Annual accounting (financial) statements of Sberbank for 2020

Independent Auditor's Report

To the Shareholders and the Supervisory Board of Sberbank of Russia

Report on the audit of the annual accounting (financial) statements

Our opinion

In our opinion, the accompanying annual accounting (financial) statements present fairly, in all material respects, the financial position of Sberbank of Russia (the "Bank") as at 1 January 2021, and the Bank's financial performance and cash flows for the year 2020 in accordance with the reporting rules for credit institutions established in the Russian Federation.

What we have audited

The annual accounting (financial) statements of the Bank comprise:

- the balance sheet (disclosure form) for the year 2020;
- the statement of financial performance (disclosure form) for the year 2020;
- the attachments to the balance sheet and the statement of financial performance:
  - the statement of capital adequacy to cover risks (disclosure form) as of 1 January 2021;
  - the statement of changes in capital of the credit institution (disclosure form) as of 1 January 2021;
  - information on statutory ratios, financial leverage ratio and the liquidity ratio (disclosure form) as of 1 January 2021;
  - the statements of cash flows (disclosure form) as of 1 January 2021;
- the explanatory information to the annual accounting (financial) statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the annual accounting (financial) statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Auditor's Professional Ethics Code and Auditor's Independence Rules that are relevant to our audit of the annual accounting (financial) statements in the Russian Federation. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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Our audit approach

Overview

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the annual accounting (financial) statements as a whole, taking into account the structure of the Bank, the accounting processes and controls, and the industry in which the Bank operates.

Key audit matters:

- Estimated allowance for expected credit losses on loan indebtedness;
- Provisions for possible losses on loans, loan and similar indebtedness;
- Valuation of loans to legal entities at fair value through profit or loss.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the annual accounting (financial) statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the annual accounting (financial) statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual accounting (financial) statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the annual accounting (financial) statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the annual accounting (financial) statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual accounting (financial) statements of the current period. These matters were addressed in the context of our audit of the annual accounting (financial) statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Estimated allowance for expected credit losses on loan indebtedness	
We focused on this matter due to the significance of loan indebtedness balance and significance of judgements and estimates required for calculation of the estimated allowance for expected credit losses on loan indebtedness (the “allowance for ECL”).	We assessed the key methodologies used by the Bank for calculation of the allowance for ECL (including refinements to those made to address changes in the economic environment associated with the COVID-19 pandemic) for consistency with the requirements of the

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Key audit matter	How our audit addressed the key audit matter
The allowance for ECL represents management's estimate of the expected credit losses from the loan indebtedness in accordance with the methodologies of the Bank based on Regulation of the Bank of Russia of 2 October 2017 No. 605-P "On the Procedure for Recording in Accounting Records by Credit Institutions of Transactions on Placement of Monetary Funds under Loan Agreements, Transactions Related to Acquisition of Rights to Claim Fulfilment of Obligations in Monetary Form by Third Parties, and Transactions Related to Liabilities under Issued Bank Guarantees, and Granting of Monetary Funds" (the "Regulation No. 605-P"). Collective assessment of the allowance for ECL is based on models, which use internally developed risk metrics assigned to the specific balances. Individual assessment of the allowance for ECL is based on models which use expected future cash flows related to specific balances under different scenarios. The design of, and inputs to the models are subject to management judgement. As explained in Section 17.3 "Nature of Assumptions and Main Sources of Valuation Uncertainty at the End of the Reporting Period", during 2020 the Bank refined the methodologies used for calculation of the allowance for ECL to address changes in the economic environment associated with the COVID-19 pandemic. The explanatory information to the annual accounting (financial) statements (Sections 4.3 "Net Loans Receivable at Amortized Cost", 9.2 "Credit Risk", 17.2 "Basis for Valuation and Other Accounting Policies Used for Preparation of the Annual Accounting (Financial) Statements", 17.3 "Nature of Assumptions and Main Sources of Valuation Uncertainty at the End of the Reporting Period") provides additional information on the allowance for ECL.	Regulation No. 605-P. We assessed and tested (on a sample basis) the design and operating effectiveness of the controls over data and calculations. These controls included those over development and maintenance of models and input data, assignment of risk metrics to the balances, transfer of data to/from the models, and calculation of the allowance for ECL. The purpose of our procedures was to determine that we could rely on these controls for the purposes of our audit. We tested (on a sample basis) significant loan indebtedness balances, which had not been identified by management as requiring individual assessment of the allowance for ECL and formed our own judgement as to whether that was appropriate. We considered available reasonable and supportable information about the borrowers' credit risk, including information about the borrowers' business and how it is affected by the COVID-19 pandemic. We tested (on a sample basis) the basis and operation of models and calculations used for collective and individual assessment of the allowance for ECL and the data and assumptions used. Our work included comparison of the main assumptions and estimates made with the available external information, our own knowledge of other practices and actual experience, testing of the models through re-performance, and various analytical and other procedures. We assessed management assumptions in the context of the current economic environment affected by the COVID-19 pandemic.
Provisions for possible losses on loans, loan and similar indebtedness	
We focused on this matter due to the significant impact that the provisions for possible losses on loans, loan and similar indebtedness (the "provisions") have on the value of the statutory ratios set by the Bank of Russia and significance of judgements and estimates required for calculation of the provisions. The provisions represent losses on loans, loan and similar indebtedness (together – the "loans") as at the reporting date as assessed by the	We assessed the key methodologies used by the Bank for calculation of the provisions (including refinements to those made to address changes in the economic environment associated with the COVID-19 pandemic) for consistency with the requirements of the Regulation No. 590-P. We assessed and tested (on a sample basis) the design and operating effectiveness of the controls over calculation of the provisions and

Key audit matter	How our audit addressed the key audit matter
management in accordance with the methodologies of the Bank based on Regulation of the Bank of Russia of 28 June 2017 No. 590-P “On the Procedure for Creating Provisions for Possible Losses on Loans, Loan and Similar Indebtedness by Credit Institutions” (the “Regulation No. 590-P”). For loans assessed on an individual basis, the provisions are calculated based on the professional judgements in respect of specific loans. Such professional judgements are formed based on the comprehensive analysis of the borrower’s operations taking into account its financial position, quality of debt servicing, security and other significant factors (including changes in the economic environment associated with the COVID-19 pandemic). For homogeneous loans, i.e. loans with similar characteristics of credit risk, the provisions are assessed based on professional judgement for specific portfolios of homogeneous loans. Such professional judgement is formed based on a comprehensive analysis of risks of specific portfolios, taking into account the specifics of credit products, quality of debt servicing, the accumulated statistical information and other significant factors (including changes in the economic environment associated with the COVID-19 pandemic). The explanatory information to the annual accounting (financial) statements (Sections 9.2 “Credit Risk”, 17.3 “Nature of Assumptions and Main Sources of Valuation Uncertainty at the End of the Reporting Period”) provides additional information on the provisions.	data used (including controls over classification by quality categories, over data on quality of debt servicing and over booking the provisions in the accounting records). The purpose of our procedures was to determine that we could rely on these controls for the purpose of our audit. We tested (on a sample basis) loans assessed on an individual basis and formed our own judgement as to whether the classification of such loans by quality categories and the amount of the provisions for such loans were consistent with requirements of the Regulation No. 590-P. We considered the available reasonable and supportable information about the borrowers’ credit risk, including information about the borrower’s business and how it is affected by the COVID-19 pandemic. We assessed (on a sample basis) the professional judgement in respect of specific portfolios of homogeneous loans and formed our own judgement as to whether the classification of such loans by portfolios and quality categories and the amount of the provisions for such portfolios were consistent with the requirements of the Regulation No. 590-P and with our own knowledge of other practices and actual experience. We assessed management assumptions in the context of the current economic environment affected by the COVID-19 pandemic. Also, in respect of the overall provisions we performed various analytical and other procedures.
Valuation of loans to legal entities at fair value through profit or loss	
We focused on this matter due to the significance of balance and subjectivity of valuation of loans to legal entities at fair value through profit or loss (the “loans”). The loans are valued at fair value by management in accordance with methodologies of the Bank based on the Regulation No. 605-P. The loans are valued at fair value using models that incorporate unobservable inputs (Level 3 of the fair value hierarchy), including those reflecting impact of credit quality of customers, interest rate	Our internal valuation experts assessed the key methodologies, formulas and sources of information used by the Bank for the valuation (including refinements to those made to address changes in the economic environment associated with the COVID-19 pandemic) for consistency with the requirements of the Regulation No. 605-P. We tested (on a sample basis) valuation models for selected loans. Our work included assessment if the models and inputs are appropriate, re-performance of selected

Key audit matter	How our audit addressed the key audit matter
curves and implied volatility. The explanatory information to the annual accounting (financial) statements (Sections 4.2 “Financial Assets Carried at Fair Value through Profit or Loss”, 12 “Disclosures at Fair Value”, 17.3 “Nature of Assumptions and Main Sources of Valuation Uncertainty at the End of the Reporting Period”) provide additional information on the valuation of loans to legal entities at fair value through profit or loss.	calculations, and various analytical and other procedures. We assessed management assumptions in the context of the current economic environment affected by the COVID-19 pandemic.

Other information

Management is responsible for the other information. The other information comprises the annual report and the quarterly Issuer’s Report for the 1st quarter of 2021 (but does not include the annual accounting (financial) statements and our auditor’s report thereon), which are expected to be made available to us after the date of this auditor’s report.

Our opinion on the annual accounting (financial) statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounting (financial) statements, our responsibility is to read the other information identified above, when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the annual accounting (financial) statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the annual accounting (financial) statements

Management is responsible for the preparation and fair presentation of the annual accounting (financial) statements in accordance with the reporting rules for credit institutions established in the Russian Federation and for such internal control as management determines is necessary to enable the preparation of annual accounting (financial) statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounting (financial) statements, management is responsible for assessing the ability of the Bank to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank’s financial reporting process.

Auditor's responsibilities for the audit of the annual accounting (financial) statements

Our objectives are to obtain reasonable assurance about whether the annual accounting (financial) statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounting (financial) statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounting (financial) statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounting (financial) statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounting (financial) statements, including the disclosures, and whether the annual accounting (financial) statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounting (financial) statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on other legal and regulatory requirements

Report on examination in accordance with Article No.42 of Federal Law of 2 December 1990 No.395-1 “On Banks and Banking Activity”

The management of the Bank is responsible for compliance of the Bank with the statutory ratios set by the Bank of Russia and for compliance of internal control and organisation of risk management systems of the Bank with the Bank of Russia’s requirements for such systems.

In accordance with Article No.42 of Federal Law of 2 December 1990 No.395-1 “On Banks and Banking Activity”, we have examined the following during the audit of the annual accounting (financial) statements of the Bank for the year 2020:

- compliance of the Bank as at 1 January 2021 with the statutory ratios set by the Bank of Russia; and
- compliance of internal control and organisation of risk management systems of the Bank with the requirements set by the Bank of Russia for such systems.

Our examination was limited to procedures selected based on our judgement, such as inquiries, analysis and examination of documents, comparison of requirements, procedures and methodologies adopted by the Bank with the Bank of Russia’s requirements, as well as recalculation, comparison and reconciliation of figures and other information.

We have identified the following based on our examination:

1) as related to compliance of the Bank with the statutory ratios set by the Bank of Russia:

   as at 1 January 2021 the Bank’s statutory ratios were within the limits set by the Bank of Russia.

   We draw your attention to the fact that we have not performed any procedures related to the underlying accounting data of the Bank other than the procedures we considered necessary to express our opinion on whether or not the annual accounting (financial) statements of the Bank present fairly, in all material respects, financial position of the Bank as at 1 January 2021, and its financial performance and its cash flows for the year 2020 in accordance with the reporting rules for credit institutions established in the Russian Federation.

2) as related to compliance of internal control and organisation of risk management systems of the Bank with the Bank of Russia’s requirements for such systems:

   a) in accordance with the Bank of Russia’s requirements and recommendations, as at 1 January 2021 subdivisions of the Bank for managing significant risks of the Bank were not subordinated or accountable to subdivisions assuming corresponding risks;

   b) internal documents of the Bank effective as at 1 January 2021 which set out the methodologies to identify and manage significant credit, operational, market and liquidity risks of the Bank and the methodologies to carry out stress testing are duly approved by appropriate management bodies of the Bank in accordance with the Bank of Russia’s requirements and recommendations;

   c) as at 1 January 2021 the Bank had in place a reporting system for significant credit, operational, market and liquidity risks, and for equity (capital) of the Bank;

   d) the frequency and consistency of reports prepared by risk management subdivisions of the Bank and its internal audit function during 2020 as related to management of credit, operational, market and liquidity risks of the Bank complied with internal documents of the Bank; those reports included observations made by risk management subdivisions of the Bank and its internal audit function as related to the assessment of the effectiveness of the respective methodologies of the Bank as well as recommendations on their improvement;

e) as at 1 January 2021 the authority of the Supervisory Board of the Bank and its executive bodies included control over compliance of the Bank with risk and equity (capital) adequacy limits set by internal documents of the Bank. To exercise control over the effectiveness of the risk management procedures applied in the Bank and their consistent application in 2020, the Supervisory Board of the Bank and its executive bodies regularly discussed the reports prepared by risk management subdivisions of the Bank and its internal audit function and considered proposed measures to eliminate weaknesses.

We have performed the above procedures related to internal control and organisation of risk management systems of the Bank solely to examine compliance of internal control and organisation of risk management systems of the Bank with the Bank of Russia's requirements for such systems.

The engagement leader responsible for the audit resulting in this independent auditor's report is Evgeniy Nikolaevich Kriventsev.

11 March 2021
Moscow, Russian Federation

E.N. Kriventsev, engagement leader (certificate number 01-000198)
AO PricewaterhouseCoopers Audit

Audited entity: Sberbank of Russia

Record made in the Unified State Register of Legal Entities on 16 August 2002 under State Registration Number 1027700132195

Taxpayer Identification Number 7707083893

117997, Russian Federation, Moscow, Vavilova 19

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under number 008.890

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

Taxpayer Identification Number 7705051102

Member of Self-regulatory organization of auditors Association «Sodruzhestvo»

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 12006020338

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Bank reporting

Territory code under OKATO	Code of the credit institution (branch)	
	under OKPO	registration number (reference number)
45293554000	00032537	1481

BALANCE SHEET
(disclosure form)
for the year 2020

Credit institution: Sberbank of Russia
Sberbank
Address (location) of the credit institution 117997, Moscow, 19 Vavilova Street

Form code under OKUD 0409806

Quarterly (Annual)

Line No.	Item	Note number	Figures for the reporting period, RUB thousand	Figures for the previous reporting year, RUB thousand
1	2	3	4	5
	I. ASSETS			
1	Cash and cash equivalents	4.1	614 727 347	661 646 552
2	Funds of the credit institution held with the Central Bank of the Russian	4.1	1 058 133 548	1 159 646 494
2.1	Obligatory reserves	4.1	234 302 138	202 846 037
3	Due from credit institutions	4.1	450 010 323	152 801 902
4	Financial assets carried at fair value through profit or loss	4.2	1 992 861 104	1 598 098 775
5	Net loans receivable carried at the depreciated value	4.3	22 168 704 808	19 212 927 847
5a	Net loans receivable		X	X
6	Net investments in financial assets carried at fair value through other comprehensive income	4.4	4 135 482 650	2 494 251 907
6a	Net investments in securities and other financial assets available for sale		X	X
7	Net investments in securities and other financial assets carried at the depreciated value (except for loan debts)	4.4	852 793 173	705 673 503
7a	Net investments in securities held to maturity		X	X
8	Investments in subsidiaries and affiliates	4.4	776 736 503	752 029 142
9	Current income tax claims		14 370	10 366 912
10	Deferred tax asset		23 499 899	21 833 945
11	Fixed assets, intangible assets and inventory	4.5	578 534 527	501 235 660
12	Long-term assets held for sale		4 802 799	16 637 878
13	Other assets	4.6	323 377 321	296 945 247
14	Total assets		32 979 678 372	27 584 095 764
	II. LIABILITIES			
15	Loans, deposits, and other funds of the Central Bank of the Russian Federation		850 674 866	537 820 585
16	Due to customers carried at amortized cost		25 504 971 442	21 187 151 077
16.1	due to credit institutions	4.7	764 376 689	348 502 453
16.2	due to customers other than credit institutions	4.7	24 740 594 753	20 838 648 624
16.2.1	deposits (funds) of individuals, including individual entrepreneurs		15 838 239 163	13 635 770 161
17	Financial liabilities carried at fair value through profit or loss	4.8	753 510 265	602 127 713
17.1	deposits (funds) of individuals, including individual entrepreneurs		177 107 753	106 423 365
18	Debt securities issued	4.9	813 188 234	667 825 799
18.1	carried at fair value through profit or loss		0	0
18.2	carried at the amortized cost		813 188 234	667 825 799
19	Current income tax liabilities		24 044 113	3 499 462
20	Deferred tax liabilities		0	0
21	Other liabilities	4.10	274 291 460	144 399 046
22	Provisions for possible losses from credit contingencies, other possible losses and transactions with offshore residents		34 335 791	36 449 328
23	Total liabilities		28 255 016 171	23 179 273 010
	III. SOURCES OF EQUITY			
24	Share capital	4.11	67 760 844	67 760 844
25	Treasury shares (interests) redeemed from shareholders (participants)		0	0
26	Share premium		228 054 226	228 054 226
27	Reserve fund		3 527 429	3 527 429
28	Revaluation at fair value of financial assets carried at fair value through other comprehensive income reduced by the deferred tax liability (increased by the deferred tax asset)		121 349 443	89 925 667
29	Revaluation of fixed assets and intangible assets reduced by the deferred tax		21 702 183	25 697 001
30	Revaluation of liabilities (claims) for payment of long-term remunerations		-1 567 442	-936 762
31	Revaluation of hedging instruments		0	0
32	Funds for grant financing (contributions to assets)		0	0
33	Change in the financial liability's fair value resulting from a change in the credit		0	0
34	Estimated provisions for expected losses from loans	4.4	10 118 445	4 052 398
35	Unused profit (loss)		4 273 717 073	3 986 741 951
36	Total equity		4 724 662 201	4 404 822 754
	IV. OFF-BALANCE SHEET LIABILITIES			
37	Irrevocable liabilities of the credit institution		23 789 225 118	15 979 456 233
38	Guarantees and sureties issued by the credit institution		1 672 370 921	1 597 667 044
39	Non-credit related commitments		658 269	0

Herman Gref, CEO, Chairman of the Executive Board of Sberbank ___________

(Full Name) (Signature)

Senior Managing Director, Chief Accountant –
Director of the Accounting and Reporting Department
of Sberbank

M. Ratinsky ___________

(Full Name) (Signature)

L.S

Bank reporting

Territory code under OKATO	Code of the credit institution (branch)	
	under OKPO	registration number (reference number)
45293554000	00032537	1481

STATEMENT OF FINANCIAL PERFORMANCE
(disclosure form)
for the year 2020

Credit institution: Sberbank of Russia
Sberbank
Address (location) of the credit institution 117997, Moscow, 19 Vavilova Street

Form code under OKUD 0409807
Quarterly (Annual)

Section 1. Profit and loss

Line No.	Item	Note number	Figures for the reporting period, thousand RUB	Figures for the same period of the previous year, RUB thousand
1	2	3	4	5
1	Interest income, total, including:	5.1	2 219 606 631	2 245 115 531
1.1	From deposits and loans to credit institutions		63 942 796	126 383 467
1.2	From loans and advances to customers other than credit institutions		1 923 670 656	1 904 353 380
1.3	From services related to leasing		0	0
1.4	From investments in securities		231 993 179	214 378 684
2	Interest expenses, total, including:	5.2	708 241 008	899 637 220
2.1	On due to credit institutions		63 309 760	70 089 925
2.2	On due to customers other than credit institutions		596 115 254	792 135 920
2.3	On issued securities		48 815 994	37 411 375
3	Net interest income (negative interest margin)		1 511 365 623	1 345 478 311
4	Change in the loss provision and estimated provision for expected losses from loans, loan debt and debt equivalents, funds in correspondent accounts, and accrued interest income, total, including:	9.2	-444 454 225	-177 720 915
4.1	Change in the loss provision and estimated provision for expected loan losses from accrued interest income		-12 683 503	-11 962 421
5	Net interest income (negative interest margin) after provision for possible		1 066 911 398	1 167 757 396
6	Net income from operations with financial assets at fair value through profit or loss		-88 731 114	-903 839
7	Net income from operations with financial liabilities at fair value through profit or loss		0	0
8	Net income from operations with securities carried at fair value through other comprehensive income		19 151 740	10 394 819
8a	Net income from operations with investment securities available for sale		X	X
9	Net income from operations with securities carried at the depreciated value		597 164	-103 833
9a	Net income from operations with investment securities held to maturity		X	X
10	Net income from operations with foreign currencies		17 613 748	50 341 088
11	Net income from foreign currency revaluation	5.3	167 282 840	-20 359 099
12	Net income from operations with precious metals		12 039 717	6 384 871
13	Income from other equity participation		59 650 575	72 417 775
14	Fee and commission income	5.4	708 724 673	639 408 087
15	Fee and commission expense	5.4	189 279 100	133 087 388
16	Change in the loss provision and estimated provision for expected loan losses from securities carried at fair value through other comprehensive	9.2	-6 057 787	3 612 978
16a	Provision charge for investment securities available for sale		X	X
17	Change in the loss provision and estimated provision for expected loan losses from securities carried at the depreciated value	9.2	-2 802 591	1 700 927
17a	Provision charge for investment securities held to maturity		X	X
18	Changes in the provision for other losses		-93 928 186	-22 000 437
19	Other operating income		35 495 876	110 488 421
20	Net income (expenses)		1 706 668 953	1 886 051 766
21	Operating expenses	5.5	831 700 297	788 410 966
22	Profit (loss) before tax	3.2	874 968 656	1 097 640 800
23	Tax compensation (expenses)	5.6	165 076 777	241 395 672
24	Profit (loss) from continuing operations		710 599 365	856 879 191
25	Profit (loss) from discontinued operations		-707 486	-634 063
26	Profit (loss) for the reporting period	3.2	709 891 879	856 245 128

Section 2. Other comprehensive income

Line No.	Item	Note number	Figures for the reporting period, thousand RUB	Figures for the same period of the previous year, RUB thousand
1	2	3	4	5
1	Profit (loss) for the reporting period	3.2	709 891 879	856 245 128
2	Other comprehensive income (loss)		0	0
3	Items that will not be reclassified into profit or loss, total, including:		-6 245 773	-12 316 520
3.1	Change in revaluation of fixed assets and intangible assets		-5 615 093	-12 085 876
3.2	Changes in the fund for revaluation of liabilities (claims) related to pension for employees under defined contribution plans		-630 680	-230 644
4	Income tax related to items that may not be reclassified into profit or loss		-1 620 275	-3 235 076
5	Other comprehensive income (loss) that may not be reclassified into profit or loss, net of income tax		-4 625 498	-9 081 444
6	Items that may be reclassified into profit or loss, total, including:		46 862 279	132 471 151
6.1	Change in revaluation of financial assets carried at fair value through other comprehensive income		46 862 279	132 471 151
6.1a	Change in revaluation of financial assets available for sale		X	X
6.2	Change in revaluation of financial liabilities carried at fair value through profit or loss		0	0
6.3	Change in the cash flow hedging fund		0	0
7	Income tax related to items that may be reclassified into profit or loss		9 372 456	26 494 230
8	Other comprehensive income (loss) that may be reclassified into profit or loss, net of income tax		37 489 823	105 976 921
9	Other comprehensive income (loss), net of income tax		32 864 325	96 895 477
10	Financial performance for the reporting period		742 756 204	953 140 605

Herman Gref, CEO, Chairman of the Executive Board of Sberbank ____________

(Full Name) (Signature)

Senior Managing Director, Chief Accountant –
Director of the Accounting and Reporting Department of Sberbank

L.S.

M. Ratinsky __________

(full name) (signature)

Bank reporting

Territory code under OKATO	Code of the credit institution (branch)	
	under OKPO	registration number (reference number)
45293554000	00032537	1481

STATEMENT OF CAPITAL ADEQUACY TO COVER RISKS
(disclosure form)
as of 1 January 2021

Credit institution: Sberbank of Russia
Sberbank
Address (location) of the credit institution 117997, Moscow, 19 Vavilova Street

Form code under OKUD 0409808
Quarterly (Annual)

Section 1. Information on the level of capital adequacy

Line No.	Name of derivative (item)	Note number	Instrument cost (value) as of the reporting date, thous. RUB	Instrument cost (value) as of the beginning of the reporting year, thous. RUB	The link to the balance sheet items (the published form) which are sources of elements of the equity
1	2	3	4	5	6
Sources of core capital					
1	Charter capital, share premium, total, including created through:		236 765 070	236 765 070	24, 26
1.1	Ordinary shares		236 765 070	236 765 070	24, 26
1.2	Preferred shares		0	0	
2	Retained earnings (loss):		3 525 781 880	3 262 228 821	35
2.1	of previous years		3 525 781 880	3 066 058 621	35
2.2	of the reporting year		0	196 170 200	35
3	Reserve fund		3 527 429	3 527 429	27
4	Fraction of charter capital subject to gradual exclusion from the calculation of equity (capital)		not applicable	not applicable	
5	Subsidiaries' core capital instruments held by third parties		not applicable	not applicable	
6	Sources of core capital, total (line 1 +/- line 2 + line 3 - line 4 + line 5)		3 766 074 379	3 502 521 320	
Items decreasing the sources of core capital					
7	Financial instrument value adjustment		0	0	
8	Goodwill net of deferred tax liabilities		0	0	
9	Intangible assets (except for goodwill and amounts related to rights for mortgage loan servicing), net of deferred tax liabilities		103 507 601	108 548 633	11
10	Deferred tax assets dependent on future income		0	0	
11	Cash flow hedging provisions		0	0	
12	Incompletely created provisions for possible losses		0	0	
13	Income from securitization transactions		not applicable	not applicable	
14	Income and expense related to changes in credit risk for liabilities at fair value		not applicable	not applicable	
15	Assets of defined benefit pension plan		not applicable	not applicable	
16	Investments in treasury shares		0	0	
17	Counter investments of the credit institution and financial institution in core capital instruments		2 988 869	21 229 172	
18	Non-material investments in core capital instruments of financial institutions		0	0	
19	Material investments in core capital instruments of financial institutions		0	0	
20	Rights for mortgage loan servicing		not applicable	not applicable	
21	Deferred tax assets independent of future income		0	0	
22	Total amount of material investments and deferred tax assets in excess of 15 percent of core capital, total, including:		0	0	
23	Material investments in core capital instruments of financial institutions		0	0	
24	Rights for mortgage loan servicing		not applicable	not applicable	
25	deferred tax assets independent of future revenue		0	0	
26	Other items reducing the sources of core capital established by the Bank of Russia		78 387 290	72 788 474	
27	Negative amount of additional capital		0	0	
28	Items decreasing the sources of core capital, total (sum of lines 7 – 22, 26 and 27)		184 883 760	202 566 279	
29	Core capital, total (line 6 – line 28)		3 581 190 619	3 299 955 041	
Sources of additional capital					
30	Additional capital instruments and share premium, total, including:		150 000 000	0	
31	those classified as capital		0	0	
32	those classified as liabilities		150 000 000	0	
33	Additional capital instruments subject to gradual exclusion from the calculation of equity (capital)		0	0	
34	Additional capital instruments of subsidiaries, which are held by third parties, total, including:		not applicable	not applicable	
35	Additional capital instruments of subsidiaries subject to gradual exclusion from the calculation of equity (capital)		not applicable	not applicable	
36	Sources of additional capital, total (line 30 + line 33 + line 34)		150 000 000	0	
Items decreasing the sources of additional capital					
37	Investments in the bank's own additional capital instruments		0	0	
38	Counter investments of the credit institution and financial institution in additional capital instruments		0	0	
39	Non-material investments in additional capital instruments of financial		0	0	
40	Material investments in additional capital instruments of financial institutions		0	0	
41	Other items reducing the sources of additional capital established by the Bank of Russia		0	0	
42	Negative amount of supplementary capital		0	0	
43	Items decreasing the sources of additional capital, total (sum of lines 37 – 42)		0	0	
44	Additional capital, total (line 36 – line 43)		150 000 000	0	
45	Fixed capital, total (line 29 + line 44)		3 731 190 619	3 299 955 041	

	Sources of supplementary capital				
46	Supplementary capital instruments and share premium		859 347 348	819 603 294	16.2, 24, 29, 35
47	Supplementary capital instruments subject to gradual exclusion from the calculation of equity (capital)		13 101 680	369 652 520	15, 16.2, 24
48	Supplementary capital instruments of subsidiaries which are held by third parties, total, including:		not applicable	not applicable	
49	Supplementary capital instruments of subsidiaries subject to gradual exclusion from the calculation of equity (capital)		not applicable	not applicable	
50	Provisions for possible losses		99 325 658	110 959 952	
51	Sources of supplementary capital, total (line 46 + line 47 + line 48 + line 50)		971 774 686	1 300 215 766	
	Items decreasing the sources of supplementary capital				
52	Investments in the bank's own supplementary capital instruments		0	0	
53	Counter investments of the credit institution and financial institution in supplementary capital instruments		0	0	
54	Non-material investments in supplementary capital instruments and other instruments that contribute to total loss-absorbing capacity of financial		0	0	
54a	Investments in other instruments that contribute to total loss-absorbing capacity of financial institutions		0	0	
55	Material investments in supplementary capital instruments and other instruments that contribute to total loss-absorbing capacity of financial		42 373 681	32 230 379	5
56	Other items reducing the sources of supplementary capital established by the Bank of Russia, total, including:		20 431	18 237	13
56.1	Accounts receivable overdue for more than 30 calendar days		20 431	18 237	13
56.2	Excess of total amount of loans, banking guarantees and sureties provided to own shareholders (participants) and insiders over its maximum amount		0	0	
56.3	Investments in creation and acquisition of fixed assets and inventory		0	0	
56.4	The difference between the actual cost of a share payable to participants who have withdrawn from the company and the cost for which this share was sold to another participant		0	0	
57	Items reducing the sources of supplementary capital, total (sum of lines from 52 to 56)		42 394 112	32 248 616	
58	Supplementary capital, total (line 51 – line 57)		929 380 574	1 267 967 150	
59	Equity (capital), total (line 45 + line 58)	3.2	4 660 571 193	4 567 922 191	
60	Risk-weighted assets:		X	X	
60.1	those necessary for defining core capital adequacy		32 003 656 797	31 399 032 442	
60.2	those necessary for defining fixed capital adequacy		32 003 656 797	31 399 032 442	
60.3	those necessary for defining the equity (capital) adequacy		32 041 960 100	31 469 505 611	
	Equity (capital) adequacy ratio and buffers on equity (capital) adequacy ratio requirements, percentage				
61	Core capital adequacy (line 29 : line 60.1)	10	11.2	10.5	
62	Fixed capital adequacy (line 45 : line 60.2)	10	11.7	10.5	
63	Equity (capital) adequacy (line 59 : line 60.3)	10	14.5	14.5	
64	Buffers on core capital adequacy ratio, total, including:		not applicable	not applicable	
65	capital conservation buffer		not applicable	not applicable	
66	counter-cyclical buffer		not applicable	not applicable	
67	systemic importance buffer		not applicable	not applicable	
68	Core capital available for directing to support of equity (capital) adequacy		not applicable	not applicable	
	Equity (capital) adequacy ratio requirements, percentage				
69	Core capital adequacy ratio	10	11.2	10.5	
70	Fixed capital adequacy ratio	10	11.7	10.5	
71	Equity (capital) adequacy ratio	10	14.5	14.5	
	Items not accepted for the reduction of sources of capital which do not exceed the applicable materiality thresholds				
72	Non-material investments in capital instruments and other instruments that contribute to total loss-absorbing capacity of financial institutions		0	0	
73	Material investments in core capital instruments of financial institutions		201 582 081	249 051 668	8
74	Rights for mortgage loan servicing		not applicable	not applicable	
75	Deferred tax assets independent of future income		26 998 257	50 463 662	10
	Restrictions on the inclusion of provisions for possible losses in the calculation of supplementary capital				
76	Provision for possible losses included in the calculation of supplementary capital, with regard to positions for which the credit risk is calculated using the standardized approach		not applicable	not applicable	
77	Restrictions for inclusion in calculation of the supplementary capital of the amounts of provision for possible losses when using of the standardized approach		not applicable	not applicable	
78	Provision for possible losses included in the calculation of supplementary capital, with regard to positions for which the credit risk is calculated using the internal models		0	0	
79	Restrictions for inclusion in calculation of the supplementary capital of the amounts of provision for possible losses when using approach on the basis of internal models		0	0	
	Instruments subject to gradual exclusion from the calculation of equity (capital) (applies from January 1, 2018 to January 1, 2022)				
80	The current limitation on including instruments subject to gradual exclusion from the calculation of equity (capital) in the list of core capital sources		0	0	
81	Instruments not included in the list of core capital sources due to the limitation		0	0	
82	The current limitation on including instruments subject to gradual exclusion from the calculation of equity (capital) in the list of additional capital sources		0	0	
83	Instruments not included in the list of additional capital sources due to the limitation		0	0	
84	The current limitation on including instruments subject to gradual exclusion from the calculation of equity (capital) in the list of supplementary capital		0	0	
85	Instruments not included in the list of supplementary capital sources due to the limitation		0	0	

Note.

