring involves continuous supervision of trading operations at all stages of the operational process.

Financial market risk management in the Group is carried out through a system of authorized bodies that make their decisions depending on the risk level and hierarchy of portfolios. This system will ensure prompt and flexible decision making.

Market risk management is performed on a portfolio basis. The main market risk management tool is the setting of market risk limits for separate portfolios. A portfolio consists of financial market transactions with common characteristics, such as admissible risks, currency, types of instruments, applicable limitations, etc. Market risk limits are established in accordance with the requirements of Bank of Russia, the Basel Committee on Banking Supervision, and the best banking practice of market risk management.

Interest rate risk for trading positions. The Group is exposed to interest rate risk of the trading book as a result of change in the value of debt securities and derivative financial instruments with the change of interest rates.

For the purpose of limiting the interest rate risk on debt securities, limits for the securities portfolio structure by maturity, limits of sensitivity to change in interest rates, stop-loss limits, and limits of the value at risk (VaR) for operations with debt securities are set.

For the purpose of limiting interest rate risk on derivative financial instruments, stop-loss limits, limits of the value at risk (VaR), limits of sensitivity to change in interest rates, and limitations for the types and maximum maturity of derivative financial instruments are established.

Market credit spread risk. The Group assumes the risk of losses resulting from the unfavorable change in the market prices for debt securities and derivative financial instruments whose current fair value depends on the market evaluation of the credit quality of the debt security's issuer/the counterparty to the transaction. The Group manages the risk by setting limits on the sensitivity to changes in the market credit spread by the asset's currency, the country of the issuer, and the maturity date. There are also stop-loss limits and limits on the value at risk (VaR) established by the Group.

Stock market risk. The Group assumes stock market risk resulting from the change in the fair value of equity securities of corporate issuers and derivative financial instruments based on them if the Group has open positions in these financial instruments. For the purpose of limiting stock market risk, limits for the total position, stop-loss limits, limits of the value at risk (VaR), and sensitivity limits are set.

Currency risk. For the purpose of limiting the currency risk of financial market transactions, limits for the open currency position for all portfolios of transactions, stop-loss limits sensitive to currency risk, and limits of the value at risk (VaR) are set.

Commodity risk. Commodity risk is limited through the limitation of the list of commodity products for trading in the portfolio, and limits for the amount of investment in specific commodities, limits for maximum loss (stop-loss), and limits for the value at risk (VaR) are set.

Volatility risk. Risk occurs as a result of the Group's position in options for underlying assets: currencies, interest rates, shares, and commodities. Stress-test limits and sensitivity ratio limits are established for the options, depending on the underlying asset. Second-tier sensitivity shall be accounted for in the limits on the value at risk (VaR).

Value at Risk (VaR). The VaR method is used as one of the main methods of market risk assessment. This metric constitutes an assessment of the maximum loss on the portfolio within a predetermined time period and with a predetermined probability (confidence level) on a "normal" market. A "normal" market is characterized by the trends of market factors (quotations of currencies/shares/commodities, interest rates) in the absence of a system crisis in the economy/banking sector of the country or group of countries or negative factors/events that may cause major changes in the market factors and, as a result, in the value of positions in financial instruments.

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 working days, within which positions exposed to market risk can on average be closed (or hedged).
- A 99% level of unilateral confidence probability is used, which means that losses in an amount exceeding VaR are expected for one in 100 periods.

A VaR metric at the level of each portfolio is subject to regular back testing in accordance with the formal procedure developed with due regard for the requirements of the Basel Committee on Banking Supervision.

Though VaR allows for risk evaluation, it is also necessary to take into account the following weak points of this method:

- Using previous changes in prices does not make it possible to fully evaluate possible price fluctuations in future.
- Calculation for a ten days' period assumes that all positions of the Group may be closed (or hedged) during this period of time. This estimate may reflect the market risk value inaccurately during periods of reduced market liquidity, when the time needed to close (or hedge) positions may increase.
- Using a 99% level of unilateral confidence probability does not make it possible to assess the amount of losses expected with a probability of less than 1%.
- VaR is calculated based on the positions exposed to market risk as of the end of the day and may not reflect risk assumed during the day.

Taking into account the weak points of the VaR method, the Group will supplement VaR calculation with market risk estimates using scenario analysis and stress testing methodology to get more detailed information on the amount of market risk.

The Group's market risk, 2015

	Market risk, RUB bln	Effect on equity, %	Effect on net profits, %
Risk on portfolio of debt securities	85.0	3.2	36.0
Stock Market Risk	0.3	0.0	0.1
Currency risk	11.7	0.4	4.9
Commodity Risk	0.2	0.0	0.1
Market risk (taking into account diversification)	96.4	3.6	40.8
Effect of diversification	0.6	0.0	0.2

The Group's market risk, 2016

	Market risk, RUB bln	Effect on equity, %	Effect on net profits, %
Risk on portfolio of debt securities	37.5	1.3	6.9
Stock Market Risk	0.1	0.0	0.0
Currency risk	3.3	0.1	0.6
Commodity Risk	0.1	0.0	0.0
Market risk (taking into account diversification)	40.1	1.4	7.4
Effect of diversification	0.9	0.0	0.2

The reduction of market risk as of January 1, 2017, compared to January 1, 2016, is associated with a considerable reduction of the position in currencies and with the repayment of a significant share of bonds in foreign currencies in the banking book portfolio.

Liquidity risk

Liquidity risk means the risk of the Group's inability to finance its activity—that is, to ensure the growth of its assets and/or to discharge its liabilities upon their maturity, subject to compliance with the requirements of local regulators, both in the normal course of business and in stressful conditions.

In the matter of liquidity risk management, Sberbank differentiates the risks of regulatory, physical, and structural liquidity.

Regulatory liquidity risk means the risk of a breach of compulsory standards of liquidity established by Bank of Russia and local regulators in the countries of presence of the Group's participants as well as other regulations and limitations regarding liquidity risk management.

Physical liquidity risk means the bank's inability to discharge its obligations to contractors in a given currency due to a lack of funds: inability to effect a payment, issue a loan, etc.

Structural liquidity risk (concentration risk) means the risk of significant deterioration of physical or regulatory liquidity due to an imbalance in the asset and liability structure, including a strong dependence of the Bank's liability base on one or more clients or funding sources in a certain currency and/or in a certain period.

Liquidity risk management helps secure the Group's capability to perform its obligations to clients and counterparties unconditionally, in due time, and in compliance with the regulations concerning the management of liquidity risk both in normal business conditions and in crisis situations.

The Group is exposed to liquidity risk because it does not accumulate cash and cash equivalents for one-time discharge of all its liabilities. Instead, the Group evaluates an adequate level of cash and cash equivalents and liquidity provisions required to discharge these liabilities at different time horizons based on the current market conditions, assumptions of future trends of the balance-sheet items, and accumulated historical data.

To reduce its liquidity risk, the Group:

- Maintains a stable and diversified structure of liabilities, including resources raised from different groups of investors and clients, both fixed-term and on-demand
- Invests in highly liquid/liquid financial assets diversified by types of currencies and maturity to quickly and effectively fill in unexpected liquidity gaps
- Monitors the use of existing liquidity provisions and initiates their increase, if necessary
- Maintains relations with counterparties in the financial markets to raise funds within the shortest possible time in the event a demand for liquidity occurs.

Management of liquidity risk of the Group is based on the legislative initiatives of Bank of Russia and local regulators as well as on the recommendations of the Basel Committee in the field of assessment of liquidity risk and management tools:

- Forecasting the main balance-sheet items of the Group members broken down by the main currencies to determine the necessary volume of resources to cover a liquidity deficit and to comply with the statutory ratios established by local regulators
- Forecasting the structure of assets and liabilities under different scenarios of the development of the Group's balance sheet to monitor the required level of liquid assets in the mid-term and long-term within the framework of building funding plans
- Monitoring and forecasting of the main indicators of liquidity
- Setting limits for risk metrics of individual Group members and of the whole Group, including without limitation those comprising the risk appetite of the Group
- Stress testing of the liquidity profile by analyzing different scenarios and phases of stress and planning actions to maintain the necessary liquidity level in crisis conditions

The Treasury Office of Sberbank analyzes, predicts, and elaborates proposals for regulating short-term, mid-term, and long-term liquidity with due regard to the needs of all Group members. The Risks Unit elaborates the architecture of limits, sets the values of limits for liquidity risk metrics, and performs regular independent monitoring of the observance of set limits of liquidity, validation of liquidity models, and escalation of breaches of limits to collegiate governance bodies. Organization of supervision of the state of liquidity and fulfillment of liquidity management decisions falls within the competence of the Assets & Liabilities Management Committee. The Bank controls the level of liquidity risk assumed by the Group and controls liquidity at the level of the Group, including coordination of all external borrowings of Group members with due regard to the existing macroeconomic and market conditions and for the purpose of minimizing funding costs.

The management bodies of the Group member banks are responsible for the effective management of the liquidity of the respective banks and monitoring its status as well as for compliance with the limits and limitations established by internal regulations of the Group and requirements of local regulators. Assessment, management, and control of liquidity risk of the Group member banks shall be performed in accordance with the uniform standards of the Group.

The approach to liquidity management during 2016 was largely determined by the existing macroeconomic situation and the state of the Russian financial sector (the sanctions imposed on Russia by the European Union and the USA, the volatility of the exchange rate of the ruble, and other factors). Nevertheless, thanks to a flexible interest rate policy and efficient management of the asset and liability bases, in 2016, the bank completely repaid expensive borrowings from Bank of Russia primarily through raising client funds, leaving funds of Bank of Russia raised as part of a subordinated loan and special refinancing instruments at a preferential rate. Within the framework of in-house balance optimization, Sberbank was able to decrease cash volume. As of January 1, 2017, Sberbank maintains ruble and foreign currency reserves at an adequate level to respond to a deterioration in the liquidity situation.

Since January 1, 2016, Bank of Russia set the Basel III liquidity coverage ratio (LCR, R26) as a prudential norm. The minimum admissible value of the ratio in 2016 stands at 70% and is to increase by 10% annually until it reaches 100% starting January 1, 2019. The ratio for Sberbank shall be calculated at the level of Sberbank Group. Throughout 2016, R26 was observed with a significant reserve. Sberbank's business plan requires strict compliance with the liquidity coverage ratio throughout 2017, despite an increase of the minimum admissible value of R26 to 80%.

January 1, 2018, a new mandatory ratio of Bank of Russia comes into effect: the Basel III net stable funding ratio (NSFR, R28) with a minimum permissible value of 100%. Calculation of the directional summation with simultaneous frequency filtration will be performed at the level of Sberbank Group (analogous to calculation of R26). Sberbank's business plan requires strict compliance with the minimum admissible value of Bank of Russia throughout 2017.

As of January 1, 2017, Sberbank more than complies with both the maximum values of required liquidity ratios established by Bank of Russia and with the internal limits for liquidity risk metrics.

Compliance with liquidity requirements:

Liquidity requirements	Limit established by Bank of Russia	Critical value established by Sberbank	Value of the ratio as of the reporting date	
			2015	2016
Requirements for Sberbank				
N2	>15	>20	116.4	217.0
N3	>50	>55	154.4	301.6
N4	<120	<115	65.5	55.4
Requirement for the Group				
N26	≥70	≥75	—	101.7

Interest rate and currency risks of the banking book

Interest rate and currency risks of the banking book are the risks of Sberbank incurring financial losses under banking-book positions due to a negative change in interest rates and/or the spread between Sberbank's funding curve and the risk-free curve, foreign currency exchange rates, or prices for precious metals.

The main objectives of managing these types of risk are:

- Risk-return optimization
- Minimization of potential losses from fluctuations of interest rates and currency exchange rates at the risk level selected for each of the currencies¹
- Strengthening of the interest margin regardless of market conditions
- Compliance with the requirements of Bank of Russia.

Interest rate risk of the banking book Sberbank assumes interest rate risk related to the effect of fluctuation of market interest rates and/or change in spread between Sberbank's funding curve and the risk-free curve on cash flows. Interest rate risk in the banking book includes:

- The interest rate risk arising due to maturity mismatches (repricing of interest rates) of assets and liabilities that are sensitive to changes in interest rates when they shift in parallel, changing the slope and shape of the yield curve
- The basis risk arising from a mismatch in the degree of change in interest rates of assets and liabilities that are sensitive to changes in interest rates with similar maturity (interest rate repricing period)
- Early repayment (interest rate revision) risk regarding assets and liabilities that are sensitive to interest rate changes

Currency risk of the banking book. The Group is exposed to currency risk on nontrading assets and liabilities or to currency risk of the banking book as a result of the influence of banking book operations on the open currency position (OCP). The main sources of currency risk of the banking book are:

- Operations for the creation and dissolution of provisions on loan debts in foreign currency
- Operations for loan restructuring with respect to change in the currency of a debt
- Income and expenses in foreign currencies

For the purpose of limiting the currency risk for Sberbank's divisions and individual participants of the Group, limits on the open currency position have been established.

The Treasury Office of the Bank consolidates the total open currency position of the Group and takes measures to reduce the open currency position on banking-book transactions on a daily basis.

¹ For the purposes of managing interest rate risk, different strategies are approved for main currencies proceeding from the possibility and cost of hedging and diversification of risk in those currencies.

To assess the interest and currency risks of the banking book, the Group mainly uses the following metrics:

- The interest gap reflects the overall time structure of changes in interest rates for all balance-sheet and off-balance-sheet items with a breakdown of the nominal volume of assets and liabilities by preset time intervals based on the periods of changes in interest rates subject to the clients' behavior or contractual terms.
- Sensitivity of net interest income enables the qualitative evaluation of possible influence of change in interest rates on net interest income.
- Regulatory OCP reflects the structure of open positions broken down by individual currencies for the Group and Group members, which is calculated as per the requirements of Bank of Russia.
- Economic OCP reflects the sensitivity of profit before taxes to change in currency positions.
- Economic capital required to cover the possible adverse effect on capital of change in interest rates and foreign exchange rates in a stress scenario.

Within the framework of interest rate risk management, a target position on interest rate risk in rubles and target values of the volumes and maturity structure of fixed assets and liabilities to ensure that the target interest position is achieved have been established as part of the business plan of Sberbank Group starting in 2016.

For 2016, as a result of implementation of a set of measures aimed at decreasing interest rate risk, Sberbank decreased sensitivity to change in interest rates in Russian rubles from -31.8 to -25.6 bln rubles.

To measure the interest rate risk, a standardized shock, in accordance with the recommendations of the Basel Committee, is used. Forecasting of possible changes in interest rates is carried out separately with respect to the ruble position and is aggregated by currency position.

Effect of shock changes in interest rates on annual net interest income of the Group

	Decline in interest rates		Growth of interest rates	
	2015	2016	2015	2016
Russian ruble				
Change in interest rates, b.p.	—400	—400	400	400
Change in net interest income, RUB mln	125,510	100,345	—125,510	—100,345
Turkish lira				
Change in interest rates, b.p.	—400	—400	400	400
Change in net interest income, RUB mln	28,157	20,637	—28,157	—20,637
US dollar				
Change in interest rates, b.p.	—200	—200	200	200
Change in net interest income, RUB mln	—12,983	—8,858	12,983	8,858
Euro				
Change in interest rates, b.p.	—200	—200	200	200
Change in net interest income, RUB mln	—4,988	—4,095	4,988	4,095

The change in the interest rate risk in Russian rubles is mainly explained by the replacement of state financing with the fixed-term funds of individuals and legal entities as well as by the increase of funds in banks. The change in the interest rate risk in US dollars is mainly explained by the reduction of the volumes of funds in banks and loans to legal entities.

The cumulative value of the Group's OCPs for the banking and trading books¹

	2015			2016		
	US dollars	Turkish liras	Kazakhstan tenge ^s	Euros	US dollars	Gold ²
Open FX position , RUB mln	98,805	57,814	42,700	-21,958	17,998	-6 521
Open FX position, as % of equity	3.68	2.16	1.59	0.69	0.56	0.20

A major change in the open currency position of the Group is associated with the change in the method of calculating the net position for guarantees (bank guarantees), sureties, and letters of credit, which took place as a result of individual permission obtained by Sberbank from Bank of Russia.

Risk of market credit spread of the banking book

Risk of market credit spread of the banking book means the risk of a decrease in the regulatory capital due to a decrease in market prices of debt securities caused by change in the market appraisal of the credit quality of issuers of debt securities that are measured at their fair value and included in the composition of the banking book. In 2017, development of methods for assessing that risk and setting limits is planned.

Operational risk

Operational risk means a risk of losses that may be incurred by the Group as a result of any faults or errors in its internal processes or information systems, unauthorized/unlawful actions or errors of its employees, or any external events.

The operational risk management system is aimed at preventing such risk or maximally decreasing the threat of potential losses (direct and/or indirect) connected to internal process organization and external factors (events), measuring operational risk for the calculation of necessary regulatory and economic capital, and creating an adequate system of internal control.

¹ The table cumulatively shows the three biggest OCP values for the banking and trading books as calculated in accordance with Bank of Russia Regulation No. 509-P.

² Open foreign exchange positions as of January 1, 2017, for Turkish liras and Kazakhstan tenge amounted to -118 mln and 208 mln rubles, respectively; open foreign exchange positions for euros and gold as of January 1, 2016, amounted to -16,286 mln and 1,288 mln rubles, respectively.

The operational risk management process in the Group includes the following main stages:

- Identifying operational risk
- Evaluating operational risk
- Analyzing problem zones of processes and elaborating and adopting a decision on optimizing/changing the processes to reduce the level of operational risk
- Monitoring operational risk
- Controlling and/or decreasing operational risk

To perform the stages mentioned above, the Group has implemented such operational risk management tools as collection of internal data concerning losses caused by the materialization of operational risk incidents, self-appraisal of departments, and scenario analysis for operational risks.

Risk coordinators are appointed in all structural units of Sberbank and Group members from among the employees of the units whose functions include, in particular, interaction with operational risk divisions on matters of the identification, assessment, monitoring, and control of operational risk. In particular, risk coordinators report materialized incidents of operational risk and measure potential risks during self-appraisal.

To monitor operational risk, the Group uses a system of reports for the management and collective bodies involved in risk management processes. Operational risk reports are drawn up on a daily, monthly, and quarterly basis.

Data related to risk assessment and incurred losses helps identify risk concentration zones for the subsequent development of measures to mitigate the Group's risk. In 2016, Sberbank continued implementing risk mitigation activities. These activities are aimed both at changing the existing processes and technologies of transaction settlement and at improving the performance discipline of employees. The risk of theft of funds from clients' accounts, the risk of theft of self-service terminals and the cash in them, and the risk of employee errors during analysis of credit applications of corporate clients have been mitigated. The implementation status of measures and the level of residual risks are monitored regularly, both by business units and operational risk subdivisions and by the executives and collegial management bodies of Sberbank and Group members.

To prevent or/and decrease losses that arise from the materialization of operational risk events, the Group has developed and applies appropriate mechanisms and procedures such as overall regulation of business processes and procedures; delimitation of powers; internal control over compliance with the procedure established for operations and transactions and discipline with regard to limits; a complex of measures aimed at ensuring information security and business continuity; improvement of audit procedures and control over the quality of automated systems and the complex of hardware; property and asset insurance; improvement of employees' qualification at all organizational levels, etc.

Risk of losses due to a change in property value

Risk of losses due to a change in real estate value (the “real estate risk”) means a risk of losses due to an unfavorable change in the value of the property owned by Sberbank Group.

The purpose of real estate risk management is to maintain an acceptable level of this risk limited by risk appetite and to minimize the losses of the Group associated with the materialization of this risk.

Property risk is assessed and capitalized within Sberbank’s Capital Adequacy Assessment Process, thus ensuring that sufficient financial resources are available to Sberbank to cover possible losses in the case of the materialization of this risk. The key risk metric characterizing the level of real estate risk is economic capital, which is calculated using a mathematical and statistical method with a specified confidence factor for a one-year horizon.

The weight of this type of risk in the general structure of the Bank’s economic capital remains stably low.

Legal Risk

Legal risk is the possibility of the Group suffering financial losses, unplanned expenses or the possibility of a reduction of projected revenues as a result of:

- Inconsistency in internal regulations or organizational and administrative documents of Sberbank/a Group member with the requirements of legislation, legal acts, and law enforcement practice
- Failure to take into account (ignoring) judicial and law enforcement practice
- Deficiencies of the legal system (contradictory laws, lack of legal norms regulating certain issues arising in the activities of Sberbank)
- Legal errors made in carrying out activities (incorrect legal advice or improper preparation of contracts or Sberbank’s internal documents)

The purpose of legal risk management is to ensure the conformity of the activities and products of Sberbank/Group members with the requirements of the law and law enforcement practice.

The main factors/events that can reinforce the impact and scale of legal risk are:

- Changes in legislation, the requirements of regulatory authorities, or judicial and law enforcement practice
- Inconsistency in judicial and law enforcement practice, regulatory collisions
- Complication of financial instruments and strategies and/or the mastering of new products and technologies

To support decision making and to respond in a timely manner to changes in the level of legal risk, the Group provides timely and standardized reporting of instances of the materialization of losses (damages) related to the materialization of legal risk, the current level of legal risk, the legal risk management level, or the current status of measures for minimizing legal risk.

The level of legal risk is compared with the data for previous reporting periods; when there are significant deviations, the reasons for the sharp increase or decrease in the corresponding figure are analyzed, and, if necessary, proposals for amending banking processes are prepared.

Compliance risk

Compliance risk means the risk of legal sanctions or sanctions of regulators, significant financial loss, or loss of reputation of Sberbank or other Group member as a result of their noncompliance with laws, regulations, rules, standards of self-regulatory organizations, or codes of conduct and ethical norms of business.

The main area of the activities of Sberbank and the Group members in compliance risk management are:

- Prevention of misuse of authority and corruption on the part of employees of Sberbank and Group members
- Prevention and settlement of conflicts of interest arising in the course of performance by Sberbank and Group members of their activities
- Counteracting money laundering and the financing of terrorism
- Compliance with license requirements and other regulatory requirements related to financial markets
- Providing for market conduct and fair competition when performing transactions on financial markets and prevention of unscrupulous business practices on financial markets (use of insider information, price manipulation, etc.)
- Compliance with economic sanctions and restrictions established by Russia as well as international organizations and individual countries
- Protection of the rights of clients, including as regards investment activities.

In elaboration of the above areas, Sberbank has developed and approved internal regulatory documents and introduced review procedures. Compliance control is organized systematically, involving all employees of Sberbank and participants of the Group, and it is performed continuously.

Among the key events in the field of compliance risk management in 2016 we can single out the following:

- A new organizational structure of the Compliance Department has been formed to optimize the work process by areas of compliance-related activity;
- additional control procedures have been implemented for the purpose of preventing involvement of Sberbank in processes of legalization (laundering) of proceeds from crime and financing of terrorism.
- A set of measures has been developed to bring Sberbank's activity into line with new legislation (including foreign laws in the financial markets that are of extraterritorial effect).
- Additional procedures have been implemented in the field of the management of conflict of interest and countering corrupt practices in Sberbank, and Sberbank's Standards for Disclosure of Potential

- Conflicts of Interest and Gift Treatment Procedures have been approved.
- Measures have been implemented to improve identification of the subjects of economic sanctions among Sberbank clients and to update the mechanisms of decision making for potential transactions (operations) directly or indirectly connected with the Islamic Republic of Iran.
 - Training courses have been developed and updated by areas of compliance activity, and training has been organized within the framework of those courses for all Sberbank employees on a regular basis, including training in the “Compliance” advanced training course for Sberbank executives (middle and line management) through Sberbank Corporate University.
 - The compliance risk level has been monitored, and the maturity of the compliance risk management system in the Sberbank Group has been evaluated.

Regulatory risk

Regulatory risk means a risk that arises if there is a possibility of enactment of any regulation that regulates an activity, operation, or business of the group and that has adverse financial or other consequences.

To create an effective process for managing regulatory risk, Sberbank has adopted internal regulations governing this process and provided for the minimization of regulatory risk with respect to the key draft regulations of Sberbank.

As part of the process of managing regulatory risk, Sberbank has regulated the activity of its officials and subdivisions with respect to preventing and reducing the likelihood of regulatory risk materializing. Sberbank has organized the process of internal interaction when preparing proposals to create a comfortable legal environment for conducting business and to minimize the consequences of detected regulatory risk.

Sberbank has a collegial advisory body, the Working Group on improvement of legislative control and creation of a favorable legal environment to provide for implementation of the Development Strategy. A consolidated position of Sberbank with respect to regulatory initiatives and draft laws bearing regulatory risks is being elaborated in the Working Group.

In 2016, Sberbank worked on forming a consolidated position for key regulatory areas in accordance with the plan of regulatory initiatives.

Tax risk

Tax risk is uncertainty as to the achievement of business goals as a result of the influence of factors associated with the taxation process, which may appear as financial losses or other adverse effects.

The goal of the Group in the area of tax risk management is to limit the negative effects of its implementation (fiscal, reputational, financial, and other) and ensure that members of the Group achieve their business goals in compliance with the requirements of tax laws.

As part of implementation of the development strategy, Sberbank has created a successfully functioning multilevel tax risk management system, which includes, among other things:

- Business tax support “from A to Z” (from a preliminary expert tax assessment of suggested transaction terms to defending the Bank’s interest in tax agencies and in court)
- Implementation of internal control procedures for the purpose of prompt discovery and elimination of incorrect application of rules/ fulfillment of requirements of laws on taxes and fees
- Discovery and elimination of internal sources of tax inefficiency that indirectly affect the tax load level and, as a result, Sberbank’s achievement of set business targets: Processing of primary documents, automation of tax processes, synchronization of the pace of development of the tax function and Sberbank’s business
- Continuous monitoring of legislative initiatives and interaction with supervisory, regulatory, and legislative bodies for the development and application of laws on taxes and fees

As of January 1, 2017, the general group processes of tax risk management have been implemented in all subsidiary banks and other consolidated members of Sberbank included in the system scope. Tax risk management is carried out independently by each Group member within the functions and authority assigned to such member and based on common requirements and procedures while taking into account the specific characteristics of its activities and the requirements of local regulators. Information on tax risks assumed at the level of each participant is transferred to the level of Sberbank as the parent organization of the Group through the reporting system.

Following the results of 2016, the current tax risk level in Sberbank and in the Group is within the limits ensuring compliance with the direct requirements of tax laws and retention of the tax reputation of each Group member.

Reputational risk

Reputational risk is the risk arising from the negative perception of Sberbank by its clients, counterparties, shareholders, investors, creditors, market analysts, or regulatory bodies. Reputational risk includes information risk—that is, the risk of an event in the information field of Sberbank occurring through mass communication channels and in social networks, resulting in damage to Sberbank. Information risks are considered probable events in the internal and external environment of Sberbank that have a negative impact not only on the security of information on the activities of Sberbank but also on its quality.

When assessing reputational risk, Sberbank uses the following indicators, a change in the values of which may give rise to reputational risk:

- A substantial change in the financial position of Sberbank, including its main balance-sheet indicators and figures in its Profit and Loss Statement, changes in the structure of the equity (capital) of Sberbank, and key financial indicators
- Dynamics of results obtained following opinion polls among target groups of clients, employees, social organizations and groups of citizens, shareholders and investors, government and executive bodies, etc.
- An increase (decrease) in the number of complaints and claims against Sberbank
- Frequency of failures in the operation of Sberbank's IT systems resulting in the lengthy unavailability of Sberbank's services for a large number of clients
- Negative and positive reviews and reports on Sberbank and its affiliates in the media compared to other banks over a specific period of time
- Detection of illegal actions with regard to Sberbank and its clients
- Changes in the business reputation of affiliates and counterparties of Sberbank
- External economic, political, branch-specific, and social events and trends that may produce a probable negative effect on Sberbank's activity
- Refusal by regular or major clients and counterparties to cooperate with Sberbank

All employees of Sberbank and members of the Group:

- Comply with the requirements of the applicable laws of Russia, 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 shall comply with the above to the extent not inconsistent with their local law
- Ensure organizational and technical implementation of reputational risk management procedures in accordance with the competence of the unit
- Interact with the Public Relations and Media Communications Office of the Marketing and Communications Department and the Investor Relations Division on implementing procedures and compliance with the requirements for reputational risk management

In Sberbank, the Information Space On-Line Monitoring Service was established and functions for the purpose of early monitoring of possible information risks, implementation of which may result in reputational risk. For employees of press centers, trainings for identification of a potential information risk and its minimization at early stages were held.

Strategic risk

Strategic risk – is the risk of the Group incurring losses in more than 1 year's time as a result of errors made when making decisions determining the development strategy. The errors may involve insufficient consideration of a potential hazard for the Group's activity, incorrect identification of promising lines of business where the Group could achieve a competitive position, or incomplete provision of resources and administrative decisions that should enable the achievement of strategic goals.

Business risk – is defined as the risk of losses that may be incurred by the Group in up to 1 year's time due to changes in the external environment, including changes in the Group's earning capacity, for example, because of a drop in sales or increased operating expenses.

In November 2013, a Sberbank Development Strategy was approved for the period of up to 2018. In developing the Strategy, possible scenarios for the development of the macroeconomic situation were analyzed, and a number of forecast scenarios for development of the Russian economy were elaborated, and the conditions for transition between them were defined.

The Development Strategy landmarks are based on an in-depth study of social, economic, and technological tendencies in Russia and worldwide, an analysis of the attractiveness of some business areas, and an evaluation of compliance of Sberbank's system with world standards.

Operationalization of the Development Strategy's objectives, analysis of the "gaps" between the current and target state, implementation of initiatives related to their elimination, as well as clarification of the tasks in the short term take place in each cycle of business planning implemented on the basis of three-year rolling planning with annual updating. When developing a business plan, special attention is paid to the analysis of Development Strategy implementation to ensure the attainment of the strategic objectives of the Group.

Though the current forecasts for Russia's economic development and banking sector development have worsened compared to the scenario considered during the development of the Strategy, fundamental global technological trends and expectations regarding clients' preferences did not suffer any significant changes. That means the main qualitative transformations set out in Sberbank's Strategy remain relevant and do not need to be revised.

On a regular basis, Sberbank and Group members evaluate the results of implementing the Development Strategy and attaining the targets set in the business plan. The analysis of deviations between actual and target indicators and the forecast of the strategy and business plan fulfillment subject to newly discovered circumstances are, among other things, the basis for decisions on adjusting the strategy or business plan, making it possible to reduce the potential adverse effect from strategic and business risks.

Model risk

Model risk arises from uncertainties (errors) of the results of models (including risk measurement models, models for assessing the value of securities and financial instruments, liquidity or ALM assessment models), including the risk of model parameters changing over the course of time.

The purpose of evaluating the model risk level is to ensure compliance of all quantitative risk assessment models used by the Group with the approved requirements as regards their quality, forecast accuracy, and stability.

The Group has established a procedure for validation of models used for model risk assessment. The purpose of validation is to assess the current effectiveness of the model versus its expected performance or to assess the change in model performance subject to the recommendations of the Basel Committee for Bank Supervision.

Model validation is a multistep process including an information/data gathering stage, model examination, validation sample preparation, and comprehensive analysis of the model resulting in a report stating shortcomings identified in the model and recommendations regarding possible solutions.

In the event of unsatisfactory validation results, recommendations for elimination of the model's shortcomings shall be formulated to improve risk assessment quality.

As of the end of 2016, 309 models (or 54% of the total number of models) had been validated, 62 of which required improvement (27 models of Sberbank and 35 models of subsidiaries and affiliates).

Herman Gref

CEO,
Chairman of the Executive Board



Annexes

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 20, 2017, Minutes No. 17.

No.	Corporate Governance Principles	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.	<ol style="list-style-type: none"> 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. 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.
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.	<ol style="list-style-type: none"> 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. Notification on the holding of the Meeting specifies the location of the meeting and the documents required for admission to the building. 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.
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.	<ol style="list-style-type: none"> 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. 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. 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.

The Board of Directors confirms that the information presented in this Report contains complete and reliable information regarding the company's compliance with the principles and recommendations of the Corporate Governance Code for 2016.

Status ¹ compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles
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- complied with
 - partially complied with
 - not complied with

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- complied with
 - partially complied with
 - not complied with

No.	Corporate Governance Principles	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.	
1.1.4	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.	<p>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.</p> <p>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.</p>
1.1.5	Each shareholder had the opportunity to freely exercise their right to vote using the easiest and most convenient means.	<p>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.</p>
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.	<p>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.</p> <p>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.</p> <p>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.</p>
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.	<p>1. The Bank's dividend policy has been developed, approved by the Board of Directors, and disclosed.</p> <p>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.</p>
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.	<p>1. The company's dividend policy provides clear guidance on the financial/economic circumstances where the company should not pay dividends.</p>
1.2.3	The company does not allow the deterioration of dividend rights for existing shareholders.	<p>1. During the reporting period, the company did not take any action leading to the deterioration of the dividend rights of existing shareholders.</p>
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.	<p>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.</p>

Status¹ compliance with corporate governance principles**Explanations² deviations from the criteria for assessing compliance with corporate governance principles**

- complied with
- partially complied with
- not complied with

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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. A decision on the possibility of payment (nonpayment) of dividends and the amount of dividends is only made on the basis of an analysis of the said conditions.

The question of including in the Dividend Policy exact provisions on the circumstances under which Sberbank should not pay dividends will be reviewed during the next updating of the Dividend Policy.

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- partially complied with
- not complied with

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- partially complied with
- not complied with

The Supervisory Board has approved Regulations on Major Transactions and Related-Party Transactions that govern the internal procedures to be followed when approving transactions. A constantly updated register (list) of stakeholders (legal entities and individuals) intended for internal use to determine the parties' stake in transactions is also maintained.

No.	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles
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.
1.3.2	The company takes no actions that lead or may lead to an artificial redistribution of corporate control.	1. Quasitreasury shares are absent or did not vote during the reporting period.
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.
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.	
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.
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.
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.
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.

Status¹ compliance with corporate governance principles	Explanations² deviations from the criteria for assessing compliance with corporate governance principles
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- complied with
- partially complied with
- not complied with

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- partially complied with
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In general, the principle 2.1.1 is complied with by Sberbank with respect to all applicable criteria, except for the recommendation on relating the question of appointment of a sole executive body to the competence of the Supervisory Board.

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).

If any amendments are introduced to the federal laws on transferring the issues from the competence of the General Shareholders' Meeting to the competence of the Board (including the question of election of a sole executive body), it will become possible to introduce the relevant amendments to the Sberbank Charter and to relate the relevant powers to the competence of the Supervisory Board.

- complied with
- partially complied with
- not complied with

The approval of the business plan and budget and the monitoring of their implementation fall within the Executive Board's competence pursuant to the Regulations on the Executive Board as approved by the General Shareholders' Meeting.

- complied with
- partially complied with
- not complied with

- complied with
- partially complied with
- not complied with

No.	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles
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.	<p>1. The Board of Directors plays a key role in the prevention, detection, and resolution of internal conflicts.</p> <p>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.</p>
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.
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.
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.
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.
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.	<p>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.</p> <p>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.</p>
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.
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.
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.

Status¹ compliance with corporate governance principles

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Explanations² deviations from the criteria for assessing compliance with corporate governance principles

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No.	Corporate Governance Principles	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.
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.	<p>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.</p> <p>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.</p> <p>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.</p>
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.
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.
2.5	The Chairman of the Board of Directors shall facilitate the most effective fulfillment of the functions entrusted to the Board of Directors.	
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.	<p>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.</p> <p>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.</p>
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.
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.

Status¹ compliance with corporate governance principles**Explanations² deviations from the criteria for assessing compliance with corporate governance principles**

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The Chairman of the Supervisory Board is a Nonexecutive Director (a representative of the majority shareholder).³

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.

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No.	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles
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.	<ol style="list-style-type: none"> 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.
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.	<ol style="list-style-type: none"> 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.
2.6.3	The members of the Board of Directors have enough time to fulfill their obligations.	<ol style="list-style-type: none"> 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.
2.6.4	All members of the Board of Directors have equal opportunities to access the documents and information of the company. Newly elected members of the Board of Directors are provided with sufficient information about the company and the activities of the Board of Directors within the shortest time possible.	<ol style="list-style-type: none"> 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.
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.	<ol style="list-style-type: none"> 1. The Board of Directors held at least six meetings in the reporting year.
2.7.2	The internal documents of the company establish the procedure for preparing and conducting meetings of the Board of Directors and provide for the opportunity of members of the Board of Directors to properly prepare for them.	<ol style="list-style-type: none"> 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.
2.7.3	The form of the meeting of the Board of Directors is determined based on the importance of the agenda items. The most important issues are solved at meetings held by personal attendance.	<ol style="list-style-type: none"> 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.
2.7.4	Resolutions on the most important issues of the company's activities are adopted at a meeting of the Board of Directors by a qualified majority or a majority of votes of all elected members of the Board of Directors.	<ol style="list-style-type: none"> 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.

Status¹ compliance with corporate governance principles**Explanations² deviations from the criteria for assessing compliance with corporate governance principles**

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No.	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles
2.8	The Board of Directors shall establish committees for preliminary consideration of the most important issues of the company's activities.	
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.	<p>1. The Board of Directors has established an Audit Committee consisting solely of independent directors.</p> <p>2. The internal documents of the company determine the objectives of the Audit Committee, including objectives from recommendation 172 of the Code.</p> <p>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.</p> <p>4. Meetings of the Audit Committee were held at least once a quarter during the reporting period.</p>
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.	<p>1. The Board of Directors has established a Remunerations Committee that consists only of independent directors.</p> <p>2. The Chairman of the Remunerations Committee is an independent director who is not the Chairman of the Board of Directors.</p> <p>3. The internal documents of the company define the objectives of the Remunerations Committee, including objectives from recommendation 180 of the Code.</p>
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.	<p>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 Committee <4>), the majority of whose members are independent directors.</p> <p>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.</p>
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.).	<p>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.</p>
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.	<p>1. The committees of the Board of Directors shall be headed by independent directors.</p> <p>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.</p>
2.8.6	Chairpersons shall regularly inform the Board of Directors and its Chairperson on the activities of their committees.	<p>1. During the reporting period, the chairpersons shall regularly report on the activities of their committees to the Board of Directors.</p>

Status ¹ compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles
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The principle 2.8.1 is complied with by Sberbank with respect to all applicable criteria, except for the recommendation for formation of the Audit Committee with the independent directors only. Most of the Audit Committee members (three out of five) are independent directors, others are non-executive directors. The Audit Committee is headed by an independent director. This practice complies with the requirements of the MOEX Listing Rules. In general, independent directors make over 1/3 of the elected members of the Supervisory Board (6 out of 14 directors), which corresponds to the recommendations of the Code.

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 not complied with

The principle 2.8.2 is complied with partially: 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. Furthermore, the HR and Remunerations Committee cannot be formed only out of independent directors. The majority of the members of the Committee (two out of three) are independent directors. The Committee is headed by the non-executive director other than the Chairman of the Supervisory Board.

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 not complied with

No separate Nominations Committee shall be formed under the Supervisory Board. 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.

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 not complied with

The list of other committees created under the Supervisory Board⁵:

- Strategic Planning Committee
- Risk Management Committee

- complied with
 partially complied with
 not complied with

The principle 2.8.5 is complied with by Sberbank except the recommendation that all Supervisory Board Committees should be headed by independent directors. Four Committees have been created under the Supervisory Board. 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, which is however not in conflict with the rules of the Sberbank's internal document - the Regulation on the Supervisory Board Committees, according to which the said Committees may be headed by an independent and/or by a non-executive director.

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No.	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles
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.
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.
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.
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.
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.
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.
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.

Status ¹ compliance with corporate governance principles	Explanations ² deviations from the criteria for assessing compliance with corporate governance principles
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No.	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles
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.
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.
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.
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.
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.	
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. 2. 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.
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.

Status¹ compliance with corporate governance principles**Explanations² deviations from the criteria for assessing compliance with corporate governance principles**

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No.	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles
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.
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.
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.
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.
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.
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.
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.
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.

Status¹ compliance with corporate governance principles	Explanations² deviations from the criteria for assessing compliance with corporate governance principles
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<input type="checkbox"/>	partially complied with
<input type="checkbox"/>	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 2016 reporting year, no such cases occurred.
<input checked="" type="checkbox"/>	complied with
<input type="checkbox"/>	partially complied with
<input type="checkbox"/>	not complied with
<input checked="" type="checkbox"/>	complied with
<input type="checkbox"/>	partially complied with
<input type="checkbox"/>	not complied with
<input checked="" type="checkbox"/>	complied with
<input type="checkbox"/>	partially complied with
<input type="checkbox"/>	not complied with
<input checked="" type="checkbox"/>	The risk management and internal control system applied in Sberbank fully complies with the requirements of Bank of Russia and the legislation of Russia, taking into account the recommendations of the Basel Committee on Banking Supervision and the European Community. The Supervisory Board established the Risk Management Committee and approved the Risk and Capital Management Strategy of Sberbank Group; during its meetings, several times a year, the Supervisory Board considers matters related to the management of various types of risks. As a credit institution, Sberbank regularly discloses information on the risks accepted by Sberbank Group and the procedure for their assessment and for management of its risks and capital of the Group on its official website in accordance with the requirements of Bank of Russia.
<input checked="" type="checkbox"/>	complied with
<input type="checkbox"/>	partially complied with
<input type="checkbox"/>	not complied with
<input checked="" type="checkbox"/>	complied with
<input type="checkbox"/>	partially complied with
<input type="checkbox"/>	not complied with
<input checked="" type="checkbox"/>	complied with
<input type="checkbox"/>	partially complied with
<input type="checkbox"/>	not complied with

No.	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles
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.	<ol style="list-style-type: none"> 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.
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.	
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.	<ol style="list-style-type: none"> 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.
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.	<ol style="list-style-type: none"> 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.
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.	
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.	<ol style="list-style-type: none"> 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.
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.	<ol style="list-style-type: none"> 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.

Status¹ compliance with corporate governance principles

- complied with
- partially complied with
- not complied with

Explanations² deviations from the criteria for assessing compliance with corporate governance principles

The memorandum will be published if prepared by the controlling entity.

■ complied with

- partially complied with
- not complied with

□ complied with

- partially complied with
- not complied with

The principle 6.2.2 is complied with by Sberbank with respect to all applicable criteria except for the information disclosure on the capital structure according to the recommendation 290 of the Code. Sberbank will strive to expand the amount of disclosed information in this area.

■ complied with

- partially complied with
- not complied with

■ complied with

- partially complied with
- not complied with

No.	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles
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.	
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.	<p>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.</p> <p>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.</p>
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.	<p>1. The company provides for a procedure for the independent directors to declare their position on significant corporate actions before the approval thereof.</p>
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 <u>the Code</u> .	<p>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.</p> <p>2. During the reporting period, all significant corporate actions underwent the approval procedure before they were taken.</p>
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.	<p>1. During the reporting period, the company promptly disclosed detailed information on its significant corporate actions, including the grounds and terms thereof.</p>
7.2.2	Rules and procedures related to significant corporate actions taken by the company are defined in its internal documents.	<p>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.</p> <p>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.</p> <p>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.</p>

¹The 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.