Information on the data of the balance sheet which are sources for compiling section 1 of the Report are provided in table No. 1.1 of section I "Information on equity (capital) structure" of Information on applied procedures for managing risk and equity disclosed at www.sberbank.com, within the timeframes prescribed by Ordinance No. 4983 (4983-U) dated 27 November 2018 «On the Forms, Procedure and Timeframe for Credit Institutions to Disclosure Information on Their Activities»

Section 4. Key characteristics of capital instruments

Line No.	Capital instrument characteristic	Description of instrument characteristics	Description of instrument characteristics	Description of instrument characteristics	Description of instrument characteristics	Description of instrument characteristics	Description of instrument characteristics	Description of instrument characteristics	Description of instrument characteristics
1	2	3	4	5	6	7	8	9	10
1	Short company name of the capital instrument issuer	Sberbank	Sberbank	Bank of Russia	The Government of the Russian Federation, represented by the Ministry of Finance of the Russian Federation	Bank of Russia	Bank of Russia	SB CAPITAL S.A.	SB CAPITAL S.A.
2	Capital instrument identification number	10301481B, RU0009029540	20301481B, RU0009029557	Subordinated Loan Agreement of the Bank of Russia No. 13/4 dated 16 June 2014 (including Supplementary Agreement No 1)	Assignment Agreement between the Bank of Russia and the Government of the Russian Federation represented by the Ministry of Finance of the Russian Federation No. BR-D-28-4-1/460/ MF RF No. 01-01-06/04-414 dated 4 June 2020 (as amended by the agreement on changing the terms of discharge of obligations under the subordinated loan dated 31/08/2020 No. 01-01-06/04-732)	Subordinated Loan Agreement of the Bank of Russia No 13/1 dated 17 October 2008 (including Supplementary Agreements No 1 and No. 2)	Subordinated Loan Agreement of the Bank of Russia No. 13/2 dated 5 November 2008 (including Supplementary Agreements No 1 and No. 2)	XS0848530977	XS0935311240
3	Law applicable to capital instruments: Country code	643	643	643	643	643	643	442	442
3a	Law applicable to capital instruments: Country Name	Russia	Russia	Russia	Russia	Russia	Russia	Luxembourg	Luxembourg
	other total loss-absorbing capacity instruments: Country code								
	other total loss-absorbing capacity instruments: Country Name								
4	Capital level in which the instrument is included during the Basel III transitional period	core capital, supplementary capital	supplementary capital	supplementary capital	Additional paid-in capital	supplementary capital	supplementary capital	supplementary capital	supplementary capital
5	Capital level in which the capital instrument is included after the Basel III transitional period	corecapital, supplementary capital	supplementary capital	does not comply	Additional paid-in capital	does not comply	does not comply	does not comply	supplementary capital
6	Consolidation level at which the instrument is included in the capital	on an individual basis and at the banking group level	on an individual basis and at the banking group level	on an individual basis and at the banking group level	on an individual basis and at the banking group level	on an individual basis and at the banking group level	on an individual basis and at the banking group level	on an individual basis and at the banking group level	on an individual basis and at the banking group level
7	Instrument type	ordinary shares	preferred shares	subordinated loan (deposit, loan)	subordinated loan (deposit, loan)	subordinated loan (deposit, loan)	subordinated loan (deposit, loan)	subordinated bond loan	subordinated bond loan
8	Cost of the instrument included in the capital calculation	64 760 844.00	2 960 000.00	0.00	150 000 000.00	0.00	0.00	13 091 680.00	27 750 020.00
9	Instrument nominal value	0.003; Russian ruble	0.003; Russian ruble	49,992,974.00; Russian ruble	150,000,000.00; Russian ruble	145,646,358.00, Russian ruble	150,000,000.00, Russian ruble	1.00, USD	1.00, USD
10	Capital instrument classification for accounting purposes	share capital	share capital	a liability carried at the book value	a liability carried at the book value	a liability carried at the book value	a liability carried at the book value	a liability carried at amortized cost	a liability carried at the book value
11	Instrument issue (attraction, placement) date	11.07.2007	11.07.2007	25.03.2015	04.09.2020	25.03.2015	25.03.2015	12.11.2012	10.06.2013
12	Maturity period for the instrument	no maturity period	no maturity period	has maturity period	no maturity period	has maturity period	has maturity period	has maturity period	has maturity period
13	Instrument repayment date	without limitation	without limitation	18.06.2064	without limitation	20.10.2058	06.11.2058	29.10.2022	23.05.2023
14	Right to early redemption (repayment) of the instrument agreed on with the Bank of Russia	none	none	yes	yes	yes	yes	yes	yes

15	Initial date (dates) for possible exercise of the early redemption (repayment) right for the instrument, the terms for exercising this right, and the redemption (repayment) amount	none	none	right to early repayment with the consent of the Bank of Russia	right to early repayment with the consent of the Bank of Russia	right to early repayment with the consent of the Bank of Russia	right to early repayment with the consent of the Bank of Russia	possibility of early repayment of an instrument in full (not partially) upon the consent of the Bank of Russia related to changes in the tax legislation or the requirements of the authorized supervisory body which substantially deteriorate the issue terms for the parties to the agreement	possibility of early repayment of an instrument in full (not partially) upon the consent of the Bank of Russia related to changes in the tax legislation or the requirements of the authorized supervisory body which substantially deteriorate the issue terms for the parties to the agreement
16	Subsequent date (dates) for exercising the early redemption (repayment) right for the instrument	none	none	not applicable	starting from 4 September 2025, exercise of the early redemption right upon the consent of the Bank of Russia is possible on a daily basis	not applicable	not applicable	not applicable	not applicable
17	Type of rate on the instrument	floating rate	floating rate	fixed rate	fixed rate	fixed rate	fixed rate	fixed rate	fixed rate
18	Rate	not applicable	at least 0.15 of the nominal value	0.07	0.07	0.07	0.07	0.05	0.05
19	Presence of conditions for ceasing dividend payments on ordinary shares	not applicable	yes	yes	yes	yes	yes	none	yes
20	Whether dividend payment is obligatory or not	fully at the discretion of the credit institution (parent credit institution and/or banking group participant)	fully at the discretion of the credit institution (parent credit institution and/or banking group participant)	partially at the discretion of the credit institution (parent credit institution and/or banking group participant)	partially at the discretion of the credit institution (parent credit institution and/or banking group participant)	partially at the discretion of the credit institution (parent credit institution and/or banking group participant)	partially at the discretion of the credit institution (parent credit institution and/or banking group participant)	payment is obligatory	partially at the discretion of the credit institution (parent credit institution and/or banking group participant)
21	Terms providing for an increase in payments on the instrument or other motivation for early redemption (repayment) of the instrument	none	none	none	none	none	none	none	none
22	Payment type	non-cumulative	non-cumulative	non-cumulative	non-cumulative	non-cumulative	non-cumulative	non-cumulative	non-cumulative
23	Instrument convertibility	non-convertible	non-convertible	non-convertible	non-convertible	non-convertible	non-convertible	non-convertible	non-convertible
24	Instrument conversion terms	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable
25	Partial or full conversion	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable
26	Conversion rate	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable
27	Whether conversion is obligatory or not	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable
28	Level of capital into the instrument of which the instrument is converted	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable
29	Short company name of the issuer of the instrument into which the instrument is converted	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable
30	Possibility of writing off the instrument to cover losses	not applicable	not applicable	not applicable	yes	not applicable	not applicable	no	yes

31	Instrument write-off terms	not applicable	not applicable	not applicable	if the Bank's N1.1 ratio has fallen below 5.125% in total during 6 or more operating days within any 30 consecutive operating days, or the Board of Directors of the Bank of Russia has approved a plan of the Bank of Russia's participation in measures to prevent the Bank's bankruptcy, or the Banking Supervision Committee of the Bank of Russia (or the Board of Directors of the Bank of Russia in cases provided for in Article 189.49 of the Federal Law No. 127-ФЗ (127-FZ) has approved the plan of participation of the Deposit Insurance Agency (DIA) in measures to prevent the Bank's bankruptcy that provides for the financial support from the Bank of Russia or	not applicable	not applicable	not applicable	if N1.1 of the Bank falls below 2% as at the reporting date, or the Deposit Insurance Agency (DIA) takes bankruptcy prevention measures. Right of the Bank of Russia to demand write-off is provided for by the agreement and the law
32	Partial or full write-off	not applicable	not applicable	not applicable	partially or in full	not applicable	not applicable	not applicable	partially or in full
33	Permanent or temporary write-off	not applicable	not applicable	permanent	permanent	permanent	permanent	not applicable	permanent
34	Recovery mechanism	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable
34a	Subordination type								
35	Instrument subordination	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable
36	Compliance with the requirements of Bank of Russia Regulation No. 646-P and Bank of Russia Regulation No. 509-P	yes	no	no	yes	no	no	no	yes
37	Description of discrepancies	not applicable	no loss absorption condition	no loss absorption condition	not applicable	no loss absorption condition	no loss absorption condition	no loss absorption condition	not applicable

Note: complete information on the conditions of the issue (raising) of capital instruments, as well as relevant information from section 4 of the Report is provided in the "Regulatory Disclosure" section at www.sberbank.com.

Herman Gref, CEO, Chairman of the Executive Board of Sberbank

(full name) (signature)

Senior Managing Director, Chief Accountant – Director of the Accounting and Reporting Department of Sberbank

L.S.

M. Ratinsky ____________

(full name) (signature)

Bank Reporting

Territory code under OKATO	Code of the credit institution (branch)	
	under OKPO	registration number (reference number)
45293554000	00032537	1481

STATEMENT OF CHANGES IN CAPITAL OF THE CREDIT INSTITUTION
(disclosure form)
as of 1 January 2021

Credit institution: Sberbank of Russia
Sberbank
Address (location) of the credit institution 117997, Moscow, 19 Vavilova Street

Form code under OKUD 0409810
Quarterly (Annual)
thous. RUB

Line No.	Item	Note number	Charter capital	Treasury shares (interests) redeemed from shareholders (participants)	Paid-in capital in excess of par value	Revaluation of securities available for sale at fair value reduced by deferred tax liability (plus deferred tax asset)	Revaluation of fixed assets and intangible assets reduced by the deferred tax liability	Increase (reduction) in liabilities (claims) for payment of long-term employee remuneration upon termination of employment in case of revaluation	Revaluation of hedging instruments	Reserve fund	Funds for grant financing (contributions to assets)	Change in the financial liability's fair value resulting from a change in the credit risk	Estimated provisions for expected losses from loans	Retained earnings (loss)	Capital sources, total
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Figures at the beginning of the previous year		67 760 844		228 054 226	-11 998 855	34 547 801	-706 118		3 527 429				3 479 110 742	3 800 296 069
2	Influence of changes in accounting of policy					-8 955 304							7 665 366	8 123 090	6 833 152
3	Effect of correction of errors														0
4	Figures at the beginning of the previous year (corrected)		67 760 844		228 054 226	-20 954 159	34 547 801	-706 118		3 527 429			7 665 366	3 487 233 832	3 807 129 221
5	Aggregate income for the previous reporting period					110 879 826	-4 324 992	-230 644					-3 612 968	856 245 128	958 956 350
5.1	profit (loss)													856 245 128	856 245 128
5.2	Other comprehensive income					110 879 826	-4 324 992	-230 644					-3 612 968		102 711 222
6	Share issue														0
6.1	Nominal value														0
6.2	Share premium														0
7	Treasury shares (interests) redeemed from shareholders (members):														0
7.1	Acquisitions														0
7.2	Disposals														0
8	Revaluation of fixed assets and intangible assets						-4 525 808							4 525 808	0
9	Announced dividends and other payments for benefit of shareholders (participants):	4.12												-361 391 168	-361 391 168
9.1	On ordinary shares													-345 391 168	-345 391 168
9.2	On preferred shares													-16 000 000	-16 000 000
10	Other fees of shareholders (participants) and distribution to shareholders (participants)														0
11	Other transactions													128 351	128 351
12	Figures for the same period of the previous year		67 760 844	0	228 054 226	89 925 667	25 697 001	-936 762	0	3 527 429	0	0	4 052 398	3 986 741 951	4 404 822 754
13	Figures as of the start of the reporting year		67 760 844		228 054 226	89 925 667	25 697 001	-936 762		3 527 429			4 052 398	3 986 741 951	4 404 822 754
14	Influence of changes in accounting of policy	6, 17.4					-14 781							-2 743 668	-2 758 449
15	Effect of correction of errors														0
16	Figures at the beginning of the reporting year (corrected)		67 760 844		228 054 226	89 925 667	25 682 220	-936 762		3 527 429			4 052 398	3 983 998 283	4 402 064 305
17	Total comprehensive income for the reporting period:					31 423 776	-2 152 625	-630 680					6 066 047	709 891 879	744 598 397
17.1	Profit (loss)													709 891 879	709 891 879
17.2	Other comprehensive income					31 423 776	-2 152 625	-630 680					6 066 047		34 706 518
18	Share issue:														0
18.1	Nominal value														0
18.2	Share premium														0
19	Treasury shares (interests) redeemed from shareholders (members):														0
19.1	Acquisitions														0
19.2	Disposals														0
20	Revaluation of fixed assets and intangible assets						-1 827 412							1 827 412	0
21	Announced dividends and other payments for benefit of shareholders (participants):	4.12												-422 375 928	-422 375 928
21.1	On ordinary shares													-403 675 928	-403 675 928
21.2	On preferred shares													-18 700 000	-18 700 000
22	Other fees of shareholders (participants) and distribution to shareholders (participants)														0
23	Other movements													375 427	375 427
24	Figures for the reporting period		67 760 844		228 054 226	121 349 443	21 702 183	-1 567 442	0	3 527 429	0	0	10 118 445	4 273 717 073	4 724 662 201

CEO, Chairman of the Executive Board of Sberbank **Herman Gref** ____________
(Full Name) (Signature)

Senior Managing Director, Chief Accountant – Director of the Accounting and Reporting Department of Sberbank **M. Ratinsky** ____________
(Full Name) (Signature)

L.S.

Bank Reporting

Territory code under OKATO	Code of the credit institution (branch)	
	under OKPO	registration number (reference number)
45293554000	00032537	1481

INFORMATION
ON STATUTORY RATIOS, FINANCIAL LEVERAGE RATIO AND THE LIQUIDITY RATIO
(disclosure form)
as of 1 January 2021

Credit institution: Sberbank of Russia

Sberbank

Address (location) of the credit institution 117997, Moscow, 19 Vavilova Street

Form code under OKUD 0409813

Quarterly (Annual)

Section 1. Information on the key performance indicators of the credit institution

Line No.	Name of the indicator	Note number	Actual value				
			as of the reporting date	Value as of the date one quarter from the reporting date	Value as at the date two quarters from the reporting date	Value as of the date three quarters from the reporting date	Value as at the date four quarters from the reporting date
1	2	3	4	5	6	7	8
CAPITAL, thousand RUB							
1	Core capital		3 581 190 619	4 008 840 502	3 993 428 444	3 989 504 201	3 299 955 041
1a	Core capital with the full use of the expected loan losses model without taking into account the impact of transitional		3 696 098 694	4 123 748 577	4 108 336 519	4 104 412 276	3 348 109 832
2	Fixed capital		3 731 190 619	4 158 840 502	3 993 428 444	3 989 504 201	3 299 955 041
2a	Fixed capital with the full use of the expected loan losses model		3 846 098 694	4 273 748 577	4 108 336 519	4 104 412 276	3 348 109 832
3	Equity (capital)	3.2	4 660 571 193	4 873 464 994	4 624 728 636	4 525 375 414	4 567 922 191
3a	Equity (capital) with the full use of the expected loan losses model		4 754 980 552	5 036 134 783	4 743 988 446	4 686 861 662	4 648 201 671
RISK-WEIGHTED ASSETS, thousand RUB							
4	Risk-weighted assets		32 041 960 100	31 670 278 123	29 332 817 089	32 721 626 971	31 469 505 611
CAPITAL ADEQUACY RATIOS, percentage							
5	Core capital adequacy ratio R1.1 (R20.1)	10	11.2	12.7	13.6	12.2	10.5
5a	Core capital adequacy ratio with the full use of the expected loan losses model		11.6	13.1	14.1	12.6	10.7
6	Fixed capital adequacy ratio R1.2 (R20.2)	10	11.7	13.1	13.6	12.2	10.5
6a	Fixed capital adequacy ratio with the full use of the expected credit losses model		12.0	13.5	14.1	12.6	10.7
7	Equity (capital) adequacy ratio R1.0 (R1CCP, R1.3, R20.0)	10	14.5	15.4	15.8	13.8	14.5
7a	Equity (capital) adequacy ratio with the full use of the expected loan losses model		14.9	15.9	16.2	14.4	14.8
BUFFERS ON CORE CAPITAL (percentage from total risk-weighted assets), percentage							
8	Capital conservation buffer						
9	Counter-cyclical buffer						
10	Systemic importance buffer						
11	Own funds (capital) adequacy ratio buffers, total (line 8 + line 9 + line 10)						

12	Core capital available for directing to support of equity (capital) adequacy						
FINANCIAL LEVERAGE RATIO							
13	Amount of balance-sheet assets and off-balance-sheet liabilities at risk for calculating the financial leverage ratio, thous. RUB		34 050 304 644	33 369 360 827	30 768 873 886	31 102 827 929	29 072 220 826
14	Financial leverage ratio of the bank (R1.4), the banking group (R20.4), percentage	10	11.0	12.5	13.0	12.8	11.4
14a	Financial leverage ratio with the full use of the expected loan losses model, percentage		11.2	12.7	13.3	13.1	11.5
LIQUIDITY COVERAGE RATIO							
15	Highly liquid assets, thous. RUB						
16	Net expected cash outflow, thous. RUB						
17	Liquidity coverage ratio R26 (R27), percentage						
STRUCTURAL LIQUIDITY RATIO (NET STABLE FUNDING RATIO)							
18	Available stable funding (ASF), thous.						
19	Required stable funding (RSF), thous. RUB						
20	Structural liquidity ratio (net stable funding ratio) R28 (R29), percentage						
RATIOS LIMITING CERTAIN RISK TYPES, percentage							
21	Quick liquidity ratio R2	9.5	98.5	87.4	88.7	102.7	161.9
22	Current liquidity ratio R3	9.5	127.7	147.0	173.9	163.5	229.?
23	Long-term liquidity ratio R4	9.5	65.3	62.5	58.3	59.3	57.1
24	Ratio of the maximum extent of risk on one borrower or group of related borrowers R6 (R21)		Maximum amount: 14.5; Number of violations: ; Duration:	Maximum amount: 13.7; Number of violations: ; Duration:	Maximum amount: 13.4; Number of violations: ; Duration:	Maximum amount: 16.0; Number of violations: ; Duration:	Maximum amount: 15.2; Number of violations: ; Duration:
25	Maximum major credit risks ratio R7 (R22)		98.1	92.9	61.3	107.2	83.8
26	Aggregate risk ratio of insiders R10.1		-	-	-	-	0.5
27	Ratio of equity (capital) used for purchasing shares (interests) in other legal entities R12 (R23)		14.3	13.2	13.6	12.9	12.6
28	Ratio of the maximum extent of risk on the person (group of persons) related to the bank R25		Maximum amount: 10.7; Number of violations: ; Duration:	Maximum amount: 9.6; Number of violations: ; Duration:	Maximum amount: 6.9; Number of violations: ; Duration:	9.5; Number of violations: ; Duration:	Maximum amount: 8.6; Number of violations: ; Duration:
29	Adequacy ratio of central counterparty total resources R2CCP						
30	Adequacy ratio of central counterparty individual clearing collateral R3CCP						
31	Central counterparty liquidity ratio R4CCP						
32	Maximum concentration risk ratio R5CCP						
33	Liquidity ratio of a non-banking credit institution entitled to make transfers of funds without opening bank accounts and other related bank transactions R15.1						
34	Ratio of maximum aggregate loans to customers involved in settlements for completion of settlement R16						
35	Ratio of loans to borrowers, other than those involved in settlements, from non-banking settlement credit institutions on their own behalf and for their own account R16.1						
36	Ratio of the maximum bill of exchange liability of non-banking settlement credit institutions R16.2						

37	Minimum ratio of mortgage coverage and the volume of issue of mortgage-backed bonds R18						

Section 2. Information on calculating the financial leverage ratio (R1.4)

Subsection 2.1. Calculation of the amount of balance sheet assets and off-balance-sheet liabilities at risk for calculating the financial leverage ratio (R1.4)

Line No.	Name of the indicator	Note number	Amount, thous. RUB
1	2	3	4
1	Amount of assets according to the balance sheet (disclosure form), total		32 975 889 474
2	Correction related to investments in the capital of credit, financial, insurance or other institutions, the reporting data of which is included in consolidated financial statements but not included in the calculation of the amount of equity (capital), statutory ratios, and the amounts (limits) of open foreign exchange positions of the banking group		not applicable for statements of a credit institution as a legal entity
3	Correction related to fiduciary assets recorded according to accounting rules but not included in the calculation of the financial leverage ratio		0
4	Correction related to derivative financial instruments (DFI)		-37 496 225
5	Correction related to securities lending and borrowing		-98 871 580
6	Correction related to reducing credit-related contingencies to credit equivalent		1 489 860 640
7	Other corrections		279 077 665
8	Amount of balance sheet assets and off-balance-sheet liabilities at risk for calculating the financial leverage ratio, after corrections, total		34 050 304 644

Subsection 2.2. Calculation of the financial leverage ratio (R1.4)

Line No.	Name of the indicator	Note number	Amount, thous. RUB
1	2	3	4
	Balance sheet assets risk		
1	Balance sheet assets, total		30 687 146 093
2	Decreasing correction for the sum of figures taken as a decrease in fixed capital		184 883 760
3	Balance sheet assets at risk after correction (difference between lines 1 and 2), total		30 502 262 333
	Risk on operations with derivatives		
4	The current credit risk on transactions with derivatives (less the received variation margin and/or taking into account items netting, if applicable), total		124 887 528
5	Potential credit risk on the counterparty on transactions with derivatives, total		93 755 870
6	Correction for the amount of the nominal value of the collateral on operations with derivatives subject to write-off from the balance		not applicable in accordance with Russian Accounting Standards

7	Decreasing correction for the amount of the transferred variation margin in the established cases		0
8	Correction as regards the claims of the clearing member bank against the central counterparty for client's transactions settlements		0
9	Correction for recording the credit risk as regards the underlying asset for credit derivatives issued		886 508
10	Decreasing correction as regards credit derivatives issued		0
11	Risk amount on derivatives after corrections (the sum of lines 4, 5, 9 less lines 7, 8, 10), total		219 529 906
	Risk on securities lending and borrowing		
12	Claims on securities lending and borrowing (without netting), total		1 937 523 345
13	Correction for netting (claims and liabilities) on securities lending and		154 742 396
14	Credit risk per counterparty on securities lending and borrowing		55 870 816
15	Risk amount on guarantee securities lending and borrowing		0
16	Claims on securities lending and borrowing after corrections (sum of lines 12, 14, 15 less line 13), total		1 838 651 765
	Risk for credit related contingencies		
17	Nominal risk for credit-related contingencies, total		1 285 061 758
18	Correction as regards applying the coefficients of the credit equivalent		-204 798 882
19	Risk amount on credit related commitments after corrections, total (difference between lines 17 and 18)		1 489 860 640
	Capital and risks		
20	Core capital		3 731 190 619
21	Amount of balance sheet assets and off-balance sheet claims at risk for calculation of financial leverage ratio (the amount of lines 3, 11, 16, 19), total		34 050 304 644
	Financial leverage ratio		
22	Financial leverage ratio of the bank (R1.4), the banking group (R20.4), percentage (line 20 : line 21)		10.96

Herman Gref, CEO, Chairman of the Executive Board of Sberbank __________
(Full Name) (Signature)

Senior Managing Director, Chief Accountant –
Director of the Accounting and Reporting Department of Sberbank

L.S

M. Ratinsky __________
(Full Name) (Signature)

Bank reporting

Territory code under OKATO	Code of the credit institution (branch) under OKPO	registration number (reference number)
45293554000	00032537	1481

STATEMENTS OF CASH FLOWS
(disclosure form)
as of 1 January 2021

Credit institution: Sberbank of Russia
Sberbank
Address (location) of the credit institution 117997, Moscow, 19 Vavilova Street

Form code 0409814
Quarterly (Annual)

Line No	Items	Note number	Cash flow for the reporting period, thous. RUB	Cash flows for the corresponding reporting period of the year before the reporting year, RUB thousand
1	2	3	4	5
1	Net cash obtained from (used in) operating activities			
1.1	Total cash received from (used in) operating activities before changes in the operating assets and liabilities, including:		1 327 374 649	1 098 586 792
1.1.1	Interest received		2 157 509 571	2 265 339 006
1.1.2	Interest paid		-720 265 445	-860 547 007
1.1.3	Fee and commission received		703 206 108	635 118 745
1.1.4	Fee and commission paid		-184 487 898	-132 157 978
1.1.5	Income less expenses from operations with financial assets carried at fair value through profit or loss, through other comprehensive income		10 661 305	17 504 491
1.1.6	Income less expenses from operations with securities carried at the depreciated value		0	0
1.1.7	Income less expenses from operations with foreign currencies		17 613 860	50 341 107
1.1.8	Other operating income		42 043 508	45 760 082
1.1.9	Operating expenses		-565 903 986	-662 226 441
1.1.10	Tax expenses (compensation)		-133 002 374	-260 545 213
1.2	Increase (decrease) of net cash from operating assets and liabilities, total, including:		802 216 167	-323 250 185
1.2.1	Net increase (decrease) of mandatory cash balances with the Central Bank of the Russian Federation		-31 456 101	-14 968 355
1.2.2	Net increase (decrease) of financial assets at fair value through profit or loss		-111 097 670	-45 686 681
1.2.3	Net increase (decrease) of loans and advances to customers		-2 746 126 366	-1 050 479 909
1.2.4	Net increase (decrease) of other assets		-59 038 226	-9 082 066
1.2.5	Net increase (decrease) of loans, deposits, and other funds of the Central Bank of the Russian Federation		308 695 605	-29 401 213
1.2.6	Net increase (decrease) in due to credit institutions		400 260 989	-283 465 093
1.2.7	Net increase (decrease) in due to customers other than credit institutions		2 784 068 772	913 469 300
1.2.8	Net increase (decrease) of financial liabilities at fair value through profit or loss		109 490 950	8 000 606
1.2.9	Net increase (decrease) of debt securities in issue		133 255 720	149 645 330
1.2.10	Net increase (decrease) of other liabilities		14 162 494	38 717 896
1.3	Total (sum of lines 1.1 and 1.2)		2 129 590 816	775 336 607
2	Net cash obtained from (used in) investing activities			
2.1	Acquisition of financial assets carried at fair value through other comprehensive income		-3 276 232 465	-2 521 822 176
2.2	Revenue from sale and redemption of financial assets carried at fair value through other comprehensive income		1 818 776 044	2 303 089 423
2.3	Acquisition of securities carried at the depreciated value		-330 651 592	-107 464 209
2.4	Revenue from redemption of securities carried at the depreciated value		133 611 368	79 577 820
2.5	Acquisition of fixed assets, intangible assets and equipment		-134 810 082	-146 948 610
2.6	Proceeds from sale of fixed assets, intangible assets, and inventory		17 330 650	21 987 119
2.7	Dividends received		57 757 953	49 703 653
2.8	Total (sum of lines 2.1 and 2.7)		-1 714 218 124	-321 876 980
3	Net cash obtained from (used in) financing activities			
3.1	Shareholders' (members') contributions to the charter capital		0	0
3.2	Acquisition of treasury shares (interest) redeemed from the shareholders (members)		0	0
3.3	Sale of treasury shares (interest) redeemed from the shareholders (members)		0	0
3.4	Dividends paid	4.12	-422 778 062	-359 831 168
3.5	Total (sum of lines 3.1 and 3.4)		-422 778 062	-359 831 168
4	Impact of changes to the currency exchange rates as established by the Central Bank of the Russian Federation on cash and cash equivalents		124 725 539	-92 561 302
5	Increase (use) of cash and cash equivalents	7	117 320 169	1 067 157
5.1	Cash and cash equivalents as of the beginning of the reporting year	4.1	1 771 248 911	1 770 181 754
5.2	Cash and cash equivalents as of the end of the reporting period	4.1	1 888 569 080	1 771 248 911

Herman Gref, CEO, Chairman of the Executive Board of Sberbank ____________

(Full Name) (Signature)

Senior Managing Director, Chief Accountant –
Director of the Accounting and Reporting Department of Sberbank

L.S.

M. Ratinsky ____________
(Full Name) (Signature)

Explanatory Information on Sberbank annual accounting (financial) statements for 2020

Table of Contents

This Explanatory Information:

- is an integral part of the annual accounting (financial) statements of [1]Sberbank [2]for 2020 from 1 January 2020 through 31 December 2020 (inclusive) prepared in accordance with the current legislation of the Russian Federation[3] (hereinafter – Russia).
- Provides for the disclosure of material information on Sberbank's operations that has not been presented in the annual statements
- Is based on regulatory reporting forms[4] and other reporting forms of the Bank prepared under Russian Accounting Standards[5] and does not include the information from consolidated financial statements of Sberbank Banking Group[6], unless otherwise specified
- Takes into account events after the reporting date
- is presented in RUB billions, unless otherwise specified;
- includes comparable figures for 2020 and 2019.

The annual accounting (financial) statements of Sberbank include:

- Balance sheet (disclosure form) for 2020;
- Statement of financial performance (disclosure form) for the year 2020;
- Statement of capital adequacy to cover risks (disclosure form) as of 1 January 2021;
- Statement of changes in capital of the credit institution (disclosure form) as of 1 January 2021;
- Information on statutory ratios, financial leverage ratio and the liquidity ratio (disclosure form) as of 1 January 2021
- Statements of cash flows (disclosure form) as of 1 January 2021;
- explanatory information to the annual accounting (financial) statements.

The Explanatory Information includes information on the events and transactions that are significant for the assessment by the user of changes in the financial standing and in the results of Sberbank's activities.

The annual statements are posted on the official website of Sberbank at www.sberbank.com.

The information on accepted risks, risk assessment procedures, and risk and capital management procedures of Sberbank and the Group is posted on the official website of Sberbank at www.sberbank.com in the section Information Disclosure for Regulatory Purposes within the timeframe established by Bank of Russia Ordinance No. 4481-У (4481-U) dated 7 August 2017.

[1]Hereinafter – the annual statements
[2]Hereinafter – Sberbank, the Bank
[3] Bank of Russia Ordinance No. 4983-У (4983-U) dated 27 November 2018 "On the Forms, Procedure and Timeframe for Disclosing Information on Activities by Credit Institutions"
[4] Bank of Russia Ordinance No. 4927-У (4927-U) 'On the List, Forms and Procedures for Compiling and Submitting Credit Institutions' Reporting Forms to the Central Bank of the Russian Federation' dated 8 October 2018 (hereinafter Ordinance No. 4927-У (4927-U)
[5]Hereinafter RAS
[6]Hereinafter referred to as the "Group," "Sberbank Group"

1. General information

Full company name of the Bank: Sberbank of Russia.

Short company name of the Bank: Sberbank.

Registered office: 19 Vavilova St., Moscow 117997, Russia.

2. Sberbank Banking Group

In 2020 the number of banking group participants increased by 91, and as at 1 January 2021 there were 393 companies[7]:

	As at 1 January 2021	*As at 1 January 2020*
Number of the banking Group members, including	393	302
direct control	45	45
indirect control	343	253
indirect control and, at the same time, direct participation	5	4

The Bank is the parent credit institution of the banking group consisting, as at 1 January 2021, in addition to the Bank, of the following members that significantly affect the Group's[7] financial performance:

	Company name	*Share of control of the Group, %*
	Direct control by the Bank	
1	Sberbank Leasing Joint-Stock Company	100.0000
2	Sberbank Capital Limited Liability Company	100.0000
3	Subsidiary Bank Sberbank of Russia Joint-Stock Company	99.9978
4	Joint-Stock Company Sberbank	100.0000
5	Sberbank Investments Limited Liability Company	100.0000
6	Sberbank – Automated Trading System Closed Joint-Stock Company	100.0000
7	BPS-Sberbank Open Joint-Stock Company (group of companies)*	98.4267
8	SB CIB Holding Limited Liability Company	100.0000
9	Sberbank Europe AG (group of companies)*	100.0000
10	Sberbank Financial Company Limited Liability Company	100.0000
11	Cetelem Bank, Limited Liability Company	100.0000
12	Sberbank Private Pension Fund Joint-Stock Company	100.0000
13	IC Sberbank Life Insurance Limited Liability Company	100.0000
14	Promising Investments Limited Liability Company	100.0000
15	Auction Limited Liability Company	100.0000
16	BARUS Limited Liability Company	100.0000
17	Sberbank Factoring Limited Liability Company	100.0000
	Indirect control by the Bank	
1	SB Finance Holding Limited Liability Company	100.0000
2	SBGB CYPRUS LIMITED	100.0000
3	Sberbank CIB Joint-Stock Company	100.0000
4	Sberbank Switzerland AG	99.8236
5	SVK Holding Limited Liability Company	99.9999

** Companies that submit reports by subgroups (in aggregate, the subgroups have 19 companies, including parent companies).*

[7]According to reporting form 0409801 "Report on the composition of the banking group and on investments of the credit institution in shares of mutual funds"

The remaining 354 companies have a minimal impact on the Bank's financial indicators or are not named in Clause 1.2 of Bank of Russia Regulation No. 509-П (509-P) dated 3 December 2015 "On Calculating the Equity (Capital), Required Ratios and Open Currency Position Limits of Banking Groups."

Through its network of subsidiary banks and financial companies, the Bank is present in the markets of other countries:

- subsidiary banks: in the Republic of Kazakhstan, Ukraine, Republic of Belarus, Switzerland, Austria (with a network of banks in the Czech Republic, Hungary, Croatia, Serbia, Slovenia, Bosnia and Herzegovina, and a branch in Germany)
- financial companies: in the Republic of Kazakhstan, the Republic of Belarus, Ireland, the United States of America, the United Kingdom, Cyprus, and other countries.

Within their regions of presence, subsidiary banks offer a wide range of banking services to retail and corporate customers, perform financial markets transactions. All operations are made under licenses obtained from national regulators. Financial companies provide services within their respective specialization.

The Bank is represented in India by its branch in New-Delhi.

In addition, the Bank 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 to promoting the business of the Bank and its customers in their regions of presence.

Detailed information on Sberbank Group, large members of the Group, its members included in the consolidation perimeter under RAS and IFRS[8], and on key performance indicators of the Group is represented in the Group's IFRS consolidated financial statements, and in the Information on accepted risks, procedures of their assessment, management of risks and equity of Sberbank Group disclosed on the Bank's website in accordance with Bank of Russia Ordinance No. 4482-У (4482-U) dated 7 August 2017 "On the Form and Procedure for a Credit Institution (Parent Credit Institution of a Banking Group) to Disclose Information on Risks Assumed, Risk Assessment Procedures and Risk and Capital Management Procedures".

Currently, the National Wealth Fund (NWF) is the majority shareholder of the Bank with 52.3% of the Bank's ordinary shares, or 50.0% plus one share of the Bank's issued and outstanding ordinary and preferred shares. The Bank's ultimate controlling shareholder is the Government of the Russian Federation (hereinafter, the Government), represented by the Ministry of Finance of the Russian Federation (hereinafter, the Ministry of Finance). As at 1 January 2020, the Central Bank of the Russian Federation (hereinafter, the Bank of Russia) was the main and ultimate controlling shareholder of the Bank with 52.3% of the Bank's ordinary shares, or 50.0% plus one share of the Bank's issued and outstanding ordinary and preferred shares. In February 2020 the Bank of Russia and the Russian Ministry of Finance announced that an agreement had been reached for the Bank of Russia to sell its 50.0% plus one share in the charter capital of Sberbank to the Russian National Wealth Fund. In April and May 2020, the transaction was closed. Sberbank Executives do not expect any changes in the Bank development strategy as a result of the majority shareholder change.

[8]Hereinafter, IFRS – International Financial Reporting Standards

3. Brief Description of Activities of the Bank

3.1. Nature of Operations and Principal Areas of Activities of the Bank

Sberbank's primary activity is banking operations:

- Operations with corporate customers: maintaining settlement and current accounts, opening deposits, offering financing, granting guarantees, supporting export and import operations, offering cash collection service, conversion services, transfers to legal entities, etc.
- Operations with retail customers: accepting funds as deposits and investments into the Bank's securities, loans, bank card services, operations with precious metals, buying and selling foreign currencies, payments, transfers, custody of valuables, etc.
- Financial markets transactions: involving securities, derivative financial instruments, foreign currency, etc.

The Bank operates under General Banking License No. 1481 issued by the Bank of Russia on 11 August 2015. In addition, Sberbank holds licenses for banking operations pertaining to attracting deposits and placing precious metals, other operations with precious metals, licenses of a professional securities market participant to act as a broker, dealer, depositary, and a securities manager.

Sberbank has been a member of the deposit insurance system since 11 January 2005. Pursuant to Russian laws, the Bank makes quarterly insurance contributions to the Mandatory Deposit Insurance Fund.

3.2. Key Performance Indicators

Sberbank completed 2020 with the following economic figures[9]:

RUB billion	***for 2020*** *(as at 1 January 2021)*	***For 2019*** *(as at 1 January 2020)*
Assets	32,979.7	27,584.1
Capital[10]	4,660.6	4,567.9

	for 2020	***For 2019***
Revenue before taxes	875.0	1,097.6
Revenue after taxes	709.9	856.2

In 2020 the Bank's assets increased by RUB5,395.6 billion, which was mainly due to the growth of outstanding loan carried at amortized cost, and investments in financial assets carried at fair value through other comprehensive income.

As at 1 January 2021, the capital increased by RUB92.7 billion compared to 1 January 2020.

The capital increase in 2020 was caused by competing factors, the main of which are:

- net profit earned in 2020
- positive revaluation of securities;
- inclusion of a subordinated loan acquired from the Ministry of Finance of the Russian Federation in sources of additional paid-in capital, starting from the reporting date as at 1 October 2020
- increase in capital deductions for subordinated loans issued as a result of rising foreign currency exchange rates;
- a positive effect from provisions exceeding expected losses in connection with applying the internal ratings-based approach regulated by Bank of Russia Regulation No. 483-П (483-P) "On the Procedure for Assessing IRB Credit Risk"' dated 6 August 2015 for calculating credit risk, used in the Bank since the statements as at 1 February 2018 in accordance with the authorization issued by the Bank of Russia

[9] Here and elsewhere, the figures provided in the tables may differ from estimates as a result of rounding

[10] The capital is estimated in accordance with Bank of Russia Regulation No. 646-П (646-P) dated 4 July 2018 "On the Methodology for Measuring Credit Institution Capital (Basel III)" (hereinafter referred to as the Regulation No. 646-П (646-P) before using the expected credit losses model.

- full amortization of certain subordinated loans obtained with the government support in accordance with the Federal Law No. 173-ФЗ (173-FZ) dated 13 October 2008 "On Additional Measures to Support the Financial System of the Russian Federation"

Ratings assigned to Sberbank by international agencies:

	As at 1 January 2021		*As at 1 January 2020*	
	Fitch Ratings	***Moody's***	***Fitch Ratings***	***Moody's***
Long-term foreign currency rating				
Sberbank	BBB	Baa3	BBB	Baa3
Russian Federation	BBB	Baa3	BBB	Baa3
Rating of international liabilities				
Loan participation notes issued as part of Sberbank's MTN program	BBB	Baa3	BBB	Baa3
Eurobonds of the Russian Federation	BBB	Baa3	BBB	Baa3

The Analytical Credit Ratings Agency assigned the Bank AAA (RU) credit rating according to the national scale (rating outlook is Stable).

3.3. Factors affecting the Bank's financial results in 2020

Introduction of restrictions by the government in response to the COVID-19 pandemic, starting from the end of Q1 2020, caused a decline in industrial production and activity in many industries.

In 2020, a decline in GDP was 3.1%[11] against the growth by 2.0%[11] in 2019. Consumption by individuals suffered from restrictions most significantly. A high degree of uncertainty about further economic development also suppressed investments. The effect of reduced consumption and investment was partially offset by a considerable decrease in the exchange rate of the Russian ruble compared to the main foreign currencies, and, as a result, a quicker decrease in imports. State support for population and business, and eased monetary policy reduced the negative impact of the restrictions.

The OPEC+ agreement on limiting oil production put the industry under additional pressure. Industrial production in 2020 fell by 2.9%[11] compared to 2019, when the growth of industrial production was 3.4%[11].

Retail sales in 2020 fell by 4.1%[11] after a 1.9%[11] increase in 2019. Paid services for population decreased by 17.3%[11] compared to 2019, when the growth was 0.5%[11]. Consumer demand recovery was limited due to the reduction in the income of population, despite support from the government. Real disposable income of population decreased by 3.5%[11] after growing by 1.0%[11] in 2019.

The year 2020 saw deterioration in the situation on the labor market. By the end of 2020 the unemployment rate reached 5.9%[11] compared to 4.6%[11] in December of the previous year. The real accrued wages grew by 2.2%[11] compared to the 4.8%[11] growth in 2019.

The population's propensity to save increased. The share of income allocated for savings in 2020 amounted to 8.4%[11]. This metric grew versus 3.9%[11] in 2019. The consumer confidence index, which represents total consumer expectations of population, halved in the fourth quarter of 2020 compared to the fourth quarter of 2019 and reached -26.0%[11].

Inflation in annual terms accelerated to 4.9%[11] by the end of December 2020 as compared to 3.0%[11] in December 2019. Weakening of the ruble and high demand for staples had an impact on the growth of prices in the spring of 2020 and in late 2020. Besides, in late 2020, prices for certain types of food also increased. Nevertheless, the restrictions caused considerable deflationary pressure on price changes in terms of aggregate demand. This allowed the Bank of Russia to reduce the key rate by the end of 2020 to 4.25%[12] from 6.25%[12] in late 2019.

At the end of 2020, the average price of Urals oil decreased to USD41.8 per barrel as compared to USD64.3 per barrel in 2019. At the same time, in Q2 2020, the average price decreased to USD30.4 per barrel and gradually recovered to USD44.6 per barrel in Q4 2020.

Ruble volatility increased amid high uncertainty about the consequences of COVID-19 pandemic, deterioration of the situation on the oil market and growth of geopolitical risks. The average ruble exchange rate weakened in Q4 2020 to RUB76.2 per US dollar as compared to RUB66.1 per US dollar in Q1 2020. The 2020 average rate was RUB71.9 per US dollar compared to RUB64.7 per US dollar in 2019.

In 2020 the surplus of current account balance of the Russian Federation decreased to USD32.5 billion (USD64.8 billion in 2019). The decrease in the surplus is related to the decline in exports due to the reduction in global prices for goods and the decrease in physical supply. Export decrease was partially offset by reduced imports amid moderate domestic demand and weakening of the ruble. Current account was also supported by reduced deficit of the balance of services and investment income. Capital outflow in the private sector amounted to USD47.8 billion as compared to USD22.1 billion in 2019. The outflow was mainly

[11] According to Rosstat

[12] Based on Bank of Russia estimates, RAS data.

related to reduction in external liabilities by the banking industry and other sectors. Since the beginning of 2020, the foreign debt of the Russian Federation has decreased by USD21.3 billion to USD470.1 billion.

In 2020, the Russian banking industry showed net profit of RUB1,608.0 billion compared to RUB1,715.0 billion a year earlier. Assets of the banking industry grew in 2020 by 12.5%[11] after adjustment for foreign exchange revaluation compared to 2019. Corporate loan portfolio increased by 9.9%[11] (taking into account the adjustment for foreign exchange revaluation) amid increased demand of companies for working capital as a result of a sharp decline in inbound cash flows in March and April 2020 and state support programs. The retail loan portfolio increased by 13.5%[11] (taking into account the adjustment for foreign exchange revaluation) due to strong growth of mortgage loans related to a general decrease in bank rates and implementation of mortgage programs with reduced rates. The share of overdue debt in the corporate loan portfolio in December amounted to 7.1%[11], and did not change compared to December 2019. The share of overdue debt in the retail loan portfolio increased to 4.7%[11] in December 2020 against 4.3%[11] in December 2019. The funds of population in 2020 increased by 4.2% [11] (less escrow accounts, and taking into account foreign exchange revaluation), while company funds increased by 15.9%[11] (taking into account foreign exchange revaluation).

The situation on Russian stock markets was extremely unstable. In 2020, RTS Index decreased by 10.0% compared to 2019. At the same time, the Moscow Exchange Index increased by 8.0%. Diverging changes in indexes were related to weakening of the RUB/USD exchange rate.

The above changes in the economic environment are having a substantial impact on the Bank's activities.

To support customers during COVID-19 pandemic, the Bank is mainly taking the following measures:

• loan restructuring offers to customers under state-sponsored support programs;

• development of loan restructuring programs to be offered to customers that do not qualify for state-sponsored support programs;

• expanding the range of products offered to customers via remote digital service channels

According to IFRS 9 Financial Instruments, the Bank uses forecasts, including forecasts for macroeconomic indicators, in models for estimating provisions for expected credit losses. To estimate provisions for expected credit losses, as at 1 January 2021, the Bank took into account the following expectations:

• a decline in income of population, which is caused by a decrease in economic activity

• GDP reduction

• updated forecasts for prices of the main commodities and the Russian ruble exchange rate against the main foreign currencies

• state support for population and business

• impact of changes in economic conditions on various industries.

Besides, in 2020, as part of applying recommendations of the IFRS Advisory Council and the European Banking Authority for correct representation of uncertainty related to COVID-19 pandemic, the Bank used the following international practices:

• an approach to estimating macroadjustments was specified

• loss given default was used amid negative growth

• an algorithm for forecasting prepayment for estimating value-at-risk (EAD) was adjusted

• and other measures.

As at 1 January 2021, the Bank ceased to apply all the above-mentioned measures, except for loss given default amid negative growth. Details about changing approaches to estimating expected credit losses and their impact on the Bank's performance for the year ended 31 December 2020 are given in Section 17.3 of this Explanatory Information.

4. Accompanying Information to the Balance Sheet

4.1. Cash and cash equivalents

RUB billion	***for 2020*** *(as at 1 January 2021)*	***For 2019*** *(as at 1 January 2020)*
Cash	614.7	661.6
Funds of credit institutions held with the Central Bank of the Russian Federation	1,058.1	1,159.6
incl.:		
- Mandatory provisions	234.3	202.8
Funds on correspondent accounts with credit institutions of the Russian Federation	7.8	3.7
Funds on correspondent accounts with foreign banks	442.2	149.1
Cash and cash equivalents (less required reserves)	**1,888.5**	**1,771.2**

The table below shows credit quality analysis of cash and cash equivalents carried at amortized cost based on credit risk levels as at1 January 2021:

RUB billion	**Minimum credit risk**	**Low credit risk**	**Medium credit risk**	**Total**
Funds on correspondent accounts with credit institutions of the Russian Federation	6.9	0.7	0.2	7.8
Funds on correspondent accounts with foreign banks	417.0	25.2	-	442.2
Total balance of funds on correspondent accounts with credit institutions of the Russian Federation and foreign banks	**423.9**	**25.9**	**0.2**	**450.0**

The book value of the balance of cash and cash equivalents as at 1 January 2021 and 1 January 2020 also represents the Bank's maximum exposure to credit risk for these assets.

To measure expected credit losses, the balances of cash and cash equivalents are included in Stage 1. As the expected credit losses for these balances make up an insignificant amount, the Bank does not create provisions to cover the expected credit losses (hereinafter, the ECL provision) for cash and cash equivalents. The approach to estimating expected credit risk losses is described in Notes 9.2.

As at 1 January 2021 and 1 January 2020, all cash and cash equivalents are neither overdue nor impaired.

The estimated fair value of cash and cash equivalents is provided in Notes 12. The analysis of cash and cash equivalents by the currency structure and remaining maturity is presented in Notes 9.4 and 9.5. The information on transactions with related parties is disclosed in Notes 15.

4.2. Financial assets carried at fair value through profit or loss

The tables below present the structure of financial assets carried at fair value through profit or loss broken down by types of financial assets:

RUB billion	***for 2020*** *(as at 1 January 2021)*	***For 2019*** *(as at 1 January 2020)*
Total loan receivables, including:	1,541.6	1,361.4
- of legal entities	1,064.6	865.8
- of credit institutions	477,0	495.6
Derivative financial instruments	257,3	134.8
Investments in securities	194.0	101.9
Financial assets carried at fair value through profit or loss	**1,992.9**	**1,598.1**

for 2020
(as at 1 January 2021)

RUB billion	***Investments***	***Maturity period***	***Coupon rate (nominal), %***
Corporate bonds	87.7		
Russian entities	55.0	01/2021 - 12/2078	0.90 - 9.90
Foreign companies	32.7	12/2022–04/2029	2.50–8.07
Bonds, eurobonds of banks and other financial institutions	36.4		
Foreign credit institutions	6.7	06/2022–06/2023	7.75–8.11
Russian credit institutions	3.3	04/2021 - 03/2033	5.15 - 9.25
Other financial institutions	26.4	06.2021 - 01.2078	0.01 - 9.50
Russian Government Bonds	28.8		
Federal Loan Bonds (OFZ)	24.4	12/2022 - 01/2028	6.50 - 7.75
Eurobonds of the Russian Federation	4.4	06/2027 - 03/2035	1.13 - 7.50
Investments in debt securities carried at fair value through profit or loss	**152.9**		

For 2019
(as at 1 January 2020)

RUB billion	***Investments***	***Maturity period***	***Coupon rate (nominal), %***
Corporate bonds	46.6		
Foreign companies	35.2	12/2022–04/2029	2.50–8.07
Russian entities	11.4	04/2020–06/2048	0.90–9.40
Bonds, eurobonds of banks and other financial institutions	25.9		
Foreign credit institutions	6.6	06/2022–06/2023	7.75–8.11
Russian credit institutions	0.6	09/2020–10/2032	7.45–9.50
Other financial institutions	18.7	08/2020–11/2049	1.59–9.20
Russian Government Bonds	2.3		
Federal Loan Bonds (OFZ)	1.9	02/2024–03/2033	6.50–7.70
Eurobonds of the Russian Federation	0.4	03/2030	7.50–7.50
Eurobonds issued by foreign governments	0.3	08/2022	8.65
Investments in debt securities carried at fair value through profit or loss	**75.1**		

Analysis of loan debts of legal entities carried at fair value through profit or loss broken down by lending purposes is presented in the table below:

RUB billion	*for 2020* (*as at 1 January 2021*)	*specific weight, %*	*For 2019* (*as at 1 January 2020*)	*specific weight, %*
Commercial lending	279.0	26.2	168.7	19.5
Project financing	785.6	73.8	697.1	80.5
Corporate loans receivable carried at fair value through profit or loss	1,064.6	100.0	865.8	100.0

4.3. Net loans receivable carried at amortized cost

Net loans receivable include loans extended to credit institutions, other legal entities and individuals, and other debts classified as loan receivable equivalents. The Bank mainly grants loans to residents of the Russian Federation and to non-residents operating within the Russian Federation:

RUB billion,	*for 2020* (*as at 1 January 2021*)	*specific weight, %*	*For 2019* (*as at 1 January 2020*)	*specific weight, %*
Corporate loans receivable and their equivalent	14,336.3	60.3	12,460.7	60.9
Retail loans receivable and their equivalents	8,600.2	36.1	7,344.2	35.9
Interbank loans and other loans receivable from banks	850.2	3.6	665.5	3.2
Total gross book value of retail loans receivable	**23,786.7**	**100.0**	**20,470.4**	**100.0**
ECL provisions	(1,618.0)	6.8	(1,257.5)	6.1
Net loans receivable carried at amortized cost	**22,168.7**		**19,212.9**	

The table below shows the analysis of loans (excluding loans to banks) broken down by types of economic activity:

RUB billion,	*for 2020* (*as at 1 January 2021*)	*specific weight, %*	*For 2019* (*as at 1 January 2020*)	*specific weight, %*
Individuals	8,600.2	37.5	7,344.2	37.1
Real estate transactions	1,970.8	8.6	1,549.6	7.8
Metallurgy	1,817.1	7.9	1,602.5	8.1
Oil and gas industry	1,788.4	7.8	1,351.6	6.8
Services	1,267.4	5.5	1,080.3	5.5
Food industry and agriculture	1,143.1	5.0	1,020.6	5.2
Trade	1,085.1	4.7	1,060.5	5.4
Construction	869.9	3.8	732.9	3.7.
Transport, aviation and space industry	801.7	3.5	599.7	3.0
Power industry	726.8	3.2	610.5	3.1
Telecommunications	701.8	3.1	730.5	3.7.
Government and municipal bodies of the Russian Federation	634.7	2.8	614.1	3.1
Machinery	549.3	2.4	642.8	3.2
Chemical industry	154,4	0.7	164.4	0.8
Timber industry	131.4	0.6	89.0	0.4
Other	694.3	3.0	611.7	3.1
Gross book value of corporate and retail loans receivable and their equivalents	**22,936.4**	**100.0**	**19,805,0**	**100.0**

Analysis of loan debts of legal entities carried at the depreciated value broken down by lending purposes is presented in the table below:

RUB billion,	*for 2020* (as at 1 January 2021)	*specific weight, %*	*For 2019* (as at 1 January 2020)	*specific weight, %*
Commercial lending[13]	12,340.0	86.1	11,403.7	91.5
Project financing	1,996.3	13.9	1,057.0	8.5
Gross book value of corporate loans receivable and their equivalents	**14,336.3**	**100.0**	**12,460.7**	**100.0**

Analysis of loan debts of individuals carried at amortized cost broken down by lending purposes is presented in the table below:

RUB billion,	*for 2020* (as at 1 January 2021)	*specific weight, %*	*For 2019* (as at 1 January 2020)	*specific weight, %*
Housing lending	4,966.4	57.8	4 101.8	55.9
Consumer and other loans	2,814.9	32.7	2,456.1	33.4
Credit cards and overdraft loans	816.1	9.5	783.2	10.7
Car lending	2.8	0.0	3.1	0.0
Total gross book value of retail loans receivable and their equivalents	**8,600.2**	**100.0**	**7,344.2**	**100.0**

The Bank's policy in relation to obtaining security during the reporting period did not change considerably, and the general quality of security in the Bank also did not change significantly compared to the previous period.

Information on outstanding loans backed by securities obtained under reverse repurchase agreements is presented in Section 13 of Explanatory Information.

Expenses less income from initial recognition and modification of outstanding loans in 2020 amounted to RUB4.4 billion. (2019: RUB11.3 billion).

A detailed analysis of net loans receivable by quality categories, currencies and remaining maturity is presented in Notes 9 of the Explanatory Information.

Information on State Subsidies

The Bank participates in the main federal and regional subsidized loan programs. The terms of these programs are disclosed in relevant regulations.

In accordance with the procedure established by these programs, government bodies provide fixed compensation for the cost of relevant banking products.

The credit quality analysis of net loans receivable carried at the amortized cost, as shown in the tables below, is based on the borrower credit risk scale developed by the Bank. The Bank's credit risk classification system and the approach to assessing expected credit losses with regard to net loans receivable carried at the amortized cost are described in Notes 9.2.

[13] As at 1 January 2021 and 1 January 2020, claims under assignment agreements with deferred payment are included in corporate loans receivable for the purposes of commercial lending.

The table below shows analysis of credit quality of corporate loans receivable carried at amortized cost as at 1 January 2021:

RUB billion	**12-month expected loan losses**	**Expected loan losses for the whole life – not impaired assets**	**Expected loan losses for the whole life – impaired assets**	**Purchased or issued impaired assets**	**Total**
Commercial Corporate Lending					
Minimum credit risk	1,198.1	-	-	-	1,198.1
Low credit risk	7,779.7	344.7	-	-	8,124.4
Medium credit risk	971.2	904.1	-	-	1,875.3
High credit risk	-	94.3	-	-	94.3
Default assets	-	-	1,033.0	14.9	1,047.9
Total gross book value of commercial corporate lending	**9,949.0**	**1,343.1**	**1,033.0**	**14.9**	**12,340.0**
Provision for ECL	(90.5)	(169.5)	(677.4)	(1.0)	(938.4)
Total commercial corporate lending	**9,858.5**	**1,173.6**	**355.6**	**13.9**	**11,401.6**

RUB billion	**12-month expected loan losses**	**Expected loan losses for the whole life – not impaired assets**	**Expected loan losses for the whole life – impaired assets**	**Total**
Project financing of legal entities				
Minimum credit risk	47,8	-	-	47,8
Low credit risk	1,017.3	4.0	-	1,021.3
Medium credit risk	585.6	76.1	-	661.7
High credit risk	-	44.7	-	44.7
Default assets	-	-	220.8	220.8
Total gross book value of project financing of legal entities	**1,650.7**	**124.8**	**220.8**	**1,996.3**
Provision for ECL	(33.9)	(28.9)	(114.3)	(177.1)
Total project financing of legal entities	**1,616.8**	**95.9**	**106.5**	**1,819.2**

The table below shows the analysis of the credit quality of corporate loans receivable carried at the amortized cost as at 1 January 2020:

RUB billion	12-month expected loan losses	Expected loan losses for the whole life – not impaired assets	Expected loan losses for the whole life – impaired assets	Purchased or issued impaired assets	Total
Commercial Corporate Lending					
Minimum credit risk	1,903.9	0.2	-	-	1,904.1
Low credit risk	6,304.9	283.2	-	-	6,588.1
Medium credit risk	1,403.1	463.7	-	-	1,866.8
High credit risk	-	70.0	-	-	70.0
Default assets	-	-	943.4	31.3	974.7
Total gross book value of commercial corporate lending	**9,611.9**	**817.1**	**943.4**	**31.3**	**11,403.7**
ECL provision	(78.5)	(77.9)	(616.5)	(14.0)	(786.9)
Total commercial corporate lending	**9,533.4**	**739.2**	**326.9**	**17.3**	**10,616.8**

RUB billion	12-month expected loan losses	Expected loan losses for the whole life – not impaired assets	Expected loan losses for the whole life – impaired assets	Total
Project financing of legal entities				
Minimum credit risk	3.7	-	-	3.7
Low credit risk	460.3	24.0	-	484.3
Medium credit risk	375.9	33.7	-	409.6
High credit risk	-	64.3	-	64.3
Default assets	-	-	95.1	95.1
Total gross book value of project financing of legal entities	**839.9**	**122.0**	**95.1**	**1,057.0**
ECL provision	(22.5)	(18.5)	(48.5)	(89.5)
Total project financing of legal entities	**817.4**	**103.5**	**46.6**	**967.5**

The table below shows credit quality analysis of retail loans receivable carried at amortized cost as at 1 January 2021:

RUB billion	12-month expected loan losses	Expected loan losses for the whole life – not impaired assets	Expected loan losses for the whole life – impaired assets	Total
Home loans to individuals				
Minimum credit risk	4,032.7	29.5	-	4,062.2
Low credit risk	570.2	168.9	-	739.1
Medium credit risk	6.2	83.9	-	90.1
High credit risk	-	11.1	-	11.1
Default assets	-	-	63.9	63.9
Total gross book value of home loans to individuals	**4,609.1**	**293.4**	**63.9**	**4,966.4**
Provision for ECL	(8.7)	(11.1)	(43.4)	(63.2)
Total home loans to individuals	**4,600.4**	**282.3**	**20.5**	**4,903.2**

RUB billion	12-month expected loan losses	Expected loan losses for the whole life – not impaired assets	Expected loan losses for the whole life – impaired assets	Total
Consumer and other loans to individuals				
Minimum credit risk	403.1	0.5x	-	403.6
Low credit risk	1,874.8	28.1	-	1,902.9
Medium credit risk	197.3	53.7	-	251,0
High credit risk	4.5	38.2	-	42.7
Default assets	-	-	214.7	214.7
Total gross book value of consumer and other loans to individuals	**2,479.7**	**120.5**	**214.7**	**2,814.9**
Provision for ECL	(42,4)	(22.9)	(199.3)	(264.6)
Total consumer and other loans to individuals	**2,437.3**	**97.6**	**15.4**	**2,550.3**

RUB billion	12-month expected loan losses	Expected loan losses for the whole life – not impaired assets	Expected loan losses for the whole life – impaired assets	Total
Credit cards and overdraft loans to individuals				
Minimum credit risk	94.5	-	-	94.5
Low credit risk	537.9	2.3	-	540.2
Medium credit risk	19.0	28.1	-	47.1
High credit risk	-	11.6	-	11.6
Default assets	-	-	122.7	122.7
Total gross book value of credit cards and overdraft loans to individuals	**651.4**	**42.0**	**122.7**	**816.1**
Provision for ECL	(12.3)	(11.6)	(110.7)	(134,6)
Total credit cards and overdraft loans to individuals	**639.1**	**30.4**	**12.0**	**681.5**

RUB billion	12-month expected loan losses	Expected loan losses for the whole life – not impaired assets	Expected loan losses for the whole life – impaired assets	Total
Car loans to individuals				
Minimum credit risk	-	-	-	-
Low credit risk	-	-	-	-
Medium credit risk	-	-	-	-
High credit risk	-	-	-	-
Default assets	-	-	2.8	2.8
Total gross book value of car loans to individuals	**-**	**-**	**2.8**	**2.8**
Provision for ECL	-	-	(2.8)	(2.8)
Total car loans to individuals less ECL provision	**-**	**-**	**-**	**-**

The table below shows the credit quality analysis of retail loans receivable carried at the amortized cost as at 1 January 2020:

RUB billion	**12-month expected loan losses**	**Expected loan losses for the whole life – not impaired assets**	**Expected loan losses for the whole life – impaired assets**	**Total**
Home loans to individuals				
Minimum credit risk	1,345.9	11.9	-	1,357.8
Low credit risk	2,437.6	104.8	-	2,542.4
Medium credit risk	53.8	61.4	-	115.2
High credit risk	-	9.3	-	9.3
Default assets	-	-	77.1	77.1
Total gross book value of home loans to individuals	**3,837.3**	**187.4**	**77.1**	**4,101.8**
ECL provision	(24.3)	(11.8)	(42.3)	(78.4)
Total home loans to individuals	**3,813.0**	**175.6**	**34.8**	**4,023.4**

RUB billion	**12-month expected loan losses**	**Expected loan losses for the whole life – not impaired assets**	**Expected loan losses for the whole life – impaired assets**	**Total**
Consumer and other loans to individuals				
Minimum credit risk	53.1	-	-	53.1
Low credit risk	1,796.9	26.0	-	1,822.9
Medium credit risk	335,0	37.4	-	372.4
High credit risk	3.1	31.8	-	34.9
Default assets	-	-	172.8	172.8
Total gross book value of consumer and other loans to individuals	**2,188.1**	**95.2**	**172.8**	**2,456.1**
ECL provision	(29.0)	(14.0)	(132.7)	(175.7)
Total consumer and other loans to individuals	**2,159.1**	**81.2**	**40.1**	**2,280.4**

RUB billion	**12-month expected loan losses**	**Expected loan losses for the whole life – not impaired assets**	**Expected loan losses for the whole life – impaired assets**	**Total**
Credit cards and overdraft loans to individuals				
Minimum credit risk	87,2	-	-	87,2
Low credit risk	541.2	2.9	-	544.1
Medium credit risk	22.3	32.9	-	55.2
High credit risk	-	14.2	-	14.2
Default assets	-	-	82.5	82.5
Total gross book value of credit cards and overdraft loans to individuals	**650.7**	**50.0**	**82.5**	**783.2**
ECL provision	(6.3)	(11.8)	(74.2)	(92.3)
Total credit cards and overdraft loans to individuals	**644.4**	**38.2**	**8.3**	**690.9**

RUB billion	12-month expected loan losses	Expected loan losses for the whole life – not impaired assets	Expected loan losses for the whole life – impaired assets	Total
Car loans to individuals				
Minimum credit risk	-	-	-	-
Low credit risk	-	-	-	-
Medium credit risk	-	-	-	-
High credit risk	-	-	-	-
Default assets	-	-	3.1	3.1
Total gross book value of car loans to individuals	**-**	**-**	**3.1**	**3.1**
ECL provision	-	-	(3.0)	(3.0)
Total car loans to individuals less ECL provision	**-**	**-**	**0.1**	**0.1**

The table below shows credit quality analysis of interbank loans and other loans receivable from banks carried at amortized cost as at 1 January 2021:

RUB billion	12-month expected loan losses	Expected loan losses for the whole life – not impaired assets	Expected loan losses for the whole life – impaired assets	Total
Interbank loans and other loans receivable from banks				
Minimum credit risk	591.6	-	-	591.6
Low credit risk	221.0	0.9x	-	221.9
Default assets	-	-	36.7	36.7
Gross book value of interbank loans and other loans receivable from banks	**812.6**	**0.9**	**36.7**	**850.2**
Provision for ECL	(0.6)	-	(36.7)	(37.3)
Total interbank loans and other loans receivable from banks	**812.0**	**0.9**	**-**	**812.9**

The table below shows the credit quality analysis of interbank loans and other loans receivable from banks carried at the amortized cost as at 1 January 2020:

RUB billion	12-month expected loan losses	Expected loan losses for the whole life – impaired assets	Total
Interbank loans and other loans receivable from banks			
Minimum credit risk	461.8	-	461.8
Low credit risk	173.5	-	173.5
Default assets	-	30.1	30.1
Gross book value of interbank loans and other loans receivable from banks	**635.3**	**30.1**	**665.4**
ECL provision	(1.5)	(30.1)	(31.6)
Total interbank loans and other loans receivable from banks	**633.8**	**-**	**633.8**

The table below explains changes in the estimated ECL provision and gross book value of corporate loans receivable carried at amortized cost that occurred between the beginning and the end of the year:

RUB billion	Provision for ECL: 12-month expected loan losses	Provision for ECL: Expected loan losses for the whole life – not impaired assets	Provision for ECL: Expected loan losses for the whole life – impaired assets	Provision for ECL: Purchased or issued impaired assets	Provision for ECL: Total	Gross book value: 12-month expected loan losses	Gross book value: Expected loan losses for the whole life – not impaired assets	Gross book value: Expected loan losses for the whole life – impaired assets	Gross book value: Purchased or issued impaired assets	Gross book value: Total
Total corporate lending										
As at 1 January 2020	**101.0**	**96.4**	**665.0**	**14.0**	**876.4**	**10,451.8**	**939.1**	**1,038.5**	**31.3**	**12,460.7**
Flows affecting the expenses on the ECL provision during the period:										
Transfers and change of the ECL provision estimation:										
- in 12-month expected loan losses	8.6	(24.9)	(2.5)	-	**(18.8)**	387.0	(380.5)	(6.5)	-	-
- in loan losses for the whole life – not impaired assets	(29.2)	121.2	(19,8)	-	**72.2**	(1,229.7)	1,289.5	(59.8)	-	-
- in loan losses for the whole life – impaired assets	(3.3)	(57.9)	122.7	-	**61.5**	(69.6)	(284.8)	354.4	-	-
Net expenses from creating/(recovering) the loan loss provision as part of a single stage	(10.8)	49.0	108.1	0.5x	**146.8**	-	-	-	-	-
New disbursements or purchases and effect of other increases of the gross book value	80.6	38.2	84.6	-	203.4	8,174.7	393.8	269.2	4.7	**8,842.4**
Derecognition during the period and effect of other decreases of the gross book value	(39.1)	(31.6)	(113.9)	(13.5)	**(198.1)**	(6,050.7)	(550.2)	(273.1)	(21.1)	**(6,895.1)**
Change in models for estimation of expected loan losses	16.6	8.0	13.4	-	**38.0**	(63.8)	61.0	2.8	-	-
Other movements	-	-	0.6	-	**0.6**	-	-	-	-	-
Total changes affecting expenses on the ECL provision for the reporting period	**23.4**	**102.0**	**193.2**	**(13.0)**	**305.6**	**1,147.9**	**528.8**	**287.0**	**(16.4)**	**(1,947.3)**
Flows not affecting the expenses on the ECL provision during the reporting period:										
Write-offs	-	-	(71.1)	-	(71.1)	-	-	(71.1)	-	(71.1)
Revaluation of the ECL provision to take into account all contractual interest claims	-	-	21.3	-	21.3	-	-	21.3	-	21.3
Other movements	-	-	(16,7)	-	(16,7)	-	-	(21.9)	-	(21.9)
Total changes not affecting expenses on the ECL provision for the reporting period	**-**	**-**	**(66.5)**	**-**	**(66.5)**	**-**	**-**	**(71.7)**	**-**	**(71.7)**
As at 1 January 2021	**124.4**	**198.4**	**791.7**	**1.0**	**1,115.5**	**11,599.7**	**1,467.9**	**1,253.8**	**14.9**	**14,336.3**