²Specified 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.

Status¹ compliance with corporate governance principles	Explanations² deviations from the criteria for assessing compliance with corporate governance principles
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complied with

The list of significant corporate actions is defined by the Sberbank Code of Corporate Governance.

partially complied with

Sberbank's Charter establishes that decisions on significant corporate actions shall be made by the qualified majority of the Supervisory Board (by at least three-fourths of the votes).

not complied with

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.

partially complied with

not complied with

At present, there is no need for Sberbank to introduce additional measures to protect the rights and legal interests of shareholders.

complied with

partially complied with

not complied with

complied with

partially complied with

not complied with

complied with

partially complied with

not complied with

³Indicate which of the two alternative approaches admitted by the principle is being implemented in the company and give reasons for the approach chosen.

⁴If the objectives of the Nomination Committee are fulfilled by another committee, indicate its name.

⁵Indicate the list of additionally established committees

Consolidated financial statements in accordance with IFRS



REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders and the Supervisory Board of Sberbank of Russia

Opinion

The summary consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended are derived from the audited consolidated financial statements of Sberbank of Russia and its subsidiaries for the year ended 31 December 2016.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the basis described in the footnote to the summary consolidated financial statements.

Summary Consolidated Financial Statements

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 summary consolidated financial statements and the audited 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 1 March 2017. That report also includes the communication of the key audit matters in relation to provision for impairment of loans and advances to customers and valuation of derivative financial instruments. Key audit matters are those matters that, in our professional judgements, were of most significance in our audit of the consolidated financial statements of the current period.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the basis described in the footnote to the summary consolidated financial statements.

*AO PricewaterhouseCoopers Audit, White Square Office Center, 10 Batyrsky Val, Moscow,
Russia Federation, 125047; Telephone +7 (495) 967 6000, Fax +7 (495) 967 6001, www.pwc.ru.*



Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 "Engagements to Report on Summary Financial Statements".

March 2017
Moscow, Russia Federation

E.N. Kriventsev, certified auditor (licence no. 01-000198)
AO PricewaterhouseCoopers Audit

Main state regulation available: www.legis.state.ma.us, issued on 16 August 2000.

Independent auditor: ADT Financial Services Company audit

State registration certificate number and date issued by the Motor Vehicle Registration Division, or all relevant state.

Lawsuit of inclusion in the United States Region of Legal Services based on its August 1993 vendor requirements number one through

Microtubule and actin-mediated organization of nucleolin "molecular clusters or scaffolds"? (Abstract)

Consolidated Statement of Financial Position

	31 December 2016	31 December 2015
in billions of Russian Roubles		
ASSETS		
Cash and cash equivalents	2,560.8	2,333.6
Mandatory cash balances with central banks	402.0	357.9
Financial assets at fair value through profit or loss	605.5	866.8
Due from banks	965.4	750.6
Loans and advances to customers	17,361.3	18,727.8
Securities pledged under repurchase agreements	113.9	722.0
Investment securities available-for-sale	1,658.9	1,874.3
Investment securities held-to-maturity	545.8	477.7
Deferred tax asset	18.9	17.3
Premises and equipment	482.9	499.2
Assets of the disposal group and non-current assets held for sale	5.8	212.7
Other financial assets	314.5	671.0
Other non-financial assets	337.8	293.8
TOTAL ASSETS	25,368.5	27,334.7
LIABILITIES		
Due to banks	561.9	1,045.9
Due to individuals	12,449.6	12,043.7
Due to corporate customers	6,215.2	7,754.6
Debt securities in issue	1,361.0	1,378.5
Other borrowed funds	261.4	398.0
Financial liabilities at fair value through profit or loss other than debt securities in issue	212.9	416.6
Deferred tax liability	55.3	132.0
Liabilities of the disposal group	0.8	185.9
Provisions on insurance and pension fund operations	479.2	123.6
Other financial liabilities	312.6	397.6
Other non-financial liabilities	77.3	66.8
Subordinated debt	739.9	806.5
TOTAL LIABILITIES	22,546.9	24,959.7
EQUITY		
Share capital	87.7	87.7
Treasury shares	(7.9)	(6.7)
Share premium	212.6	212.6
Revaluation reserve for office premises	66.9	69.3
Fair value reserve for investment securities available-for-sale	24.0	(45.7)
Foreign currencies translation reserve	(19.8)	101.1
Remeasurement of defined benefit pension plans	(1.1)	(0.7)
Retained earnings	2,435.7	1,915.2
Total equity attributable to shareholders of the Bank	2,818.1	2,372.8
Non-controlling interest	3.5	2.3
TOTAL EQUITY	2,821.6	2,375.0
TOTAL LIABILITIES AND EQUITY	25,368.5	27,334.7

Approved for issue and signed on behalf of the Executive Board on 1 March 2017.


Herman Gref,
Chairman of the Executive Board and CEO


Aleksey Minenkov,
Acting Chief Accountant

These summary consolidated financial statements of Sberbank of Russia and its subsidiaries together - the "Group". Note does not propose to extrapolate, without due 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 Standard ("IFRS"). The summary consolidated financial statements do not contain all the data items presented in the audited consolidated financial statements of the Group. For a better understanding of the Group's 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 on the website www.sberbank.com.

Consolidated Statement of Profit or Loss

	Year ended 31 December	
in billions of Russian Rubles	2016	2015
Interest income	1,399.0	1,279.4
Interest expense	(960.9)	(1,125.2)
Deposit insurance expenses	(49.5)	(58.4)
Net interest income	1,342.6	988.2
Net provision charge for impairment of debt financial assets	(142.4)	(175.2)
Net interest income after provision charge for impairment of debt financial assets	1,020.4	812.8
Fee and commission income	456.3	384.2
Fee and commission expense	(87.2)	(85.3)
Net gains from trading securities	7.4	5.8
Net gains from securities designated as fair value through profit or loss	0.0	12.5
Net gains from investment securities available-for-sale	11.1	4.8
Impairment of investment securities available-for-sale	(0.5)	(0.3)
Net (losses) gains from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	(5.4)	8.1
Net gains / (losses) from operations with precious metals, precious metals derivatives and precious metals accounts translation	6.1	(1.2)
Net gains from operations with other derivatives	0.7	8.4
Net losses from revaluation of office premises	(25.0)	—
Impairment of premises, equipment and intangible assets	(0.3)	(2.8)
Goodwill impairment	(0.3)	(6.0)
Losses on initial recognition of financial instruments and on loans restructuring	(0.1)	(6.2)
Net charge for other provisions	(19.4)	(5.3)
Revenue of non-core business activities	30.8	24.4
Cost of sales and other expenses of non-core business activities	(27.1)	(25.4)
Net premiums from insurance and pension fund operations	152.8	123.3
Net claims, benefits, change in contract liabilities and acquisition costs on insurance and pension fund operations	(177.8)	(154.3)
Other net operating income	38.2	22.4
Operating income	1,355.1	954.6
Operating expenses	(677.6)	(623.4)
Profit before tax	677.5	331.2
Income tax expense	(135.6)	(198.3)
Profit for the year	541.9	222.9
Attributable to:		
shareholders of the Bank	540.5	223.3
non-controlling interest	1.4	(0.4)
Earnings per ordinary share attributable to the shareholders of the Bank, basic and diluted (expressed in RUB per share)	25.00	10.38

Approved for issue and signed on behalf of the Executive Board on 3 March 2017:

Herman Gref,
Chairman of the Executive Board and CEO.

Alexey Minenkov,
Acting Chief Accountant

These summary consolidated financial statements of Sberbank of Russia and its subsidiaries (together – the "Group"), have been prepared in accordance with instructions without any modifications 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 ("IFRS"). 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's 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 published on the website www.sberbank.com.

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
in billions of Russian Roubles	2016	2015
Profit for the year	541.9	222.9
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	78.2	129.4
- Impairment of investment securities available-for-sale transferred to statement of profit or loss, net of tax	0.4	0.1
Accumulated gains transferred to consolidated statement of profit or loss upon disposal of investment securities available-for-sale, net of tax	(8.9)	(3.8)
Exchange differences on translating foreign operations	(121.0)	17.9
Total other comprehensive [loss] / income to be reclassified to profit or loss in subsequent periods, net of tax	(51.3)	143.6
Items that will not be reclassified to profit or loss in subsequent periods		
Revaluation of office premises, net of tax	2.2	—
Remeasurement of defined benefit pension plans	(0.4)	(0.7)
Total other comprehensive income / (loss) that will not be reclassified to profit or loss in subsequent periods, net of tax	1.8	(0.7)
Total other comprehensive [loss] / income	(49.5)	142.9
Total comprehensive income for the year	492.4	365.8
Attributable to:		
- shareholders of the Bank	493.1	366.2
- non-controlling interest	(1.3)	(0.4)

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 ("IFRS"). The audited 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's 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.ru.

Consolidated Statement of Changes in Equity

	Share capital	Treasury shares	Share premium	Reserve for investment securities available-for-sale	Reserve for office premises	Fair value reserve for investment securities available-for-sale	Foreign currency translation reserve	Attribution to shareholders of the Bank		
								Retained earnings	Retained earnings/(loss)	Total
<i>In millions of Russian Rubles</i>										
Balance as at 31 December 2014	81.7	(7.8)	232.6	72.4	(177.4)	81.7	—	1,718.8	-3,015.6	4.5
Changes in equity for the year ended										
Net result from treasury share transactions	—	0.9	—	—	—	—	—	0.4	1.3	—
Dividends declared	—	—	—	—	—	—	—	(10.2)	(10.2)	—
Transfer of valuation reserve for offices	—	—	—	0.07	—	—	—	0.0	—	—
Transfers upon disposal or depreciation	—	—	—	—	—	—	—	—	—	(1.39)
Changes in leasehold interest in subsidiaries	—	—	—	—	—	—	—	—	—	(1.39)
Other movements related to pension fund (see Note 10)	—	—	—	—	—	—	—	(0.1)	(0.1)	—
Profit/(loss) for the year (Unconsolidated financial results for the year) ¹	—	—	—	—	—	—	—	223.3	223.3	(0.4)
Total comprehensive income/(loss) for the year	—	—	—	—	—	—	—	—	—	222.9
Total comprehensive income/(loss) for the year	81.7	(6.7)	232.6	63.3	(48.7)	101.1	(0.3)	1,935.2	-3,372.8	1.2
Balance as at 31 December 2015	81.7	(6.7)	232.6	63.3	(48.7)	101.1	(0.3)	1,966.2	-3,695.8	(0.4)
Changes in equity for the year ended										
Net result from treasury share transactions	—	(1.7)	—	—	—	—	—	(2.2)	(1.4)	—
Dividends declared	—	—	—	—	—	—	—	(44.4)	(44.4)	—
Transfer of valuation reserve for offices	—	—	—	(0.0)	—	—	—	—	—	(0.4)
Transfers upon disposal or depreciation	—	—	—	—	—	—	—	—	—	—
Profit for the year (Unconsolidated financial results for the year)	—	—	—	—	—	—	—	(461.3)	(461.3)	1.4
Other comprehensive income/(loss) for the year	—	—	—	—	—	—	—	(489.4)	(489.4)	(0.1)
Total comprehensive income/(loss) for the year	—	—	—	—	—	—	—	—	—	—
Balance as at 31 December 2016	81.7	(7.9)	232.6	63.9	(48.9)	101.0	(0.4)	1,935.3	-3,491.5	1.3

This document's consolidated financial statements of Sberbank of Russia and its subsidiaries together (the "Group") have been prepared in accordance with requirements of the International Financial Reporting Standards ("IFRS"). The company's consolidated financial statements as at and for the year ended 31 December 2016 are drawn up in accordance with the International Financial Reporting Standards ("IFRS") for a period encompassing all the basic financial products and risk factors that the company's consolidated balance sheet and statement of changes in equity disclose.

The individual financial statements of the Group can be obtained from Sberbank of Russia at the address www.sberbank.ru.

Consolidated Statement of Cash Flows

	Year ended 31 December	
in billions of Russian Roubles	2016	2015
Cash flows from operating activities		
Interest received	2,193.5	2,073.5
Interest paid	(915.0)	(1,105.3)
Deposit insurance expenses paid	145.6	(36.3)
Fees and commissions received	438.0	379.8
Fees and commissions paid	(83.1)	(61.6)
Net losses incurred on trading securities	(2.6)	(3.1)
Dividends received	2.0	1.6
Net gains received / (losses incurred) on securities designated as at fair value through profit or loss	2.1	(3.5)
Net losses incurred from trading in foreign currencies and from operations with foreign currency derivatives	(32.3)	(25.2)
Net gains received / (losses incurred) from operations with other derivatives	17.0	(1.2)
Net gains received / (losses incurred) from operations with precious metals and precious metals derivatives	3.4	(2.9)
Revenue received from non-core business activities	35.4	26.7
Expenses paid on non-core business activities	(28.0)	(25.0)
Insurance premiums received	87.1	61.0
Claims, benefits and acquisition costs on insurance operations paid	(2.8)	(1.3)
Pension fund premiums received	103.1	162.3
Claims, benefits and acquisition costs on pension fund operations paid	(19.3)	(8.0)
Other net operating income received	11.2	13.4
Operating expenses paid	(610.1)	(550.6)
Income tax paid	(214.0)	(151)
Cash flows from operating activities before changes in operating assets and liabilities	942.2	892.9
Changes in operating assets and liabilities		
Net increase in mandatory cash balances with central banks	(115.2)	(18.6)
Net increase in financial assets at fair value through profit or loss	(87.6)	(164.5)
Net increase in due from banks	(190.6)	(471.2)
Net increase in loans and advances to customers	(64.9)	(157.5)
Net decrease / (increase) in other assets	242.4	(117.2)
Net decrease in due to banks	(424.3)	(2,624.3)
Net increase in due to individuals	1,103.3	2,127.6
Net (decrease) / increase in due to corporate customers	(889.3)	655.4
Net (decrease) / increase in debt securities in issue except for loan participation notes issued under the MTN programme of Sberbank	(83.0)	106.5
Net increase in financial liabilities at fair value through profit or loss other than debt securities in issue	1.8	7.6
Net (decrease) / increase in other liabilities	(47.3)	57.9
Net cash from operating activities	387.5	294.6

These summaries consolidated financial statements of Sberbank of Russia and its subsidiaries together - the "Group" have been prepared by sberbank, 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 ("IFRS"). The summary consolidated financial statements do not contain all the disclosures contained in the audited consolidated financial statements of the Group. For a better understanding of the Group's financial position, its financial performance and its cash flows the audited 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 on the website www.sberbank.com.

Consolidated Statement of Cash Flows (Continued)

	Year ended 31 December	
in billions of Russian Rubles	2016	2015
Cash flows from investing activities		
Purchase of investment securities available-for-sale	(1,569.8)	(850.9)
Proceeds from disposal and redemption of investment securities available-for-sale	1,715.1	742.4
Interest received on investment securities available-for-sale	128.9	116.5
Purchase of investment securities held-to-maturity	(116.5)	(122.2)
Proceeds from redemption of investment securities held-to-maturity	73.5	58.3
Interest received on investment securities held-to-maturity	35.5	30.3
Acquisition of premises, equipment and intangible assets	(112.1)	(74.3)
Proceeds from disposal of premises, equipment and intangible assets including insurance payments	13.9	9.9
Acquisition of investment property	(0.6)	(0.6)
Proceeds from disposal of investment property	1.1	0.1
Acquisition of associates	—	(1.2)
Proceeds from disposal of associates	0.4	—
Proceeds from disposal of subsidiaries net of cash disposed	15.3	0.7
Net cash from / (used in) investing activities	243.1	(90.3)
Cash flows from financing activities		
Other borrowed funds received	154.6	151.9
Redemption of other borrowed funds	(206.2)	(377.2)
Interest on other borrowed funds paid	(9.4)	(10.5)
Funds received from subordinated debt issued or reissued	0.3	0.6
Redemption of subordinated debt	(18.5)	(27.4)
Interest on subordinated debt paid	146.0	(57.2)
Funds received from loan participation notes issued or reissued	2.6	12.2
Redemption of loan participation notes issued	(42.0)	(166.7)
Interest on loan participation notes issued paid	(32.1)	(58.2)
Purchase of treasury shares	(4.5)	(6.5)
Proceeds from disposal of treasury shares	3.1	7.8
Dividends paid	(48.5)	(10.3)
Net cash used in financing activities	(244.3)	(511.6)
Effect of exchange rate changes on cash and cash equivalents	(157.8)	333.1
Net effect of changes in cash and cash equivalents included in disposal of foreign subsidiary	0.5	(0.5)
Net increase in cash and cash equivalents	227.2	24.8
Cash and cash equivalents as at the beginning of the year	2,333.6	2,308.8
Cash and cash equivalents as at the end of the year	2,560.8	2,333.6

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 ("IFRS"). 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's financial position, its financial performance and its cash flows, the audited consolidated financial statements should be referred to in conjunction with the audited consolidated financial statements.

The audited consolidated financial statements of the Group can be obtained from Sberbank of Russia and any subsidiary or the website www.sberbank.com.

The consolidated financial statements of Sberbank of Russia and its subsidiaries for 2016 with the auditor's opinion of an independent auditor are available at:

www.sberbank.com/ru/investor-relations/reports-and-publications/ifrs

Main forms of the annual accounting (financial) statements of Sberbank of Russia in accordance with RAS

Territory code under OKATO	Bank Reporting	
	Code of the credit institution (branch) under OKPO	registration number (reference number)
45291554000	00002337	1001

BALANCE SHEET (disclosure form) as of January 1, 2017

of the Credit Institution: Sberbank of Russia

Sberbank

Mailing address: 19 Vavilova St., Moscow 117997

Form code under OKUD 0429008
Quarterly (Annual)
thousand rubles

Line No.	Item description	Explanation number	Figure as of the reporting date	Figure as of the start of the reporting year
1	2	3	4	5
	ASIN/RS			
1	Cash and cash equivalents	5.1	632 848 988	732 769 710
2	Claims of credit institutions held with the Central Bank of the Russian Federation	5.2	967 161 878	860 685 704
2.1	Obligatory reserves	5.2.1	158 713 883	118 365 174
3	Due from credit institutions	5.2.2	147 942 780	215 000 910
4	Financial assets carried at fair value through profit or loss	5.2.3	141 543 239	405 977 877
5	Net loans receivable	5.3	16 221 622 149	18 409 805 465
6	Net investments in securities and other financial assets available for sale	5.4	2 249 613 064	2 316 355 714
6.1	Investments in subsidiaries and affiliates	5.5	691 905 668	516 777 037
7	Net investments in securities held to maturity	5.6	155 961 168	216 277 311
8	Current profit-loss claims		8 124 361	19 778 223
9	Deferred tax asset		0	0
10	Fixed assets, intangible assets, and inventory	5.7	489 120 697	461 478 010
11	Long-term assets available for sale		8 076 964	9 880 712
12	Other assets	5.8	217 263 562	505 716 727
13	Total assets		21 721 078 485	22 706 916 091
II	11403034108			
14	Claims, deposits, and other funds of the Central Bank of the Russian Federation		581 160 307	768 989 254
15	Due to credit institutions	5.9	364 499 528	618 363 818
16	Due to customers, other than credit institutions	5.10	16 881 988 991	17 722 425 408
16.1	Deposits (funds) of individuals, including individual entrepreneurs		10 932 747 777	10 273 784 952
17	Financial liabilities carried at fair value through profit or loss		107 586 935	228 167 483
18	Issued debt obligations	5.11	650 971 898	647 658 595
19	Deferred tax payable		5 771 617	5 404 321
20	Deferred tax liability		27 878 531	93 348 454
21	Other liabilities	5.12	280 194 325	256 566 983
22	Provisions for possible losses from credit compensation, other possible losses, and transactions with off-balance-sheet items		42 143 648	37 805 399
23	Total liabilities		18 892 117 598	20 318 763 487

Line No.	Item description	Explanation number	Figures as of the reporting date	Dates as of the start of the reporting year
SOURCES OF EQUITY				
21	Funds of shareholders (participants)	1.1.1	67,560,844	67,560,844
22	Treasury shares (certificates redeemed from shareholders (participants))		0	0
23	Paid-in capital in excess of par value		228,014,226	228,014,226
24	Reserve fund		3,527,429	3,527,429
25	Revaluation of assets available for sale at fair value less deferred tax liability (or gain deferred tax assets)		99,380,064	16,427,260
26	Revaluation of fixed assets less deferred tax liability		25,880,981	16,957,320
27	Revaluation of liabilities (claims) for payment of long-term commitments		0	0
28	Revaluation of hedging instruments		0	0
29	Mortuary funds of grant financing contributions to assets		0	0
30	Retained profit (conceivable level of prior years)		1,945,987,998	1,790,492,964
31	Unused profit (loss) for the reporting period	8	-498,229,413	218,187,307
32	Total sources of equity		2,828,920,985	2,528,152,600
CREDIT BALANCE SHEET LIABILITIES				
33	Receivable liabilities of the credit institution		6,781,111,522	6,665,234,700
34	Commitments and credits issued by the credit institution		1,214,474,908	1,367,335,103
35	Noncredit contingencies		142,840	0

CEO and Chairman of the Board

Sberbank

(Signature)

H. O. Gref
(Full name)**Senior Managing Director, Chief Accountant –
Director of the Accounting and Reporting Department**
Sberbank

I.S.

(Signature)

M. Yu. Lukyanova
(Full name)

Bank Reporting		
Territory code under IBATO	Code of the credit institution (branch) under ACPO	Registration number (re-bureau number)
412995540000	00052511	481

STATEMENT OF FINANCIAL PERFORMANCE

(disclosure form)

for 2016

of the Credit Institution: Sberbank of Russia

Sberbank

Mailing address: 19 Vakulova St., Moscow 117997

Form code under (BLD 540947)

Quarterly (Annual)

Received earlier

Line No.	Item description	Explanatory notes	Data for the reporting period	Figure for the same period of the previous year
1	2	3	4	5
Section 1. Credit and Loans				
1	Interest income, total, including:	4.1	2,675,764,000	2,609,765,763
1.1	From bonds deposited with credit institutions	44,397,494	47,294,618	
1.2	From loans to customers, other than credit institutions	2,867,144,936	2,813,088,873	
1.3	From provision of services related to leasing	37,623	31	
1.4	From investments in securities	148,231,712	139,400,296	
2	Interest expenses, total, including:	4.2	878,293,371	1,132,361,313
2.1	on deposits from credit institutions	64,796,786	246,080,867	
2.2	on deposits from customers, other than credit institutions	774,861,856	830,989,667	
2.3	on outstanding debt securities	14,508,997	14,712,769	
3	Net interest income (negative interest margin)	1,203,118,992	808,431,833	
4	Changes in the provisions for possible total losses from loans, loan-like and debt securities, funds in correspondent accounts, and accrued interest income, including:	47,084,300	239,947,214	
4.1	Changes in provisions for possible losses from accrued interest income	-6,131,158	11,991,300	
5	Net interest income (negative interest margin) after provisions for possible losses	1,116,674,492	599,431,476	
6	Net income from operations with financial assets carried at fair value through profit or loss	74,292,254	17,141,349	
7	Net income from operations with financial liabilities carried at fair value through profit or loss	0	1,397,311	
8	Net income from operations with securities available for sale	2,667,586	1,786,756	
9	Net income from operations with securities held to maturity	101,187	119	
10	Net income from operations with foreign currency	29,511,723	100,401,853	
11	Net income from realization of foreign currency	6,4	10,977,116	4,151,310
12	Net income from operations with private equity	2,117,674	187,311	
13	Income from participation in the capital of other legal entities	8,725,621	2,764,761	
14	Fees and commission income	6,3	360,638,710	297,706,826
15	Fees and commission expenses	6,3	43,760,179	31,754,383
16	Changes in the provisions for possible losses from securities available for sale	7,4	7,254	1,133,880
17	Changes in the provisions for possible losses from securities held to maturity	7,8	2,208,361	1,151,763
18	Changes in the provisions for other losses	41,951,151	31,491,241	
19	Other operating income	23,971,426	46,999,761	
20	Operating expenses	(41,630,647)	(31,736,462)	
21	Operating亏损	6,3	764,711,953	650,436,255
22	Profit (loss) before tax	7,7	1,473,887,714	936,399,677
23	The compensation component	6,8	145,467,783	88,172,620
24	Profit (loss) from continued activity	5,2	500,196,473	259,614,556
25	Profit (loss) from discontinued activity	0	1,987,228	1,131,249
26	Profit (loss) for the reporting period	6	409,789,451	218,187,367

Section 2. Total income

Line No.	Description	Explanation number	Data for the reporting period ¹	Figure for the same period of the previous year ²
1	—	—	—	—
2	Profit (loss) for the reporting period	9	499 299 613	(18 507 367)
3	Other total income (loss)	—	—	—
4	Items that are not reclassified into profit or loss, total, including:	—	—	—
4.1	Change in the fixed assets revaluation fund	—	(1 572 024)	—1 567 506
4.2	Change in the fund for revaluation of liabilities (losses) related to pension security for employees under defined contribution plans	6	—	—
4.3	Profit not related to items that may not be reclassified into profit or loss	—	(1 761 274)	—
4.4	Other total income (loss) that may not be reclassified into profit or loss, less profit (loss)	—	(1 576 798)	—1 567 506
5	Items that may be reclassified into profit or loss, total, including:	—	—	—
5.1	Change in the fund for revaluation of financial assets available for sale	—	—	—
5.2	Change in the cash flow hedging fund	—	—	—
5.3	Profit not related to items that may be reclassified into profit or loss	—	19 200 474	56 477 771
6	Other total income (loss) that may be reclassified into profit or loss, less profit (loss)	—	77 341 893	138 611 179
7	Other total income (loss), less profit (loss)	—	68 971 129	136 610 971
8	Statistical result for the reporting period	—	683 666 562	135 211 566

CEO and Chairman of the Board

Sberbank

(Signature)

H.O. Gref

(Full name)

**Senior Managing Director, Chief Accountant –
Director of the Accounting and Reporting Department**
Sberbank

(Signature)

M.Yu. Lukyanova

(Full name)

**STATEMENT OF CAPITAL ADEQUACY TO COVER RISKS, AMOUNT OF PROVISIONS
FOR POSSIBLE LOSSES FROM LOANS AND OTHER ASSETS**
(disclosure form)
as of January 1, 2017

of the Credit Institution: Sberbank of Russia
Sberbank
Mailing address: 19 Vavilova St., Moscow 117997

Form Reporting		
Lender code under IBRD	Code of the credit institution Branch/ unit (ICP) (representative number (reference number))	
41707518000	00032751	1441

Section 1. Information on the level of capital adequacy

Line No.	Subject	Reporting month	Instrument value (amount) as of the reporting date		Instrument value (amount) as of the beginning of the reporting year	
			included in the capital calculation	not included in the capital calculation or the passed before January 1, 2017	included in the capital calculation	not included in the capital calculation or the passed before January 1, 2017
Amounts of core Tier 1 capital						
1.1	Shares and paid-in capital, total, including that issued through ordinary shares	1	236,743,970	0	236,743,970	0
1.2	Preferred shares	1	0	0	0	0
1.3	Retained earnings (losses)	1	2,317,661,962	0	2,313,831,779	0
1.4	Other reserves	1	1,803,645,152	0	1,794,635,927	0
1.5	Total core capital	1	4,458,050,084	0	4,342,198,698	0
1.6	Capital buffer	1	0	0	0	0
1.7	Share of other capital subject to gradual exclusion from the calculation of equity capital	not applicable	0	0	not applicable	0
1.8	Subordination over capital instruments held by third parties	not applicable	0	0	not applicable	0
1.9	Reserves of core capital, total	1	0	0	0	0
1.10	(Line 1 + line 2 + line 3 - line 4 + line 5)	1	2,317,661,962	0	2,313,831,779	0
Amounts decreasing the amounts of core Tier 1 capital						
2.1	Trading portfolio adjustment	not applicable	0	0	not applicable	0
2.2	Goodwill less delivered net liabilities	0	0	0	0	0
2.3	Impaired assets except for goodwill net amounts related to rights for contingent items carrying a low discount rate function	11,444,796	21,096,187	-9,151,340	21,742,174	0
2.4	Impairment on assets dependent on future income	0	0	0	0	0
2.5	Loss and flow hedging reserves	not applicable	0	0	not applicable	0
2.6	Exempted capital provisions for general losses	0	0	0	0	0
2.7	Reserves from insurance reinsurance transactions	not applicable	0	0	not applicable	0
2.8	Income and expenses connected with changes in conditions for liabilities measured at fair value	not applicable	0	0	not applicable	0
2.9	Capital of a defined benefit pension plan	not applicable	0	0	not applicable	0

16. Investments in the bank's own shares (stocks)		0	0	0	0
17. Related party derivatives	not applicable				
18. Other investments in core capital instruments of financial institutions		0	0	0	0
19. Major investments in non-financial instruments of financial institutions	4.3	41,947,340	31,843,193	30,343,193	41,298,400
20. Rights for managing bank activities	not applicable				
21. Additional equity instruments of financial institutions		0	0	0	0
22. Aggregate amount of major investments and related net assets in excess of 1% per cent of core capital total, including:		0	0	0	0
23. Major investments in core capital instruments of financial institutions		0	0	0	0
24. Capital for managing bank activities	not applicable				
25. Identified fair assets independent of financial instruments		0	0	0	0
26. Other items reducing the sources of core capital established by Bank of Russia and including:		0	0	0	0
26.1 Items subject to gradual reduction from the calculation of equity capital		0	0	0	0
26.2 Negative value of additional Tier 1 capital		279,817,962	4	279,817,962	4
27. Figures determining the sources of core capital total:					
Sum of Items 22 and Items 26 to 27		240,870,642	4	240,870,642	4
Items 26 to 27, and:					
Item 26 - Item 27		2,248,721,158	4	2,248,721,158	4
Source of additional Tier 1 capital					
28. Additional Tier 1 capital instruments and share premium total, including:		0	0	0	0
29. Items classified as capital		0	4	0	0
30. Items classified as liabilities		0	4	0	0
31. Additional Tier 1 capital instruments subject to gradual reduction from the calculation of equity capital		0	0	0	0
32. Additional Tier 1 capital instruments of consolidated that are held by third parties and including:	not applicable	-4	not applicable	-4	not applicable
33. Additional additional Tier 1 capital instruments subject to gradual reduction from the calculation of equity capital		0	0	0	0
34. Sources of additional Tier 1 capital, and:		0	4	0	0
Sum 29 + Item 32		0	4	0	0
Items decreasing the sources of additional Tier 1 capital					
35. Investments in the bank's own additional Tier 1 capital instruments		0	0	0	0
36. Reciprocal items increasing or additional Tier 1 capital instruments	not applicable				
37. Major investments in additional Tier 1 capital instruments of financial institutions	not applicable				
38. Major investments in supplementary Tier 1 capital instruments of financial institutions		0	0	0	0
39. Other items reducing the sources of additional Tier 1 capital established by Bank of Russia and including:		279,817,962	4	279,817,962	4
40.1 Items subject to gradual reduction from equity capital total, and including:		279,817,962	4	279,817,962	4
40.2 Intangible assets		8,761,145	4	8,761,145	4
41.1 To reduce share premium, and based on terms of the shareholders' documents:		0	0	0	0
41.1.1 Other items (unrealized gains and losses) of intangible assets and other financial instruments and related credit instruments		279,817,962	4	279,817,962	4
41.1.2 Sources of equity capital formed from non-equity assets		0	0	0	0
41.1.3 Negative value of additional capital resulting from adjustment of the value of equity capital by the amount of source of additional capital formed by means using non-equity assets		0	0	0	0
41.1.4 Negative value of additional capital formed from non-equity assets		0	0	0	0
41.1.5 Negative value of additional capital resulting from adjustment of the value of equity capital by the amount of source of additional capital formed by means using non-equity assets		0	0	0	0
42. Negative value of additional capital		0	0	0	0

10	Items decreasing the sources of additional Tier 1 capital, total items of lines 17 to 20	121 471 942	0	228 887 017	0
11	Additional Tier 1 capital, total (line 10 - line 12)	0	0	0	0
12	Net 1 capital, total Line 10 + line 11	3 209 727 170	0	3 209 727 170	0
13	Additional capital				
14	Additional capital instruments that qualify as capital	300 474 402	0	300 474 402	0
15	Additional capital instruments subject to gradual exclusion from the calculation of equity capital	10 000 000	0	10 000 000	0
16	Additional capital instruments of subsidiaries that are held by third parties, total, excluding:	not applicable	0	not applicable	0
17	additional capital instruments of subsidiaries subject to gradual exclusion from the calculation of equity capital	not applicable	0	not applicable	0
18	Preference shares	not applicable	0	not applicable	0
19	Shares of additional capital, total Line 16 + line 17 + line 18	300 474 402	0	300 474 402	0
20	Items decreasing the sources of additional capital				
21	Decrease in the base for core additional capital instruments	0	0	0	0
22	Decrease in the ceiling of additional capital instruments	not applicable	not applicable	not applicable	not applicable
23	Share contributions to the additional capital instruments of financial institutions	0	0	0	0
24	Other amounts relating to the additional capital instruments of financial institutions	11 007 154	-10 116 170	10 108 417	10 108 417
25	Other figures relating the amounts of additional capital contributed by banks or finance firms, including:	2 471 002	0	2 471 002	0
26.1	items subject to gradual exclusion from equity capital, total, including: amount of equity funds by entities from non-financial sectors	2 471 002	0	2 471 002	0
26.1.1	amounts receivable under the terms of contracts for more than 10 calendar days	2 471 002	0	2 471 002	0
26.1.2	other liability items, provided for, contract and/or guarantee	2 471 002	0	2 471 002	0
26.1.3	circumstances of the total amount of owned and held guarantees provided by the bank's subsidiaries, group peers and members over its maximum amount	0	0	0	0
26.1.4	investment in participation and acquisition of capital and financial assets	0	0	0	0
26.1.5	difference between the actual cost of a share payable to participants who have withdrawn from the company and the price for which the share was sold to another participant	0	0	0	0
27	Items decreasing the sources of additional capital, total: items of lines 1 through 26	14 500 719	0	14 511 447	0
28	Additional capital, total Line 21 + line 27	207 478 170	0	207 478 170	0
29	Equity capital, total Line 41 + line 42	3 124 361 167	0	3 124 361 167	0
30	Risk-weighted assets	0	0	0	0
31	Items subject to gradual exclusion from the calculation of equity capital	208 479 942	0	211 156 877	0
32.1	Share premium, net (decreasing core capital adequacy)	0.0	22 800 156 877	0	22 800 156 877
32.2	Reserve necessary for maintaining Tier 1 capital adequacy	0.0	33 400 156 877	0	33 400 156 877
32.3	Reserve necessary for maintaining equity capital adequacy	0.0	21 903 429 170	0	21 903 429 170
33	Equity capital adequacy ratio, and buffer on equity capital adequacy ratio requirements				
34	Core capital adequacy Line 21 + line 32.1	0.0	0	0.0	0
35	Tier 1 capital Adopted (line 41 + line 32.2)	0.0	0	0.0	0
36	Equity capital adequacy Line 33 + line 35	15.0	0	15.0	0
37	Equity capital adequacy ratio, core capital adequacy percentage	not applicable	0	not applicable	0
38	Core capital adequacy ratio	0.0	0	0.0	0
39	Tier 1 capital adequacy ratio	0.0	0	0.0	0
40	Equity capital adequacy ratio	15.0	0	15.0	0
41	Equity capital adequacy ratio, core capital adequacy percentage	not applicable	0	not applicable	0
42	Core capital adequacy ratio	0.0	0	0.0	0
43	Tier 1 capital adequacy ratio	0.0	0	0.0	0
44	Equity capital adequacy ratio	15.0	0	15.0	0
45	Equity capital adequacy ratio, core capital adequacy percentage	not applicable	0	not applicable	0
46	Core capital instruments of financial institutions	0.0	0	0.0	0
47	Major instruments in capital instruments of financial institutions	0.0	0	0.0	0
48	Rights for accepting loan servicing	not applicable	0	not applicable	0
49	Delivered risk assets independent of future income	0.0	0	0.0	0
50	Reserves in the inclusion of provisions for possible losses in the calculation of additional capital				
51	Reserves for possible losses included in the calculation of additional capital with regard to positions for which the credit risk is calculated using the standardised approach	not applicable	0	not applicable	0
52	Limits on including reserves for possible losses in the calculation of additional capital when using the standardised approach	not applicable	0	not applicable	0
53	Reserves for possible losses included in the calculation of additional capital with regard to positions for which the credit risk is calculated using the IRB model approach	not applicable	0	not applicable	0
54	Limits on including reserves for possible losses in the calculation of additional capital when using the IRB model approach	not applicable	0	not applicable	0
55	Reserves that shall be gradually excluded from the calculation of equity capital (applicable from January 1, 2014 to January 1, 2022)				
56	The current limitation on including instruments subject to gradual exclusion from the calculation of equity capital in the list of core capital adequacy	0	0	0	0
57	Instruments not included in the list of core capital adequacy due to the transition	0	0	0	0
58	The current limitation on including instruments subject to gradual exclusion from the calculation of equity capital in the list of additional Tier 1 capital adequacy	0	0	0	0
59	Instruments not included in the list of additional Tier 1 capital adequacy due to the transition	0	0	0	0
60	The current limitation on including instruments subject to gradual exclusion from the calculation of equity capital in the list of additional capital adequacy	0	0	0	0
61	Instruments not included in the list of additional capital adequacy due to the transition	0	0	0	0

Information on banks' risk data that is relevant to section 1 of the Report is provided in chapter IV of the accompanying information for Group 2013.

Table 1. Indicators on the amount of risks operational, and market risks reported by segment

Line No.	Indicators	Implementation	Report on 27 Dec 2016			Total at the end of the reporting year
			Value of assets measured using the standard approach	Value of assets measured by qualitative methods	Value of risk-weighted assets measured	
1	Estimated risk-weighted assets measured in RUB billion, total, including:					
1.1	Risks with a risk rating of 1-5% of capital, total, including:					
1.1.1	Risks with a risk rating of 1-3% of capital, total, including:					
1.1.2	Risks with a risk rating of 4-5% of capital, total, including:					
1.1.3	Risks with a risk rating of 5% or more of capital, total, including:					
1.2	Risks with a risk rating of 6-10% of capital, total, including:					
1.3	Risks with a risk rating of 11-20% of capital, total, including:					
1.4	Risks with a risk rating of 21-50% of capital, total, including:					
1.5	Risks with a risk rating of 51-100% of capital, total, including:					
1.6	Risks with a risk rating of 100% or more of capital, total, including:					
1.7	Risks with a risk rating of 1-5% of capital, total, including:					
1.8	Risks with a risk rating of 6-10% of capital, total, including:					
1.9	Risks with a risk rating of 11-20% of capital, total, including:					
1.10	Risks with a risk rating of 21-50% of capital, total, including:					
1.11	Risks with a risk rating of 51-100% of capital, total, including:					
1.12	Risks with a risk rating of 100% or more of capital, total, including:					
2	Estimated risk-weighted assets measured in RUB billion, total, including:					
2.1	Risks with a risk rating of 1-5% of capital, total, including:					
2.1.1	Risks with a risk rating of 1-3% of capital, total, including:					
2.1.2	Risks with a risk rating of 4-5% of capital, total, including:					
2.1.3	Risks with a risk rating of 5% or more of capital, total, including:					
2.2	Risks with a risk rating of 6-10% of capital, total, including:					
2.3	Risks with a risk rating of 11-20% of capital, total, including:					
2.4	Risks with a risk rating of 21-50% of capital, total, including:					
2.5	Risks with a risk rating of 51-100% of capital, total, including:					
2.6	Risks with a risk rating of 100% or more of capital, total, including:					
2.7	Risks with a risk rating of 1-5% of capital, total, including:					
2.8	Risks with a risk rating of 6-10% of capital, total, including:					
2.9	Risks with a risk rating of 11-20% of capital, total, including:					
2.10	Risks with a risk rating of 21-50% of capital, total, including:					
2.11	Risks with a risk rating of 51-100% of capital, total, including:					
2.12	Risks with a risk rating of 100% or more of capital, total, including:					
3	Estimated risk-weighted assets measured in RUB billion, total, including:					
3.1	Risks with a risk rating of 1-5% of capital, total, including:					
3.1.1	Risks with a risk rating of 1-3% of capital, total, including:					
3.1.2	Risks with a risk rating of 4-5% of capital, total, including:					
3.1.3	Risks with a risk rating of 5% or more of capital, total, including:					
3.2	Risks with a risk rating of 6-10% of capital, total, including:					
3.3	Risks with a risk rating of 11-20% of capital, total, including:					
3.4	Risks with a risk rating of 21-50% of capital, total, including:					
3.5	Risks with a risk rating of 51-100% of capital, total, including:					
3.6	Risks with a risk rating of 100% or more of capital, total, including:					
3.7	Risks with a risk rating of 1-5% of capital, total, including:					
3.8	Risks with a risk rating of 6-10% of capital, total, including:					
3.9	Risks with a risk rating of 11-20% of capital, total, including:					
3.10	Risks with a risk rating of 21-50% of capital, total, including:					
3.11	Risks with a risk rating of 51-100% of capital, total, including:					
3.12	Risks with a risk rating of 100% or more of capital, total, including:					

¹ The author thanks James W. Kretschmer for comments on an earlier version of this paper. I also thank the members of the Department of Economics at the University of Alberta, especially Michael Bannister, for their useful comments on this paper.