RUB billion	ECL provision					Gross book value				
	12-month expected loan losses	**Expected loan losses for the whole life – not impaired assets**	**Expected loan losses for the whole life – impaired assets**	**Purchased or issued impaired assets**	**Total**	**12-month expected loan losses**	**Expected loan losses for the whole life – not impaired assets**	**Expected loan losses for the whole life – impaired assets**	**Purchased or issued impaired assets**	**Total**
Total corporate lending										
As at 1 January 2019	**120.5**	**187.6**	**660.9**	**7.4**	**976.4**	**10,893.3**	**1,351.3**	**1,014.5**	**18.2**	**13,277.3**
Flows affecting the expenses on the ECL provision during the period:										
Transfers and change in the ECL provision estimation:										
- in 12-month expected loan losses	28.1	(40.0)	(9.6)	-	**(21.5)**	656.4	(624.5)	(31.9)	-	-
- in loan losses for the whole life – not impaired assets	(21.2)	62.2	(8.1)	-	**32.9**	(887.6)	912.6	(25.0)	-	**-**
- in loan losses for the whole life – impaired assets	(12.6)	(107.9)	189.8	-	69.3	(61.4)	(278.7)	340.1	-	**-**
Net expenses from creating/(recovering) ECL provision inside a single stage	7.9	31.4	140.3	6.1	**185.7**	-	-	-	-	**-**
New disbursements or purchases and effect of other increases of the gross book value	64.4	98.5	56.8	0.6	220.3	6,785.2	395.8	143.1	14.5	**7,338.6**
Derecognition during the period and effect of other decreases of the gross book value	(73.1)	(89.3)	(202.7)	-	**(365.1)**	(6,931.2)	(771.0)	(228.8)	(1.9)	**(7,932.9)**
Change in models for estimation of expected loan losses	(6.3)	(4.1)	(0.9)	-	(11.3)	-	-	-	-	**-**
Other flows	(6.7)	(1.7)	(2.6)	(0.1)	**(11.1)**	(2.9)	(6.1)	(11.2)	0.5x	(19.7)
Total changes affecting the expenses on the ECL provision during the reporting period	(19.5)	**(50.9)**	163.0	**6.6**	**99.2**	**(441.5)**	**(371.9)**	186.3	**13.1**	**(614.0)**
Flows not affecting the expenses on the ECL provision during the reporting period:										
Write-offs	-	-	(183.8)	-	(183.8)	-	-	(183.8)	-	(183.8)
Revaluation of the ECL provision to take into account all contractual interest claims	-	-	21.5	-	21.5	-	-	21.5	-	21.5
Other flows	-	(40.3)	3.4	-	(36.9)	-	(40.3)	-	-	(40.3)
Total changes not affecting the expenses on the ECL provision during the reporting period	**-**	**(40.3)**	**(158.9)**	**-**	**(199.2)**	**-**	**(40.3)**	**(162.3)**	**-**	**(202.6)**
As at 1 January 2020	**101.0**	96.4	665.0	**14.0**	**876.4**	**10,451.8**	**939.1**	**1,038.5**	31.3	**12,460.7**

The table below explains changes in the estimated ECL provisions and gross book value of retail loans receivable carried at amortized cost that occurred between the beginning and the end of the reporting period:

	Provision for ECL					**Gross book value**				
RUB billion	**12-month expected loan losses**	**Expected loan losses for the whole life – not impaired assets**	**Expected loan losses for the whole life – impaired assets**	**Purchased or issued impaired assets**	**Total**	**12-month expected loan losses**	**Expected loan losses for the whole life – not impaired assets**	**Expected loan losses for the whole life – impaired assets**	**Purchased or issued impaired assets**	**Total**
Total for home loans to individuals										
As at 1 January 2020	24.3	**11.8**	42.3	**-**	78.4	3,837.3	**187.4**	77.1	**-**	4,101.8
Flows affecting the expenses on the ECL provision during the period:										
Transfers and change of the ECL provision estimation:										
- in 12-month expected loan losses	0.4	(3.9)	(0.3)	-	(3.8)	91.7	(92.1)	(0.3)	-	(0.7)
- in loan losses for the whole life – not impaired assets	(0.5)	10.2	(2.4)	-	**7.3**	(153.5)	162.0	(8.5)	-	-
- in loan losses for the whole life – impaired assets	-	(3.4)	12.3	-	**8.9**	(3.2)	(22.0)	25.2	-	-
Net expenses from creating/(recovering) the loan loss provision as part of a single stage	1.1	(0.6)	(3.4)	-	2.9	-	-	-	-	-
New disbursements or purchases and effect of other increases of the gross book value	5.6	0.6	1.4	-	**7.6**	2,011.3	9.4	2.8	-	2,023.5
Derecognition during the period and effect of other decreases of the gross book value	(3.9)	(4.0)	(8.0)	-	**(15.9)**	(1,084.8)	(58.7)	(16.2)	-	(1,159.7)
Change in models for estimation of expected loan losses	(18.3)	0.4	-	-	(17.9)	(89.7)	107.4	(17.7)	-	-
Total changes affecting expenses on the ECL provision for the reporting period	(15.6)	(0.7)	**(0.4)**	-	(16.7)	771.8	106.0	(14.7)	-	863.1
Flows not affecting the expenses on the ECL provision during the reporting period:										
Write-offs	-	-	(2.5)	-	**(2.5)**	-	-	(2.5)	-	**(2.5)**
Revaluation of the ECL provision to take into account all contractual interest claims	-	-	4.0	-	**4.0**	-	-	4.0	-	**4.0**
Total changes not affecting expenses on the ECL provision for the reporting period	**-**	**-**	**1.5**	-	**1.5**	**-**	**-**	**1.5**	-	**1.5**
As at 1 January 2021	8.7	11.1	43.4	-	63.2	4,609.1	293.4	63.9	-	**4,966.4**

RUB billion	Provision for ECL				Gross book value			
	12-month expected loan losses	**Expected loan losses for the whole life – not impaired assets**	**Expected loan losses for the whole life – impaired assets**	**Total**	**12-month expected loan losses**	**Expected loan losses for the whole life – not impaired assets**	**Expected loan losses for the whole life – impaired assets**	**Total**
Total for other retail loans								
As at 1 January 2020	**35.3**	**25.8**	209.9	271.0	2,838.8	**145.2**	**258.4**	3,242.4
Flows affecting the expenses on the ECL provision during the period:								
Transfers and change of the ECL provision estimation:								
- in 12-month expected loan losses	5.3	(21.4)	(3.2)	(19.3)	184.9	(174.3)	(10.6)	-
- in loan losses for the whole life – not impaired assets	(8.5)	84.7	(2.4)	73.8	(367.8)	373.8	(6.0)	-
- in loan losses for the whole life – impaired assets	(1.0)	(55.5)	122.2	65.7	(6.5)	(140.8)	147.3	-
Net expenses from creating/(recovering) the loan loss provision as part of a single stage	(5.7)	(1.7)	(14.6)	(22.0)	-	-	-	-
New disbursements or purchases and effect of other increases of the gross book value	34.5	5.0	16.1	**55.6**	2,285.1	19.3	18.1	2,322.5
Derecognition during the period and effect of other decreases of the gross book value	(21.2)	(11.3)	(20.3)	(52.8)	(1,801.4)	(67.2)	(42.3)	(1,910.9)
Change in models for estimation of expected loan losses	16.0	8.9	22.0	46.9	(2.0)	6.5	(4.5)	-
Total changes affecting expenses on the ECL provision for the reporting period	**19.4**	8.7	119.8	147.9	292.3	17.3	102.0	411.6
Flows not affecting the expenses on the ECL provision during the reporting period:								
Write-offs	-	-	(38.2)	(38.2)	-	-	(38.2)	(38.2)
Revaluation of the ECL provision to take into account all contractual interest claims	-	-	18.0	18.0	-	-	18.0	18.0
Other movements	-	-	3.3	**3.3**	-	-	-	**-**
Total changes not affecting the expenses on the ECL provision during the reporting period	**-**	**-**	16.9	16.9	**-**	**-**	20.2	20.2
As at 1 January 2021	54.7	34.5	**312.8**	**402.0**	3,131.1	162.5	340.2	3,633.8

RUB billion	Provision for ECL: 12-month expected loan losses	Provision for ECL: Expected loan losses for the whole life – not impaired assets	Provision for ECL: Expected loan losses for the whole life – impaired assets	Provision for ECL: Purchased or issued impaired assets	Provision for ECL: Total	Gross book value: 12-month expected loan losses	Gross book value: Expected loan losses for the whole life – not impaired assets	Gross book value: Expected loan losses for the whole life – impaired assets	Gross book value: Purchased or issued impaired assets	Gross book value: Total
Total for home loans to individuals										
As at 1 January 2019	18.9	**11.3**	41.4	-	71.6	**3,398.9**	**170.1**	81.6	-	**3,650.6**
Flows affecting the expenses on the ECL provision during the period:										
Transfers and change of the ECL provision estimation:										
- in 12-month expected loan losses	1.6	(6.5)	(6.4)	-	(11.3)	123.6	(98.8)	(24.8)	-	-
- in loan losses for the whole life – not impaired assets	(1.5)	11.6	(2.3)	-	**7.8**	(130.8)	1 43.7	(12.9)	-	-
- in loan losses for the whole life – impaired assets	(0.2)	(3.7)	14.4	-	10.5	(24.2)	(22.1)	46.3	-	-
Net expenses from creating/(recovering) the ECL provision inside a single stage	0.5x	0.1	2.9	-	**3.5**	-	-	-	-	-
New disbursements or purchases and effect of other increases of the gross book value	8.2	1.2	1.3	-	10.7	1,228.0	27.1	2.6	-	**1,257.7**
Derecognition during the period and effect of other decreases of the gross book value	(3.2)	(1.8)	(10.0)	-	(15.0)	(758.2)	(32.6)	(16.7)	-	**(807.5)**
Change in models for estimation of expected loan losses	-	(0.4)	-	-	**(0.4)**	-	-	-	-	-
Total changes affecting the expenses on the ECL provision during the reporting period	**5.4**	**0.5**	**(0.1)**	-	**5.8**	**438.4**	17.3	5.5	-	**450.2**
Flows not affecting the expenses on the ECL provision during the reporting period:										
Write-offs	-	-	(1.7)	-	**(1.7)**	-	-	(1.7)	-	**(1.7)**
Revaluation of the ECL provision to take into account all contractual interest claims	-	-	2.7	-	**2.7**	-	-	2.7	-	**2.7**
Total changes not affecting the expenses on the ECL provision during the reporting period	-	-	**1.0**	-	**1.0**	-	-	**1.0**	-	**1.0**
As at 1 January 2020	24.3	**11.8**	42.3	-	78.4	**3,837.3**	**187.4**	77.1	-	**4,101.8**

RUB billion	ECL provision				Gross book value			
	12-month expected loan losses	**Expected loan losses for the whole life – not impaired assets**	**Expected loan losses for the whole life – impaired assets**	**Total**	**12-month expected loan losses**	**Expected loan losses for the whole life – not impaired assets**	**Expected loan losses for the whole life – impaired assets**	**Total**
Total for other retail loans								
As at 1 January 2019	27.9	14.4	**152.9**	195.2	**2,210.2**	**180.9**	193.5	**2,584.6**
Flows affecting the expenses on the ECL provision during the period:								
Transfers and change of the ECL provision estimation:								
- in 12-month expected loan losses	4.3	(17.3)	(6.6)	19.6	208.0	(194.5)	(13.5)	-
- in loan losses for the whole life – not impaired assets	(5.9)	55.2	(1.5)	**47.8**	(269.1)	272.1	(3.0)	-
- in loan losses for the whole life – impaired assets	(0.8)	(30.5)	75.8	44.5	(20.1)	(92.9)	113.0	-
Net expenses from creating/(recovering) the ECL provision inside a single stage	(6.6)	(1.0)	23.8	**16.2**	-	-	-	-
New disbursements or purchases and effect of other increases of the gross book value	32.9	8.1	13.4	54.4	2,228.5	43.7	20.2	**2,292.4**
Derecognition during the period and effect of other decreases of the gross book value	(15.5)	(6.9)	(40.3)	**(62.7)**	(1,518.7)	(64.1)	(43.1)	**(1,625.9)**
Change in models for estimation of expected loan losses	(1.0)	3.8	(0.2)	**2.6**	-	-	-	-
Total changes affecting the expenses on the ECL provision during the reporting period	7.4	11.4	64.4	**83.2**	628.6	**(35.7)**	73.6	**666.5**
Flows not affecting the expenses on the ECL provision during the reporting period:								
Write-offs	-	-	(18.8)	18.8	-	-	18.8	18.8
Revaluation of the ECL provision to take into account all contractual interest claims	-	-	10.1	10.1	-	-	10.1	10.1
Other flows	-	-	1.3	**1.3**	-	-	-	-
Total changes not affecting the expenses on the ECL provision during the reporting period	-	-	**(7.4)**	**(7.4)**	-	-	**(8.7)**	**(8.7)**
As at 1 January 2020	**35.3**	**25.8**	209.9	271.0	**2,838.8**	**145.2**	**258.4**	**3,242.4**

4.4. Net investments in securities

Net investments in financial assets carried at fair value through other comprehensive income

The table below shows the composition of securities carried at fair value through other comprehensive income as at 1 January 2021 and 1 January 2020:

RUB billion	***for 2020*** *(as at 1 January 2021)*	***For 2019*** *(as at 1 January 2020)*
Russian Government Bonds	3,453.7	1,597.8
Corporate bonds of Russian entities	385.8	312.1
Bonds, eurobonds of banks and other financial institutions	232.1	290.1
Bonds of the Bank of Russia	-	249.2
Corporate bonds of foreign companies	41.5	33.4
Bonds of subjects of the Russian Federation	21.4	11.6
Eurobonds issued by foreign governments	0.9x	-
Shares	0.1	0.1
Net investments in financial assets carried at fair value through other comprehensive income	4,135.5	**2,494.3**

for 2020

(as at 1 January 2021)

RUB billion	***Investment amount***	***Maturity period***	***Coupon rate** (nominal), %*
Russian Government Bonds	3,453.7		
Federal Loan Bonds (OFZ)	3,208.3	08.2021 - 03.2039	4.09 - 8.50
Eurobonds of the Russian Federation	196.5	04.2022 - 04.2042	1.13 - 12.75
Bonds of the Ministry of Finance of Russia	48.9	07.2025	4.50
Corporate bonds	427.3		
Russian entities	385.8	01.2021 - 05.2051	2.20–12.10
Foreign companies	41.5	03.2021 - 01.2025	3.05 - 5.90
Bonds, eurobonds of banks and other financial institutions	232.1		
Other financial institutions	219.4	02.2021 - 09.2032	3.85 - 9.76
Russian credit institutions	12.7	05.2021 - 03.2033	5.60 - 9.20
Bonds of subjects of the Russian Federation	21.4	06.2022 - 11.2027	5.95 - 7.70
Eurobonds issued by foreign governments	0.9x	03.2021	-
Net investments in debt financial assets carried at fair value through other comprehensive income	4,135.4		

For 2019

(as at 1 January 2020)

RUB billion	***Investment amount***	***Maturity period***	***Coupon rate** (nominal), %*
Russian Government Bonds	1,597.8		
Federal Loan Bonds (OFZ)	1,368.6	01/2020–03/2039	5.50–8.74
Eurobonds of the Russian Federation	229.2	04/2020–04/2042	2.88–12.75
Corporate bonds	345.5		
Russian entities	312.1	02/2020–09/2049	2.20–12.10
Foreign companies	33.4	01/2020–09/2024	3.15–5.90
Bonds, eurobonds of banks and other financial institutions	290.1		
Other financial institutions	256.1	01/2020–08/2037	3.80–9.35
Russian credit institutions	34.0	02/2020–03/2033	7.35–9.85
Bonds of the Bank of Russia	249.2	01/2020–02/2020	6.25

Bonds of subjects of the Russian Federation	11.6	06/2022–05/2025	6.00–7.70
Net investments in debt financial assets carried at fair value through other comprehensive income	**2,494.2**		

The table below shows the credit risk analysis for debt securities carried at fair value through other comprehensive income as at 1 January 2021, for which the expected credit loss provisions are recognized based on the credit risk levels.

RUB billion	**12-month expected loan losses**	**Total**
Russian Government Bonds		
Minimum credit risk	3,341.4	3,341.4
Total at amortized cost	**3,341.4**	**3,341.4**
Provision for ECL	(7.0)	(7.0)
Adjustment of fair value from estimation at amortized cost to estimation at fair value	119.3	119.3
Total at fair value	**3,453.7**	**3,453.7**
Corporate bonds of Russian entities		
Minimum credit risk	184.5	184.5
Low credit risk	180.9	180.9
Total at amortized cost	365.4	365.4
Provision for ECL	(2.2)	(2.2)
Adjustment of fair value from estimation at amortized cost to estimation at fair value	22.6	22.6
Total at fair value	385.8	385.8
Bonds, eurobonds of banks and other financial institutions		
Minimum credit risk	156.2	156.2
Low credit risk	65.5	65.5
Total at amortized cost	221.7	221.7
Provision for ECL	(0.8)	(0.8)
Adjustment of fair value from estimation at amortized cost to estimation at fair value	11.2	11.2
Total at fair value	**232.1**	**232.1**
Corporate bonds of foreign companies		
Minimum credit risk	30.0	30.0
Low credit risk	11.1	11.1
Total at amortized cost	41.1	41.1
Provision for ECL	(0.1)	(0.1)
Adjustment of fair value from estimation at amortized cost to estimation at fair value	0.5x	0.5x
Total at fair value	**41.5**	**41.5**
Bonds of subjects of the Russian Federation		
Minimum credit risk	20.8	20.8
Total at amortized cost	**20.8**	**20.8**
Provision for ECL	-	-
Adjustment of fair value from estimation at amortized cost to estimation at fair value	0.6	0.6
Total at fair value	21.4	21.4
Eurobonds issued by foreign governments		
Minimum credit risk	0.9x	0.9x
Total at amortized cost	**0.9**	**0.9**
Total at fair value	**0.9**	**0.9**
Total at amortized cost	3,991.3	3,991.3
Provision for ECL	(10.1)	(10.1)
Adjustment of fair value from estimation at amortized cost to estimation at fair value	154.2	154.2
Total debt securities carried at fair value through other comprehensive income – debt instruments	**4,135.4**	**4,135.4**

The table below shows the credit risk analysis for debt securities carried at fair value through other comprehensive income as at 1 January 2020, for which the expected credit loss provisions are recognized based on the credit risk levels.

RUB billion	**12-month expected loan losses**	**Total**
Russian Government Bonds		
Minimum credit risk	1,516.5	1,516.5
Total at amortized cost	**1,516.5**	**1,516.5**
Provision for ECL	(2.2)	(2.2)
Adjustment of fair value from estimation at amortized cost to estimation at fair value	83.5	83.5
Total at fair value	**1,597.8**	**1,597.8**
Corporate bonds of Russian entities		
Minimum credit risk	178.1	178.1
Low credit risk	117.7	117.7
Medium credit risk	0.2	0.2
Total at amortized cost	296.0	296.0
Provision for ECL	1.2	1.2
Adjustment of fair value from estimation at amortized cost to estimation at fair value	17.3	17.3
Total at fair value	312.1	312.1
Bonds, eurobonds of banks and other financial institutions		
Minimum credit risk	237	237
Low credit risk	42.1	42.1
Total at amortized cost	**279.1**	**279.1**
Provision for ECL	(0.6)	(0.6)
Adjustment of fair value from estimation at amortized cost to estimation at fair value	11.6	11.6
Total at fair value	290.1	290.1
Bonds of the Bank of Russia		
Minimum credit risk	249.2	249.2
Total at amortized cost	**249.2**	**249.2**
Total at fair value	**249.2**	**249.2**
Corporate bonds of foreign companies		
Minimum credit risk	31.6	31.6
Low credit risk	1.8	1.8
Total at amortized cost	33.4	33.4
Total at fair value	33.4	33.4
Bonds of subjects of the Russian Federation		
Minimum credit risk	11.6	11.6
Total at amortized cost	**11.6**	**11.6**
Total at fair value	**11.6**	**11.6**
Total at amortized cost	**2,385.8**	**2,385.8**
ECL provision	(4.0)	(4.0)
Adjustment of fair value from estimation at amortized cost to estimation at fair value	112.4	112.4
Total debt securities carried at fair value through other comprehensive income – debt instruments	**2,494.2**	**2,494.2**

The table below explains changes in the estimated ECL provision for debt securities carried at fair value through other comprehensive income, which occurred between the beginning and the end of the year:

	Provision for ECL	
RUB billion	**12-month expected loan losses**	**Total**
As at 1 January 2020	**4.0**	**4.0**
Flows affecting the expenses on the ECL provision during the year:		
Net expenses from creating/(recovering) the ECL provision inside a single stage	1.6	1.6
New disbursements or purchases and effect of other increases of the gross book value	(7.7)	7.7
Derecognition during the period and effect of other decreases of the gross book value	(3.2)	(3.2)

Total changes affecting the expenses on the ECL provision during the year	**6.1**	**6.1**
As at 1 January 2021	10.1	10.1

RUB billion	**12-month expected loan losses**	**Provision for ECL** **Expected loan losses for the whole life – not impaired assets**	**Total**
As at 1 January 2019	**6.9**	**0.8**	7.7
Flows affecting the expenses on the ECL provision during the year:			
Transfers and change of the ECL provision estimation:			
- in 12-month expected loan losses	0.4	(0.8)	(0.4)
- in loan losses for the whole life – not impaired assets	(0.1)	0.1	-
Net expenses from creating/(recovering) the ECL provision inside a single stage	(2.7)	(0.1)	(2.8)
New disbursements or purchases and effect of other increases of the gross book value	3.1	—	3.1
Derecognition during the period and effect of other decreases of the gross book value	(3.5)	-	(3.5)
Total changes affecting the expenses on the ECL provision during the year	**(2.8)**	**(0.8)**	**(3.6)**
As at 1 January 2020	**4.0**	-	**4.0**

Net investments in securities and other financial assets carried at amortized cost (excluding outstanding loans)

The table below shows the composition of securities carried at amortized cost as at 1 January 2021 and 1 January 2020:

RUB billion	***for 2020*** *(as at 1 January 2021)*	***For 2019*** *(as at 1 January 2020)*
Corporate bonds of Russian entities	350.8	350.2
Provision for ECL	(4.4)	(3.3)
Bonds of subjects of the Russian Federation	234.2	166.7
Provision for ECL	(1.4)	(1.1)
Bonds, eurobonds of banks and other financial institutions	132.7	107.6
Provision for ECL	(1.0)	(0.6)
Corporate bonds of foreign companies	123.6	69.5
Provision for ECL	(1,6)	(0.6)
Russian Government Bonds	19.9	17.3
Net investments in securities and other financial assets carried at amortized cost (excluding outstanding loans)	**852.8**	**705.7**

for 2020

(as at 1 January 2021)

RUB billion	**Investments**	**Deadlines period**	**Coupon rate (nominal), %**
Corporate bonds	468.4		
Russian entities	350.8	01.2021 - 04.2037	2.10 – 13.10
Provision for ECL	(4.4)		
Foreign companies	123.6	02.2021 - 05.2026	3.05 - 7.75
Provision for ECL	(1,6)		
Bonds of subjects of the Russian Federation	234.2	06.2021 - 12.2027	5.70 - 11.50
Provision for ECL	(1.4)		

Bonds, eurobonds of banks and other financial institutions	132.7	01.2022 - 10.2030	3.38–8.98
Provision for ECL	(1.0)		
Russian Government Bonds	19.9		
Eurobonds of the Russian Federation	19.9	June 2028	12.75
Net investments in securities and other financial assets carried at amortized cost (excluding outstanding loans)	**852.8**		

For 2019

(as at 1 January 2020)

RUB billion	***Investments***	***Deadlines period***	***Coupon rate** **(nominal), %***
Corporate bonds	415.8		
Russian entities	350.2	02/2020–04/2037	2.10–13.10
ECL provision	(3.3)		
Foreign companies	69.5	08/2021–09/2024	3.15–7.75
ECL provision	(0.6)		
Bonds of subjects of the Russian Federation	166.7	04/2020–12/2027	6.55–12.25
ECL provision	(1.1)		
Bonds, eurobonds of banks and other financial institutions	107.6	06/2020–10/2024	3.38–8.98
ECL provision	(0.6)		
Russian Government Bonds	17.3		
Eurobonds of the Russian Federation	17.3	June 2028	12.75
Net investments in securities and other financial assets carried at amortized cost (excluding outstanding loans)	**705.7**		

The table below shows credit risk analysis for debt securities carried at amortized cost as at 1 January 2021:

RUB billion	**12-month expected loan losses**	**Expected loan losses for the whole life – non-impaired assets**	**Expected loan losses for the whole life – impaired assets**	**Total**
Corporate bonds of Russian entities				
Minimum credit risk	61.7	-	-	61.7
Low credit risk	280.9	7.0	-	287.9
Medium credit risk	0.0	0.3	-	0.3
Default assets	-	-	0.9x	0.9x
Gross book value	342.6	**7.3**	**0.9**	**350.8**
ECL provision	(2.7)	(0.8)	(0.9)	(4.4)
Book value	339.9	**6.5**	**-**	346.4
Bonds of subjects of the Russian Federation				
Minimum credit risk	63.5	-	-	63.5
Low credit risk	170.7	-	-	170.7
Gross book value	**234.2**	**-**	**-**	**234.2**
ECL provision	(1.4)	-	-	(1.4)
Book value	232.8	**-**	**-**	232.8
Bonds, eurobonds of banks and other financial institutions				
Minimum credit risk	6.6	-	-	6.6
Low credit risk	126.1	-	-	126.1
Gross book value	**132.7**	**-**	**-**	**132.7**
Provision for ECL	(1.0)	-	-	(1.0)
Carrying Value	**131.7**	**-**	**-**	**131.7**
Corporate bonds of foreign companies				
Minimum credit risk	1.1	-	-	1.1
Low credit risk	122.5	-	-	122.5
Gross book value	**123.6**	**-**	**-**	**123.6**
ECL provision	1.6	-	-	1.6
Book value	**122.0**	**-**	**-**	**122.0**
Eurobonds of the Russian Federation				
Minimum credit risk	19.9	-	-	19.9
Gross book value	**19.9**	**-**	**-**	**19.9**
Book value	**19.9**	**-**	**-**	19.9
Total securities carried at the amortized cost before ECL provision	853.0	**7.3**	**0.9**	861.2
Provision for ECL	(6.7)	(0.8)	(0.9)	(8.4)
Total securities carried at the amortized cost	**846.3**	**6.5**	**-**	**852.8**

The table below shows the credit risk analysis for debt securities carried at amortized cost as at 1 January 2020:

RUB billion	**12-month expected loan losses**	**Expected credit losses for the whole life – non-impaired assets**	**Expected loan losses for the whole life – impaired assets**	**Total**
Corporate bonds of Russian entities				
Minimal credit risk	78.1	-	-	78.1
Low credit risk	244.8	1.5	-	246.3
Medium credit risk	24.9	-	-	24.9
Default assets	-	-	0.9x	0.9x
Gross book value	**347.8**	**1.5**	**0.9**	**350.2**
ECL provision	(1.8)	(0.6)	(0.9)	(3.3)
Book value	**346.0**	**0.9**	**-**	**346.9**
Bonds of subjects of the Russian Federation				
Minimal credit risk	39.9	-	-	39.9
Low credit risk	126.8	-	-	126.8
Gross book value	**166.7**	**-**	**-**	**166.7**
ECL provision	(1.1)	-	-	(1.1)
Book value	**165.6**	**-**	**-**	**165.6**
Bonds, eurobonds of banks and other financial institutions				
Minimal credit risk	36.7	-	-	36.7
Low credit risk	70.9	-	-	70.9
Gross book value	**107.6**	**-**	**-**	**107.6**
ECL provision	(0.6)	-	-	(0.6)
Carrying Value	**107.0**	**-**	**-**	**107.0**
Corporate bonds of foreign companies				
Minimal credit risk	0.8	-	-	0.8
Low credit risk	68.7	-	-	68.7
Gross book value	**69.5**	**-**	**-**	**69.5**
ECL provision	(0.6)	-	-	(0.6)
Book value	**68.9**	**-**	**-**	**68.9**
Eurobonds of the Russian Federation				
Minimum credit risk	17.3	-	-	17.3
Gross book value	**17.3**	**-**	**-**	**17.3**
Book value	**17.3**	**-**	**-**	**17.3**
Total securities carried at the amortized cost before ECL provision	**708.9**	**1.5**	**0.9**	**711.3**
ECL provision	**(4.1)**	**(0.6)**	**(0.9)**	**(5.6)**
Total securities carried at the amortized cost	**704.8**	**0.9**	**-**	**705.7**

The table below explains changes in the estimated ECL provision for debt securities carried at amortized cost, which occurred between the beginning and the end of the year.

	ECL provision			
RUB billion	**12-month expected loan losses**	**Expected loan losses for the whole life – non-impaired assets**	**Expected loan losses for the whole life – impaired assets**	**Total**
As at 1 January 2020	**4.1**	**0.6**	**0.9**	**5.6**
Flows affecting the expenses on the ECL provision during the reporting period:				
Transfers and changes in the ECL provision estimation:				
- in 12-month expected loan losses	0.3	(0.3)	-	**-**
- in loan losses for the whole life – not impaired assets	1.4	-	-	**1.4**
Net expenses from creating/(recovering) the ECL provision inside a single stage	1.2	0.5x	-	1.7
New disbursements or purchases and effect of other increases of the gross book value	1.6	-	-	**1.6**
Derecognition during the period and effect of other decreases of the gross book value	(1.9)	-	-	1.9
Total changes affecting the expenses on the ECL provision during the reporting period	**2.6**	0.2	**-**	2.8
As at 1 January 2021	6.7	**0.8**	**0.9**	**8.4**

	ECL provision			
RUB billion	**12-month expected loan losses**	**Expected loan losses for the whole life – non-impaired assets**	**Expected loan losses for the whole life – impaired assets**	**Total**
As at 1 January 2019	4.9	**1.5**	**0.9**	**7.3**
Flows affecting the expenses on the ECL provision during the reporting period:				
Transfers and changes in the ECL provision estimation:				
- in loan losses for the whole life – not impaired assets	(0.3)	-	0.3	-
Net expenses from creating/(recovering) the ECL provision inside a single stage	(0.9)	-	(0.3)	**(1.2)**
New disbursements or purchases and effect of other increases of the gross book value	1.3	-	-	**1.3**
Derecognition during the period and effect of other decreases of the gross book value	(0.9)	(0.9)	-	1.8
Total changes affecting the expenses on the ECL provision during the reporting period	**(0.8)**	**(0.9)**	**-**	**(1.7)**
As at 1 January 2020	**4.1**	**0.6**	**0.9**	**5.6**

Investments in subsidiaries and affiliates

RUB billion	*for 2020* (*as at 1 January 2021*)	*For 2019* (*as at 1 January 2020*)
Investments in subsidiaries and affiliates	1,039.5	920.9
Provision for possible losses	(262.8)	(168.9)
Investments in subsidiaries and affiliates less provision	**776.7**	**752.0**

		for 2020 (*as at 1 January 2021*)		*For 2019* (*as at 1 January 2020*)	
RUB billion	*Country of registration*	*Investment amount*	*Share of the Bank in capital, %*	*Investment amount*	*Share of the Bank in capital, %*
Digital Technologies LLC	The Russian Federation	188.6	100.0	130.3	100.0
Barus LLC	The Russian Federation	178.0	100.0	152.7	100.0
SB CIB Holding LLC	The Russian Federation	157.5	100.0	157.5	100.0
Provision for possible losses		(39.2)		(36.6)	
Sberbank Europe AG	Republic of Austria	117.1	100.0	117.1	100.0
Provision for possible losses		55.0		-	
Promising Investments LLC	The Russian Federation	100.3	100.0	90.9	100.0
Provision for possible losses		(44.1)		(44.5)	
SBERBANK JSC	Ukraine	71.6	100.0	71.6	100.0
Provision for possible losses		(71.6)		(71.6)	
Auction LLC	The Russian Federation	69.6	100.0	52.0	100.0
Provision for possible losses		(11.8)		-	
Sberbank Capital LLC	The Russian Federation	58.7	100.0	58.7	100.0
Provision for possible losses		(35.8)		(11.7)	
Cetelem Bank LLC	The Russian Federation	18.3	100.0	11.7	79.2
SB of Sberbank	Republic of Kazakhstan	13.9	100.0	13.9	100.0
Sberbank Investments LLC	The Russian Federation	12.4	100.0	12.4	100.0
Provision for possible losses		(0.5)		-	
BPS-Sberbank OJSC	Republic of Belarus	10.5	98.4	10.5	98.4
Other subsidiaries		24.6	-	23.2	-
Provision for possible losses		(4.5)		(4.5)	
Subsidiaries, total		758.6		**733.7**	
Other dependent entities		18.2	-	18.2	-
Provision for possible losses		(0.2)		-	
Affiliated companies, total		18.0		18.2	
Jointly controlled entities, total		**0.1**		**0.1**	
Investments in subsidiaries and affiliates less provision		**776.7**		**752.0**	

4.5. Fixed assets, right-of-use assets, intangible assets and intangible assets

RUB billion	As at 1 January 2021	As at 1 January 2020
Fixed assets	497.4	501.2
Right of use assets [i]	81.1	60.6
Total fixed assets and right-of-use assets	**578.5**	**561.8**

[i] The amount of right-of-use assets as at 1 January 2020 is provided after adopting IFRS 16 in RAS.