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THE JOURNAL OF CLIMATE VOL. 17, NO. 10, OCTOBER 2004

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Item No.	Description	Explanation included in the financial statements	Proportion of the amount of the reporting unit included in the financial statements	Time at which it became available to the reporting unit
1	1. Total contribution to earnings, current local marketing	1	1	1
1.1	1.1.1. Total, total, and other contributions	2	2	2
1.1.1	1.1.1.1. Other income related to sales of products from and by other firms	3	3	3
1.1.1.2	1.1.1.2. Other contributions and receipts, the following of which are included in operating revenue	4	4	4
1.1.1.3	1.1.1.3. Other total of financial items and other amounts included in the statement of earnings	5	5	5
1.1.1.4	1.1.1.4. Other amounts included in the statement of earnings	6	6	6

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Line No.	Indication	Incubation location	Value of the reporting bias	Value of the bias due to the reporting bias	Value of the bias due to the reporting bias after the adjustment bias	Value of the bias due to the reporting bias after the adjustment bias and the reporting bias	Value of the bias due to the reporting bias after the adjustment bias and the reporting bias and the reporting bias
1	101-1041 Thrombotic thrombocytopenic purpura	1	0.1	0.1	0.1	0.1	0.1
2	101-1041 Thrombotic thrombocytopenic purpura and 101-1042 disseminated coagulopathy	1	0.1	0.1	0.1	0.1	0.1
3	101-1041 disseminated coagulopathy	1	0.1	0.1	0.1	0.1	0.1

Section 8. Key characteristics of capital instruments

Line No.	Description of instrument characteristics	Description of instrument characteristics	Description of instrument characteristics	Description of instrument characteristics
1	Additional unpaid issue of the capital instrument issued	Not applicable	Not applicable	Bank of Russia
2	Guaranteed participation shares	1000000000 815000000000	2000000000 445000000000	Settlement Letter Agreement of Bank of Russia No. UVI dated October 17, 2008, specifying dividends Nos. 1 and No. 2
3	Carrying fee, currency code	647	647	647
3.1	Carrying fee, currency	Ruble	Ruble	Ruble
3.2	Repurchase conditions			
4	Level of capital at which the instrument is included during the third 12-month period	core capital	additional capital	additional capital
5	Level of capital at which the instrument is included after the third 12-month period	core capital	core capital	additional capital
6	Conditions level at which the instrument is included on the one-to-one 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	on an individual basis and on the bank group level
7	Conversion right	ordinary shares	preferred shares	subordinated long-term debt
8	Conversion value increased in the capital instrument	40,700,000,000	2,000,000,000	10,700,000,000
9	Instrument nominal value	0.1000000000000000	0.0100000000000000	0.0100000000000000
10	Instrument classification for accounting purposes	shareholders' equity	shareholders' equity	a liability recorded at the book value
11	Instrument issue, attribution, placement date	11.07.2007	11.07.2007	21.07.2013
12	Period of a maturity period for the instrument	no maturity period	no maturity period	no maturity period
13	Instrument maturity date	Without limitation	Without limitation	10.10.2029
14	Right to early redemption (prepayment) of an instrument concluded with Bank of Russia	no	no	no
15	The initial date (date) for possible exercise of the early redemption (prepayment) right, the terms for exercising this right, and the redemption (prepayment) amount	no	no	right to early redemption upon the consent of Bank of Russia
16	The anticipated date (date) for exercising the early redemption (prepayment) right for the instrument	no	no	not applicable
17	Anticipated date (date) for early redemption (prepayment) of the instrument			
18	Redemption date (date)	Not applicable	at least 90 (11) of the nominal value	Not applicable
19	Criteria of conditions for issuing (redrawn) amounts on current debts	Not applicable	no	no
20	Whigentness of dividend payment	Fully at the discretion of the credit institution (credit institution and/or bank group participant)	Fully at the discretion of the credit institution (credit institution and/or bank group participant)	partially at the discretion of the credit institution (credit institution and/or bank group participant)
21	Criteria providing for an increase in payment on the instrument or other mechanism for early redemption (prepayment) of the instrument	no	no	no
22	Exercise type	non-cancellable	non-cancellable	non-cancellable
23	Guaranteed convertibility	non-applicable	non-applicable	non-applicable
24	Guaranteed conversion terms	not applicable	not applicable	not applicable
25	Partial or full conversion	not applicable	not applicable	not applicable
26	Conversion date	not applicable	not applicable	not applicable
27	Whigentness of conversion	not applicable	not applicable	not applicable
28	Level of capital at which the instrument is converted	not applicable	not applicable	not applicable
29	Additional unpaid issue of the terms of the instrument into which the instrument is converted	not applicable	not applicable	not applicable
30	Redeeming or buying off an instrument on current debts	not applicable	not applicable	no
31	Conversion write-off term	not applicable	not applicable	provided that payment to Bank of Russia would lead to grounds for taking bankruptcy protection actions. The right of Bank of Russia is deemed to write-off a provided fee by the Agreement and the law
32	Partial or full write-off	not applicable	not applicable	partial or in full
33	Threshold or frequency of write-off	not applicable	not applicable	not applicable
34	Recovery of preloss	not applicable	not applicable	not applicable
35	Restrictions on withdrawal	not applicable	not applicable	not applicable
36	Consistency with the requirements of Bank of Russia Decree No. 391-Z and Bank of Russia Decree No. 399-Z	no	no	no
37	Consistency of documents	not applicable	to the subscription condition	to the subscription condition

Note: Comparative information on the conditions of the issue, pricing, of capital instruments as well as relevant information from Section 7 of the Report provided in the "Regulatory Disclosure" section in [www.sberbank.com](#).

Section 6. Key characteristics of capital instruments				
Line No.	Description of instrument characteristics	Description of instrument characteristics	Description of instrument characteristics	Description of instrument characteristics
1	Additional company name of the capital instrument issuer	Bank of Russia	Bank of Russia	SPC SBERbank A.A.
2	Instrument classification analysis	Subordinated Loan Agreement of Bank of Russia No. 13-2 dated November 16, 2016 (including exhibits No. 1 and No. 2)	Subordinated Loan Agreement of Bank of Russia No. 13-3 dated June 16, 2016 (including exhibit No. 1)	X506445309**
3	Issuing law, currency code	443	443	443
4	Issuing law, currency	Russia	Russia	Russia
5	Regulatory conditions			
6	Level of capital at which the instrument is included during the third ECA financial period	additional capital	additional capital	additional capital
7	Level of capital at which the instrument is included after the third ECA financial period	additional capital	additional capital	does not apply
8	Consolidation level at which the instrument is included on the balance sheet	on an individual basis and on the bank group basis	on an individual basis and on the bank group basis	on an individual basis and on the bank group basis
9	Instrument type	debt	debt	debt
10	Instrument value included in the capital risk equation	110,000,000.00	100,000,000.00	100,000,000.00
11	Instrument amount right	RUB 150,000,000,000	200,000,000,000	1762,2000,000,000
12	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
13	Instrument issue, activation, placement date	23.07.2015	23.07.2015	12.11.2012
14	Expiry if it doesn't get placed by the placement maturity date	not specified	not specified	not specified
15	Placement maturity date	08.11.2014	10.06.2014	29.03.2012
16	Right to early redemption component of an instrument purchased with Bank of Russia	yes	no	no
17	The initial date (date) for possible exercise of the early redemption component (right), the terms for exercising this right, and the corresponding (expected) amount	Right to early repayment upon the consent of Bank of Russia	Right to early repayment upon the consent of Bank of Russia	possibility of early repayment of the instrument in full that is not justified upon the request of Bank of Russia related to changes in the law or the requirements of the supervisory authority that substantially determine the main terms for the purpose of the agreement
18	The subsequent date (date) for exercising the early redemption component (right) for the instrument purchased with the original amount	not applicable	not applicable	not applicable
19	Redemption date (date)	Bank rate	Bank rate	Bank rate
20	Rate	0,07	0,07	0,07
21	Provisions of conditions for issuing (initial) termnotes on common shares	yes	no	no
22	Waiver 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 of dividends
23	Terms providing for an increase in premium on the issuance or other instruments for early redemption (payments) of the instrument	no	no	no
24	Exercise date	debt securities	debt securities	debt securities
25	Debt instrument features	non-interest-bearing	non-interest-bearing	non-interest-bearing
26	Debt instrument terms	not applicable	not applicable	not applicable
27	Partial or full conversion	not applicable	not applicable	not applicable
28	Conversion rate	not applicable	not applicable	not applicable
29	Waiver of conversion	not applicable	not applicable	not applicable
30	Level of capital at which the instrument is included	not applicable	not applicable	not applicable
31	Additional company name of the issuer of the instrument into which the instrument is converted	not applicable	not applicable	not applicable
32	Conditions of writing off an instrument to zero balance	yes	yes	no
33	Instrument write-off terms	provided that permission of Bank of Russia would lead to grants for taking (including) prevention actions. The right of Bank of Russia to demand a write-off is provided for by the agreement and the law	provided that permission of Bank of Russia would lead to grants for taking (including) prevention actions. The right of Bank of Russia to demand a write-off is provided for by the agreement and the law	not applicable
34	Partial or full write-off	partially or in full	partially or in full	not applicable
35	Debt instrument write-off	permitted	permitted	not applicable
36	Debt instrument cancellation	not applicable	not applicable	not applicable
37	Debt instrument substitution	not applicable	not applicable	not applicable
38	Compliance with the requirements of Bank of Russia Decree No. 391-P and Bank of Russia Decree No. 399-P	no	no	no
39	Exemption of disengagement	at least oligopoly condition	at least oligopoly condition	at least oligopoly condition

Section 6: Key characteristics of capital instruments

Line No.	Description of instrument characteristics	Description of instrument characteristics	Description of instrument characteristics	Description of instrument characteristics
	as at	as at	as at	as at
1	Additional unpaid issue of the capital instruments issue	100 CAPITAL S.A.	100 CAPITAL S.A.	Promissory Note (S.A.)
2	Instrument classification analysis	X0001011240	X0001011250100	40001011250
3	Carrying fair, currency code	442	442	442
3.1	Carrying fair, currency	Euro/dollar	Euro/dollar	Dollar
4	Level of capital at which the instrument is included during the fiscal 2019 financial period	Additional capital	Additional capital	Additional capital
5	Level of capital at which the instrument is included after the fiscal 2019 financial period	Additional capital	Additional capital	Additional capital
6	Consolidation level at which the instrument is included in the group	On an individual basis and on the bank group basis	On an individual basis and on the bank group basis	On an individual basis
7	Instrument type	Subordinated Senior Loan	Subordinated Senior Loan	Subordinated Senior Loan
8	Instrument value included in the capital calculation	400,000,000	400,000,000	400,000,000
9	Instrument maturity date	10/02/2060/0000	10/02/2060/0000	10/02/2060/0000
10	Instrument classification for accounting purposes	Subsidiary recorded as the book value	Subsidiary recorded as the book value	Subsidiary recorded as the book value
11	Instrument issue, issuance, placement date	21.06.2019	21.06.2019	21.06.2019
12	Period of a defined period for the instrument	One month period	One month period	One month period
13	Instrument maturity date	21.06.2021	21.06.2021	21.06.2021
14	Right to early redemption/repayment of an instrument, concluded with Bank of Korea	yes	yes	no
15	The initial date (date) by exercising the early redemption/repayment right, the terms for exercising this right, and the redemption/repayment amount	The initial date for possible exercise of the early redemption/repayment right is 25.01.2019. Additional possibility of early repayment of an instrument at 20% above the purchase price of the instrument at the time of purchase of the instrument. The amount of the early repayment of the instrument is determined by the amount of the instrument held by the institution that independently determines the amount based on the practice of the institution.	The initial date for possible exercise of the early redemption/repayment right is February 26, 2019. Additional possibility of early repayment of an instrument at 20% above the purchase price of the instrument at the time of purchase of the instrument. The amount of the early repayment of the instrument is determined by the amount of the instrument held by the institution that independently determines the amount based on the practice of the institution.	The initial date for possible exercise of the early redemption/repayment right is December 14, 2020. Additional possibility of early repayment of the instrument at 20% above the purchase price of the instrument at the time of purchase of the instrument. The amount of the early repayment of the instrument is determined by the amount of the instrument held by the institution that independently determines the amount based on the practice of the institution.
16	The initial date (date) by exercising the early redemption/repayment right for the instrument	Starting from May 21, 2018, exercise of the early redemption/repayment right is possible on a daily basis	Starting from February 26, 2019, exercise of the early redemption/repayment right is possible on a daily basis	Starting from February 14, 2020, exercise of the early redemption/repayment right upon the consent of Bank of Korea is possible on a daily basis
17	Conversion date/redeemable date	Not applicable	Not applicable	Not applicable
18	Date	0.01	0.00	0.02
19	Criteria of conditions for issuing dividend payments or common shares	yes	yes	no
20	Eligibility of dividend payout	partially at the discretion of the credit institution/parent/credit institution and/or bank group participants	partially at the discretion of the credit institution/parent/credit institution and/or bank group participants	partially at the discretion of the credit institution/parent/credit institution and/or bank group participants
21	Criteria providing for no return or payment on any conversion or other mechanism for early redemption/redeemability of the instrument	no	no	no
22	Conversion type	Non-convertible	Non-convertible	Non-convertible
23	Instrument convertibility	Non-convertible	Non-convertible	Non-convertible
24	Conversion conversion date	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	Eligibility of conversion	not applicable	not applicable	not applicable
28	Level of capital at which the instrument is included	not applicable	not applicable	not applicable
29	Additional unpaid issue of the terms of the instrument into which the instrument is converted	not applicable	not applicable	not applicable
30	Proceeding of writing off non-tradable assets	200	200	200
31	Instrument write-off issue	If the total capital ratio of Westbank is replaced by 2% at the reporting date, or the Deposit Insurance Agency implements measures to prevent the bankruptcy of Westbank in accordance with the Federal Law "On Additional Measures to Prevent the Bankruptcy of the Banking System until December 31, 2014," dated October 23, 2014 (with the subsequent amendments and supplements)	If the total capital ratio of Westbank is replaced by 2% at the reporting date, or Westbank has received a notification from the Deposit Insurance Agency regarding a decision to implement an action plan for bankruptcy prevention in respect of Westbank in accordance with the Federal Law "On Additional Measures to Prevent the Bankruptcy of the Banking System"	The ratio of the Bank's capital adequacy ratio calculated by the reporting credit institution in accordance with Bank of Korea Instruction No. 190-L of December 5, 2012, "On Standard Rates for Banks" (the "Bank of Korea Instruction No. 190-L") has dropped below 7% (provided for a total of six to seven operating days during any 90 consecutive operating days), or the Committee on Banking Supervision of Bank of Korea has approved a plan of rescue under the Deposit Insurance Agency's measures to prevent the bankruptcy of the Bank under which the Deposit Insurance Agency would provide financial assistance in accordance with the Federal Law "On Insolvency (Bankruptcy)"
32	Partial or full write-off	partially or in full	partially or in full	partially or in full
33	Determinant of temporary write-off	not applicable	not applicable	not applicable
34	Dividend payment	not applicable	not applicable	not applicable
35	Dividend re-investment	not applicable	not applicable	not applicable
36	Compliance with the requirement of Bank of Korea Provision No. 391-2 and Bank of Korea Provision No. 390-3	yes	yes	yes
37	Agreement of the recipient	not applicable	not applicable	not applicable

Reference section**Information on the flow of provisions for possible losses from loans, debts, and debt equivalents**

(Explanatory material)

5.3

1	Creation (addition) account of provisions in the reporting period (thousand rubles, RUB)	646 972 461
including those due to:		
1.1	losses incurred	271 687 279
1.2	changes in loan quality	(367 776 315)
1.3	changes in the official foreign currency exchange rate against the ruble set by Bank of Russia	2 014 195
1.4	other reasons	22 869 879
2	Reversal (decrease) of provisions in the reporting period (thousand rubles, RUB)	629 541 511
including those due to:		
2.1	recovery of bad loans	54 372 441
2.2	repayment of loans	589 796 742
2.3	changes in loan quality	(34 519 440)
2.4	changes in the official foreign currency exchange rate against the ruble set by Bank of Russia	(11 930 761)
2.5	other reasons	21 962 313

CEO and Chairman of the Board

Sberbank

(Signature)

H. O. Geif

(Full name)

Senior Managing Director, Chief Accountant –
Director of the Accounting and Reporting Department
Sberbank

(Signature)

M. Yu. Lukyanova

(Full name)

Bank Reporting		
Bank code	Code of the credit institution branch under (X) (Y) reference number reference identifier	
40791374000	000001177	1481

**INFORMATION
ON STATUTORY RATIOS, THE LEVERAGE RATIO,
AND THE SHORT-TERM LIQUIDITY RATIO**
(disclosure form)
as of January 1, 2017

of the Credit Institution: Sberbank of Russia

Headquarters

Mailing address: 19 Vozrozhdeniya St., Moscow 117997

From bank under (X) (Y) reference
Quarterly financial

Section 1. Information on statutory ratios

Line No.	Indication	Equity number	Statutory value	Actual value		at a percentage
				as of the reporting date	as of the last of the reporting year	
1	The core capital adequacy ratio of a bank (R-1) or a group of banks (R-11)	4.8	4.3	-0.1	-0.1	-7.9
2	The Tier 1 capital adequacy ratio of a bank (R-2) or a group of banks (R-21)	4.8	4.0	-0.8	-0.8	-7.9
3	The equity (capital) adequacy ratio of a bank (R-3) or a group of banks (R-31)	4.8	4.0	-0.8	-0.8	-10.0
4	Ratio (equity adequacy ratio of a banking group) measured against the members of the banking group without opening bank accounts and other related bank transactions (R-11)					
5	Interest liquidity ratio of the bank (R-5)	9.8	11.0	11.0	11.0	100.0
6	Current liquidity ratio of the bank (R-7)	9.8	26.0	30.3	30.3	115.4
7	Long-term liquidity ratio of the bank (R-6)	9.8	178.0	154	154	85.7
8	Maximum rate ratio per borrowed or granted of related liabilities of a bank (R-8)	23.0	Maximum allowance	17.0	Maximum allowance	76.1
9	Maximum rate credit risk ratio of a bank (R-7) or a group of banks (R-71)	80.0	129.9	129.9	129.9	161.9
10	Subsidiaries' assets of clients, bank participants, and investors owned by the bank as its members (subsidiaries) (R-11)					
11	Aggregate risk ratio of the bank's members (R-11)					
12	The ratio of the use of bank equity (capital) for the purchase of shares (stocks) of other legal entities (R-12), the ratio of the use of the banking group's equity (capital) for the purchase of shares (stocks) of other legal entities to the gross credit liabilities of the banking group or members of the banking group (R-12)					
13	Ratio of the amount of liquid assets maturing within the next 90 calendar days to the amount of liabilities to nonbank participants (R-13)					
14	Aggregate ratio of a nonsubsidiary credit institution, political to other branches of funds without opening bank accounts and other related bank transactions (R-14)					
15	Ratio of business (appropriated funds) to economic level and instruments for completion of workbooks (R-15)					
16	Ratio of assets to liabilities, other than those involved in settlements, from nonbank participants credit institutions on their credit behalf and on their own account (R-16)					
17	Indication ratio of mortgage coverage and the volume of economic mortgage-backed bonds (R-17)					
18	Indication (R-18) ratio per borrowed or group of related liabilities of a banking group (R-11)					

Section 2. Information on calculating the leverage ratio

Subsection 1.1. Calculation of the amount of balance sheet assets and off-balance sheet items for calculating the leverage ratio

thousand rubles			
Line No.	Indicators	Expression number	Amount
		1	4
1	Amount of assets according to the balance sheet classification terms listed:		(1 771 078 481)
1	① amounts related to investments in the capital of joint ventures, branches, and other entities the reporting date of which is included in consolidated financial statements but not included in the calculation of the amount of equity (capital, minority interest, and the amount of losses) of legal entities comprising part of the banking group		not applicable for assessment of a single institution as a bank (1992)
1	② amounts related to advances received in accordance with financing agreements but not included in the calculation of the leverage ratio		-
4	③ amounts related to derivative financial instruments		(18 889 211)
1	④ amounts related to securities lending and borrowing		(10 146 967)
4	⑤ amounts related to reducing credit concentration by credit institution		(1 875 035 481)
1	⑥ Other amounts		127 014 768
4	Amount of balance sheet assets and off-balance sheet items as of the day for calculating the leverage ratio after corrections total		21 907 993 140

Subsection 1.2. Calculation of the leverage ratio

thousand rubles			
Line No.	Indicators	Expression number	Amount
		2	1
	Balance sheet assets total		
	Balances on deposit accounts, long		(1 749 949 948)
1	Decreasing correction for the loss of浮存资本 as a decrease in core capital assets		(100 000 000)
1	Balances other assets (to reflect correction differences between lines 1 and 2), total		(16 749 122 414)
	Risk for operations with derivatives		
4	① Current credit risk on operations with derivatives (loss margin, margin received, risk)	9.2	(7 186 114)
4	② Financial instruments issued risk on operations with derivatives total		(7 179 414)
4	③ Correction for the amount of the maximum value of the influence on operations with derivative contracts to write-off from the balance sheet account (with accounting standards)		not applicable in accordance with Business Accounting Standards
1	Decreasing correction for the amount of the transferred insurance premium at the contracted rates		-
4	④ Corrections to justify the choice of the clearing participant (bank against the counterparty) for trade transactions		-
4	⑤ Correction for recording the credit risk of foreign exchange (foreign) assets for corresponding derivatives		(1 073 000)
10	Decreasing correction as regards non-crediting credit derivatives		1 073 000
11	Decreasing other corrections (sums of lines 4, 5, and 10, minus lines 7, 8, and 11), total		(10 412 967)
	Risk on derivative lending and borrowing		
11	⑪ Sums for derivative lending and borrowing (excluding writing) total		(15 409 417)
11	⑫ Corrections for permanent lending (balance and liability) on derivative lending and borrowing		(4 922 318)
11	⑬ (Loss) gain (loss) consequences on derivative lending and borrowing		3 000 000
11	⑭ Risk on permanent transactions on derivatives lending and borrowing		-
11	⑮ Corrections for derivative lending and borrowing after correction sum of lines 11, 12, 13, 14, 15 (sums from 11), total		(779 365 967)

Bank Reporting		
Transfer code number (08,673)	Code of the credit institution (branch) entity (08,072)	Registration number (branch number)
4554554000	08072011	1-481

CASH FLOW STATEMENT
(disclosure form)
as of January 1, 2017

of the Credit Institution: Sberbank of Russia

Sberbank

Mailing address: 19, Vavilova St., Moscow 19

Form code 040994
Quarterly Annual
Annual edition

No.	Item	Explanation number	Cash flow for the reporting period	Cash flow for the corresponding period of the previous year
			1	2
1.1	Net cash obtained from (used in) operating activities			
1.1.1	Total cash received from (used in) operating activities before changes in the operating assets and liabilities, including:		814 070 444	761 302 644
1.1.1.1	Interest received		1 054 166 177	1 045 541 544
1.1.1.2	Interest paid		-694 262 176	-1 078 610 827
1.1.1.3	Dividends received		561 000 479	295 000 571
1.1.1.4	Dividends paid		-42 000 955	34 524 013
1.1.2	Interest rate (expenses) for operations with financial assets (liabilities) in the form of through profits or loss due to available for sale		-31 271 549	-17 599 147
1.1.3	Interest rate (expenses) from operations with securities held at market value		0	0
1.1.4	Interest rate (expenses) for operations with foreign currency		-33 311 462	200 000 000
1.1.5	Other operating income		-29 429 071	44 077 184
1.1.6	Other operating expenses		-532 476 962	-471 113 460
1.1.7	Net impairment (depreciation)		-23 368 479	-29 777 382
1.2	Interest (dividends) of net cash from operating assets and liabilities, including:		161 418 235	160 037 170
1.2.1	Net increase (decrease) of contingent reserves in accordance with rules of Russia		-36 160 500	24 159 980
1.2.2	Net increase (decrease) of provisions in contracts carried at fair value through profit or loss		-4 101 941	-17 769 419
1.2.3	Net increase (decrease) of short-term		-593 010 985	200 040 710
1.2.4	Net increase (decrease) of other assets		160 171 735	-15 100 100
1.2.5	Net increase (decrease) of fixed, tangible, and intangible assets of Sberbank of Russia		141 429 727	-2 954 072 072
1.2.6	Net decrease (increase) in amounts of current asset (liabilities)		201 766 118	-216 921 540
1.2.7	Net increase (decrease) in amounts of customers other than credit institutions		564 271 457	2 311 041 007
1.2.8	Net increase (decrease) of financial instruments carried at fair value through profit or loss		0	0
1.2.9	Net increase (decrease) of decreasing risk instruments		-29 327 047	180 589 000
1.2.10	Net increase (decrease) of other assets		-40 115 338	30 031 624
1.2.11	Other net income (loss) 1,000,000,000,000		401 460 115	-17 913 827
1.2.12	The cash obtained from (used in) investment activities		0	0
1.2.13	Acquisition (or disposal) of intangible assets (including as "available for sale")		-11 754 433 761	-447 174 104
1.2.14	Proceeds from the sale and liquidation of intangible and other financial assets, categorized as "available for sale"		1 160 816 409	150 007 260
1.2.15	Acquisition of investment categorized as "held-to-maturity"		-113 292 291	-107 000 112
1.2.16	Gain (loss) from the management of investment, held-to-maturity		35 159 114	48 007 962
1.2.17	Acquisition of fixed assets, intangible assets, and inventories		1 113 000 497	55 000 000
1.2.18	Proceeds from the sale of fixed assets, intangible assets, and inventories		-9 256 176	-6 524 700
1.2.19	Depreciation, amortization		-21 796 717	2 764 700
1.2.20	Other net income (loss) 1,000,000,000		-162 113 973	185 526 583
1.2.21	Net cash obtained from (used in) financing activities		0	0
1.2.22	Shareholders' contributions (or contributions to share capital)		0	0
1.2.23	Disposition of equity shares (stock) received from shareholders (issuance)		0	0
1.2.24	Sale of equity shares (stocks) issued by other shareholders (issuance)		0	0
1.2.25	Dividends paid		-44 271 715	-11 000 000
1.2.26	Other net income (loss) 1,000,000,000		-44 271 715	-11 000 000
1.2.27	Impact of changes in the initial carrying (change) rates against the initial (or subsequent) fair value of cash and cash equivalents		-68 000 718	117 013 634
1.2.28	Decrease (increase) of cash and cash equivalents		224 133 543	-208 136 975
1.2.29	Cash and cash equivalents as of the end of the reporting year		711	1 050 000 000
1.2.30	Cash and cash equivalents as of the end of the reporting period		711	1 050 000 000

CEO and Chairman of the Board

Sberbank

(Signature)

H. O. Gost

(full name)

Senior Managing Director, Chief Accountant –
Director of the Accounting and Reporting Department
Sberbank

(Signature)

M. Yu. Lukyanova

(full name)

Risk for credit contingencies			
(1) Current risk for credit contingencies, RUB			1,220,184,119
(2) Commission or margin applying the credit approximation terms			(-0,1451 %)
(3) Risk for credit contingencies after commissions (difference between lines 1 st and 2 nd)			1,220,184,119
Capital and ratio			
(4) Total Capital	RUB, K.R.	2,008,752,116	
(5) Difference of balance sheet assets and off-balance sheet items at cost for calculating the leverage ratio (sum of lines 1, 2, 3, 4, -5), RUB		(-0,011,001,146)	
Leverage Ratio:			
(6) Leverage ratio under Stand II (line 2/line 5), percentage	1,7	0,0	

CEO and Chairman of the Board
Sberbank

(Signature)

H.-D. Grif
(Full name)

Senior Managing Director, Chief Accountant
Director of the Accounting and Reporting Department
Sberbank

(Signature)

M. Yu. Lukynets
(Full name)

The annual financial (accounting) statements of Sberbank of Russia and its subsidiaries for 2016, including the auditor's opinion, disclosure financial statements, and notes to the annual accounting (financial) statements are available at:
www.sberbank.com/ru/investor-relations/reports-and-publications/ras

List of key subsidiaries and affiliates of Sberbank

No.	Name	Country of registration	Country of business	Total share from the point of view of the Group, %
1.	Aukcion LLC	Russian Federation	Russian Federation	100.00
2.	KIPARISIANA INVESTMENT LTD	Republic of Cyprus	Russian Federation	100.00
3.	Kiparis 2 LLC	Russian Federation	Russian Federation	100.00
4.	Moscow Municipal Golf Club LLC	Russian Federation	Russian Federation	71.95
5.	GARANT-SV LLC	Russian Federation	Russian Federation	100.00
6.	Gorizont-servis LLC	Russian Federation	Russian Federation	100.00
7.	GAMMA-S LLC	Russian Federation	Russian Federation	100.00
8.	SB Development LLC	Russian Federation	Russian Federation	100.00
9.	SAFE INFORMATION AREA LLC	Russian Federation	Russian Federation	100.00
10.	Sberbank Capital LLC	Russian Federation	Russian Federation	100.00
11.	Sberbank Leasing JSC	Russian Federation	Russian Federation	100.00
12.	SBERBANK LEASING UKRAINE LLC	Ukraine	Ukraine	100.00
13.	SB Leasing Cyprus Limited	Republic of Cyprus	Russian Federation	100.00
14.	SB LEASING IRELAND LIMITED	Ireland	Russian Federation	100.00
15.	Nord JSC	Russian Federation	Russian Federation	100.00
16.	SBERBANK LEASING KAZAKHSTAN LLP	Republic of Kazakhstan	Republic of Kazakhstan	100.00
17.	BPS Leasing CJSC	Republic of Belarus	Republic of Belarus	99.23
18.	SB Sberbank JSC	Republic of Kazakhstan	Republic of Kazakhstan	100.00
19.	SBERBANK PJSC	Ukraine	Ukraine	100.00
20.	BPS-Sberbank OJSC	Republic of Belarus	Republic of Belarus	98.43
21.	Sberbank – Automated Trading System CJSC	Russian Federation	Russian Federation	100.00
22.	Sovremennyye Tekhnologii LLC	Russian Federation	Russian Federation	100.00
23.	Registrar Company Status JSC	Russian Federation	Russian Federation	40.00
24.	United Credit Bureau CJSC	Russian Federation	Russian Federation	50.00
25.	Promising Investments LLC	Russian Federation	Russian Federation	100.00
26.	Rublevo-Archangelskoe JSC	Russian Federation	Russian Federation	100.00
27.	Sberbank Financial Company LLC	Russian Federation	Russian Federation	100.00
28.	Sberbank Specialized Depository LLC	Russian Federation	Russian Federation	100.00

No.	Name	Country of registration	Country of business	Total share from the point of view of the Group, %
29.	Universal Electronic Card JSC	Russian Federation	Russian Federation	96.07
30.	Regional Information Centre of the Oryol Region JSC	Russian Federation	Russian Federation	49.00
31.	Unified Billing and Processing Centre in Nizhny Tagil JSC	Russian Federation	Russian Federation	49.00
32.	Unified Information and Settlement Centre Region-21 OJSC	Russian Federation	Russian Federation	49.00
33.	Regional Unified Information and Settlement Centre JSC	Russian Federation	Russian Federation	49.00
34.	Regional Information Centre of the Kirov Region JSC	Russian Federation	Russian Federation	47.08
35.	Single Transport Card LLC	Russian Federation	Russian Federation	96.07
36.	Unified Information and Settlement Centre of the Kaluga Region JSC	Russian Federation	Russian Federation	49.00
37.	NCO Universal Electronic Card LLC	Russian Federation	Russian Federation	96.07
38.	Universal Electronic Card of the Irkutsk Region JSC	Russian Federation	Russian Federation	49.00
39.	Unified Settlement Centre of Mari El Republic JSC	Russian Federation	Russian Federation	47.08
40.	Unified Billing and Processing Centre of the Kursk Region JSC	Russian Federation	Russian Federation	96.07
41.	Regional Information Centre of the Kemerovo Region JSC	Russian Federation	Russian Federation	40.03
42.	Unified Billing and Processing Centre of Khanty-Mansi Autonomous Okrug – Yugra JSC	Russian Federation	Russian Federation	71.96
43.	Regional Unified Information and Settlement Centre JSC	Russian Federation	Russian Federation	48.04
44.	Regional Information and Settlement Centre of the Vologda Region JSC	Russian Federation	Russian Federation	96.07
45.	Strategy Partners Group CJSC	Russian Federation	Russian Federation	74.75
46.	Strategy Partners Kazakhstan LLP	Republic of Kazakhstan	Republic of Kazakhstan	74.75
47.	Sberbank Investments LLC	Russian Federation	Russian Federation	100.00
48.	SBERBANK INVESTMENTS LIMITED	Republic of Cyprus	Russian Federation	100.00
49.	Sberbank Finance Limited	Republic of Cyprus	Russian Federation	100.00

No.	Name	Country of registration	Country of business	Total share from the point of view of the Group, %
50.	Sberbank Technologies JSC	Russian Federation	Russian Federation	100.00
51.	Sberbank Technologies LLC	Republic of Belarus	Republic of Belarus	99.61
52.	Loyalty Programmes Centre JSC	Russian Federation	Russian Federation	100.00
53.	3D CJSC	Russian Federation	Russian Federation	100.00
54.	Bylinnye Bogatyry LLC	Russian Federation	Russian Federation	100.00
55.	CIB Financial Broker LLC	Russian Federation	Russian Federation	100.00
56.	Sberbank CIB USA, Inc.	USA	USA	100.00
57.	SBGB Cyprus Limited	Republic of Cyprus	Russian Federation	100.00
58.	Sberbank CIB (UK) Limited	United Kingdom of Great Britain and Northern Ireland	United Kingdom of Great Britain and Northern Ireland	100.00
59.	SA&PM (Cyprus) Limited (TDAM)	Republic of Cyprus	Russian Federation	100.00
60.	SIB (CYPRUS) LIMITED	Republic of Cyprus	Russian Federation	100.00
61.	Troika Capital Partners Limited (Cyprus)	Republic of Cyprus	Russian Federation	100.00
62.	TD KUA Holdings Limited (Cyprus)	Republic of Cyprus	Russian Federation	100.00
63.	Arimero Holding Limited	Republic of Cyprus	Russian Federation	100.00
64.	FORMATOVOCHNYE AVTOMATY LLC	Russian Federation	Russian Federation	100.00
65.	Format-Neva LLC	Russian Federation	Russian Federation	100.00
66.	PF LAGOM CJSC	Russian Federation	Russian Federation	100.00
67.	Khoztovary LLC	Russian Federation	Russian Federation	100.00
68.	Lagom-Ukraine LLC	Ukraine	Ukraine	100.00
69.	Binotek LLC	Russian Federation	Russian Federation	100.00
70.	Lagom-Ural LLC	Russian Federation	Russian Federation	100.00
71.	SMG Plastic LLC	Russian Federation	Russian Federation	100.00
72.	Sabon LLC	Russian Federation	Russian Federation	100.00
73.	Sategor CJSC	Russian Federation	Russian Federation	100.00
74.	Troika Dialog Investments Limited	Republic of Cyprus	Russian Federation	100.00
75.	Sberbank CIB JSC	Russian Federation	Russian Federation	100.00
76.	SIB Financial Consultant JSC	Russian Federation	Russian Federation	100.00
77.	Bogatyrskaya TROIKA LLC	Russian Federation	Russian Federation	100.00
78.	TD SOFT LLC	Russian Federation	Russian Federation	100.00
79.	Sberbank Asset Management JSC	Russian Federation	Russian Federation	100.00
80.	Sberbank (Switzerland) AG	Swiss Confederation	Swiss Confederation	99.28
81.	Insurance company Sberbank Insurance Life LLC	Russian Federation	Russian Federation	100.00
82.	Sberbank Europe AG	Republic of Austria	Republic of Austria	100.00

No.	Name	Country of registration	Country of business	Total share from the point of view of the Group, %
83.	SBERBANK BH D.D.	Bosnia and Herzegovina	Bosnia and Herzegovina	100.00
84.	Sberbank A.D. BANJA LUKA	Bosnia and Herzegovina	Bosnia and Herzegovina	100.00
85.	SBERBANK D.D.	Republic of Croatia	Republic of Croatia	100.00
86.	Sberbank Srbija A.D.	Republic of Serbia	Republic of Serbia	100.00
87.	"SUPER KARTICA" d.o.o. Beograd	Republic of Serbia	Republic of Serbia	33.00
88.	PJSC "VS Bank"	Ukraine	Ukraine	99.92
89.	SBERBANK Banka d.d.	Republic of Slovenia	Republic of Slovenia	99.98
90.	Privatinvest d.o.o.	Republic of Slovenia	Republic of Slovenia	99.98
91.	SBERBANK CZ, A.S.	Czech Republic	Czech Republic	100.00
92.	Sberbank Magyarorszag Zrt (MAGYARORSZAGI VOLKSBANK RT.)	Hungary	Hungary	98.93
93.	BEVO-Holding GmbH	Republic of Austria	Republic of Austria	100.00
94.	ALB EDV-Service GmbH	Republic of Austria	Republic of Austria	100.00
95.	Pronam Nekretnine d.o.o. (Sberbank Nekretnine d.o.o.)	Republic of Croatia	Republic of Croatia	100.00
96.	Korus Consulting CIS LLC	Russian Federation	Russian Federation	100.00
97.	Sberbank Factoring LLC	Russian Federation	Russian Federation	100.00
98.	Delovaya Sreda JSC	Russian Federation	Russian Federation	100.00
99.	Cetelem Bank LLC (Commercial Bank BNP Paribas Vostok Limited Liability Company)	Russian Federation	Russian Federation	79.20
100.	SB Securities S.A.	Grand Duchy of Luxembourg	Grand Duchy of Luxembourg	100.00
101.	DENIZBANK A.Ş.	Republic of Turkey	Republic of Turkey	99.85
102.	Deniz Faktoring Anonim Sirketi	Republic of Turkey	Republic of Turkey	99.85
103.	Deniz Yatirim Menkul Kiymetler Anonim Sirketi	Republic of Turkey	Republic of Turkey	99.84
104.	Deniz Portfoy Yonetimi A.S.	Republic of Turkey	Republic of Turkey	99.83
105.	Deniz Gayrimenkul Yatirim Ortakligi A.S. (Deniz Yatirim Ortakligi A.S.)	Republic of Turkey	Republic of Turkey	91.24
106.	Intertech Bilgi islem ve Pazarlama Ticaret A.S.	Republic of Turkey	Republic of Turkey	99.85
107.	Deniz Kartli Odeme Sistemleri A.S.	Republic of Turkey	Republic of Turkey	99.85
108.	Acik Deniz Radyo ve Televizyon Iletisim Yayincilik Ticaret ve Sanayi A.S.	Republic of Turkey	Republic of Turkey	99.84
109.	EKSPRES MENKUL DEGERLER A.S.	Republic of Turkey	Republic of Turkey	99.85
110.	Denizbank Kultur Sanat Yayıncılık Ticaret ve Sanayi A.S.	Republic of Turkey	Republic of Turkey	99.85
111.	Euro Deniz International Banking Unit Limited	Republic of Cyprus	Republic of Cyprus	99.76
112.	DENIZBANK AG	Republic of Austria	Republic of Austria	99.85

No.	Name	Country of registration	Country of business	Total share from the point of view of the Group, %
113.	Deniz Finansal Kiralama Anonim Sirketi	Republic of Turkey	Republic of Turkey	99.85
114.	Deniz Immobilien Service GmbH	Republic of Austria	Republic of Austria	99.85
115.	Denizbank Moscow Joint-Stock Company	Russian Federation	Russian Federation	99.85
116.	CR Erdberg Eins GmbH & Co KG	Republic of Austria	Republic of Austria	99.85
117.	Bantaş Nakit ve Kiymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	Republic of Turkey	Republic of Turkey	33.28
118.	Sotsialnye Garantii OJSC	Russian Federation	Russian Federation	49.87
119.	ActiveBusinessCollection LLC	Russian Federation	Russian Federation	100.00
120.	PS Yandex.Money LLC	Russian Federation	Russian Federation	75.00
121.	Nonbanking Credit Institution Yandex.Money LLC	Russian Federation	Russian Federation	75.00
122.	Sberbank Service LLC	Russian Federation	Russian Federation	100.00
123.	SB Capital S.A.	Grand Duchy of Luxembourg	Grand Duchy of Luxembourg	0.00
124.	Non-slate Pension Fund of Sberbank JSC	Russian Federation	Russian Federation	100.00
125.	Insurance Company Sberbank Insurance LLC	Russian Federation	Russian Federation	100.00
126.	Sberbank Insurance Broker LLC	Russian Federation	Russian Federation	100.00
127.	Sberbank Insurance Broker LLP	Russian Federation	Russian Federation	100.00
128.	Professional Consultant LLC	Russian Federation	Russian Federation	100.00
129.	Platius LLC	Russian Federation	Russian Federation	50.01
130.	RuTarget LLC	Russian Federation	Russian Federation	100.00
131.	Sberbank Real Estate Centre LLC	Russian Federation	Russian Federation	100.00

No.	Name	Country of registration	Country of business	Total share from the point of view of the Group, %
132.	Digital Technologies LLC	Russian Federation	Russian Federation	100.00
133.	EVOTOR LLC	Russian Federation	Russian Federation	40.00
134.	Digital Assets LLC	Russian Federation	Russian Federation	100.00
135.	Cloud Tekhnologies LLC	Russian Federation	Russian Federation	100.00
136.	Engri LLC	Russian Federation	Russian Federation	100.00
137.	Management Company SBVK CJSC	Russian Federation	Russian Federation	100.00
138.	Sberbank-Telecom LLC	Russian Federation	Russian Federation	100.00
139.	Segmento LLC	Russian Federation	Russian Federation	100.00
140.	SB Structured Issuance B.V.	the Netherlands	the Netherlands	0.00
141.	IKS JSC	Russian Federation	Russian Federation	100.00

Information about individual financial indicators of the Group by jurisdictions in which the companies of the Group are registered

Jurisdiction									
RUB bln	For the year ended 31 December 2015								
	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
Net interest income	841.60	18.90	10.60	2.40	2.60	(1.60)	3.50	–	0.60
Net provision charge for impairment of debt financial assets	(378.30)	(2.30)	(11.80)	(0.50)	(1.30)	(0.30)	(0.40)	–	0.10
Net fee and commission income	283.50	0.50	4.90	0.70	0.40	(1.80)	0.60	0.10	0.40
Net other operating income	109.60	(7.70)	3.90	0.20	(2.00)	11.00	0.20	0.60	0.40
Operating income	856.40	9.40	7.60	2.80	(0.30)	7.30	3.90	0.70	1.50
Operating expenses	(508.50)	(8.10)	(8.70)	(2.40)	(2.20)	(4.40)	(3.90)	(1.30)	(1.80)
Profit/(loss) before tax	347.90	1.30	(1.10)	0.40	(2.50)	2.90	–	(0.60)	(0.30)
Income tax expense	(105.80)	(1.20)	0.50	–	0.40	(0.50)	(0.10)	–	–
Net profit/loss	242.10	0.10	(0.60)	0.40	(2.10)	2.40	(0.10)	(0.60)	(0.30)
Capital expenditures	86.00	2.80	1.40	–	–	–	–	–	0.10
RUB bln	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
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)
Net fee and commission income	309.40	0.80	4.20	0.90	0.50	(1.10)	0.60	0.10	0.80
Net other operating (loss)/income	(26.80)	(3.20)	2.30	0.20	0.20	0.50	0.80	0.10	2.10
Operating income	1,198.70	21.80	12.20	3.20	2.80	2.70	5.40	0.20	2.50
Operating expenses	(565.70)	(9.80)	(8.20)	(2.50)	(2.00)	(2.20)	(4.10)	(1.10)	(2.90)
Profit/(loss) before tax	633.00	12.00	4.00	0.70	0.80	0.50	1.30	(0.90)	(0.40)
Income tax expense	(127.30)	(0.40)	(1.10)	(0.10)	(0.30)	0.70	(0.30)	–	–
Net profit/loss	505.70	11.60	2.90	0.60	0.50	1.20	1.00	(0.90)	(0.40)
Capital expenditures	98.60	3.30	1.00	–	–	0.80	–	–	–