RUB billion	*Office real estate*[14]	*Other premises*	*Office and computer equipment*	*Vehicles and other equipment*	*Inventories*	*Intangible assets*	*Capital investment in purchase of intangible assets*	*Construction in progress and premises and equipment before beginning of operations*	*Total*
Initial or revalued cost as at 1 January 2020	190.1	5.5	331.5	49.4	6.0	110.2	47.1	47.1	786.9
Accumulated depreciation	(3.3)	-	(212.7)	(20.9)	-	(48.8)	-	-	(285.7)
Residual value as at 1 January 2020	186.8	5.5	**118.8**	**28.5**	**6.00**	61.4	47.1	47.1	501.2
Acquisitions	-	-	-	-	13.8	-	41.4	79.9	135.1
Transfers	1.5	0.9x	54.4	5.1	3.4	19.9	(19.9)	(65.3)	-
Transfers to assets available for sale at initial cost	(0.3)	-	-	-	-	-	-	-	(0.3)
Disposals – at cost or revalued amount	(13.1)	(0.6)	(31.0)	(3.3)	(13.0)	(0.3)	-	-	(61.3)
Impairment of premises and equipment recognized in the statement of financial performance	(4.6)	(0.1)	-	-	-	(2.4)	(21.3)	-	(28.4)
Revaluation recognized in other comprehensive income	(3.0)	-	-	-	-	-	-	-	(3.0)
Adjustment of initial value after revaluation	(4.5)	-	-	-	-	-	-	-	(4.5)
Disposals – accumulated depreciation	0.4	-	30.4	2.9	-	0.3	-	(0.1)	33.9
Adjustment of the accumulated	4.5	-	-	-	-	-	-	-	4.5

[14] The *Office real estate* category includes office premises, buildings, and movable structures

depreciation as a result of revaluation									
Depreciation deductions	(4.9)	-	(46.8)	(5.4)	-	22.7	-	-	(79.8)
Residual value as at 1 January 2021	162.8	**5.7**	**125.8**	27.8	10.2	56.2	**47.3**	61.6	**497.4**
Initial or revalued cost as at 1 January 2021	166.1	5.7	354.9	51,2	10.2	127.4	47.3	61.7	824.5
Accumulated depreciation	(3.3)	-	(229.1)	(23.4)	-	(71.2)	-	(0.1)	(327.1)

RUB billion	*Office real estate*	*Other premises*	*Office and computer equipment*	*Vehicles and other equipment*	*Inventories*	*Intangible assets*	*Capital investment in purchase of intangible assets*	*Construction in progress and premises and equipment before beginning of operations*	*Total*
Initial or revalued cost as of 1 January 2019	228.7	4.9	305.6	47.5	4.2	88.1	41.4	46.7	767.1
Accumulated depreciation	(12.7)	-	(195.7)	(18.6)	-	(40.1)	-	-	(267.1)
Residual value as at 1 January 2019	216.0	4.9	109.9	28.9	**4.2**	**48.0**	41.4	46.7	500.0
Acquisitions	-	-	-	-	18.6	-	39.0	68.1	125.7
Transfers	7.8	3.9	52.7	5.0	(2.9)	32.3	(32.3)	(66.5)	-
Transfers to assets available for sale at initial cost	(0.7)	-	-	-	-	-	-	-	(0.7)
Disposals – at cost or revalued amount	(18.3)	(3.2)	(26.8)	(3.1)	(13.9)	(10.2)	-	1.2	(76.7)
Impairment of premises and equipment recognized in the statement of financial performance	(7.7)	(0.1)	-	-	-	-	(1.0)	-	(8.8)
Revaluation recognized in other comprehensive income	(5.8)	-	-	-	-	-	-	-	(5.8)
Adjustment of initial value after revaluation	(13.9)	-	-	-	-	-	-	-	(13.9)
Disposals – accumulated depreciation	0.7	-	25.8	2.6	-	9.7	-	-	38.8
Adjustment of the accumulated depreciation as a result of revaluation	13.9	-	-	-	-	-	-	-	13.9
Depreciation deductions	(5.2)	-	(42.8)	(4.9)	-	(18.4)	-	-	(71.3)
Residual value as at 1 January 2020	186.8	5.5	**118.8**	**28.5**	6.0	61.4	47.1	47.1	501.2
Initial or revalued cost as at 1 January 2020	190.1	5.5	331.5	49.4	6.0	110.2	47.1	47.1	786.9
Accumulated depreciation	(3.3)	-	(212.7)	(20.9)	-	(48.8)	-	-	(285.7)

The fair value of the fixed assets from the Office Real Estate category was estimated as at 1 January 2021. The estimation was based on the opinions of independent appraisers having the appropriate professional qualifications and experience in valuating such assets. The method of comparing sales within a comparative approach was used for real estate with market information on comparable transactions or sale offers. The income approach was used as an indicative one for evaluation of those facilities. Evaluation of buildings with no direct market analogues for comparison, and/or buildings designed and constructed taking into account the Bank's specific requirements, was based on the determining replacement cost within the expense approach. To confirm the value of certain facilities whose fair value is mainly related to their margin, an appraiser partially used the income approach. LLC Avers Appraisal Center was the appraiser. If the office real estate had been recorded at the initial value less depreciation and impairment, its carrying value as at 1 January 2021 would have been RUB129.3 billion (and RUB147.6 billion as at 1 January 2020).

The evaluation of the fair value/proposed selling price and expected costs of sale of long-term assets available for sale, means and objects of labor and impairment test of the property owned by the Bank were carried out in December 2020. The estimation and the check were based on the opinions of independent appraisers having the appropriate professional qualifications and experience in valuating such assets. To estimate the fair value and expected expenses related to selling non-current assets held for sale, means and instruments of production, facilities were divided into categories such as machines, equipment, special and general-purpose real estate. Specialized assets were valuated using primarily the cost approach, and the income and comparative approaches – for valuating non-specialized assets. Batches of inventory recorded on the books until 1 December 2019 were analyzed when the net possible price for selling inventory was estimated. The batches were classified depending on expiry date, functional obsolescence, and depending on whether the inventory will be used in the future. The assessment was done by Ernst and Young – Otsenka i Konsultatsionnye Uslugi (Ernst and Young – Assessment and Advisory Services).

The information about the accounting policy for office real estate revaluation is provided in Notes 17.3.

Right of use asset The Bank leases office real estate and land. Lease agreements are usually concluded for a fixed period of 1 to 49 years. Until 1 January 2020 (before adopting IFRS 16) lease agreements were recorded as operating lease. As of 1 January 2020 (after adopting IFRS 16) lease agreements have been recognized as the right-of-use asset and the relevant liability as at the date when a leased asset becomes available to the Bank.

The right-of-use assets are presented in the table below:

RUB billion	Office real estate; **including land**
Residual value as at 1 January 2020 (after adopting IFRS 16)	**60.6**
Receipts	26.2
Disposals	(0.1)
Depreciation deductions	(17.6)
Modification and revaluation of lease liabilities	11.9
Residual value as at 1 January 2021	**81.0**

Interest expense related to lease liabilities for 2020 amounted to RUB5.2 billion.

In 2020, expenses related to variable payments for lease, not included in lease liabilities, were included in staff costs and administrative expenses amounting to RUB1.9 billion.

Total cash flow related to estimated lease liabilities for 2020 amounted to RUB17.1 billion.

Expenses related to short-term lease and lease of low-cost assets, not represented in short-term lease, were included in staff costs and administrative expenses in the consolidated profit and loss statement:

RUB billion	**for 2020**
Expenses related to short-term lease	2.4
Expenses related to lease of low-cost assets, not included in expenses related to short-term lease	-

4.6. Other assets

RUB billion	***for 2020*** *(as at 1 January 2021)*	***For 2019*** *(as at 1 January 2020)*
Other financial assets		
Incomplete plastic card settlements	167.7	132.9
Settlements on conversion transactions, DFI and forward transactions	81.1	25.4
Settlements on state duties and penalties	25.9	26.0
Settlements with currency and stock exchanges	15.7	79.0
Accrued fee receivables	12.7	12.3
Settlements on compensation payout operations on deposits of commercial banks	0.1	5.9
Other	13.0	4.8
Total other financial assets before ECL provisions	**316.2**	**286.3**
ECL provisions	(26.8)	(24.9)

Other non-financial assets		
Advances issued	18.6	19.2
Amount of damage inflicted on the Bank	5.9	5.4
Payment receivables for commemorative coins, bought and sold	2.7	2.2
Precious metals	1.3	2.0
Prepayment on other taxes	1.2	7.1
Other	17.0	11.8
Total other non-financial assets before provisions for impairment	46.7	47.7
Provisions for impairment	(12.7)	(12.2)
Other assets	**323.4**	**296.9**

4.7. Due to customers carried at amortized cost

Due to credit institutions

RUB billion	***for 2020*** *(as at 1 January 2021)*	***For 2019*** *(as at 1 January 2020)*
Loans and deposits received from banks	493.2	196.7
Direct REPO contracts with banks	163.7	92.2
Correspondent accounts	107.5	59.6
Due to credit institutions carried at the amortized cost	**764.4**	**348.5**

Due to customers other than credit institutions

RUB billion	***for 2020*** *(as at 1 January 2021)*	***For 2019*** *(as at 1 January 2020)*
Individuals and individual entrepreneurs	15,838.2	**13,731.6**
fixed-term deposits	10,093.9	10,147.7
current accounts/demand accounts	5,744.3	3,583.9
Corporate customers	8,900.1	**7,104.0**
fixed-term deposits	4,623.1	3,959.0
current accounts/demand accounts	3,869.6	2,804.0
international loans	406.3	340.5
obligations to return borrowed securities to the creditor	1.1	0.5x
Other funds	**2.3**	**3.0**
due to individuals	2.3	3.0
Due to customers other than credit institutions carried at the depreciated value	**24,740.6**	**20,838.6**

The table below shows the analysis of funds due to customers other than credit institutions broken down by types of economic activity:

RUB billion	***for 2020*** *(as at 1 January 2021)*	***specific weight, %***	***For 2019*** *(as at 1 January 2020)*	***specific weight, %***
Individuals	15,838.2	64.0	13,702.8	65.8
Oil and gas industry	2,160.0	8.7	1,918.9	9.2
Government and municipal bodies of the Russian Federation	1,223.0	4.9	750.8	3.6
Construction	1,026.6	4.2	602.7	2.9
Services	774.1	3.1	841.5	4.0

Trade	617.6	2.5	467.8	2.2
Machinery	386.2	1.6	433.8	2.1
International loans	406.3	1.6	340.5	1.6
Metallurgy	516.1	2.1	206.5	1.0
Food industry and agriculture	286.5	1.2	221.1	1.1
Power industry	270.9	1.1	289.4	1.4
Transport, aviation and space industry	227.0	0.9	175.3	0.8
Telecommunications	182.5	0.7	157.0	0.8
Chemical industry	90.6	0.4	65.2	0.3
Timber industry	56.5	0.2	41.8	0.2
Other	678.5	2.8	623.5	3.0
Due to customers other than credit institutions carried at the depreciated value	**24,740.6**	**100.0**	**20,838.6**	**100.0**

Below is information on international loans:

Issue	***Subord.***	***Issue date***	***Repayment Date***	***Currency***	***Nominal value (in millions of currency units)***	***Contractual interest rate, %***	***Book value, RUB billion***	
							As at 1 January 2021	*As at 1 January 2020*
Series 7		16 June 2011	16 June 2021	USD	1,000.0	5.72	73.9	61.9
Series 9[ii]		7 February 2012	7 February 2022	USD	1,500.0	6.13	110.8	92.9
Series 12	subord.	29 October 2012	29 October 2022	USD	2,000.0	5.13	147.7	123.8
Series 16	subord.	23 May 2013	23 May 2023	USD	1,000.0	5.25	73.9	61.9
Total							**406.3**	**340.5**

ii Taking into account additional issue dated 07/30/2012 (USD 750 million)

In accordance with applicable law, in Q2 2020 the Bank of Russia assigned claims to the Bank to the Ministry of Finance, in the nominal amount of RUB150.0 billion under the subordinated loan agreement dated 16 June 2014. In Q3 2020, the Bank and the Ministry of Finance signed a supplementary agreement on changing terms, which allowed obtaining the consent from the Bank of Russia for including the mentioned part of the subordinated loan in the sources of additional paid-in capital for estimating the Bank’s equity (capital) in accordance with Bank of Russia Regulation No. 646-П (646-P), and calculating own funds (capital) adequacy ratios in accordance with Bank of Russia Instruction No.199-И (199-I).

Interest payment for the above-mentioned subordinated loan in the amount of RUB5.2 billion was made in December 2020.

4.8. Financial liabilities carried at fair value through profit or loss

RUB billion	***for 2020*** *(as at 1 January 2021)*	***For 2019*** *(as at 1 January 2020)*
Derivative financial instruments	291.4	132.5
Due to credit institutions	246.3	353.8
Due to customers other than credit institutions total, including:	215.8	115.8
- due to individuals	177.1	106.4
- due to entities	38.7	9.4
Financial liabilities carried at fair value through profit or loss	**753.5**	**602.1**

4.9. Issued debt securities carried at the amortized cost

		for 2020	*(as at 1 January 2021)*
RUB billion	***Carrying Value***	***Deadlines period***	***Interest rate** (**nominal**), %*
Promissory notes	54.2	on demand – 06/2034	0.0–9.89
Savings certificates	12.6	on demand – 05/2021	0.0–18.0
Other debt securities issued	746.4	01.2021 - 03.2032	0.01 - 9.25
Issued debt securities carried at the amortized cost	**813.2**		

		For 2019	*(as at 1 January 2020)*
RUB billion	***Carrying Value***	***Deadlines period***	***Interest rate** (**nominal**), %*
Promissory notes	82.7	on demand – 06/2034	0.0–9.89
Savings certificates	32.3	on demand – 05/2021	0.0–18.0
Other debt securities issued	552.7	01/2020–03/2032	0.01–12.27
Issued debt securities carried at the amortized cost	**667.8**		

As at 1 January 2021 and 1 January 2020, the Bank had no overdue or restructured issued debt obligations.

Compliance with special terms

In its normal course of activities, the Bank enters into agreements to raise cash and cash equivalents through interbank loans. These transactions may include terms requiring the bank to repay cash and cash equivalents early under certain circumstances, such as breach of set operational restrictions or other terms specified in the agreement. As at 1 January 2021, there was no violation of terms of the Bank's significant transactions which could lead to the necessity to perform these obligations early.

4.10. Other liabilities

RUB billion	***for 2020*** *(as at 1 January 2021)*	***For 2019*** *(as at 1 January 2020)*
Other financial liabilities		
Lease liabilities	83.8	-
Accrued staff cost	43.6	44.8
Settlements on conversion transactions, DFI and forward transactions	41.6	4.3

Funds in settlement	22.8	10.9
Outstanding contributions to the Deposit Insurance Agency	18.7	23.9
Bank's liabilities under loyalty programs	12.4	12.3
Accounts payable	3.6	0.3
Amounts received on correspondent accounts before clarification	3.3	4.6
Settlements under issued guarantees	3.0	4.5
Dividend settlements with shareholders	3.0	3.4
Other	11.6	16.5
Other financial liabilities	**247.4**	**125.5**
Other non-financial liabilities		
Operating taxes payable	12.6	8.2
Settlements on noncapital expenses	10.0	6.4
Settlements for expenses of a capital nature	0.4	1.3
Other	3.9	3.0
Other non-financial liabilities	26.9	18.9
Other liabilities	**274.3**	**144.4**

4.11. Charter capital

The table below provides the structure of Sberbank Share Capital as at 1 January 2021 and as at 1 January 2020:

	Declared, placed, and paid-up shares	
	quantity, thousand units	***nominal value, RUB billion***
Ordinary shares	21,586,948	64.8
Preferred shares	1,000,000	3.0
Total	**22,586,948**	67.8

The structure of the Bank's share capital has not changed since July 2007. During 2020, the Bank did not redeem any equity shares from shareholders. As at 1 January 2021, the Bank has no equity shares redeemed from its shareholders on its balance sheet.

All the ordinary shares have a nominal value of 3 rubles per share and are attached with equal rights. Each ordinary share carries the right to one vote. All ordinary shares in issue are fully paid up.

Preferred shares have a nominal value of 3 rubles per share and carry no right of vote (unless federal law provides otherwise). All the preferred shares have equal rights and are fully paid up.

The procedure for the payment of dividends on shares is determined by applicable laws. A decision (announcement) on payment of dividends and the size of dividends shall be made by the General Meeting of Shareholders upon the recommendation of the Bank's Supervisory Board. The minimum amount of dividends on preferred shares shall be at least 15% of their nominal value. If preferred dividends are not paid, the holders of preferred shares are entitled to vote similarly to the holders of ordinary shares up to the moment when the dividends are paid out.

Preferred share dividends are set to be 623.3% of the nominal value based on performance in 2019 (533.3% of the nominal value based on performance in 2018). Preferred share dividends have priority in terms of payment over ordinary share dividends.

4.12. Earnings per share and dividends

Diluted and basic earnings per share are calculated in accordance with Bank of Russia Letter No. 129-T (129-T) 'On Methodological Recommendations "On calculation method for Credit Institutions to Calculate Earnings per Share When Preparing Their Financial Statements in Accordance with International Financial Reporting Standards"' dated 26 October 2009.

As at 1 January 2021, the Bank has no shares that may potentially dilute the earnings per ordinary share of the Bank. Accordingly, the diluted earnings per share equal the basic earnings per share.

The basic earnings per share is calculated by dividing the net profit owned by the Bank's shareholders by the weighted average number of ordinary shares outstanding during the period less own shares redeemed from shareholders.

	for 2020	For 2019
Net profit of the Bank owned by shareholders, RUB billion	709.9	856.2
Dividends on preferred shares of the Bank declared in the specified year, RUB billion	18.7	16.0
Net profit of the Bank owned by shareholders holding ordinary shares, RUB billion	691.2	840.2
The weighted average number of the Bank's ordinary shares outstanding during the specified period, billion units	21.6	21.6
Basic and diluted earnings per share, RUB per share	**32.02**	**38.92**

On 25 May 2020, the Annual General Meeting of Shareholders approved the recommendations of the Supervisory Board on the distribution of profits and payment of dividends for 2019 on ordinary and preferred shares of the Bank in the amount of RUB 18.70 per share. The total amount of dividends for 2019 was RUB361.4. On 24 June 2019 the Annual General Meeting of Shareholders approved the recommendations of the Supervisory Board on the distribution of profits and payment of dividends for 2018 on ordinary and preferred shares of the Bank in the amount of RUB12.00 per share. The total amount of dividends at the end of 2018 came out at RUB361.4 billion.

Information on dividends paid out:

RUB billion	*Ordinary shares*	*Preferred shares*
Dividends payable as at 1 January 2020	**3.0**	**0.5**
Dividends accrued for 2019	403.7	18.7
Dividends paid in 2020	(404.2)	(18.5)
Dividends payable as at 1 January 2021	**2.5**	**0.7**

RUB billion	*Ordinary shares*	*Preferred shares*
Dividends payable as at 1 January 2019	**1.6**	**0.3**
Dividends accrued for 2018	345.4	16.0
Dividends paid in 2019	(344.0)	(15.8)
Dividends payable as at 1 January 2020	**3.0**	**0.5**

All dividends are declared and paid out in Russian rubles.

4.13. Information on contingent liabilities

Contingent credit-related commitments

RUB billion	*for 2020* *(as at 1 January 2021)*	*For 2019* *(as at 1 January 2020)*
Undrawn credit facilities for lending	3,153.9	2,492.8
Unused guarantee issue limits	1,397.1	1,228.5
Guarantees (sureties) issued by the Bank	1,495.6	1,464.4
Unused overdraft limits	501.5	509.1
Letters of credit	498.1	362.4
Reimbursement obligations	8.2	5.5
Total contingent credit-related liabilities before ECL provision	**7,054.4**	**6,062.7**
Provision for ECL	33.6	(36.5)
Total contingent credit-related liabilities after ECL provision	**7,020.8**	**6,026.2**

To assess expected credit losses, the balance of the contingent credit-related liabilities is included in Stage 1. The approach to estimating expected credit risk losses is described in Notes 9.2.

The total contract debt under undrawn credit facilities/unused limits, letters of credit, and guarantees does not necessarily represent future money claims because the validity period may expire or the said liabilities may be cancelled without providing the funds to the client.

The flow of the ECL provision for contingent credit-related commitments is disclosed in Notes 9.2.

Legal proceedings

From time to time in the normal course of the Bank's activities, claims against the Bank are filed with judicial bodies. Based on its own estimates and internal professional advice, the Bank's management believes that such proceedings would not cause significant losses that would exceed the amount of provisions created in these annual statements.

Regarding legal claims against the Bank and one of the Bank's clients to declare the derivative transactions performed in Q1 2019 between the parties as invalid, the court of first instance ruled in favor of the claimant. In Q3 2019 the arbitration court affirmed the ruling of the court of first instance; in Q4 2019 the cassation court affirmed the rulings of the court of first instance and the court of appeal. The Bank has made settlements under the claim. However, the Bank did not change its position, and the Bank will continue to challenge court rulings, including filing an appeal to the Constitutional Court of the Russian Federation.

4.14. Information on lease transactions

The main provisions regarding accounting of lease in which the Bank is a lessee are given in Section 17.2 of Explanatory Information.

Information on distribution of liabilities amount in relation to lease is given below:

RUB billion	***for 2020*** *(as at 1 January 2021)*	***For 2019*** *(as at 1 January 2020)*
Less than 1 year	18.2	26.2
1 to 5 years	45.7	43.0
Over 5 years	19.9	23.3
Total	**83.8**	**92.5**

5. Accompanying Information to the Statement of Financial Performance

5.1. Interest income by type of assets

RUB billion	*for 2020*	*For 2019*
Interest income calculated at the effective interest rate		
Interest income on debt financial assets carried at the depreciated value:	**1,957.4**	**1,994.5**
- Net loans receivable of clients other than credit institutions	1,864.5	1,859.6
- Net investments in securities and other financial assets	50.1	45.8
- Due from credit institutions	41.4	82.2
- Cash and cash equivalents	1.4	6.9
Interest income on debt financial assets carried at fair value through other comprehensive income:	**178.8**	**166.6**
- Net investments in financial assets	178.8	166.6
Total interest income calculated at the effective interest rate	**2,136.2**	**2,161.1**
Other interest income:		
- Loan debts of customers other than credit institutions, carried at fair value through profit or loss	59.2	44.7
- Due from credit institutions carried at fair value through profit or loss	27.1	37.3
- Investments in securities carried at fair value through profit or loss	3.1	2.0
Total other interest income	**83.4**	**84.0**
Interest income	**2,219.6**	**2,245.1**

5.2. Interest costs by types of funds raised

RUB billion	*for 2020*	*For 2019*
Interest expenses calculated at the effective interest rate		
Interest expenses on financial liabilities recorded at amortized cost:		
- Deposits by individuals	342.4	453.6
- Due to clients (term deposits of legal entities)	186.8	274.4
- Debt securities issued	48.9	37.4
- Due to clients (current/demand accounts of individuals)	36.3	37.3
- Subordinated loans	27.6	32.4
- Due to clients (current/settlement accounts of legal entities)	25.3	26.8
- Due to credit institutions	17.8	19.6
Lease liabilities	5.2	-
Total interest expenses calculated at the effective interest rate	**690.3**	**881.5**
Other interest expense		
- Due to credit institutions carried at fair value through profit or loss	17.9	18.1
Total other interest expense	17.9	18.1
Interest expenses	**708.2**	**899.6**

5.3. Net income from foreign currency revaluation

RUB billion	*for 2020*	*For 2019*
Net income/(expenses) from foreign currency revaluation except for net expenses from exchange rate differences on financial instruments carried at fair value through profit or loss	153.6	(16.5)
Net income/(expenses) from exchange rate differences on financial instruments carried at fair value through profit or loss	13.7	(3.9)
Net income from foreign currency revaluation	**167.3**	**(20.4)**

5.4. Fee and commission income and expenses

RUB billion	*for 2020*	*For 2019*
Fee and commission income		
Bank card transactions	387.3	343.6
Cash management services	199.5	174.0
Agency, insurance and other services	60.8	67.7
Bank guarantees	16.7	14.9
Other	44.4	39.2
Fee and commission income	**708.7**	**639.4**
Fee and commission expense		
Bank card transactions	145.5	98.9
Loyalty program transactions	32.7	25.0
Other	11.1	9.2
Fee and commission expense	**189.3**	**133.1**
Net fee and commission income	**519.4**	**506.3**

All fee and commission income and expenses of the Bank are not related to assets and liabilities carried at fair value through profit or loss.

5.5. Operating expenses

RUB billion	*for 2020*	*For 2019*
Staff costs	403.3	400.9
Selling, general and administrative expenses	134.1	137.9
Amortization of fixed assets, intangible assets and right-of-use assets	97.6	71.3
Contributions to the Mandatory Deposit Insurance Fund	56.2	83.9
Expenses from initial recognition and outstanding loan modification	44.4	11.3
Settlements with respect to taxes and duties[15]	32.9	-
Operating lease expenses	4.4	-
Other operating expenses	58.8	83.1
Operating expenses	**831.7**	**788.4**

[15]As of 1 January 2020, the Bank has represented expenses related to other taxes and duties in accordance with classification introduced by Bank of Russia Ordinance No. 5456-У (5456-U) dated 12 May 2020 “On Amending Bank of Russia Ordinance No. 4927-У (4927-U), Dated 8 October 2018, “On the List, Forms and Procedure for Compiling and Submitting Credit Institutions’ Reporting Forms to the Central Bank of the Russian Federation””, as part of “Operating Expenses” item of disclosure form 0409807 “Statement of Financial Performance”.

5.6. Tax expenses

The main components of tax expenses by types of taxes, fees and charges are presented below:

RUB billion	***for 2020***	***For 2019***
Income tax	165.1	209.2
Income tax to the budgets of the subjects of the Russian Federation	125.0	178.2
Income tax on operations with government securities	25.7	22.8
Income tax to the federal budget	22.1	31.4
Income tax withheld abroad at the source of payment	1.5	1.5
Stock dividend tax	0.3	0.2
Tax on controlled foreign companies	0.0	0.0
Adjustment of deferred income tax	(9.5)	(24.9)
Other taxes and duties[15]	-	32.2
Tax expenses	**165.1**	**241.4**

The income tax rate applicable to the major part of the Bank's income as at 1 January 2021 is 20%. On 1 January 2020 20%).

Theoretical tax expenses are compared with the actual ones below:

RUB bn	***for 2020***	***For 2019***
Revenue before taxes	**875.0**	**1,097.6**
Theoretical tax deductions at a rate determined by the law (2020: 20%; 2019: 20%)	175.0	219.5
Tax effect from income on government securities taxed at rates different from 20%	(8.6)	(7.6)
Staff costs not deductible for tax purposes	1.0	2.3
Other non-temporary differences	(2.3)	(5.0)
Income tax expense for the year	**165.1**	**209.2**

6. Accompanying information to the Statement of Changes in Equity

The Bank's total aggregate income for 2020 and 2019, including its analysis in the context of capital instruments, reconciling the book value of capital instruments as of the beginning and the end of the current and previous reporting periods disclosing information on income/ loss changes, other comprehensive income, the current and previous reporting periods, transactions with shareholders in the current and previous reporting periods, are presented in the disclosure form No. 0409810 "Statement of changes in the credit institution's equity".

In 2019-2020, the Bank did not make a retrospective correction of errors made in previous reporting periods.

In connection with the Bank of Russia's regulations in terms of applying Russian Accounting Standards under IFRS 9 and IFRS 15 entering into force from January 1, 2019, the Bank reflected effects from switching to new accounting principles for relevant items of the disclosure form No. 0409810 "Statement of changes in the credit institution's equity". Information on the amounts of effect from switching to new accounting principles by items is presented in the disclosure form No. 0409810 "Statement of changes in the credit institution's equity". In connection with switching of Russian Accounting Standards to IFRS 16 from January 1, 2020, the Bank recognized loss from applying new accounting principles in "Retained earnings (loss)" of the disclosure form No. 0409810 "Statement of changes in the credit institution's equity" in the amount of RUB 2.7 bn.

7. Accompanying Information to the Statement of Cash Flows

In 2020 cash inflow amounted to RUB 117.3 bn (in 2019 the inflow was RUB 1.1 bn). The main items of the use of cash and cash equivalents in 2020 were granting loans and paying interest. The main sources of funds in the reporting period were attracting customer funds and interest received.

In the reporting period, the Bank did not carry out material investment and financial transactions that do not require the use of cash.

In the reporting period, the Bank did not carry out material investment and financial transactions that do not require the use of cash.

As of the reporting date the Bank has unencumbered assets usable as a security for the Bank of Russia, which may be used as well for financing the operating activities and performing obligations on conducting future capital expenditures. Information on encumbered and unencumbered assets is disclosed in the Information on Assumed Risks, Procedures for Their Assessment, Risk and Capital Management of Sberbank Group disclosed at the Bank's website in accordance with Bank of Russia Ordinance No. 4482-У (4482-U) dated 7 August 2017 On the Form and Procedure for a Credit Institution (Parent Credit Institution of a Banking Group) to Disclose Information on Risks Assumed, Risk Assessment Procedures and Risk and Capital Management Procedures.

8. Information on the Bank's Business Segments

The Group management analyzes operational results by segments based on the Group’s consolidated segment statements presented in the consolidated financial statements of Sberbank Banking Group prepared under IFRS.

The segments represent business lines, the operational results of which are reviewed by the authorized body on a regular basis. The authorized body in Sberbank Group is the Board of Sberbank and business units heads. The authorized body shall define the strategy, allocate resources and evaluate the Group’s performance.

Previously, the Group represented segment information by geographic segments. Starting with the consolidated financial statements for 2020, for the first time the Group presents segment information by business segments since the segment reporting by business segments provides a more complete and detailed description of the Group’s activities, the product structure and financial results of the business segments. Information by business segments is presented in the Group’s consolidated financial statements under IFRS for 2020 retrospectively.

Description of the segments basic products and services

In accordance with IFRS 8 “Operating segments” the Group designated the following reporting segments:

- BANKING BUSINESS
- Payment business;
- Wealth management and brokerage services;
- Risk insurance
- NON-FINANCIAL BUSINESS –
- Other.

Banking business

Banking business is focused on providing bank products to all customer groups (legal entities: major customers, large, medium and small business, public authorities, financial institution; individuals). This segment includes the following products / services:

– Financing products for customers - legal entities (lending, trade and export financing, interbank and overdraft lending, repo, leasing products, other financing instruments);
– Financing products for individuals - individuals (consumer loans, credit cards and overdrafts, mortgage loans, auto loans);
– issuing and processing bank cards;
– transactions with derivative financial instruments, currency, precious metals, exchange commodities and securities;
– fundraising services in debt and equity capital markets and depository services;
– trade finance transactions: guarantees and letters of Credit;
– deposit and corporate structured products;
– other services with commission (for example, cash collection services, salary projects).

Payment business

Payment business focuses on delivering payment products and services to individuals and legal entities. This business segment includes the following basic products / activities:

– Cash management services to corporate clients
– currency control;
– domestic and international payments and transfers by individuals;
– acquiring services.

Wealth management and brokerage services

Wealth management and brokerage services provides individuals and corporate customers pension schemes and brokerage services, as well as assets management and life insurance services. This segment includes the following types of activities:

– brokerage services (for individuals and legal entities);
– assets management and finance consulting;

– financing products for customers - individuals in financial markets (repo, margin lending, securities loans);
– Pension coverage
– Investment and interest-bearing life insurance

Risk insurance

Risk insurance business customers are individuals and corporate customers. Main products are:
– Credit insurance
– non-credit risk insurance;
– corporate Insurance products.

Non-financial business

Non-financial business focuses on development and provision of new types of services through the Group companies or through companies with the Group's interest, in the following main subsegments - E-Commerce, FoodTech&Mobility, Entertainment, Health and B2B services. The listed subsegments include the following services.

E-commerce: e-commerce and logistic services. The main companies in this subsegment are SberLogistics, SberMarket, Samokat.

Entertainment: video and audio streaming and other media services. This subsegment includes the online cinema OKKO and other Rambler media assets, SberZvuk, Soyuzmultfilm.

FoodTech&Mobility: food delivery, taxi and carsharing services. The main companies in this subsegment are Delivery Club, Local Kitchen, Citymobil, You Drive.

Health: digital services in healthcare, such as telemedicine, online medical appointment booking, house calls, remote patient monitoring, electronic medical record, etc. This subsegment includes SberHealth.

B2B services: non-financial services for legal entities, including

– **Cloud services:** information storage and processing in cloud storages. This subsegment includes SberCloud.
– **Cybersecurity:** services for personal and commercial data protection, protection against cyber attacks. This subsegment includes BI.ZONE.
– **Other services:** marketing services, biometrics and other non-financial services for legal entities.

In addition to the above-mentioned services, non-financial business companies provide services of mobile virtual network operator, job search, selecting and proceeding real estate transactions and other services. The main non-financial business companies are Sberbank Telecom, Rabota dlya Vas, SberDevices, DomClick.

Others

"Others" segment includes a number of non-core assets and undistributed items.

Factors to take into account when determining reporting segments

The Group's segment reporting is based on major business lines with their own development strategies, separate management procedures, product and geographic specialization, and their results are regularly reviewed by top executives for making management decisions.

Measuring segments profits and losses, assets and obligations

Segment reporting is primarily based on IFRS, taking into account the differences due to reporting terms, involved subsidiaries and a number of adjustments to comply with the Group's management accounting standards. Where applicable, segment income and expenses include results from the redistribution of financial resources by the treasury and transactions between segments / subsidiaries. Transactions between segments / subsidiaries take place on a regular basis and primarily under terms reflecting market environment. The segments financial results also include cost allocation of support functions, based on the most suitable drivers for allocation. The key differences between the Croup's IRFS reporting group and segment reporting are further presented in this Note.

The Group estimates the results of the segments operating activities based on profit before tax. Information on the reporting segments financial situation and financial results as of January 1, 2021 and January 1, 2020, as well as for 2020 and in 2019, is presented below.

RUB bn	Banking business		Payment business		Wealth management and brokerage services		Risk insurance		Non-financial business		Others		Exception of intersegment transactions		Total	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Revenue from external customers	2,658.6	2,643.4	420.0	353.8	94.4	130.9	98.8	104.5	71.4	26.4	22.2	33.7	–	–	3,365.4	3,292.7
For other segments:	40.7	37.2	–	–	5.1	3.0	–	–	–	–	–	–	(45.8)	(40.2)	–	–
Total revenue	**2,699.3**	**2,680.6**	**420.0**	**353.8**	**99.5**	**133.9**	**98.8**	**104.5**	**71.4**	**26.4**	**22.2**	**33.7**	**(45.8)**	**(40.2)**	**3,365.4**	**3,292.7**
Results of the segment activity:																
Operating Income before provision for credit and other losses	1,744.8	1,613.7	329.0	277.7	65,8	60.7	78.9	81.2	36.2	10.0	35.8	32.6	(29.5)	(31.0)	2,261.0	2,044.9
Net (expenses) / reversal from provision for credit and other losses	(534.8)	(183.7)	–	–	(1.1)	–	(0.2)	–	(0.4)	(0.1)	3.6	–	–	–	(532.9)	(183.8)
Staff costs and administrative expenses	(574.2)	(552.1)	(124.1)	(122.7)	(21.1)	(18.6)	(17.0)	(15.9)	(27.2)	(11.4)	(32.7)	(34.2)	27.7	28.6	(768.6)	(726.3)
Profit / (loss) before tax (segment result)	**635.8**	**877.9**	**204.9**	**155.0**	**43.6**	**42.1**	**61.7**	**65.3**	**8.6**	**(1.5)**	**6.7**	**(1.6)**	**(1.8)**	**(2.4)**	**959.5**	**1,134.8**
Segment assets and liabilities:																
Segment assets	34,518.3	28,393.0	71.1	58.7	1,136.9	944.1	92.8	80.7	136.6	39.3	318.9	477.8	(84.6)	(98.2)	36,190.0	29,895.4
Segment liabilities	30,305.8	24,655.8	18.9	9.2	652.7	683.4	79.9	69.2	64.9	15.5	74.5	39.5	(83.1)	(97.1)	31,113.6	25,375.5

Revenue of “Banking Business” segments, “Payment Business” and “Others” segments includes the following: interest income, commission income, operating leasing income, non-financial subsidiaries revenues, and other operating income.

Revenue of “Wealth management and brokerage services” and “Risk insurance” segments includes the following: commission income, incoming premium, incoming pension contributions, and interest income (for brokerage and assets management services).

Revenue of “Non-financial business” segment includes sales revenues (works, services), commission income, as well as the Group’s share in sales revenues (works, services) of associates and joint ventures (except for Yandex. Market).

Detailed income and expenses breakdown for “Banking business” segment is presented in the table below.