Hungary	Ireland	Republic of Kazakhstan	Republic of Serbia	Slovak Republic	Republic of Slovenia	Republic of Turkey	Ukraine	USA	Total before effect of Intercompany operations	Net effect of Intercompany operations	Total
1.80	0.20	17.40	2.50	2.90	2.60	73.00	9.00	-	988.00	-	988.00
(0.40)	(2.10)	(21.80)	(1.70)	(0.80)	(2.30)	(20.80)	(30.50)	-	(475.20)	-	(475.20)
1.10	-	5.20	0.40	0.50	0.40	20.50	1.10	0.50	319.00	-	319.00
0.10	0.20	10.50	0.30	(2.00)	0.40	(13.10)	7.10	0.10	119.80	3.00	122.80
2.60	(1.70)	11.30	1.50	0.60	1.10	59.60	(13.30)	0.60	951.60	3.00	954.60
(5.50)	(0.30)	(10.20)	(2.20)	(3.50)	(1.90)	(54.80)	(4.20)	(0.60)	(624.50)	1.10	(623.40)
(2.90)	(2.00)	1.10	(0.70)	(2.90)	(0.80)	4.80	(17.50)	-	327.10	4.10	331.20
(0.10)	0.20	(0.30)	0.10	0.20	0.10	(1.60)	0.50	-	(107.60)	(0.70)	(108.30)
(3.00)	(1.80)	0.80	(0.60)	(2.70)	(0.70)	3.20	(17.00)	-	219.50	3.40	222.90
-	0.30	2.80	-	-	-	7.20	0.20	-	100.80	-	100.80

1.80	(1.30)	13.30	2.40	1.50	2.60	89.30	11.00	-	1,362.70	0.10	1,362.80
2.10	0.40	(11.70)	(0.90)	(0.90)	(1.10)	(27.40)	(19.50)	-	(344.00)	1.60	(342.40)
1.20	-	4.20	0.50	0.40	0.50	24.40	1.20	0.50	349.10	-	349.10
(0.40)	0.10	2.90	0.30	4.10	0.20	(3.60)	6.50	-	(13.70)	(0.70)	(14.40)
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
(3.80)	(0.50)	(7.10)	(2.00)	(1.50)	(2.00)	(58.80)	(4.10)	(0.60)	(678.90)	1.30	(677.60)
0.90	(1.30)	1.60	0.30	3.60	0.20	23.90	(4.90)	(0.10)	675.20	2.30	677.50
(0.10)	0.10	(0.10)	-	(0.70)	-	(2.30)	(1.10)	-	(133.00)	(2.60)	(135.60)
0.80	(1.20)	1.50	0.30	2.90	0.20	21.60	(6.00)	(0.10)	542.20	(0.30)	541.90
-	-	1.30	-	-	-	8.30	0.50	-	113.80	-	113.80

The approach to information disclosure related to Corporate Social Responsibility report

The limits of information disclosure in the field of sustainable development differ from the limits of financial reporting: this section the information is consolidated for the largest Group members that produce a considerable impact on the regions of their presence to the next criteria:

- Control of subsidiaries by Sberbank (over 50% of shares owned)
- Number of company employees (over 60 employees)
- Conducting financial activity, which is the core activity of the Group, or performing auxiliary functions for the purpose of implementing Sberbank's core activity

Information on the entities to be included in the scope of particular indicators shall be provided in the respective description and the names of tables and diagrams.

The term “Group”, when used in the Employees and Development of Society and State sections, shall include Sberbank, Autonomous Noncommercial Organization of Postgraduate Professional Education Sberbank Corporate University and all entities listed in the table below.

Subsidiary Banks

DENIZBANK A.Ş.
Sberbank Europe AG
BPS-Sberbank OJSC (Belarus)
Subsidiary Bank Sberbank JSC (Kazakhstan)
Cetelem Bank LLC

Subsidiary Companies

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

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G4-26	Approach to stakeholder engagement	www.sberbank.com/ru/responsibility/stakeholders	

Indicator	Description	Section/Source	Page
G4-27	Key topics and concerns that have been raised through stakeholder engagement	Interaction with Shareholders Maintaining a dialog with employees Enhancing financial literacy Support of business events	141 154 162 166
Report Profile			
G4-28	Reporting period	About this report	1
G4-29	Date of previous sustainability report	About this report	1
G4-30	Reporting cycle	About this report	1
G4-31	Contact information for questions regarding the report or its contents	www.sberbank.com/investor-relations/contactsforinvestors	
G4-32	Variant for preparing the report and the table, indicating the layout of standard	Integrated with elements of GRI G4	287
G4-33	indicating the layout of standard	Not applicable	
Corporate Governance			
G4-34	Governance structure of the organization, including committees of the highest governance body responsible for decision making on economic, environmental, and social impacts of the organization	Shareholders	87
Ethics and integrity			
G4-56	Values, principles, standards, and norms of organizational behavior such as codes of conduct and codes of ethics	Employees	144
Indirect economic impacts			
G4-SPM	Management approaches	Corporate governance practice	87
G4-EC7	Development and impact of infrastructure investment and gratuitous services	Development of society and the state	156
G4-EC8	Significant indirect economic impacts, including the area of impact	The role of Sberbank in improving state administration	165
Procurement practices			
G4-SPM	Management approaches	Procurement system	164
G4-EC9	Proportion of spending on local suppliers in significant regions of operation	Procurement system	164
Employment			
G4-SPM	Management approaches	Corporate culture development	144
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Personnel structure	147
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Motivation System	152
Labor/management relations			
G4-SPM	Management approaches	Maintaining a dialog with employees	154
G4-LA4	Minimum notice periods regarding operational changes and also whether these are specified in collective agreements	It is defined in the terms of the collective agreement of each company within the Group	
Occupational health and safety			
G4-SPM	Management approaches	Occupational health and safety	155
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and the total number of work-related fatalities, by region and by gender	Occupational health and safety	155

Indicator	Description	Section/Source	Page
Training and education			
G4-SPM	Management approaches	Training and Development	150
G4-LA9	Average hours of training per year per employee, by gender and by employee category	Training and Development	150
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Training and Development	150
Diversity and equal opportunities			
G4-SPM	Management approaches	Ecosystem of corporate culture tools	150
G4-LA12	Composition of governance bodies and main categories of employees by gender, age group, minority group membership, and other indicators of diversity	Personnel structure	147
Anticorruption			
G4-SPM	Management approaches	Compliance control (anticorruption)	138
G4-SO3	Total number and percentage of units assessed for risks related to corruption and the significant risks identified	Compliance risk	222
G4-SO5	Confirmed incidents of corruption and actions taken	None detected	
Compliance with requirements			
G4-SPM	Management approaches	Legal Risk	221
G4-SO8	Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with laws and regulations	Legal Risk	221
Local communities			
G4-SPM	Management approaches	Development of society and the state	156
FS13	Points of access to services of the organization in little-populated or economically disadvantaged areas by type	Clients	46
FS14	Points of access to services of the organization for the disabled	Ensuring the availability of financial services	48
Product and service labeling			
SPM	Management approaches	Not applicable	
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Client privacy			
SPM	Management approaches	Information Technology	170
G4-PR8	Ensuring client safety and preventing fraud	Information security	12
Energy			
SPM	Management approaches	Environmental impact management	167
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Effluents and waste			
SPM	Management approaches	Responsible waste management	167
G4-EN23	Total weight of waste by type and disposal method	Responsible waste management	167
Product portfolio			
FS7	Socially oriented products	Working with Groups of Clients in Need of Social Assistance	54

Report on non-arm's-length transactions concluded by Sberbank in 2016

The Report includes a list of transactions concluded by Sberbank in 2016 which are recognized as non-arm's-length transactions in accordance with Federal Law No. 208-FZ "On Joint-Stock Companies" (as amended by the Federal Law No. 343-FZ "On making amendments into the Federal Law "On Joint-Stock Companies" and the Federal Law "On Limited Liability Companies" with regard to regulation of major transactions and related-party transactions" dated July 3, 2016).

All the mentioned transactions are approved by the Supervisory Board or General Shareholders' Meeting of Sberbank Grounds for recognizing parties as being interested in the transaction are provided as of the moment of the transaction.

	Counterparty: Bank of Russia	Number of deals	Cumulative total number of deals
1	Interested parties: members of the Supervisory Board of the Bank S. M. Ignatiev, G. Luntovskiy, S.A. Shvetsov, N. Ivanova, D. Tulin		
Grounds for recognizing the parties as being interested in the transaction:			
	All listed persons are members of the Supervisory Board of Sberbank and are also members of the Board of Directors of Bank of Russia.		
	Concluding an Agreement on the provision of loans to banks secured by guarantees of the Federal Corporation for the Development of Small and Medium Enterprises.	Contains no financial obligations of the parties.	1 1
	Raising loans from Bank of Russia within the framework of the Agreement on Provision of Loans by Bank of Russia Secured by the Federal Corporation for the Development of Small and Medium Enterprises JSC concluded between Bank of Russia and Sberbank.	The one-time amount of loans raised from Bank of Russia shall not exceed RUB 100 bln.	1 2
	Raising loans from Bank of Russia within the framework of the Agreement on Provision of Loans by Bank of Russia Secured by Pledge of Claims on Loans Raised for the Implementation of Investment Projects.	Amount: max RUB 110,000 mln Interest rates on the loans of Bank of Russia and the terms on which the loans of Bank of Russia are provided shall be established by Bank of Russia and published on its official website.	1 3
	Raising loans from Bank of Russia within the framework of Agreement No. 14814004 dated December 13, 2013, on Provision of Loans by Bank of Russia Secured by Pledge of Claims under Loan Agreements secured by EXIAR insurance contracts.	Amount: max RUB 110,000 mln Interest rates on the loans of Bank of Russia and the terms on which the loans of Bank of Russia are provided shall be established by Bank of Russia and published on its official website.	1 4
	Raising loans from Bank of Russia within the framework of Agreement No. 14810004 dated April 23, 2015, on Provision of Loans by Bank of Russia Secured by Pledge of Claims under Loans Provided within the Framework of the Federal Targeted Program "Development of the Military-Industrial Complex of Russia for 2011–2020."	Amount: max RUB 110,000 mln Interest rates on the loans of Bank of Russia and the terms on which the loans of Bank of Russia are provided shall be established by Bank of Russia and published on its official website.	1 5

			Number of deals	Cumulative total number of deals
2	Counterparty: Sberbank PJSC (Ukraine) Interested parties: members of the Executive Board H. Gref, A. V. Morozov, A. V. Bazarov Grounds for recognizing the parties as being interested in the transaction: H. Gref, Chairman of the Executive Board of Sberbank, is also the Chairman of the Supervisory Board of Sberbank PJSC (Ukraine), while A. V. Bazarov and A. V. Morozov, members of the Executive Board of Sberbank, are also members of the Supervisory Board of Sberbank PJSC (Ukraine).			
	Acquisition by Sberbank of ordinary registered shares of an additional issue of Sberbank PJSC (Ukraine).	Amount: UAH 4,293 mln	1	6
3	Counterparty: BPS-Sberbank OJSC (Republic of Belarus) Interested parties: member of the Executive Board S. N. Gorkov Grounds for recognizing the parties as being interested in the transaction: Member of the Executive Board of Sberbank S. N. Gorkov is at the same time a Member of the Supervisory Board of BPS-Sberbank OJSC.		Number of deals	Cumulative total number of deals
	Provision of subordinated loan by Sberbank to BPS-Sberbank OJSC.	Amount: max EUR 15 mln Term: 7 years.	1	7
4	Counterparty: BPS-Sberbank OJSC (Republic of Belarus) Interested parties: member of the Executive Board S. A. Sagaydak Grounds for recognizing the parties as being interested in the transaction: Member of the Executive Board of Sberbank S. A. Sagaydak is at the same time a Member of the Supervisory Board of BPS-Sberbank OJSC.		Number of deals	Cumulative total number of deals
	Providing services for transaction processing, including the collection, transfer, and maintenance of financial and informational messages on operations using a card or card details in the software and hardware complex of the International Processing Center.	The remuneration is calculated based on the number of processed transactions multiplied by the cost of one transaction in the amount of EUR 0.0057 and may not exceed 2% of the book value of assets of Sberbank of Russia during the entire period of performance of obligations under the contract. Payment are made in EUR. The period of the transaction – is indefinite.	1	8
5	Counterparty: Sberbank Europe AG (Austria) Interested parties: member of the Executive Board A. V. Morozov Grounds for recognizing the parties as being interested in the transaction: A. V. Morozov, a member of the Executive Board of Sberbank, is also a member of the Supervisory Board of Sberbank Europe AG (Austria).		Number of deals	Cumulative total number of deals
	Providing credit risk assessment services. independent examination of the loan applications of Sberbank Europe AG (Austria) in accordance with the procedures established by the Sberbank Group regarding the examination of transactions with corporate borrowers related to credit risk and creation of advisory reports Sberbank Europe AG (Austria).	Remuneration is calculated based on the amount of direct and indirect expenses actually incurred by Sberbank in connection with the services plus 1.5% (currency, EUR).	1	9
6	Counterparty: Sberbank Europe AG (Austria), Signa International Sports Holding GmbH Interested parties: member of the Executive Board A. V. Morozov, S. A. Sagaydak Grounds for recognizing the parties as being interested in the transaction: members of the Executive Board of Sberbank A. V. Morozov and S. A. Sagaydak are also members of the Supervisory Board of Sberbank Europe AG (Austria).		Number of deals	Cumulative total number of deals
	Sberbank is participating in funding a loan provided by Sberbank Europe AG as per a Facility Agreement dated December 5, 2016.	Total amount: EUR 120 mln Term: up to 60 months	1	10
	Sberbank Europe AG shall provide Signa International Sports Holding GmbH with a non-revolving loan facility to finance general corporate goals. (Agreement on the provision of a loan facility dated May 2, 2016)	Total amount: EUR 155 mln Term: up to 60 months	1	11

			Number of deals	Cumulative total number of deals
7	<p>Counterparty: JSC Concern Kalashnikov, Rostec Group of Companies</p> <p>Interested parties: member of the Supervisory Board of the Bank A.G. Siluanov</p> <p>Grounds for recognizing the parties as being interested in the transaction:</p> <p>A. Siluanov, a member of the Supervisory Board of Sberbank, is also a member of the Supervisory Board of Rostec Group of Companies.</p>			
	Opening nonrevolving loan facility No. 7782 dated June 27, 2016, for JSC Concern Kalashnikov to perform basic industrial operations, make capital investments and repay the loan, including interest and other payments set forth in the Loan Agreement.	Amount: maximum limit of the loan facility is RUB 11.9 mln. Financing term: through 06/26/2023	1	12
	Concluding Surety Agreement No. 7782-POR-2 between Sberbank and the Rostec Group of Companies, where the Rostec Group of Companies shall be liable to Sberbank for the execution of all liabilities by JSC Concern Kalashnikov under the agreement for opening nonrevolving loan facility No. 7782 dated June 27, 2016, which was concluded between Sberbank and JSC Concern Kalashnikov, including repayment of the principal, interest for use of the loan, prepayment charge, forfeits, reimbursement of court costs for debt collection, and other losses of Sberbank caused by nonperformance or improper performance by JSC Concern Kalashnikov of its liabilities under the Loan Agreement.	The general liability of the Rostec Group of Companies to Sberbank for the execution by JSC Concern Kalashnikov of liabilities under the Loan Agreement shall be limited to 51% of the following liabilities: liability to repay 30% of the debt and liability to pay interest, fees, payments and forfeits in full. Term: through June 26, 2026.	1	13
8	<p>Counterparty: Sberbank Leasing JSC</p> <p>Interested parties: members of the Executive Board, V.V. Kulik and N.V. Tsekhomskiy</p> <p>Grounds for recognizing the parties as being interested in the transaction:</p> <p>members of the Executive Board of Sberbank V. V. Kulik and N. V. Tsekhomskiy are also members of the Board of Directors of Sberbank Leasing JSC.</p>			
	Opening a nonrevolving loan facility between Sberbank and Sberbank Leasing JSC.	Amount: max USD 51.4 mln. Term: up to 149 months	1	14
	Opening a nonrevolving loan facility between Sberbank and Sberbank Leasing JSC.	Amount: max USD 88 mln. Term: up to 90 months	1	15
9	<p>Counterparty: Sberbank Leasing JSC</p> <p>Interested parties: member of the Executive Board V. V. Kulik and S. A. Sagaydak</p> <p>Grounds for recognizing the parties as being interested in the transaction:</p> <p>members of the Executive Board of Sberbank V. V. Kulik and S. A. Sagaydak are also members of the Board of Directors of Sberbank Leasing JSC.</p>			
	Opening of a nonrevolving loan facility by Sberbank for Sberbank Leasing JSC (Agreement No. 2137/7 dated February 25, 2011), subject to Supplementary Agreement No. 1 dated March 14, 2013, and Supplementary Agreement No. 2 dated February 24, 2016, to finance expenses for the acquisition of machinery and its subsequent lease to Firm Transgarant LLC.	Amount: RUB 3,374 mln. Term: up to 7 years	1	16
	Opening four nonrevolving loan facilities (Agreement No. 2847) dated April 22, 2016, to refinance expenses incurred by Sberbank Leasing JSC under effective transactions related to the acquisition of property for its subsequent transfer to lessees under lease agreements concluded within the framework of the Leasing Factory technique.	Amount: RUB 6,000 mln. Term: until March 25, 2020.	4	17
				18
				19
				20
	Opening four nonrevolving loan facilities (Agreement No. 2848) dated April 22, 2016, to refinance expenses incurred by Sberbank Leasing JSC under effective transactions related to the acquisition of property for its subsequent transfer to lessees under lease agreements concluded within the framework of the Leasing Factory technique.	Amount: RUB 1,100 mln. Term: until March 25, 2021.	4	21
				22
				23
				24

	Opening four nonrevolving loan facilities (Agreement No. 2849) dated April 22, 2016, to refinance expenses incurred by Sberbank Leasing JSC under effective transactions related to the acquisition of property for its subsequent transfer to lessees under lease agreements concluded within the framework of the Leasing Factory technique.	Amount: RUB 700 mln. Term: until March 25, 2020.	4	25 26 27 28
	Opening four nonrevolving loan facilities (Agreement No. 2850) dated April 22, 2016, to refinance expenses incurred by Sberbank Leasing JSC under effective transactions related to the acquisition of property for its subsequent transfer to lessees under lease agreements concluded within the framework of the Leasing Factory technique.	Amount: RUB 500 mln. Term: until March 25, 2021.	4	29 30 31 32
	Opening three nonrevolving loan facilities (Agreement No. 2821) dated March 23, 2016, to refinance expenses incurred by Sberbank Leasing JSC under effective transactions related to the acquisition of property for its subsequent transfer to lessees under lease agreements concluded within the framework of the Leasing Assembly Line technique.	Amount: RUB 2,060 mln. Term: until May 22, 2020.	3	33 34 35
	Opening three nonrevolving loan facilities (Agreement No. 2822) dated March 23, 2016, to refinance expenses incurred by Sberbank Leasing JSC under effective transactions related to the acquisition of property for its subsequent transfer to lessees under lease agreements concluded within the framework of the Leasing Assembly Line technique.	Amount: RUB 400 mln. Term: until May 22, 2021.	3	36 37 38
	Opening three nonrevolving loan facilities (Agreement No. 2823) dated March 23, 2016, to refinance expenses incurred by Sberbank Leasing JSC under effective transactions related to the acquisition of property for its subsequent transfer to lessees under lease agreements concluded within the framework of the Leasing Assembly Line technique.	Amount: RUB 700 mln. Term: until May 22, 2022.	3	39 40 41
10	Counterparty: Sberbank Leasing JSC Interested parties: member of the Executive Board V. V. Kulik Grounds for recognizing the parties as being interested in the transaction: member of the Executive Board of Sberbank V. V. Kulik is also a member of the Board of Directors of Sberbank Leasing JSC.		Number of deals	Cumulative total number of deals
	Concluding a Supplementary Agreement on changes in the loan period, the debt repayment plan and the interest rate to the Agreement for opening nonrevolving loan facility No. 151062 dated April 24, 2015, for financing/refinancing the expenses of Sberbank Leasing JSC for provision of a loan to SB Leasing Ireland Limited.	Amount: USD 51.079 mln. Term: Max 25 months	1	42
	Establishing a loan funds availability period through December 27, 2016, without changing the other terms of the Agreement as per Supplementary Agreement No. 2 dated May 16, 2016, to agreements for opening nonrevolving loan facilities Nos. 7675, 7676 and 7677 dated November 28, 2014.	Contains no financial obligations of the parties.	1	43
11	Counterparty: Sberbank Leasing JSC, Admiralty Shipyards JSC Interested parties: members of the Executive Board, V.V. Kulik and N.V. Tsekhomskiy Grounds for recognizing the parties as being interested in the transaction: members of the Executive Board of Sberbank V. V. Kulik and N. V. Tsekhomskiy are also members of the Board of Directors of Sberbank Leasing JSC.		Number of deals	Cumulative total number of deals
	Concluding an agreement for opening a nonrevolving loan facility between Sberbank and Sberbank Leasing JSC to finance expenses for a leasing transaction with Admiralty Shipyards JSC.	Amount: EUR 1.936 mln Term: until March 28, 2020.	1	44