RUB bn	**for 2020**	**For 2019**
Interest income		
Loans to banks	66.5	108.6
Loans to corporate customers	1,009.2	1,074.6
Loans to individuals	1,003.4	901.9
Securities	237.1	218.9
Other	5.2	10.3
	2,321.4	**2,314.3**
Interest expenses		
Due to banks	(67.0)	(78.3)
Due to corporate customers	(200.4)	(288.5)
Due to individuals	(390.4)	(482.7)
Securities issued	(65.8)	(53.6)
Costs directly related to deposit insurance	(62.6)	(85.5)
Other	(7.8)	(3.2)
	(794.0)	**(991.8)**
Fee and commission income		
Corporate customers	110,4	103.4
Individuals	218.3	216.0
Other	11.4	7.7
	340.1	**327.1**
Fee and commission expense		
Corporate customers	(10.4)	(4.8)
Individuals	(122.9)	(113.2)
Other	(6.2)	(8.1)
	(139.5)	**(126.1)**
Net income from trading operations	69.0	65.2
Other net operating gains/ (losses)	(52.2)	25.0
Operating Income before provision for credit and other losses	**1,744.8**	**1,613.7**
Net expenses from provision for credit and other losses	(534.8)	(183.7)
Staff costs and administrative expenses	(574.2)	(552.1)
Profit before tax (segment result)	**635.8**	**877.9**

Detailed income and expenses breakdown for “Payment business” segment is presented in the table below.

RUB bn	**for 2020**	**For 2019**
Payment “products” for individuals	103.9	79.8
Payment “products” for entities	225.1	197.9
Operating Income before provision for credit and other losses	**329.0**	**277.7**
Staff costs and administrative expenses	(124.1)	(122.7)
Profit before tax (segment result)	**204.9**	**155.0**

Detailed income and expenses breakdown for “Wealth management and brokerage services” reporting segment is presented in the table below.

RUB bn	**for 2020**	**For 2019**
Premiums and pension contributions	88.1	118.5
Net interest income	84.2	78.4
Net income from trading operations	51.4	48.5
Net fee and commission income	9.6	6.2
Changes in premium reserves / pension liabilities	(115.6)	(143.6)
Insurance and pension products	(48.6)	(44.0)
Acquisition expenses	(1.5)	(2.2)
Investment expenses	(1.3)	(1.6)
Net other operating (expenses)/ income	(0.5)	0.5x
Operating Income before provision for credit and other losses	**65.8**	**60.7**
Net expenses from provision for credit and other losses	(1.1)	–
Staff costs and administrative expenses	(21.1)	(18.6)
Profit before tax (segment result)	**43.6**	**42.1**

Detailed income and expenses breakdown for “Risk insurance” segment is presented in the table below.

RUB bn	**for 2020**	**For 2019**
Premiums and pension contributions	92.2	99.1
Change in premium reserves	(1.4)	(7.5)
Insurance payments	(13.0)	(10.4)
Acquisition expenses	(4.2)	(7.2)
Net fee and commission income	1.4	1.4
Investment income	4.0	3.6
Net other operating (expenses)/ income	(0.1)	2.2
Operating Income before provision for credit and other losses	**78.9**	**81.2**
Net expenses from provision for credit and other losses	(0.2)	–
Staff costs and administrative expenses	(17.0)	(15.9)
Profit before tax (segment result)	**61.7**	**65.3**

Additional financial and operating results of “Non-financial business” reporting segment (except for data on Yandex Market and financial results from the disposal of Yandex Market).

RUB bn	**for 2020**	**For 2019**
Revenue	71.4	26.4
EBITDA	(11.9)	2.2
(including		
E-Commerce		
GMV	12.9	0.3
EBITDA	(6.4)	(0.3)
No. of orders (mln)	27.9	1.2
FoodTech & Mobility		
Revenue	4.8	0.5x
EBITDA	(10.4)	(0.7)
Number of trips (million)	189.9	13.8
Number of orders (million)	62.6	3.3
Number of involved Delivery Club restaurants (thousand, as of the end of the period)	39.0	13.7
Entertainment		
Revenue	7.4	1.9
EBITDA	(3.0)	(0.2)
Number of paying users, Okko (million, as of the end of the period)	2.6	1.2
Number of paying users, SberZvuk (million, as of the end of the period)	0.8	N/a

Health		
Revenue	2.1	1.5
EBITDA	0.2	0.0
Number of appointments with doctors (thousand)	752.7	677.9
Number of telemed consultations (thousand)	200.0	43.0
B2B services, incl.:		
Revenue	33.6	17.2
EBITDA	5.3	2.0
Cloud-based services		
Revenue	3.3	0.2
EBITDA	0.1	(0.6)
Cybersecurity services		
Revenue	9.4	2.8
EBITDA	1.9	(0.2)

For the purposes of this consolidated financial statements, EBITDA is earnings before amortization, financial expense / income and income tax.

GMV for E-Commerce includes cash goods turnover through the platform (own sales and sales of third-party vendors), revenues from complementary and other services (delivery, promotion, data, etc.), decreased by refunds, provided discounts and other expenses to boost sales (for example, promotional offers, coupons). All indicators are included with VAT.

Revenues, EBITDA and GMV for associated companies and joint ventures are shown in proportion of the share of the Group's ownership during the reporting period. For the Group companies, the indicators are calculated with the 100% base from the date when the controlling stake was received. Operational performance is presented as 100%, regardless of ownership interest, from the date the Group obtained a share in the relevant company.

The table below provides a reconciliation of reportable segment profit before tax (segment profit or loss) to the Group's IFRS profit before taxes for 2019 and 2020:

RUB bn	**for 2020**	**For 2019**
Profit before tax (segment result)	**959.5**	**1,134.8**
Temporary difference in calculation of provision for credit loss	(7.9)	7.3
Differences in recognizing commissions of international payment systems	(3.5)	0.9x
Temporary difference in recognizing reserves and low-value items	(2.2)	0.7
Difference from real estate transactions due to different book values	(0.9)	1.7
Temporary difference from applying IFRS 16 "Leases"	–	(4.7)
Other	(2.7)	(2.0)
Profit of the Group before tax under IFRS	**942.3**	**1,138.7**

Segment assets and liabilities are immaterially different from the assets and obligations presented in the statement of financial position under IFRS. The stated differences as of January 1, 2021 account for RUB 174.0 bn for total assets and RUB 144.1 bn for total liabilities (as of January 1, 2020: RUB 64.3 bn for total assets and RUB 97.5 bn for total liabilities) and originates from specific differences in the consolidation perimeter, as well as differences in classification and evaluation of some assets and liabilities.

Geographical data based on the location of the Group companies are as follows:

	2020			**2019**		
RUB bn	**Russia**	**Others countries**	**Total**	**Russia**	**Others countries**	**Total**
Revenue from external customers over a year	3,249.7	115.6	3,365.3	3,186.9	105.8	3,292.7
Fixed assets as of the end of the period	979.4	42.9	1,022.3	807.5	39.0	846.5

9. Information on Significant Types of Risks, Procedures of their Assessment and Management

Since Sberbank is the parent company of the Banking Group, whereby the risk management is mostly carried out on the Group level, the risk management approaches are presented in relation to the Group.

9.1. Integrated Risk Management of the Group

Integrated Risk Management of the Group is subject to the requirements and recommendations of the Bank of Russia, the Basel Committee on Banking Supervision and local regulatory requirements in the countries of the Group members' presence.

The Group manages the following types of risk: credit risk, market risk, operational risk, liquidity risk, and other types of risks.

The risk management system is part of the Group's general management system aimed at sustainable development of the Bank and Group's members under the approved Development Strategy.

Basic principles of the risk management system are defined in Risk and Capital Management Strategy of Sberbank Group, approved by the Supervisory Board of the Bank.

The primary goals and objectives of the risk management system are as follows:

- to ensure/maintain the acceptable risk level within the risk appetite and/or other limits and containments;
- to ensure capital adequacy to cover material/substantial risks
- to ensure the financial stability of the Group and minimize possible financial losses caused by risks taken by the Group within the risk appetite established in accordance with the Development Strategy;
- to ensure the efficient resource allocation for optimization of the risk-return ratio of the Group;
- to ensure the going concern and plan the optimal management of the Group’s business with due regard to possible stress conditions;
- to comply with requirements of government authorities of the Russian Federation regulating the activities of the Group as a whole and of specific members of the Group, as well as requirements of government authorities in countries of the Group members’ operation.

For the purposes of efficient risk management and taking into account the need to minimize the conflict of interest between risk taking, risk level limitation and control, as well as the audit of risk and capital management system, the organizational structure of the Bank and the Group members shall be formed with due regard to the necessity for allocation of functions and responsibility among units in accordance with the “three lines of defense” principle:

- risk level management within the set limitations
- independent risk assessment and control
- independent assessment of the risk and capital management system performance and its compliance with internal and external requirements

The main participants of the risk management are:

- At the level of the General Meeting of Shareholders of the Bank - within the framework of credit risk management, approval of interested transactions / major transactions in the cases stipulated by the federal legislation and the Bank's Articles of Association.
- at the level of the Supervisory Board of the Bank – approval of the risk and capital management strategy of the Group; setting of risk appetite and risk target levels for the Group and the Bank; monitoring of compliance with risk appetite limits and achievement of target levels of risk; evaluation of the effectiveness of the risk and capital adequacy management system;
- At the level of the Bank's Executive Board, the Bank's Group Risk Committee - the Group’s overall risk management; risk management and capital adequacy organization; approval of committees for specific risk management and units responsible for risks;
- At the level of the Bank's Committees for specific risk management - specific risk management within the framework of restrictions and requirements established at the levels of the Bank’s Supervisory Board, Executive Board, the Bank's Group Risk Committee;

- At the level of the Bank’s structural units responsible for risks, as well as collegial bodies and the Group members’ structural units - specific risk management in the bank and the Group members within the framework of restrictions and requirements established at the levels of the Bank’s Supervisory Board, Executive Board, the Bank's Group Risk Committee, Committees for specific risk management.

Integrated risk management process includes five core steps:

- identification of risks and assessment of their significance – the goal of this stage is to identify all significant risks affecting the activities of the Group;
- aggregated assessment of risks and amount of capital – the goal of the stage is to determine the aggregate estimation of capital required to cover losses in case of risk occurrence;
- establishing risk appetite: the goal of this stage is to approve the maximum level of risk that the Group may accept, and to build a system of limits and restrictions that allow compliance with the Group risk appetite
- planning risk exposure level – 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 Group’s business plan;
- managing the risk level aggregated – the goal of this stage is to ensure that the risks of the Group correspond to target values.

The Group is constantly developing the risk management system in order to correspond to the best practices and recommendations of regulators. In this respect, a consistent implementation and improvement of both methods and procedures for risk management at the integrated level and at the management system level for specific types of risks is effected.

9.2. Credit risk

Credit risk means the risk of losses associated with full or partial loss of asset value or increase in liabilities due to default or deterioration of the credit quality (migration) of a counterparty/issuer/third party under the following instruments (including those received as security):

- a financial instrument under a counterparty transaction
- an issuer’s security
- a derivative financial instrument tied to a credit event of a third party

The Bank’s maximum credit risk is recognized in the book value of financial assets. For guarantees and liabilities on loans the maximum level of credit risk is equal to the amount of liabilities.

The objective of credit risk management are:

- ensuring compliance of credit risks level of the Group to the risk appetite set within the Integrated Risk Management (and/or other limits and restrictions) and optimizing its level as part of management decisions to provide sustainable development of the Group, the Bank and other members of the Group in accordance with macroeconomic parameters and the Development Strategy of the Group approved by the Bank’s Supervisory Board;
- complying the requirements of the state bodies and local regulators of the countries of the Group members’ operation in terms of credit risk management;
- ensuring compliance with international standards and best banking practices in the area of credit risk management;

The Group’s policy on credit risk management is aimed at:

- implementation of a systemic approach to credit risk management, optimization of the industrial, regional and product structure of the Group’s, Bank’s and other Members of the Group’s credit portfolios, to manage the level of credit risks;
- improving competitiveness of the Group in terms of products subject to credit risks due to a better assessment of assumed credit risks and implementing measures for managing credit risks;
- preservation of stability when expanding the product line of Group members (implementing more complicated products) as a result of adequate assessment and management of accepted risks, particularly credit risks.

The Group applies the following basic methods of credit risk management:

- preventing credit risk by the identification, analysis, and evaluation of potential risks at the stage which precedes the operations exposed to credit risk;
- planning the level of credit risk by assessing the level of expected losses;
- implementing unified processes of risk evaluation and identification;
- limiting the credit risk by imposing the limits and/or restrictions for the risk;
- structuring of transactions;
- managing the collateral for transactions;
- Monitoring and controlling the level of credit risk;
- using the system of decision-making authority;
- creating provisions for possible losses from loans;

The Group's credit risk management system is organized pursuant to the general principles of integrated risk management, including:

- risk awareness - decisions on transactions are made only after comprehensive analysis of credit risks involved;
- segregation - minimizing potential conflict of interest when assuming credit risks, developing a methodology for risk assessment / management / control / audit (“Three lines of Defence” model);
- improving assessment and credit risk management systems;
- credit risk monitoring and control;
- both centralized and decentralized approaches - providing greater efficiency and responsiveness to changes in the rate of certain types of credit risk and their aggregate rate in the Group’s members;
- top-management engagement - reviewing information on assumed credit risks and breaches of established credit risk management procedures, limits and restrictions on a regular basis;
- development of risk culture;
- applying incentive system based on credit risks, consistent with the requirements of the Bank of Russia;
- applying IT.

The system for monitoring and controlling the level of the Group’s credit risks is implemented on the basis of the principles, determined by the Group’s internal regulatory documents, which ensure preliminary, current and further control of transactions, exposed to credit risks, compliance with the established risk limits, and their timely actualization.

The Group pays close attention to the control of concentration of major credit risks and compliance with the prudential requirements of the regulating authority, analysis and forecast of the level of credit risks. By credit risk concentration analysis, control and management the following stages are applied:

- Keeping the group of related borrowers list based on complex criteria for economic and legal relationships among borrowers
- Controlling the provision of large loans to single borrowers or related borrowers within the group;
- Controlling the industry and country risk level

Controlling and limiting the risk, as well as monitoring the expected losses of the Bank and the Group members due to the default of the borrower / group of related borrowers, are carried out using a system of limits that operates for each line of business. The volume of the established limit is determined by the level of the borrower's risk, which is calculated on the basis of an assessment of the financial and non-financial (qualitative) position of the borrower. As non-financial factors, market and external influences indicators, management quality characteristics, business reputation assessment and other factors are used. In 2014, the Bank implemented an automated system for managing credit risk limits.

With regard to corporate credit risks, a multi-level system of limits has been developed to manage credit risk, which is used to limit the risk of lending operations and financial markets transactions.

Additionally, there are country risk limits to limit country risk assumed by the Group. Country risk limits are structural risk limits that restrict the geographic concentration of the Group's risks (other than risks in the Russian Federation).

Retail credit risk limits are set for the credit risk of individuals and grouped as follows:

- structural limits (this group includes the following types of limits: the credit limit under the scheme, the limit on the product / group of approved products);
- limits of powers (are divided into two subgroups: the limits of powers of the collegial body and personal limits);
- limits on the concentration of risks on the value of credit products provided to the borrower (this group includes the limit on the amount of debt of the borrower);
- limits for the credit unit (this group includes the limit of the accepted application amount).

The Group uses a system of internal ratings based on economic and mathematical models of estimating the probability of default by counterparties. The Group's counterparty credit risk assessment depends on the types of counterparties:

- corporate customers, credit institutions, financial companies, small business entities, countries, subjects of the Russian Federation, municipal entities, insurance and leasing companies – on the basis of the credit ratings system, as well as by building models of predicted cash flow or other important indicators;
- For individuals and microbusiness entities: based on evaluation of paying capacity of counterparties in accordance with the Group's internal regulations and express evaluation, including with scoring under the bank's rules and express evaluation.

The system of credit ratings provides a differentiated assessment of probability of default/non-execution by the counterparties of their obligations by analyzing quantitative (financial) and qualitative factors of credit risk (factors of market and external influence, characteristics of management quality, assessment of business reputation and others), materiality of their impact on the ability of the counterparty to serve and repay their obligations.

The inner regulatory documents of the Group provide for evaluation of the factors, the list of which is standardized according to counterparties' types: mandatory evaluation and control shall be applied to the risk factors related to financial standing and trends related to its change, structure of property, business reputation, credit history, cash flow and financial risk management system, information transparency, customer's position in the industry and region, support provided on the part of bodies of state power and holding companies (if the counterparty is included in the holding company), and the so-called preventative factors. Taking into account the analysis of the above risk factors, the probability of counterparty/transaction default is evaluated, and the counterparties/transactions are further classified by ratings.

One of the main tool for reducing borrower's credit risk is the availability of collateral. Several kinds of security can be taken for credit risk limitation. By granting loans the Group uses the most efficient combination of requirements to the borrower's creditworthiness level and to securities, which significantly increases the efficiency of loan workflow. Subject to the Group's policy, the requirements to the loan coverage ratio depend on a number of factors, determining the credit risk level and the level of the borrower's creditworthiness.

There was developed the policy on proceeding with security determining the principles and elements of work with various types of security in lending.

The Collateral Policy is aimed at the creation of such approaches to working with collateral that allows to reduce credit risks, maintain the required quality level of the credit portfolio in terms of collateral, drive an increase in the level of return of bad debts. The quality of the collateral is determined by the degree of credit risk protection provided by it and the probability of obtaining funds in the amount of the estimated collateral value upon foreclosing on the subject of the collateral or its sale. The quality of the collateral is indirectly characterized by the list and materiality of the risks associated with the collateral and is determined by a number of factors: liquidity, reliability of the determination of value, risk of impairment, exposure to risks of loss and damage, risks caused by legal reasons, and others.

Collateral value is appraised based on an internal expert appraisal, an appraisal by independent appraisers, or, when it is impossible / inexpedient to determine the market value, based on the value of the collateral item in the borrower's accounting reporting or nominal value with discount applied. As for security in the form of guaranties and suretyship it is required to carry out the analysis and evaluation of a legal entity or an individual which provides such security, for categorization and estimating the probability of fulfillment of obligations in case of occurrence of a respective credit event;

Security monitoring includes, as for collateral security, monitoring qualitative, quantitative and cost parameters, as for guarantees and suretyship, supervision of a legal entity or individual provided such security, in order to assess their ability to discharge their obligations to the Group. Monitoring is carried out through the period of the loan product.

At the same time the Group has a multidimensional system of authorities allowing to determine the level of decision-making for every credit application. Each collegial body of regional business units and subsidiaries is assigned a risk profile that determines the powers of such collegial body to make independent decisions to approve credit products and financial market deals depending on the limit position for the borrower/group of related borrowers, counterparty rating, and non-standard Transaction parameters. Thus, the existing systems of limits and authorities allow to optimize the credit process and to manage credit risk adequately.

In accordance with the developed macroeconomic scenarios, the Group performs analysis of sensibility of the credit risks level at the level of individual counterparties and the credit portfolio as a whole, and, according to the results, it detects the macro factors to the maximum extent correlating with the probability of counterparties' default. For the purposes of stress testing, the statistical information about rapid changes of macro factors is used when modeling the ratings in stress situations.

Classification of assets assessed for the purpose of creating provisions for possible losses and estimated ECL provisions by quality categories as of 1 January 2021:

	Quality categories					
RUB bn	***I***	***II***	***III***	***IV***	***V***	***Total (without adjustments to gross book value)***
Assets for which a provision for possible losses is created						
Assets assessed for creating provisions	**8,351.8**	**13,588.0**	**1,853.7**	**643.7**	**770.9**	**25,208.1**
Total loans receivable from credit institutions, including those carried:	1,277.6	6.2	8.5	-	33.1	1,325.4
- at amortized cost	808.2	6.2	8.5	-	33.1	856.0
- at fair value	469.4	-	-	-	-	469.4
Total loans receivable from legal entities, including those carried:	6,999.5	6,108.8	1,265.4	618.8	415.6	15,408.1
- at amortized cost	6,809.4	5,468.7	952.8	579.1	387.9	14,197.9
- at fair value	190.1	640.1	312.6	39.7	27.7	1,210.2
Loan receivables from individuals	74.7	7,473.0	579.8	24.9	322.2	8,474.6
Investments in securities assessed for creating provisions	**2,178.0**	**182.0**	**-**	**-**	**0.9**	**2,360.9**
Investments in securities carried at fair value through other comprehensive income	1,343.4	91.8	-	-	-	1,435.2
Investments in securities carried at the depreciated value	831.7	90.2	-	-	0.9x	922.8
Investments in securities carried at fair value through profit or loss	2.9	-	-	-	-	2.9
Other assets assessed for creating provisions	**1,343.2**	**127.5**	**444.3**	**132.3**	**235.9**	**2,283.2**
Other receivables from credit institutions	803.2	0.1	117.2	-	76.7	997.2
Other receivables from legal entities	538.9	87.8	307.2	130.9	71.5	1,136.3
Other receivables from individuals	1.1	39.6	19.9	1.4	87.7	149.7
Non-core assets	**-**	**0.2**	**0.6**	**8.3**	**-**	**9.1**
Assets for which a provision is created	**11,873.0**	**13,897.7**	**2,298.6**	**784.3**	**1,007.7**	**29,861.3**

Provisions	Quality categories					Total (without adjustments before provision for ECL)	Adjustment to ECL provision	Total provision for ECL
	I	II	III	IV	V			
Provisions for loans receivable	**-**	**194.9**	**353.5**	**379.5**	**721.4**	**1,649.3**	**(171.1)**	**1,478.2**
Total credit institutions, incl. those carried:	-	0.3	3.4	-	33.1	36.8	(2.1)	34.7
- at amortized cost	-	0.3	3.4	-	33.1	36.8	(2.1)	34.7
- at fair value	-	-	-	-	-	-	-	-
Legal entities, total, including those carried:	-	120.5	317.4	370.9	380.0	1,188.8	(149.5)	1,039.3
- at amortized cost	-	111.6	224.7	354.1	352.3	1,042.7	(3.4)	1,039.3
- at fair value	-	8.9	92.7	16.8	27.7	146.1	(146.1)	-
Individuals	-	74.1	32.7	8.6	308.3	423.7	(19.5)	404.2
Provisions for investments in securities	**-**	**3.3**	**-**	**-**	**0.9**	**4.2**	**9.4**	**13.6**
Investments in securities:								
- carried at fair value through other comprehensive income	-	1.0	-	-	-	1.0	4.2	5.2
- carried at the depreciated value	-	2.3	-	-	0.9x	3.2	5.2	8.4
Other provisions	**-**	**15.7**	**157.0**	**84.0**	**246.5**	**503.2**	**(48.8)**	**454.4**
Other receivables from credit institutions	-	-	55.0	-	76.7	131.7	-	131.7
Other receivables from legal entities, including:	-	15.2	100.8	83.3	82.9	282.2	(44.3)	237.9
- provision - estimated non-credit related liability	-	-	-	-	11.7	11.7	-	11.7
Other receivables from individuals, including:	-	0.5x	1.2	0.7	86.9	89.3	(4.5)	84.8
- provision - estimated non-credit related liability	-	-	-	0.2	0.3	0.5x	-	0.5x
Non-core assets	**-**	**-**	**0.3**	**6.2**	**-**	**6.5**	-	**6.5**
Provisions	**-**	**213.9**	**510.8**	**469.7**	**968.8**	**2,163.2**	**(210.5)**	**1,952.7**

The estimated non-credit related liability is the Bank's liabilities under the loyalty program.

In addition to allowance for ECL presented in the table above, as of January 1, 2021, there is allowance for ECL in relation to investments in Federal Loan Bonds (FLB), carried at fair value through other comprehensive income and at amortized cost, in the aggregate amount of RUB 4.9 bn.

Classification of assets assessed for creating provisions for possible losses by quality categories as of 1 January 2020[16]:

	Quality categories					
RUB bn	*I*	*II*	*III*	*IV*	*V*	*Total (without adjustments to gross book value)*
Assets for which a provision for possible losses is created						
Assets assessed for creating provisions	**8,413.1**	**10,863.8**	**1,143.0**	**623.1**	**635.4**	**21,678.4**
Total loans receivable from credit institutions, including those carried:	1,096.5	14.2	8.3	-	27.5	1,146.5
- at amortized cost	610.9	9.3	8.3	-	27.5	656.0
- at fair value	485.6	4.9	-	-	-	490.5

Total loans receivable from legal entities, including those carried:	7,236.9	4,353.5	736.1	600.2	361.1	13,287.8
- at amortized cost	6,786.4	4,070.2	576.2	567.0	352.3	12,352.1
- at fair value	450.5	283.3	159.9	33.2	8.8	935.7
Loans receivable from individuals	79.7	6,496.1	398.6	22.9	246.8	7,244.1
Investments in securities assessed for creating provisions	**2,795.9**	**89.1**	**-**	**-**	**0.9**	**2,885.9**
Investments in securities carried at fair value through other comprehensive income	2,147.4	4.7	-	-	-	2,152.1
Investments in securities carried at the amortized cost	648.5	84.4	-	-	0.9x	733.8
Other assets assessed for creating provisions	**1,032.4**	**126.4**	**273.1**	**47.7**	**212.4**	**1,692.0**
Other receivables from credit institutions	590.0	-	0.1	-	75.2	665.3
Other receivables from legal entities	442.1	89.0	259.6	46.5	64.8	902.0
Other receivables from individuals	0.3	37.4	13.4	1.2	72.4	124.7
Non-core assets	**-**	**0.8**	**8.3**	**2.3**	**-**	**11.4**
Assets for which a provision is created	**12,241.4**	**11,080.1**	**1,424.4**	**673.1**	**848.7**	**26,267.7**

Provisions	***Quality categories***					***Total (without adjustments before provision for ECL)***	***Adjustment to ECL provision***	***Total provision for ECL***
	I	***II***	***III***	***IV***	***V***			
Provisions for loans receivable	**-**	**158.7**	**181.5**	**339.4**	**591.1**	**1,270.7**	**(130.0)**	**1,140.7**
Total credit institutions, incl. those carried:	-	0.1	2.2	-	27.5	29.8	(1.6)	28.2
- at amortized cost	-	0.1	2.2	-	27.5	29.8	(1.6)	28.2
- at fair value	-	-	-	-	-	-	-	-
Legal entities, total, including those carried:	-	94.2	156.1	331.5	329.0	910.8	(106.3)	804.5
- at amortized cost	-	85.5	112.0	318.3	321.2	837.0	(32.5)	804.5
- at fair value	-	8.7	44.1	13.2	7.8	73.8	(73.8)	-
Individuals	-	64.4	23.2	7.9	234.6	330.1	(22.1)	308.0
Provisions for investments in securities	**-**	**1.7**	**-**	**-**	**0.9**	**2.6**	**7.0**	**9.6**
Investments in securities:								
- carried at fair value through other comprehensive income	**-**	**0.1**	**-**	**-**	**-**	**0.1**	**3.9**	**4.0**
- carried at the amortized cost	**-**	**1.6**	**-**	**-**	**0.9**	**2.5**	**3.1**	**5.6**
Other provisions	**-**	**13.2**	**89.9**	**29.9**	**223.1**	**356.1**	**(27.6)**	**328.5**
Other receivables from credit institutions	-	-	-	-	75.2	75.2	-	75.2
Other receivables from legal entities, including:	-	12.7	89.1	29.3	76.4	207.5	(19.1)	188.4
- provision - estimated non-credit related liability	-	-	-	-	11.7	11.7	-	11.7
Other receivables from individuals	-	0.5x	0.8	0.6	71.5	73.4	(8.5)	64.9
Non-core assets	**-**	**0.1**	**4.0**	**1.7**	**-**	**5.8**	**-**	**5.8**
Provisions	**-**	**173.7**	**275.4**	**371.0**	**815.1**	**1,635.2**	**(150.6)**	**1,484.6**

Overdue receivables[16]:

As at 1 January 2021

RUB bn	*Loan*	*Total*	*up to 30 days*	*from 31 to 90 days*	*from 91 to 180 days*	*More than 180 days*	*Est.*	*Actual*	*Adjustment to ECL provision*	*Total provision for ECL*
		including overdue	*including by overdue periods*				*Provision for possible losses*			
Loans receivable	**25,208.1**	**1,068.2**	**119.4**	**140.5**	**40.8**	**767.5**	**1,815.6**	**1,649.3**	**(171.3)**	**1,478.0**
Credit facilities (loans) granted, deposits made	23,783.7	936.9	112.4	137.6	39.7	647.2	1,588.7	1,422.4	(98.0)	1,324.4
Receivables under rights (claims) acquired in a transaction	243.9	57.9	5.0	2.2	0.1	50.6	85.4	85.4	(68.6)	16.8
Claims under transactions involving disposal (acquisition) of financial assets with simultaneous allowance of a payment grace period (supply of financial assets) to the counterparty	222.8	35.8	1.8	-	-	34.0	110.2	110.2	(1.6)	108.6
Claims for return of cash funds granted for transactions carried out with securities repayable without recognition of the securities received	875.5	-	-	-	-	-	-	-	0.3	0.3
Amounts paid out by the credit institution to a beneficiary under bank guarantees but not recovered from a principal	13.6	12.8	0.2	0.7	0.9x	11.0	13.4	13.4	(1.7)	11.7
Claims against payers under paid letters of credit	67.7	24.8	-	-	0.1	24.7	17.9	17.9	(1.7)	16.2
Discounted bills	0.9	-	-	-	-	-	-	-	-	-
Securities	**2,360.9**	**0.9**	**-**	**-**	**-**	**0.9**	**4.2**	**4.2**	**9.4**	**13.6**
Other claims	**2,283.2**	**203.7**	**10.4**	**18.6**	**4.0**	**170.7**	**503.2**	**503.2**	**(48.8)**	**454.4**
Non-core assets	**9.1**	**-**	**-**	**-**	**-**	**-**	**6.5**	**6.5**	**-**	**6.5**

As at 1 January 2020

RUB bn	*Loan*	*including overdue* *Total*	*including by overdue periods* *up to 30 days*	*from 31 to 90 days*	*from 91 to 180 days*	*More than 180 days*	*Provision for possible losses* *Est.*	*Actual*	*Adjustment to ECL provision*	*Total provision for ECL*
Loans receivable	**21,678.4**	**749.4**	**132.7**	**57.4**	**54.5**	**504.8**	**1,420.5**	**1,270.7**	**(130.0)**	**1,140.7**
Credit facilities (loans) granted, deposits made	20,473.9	668.6	126.9	36.5	46.5	458.7	1,232.4	1,082.7	(70.3)	1,012.4
Receivables under rights (claims) acquired in a transaction	193.1	11.6	0.4	-	7.0	4.2	62.9	62.9	(54.9)	8.0
Receivables under transactions involving disposal (acquisition) of financial assets with simultaneous allowance of a payment grace period (supply of financial assets) to the counterparty	211.9	32.2	2.1	20.1	-	10.0	96.9	96.9	(1.1)	95.8
Claims for return of cash funds granted under transactions with securities repayable without recognition of the securities received	706.0	-	-	-	-	-	0.1	-	0.1	0.1
Amounts paid out by the credit institution to the beneficiary under bank guarantees but not recovered from the principal	13.2	10.2	0.2	0.7	0.8	8.5	13.0	13.0	(3.2)	9.8
Claims against payers under paid letters of credit	79.0	26.8	3.1	0.1	0.2	23.4	15.2	15.2	(0.6)	14.6
Discounted bills	1.3	-	-	-	-	-	-	-	-	-
Securities	**2,885.9**	**0.9**	**-**	**-**	**-**	**0.9**	**2.6**	**2.6**	**7.0**	**9.6**
Other claims	**1,692.0**	**137.1**	**6.7**	**4.2**	**11.9**	**114.3**	**356.1**	**356.1**	**(27.6)**	**328.5**
Non-core assets	**11.4**	**-**	**-**	**-**	**-**	**-**	**5.8**	**5.8**	**-**	**5.8**

As of 1 January 2021, Sberbank did not create a provision for possible losses on transactions with securities, the rights to which are certified by depositories according to Bank of Russia Ordinance No. 2732-У (2732-U) 'On Specifics of Credit Institutions' Loss Provisioning for Transactions with Securities, the Rights to Which Are Certified by Depositories' dated 17 November 2011, due to the lack of securities, the rights to which are certified by depositories, not meeting any of the criteria of Clause 1.2 of the above-mentioned Bank of Russia Ordinance.

Application of IFRS 9: credit risk. Model of expected credit losses and main provisioning principles.

Model of expected credit losses and main provisioning principles. The Bank applies the model of expected loan losses for provisioning of debt financial instruments with the key principle of timely reflection of a deterioration or improvement in the credit quality of debt financial instruments taking into account current and forecast information. The amount of expected loan losses recognized as the provision for losses from loans depends on the deterioration in credit quality as from initial recognition of a debt financial instrument.

According to change of creditworthiness as from initial recognition, the Bank recognizes debt financial instruments carried at amortized cost and at fair value through other comprehensive income, as one of the following stages:

- 12-month expected credit losses (stage 1) – debt financial instruments with no material increase identified in credit risk, for which 12-month expected credit losses are calculated.
- "Expected loan losses over the entire life – non-impaired assets" (stage 2) – debt financial instruments with a significant increase in credit risk, but not impaired, for which expected loan losses are calculated over the entire life of the financial instrument;
- "Expected loan losses over the entire life – impaired assets" (stage 3) – impaired debt financial instruments.

For acquired or issued impaired financial assets, the provision for losses from loans is created in the amount of accumulated changes in the value of expected loan losses over the entire life of the instrument from the moment of its acquisition or provision.

Factors indicating material increase in credit risk before recognizing the asset as impaired. The main factors indicating material increase in credit risk before recognizing the asset as impaired are:

- Overdue debt to the Bank for the period of 31 to 90 days (inclusive);
- Significant changes in internal and external credit ratings due to a change in credit risk as compared to the time of initial recognition;
- Deterioration in the internal rating to the level at which a decision on loan rejection is made by the Bank;
- Identification of events that may affect solvency (revocation of a license, presence of lawsuits, violation of credit document terms, etc.).

Main features of assigning a debt financial instrument to impaired (stage 3):

- A borrower has over 90 days behind on any Bank debt payments;
- Default restructuring of debt and/or financial liability on financial market transactions and expected insolvency;
- Other signs of insolvency, identification of which leads to assigning a default to the borrower (bankruptcy of the borrower, expected decision by the borrower on liquidation or termination of its activity, probable non-repayment of debt by the borrower, etc.).

Credit Quality Recovery. Improvement in quality of borrowers' credits for which a significant increase in credit risk was identified at previous reporting dates, to the credit risk level of first-stage credits is determined based on an estimated change in credit risk at the reporting date against initial recognition.

Credit quality is recovered from the impaired level to the first stage risk level upon elimination of impairment indicators at the reporting date, as well as in the absence of factors indicating the material increase in credit risk at the reporting date. Acquired or issued impaired financial assets, which in principle cannot be assigned to the first stage, are an exception.

Provisioning approach for impaired assets acquired or issued. To calculate estimated provision for loan losses for acquired or issued impaired assets, the Group assesses accumulated changes in the value of expected loan losses over the entire life of the instrument from the moment of its acquisition or issue.

A financial asset is considered the acquired or issued impaired asset when one or several events have occurred on it, which have a negative impact on estimated future cash flows for such a financial asset, in particular, observable data on the following events at the time of its acquisition or issue:

- significant financial difficulties of the counterparty/issuer;
- breach of contract terms, such as late payment;
- granting an assignment by a creditor to its counterparty/issuer due to economic reasons or contractual terms related to financial difficulties of this counterparty/issuer, which the creditor would not have otherwise granted;
- probability of bankruptcy or other financial restructuring;
- loss of active market for this financial asset as a result of financial difficulties of the issuer;
- purchase or creation of a financial asset with a large discount reflecting the loan losses incurred.

Assessment methods and the method for creation of estimated provision for losses from loans. There are two methods for estimating expected losses from loans: at the transaction level or at the portfolio level. Estimation at the portfolio level is used for all debt financial instruments for retail customers. Estimation at the transaction level is applied to all other portfolios.

The main method for the creation of estimated provisions for expected losses from loans used at the Bank level is provisioning on a collective basis. It is applied to financial instruments, the debt for which is not material, as well as for individually material financial instruments, for which no significant increase in credit risk or impairment was detected during the reporting period.

Financial asset provisioning on an individual basis. Financial instruments are estimated on an individual basis if the debt exceeds the materiality threshold and financial assets are recognized as the second or third provisioning stages. The amount of the estimated provision for loan losses for each debt financial asset is estimated based on the assessment of weighted average expected loan losses within the considered scenarios.

- The number of considered scenarios and their weights are determined based on the methodology developed by the Bank, taking into account the current and reasonable forecast information, however, the number of considered scenarios cannot be less than two and the probability of unfolding should be above zero for each of them.
- Estimation of expected losses in the individual provisioning approach accounts for the time value of money, as well as reasonable information on past, present and future forecast economic conditions. The amount of the estimated provision for loan losses is determined as the difference between the gross book value of the debt financial asset before deduction of the estimated provision for loan losses as of the estimation date and its recoverable amount.

To estimate the recoverable amount, the discounted cash flow method is applied based on expected future payments on the debt financial asset (or other cash flows) using the effective interest rate as the discount rate. This estimation should account for the below sources of cash inflows:

- free cash flow from operating activities;
- future amounts recoverable as a result of sale of collateral;
- cash proceeds from other sources, for example, as a result of judicial proceedings (apart from sale of collateral) or bankruptcy procedure.

Financial asset provisioning on a collective basis. A collective evaluation of estimated provisions for loan losses of debt financial assets is carried out on the basis of individual risk metrics (PD, LGD, EAD), which are assigned to each specific counterparty/issuer based on the analysis of financial and other information, and which are regularly monitored.

PD is a probability of default determined on the basis of the risk segment and the internal rating (or the group of delay) for the relevant period (12 months or the entire life of the instrument (Lifetime PD)). Values are determined based on internal models, as well as using migration matrices (Markov chains). Calculations of the probability of default are adjusted for forecast information.

Current and expected changes in macroeconomic variables (for example, real GDP growth, average annual dollar-euro exchange rate, real/nominal wage growth, growth of real disposable income of the population, etc.) are used as forecast information. The impact of these economic variables on the probability of default is determined using statistical regression analysis and is calculated as the effect that these variables made on the level of defaults in the past periods. Projections for these economic variables include three scenarios ("baseline", "optimistic" and "pessimistic" economic scenarios), which are provided by the economists of the Group at least once a year and contain the best estimate of the expected macroeconomic situation for the next year. Each scenario is assigned a weight based on a combination of statistical analysis and expert judgment regarding the range of possible outcomes represented by the scenario.

The main principle of segmentation for determining the probability of default (PD) for provisioning purposes provides for debt financial instruments with similar risk portfolio to be assigned to the same portfolio with the similar risk level. The risk segment is determined based on specifics of activities of the counterparty/issuer, the residence country, the business size and model.

LGD is loss given default determined as the share of losses in the value of the credit claim at the time of default. Values are determined using models developed based on internal statistics.

EAD is the exposure at default, amount of credit claim exposed to the risk of default. Debt at the time of default is determined based on the expected payment schedule, which varies depending on the type of product. For products that are recorded at the depreciated value and loans with a one-time repayment of debt at the time of default, it is determined based on amounts payable by the borrower under the contract for the 12-month period or for the entire life of the financial instrument. This debt is also adjusted for the expected overpayment by the borrower. For revolving products, the debt at the time of default is projected taking into account the “credit conversion factor”, which takes into account the expected use of the remaining limit by the time of default. These assumptions vary depending on the type of product, current utilization of the limit and other behavioral characteristics of a particular borrower. Values are determined using models developed based on internal statistics and Basel estimates.

Determination of provision for losses from loans for credit-related commitments. If the counterparty has current balance sheet debt, provisions for expected loan losses for credit-related commitments are estimated according to the approaches applied to provisioning of the balance sheet debt of this counterparty taking into account the credit conversion factor (CCF) determined both on the basis of statistical data and using Basel values. If the counterparty has only credit-related commitments, the estimation of provisions for expected loan losses is made depending on the amount of commitment taking into account the CCF, on an individual or collective basis.

Credit quality of financial instruments. A classification of financial assets into five categories of credit risk is summary information on the credit quality of financial assets subject to IFRS 9.

- “Minimum credit risk” – assets, which counterparties demonstrate consistent ability to timely fulfill financial obligations with an insignificant probability of default.
- “Low credit risk” – assets, which counterparties have a low probability of default and high ability to timely fulfill financial obligations.
- “Medium credit risk” – assets, which counterparties have a moderate probability of default, demonstrate average ability to timely fulfill financial obligations and require closer attention at the monitoring stage.
- “High credit risk” – assets, which counterparties have a high probability of default and require special attention at the monitoring stage.
- Default – assets that, according to the available signs of impairment, meet the definition of default.

Description of the problem debt settlement process The Bank constantly monitors the processes of problem debt collection at all stages. If any triggers for lowered collection efficiency or a growth of problem portfolio are identified for specific regions or customer or product segments, the collection and lending procedures are optimized.

The procedures for overdue and problem debt collection in the Bank are designed based on the principle of maximum automation, which ensures that the human factor is excluded on various levels of problem debt management and allows to apply a single approach to the collection procedure.

While addressing the problem indebtedness, the Bank uses a number of tools complying with the world’s practices: remote communications, visits, debt restructuring, collaboration with collector agencies, legal and enforcement proceedings, etc. The appropriate tool is selected based on a flexible strategy depending on the risk level of a customer and credit, including the use of machine learning algorithms (ML algorithms).

The Bank undertakes regular research of the ongoing recovery process to comply with market trends and best international practices. The required alterations are made in the process after the analysis to improve the recovery level of impaired indebtedness, optimize the recovery procedure and improve customer service.

Financial assets are written off in part or in whole after the Bank has exhausted all its practical opportunities to recover them and concluded that the expectation to recover these assets is unreasonable. Defining cash flows, which do not have reasonable expectations as to their recovery, requires using judgments.

Key signs of a lack of reasonable expectations to recover a debt include, but are not limited to, the following:

- receiving statements of impossibility of recovery from public authorities
- presence of documents that confirm non-fulfilment by the borrower of its obligations to the creditors for at least one year before the decision to write them off is made, provided that the necessary and adequate de jure and de facto steps to recover the debt were taken, as they may be taken in line with law, business customs, or an agreement (not applicable to debts of individuals)
- presence of reasonable grounds to believe that the Bank’s expenses on taking further action to recover unrecoverable debt under a loan and/or exercise of rights, which arise from a loan collateral, will exceed the achieved result

The table below shows information about the flow of provisions during 2020:

RUB bn Name of asset (derivative)	Balance as of 1 January 2020		Expenses on creation / (income from recovery) of the provision		Provision flow as a result of write-off and sale		Other flows		Revaluation of the provision to take into account all contractual interest claims		Balance as of 1 January 2021	
	Total provision for ECL	including provision for possible losses	Total provision for ECL	including provision for possible losses	Total provision for ECL	including provision for possible losses	Total provision for ECL	including provision for possible losses	Total provision for ECL	including provision for possible losses	Total provision for ECL	including provision for possible losses
Loans receivable, including:	1,257.5	1,392.5	444.5	540.0	(112.8)	(112.8)	(14.5)	3.2	43.3	-	1,618.0	1,822.9
- carried at fair value through profit or loss	-	78.6	-	55.0	-	-	-	21.9	-	-	-	155.5
- carried at the depreciated value	1,257.5	1,313.9	444.5	485.0	(112.8)	(112.8)	(14.5)	(18.7)	43.3	-	1,618.0	1,667.4
Investments in securities carried at fair value through other comprehensive income	4.0	0.1	6.1	0.9x	-	-	-	-	-	-	10.1	1.0
Investments in securities carried at the depreciated value	5.6	2.5	2.8	0.7	-	-	-	-	-	-	8.4	3.2
Investments in subsidiaries and affiliates	168.9	168.9	93.9	93.9	-	-	-	-	-	-	262.8	262.8
Other	37.1	59.6	2.9	2.9	(6.3)	(6.3)	5.8	(1.4)	-	-	39.5	54.8
Contingent credit-related commitments	36.4	112.1	(2.8)	77.4	-	-	-	-	-	-	33.6	189.5
Transactions with residents of offshore zones	0.1	0.1	-	-	-	-	-	-	-	-	0.1	0.1
Total	**1,509.6**	**1,735.8**	**547.4**	**715.8**	**(119.1)**	**(119.1)**	**(8.7)**	**1.8**	**43.3**	**-**	**1,972.5**	**2,334.3**

The table below shows information about the flow of provisions during 2019:

RUB bn *Name of asset (derivative)*	*Balance as of 1 January 2019*		*Expenses on creation / (income from recovery) of the provision*		*Provision flow as a result of write-off and sale*		*Other flows*		*Revaluation of the provision to take into account all contractual interest claims*		*Balance as of 1 January 2020*	
	Total provision for ECL	***including provision for possible losses***	***Total provision for ECL***	***including provision for possible losses***	***Total provision for ECL***	***including provision for possible losses***	***Total provision for ECL***	***including provision for possible losses***	***Total provision for ECL***	***including provision for possible losses***	***Total provision for ECL***	***including provision for possible losses***
Loans receivable, including:	1,285.8	1,343.1	177.7	259.9	(204.3)	(213.9)	(36.0)	3.4	34.3	-	1,257.5	1,392.5
- carried at fair value through profit or loss	-	27.4	-	17.8	-	-	-	33.4	-	-	-	78.6
- carried at the depreciated value	1,285.8	1,315.7	177.7	242.2	(204.3)	(213.9)	(36.0)	(30.0)	-	-	1,257.5	1,313.9
Investments in securities carried at fair value through other comprehensive income	7.7	-	(3.6)	0.1	-	-	-	-	-	-	4.0	0.1
Investments in securities carried at the depreciated value	7.3	2.8	(1.7)	(0.3)	-	-	-	-	-	-	5.6	2.5
Investments in subsidiaries and affiliates	148.4	148.4	20.5	20.5	-	-	-	-	-	-	168.9	168.9
Other	51.4	57.1	(10.0)	2.5	(4.3)	-	-	-	-	-	37.1	59.6
Contingent credit-related liabilities	23.9	58.5	12.5	53.6	-	-	-	-	-	-	36.4	112.1
Transactions with residents of offshore zones	1.0	0.8	(0.9)	(0.7)	-	-	-	-	-	-	0.1	0.1
Total	**1,525.4**	**1,610.7**	**194.4**	**335.5**	**(208.6)**	**(213.9)**	**(36.0)**	**3.4**	**34.3**	**-**	**1,509.5**	**1,735.7**

9.3. Market risk

Market risk is a possibility that the Group incurs financial losses as a result of adverse changes in foreign exchange rates, quotations of equity securities, interest rates, precious metal prices, and other market indicators, including commodities. The main purpose of market risk management of the Group is the optimization of its level within the Group, the compliance of the risk level with established limits, loss minimization in case of adverse events.

For the purposes of accounting and managing market risk in Group members, transactions are assigned to the Trading and the Banking Books according to the method and purpose of formation, the powers of the units involved in the management of the books, the composition of market risks related to them, and approaches to managing them and funding methods. Authority of market risk management is divided between the Market Risks Committee of the Bank (hereinafter, the MRC) and the Assets and Liabilities Committee of the Bank (hereinafter, the ALCO) according to their responsibility areas (the Trading and the Banking Books respectively).

The Group defines the following types of market risk:

- *Market risk of the trading book:* market risk.
- *Market risk of the banking book:* interest rate risk, currency risk, risk of market credit spread of the banking book, commodity risk, stock market risk, debt securities liquidity risk.

Market risk is managed with regard to risks that are recognized as material/substantial across the Group in accordance with the Report on Identification and Assessment of Sberbank Group Risk Materiality, the Management Policy for Market and Credit Risks in Financial Markets, the Management Policy for Interest Rate and Currency Risks of the Banking Book, and the Management Policy for Market Credit Spread Risk of the Banking Book Securities.

Market risk of the trading book

MRC's authorities include management of market risk of the trading book.

Control over market risk of the trading book is carried out by business units organizationally independent from business units entering into transactions in financial markets. The process of risk monitoring involves continuous monitoring of trading transactions at all stages of the operating process.

Management of market risks of the trading book is performed in the Group through the system of authorized bodies making decisions depending on the risk level and portfolio hierarchy. Such system allows for the speed and flexibility of the decisions taken.

Market risk in the Group is managed on a portfolio basis. The main management tool is risk limiting, that is setting market risk limits on the portfolio level. A portfolio consists of transactions and positions in financial markets with common characteristics such as purposes, acceptable risks, currency, types of instruments, constraints used, and so on. The limits of market risk are set in accordance with the requirements of the Bank of Russia, the Basel Committee on Banking Supervision and the best banking practices in the management of market risks.

Value at risk (VaR) is used as the main metric for the valuation of market risk of the trading book. This metric is an estimate of the maximum portfolio loss for a given time period with a specified probability (level of trust) in the "normal" market. The "normal" market is characterized by the dynamics of market forces (currency quotes/shares/goods, interest rates) in the absence of a systemic crisis in the economy/banking sector of a country or a group of countries, or negative facts/events that might cause a material change in market forces and, as a result, the position value in financial instruments.

The VaR calculation is based on the following assumptions:

- the range of historical data used for the calculation is 2 years;
- VaR is calculated for a period of 10 working days, during which, on average, it is possible to close (or hedge) items that are exposed to market risk;
- the 99% one-way confidence level is used, which means that the amount of loss exceeding VaR is expected for one of the 100 periods.

The VaR metric at the level of each portfolio is subject to a regular backtesting process in accordance with a formal procedure designed to meet the requirements of the Basel Committee on Banking Supervision.

Although VaR allows for obtaining a risk assessment, one should also consider the drawbacks of this method, such as:

- the use of past price changes does not allow for a full assessment of possible future price fluctuations;
- the calculation for the 10-day period implies that it is possible to close (or hedge) all Group positions within the given time period. This assessment may be far from accurate in measuring risk exposure at the time of reduced market liquidity, when the period of closing (or hedging) the positions may increase;
- using a 99% one-way confidence level of probability does not provide for estimating losses with a probability below 1%;

- the VaR calculation is based on positions at market risk at the end of the day and may not reflect the risk accepted during the day.

Taking into account the shortcomings of the VaR method, in order to receive more detailed information on the market risk exposure, the Group extends its VaR calculation with market risk assessments using scenario analysis and stress testing.

The table below provides the results of the VaR method calculations for market risk as of 1 January 2021 and 1 January 2020[16]:

	Risk magnitude *RUB bn*		***Risk level*** *% of capital*	
Risk type	***as of 1 January 2021***	***as of 1 January 2020***	***as of 1 January 2021***	***as of 1 January 2020***
Market risk	**40.2**	**27.3**	**0.9**	**0.6**

[16] It is calculated based on Sberbank's total position on financial instruments, including the Banking Book position, as well as on the total open foreign exchange position

Market Risk on Non-Trading Operations

The Group defines the following most significant (material) Banking Book market risks: interest rate risk, currency risk, market credit spread risk in the banking book.

The banking book interest and currency risks management is to restrict the negative influence of banking book interest and currency risks on the activity of the Group and its members.

The purposes of interest and currency risk management are:

- to ensure financial stability, to limit possible financial losses and negative impacts on the Group;
- to meet regulatory requirements established by the Bank of Russia and local regulators in countries of other Group members' operation;
- to limit the interest rate and currency risks in the banking book through establishing the risk appetite and other limits;
- to maintain the level of interest rate and currency risks in the banking book within the established risk appetite and other limits.

Interest rate risk of the banking book

Interest rate risk of the banking book is a risk of losses, decrease in profit, capital or capital adequacy due to an adverse change in interest rates of financial instruments in the banking book and/or market interest rates influencing the value of the banking book financial instruments.

Forecasting of possible changes in interest rates is carried out separately for material interest positions in rubles and foreign currencies.

The table below shows the data on influence of changes in interest rates by 1% p.a. on net interest income of the Bank in relevant currencies as of 1 January 2021 and 1 January 2020:[17]

	Decline in rates		***Growth of rates***	
	as of 1 January 2021	*As at 1 January 2020*	*As at 1 January 2021*	*as of 1 January 2020*
Russian Ruble				
Change in interest rates, b.p.	(100.0)	(100.0)	100.0	100.0
Change in profit before tax, RUB bn	(0.5)	25.3	0.5x	(25.3)
US dollars				
Change in interest rates, b.p.	(100.0)	(100.0)	100.0	100.0
Change in profit before tax, RUB bn	(4.4)	(4.1)	4.4	4.1
Euro				
Change in interest rates, b.p.	(100.0)	(100.0)	100.0	100.0
Change in profit before tax, RUB bn	2.4	0.3	(2.4)	(0.3)

Decline in influence of changes in interest rates in Russian rubles on the Bank's net interest income is caused by the development of floating-rate lending and the growth of remaining balance on customers' current accounts insensitive to rate changes.

The influence of changes in interest rates on the net interest income is calculated using the Bank's models of loan prepayment, early deposit withdrawal, and outflow of funds due to customers from current accounts.

As part of the interest rate risk management, the Bank's business plan annually establishes a target position for interest rate risk in rubles and targets for the volume and structure of the maturity of key assets and liabilities that ensure the achievement of the target interest position. Interest rate risk reporting and interest rate management issues are regularly reviewed by the Assets and Liabilities Committee (ALC) of the Bank.

[17] The interest rate risk in other currencies is not significant

Currency risk of the banking book

The Bank is exposed to the currency risk of the banking book, due to the impact of banking book transactions on an open foreign exchange position (OFEP). The main sources of currency risk of the banking book are:

- transactions of creation and dissolution of provisions for outstanding loans in foreign currency;
- transactions of changes in credit terms with regard to changes in loan currency;
- income and expenses in foreign currency.

To limit currency risks for the business units of the Bank and individual subsidiaries, limits on the open foreign exchange position have been established.

Credit spread risk of the banking book

The risk of a market credit spread of the banking book (RMCSBB) is the risk of losses or a decrease in capital due to a fall in market prices of debt securities of the banking book as a result of an adverse change in market credit spreads, except for investments being an equivalent of lending[18].

RMCSBB management goals

Ensure financial stability, limit possible financial losses and negative impact of RMCSBB on the Group/ Bank/ Group members.

Metrics used

To assess RMCSBB, the Value-at-Risk metric (VaR) is used, which is an estimate of the maximum loss in the fair value of securities in the banking book as a result of changes in market credit spreads over a given period of time with a given probability (confidence level).

To assess VaR for RMCSBB, the Monte Carlo method is used. However:

- nominal value and structure (including the issuers) of the securities carried at fair value and included in the RMCSBB calculation are assumed to be constant;
- fair value of the securities carried at fair value and included in the RMCSBB calculation as of the beginning and the end of a given time period is modeled with the use of the cash flow discounting method;
- all cash flows of the securities carried at fair value and included in the RMCSBB calculation are included in the calculation;
- to discount cash flow for each security, a rate that includes a risk-free rate and a market credit spread is used;
- risk-free rates are assumed to be constant;
- the internal rating of the issuer as of the end of the given time period is determined taking into account credit ratings migration models.

Economic capital

To assess the level of RMCSBB, economic capital is used, which is an estimate of the maximum loss in the fair value of securities in the banking book carried at fair value and included in the RMCSBB calculation as a result of changes in market credit spreads over a given period of time (one year) with a given probability. Losses are modeled on the basis of the Monte Carlo method.

The corresponding value of VaR is used as economic capital for RMCSBB.

[18]For the purposes of this description, investments being an equivalent of lending mean debt securities bought for holding to obtain contractual cash flows and involving only repayment of principal debt and interest over the period of funds use

9.4. Assets and Liabilities Broken down by Currencies

Analysis of the Bank's assets and liabilities broken down by currencies as of 1 January 2021 is provided below[19]:

RUB billion	***Rubles***	***US dollars***	***Euro***	***Other currencies***	***Total***
Cash and cash equivalents	302.3	138.9	128.9	44.6	614.7
Credit institution funds with the Bank of Russia, including	1,057.9	0.1	0.1	-	1,058.1
- Mandatory provisions	234.3	-	-	-	234.3
Due from credit institutions	1.7	303.5	61.6	83.2	450.0
Financial assets carried at fair value through profit or loss	890.4	750.4	88.6	6.1	1,735.5
Net loans receivable carried at amortized cost	19,163.6	3,205.7	1,348.6	68.8	23,786.7
Provision for ECL					*(1,618.0)*
Net investments in financial assets carried at fair value through other comprehensive income	3,668.5	436.2	29.9	0.9x	4,135.5
Net investments in securities and other financial assets carried at the amortized cost	366.3	442.7	20.9	31.3	861.2
Provision for ECL					(8.4)
Investments in subsidiaries and affiliates	1,039.5	-	-	-	1,039.5
Provision for ECL					*(262.8)*
Deferred tax asset	23.5	-	-	-	23.5
Fixed assets, intangible assets and inventory	578.5	-	-	-	578.5
Long-term assets held for sale	4.8	-	-	-	4.8
Other assets	225.1	111.5	23.7	2.6	362.9
ECL provisions					(39.5)
Total assets before ECL provisions	**27,322.1**	**5,389.0**	**1,702.3**	**237.5**	**34,650.9**
Provision for ECL					***(1,928.7)***
Loans, deposits and other funds of the Bank of Russia	850.7	-	-	-	850.7
Total funds due to customers carried at the amortized cost, including:	18,886.9	5,528.1	841.3	248.7	25,504.9
- Due to credit institutions	650.7	95.8	10.9	7.0	764.4
- Due to customers other than credit institutions	18,236.2	5,432.3	830.4	241.7	24,740.6
Financial liabilities carried at fair value through profit or loss	382.3	79.8	-	-	462.1
Debt securities issued, total:	802.3	10.5	0.3	0.1	813.2
- carried at the depreciated value	802.3	10.5	0.3	0.1	813.2
Current income tax liabilities	24.0	-	-	-	24.0
Other liabilities	207.1	48.0	4.9	1.9	261.9
Total liabilities excluding provisions	**21,153.4**	**5,666.3**	**846.5**	**250.7**	**27,916.9**
Provisions – estimated non-credit liabilities					**12.4**
Provisions for possible losses from credit contingencies, other possible losses and transactions with offshore residents					***34.3***
Net position as to DFI carried at fair value	**113.1**	**562.4**	**(763.7)**	**54.1**	**(34.0)**
Net balance sheet position (before provisions)	**6,281.8**	**285.1**	**92.1**	**40.9**	**6,700.0**

[19] For the Investments in Subsidiaries and Affiliates line item, all investments in subsidiaries fall under the "rubles" category because according to the Regulation No. 579-П (579-P) they are reported in rubles at the official exchange rate as of the date of their recognition in the balance sheet and are not subject to revaluation

Analysis of the Bank's assets and liabilities broken down by currencies as of 1 January 2020 is provided below[19]:

RUB bn	***Rubles***	***US dollars***	***Euro***	***Other currencies***	***Total***
Cash and cash equivalents	356.7	92.2	153.3	59.4	661.6
Credit institution funds with the Bank of Russia, including	1,159.5	0.1	0.1	-	1,159.6
- Mandatory provisions	202.8	-	-	-	202.8
Due from credit institutions	2.0	100.2	23.5	27.1	152.8
Financial assets carried at fair value through profit or loss	579.6	712.0	91.1	80.6	1,463.3
Net loans receivable carried at amortized cost	17,078.8	2,398.6	922.7	70.3	20,470.4
Provision for ECL					*(1,257.5)*
Net investments in financial assets carried at fair value through other comprehensive income	1,988.7	470.3	35.3	-	2,494.3
Net investments in securities and other financial assets carried at the amortized cost	324.6	341.9	19.7	25.0	711.2
Provision for ECL					*(5.6)*
Investments in subsidiaries and affiliates	920.9	-	-	-	920.9
Provision for ECL					(168.9)
Current income tax claims	10.4	-	-	-	10.4
Deferred tax asset	21.8	-	-	-	21.8
Fixed assets, intangible assets and inventory	501.2	-	-	-	501.2
Long-term assets available for sale	16.6	-	-	-	16.6
Other assets	211.4	27.1	99.3	2.2	334.0
ECL provisions					*(37.1)*
Total assets before ECL provisions	**23,172.1**	**4,136.4**	**1,345.0**	**264.6**	**28,918.1**
Provision for ECL					***(1,469.1)***
Loans, deposits and other funds of the Bank of Russia	537.8	-	-	-	537.8
Total funds due to customers carried at the amortized cost, including:	16,014.8	4,156.1	987.5	28.8	21,187.2
- Due to credit institutions	286.1	33.9	27.5	1.0	348.5
- Due to customers other than credit institutions	15,728.7	4,122.2	960.0	27.7	20,838.6
Financial liabilities carried at fair value through profit or loss	325.1	24.9	-	119.6	469.6
Debt securities issued, total:	667.8	-	-	-	667.8
- carried at fair value through profit or loss	-	-	-	-	-
- carried at the amortized cost	667.8	-	-	-	667.8
Current income tax liabilities	3.5	-	-	-	3.5
Other liabilities	115.4	11.1	4.7	0.9x	132.1
Total liabilities excluding provisions	**17,664.4**	**4,192.1**	**992.2**	**149.3**	**22,998.0**
Provisions – estimated non-credit liabilities					**12.3**
Provisions for possible losses from credit-related contingencies, other possible losses and transactions with offshore residents					**36.5**
Net position as to DFI carried at fair value	**30.6**	**329.6**	**(292.2)**	**(65.7)**	**2.3**
Net balance sheet position (before provisions)	**5,538.3**	**273.9**	**60.6**	**49.6**	**5,922.4**

9.5. Liquidity risk

Liquidity risk means a risk reflecting the inability to finance activities, i.e. to ensure the growth of assets and/or perform obligations as they become due, or the violation of regulators' requirements relating to liquidity risk. The following components of liquidity risk are identified in liquidity risk management:

- physical liquidity risk is a risk of a failure by the Bank/ the Group member to meet its obligations to customers and counterparties in any currency or precious metal because of a shortage of cash or noncash funds (inability to make a payment, disburse a loan, etc.)
- regulatory liquidity risk is the risk of a failure to comply with the statutory liquidity ratios of the Bank of Russia (N2, N3, N4, N26, N28 and others[20]), as well as with statutory liquidity ratios established by local regulators in the countries of the Group members' operation.
- structural liquidity risk (concentration risk) is the risk of a 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/ the Group member's liability base on one or few customers or funding sources in a certain currency or with a certain maturity term, or, if necessary, on other parameters (such as, economy sector, geographical zone, type of instrument, etc).

The purpose of the Group liquidity risk management is to ensure that the Bank and Group members are able to fulfil in an unconditional and timely manner all and any of their obligations to customers and counterparties, both in regular operations mode and in crisis situations provided the compliance with liquidity risk management requirements of the Bank of Russia and those of local regulators in the countries of Group members' operation.

The Group is exposed to the liquidity risk because it does not accumulate funds in case of one-time fulfillment of all existing obligations. Instead, on the basis of the current market environment, assumptions about the future evolution of the balance sheet and historical data are estimated to be an adequate level of cash and liquidity reserves needed to perform Obligations on different time horizons.

To reduce the risk of liquidity, the Group:

- Maintains a stable and diversified liability structure that includes resources from different investor and client groups, both for a fixed period and as on-demand funds;
- invests in highly liquid/liquid financial assets, diversified by currency type and maturity, to quickly and efficiently close unexpected liquidity gaps;
- Monitors the use of existing liquidity reserves and initiates their increase if necessary;
- Maintains relations with counterparties in financial markets to ensure that, when liquidity is needed, funds are made available in the shortest possible time.

Policy and Procedures Liquidity risk within the Bank and Sberbank Group as a whole is managed by the Assets and Liabilities Committee. The Treasury organizes the formation of a management system, organizes and coordinates the process of liquidity risk management in the Bank and the Group, ensures compliance with the established risk appetite and other limits and restrictions in terms of liquidity risk, implements measures to manage physical, structural and regulatory liquidity. The Risks Block develops the target architecture of limits and sets the limits for the liquidity risk metrics; performs regular independent monitoring of compliance with established limits for liquidity metrics, validation of liquidity models and escalation of limit violations. The assessment, management and control of liquidity risk are conducted in accordance with the Liquidity Risk Management Policy of the Sberbank Group and the recommendations of the Bank of Russia, local regulators and the Basel Committee on Banking Supervision. The Bank controls the level of liquidity risk chosen by the Group and manages the liquidity risk at the Group level, including coordination of all external involvements of Group members, taking into account current macroeconomic conditions, the market environment and in order to minimize the funding costs.

Management bodies of the Group's members are responsible for the effective liquidity management at the local level, as well as for compliance with the limits and restrictions established by the Bank and the requirements of local regulators. The assessment, management and control of the liquidity risk of the Group members are performed in accordance with unified Group standards taking into account diversification of requirements to different categories of Group members.

The Group's liquidity risk management is based on legislation of the Bank of Russia, local regulators and recommendations of the Basel Committee on Banking Supervision in the field of liquidity risk assessment and management tools:

- calculating actual risk metrics values with a view to assess and control the liquidity risk;

[20]In case that any other liquidity ratios are set as statutory ratios for the Bank/a Group Member

- forecasting the balance broken down by key types of currencies based on forecasting of payment flows (outflows and inflows for basic balance sheet items and off-balance-sheet assets / liabilities taking into account the expected behavior of customers and the business development forecast made by individual units) with a view to determine the resource level required to cover a possible liquidity shortage on short-term and medium term horizon, taking into account the compliance with mandatory liquidity ratios established by local regulators;
- forecasting the balance and the structure of assets and liabilities for various balance development scenarios to calculate the required funding amount and the required liquidity buffer, taking into account the state of debt capital markets and the availability of specific funding sources (used in business planning and while developing the funding plan);
- setting limits and restrictions for risk metrics for both individual Group members and the Group as a whole, including but not limited to the components of Group's risk appetite;
- scenario analysis to determine potential demand in liquidity under the influence of various risk factors;
- stress testing of liquidity risk aimed at determining the liquidity buffer value required for covering the liquidity shortage in case of implementation of each scenario: market crisis, name crisis or both of them simultaneously
- liquidity contingency to ensure the ongoing operation of the Bank/ the Group member and the recovery of Bank's/ the Group member's liquidity in case of an extraordinary or emergency situations related to implementation of liquidity risk (the procedure is recorded in the approved Liquidity Contingency Plan (LCP)).

Liquidity risk exposure indicators of the Bank

As of 1 January 2021, the Bank complies in excess with the threshold values of mandatory liquidity ratios established by the Bank of Russia and with the internal limits for liquidity risk metrics.