			Number of deals	Cumulative total number of deals
12	Counterparty: UEC JSC and Regional Cash Management Center OJSC Interested parties: member of the Executive Board A. Yu. Torbakov Grounds for recognizing the parties as being interested in the transaction: <i>member of the Executive Board of Sberbank A. Yu. Torbakov is at the same time the Chairman of the Board of Directors of UEC JSC.</i>	Sale by Sberbank of uncertificated registered ordinary shares of Regional Cash Management Center OJSC to UEK JSC.	Amount: max RUB 23.6 mln	1 45
13	Counterparty: Sberbank Leasing JSC, Irkut Corporation PJSC Interested parties: member of the Executive Board V. V. Kulik Grounds for recognizing the parties as being interested in the transaction: <i>member of the Executive Board of Sberbank V. V. Kulik is also a member of the Board of Directors of Sberbank Leasing JSC.</i>	Concluding Agreement No. 7769 on opening a nonrevolving loan facility for Sberbank Leasing JSC dated March 1, 2016, to finance expenses for the acquisition of machinery and its subsequent lease to Irkut Corporation PJSC.	Amount: USD 145,381. Term: until August 28, 2023.	1 46
		Concluding Agreement No. 7770 on opening a nonrevolving loan facility for Sberbank Leasing JSC dated March 1, 2016, to finance expenses for the acquisition of machinery and its subsequent lease to Irkut Corporation PJSC.	Amount: USD 156,587. Term: until August 28, 2023.	1 47
		Opening nonrevolving loan facility No. 7774 dated February 9, 2016, between Sberbank and Sberbank Leasing JSC to finance expenses under the leasing transaction with Irkut Corporation PJSC.	Amount: USD 215,394.55. Term: until May 28, 2021.	1 48
		Opening nonrevolving loan facility No. 7775 dated February 9, 2016, between Sberbank and Sberbank Leasing JSC to finance expenses under the leasing transaction with Irkut Corporation PJSC.	Amount: USD 436,438.65. Term: until August 28, 2021.	1 49
		Concluding Agreement No. 7763 on opening a nonrevolving loan facility for Sberbank Leasing JSC dated April 4, 2016, to finance expenses for the acquisition of machinery and its subsequent lease to Irkut Corporation PJSC.	Amount: USD 94,251. Term: until March 28, 2023.	1 50
		Concluding Agreement No. 7764 on opening a nonrevolving loan facility for Sberbank Leasing JSC dated April 4, 2016, to finance expenses for the acquisition of machinery and its subsequent lease to Irkut Corporation PJSC.	Amount: USD 155,446. Term: until March 28, 2023.	1 51
		Opening a nonrevolving loan facility for Sberbank Leasing JSC to finance expenses for the acquisition of machinery under Contract No. 2100-5941 to be leased to Irkut Corporation PJSC.	Amount: USD 142 mln. Term: through December 25, 2023.	1 52
		Opening two nonrevolving loan facilities – Nos. 7627 and 7628 – dated April 17, 2014, as amended by Supplementary Agreements No. 1 dated June 24, 2015, and No. 2 dated April 21, 2016, for Sberbank Leasing JSC to finance expenses for the acquisition of machinery to be leased to Irkut Corporation PJSC.	Amount: USD 10.7 mln. Term: through February 9, 2024.	2 53 54
		Opening a nonrevolving loan facility No. 7790 dated April 28, 2016, for Sberbank Leasing JSC to finance expenses for the acquisition of machinery to be leased to Irkut Corporation PJSC.	Amount: USD 0.2 mln. Term: through October 28, 2021.	1 55

			Number of deals	Cumulative total number of deals
14	<p>Counterparty: Sberbank Leasing JSC, Polysus JSC</p> <p>Interested parties: member of the Executive Board V. V. Kulik</p> <p>Grounds for recognizing the parties as being interested in the transaction:</p> <p>member of the Executive Board of Sberbank V. V. Kulik is also a member of the Board of Directors of Sberbank Leasing JSC.</p> <p>Opening three nonrevolving loan facilities – Nos. 0005000-60042-0, 0005000-60043-0 and 0005000-60044-0 – for Sberbank Leasing JSC to finance expenses for the acquisition of new equipment, motor vehicles and special-purpose machinery for subsequent lease to Polysus JSC.</p>	Total amount: RUB 1,531.8 mln. Term: until March 29, 2023.	3	56 57 58
15	<p>Counterparty: Sberbank Leasing JSC, GBU Avtomobilnye Dorogi</p> <p>Interested parties: member of the Executive Board V. V. Kulik</p> <p>Grounds for recognizing the parties as being interested in the transaction:</p> <p>member of the Executive Board of Sberbank V. V. Kulik is also a member of the Board of Directors of Sberbank Leasing JSC.</p> <p>Opening three nonrevolving loan facilities (Nos. 2886, 2887 and 2895 dated May 26, 2016) for Sberbank Leasing JSC to finance expenses for the acquisition of special-purpose machinery for subsequent lease to GBU Avtomobilnye Dorogi.</p> <p>Opening three nonrevolving loan facilities (Nos. 2888, 2889 and 2893 dated May 26, 2016) for Sberbank Leasing JSC to finance expenses for the acquisition of special-purpose machinery for subsequent lease to GBU Avtomobilnye Dorogi.</p> <p>Opening three nonrevolving loan facilities (Nos. 2890, 2891 and 2894 dated May 26, 2016) for Sberbank Leasing JSC to finance expenses for the acquisition of special-purpose machinery for subsequent lease to GBU Avtomobilnye Dorogi.</p> <p>Opening two nonrevolving loan facilities (Nos. 2886 and 2887 dated May 26, 2016) for Sberbank Leasing JSC to finance expenses for the acquisition of special-purpose machinery for subsequent lease to GBU Avtomobilnye Dorogi.</p> <p>Providing Sberbank Leasing JSC with bank guarantees for the execution of liabilities under an electronic auction-based Contract for providing services for the acquisition of machinery through financial leasing for the needs of GBU Avtomobilnye Dorogi.</p>	Total amount of transactions: RUB 622.7 mln. Term: through July 28, 2019. Total amount of transactions: RUB 270.5 mln. Term: through August 28, 2019. Total amount of transactions: RUB 264.1 mln. Term: through September 28, 2019. Total amount of transactions: RUB 253.6 mln. Term: through August 28, 2019. Total amount of bank guarantees: RUB 201.6 mln. Term: Max 45 months	3 3 3 2	59 60 61 62 63 64 65 66 67 68 69 1
16	<p>Counterparty: Sberbank Leasing JSC, Aviadvigatel JSC</p> <p>Interested parties: member of the Executive Board V. V. Kulik</p> <p>Grounds for recognizing the parties as being interested in the transaction:</p> <p>member of the Executive Board of Sberbank V. V. Kulik is also a member of the Board of Directors of Sberbank Leasing JSC.</p> <p>Opening nonrevolving loan facility No. 3-NKL dated April 29, 2016, for Sberbank Leasing JSC to finance expenses for the acquisition of machinery for subsequent lease to Aviadvigatel JSC.</p> <p>Opening nonrevolving loan facility No. 4-NKL dated April 29, 2016, for Sberbank Leasing JSC to finance expenses for the acquisition of machinery for subsequent lease to Aviadvigatel JSC.</p> <p>Opening nonrevolving loan facility No. 5-NKL dated April 29, 2016, for Sberbank Leasing JSC to finance expenses for the acquisition of machinery for subsequent lease to Aviadvigatel JSC.</p>	Amount: EUR 143,040. Financing term: through September 28, 2019. Amount: RUB 2.9 mln. Financing term: through September 28, 2019 Amount: CHF 8,800 Financing term: through October 28, 2018.	1 1 1 1	71 72 73

	Opening nonrevolving loan facility No. 6-NKL dated April 29, 2016, for Sberbank Leasing JSC to finance expenses for the acquisition of machinery for subsequent lease to Aviadvigatel JSC.	Amount: EUR 147,087. Financing term: through October 28, 2018.	1	74
	Opening nonrevolving loan facility No. 8-NKL dated April 29, 2016, for Sberbank Leasing JSC to finance expenses for the acquisition of machinery for subsequent lease to Aviadvigatel JSC.	Amount: EUR 197,834. Financing term: through December 28, 2019.	1	75
17	Counterparty: Sberbank Leasing JSC, Pavlovsk Nerud OJSC Interested parties: member of the Executive Board V. V. Kulik Grounds for recognizing the parties as being interested in the transaction: member of the Executive Board of Sberbank V. V. Kulik is also a member of the Board of Directors of Sberbank Leasing JSC.		Number of deals	Cumulative total number of deals
	Opening a nonrevolving loan facility for Sberbank Leasing JSC to finance expenses for the acquisition of machinery for subsequent lease to Pavlovsk Nerud OJSC.	Amount: RUB 240 mln. Term: until December 13, 2021	1	76
18	Counterparty: Sberbank Leasing JSC, TransFin-M PJSC, T-Generation CJSC Interested parties: member of the Executive Board V. V. Kulik Grounds for recognizing the parties as being interested in the transaction: member of the Executive Board of Sberbank V. V. Kulik is also a member of the Board of Directors of Sberbank Leasing JSC.		Number of deals	Cumulative total number of deals
	Concluding Supplemental Agreement No. 3 dated April 25, 2016, to Agreement No. 1746 for opening non-revolving loan facility No. 1746 dated April 28, 2011, for Sberbank Leasing JSC to finance and reimburse previously incurred expenses for the acquisition of machinery to be leased to TransFin-M PJSC with a right to sublease to T-Generation CJSC.	Amount: RUB 3,250.3 mln. Term: until July 25, 2016.	1	77
	Opening a nonrevolving loan facility for Sberbank Leasing JSC to finance expenses and reimburse previously incurred expenses for the acquisition of machinery for subsequent lease to TransFin-M PJSC with a right to sublease to T-Generation CJSC. Sberbank Leasing JSC shall repay the obtained loan to Sberbank and pay interest for its use and other payments in the amount, within the terms and under the conditions set forth in Agreement No. 1746 subject to Supplementary Agreement No. 4 dated July 25, 2016.	Amount: RUB 3,250.3 mln. Term: until October 25, 2016.	1	78
19	Counterparty: PC NRC JSC Interested parties: members of the Supervisory Board S.M. Ignatiev, S.A. Shvetsov Grounds for recognizing the parties as being interested in the transaction: S. M. Ignatiev, Chairman of the Supervisory Board of Sberbank, is also a member of the Supervisory Board of PC NRC JSC, while S. A. Shvetsov, a member of the Supervisory Board of Sberbank, is also the Chairman of the Supervisory Board of PC NRC JSC.		Number of deals	Cumulative total number of deals
	Opening bank accounts and rendering cash management services for PC NRC JSC in accordance with the current legislation of the Russian Federation, the regulations of Bank of Russia, the list of tariffs and services offered by Sberbank published on Sberbank's official website, and the Agreement.	The cost of services shall be determined as per the tariffs established by Sberbank.	1	79
20	Counterparty: NCO NSD CJSC Interested parties: member of the Executive Board B. I. Zlatkis Grounds for recognizing the parties as being interested in the transaction: B. I. Zlatkis, a member of the Executive Board of Sberbank, is also the Chairman of the Supervisory Board of NCO NSD CJSC		Number of deals	Cumulative total number of deals
	Determining the list of exchange-traded bond certificates of Sberbank with reference numbers assigned by CJSC MICEX Stock Exchange on January 10, 2013 entrusted to custody, and paying the cost of services for their mandatory centralized storage.	Amount: max RUB 3.35 mln.	1	80

	Determining the list of BO-42 series exchange-traded bond certificates of Sberbank with reference numbers assigned by CJSC MICEX Stock Exchange on January 10, 2013 entrusted to NCO NSD CJSC for custody, and paying the cost of services for their mandatory centralized storage.	Amount: max RUB 1.5 mln. The storage period of Bond certificates shall be equal to the maturity of the Bonds.	1	81
	Determining the list of Bond certificates transferred for custody, and paying the cost of services for their mandatory centralized storage.	Amount: max RUB 2 mln.	1	82
21	Counterparty: NCO NSD CJSC Interested parties: member of the Executive Board B. I. Zlatkis, members of the Supervisory Board A. Kudrin, M. Gilman	Grounds for recognizing the parties as being interested in the transaction: A. Kudrin, Deputy Chairman of the Supervisory Board of Sberbank, and B. I. Zlatkis, a member of the Executive Board of Sberbank, are also members of the Supervisory Board of Moscow Exchange PJSC, which is a party to the transaction, while M. Gilman, a member of the Supervisory Board of Sberbank, is also a member of the Board of Directors of PJSC Rosbank, which is a party to the transaction.	Number of deals	Cumulative total number of deals
	Acceding to the Joint-Stock Agreement dated June 30, 2011 concluded in relation to NCO NSD CJSC, a new shareholder – of Citibank Commercial Bank Joint-Stock Company (OGRN: 1027700431296).	Contains no financial obligations of the parties.	1	83
22	Counterparty: Novy Urengoy Gas Chemical Complex LLC, Gazprom Interested parties: member of the Supervisory Board V.A. Mau	Grounds for recognizing the parties as being interested in the transaction: V. Mau, a member of the Supervisory Board of Sberbank, is also a member of the Board of Directors of Gazprom.	Number of deals	Cumulative total number of deals
	Provision of a loan by Sberbank for Novy Urengoy Gas Chemical Complex LLC within the framework of a Loan Agreement to repay the debt under the Loan Agreements concluded by Novy Urengoy Gas Chemical Complex LLC with Royal Bank of Scotland PLC on July 5, 2012.	Amount: USD 760 mln. Term: until July 2, 2018.	1	84
	Providing a loan for Novy Urengoy Gas Chemical Complex LLC by Sberbank within the framework of the Loan Agreement to repay the debt under the Loan Agreement concluded by Novy Urengoy Gas Chemical Complex LLC with Credit Agricole Corporate and Investment Bank on September 4, 2012.	Amount: EUR 240 mln. Term: until July 4, 2020.	1	85
	Providing guarantees for the liabilities of Novy Urengoy Gas Chemical Complex LLC to Sberbank.	Amount of Loan Agreement 1: USD 760 mln. Amount of Loan Agreement 2: USD 240 mln.	1	86
23	Counterparty: Moscow Exchange PJSC Interested parties: member of the Supervisory Board A. Kudrin	Grounds for recognizing the parties as being interested in the transaction: A. Kudrin, a member of the Supervisory Board of Sberbank, is also the Chairman of the Supervisory Board of Moscow Exchange PJSC.	Number of deals	Cumulative total number of deals
	Determining the procedure and general terms for concluding transactions for taking cash and cash equivalents of Moscow Exchange PJSC on deposit.	The amount of the transaction shall be agreed upon by Sberbank and Moscow Exchange PJSC. Term: from 1 to 1,827 days.	1	87

			Number of deals	Cumulative total number of deals
24	<p>Counterparty: Severstal PJSC</p> <p>Interested parties: member of the Supervisory Board V.A. Mau</p> <p>Grounds for recognizing the parties as being interested in the transaction:</p> <p>V. Mau, a member of the Supervisory Board of Sberbank, is also a member of the Board of Directors of Severstal PJSC.</p>	<p>Establishing the procedure and general terms for concluding transactions for taking cash and cash equivalents of Severstal PJSC on deposit.</p>	The number of transactions is not limited. Without limitation. The amount of transactions shall be agreed upon by Sberbank and Severstal PJSC.	1 88
	<p>Taking cash and cash equivalents of Severstal PJSC on deposits in Sberbank in the manner and under the terms and conditions set forth in the Agreement.</p>		<p>The number of transactions is not limited.</p> <p>Term: from 1 to 3,660 days.</p> <p>The one-time amount of cash and cash equivalents of Severstal PJSC taken on deposit within the framework of the Agreement, including the interest to be accrued, shall not exceed an amount equivalent to two percent of the book value of Sberbank's assets in accordance with the data of its accounting (financial) statements as of the last reporting date before the conclusion of the Deposit Transaction.</p>	1 89
	<p>Determining the conditions and the procedure for the conclusion of forward transactions in financial markets by Sberbank and Severstal PJSC under General Agreement on Forward Transactions in Financial Markets No. 548-R dated November 20, 2014.</p>		Contains no financial obligations of the parties.	1 90
25	<p>Counterparty: Joint-Stock Company "Insurance Company of Gas Industry" (JSC SOGAZ).</p> <p>Interested parties: all members of the Supervisory Board, all members of the Executive Board, Chairman of the Board, Chairman of the Executive Board</p> <p>Grounds for recognizing the parties as being interested in the transaction: Chairman of the Board, Chairman of the Executive Board, all members of the Executive Board of Sberbank are Beneficiaries under the transaction.</p>	<p>JSC SOGAZ (The Insurer) undertakes, upon the occurrence of any of the Insured Events specified in the Insurance Contract No. 15D00020 , to pay in accordance with the Insurance Contract indemnity (depending on the situation) to the respective Insured Party and/or any third party entitled to such compensation.</p>	<p>Amount: no more than 50,400,000</p>	1 91

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 interaction with stakeholders

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.

CROWDSOURCING – the meeting of objectives significant for the bank by engaging the intellectual resources of a wide circle of volunteers, usually using information technology.

CUSTOMER POINTS OF SERVICE – additional and front offices, cash transaction service desks outside the teller network, and mobile cash transaction units where the client may receive some or all bank services.

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.

ENVIRONMENT – the natural surroundings where the organization is functioning, including the air, water, earth, natural resources, flora, fauna, people and their relationships.

EXECUTIVES – employees holding senior executive positions according to the job pyramid of Sberbank, and employees whose positions provide for the possibility to have subordinates and to lead a team during project activity (in subsidiaries and companies of the Group).

FRAUD MONITORING SYSTEMS – systems that make it possible to automatically detect and block suspicious transactions in accordance with preset rules (fraud – unauthorized access to communication services, or receiving services as a result of unauthorized access).

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.

HAZARDOUS WASTE – toxic, explosive, or flammable wastes, wastes with high reactive capacity, wastes containing pathogens, and waste that may represent an actual or potential hazard to the environment and human health, whether independently or in contact with other substances.

MINORITY SHAREHOLDER (MINORITY) – a company shareholder (individual or legal entity) the size of whose holding does not allow him/her/it to directly participate in company management (e.g., by way of forming the board of directors). Such a shareholding is called "noncontrolling".

REMOTE SERVICE CHANNELS – Mobile Banking text service, Sberbank Online.

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.).

TRIM – the corporate client satisfaction and loyalty index.

Abbreviations

A.Ş. – joint stock company (Turkish – Anonim Şirketi)	D&O – directors and officers liability insurance
ADR – American depositary receipt	ECA – export and credit agencies
AG – joint stock company (German – Aktiengesellschaft)	ECM – lines for primary offering of shares (equity capital market)
ALM – asset and liability management	ECP – the eurocommercial paper issuance program
ANO – autonomous noncommercial organization	EXIAR – Export Insurance Agency of Russia
AS – analytical system	FCCM – Oracle-based monitoring system of client operations (Financial Crime and Compliance Management)
BA – bachelor's degree in humanities (Bachelor of Arts)	GDP – gross domestic product
Bank of Russia – the Central Bank of the Russian Federation	GRI – social reporting standards (Global Reporting Initiative)
BS – bachelor's degree in natural sciences (Bachelor of Science)	HUF – housing and utility facilities
CIB – the Corporate and Investment Block, which has been operating under the Sberbank CIB brand	IC – insurance company
CJSC – closed joint stock company	ICS – intelligent control system
CRM – client relationship management	IFRS – International Financial Reporting Standards
CSI – customer satisfaction index	IMF – International Monetary Fund
CSR – corporate social responsibility	ISO 26000 – the international standard for Social Responsibility
CSU – centrally subordinated units	ISU – internal structural units
CTF – commodity trade finance	IT – information technology
DCM – primary offering of debt securities (debt capital market)	JSC – joint stock company
DPC – data processing center	JSC – joint stock company

LC RF – Labor Code of Russia

LDR – loan-deposit ratio

LLC – limited liability company

MSc – master's degree in natural sciences (Master of Science)

MA – master's degree in humanities (Master of Arts)

MBA – master's degree in business administration (Master of Business Administration)

MIA of Russia – Ministry of Interior Affairs of the Russian Federation

MICEX – Moscow International Currency Exchange

MM – mass media

MTN – medium term note program

NCGR – national corporate governance rating

NCI – nonbank credit institution

NPF – nongovernment pension fund

NPS – an index that shows the client's willingness to recommend Sberbank to its friends and acquaintances. It has been adopted in global practice as the key client loyalty indicator (Net Promoter Score)

NSD – National Settlement Depository

OCP – open currency position

OJSC – open joint stock company

PBSD 18+ – platform for business support and

development

PhD – doctoral degree in philosophy (Doctor of Philosophy)

PJSC – public joint stock company

Pic. – private limited company

POS – point of sale

PPE – postgraduate professional education

PS – payment system

RAS – Russian Accounting Standards

ROSINCAS – Russian Cash Collecting Association

SB – subsidiary bank

SC – state corporation

SLR – short-term liquidity ratio

TRIM – measuring, management, monitoring.

UAH – Ukrainian hryvnias

UFS – unified front-end system

VaR – Value at Risk

VHI – voluntary health insurance