Compliance with liquidity ratios:

		Ratio value as at the reporting date, %	
Liquidity ratios	***Threshold value set by the Bank of Russia, %***	***As at 1 January 2021***	***As at 1 January 2020***
N2	min 15	98.5	161.9
N3	min 50	127.7	229.2
N4	max 120	65.3	57.1

Analysis of the Bank's assets and liabilities broken down by remaining maturity

The analysis of liquidity of assets and liabilities of the Bank as of 1 January 2021 is presented below[21]:

RUB bn	*on demand and less than 1 month*	*from 1 month to 6 months*	*from 6 months to 1 year*	*from 1 year to 3 years*	*more than 3 years*	*without a set term/ overdue*	*Total*
ASSETS							
Cash and cash equivalents	614.7	-	-	-	-	-	614.7
Funds of credit institutions held in the Central Bank of the Russian Federation	935.2	52.6	29.6	35.0	5.7	-	1,058.1
including obligatory reserves	111.4	52.6	29.6	35.0	5.7	-	234.3
Due from credit institutions	450.0	-	-	-	-	-	450.0
Financial assets carried at fair value through profit or loss	889.9	167.2	119.2	398.2	624.0	-	2,198.0
Loan receivable prior to deduction of provisions for possible losses	1,097.1	2,178.0	2,404.9	7,530.6	9,858.1	784.8	23,853.5
Net investments in financial assets carried at fair value through other comprehensive income	4,135.5	-	-	-	-	-	4,135.5
Net investments in securities and other financial assets carried at amortized cost	36.2	28.5	32.7	324.7	438.2	-	860.3
Investments in subsidiaries and affiliates	-	-	-	-	-	1,039.5	1,039.5
Fixed assets and intangible assets	-	-	-	-	-	578.5	578.5
Other assets	318.1	8.7	6.0	6.8	0.8	52.9	393.3
Assets before provisions	**8,476.2**	**2,435.0**	**2,592.4**	**8,295.3**	**10,926.8**	**2,455.7**	**35,171.4**
LIABILITIES							
Loans, deposits, and other funds of the Central Bank of the Russian Federation	205.5	163.5	123.6	12.7	345.6	-	850.9
Due to credit institutions	746,9	2.7	2.4	7.4	9.3	-	768.7
Due to customers other than credit institutions total, including:	11,763.3	5,551.9	3,131.8	3,697.9	604.0	-	24,748.9
- deposits by individuals	6,031.1	4,587.5	2,635.9	2,223.1	361.6	-	15,839.2
Financial liabilities carried at fair value through profit or loss	368.8	135.3	59.1	121.3	69.0	-	753.5
Debt securities issued	22.9	86.8	121.0	327.8	280.7	-	839.2
Other liabilities	290.9	4.2	4.8	18.5	61.2	-	379.6
Liabilities	**13,398.3**	**5,944.4**	**3,442.7**	**4,185.6**	**1,369.8**	**-**	**28,340.8**
Net liquidity gap	(4,922.1)	(3,509.4)	(850.3)	4,109.7	9,557.0	2,455.7	6,840.6
Aggregate liquidity gap	(4,922.1)	(8,431.5)	(9,281.8)	(5,172.1)	4,384.9	6,840.6	-

[21] Based on reporting form 0409125 ‘Information on the assets and liabilities by the term to demand and maturity’ (information presented without taking into account the transition to statutory instruments of the Bank of Russia in terms of application of IFRS 9 and IFRS 15)

The analysis of liquidity of assets and liabilities of the Bank as of 1 January 2020 is presented below[21]:

RUB bn	*on demand and less than 1 month*	*from 1 month to 6 months*	*from 6 months to 1 year*	*from 1 year to 3 years*	*more than 3 years*	*without a set term/ overdue*	*Total*
ASSETS							
Cash and cash equivalents	661.6	-	-	-	-	-	661.6
Funds of credit institutions held with the Central Bank of the Russian Federation	1,038.2	52.9	29.6	30.4	8.5	-	1,159.6
including obligatory reserves	81.4	52.9	29.6	30.4	8.5	-	202.8
Due from credit institutions	152.8	-	-	-	-	-	152.8
Financial assets carried at fair value through profit or loss	740.2	103.3	150.2	271.0	398.2	-	1,662.9
Loan receivable prior to deduction of provisions for possible losses	762.7	1,665.8	2,406.9	6,002.4	8,930.5	484.1	20,252.4
Net investments in financial assets carried at fair value through other comprehensive income	2,494.3	-	-	-	-	-	2,494.3
Net investments in securities and other financial assets carried at amortized cost	6.6	53.3	32.2	210.1	403.4	-	705.6
Investments in subsidiaries and affiliates	-	-	-	-	-	752.0	752.0
Fixed and intangible assets	-	-	-	-	-	501.2	501.2
Other assets	385.8	23.8	20.6	52.4	72.9	34.8	590.3
Assets before provisions	**6,242.2**	**1,899.1**	**2,639.5**	**6,566.3**	**9,813.5**	**1,772.1**	**28,932.7**
LIABILITIES							
Loans, deposits, and other funds of the Central Bank of the Russian Federation	0.2	2.6	7.3	32.1	495.7	-	537.9
Due to credit institutions	667.7	3.5	4.2	7.3	9.9	-	692.6
Due to customers other than credit institutions total, including:	8,559.9	5,528.1	3,030.2	2,893.3	710.2	-	20,721.7
- deposits by individuals	4,557.4	4,496.5	2,645.5	1,719.5	322.9	-	13,741.8
Debt securities issued	36.5	53.1	85.0	311.7	186.2	-	672.5
Other liabilities	486.1	57.3	28.0	50.3	46.1	-	667.8
Liabilities	**9,750.4**	**5,644.6**	**3,154.7**	**3,294.7**	**1,448.1**	**-**	**23,292.5**
Net liquidity gap	(3,508.2)	(3,745.5)	(515.2)	3,271.6	8,365.4	1,772.1	5,640.2
Aggregate liquidity gap	(3,508.2)	(7,253.7)	(7,768.9)	(4,497.3)	3,868.1	5,640.2	-

As part of liquidity risk management, the Bank maintains the significant liquidity provisions, mainly due to effective refinancing facilities of the Bank of Russia, upon both market and non-market security.

Securities carried at fair value through profit or loss, as well as the most liquid portion of securities carried at fair value through other comprehensive income, are considered liquid assets as they can easily be converted into cash within a short period of time. Such assets are placed in the category "On demand and less than 1 month" in the table.

Overdue assets are categorized as "indefinite term / overdue" in the amount of the overdue payment.

Current accounts of customers other than credit institutions, including on-demand deposits of individuals, are included in the category "On demand and less than 1 month". At the same time, diversification of funds due to customers by number and type of depositors and the Bank's experience show that such accounts and deposits are a long-term and stable source of financing. Therefore, the cash outflow expected by the Bank within one month from the reporting date is much less than the amount indicated in the table above. This expectation is based on statistical data accumulated during the previous periods and on the assumptions on the stable balance amounts on the customers' current accounts.

In 2020, the aggregate liquidity gap for terms of up to 3 years increased due to the considerable growth of loan portfolio, which was, among other things, funded with money raised from individuals and legal entities, deposited into current accounts, and recognized in the category "On demand and less than 1 month". However, historically, these funds serve as a stable source of funding, and therefore the growth in liquidity gap is nominal and is not indicative of the growth in the Bank’s liquidity risk.

The analysis of terms remaining to repayment of financial liabilities including the bank guarantees issued (on the basis of contractual undiscounted cash flows).

The tables below show distribution of undiscounted contractual cash flows (taking into account future interest payments) on the Bank’s liabilities by remaining contractual maturities.

The analysis of terms remaining to repayment of financial liabilities of the Bank as of 1 January 2021 is presented below:

RUB bn	*on demand and less than 1 month*	*from 1 up to 6 months*	*from 6 months up to 1 year*	*from 1 year up to 3 years*	*more than 3 years*	*Total*
Due to the Bank of Russia and credit institutions	1,147.5	183.2	154.4	51.8	1,000.5	2,537.5
Due to legal entities	5,527.5	1,249.4	654.1	1,303.6	257.9	8,992.6
Due to individuals	6,679.2	4,286.8	2,670.8	2,130.4	290.7	16,057.9
Debt securities in issue	26.8	184.5	135.2	451.5	268.5	1,066.5
Derivative financial instruments with settlements made on a gross basis:						
- Inflows	(2,160.3)	(1,737.4)	(352.2)	(662.4)	(204.4)	(5,116.7)
- Outflows	2,162.5	1,750.5	346.8	686.8	196.4	5,143.0
Derivative financial instruments with settlements made on a net basis:	26.1	35.4	15.7	50.4	42.4	170.1
Other financial liabilities	188.1	4.9	6.9	12.1	76.1	288.0
Total financial liabilities	**13,597.4**	**5,957.4**	**3,631.8**	**4,024.2**	**1,928.1**	**29,138.9**
Contingent credit-related liabilities before provisions	**7,054.3**					**7,054.3**

The analysis of terms remaining to repayment of financial liabilities of the Bank as of 1 January 2020 is presented below:

RUB bn	*On demand and less than 1 month*	*from 1 up to 6 months*	*from 6 months up to 1 year*	*from 1 year up to 3 years*	*over 3 years*	*Total*
Due to the Bank of Russia and credit institutions	671.7	5.1	43.6	106.6	1,804.7	2,631.7
Due to legal entities	4,197.5	1,036.4	420.7	1,066.7	561.1	7,282.4
Due to individuals	4,755.2	4,495.9	2,781.6	1,724.7	202.8	13,960.2
Debt securities in issue	34.7	58.9	86.9	422.7	144.1	747.3
Derivative financial instruments with settlements made on a gross basis:						
- Inflows	(923.4)	(435.2)	(182.9)	(292.5)	(54.0)	(1,888.0)
- Outflows	935.3	455.3	196.3	309.2	59.6	1,955.7
Derivative financial instruments with settlements made on a net basis:	3.2	14.5	7.5	33.7	24.5	83.4
Other financial liabilities	84.0	5.1	5.1	14.8	20.9	129.9
Total financial liabilities	**9,758.2**	**5,636.1**	**3,358.7**	**3,386.0**	**2,763.7**	**24,902.6**
Contingent credit-related liabilities before provisions	**6,062.7**	-	-	-	-	**6,062.7**

9.6. Compliance Risk

The compliance risk refers to the risk of the bank or another Group member facing legal or regulatory sanctions or incurring a material financial loss or a loss of reputation as the result of their failure to observe any laws, instructions, rules, standards of self-regulated organizations or codes of conduct or norms of business ethics as regards anti-money laundering or countering the financing of terrorism, prevention of financial market malpractice, control of conflicts of interest and countering corruption, adherence to economic sanctions, or control of foreign taxpayer accounts.

The main focus areas of the Bank and the Group members in the compliance risk management are:

- prevention of misuse of authority and corruption offences of the Bank's employees;
- prevention and resolution of conflicts of interest arising in the course of the Bank's business;
- combating money laundering, terrorist financing and proliferation of weapons of mass destructionж
- compliance with license and other regulatory requirements related to financial markets;
- adherence to fair market conduct and fair competition when performing transactions on financial markets, prevention of fraudulent business practices (use of insider information, price manipulation, etc.)
- compliance with economic sanctions and restrictions set by applicable laws of the Russian Federation, by international organizations and by individual States;
- compliance with US legislative requirements on foreign account taxation - Foreign Account Tax Compliance Act and OECD Standard for Automatic Exchange of Financial Account Information or Common Reporting Standard.

As a result of work in those areas Group has developed and approved internal regulatory documents and implemented control procedures. Compliance control is organized on a systemic basis, involving all Bank employees and Group members, and is performed continuously.

These are the key events of compliance risks management:

- The Bank has confirmed that its compliance management system meets the requirements set forth in the international standards ISO[22]/IEC[23] 19600:2014 -"Compliance management systems" and ISO/IEC 37001:2016 - "Anti-bribery management systems".
- Over 280,000 employees have taken training focused on compliance matters. We have held promotion campaigns on compliance (digests, screensavers, posters, videoclips).
- Compliance processes are implemented with the use of machine learning tools, artificial intelligence is used in processes related to big data processing.
- A chatbot is used to consult the Bank's employees on compliance matters.

[22]International Organization for Standardization
[23]International Electrotechnical Commission

9.7. Operational risk

The operational risk refers to the risk of losses that may be incurred by the Group as a result of any faults in its internal processes, in the functioning of information systems, unauthorized/unlawful actions or errors of its employees, as well as due to external events.

The operational risk management system is defined by the Policy for Operational Risk Management and is aimed at preventing such risk or decreasing as much as possible the threat of potential losses (direct and/or subsequent) connected to internal process organization and external factors (events), measurement of operational risk for the calculation of necessary regulatory and economic capital, as well as at creating an adequate system of internal control.

The operational risk management process in the Group includes the following basic stages:

- operational risk identification;
- operational risk evaluation;
- analysis of problem areas of processes, development and making a decision on optimizing / changing the processes in order to reduce the level of operational risk;
- operational risk monitoring;
- control and/or reduction of operational risk.

In order to perform the stages mentioned above, the Group has implemented such operational risk management instruments as collection of internal data concerning losses caused by the realization of operational risk incidents, self-assessment of units and scenario analysis for operational risks.

Risk coordinators have been appointed in all structural units of the Bank and the Group. Their responsibilities include collaboration with operational risk units to identify, assess, monitor and control operational risk. In particular, risk coordinators communicate materialized incidents of operational risk and assess potential risks during self-assessment.

To monitor operational risk, the Group uses a system of reports for the management and collegial bodies involved in the risk management processes. Operational risk reporting is drawn up on a daily, monthly, and quarterly basis. Data related to risk assessment and incurred losses help identify risk concentration areas for further development of a set of measures to mitigate the Group's risk level.

In 2020, the Bank continued the implementation of measures to mitigate risks. These activities are intended both to change existing processes and technologies for operations and to improve the executive discipline of staff. The values for operational risk appetite, including those for internal structural units, and the values for operational risk loss limits were approved.

As part of analyzing, controlling and forecasting operational risks, the Bank also develops and monitors key risk indicators. A new approach to operational risk management based on operational risk management at the key processes level was approved. 10 key indicators for the main risk management zones were developed, including requirements for identification quality, quick identification and mitigation of risks, presence of early warning indicators, and the quality of operation of the first and second lines of defense.

The Supervisory Board approved threshold levels of operational risk level indicators and the risk to information security. The system of indicators was developed in accordance with new requirements of the Bank of Russia and includes 22 indicators cascaded to units.

For taking into account operational risk in pricing, methodology and tools for evaluating expected losses from operational risks realization for existing and new products were developed. Evaluations of expected losses are included in pricing models, which will promote the adoption of weighted evaluations of product efficiency, taking into account the balance between the risk level, returns and long-term business development goals.

The Bank regularly monitors measures implementation status and residual risks, both by business units and operational risk subdivisions as well as executives and collegial bodies of the Bank management and Group members.

To prevent and/or decrease losses that arise from materialized operational risk events, the Group has developed and applies such mechanisms and procedures as overall regulation of business processes and procedures; segregation of power; internal control over the compliance with the procedure established for operations and transactions, limit discipline; a complex of measures ensuring information security and business continuity; improvement of audit procedures and control over the quality of automated systems and hardware complex functioning; property and asset insurance; improvement of employees' qualification at all organizational levels, etc.

Due to the fact that the requirements set forth in the Bank of Russia Regulation dated 8 April 2020 No. 716-П (716-P). "On Requirements to Operational Risk Management Systems in Credit Institutions and Banking Groups" entered into force starting from 1 October 2020, the Bank performed work to introduce the new requirements.

10. Information on capital management

In accordance with Sberbank Group's Risk and Capital Management Strategy and Capital Adequacy Management Policy, the aim of capital adequacy management is to ensure the Bank's and the Group's ability to achieve the goals of strategic asset growth in strict compliance with capital adequacy requirements in normal business activity and under stress.

The process of the Bank's and the Group's capital structure and adequacy management is centralized. Sberbank Treasury is the unit responsible for the organization of capital adequacy management in the Bank and the Group as a whole. To implement an efficient process of capital structure and adequacy management, the Bank's Treasury develops necessary procedures, regulations for cooperation between business units, methods and group standards, and also controls the organization of the process in the Group members.

To assess the capital adequacy, the following assessment methods are used:

- capital adequacy ratios forecasting

Forecasting of capital adequacy ratios is the key method to preventively identify breaches of capital adequacy and is the basis for taking timely managerial decisions.

Forecasting these ratios is based on relevant assumptions about the changes that affect capital adequacy ratios, e.g., increase in assets, raising sources of capital, payment of dividends, investment into subsidiaries, change of regulatory requirements.

The forecast helps identify potential capital adequacy ratio limits breaches. If any limit breaching risk is identified, relevant measures to eliminate the potential breach are developed:

- the system of early warning indicators signaling of capital adequacy decrease

The early warning indicators and threshold values are developed with regard to the local market specifics.

Threshold values are set for each indicator to determine the capital adequacy level.

Unscheduled forecast of capital adequacy ratios is also performed on the basis of up-to-date information to identify potential limit breaches; in case of any potential limit breaches are identified, special measures are developed to eliminate identified threats.

- stress-testing capital adequacy

To determine the capital adequacy under stress, stress testing is performed, where possible stress scenarios are simulated and capital adequacy ratios are calculated for such scenarios. Capital adequacy ratios under stress are tested for potential breach of set limits. In case limit breaches are potentially possible, the Capital Contingency Plan is reviewed.

The following main tools are used for capital adequacy management:

- business planning and a capital adequacy management plan

The calculation of target capital adequacy ratios is an integral part of setting the target business development indicators in the process of business planning. Compliance with the limits for capital adequacy ratios over the planning horizon is a mandatory condition.

- planning of dividends and capitalization of subsidiaries

In the course of the annual business planning, the Group members (excluding the Bank) plan the payment of dividends to shareholders or raising capital.

- the system of capital adequacy limits

To prevent incompliance with the regulatory requirements to capital adequacy, the Group has a multi-level system of internal capital adequacy limits that includes both strict limits and warning limits.

- Capital Contingency Plan

In case of significant deterioration of the capital adequacy of the Group and/or separate members of the Group, the Treasury has developed a Capital Contingency Plan. The Plan is aimed at defining a set of different measures to be taken for management in various stress situations. The Plan is subject to annual update and is approved by the Supervisory Board of Sberbank.

Information about the values of capital adequacy ratios, indicators used for their calculation, and key approaches to the capital adequacy management process is subject to regular disclosure in accordance with the applicable regulatory requirements.

The risk-weighted assets are calculated in accordance with the Bank of Russia Instruction “On Mandatory Ratios for Banks” No. 199-И (199-I) (hereinafter referred to as 199-И (199-I) and the Bank of Russia Regulation “On the Procedure for Credit Risk Calculation based on Internal Ratings” No. 483-П (483-P), as well as in accordance with the Bank of Russia Regulation “On the Procedure for Market Risk Calculation by Credit Institutions” No. 511-П (511-P) and the Bank of Russia Regulation “On the Procedure for Operational Risk Calculation” No. 652-П (652-P).

In accordance with the procedure for the preparation of the published reporting form “Information on Mandatory Ratios, Financial Leverage Ratio and Liquidity Coverage Ratio” established by Ordinance No. 4927-У (4927-U), the Bank calculates its own equity (capital) and mandatory ratios on a quarterly basis with and without taking into account IFRS 9 principles implemented in the accounting from 1 January 2019. However, the regulatory requirements for the Bank to comply with the established limits for mandatory ratios and for calculating the amount of capital in accordance with Bank of Russia Instruction “On Mandatory Ratios for Banks” No. 199-И (199-I) and Regulation No. 646-П (646-P) provide for keeping regulatory approaches that were in effect before the implementation of accounting rules provided for by IFRS 9 in the RAS.

In 2019 and 2020, the Bank complied with the Bank of Russia requirements to own funds (capital) adequacy ratios, detailed information can be found in the published reporting forms 0409808 and 0409813.

The table below provides the information about capital adequacy ratios and financial leverage ratio:

		as of 1 January 2, 2021	*as of 1 January 2020*
	Regulatory requirement, %	***Actual value, %***	***Actual value, %***
Core capital adequacy ratio (R1.1)	4.5	11.2	10.5
Fixed capital adequacy ratio (R1.2)	6.0	11.7	10.5
Total capital adequacy ratio (R1.0)	8.0	14.5	14.5
Leverage ratio (R1.4)	3.0	11.0	11.4

According to the permission issued by the Bank of Russia, starting from 1 February 2018, the Bank assesses credit risk with regard to credit claims to legal entities and individuals as well as with regard to issuers of securities of the “carried at fair value through other comprehensive profit” category using the internal ratings approach in accordance with the Bank of Russia Regulation “On the Procedure for Credit Risk Calculation Based on Internal Ratings” No. 483-П (483-P) (hereinafter referred to as the Bank of Russia Regulation No. 483-П (483-P)).

Starting from the reporting date, as of 1 December 2019, Sberbank shifted from simple approach to assessment of risk-weighted assets for repurchase transactions to comprehensive approach that allows to better account for the collateral received under repurchase transactions.

Starting from the reporting date, as of 1 July 2020, the Bank made a decision to apply the finalized approach to credit risk assessment for the purpose of calculation of capital adequacy and concentration ratios provided for in Chapter 3 of the Bank of Russia Instruction No. 199-И (199-I). Consequently, starting from the date of switching over to the finalized approach, the Bank stopped assessing investments in participating interest in capital of legal entities according to internal ratings based approach (IRB), in accordance with Clause 1.2 of Bank of Russia Regulation No. 483-П (483-P).

Moreover, starting from the reporting date, as of 1 July 2020, the Bank applied new requirements of the Bank of Russia Regulation No. 483-П (483-P), which have been issued by the regulator to introduce the Basel III regulatory framework. The main novelties were as follows:

- the adjustment factor was reduced from 1.06 to 1;

- the LGD value for non-subordinated and unsecured claims to corporate borrowers as part of the basic internal ratings based approach was reduced;

- conversion ratios for credit related commitments (in accordance with Appendix 11 of the Bank of Russian Instruction No. 199-И (199-I).

In 2020, the core capital adequacy ratio (R1.1) increased by 0.7 p.p. and amounted to 11.2%, the fixed capital adequacy ratio (R1.2) increased by 1.2 p.p. and amounted to 11.7%, and the own funds (capital) adequacy ratio (R1.0) remained unchanged and amounted to 14.5%. The financial leverage ratio (R1.4) decreased by 0.4 p.p. in 2020, and it was mainly caused by the payment of dividends for 2019 and the increase of balance value of assets and off-the-balance sheet assets at risk.

Information on dividends recognized as payments to shareholders in included in disclosure 4.11 ‘Share capital’ and 4.12 ‘Earnings per share and dividends’ of Section 4 ‘Accompanying Information to the Balance Sheet’.

11. Derivative financial instruments

Foreign exchange and other DFI the Bank conducts transactions with are generally traded in an over-the-counter market with professional market participants. DFI have either potentially beneficial terms (assets) or potentially unfavorable terms (liabilities) as a result of fluctuations in interest rates, foreign exchange rates or other variable factors associated with these instruments. The fair value of DFI can change significantly over time.

The table includes contract with the settlement date after the corresponding reporting date, amounts under the transactions are shown in detail – before netting of positions (and payments) for each counterparty.

DFI analysis as of 1 January 2021 is represented in the table below:

	Fair value of the expected flows			
RUB billion	**Receivable**	**Payable**	**Assets – positive fair value**	**Liabilities – negative fair value**
Foreign currency:				
OTC options	5.2	(5.0)	5.2	(5.0)
OTC swaps	2,996.8	(3,023.3)	21.2	(47.7)
Forwards	715.1	(705.7)	19.4	(10.0)
Total	3,717.1	(3,734.0)	45.8	**(62.7)**
Interest Rate:				
OTC options	13.0	(4.3)	13.0	(4.3)
OTC swaps	47.4	(75.4)	47.4	(75.4)
Total	60.4	(79.7)	60.4	(79.7)
Foreign currency interest rate:				
OTC swaps	1,247.0	(1,252.8)	69.1	(74.8)
Total	**1,247.0**	**(1,252.8)**	**69.1**	**(74.8)**
Commodities including precious metals:				
Stock options	-	(0.9)	-	(0.9)
Exchange-traded swaps	0.1	(0.4)	0.1	(0.4)
OTC options	15.9	(14.4)	15.9	(14.4)
OTC swaps	180.9	(162.5)	26.2	(7.8)
Forwards	3.0	(3.5)	0.2	(0.6)
Futures	1.2	(2.4)	1.2	(2.4)
Total	**201.1**	**(184.1)**	**43.6**	**(26.5)**
Shares:				
OTC options	16.3	(44.1)	16.3	(44.1)
Total	**16.3**	**(44.1)**	**16.3**	**(44.1)**
Credit risk:				
OTC swaps	-	(0.5)	-	(0.5)
Total	-	(0.5)	-	(0.5)
Other:				
Stock options	0.1	(2.9)	0.1	(2.9)
OTC options	22.1	(0.2)	22.1	(0.2)
Total	**22.2**	**(3.1)**	**22.2**	**(3.1)**
Total	**5,264.1**	**(5,298.3)**	**257.4**	**(291.4)**

Derivatives analysis as of 1 January 2020 is represented in the table below:

RUB bn	Fair value of the expected flows: Receivable	Fair value of the expected flows: Payable	Assets – positive fair value	Liabilities – negative fair value
Foreign currency:				
OTC options	4.3	(4.6)	4.3	(4.6)
OTC swaps	2,143.3	(2,141.4)	23.9	(22.0)
Forwards	468.5	(459.3)	15.0	(5.8)
Total	**2,616.1**	**(2,605.4)**	**43.2**	(32.5)
Interest rate:				
OTC options	1.9	(1.6)	1.9	(1.6)
OTC swaps	32.1	(49.1)	31.7	(48.7)
Total	34.1	**(50.7)**	33.6	**(50.2)**
Foreign currency interest rate:				
OTC swaps	1,163.5	(1,152.8)	34.5	(23.8)
Total	**1,163.5**	**(1,152.8)**	**34.5**	**(23.8)**
Commodities including precious metals:				
Stock options	0.4	(0.6)	0.4	(0.6)
OTC options	3.1	(3.2)	3.1	(3.2)
OTC swaps	8.4	(8.3)	0.6	(0.5)
Forwards	1.5	(1.7)	-	(0.1)
Total	**13.5**	**(13.8)**	**4.2**	**(4.5)**
Shares:				
OTC options	4.3	(6.2)	4.3	(6.2)
Total	**4.3**	**(6.2)**	**4.3**	**(6.2)**
Credit risk:				
OTC swaps	-	(0.3)	-	(0.3)
Total	**-**	0.3	**-**	0.3
Other:				
Stock options	0.1	(0.2)	0.1	(0.2)
OTC options	14.9	(14.9)	14.9	(14.9)
Total	**15.0**	**(15.0)**	**15.0**	**(15.0)**
Total	**3,846.5**	**(3,844.2)**	**134.8**	**(132.5)**

12. Disclosures at Fair Value

The Bank uses the following hierarchy for determination and disclosure of fair value of financial instruments by valuation techniques:

- Level 1: the quoted (unadjusted) prices in active markets for identical assets and liabilities;
- Level 2: techniques for which all input data significantly influencing fair value are directly or indirectly observable in the open market;
- Level 3: techniques using the input data significantly influencing fair value, which are not based on the data observed in the open market.

The analysis of the financial and non-financial assets, and financial liabilities carried at fair value in the reporting, broken down by levels of the assessment hierarchy as of 1 January 2021 is presented in the table below:

RUB bn	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Loan debt carried at fair value through profit or loss	**-**	**-**	**1,541.6**	**1,541.6**
Loan receivables from legal entities	-	-	1,064.6	1,064.6
Loan receivables from credit institutions	-	-	477.0	477.0
Total financial assets carried at fair value through profit or loss, total, including:	**105.4**	**310.9**	**35.0**	**451.3**
Derivative financial instruments	-	257.3	-	257.3
Corporate bonds of Russian entities	15.5	39.5	-	55.0
Bonds, eurobonds of banks and other financial institutions	27.5	8.9	-	36.4
Shares	36.2	-	4.9	41.1
Corporate bonds of foreign companies	0.7	1.9	30.1	32.7
Federal Loan Bonds (OFZ)	24.4	-	-	24.4
Eurobonds of the Russian Federation	1.1	3.3	-	4.4
Securities carried at fair value through other comprehensive income, total, including:	**2,925.1**	**1,089.9**	**120.5**	**4,135.5**
Federal Loan Bonds (OFZ)	2,376.2	832,1	-	3,208.3
Corporate bonds of Russian entities	169.4	96.0	120.4	385.8
Bonds, eurobonds of banks and other financial institutions	204.7	27.4	-	232.1
Eurobonds of the Russian Federation	103.2	93.3	-	196.5
Bonds of the Ministry of Finance of Russia	48.9	-	-	48.9
Corporate bonds of foreign companies	12.0	29.5	-	41.5
Bonds of subjects of the Russian Federation	10.7	10.7	-	21.4
Eurobonds issued by foreign governments	-	0.9x	-	0.9x
Shares	-	-	0.1	0.1
Non-financial assets				
Long-term assets available for sale	**-**	**-**	**4.8**	**4.8**
Office premises	**-**	**-**	**162.8**	**162.8**
Total assets carried at fair value	**3,030.5**	**1,400.8**	**1,864.7**	**6,296.0**
Financial liabilities				
Carried at fair value through profit or loss				
Derivative financial instruments	-	291.4	-	291.4
Due to credit institutions	-	246.3	-	246.3
Due to individuals	-	177.1	-	177.1
Due to legal entities	-	38.7	-	38.7
Total liabilities carried at fair value	**-**	**753.5**	**-**	**753.5**

The analysis of the financial and non-financial assets, and financial liabilities carried at fair value in the reporting, broken down by levels of the assessment hierarchy as of 1 January 2020 is presented in the table below:

RUB billion	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Loans receivable carried at fair value through profit or loss, total, including:	**-**	**-**	**1,361.4**	**1,361.4**
Loan receivables of legal entities	-	-	865.8	865.8
Loan receivables from credit institutions	-	-	495.6	495.6
Total financial assets carried at fair value through profit or loss, total, including:	**53.3**	**148.4**	**35.0**	**236.7**
Derivative financial instruments	-	134.8	-	134.8
Corporate bonds of foreign companies	1.0	1.6	32.6	35.2
Shares	24.4	-	2.4	26.8
Bonds, eurobonds of banks and other financial institutions	17.6	8.3	-	25.9
Corporate bonds of Russian entities	7.7	3.7	-	11.4
Federal Loan Bonds (OFZ)	1.9	-	-	1.9
Eurobonds of the Russian Federation	0.4	-	-	0.4
Eurobonds issued by foreign governments	0.3	-	-	0.3
Securities carried at fair value through other comprehensive income, total, including:	**2,050.7**	**342.1**	**101.5**	**2,494.3**
Federal Loan Bonds (OFZ)	1,217.5	151.1	-	1,368.6
Corporate bonds of Russian entities	157.8	55.9	98.4	312.1
Bonds of the Bank of Russia	249.2	-	-	249.2
Bonds, eurobonds of banks and other financial institutions	188.3	101.7	-	290.0
Eurobonds of the Russian Federation	229.2	-	-	229.2
Corporate bonds of foreign companies	6.5	23.9	3.1	33.5
Bonds of subjects of the Russian Federation	2.1	9.5	-	11.6
Shares	0.1	-	-	0.1
Non-financial assets				
Long-term assets available for sales of	**-**	**-**	**16.6**	**16.6**
Office premises	-	-	**184.1**	**184.1**
Total assets carried at fair value	**2,104.0**	**490.5**	**1,698.6**	**4,293.1**
Financial liabilities				
Carried at fair value through profit or loss				
Derivative financial instruments	-	132.5	-	132.5
Due to credit institutions	-	353.8	-	353.8
Due to individuals	-	106.4	-	106.4
Due to legal entities	-	9.4	-	9.4
Total liabilities carried at fair value	**-**	**602.1**	**-**	**602.1**

The table below shows the analysis of the fair value of assets, for which the fair value is disclosed separately, broken down by assessment hierarchy levels as of 1 January 2021:

	Carrying value	**Fair value**			
RUB bn		**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	1,438.6	614.7	823.8	-	**1,438.6**
Obligatory reserves	234.3	-	234.3	-	**234.3**
Due from credit institutions	450.0	-	450.0	-	**450.0**
Net loans receivable carried at amortized cost	22,168.7	-	-	22,929.3	**22,929.3**
Investments in securities carried at amortized cost	852.8	614.0	288.5	1.5	**903.9**
Investments in subsidiaries and affiliates	776.7	-	-	776.7	**776.7**
Other financial assets	289.4	-	-	289.4	**289.4**
Total	**26,210.5**	**1,228.7**	**1,796.6**	**23,996.9**	**27,022.3**

The table below shows the analysis of the fair value of assets, for which the fair value is disclosed separately, broken down by assessment hierarchy levels as of 1 January 2020:

RUB billion	Carrying value	Fair value			
		Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	1,618.4	661.6	956.8	-	**1,618.4**
Obligatory reserves	202.8	-	202.8	-	**202.8**
Due from credit institutions	152.8	-	152.8	-	**152.8**
Net loans receivable carried at amortized cost	19,212.9	-	-	19,572.1	**19,572.1**
Investments in securities carried at amortized cost	705.7	526.1	217.2	-	**743.3**
Investments in subsidiaries and affiliates	752.0	-	-	752.0	**752.0**
Other financial assets	261.4	-	-	261.4	**261.4**
Total	**22,906.0**	**1,187.7**	**1,529.6**	**20,585.5**	**23,302.8**

The table below shows the analysis of the fair value of liabilities, for which the fair value is disclosed separately, broken down by assessment hierarchy levels as of 1 January 2021:

RUB billion	Carrying value	Fair value			
		Level 1	**Level 2**	**Level 3**	**Total**
Due to the Central Bank of the Russian Federation	850.7	-	500.7	350.0	**850.7**
Due to credit institutions	764.4	-	764.4	-	**764.4**
Due to individuals					
- Current accounts / Demand accounts	5,744.3	-	5,744.3	-	**5,744.3**
- Term deposits	10,093.9	-	-	10,227.5	**10,227.5**
Due to legal entities					
- Current accounts / Demand accounts	3,869.6	-	3,869.6	-	**3,869.6**
- Term deposits	4,623.1	-	-	4,756.4	**4,756.4**
- International loans	406.3	412.4	-	-	**412.4**
- Other funds due to customers	3.4	-	3.2	0.2	**3.4**
Debt securities issued	813.2	144.6	668.6	-	**813.2**
Other financial liabilities	247.4	-	-	247.4	**247.4**
Total	**27,416.2**	**557.0**	**11,550.8**	**15,581.5**	**27,689.3**

The table below shows the analysis of the fair value of liabilities, for which the fair value is disclosed separately, broken down by assessment hierarchy levels as of 1 January 2020:

RUB billion	Carrying value	Fair value			
		Level 1	**Level 2**	**Level 3**	**Total**
Due to the Central Bank of the Russian Federation	537.8	-	38.0	499.8	**537.8**
Due to credit institutions	348.5	-	348.5	-	**348.5**
Due to individuals					
- Current accounts / Demand accounts	3,583.9	-	3,583.9	-	**3,583.9**
- Term deposits	10,147.7	-	-	10,378.1	**10,378.1**
Due to legal entities					
- Current accounts / Demand accounts	2,804.0	-	2,804.0	-	**2,804.0**
- Term deposits	3,959.0	-	-	3,912.3	**3,912.3**
- International loans	340.5	361.2	-	-	**361.2**
- Other funds due to customers	3.5	-	3.5	-	**3.5**
Debt securities issued	667.8	127.4	547.8	-	**675.2**
Other financial liabilities	125.5	-	-	125.5	**125.5**
Total	**22,518.2**	**488.6**	**7,325.7**	**14,915.7**	**22,730.0**

Assets carried at fair value assigned to Level 2 of the fair value assessment hierarchy include short-term liquid cash balances in banks, debt securities of the first-class borrowers and also derivative financial instruments which are not traded in the active market. Fair value of these financial instruments was determined using techniques in which all input data having significant effect on fair value are observable in the active market. The characteristics of comparable financial instruments actively traded in the market were used as input data for the model of assessment.

Below are the methods and assumptions used in determining the fair value of financial instruments.

Investments in Subsidiaries and Affiliates

As of 1 January 2021, investments in subsidiaries and affiliates amounted to RUB776.7 bn (RUB752.0 bn as of 1 January 2020). The determination of fair value of the investments with the required level of reliability does not seem possible, as there is not enough market and other information needed to determine the fair value.

Derivative Financial Instruments

Derivative financial instruments valued using the assessment techniques based on observable market data of the information systems that are widely known in the market include foreign currency interest rate swaps, interest rate swaps, currency swaps, forex forward and option contracts. In order to assess the value of forwards and swaps, techniques for assessing the present value of future flows are mainly used. Options are generally evaluated with the Black-Scholes model and also with the local stochastic volatility model for certain types of options. These models include various parameters, such as credit quality of counterparties, foreign exchange spot and forward rates, interest rate and volatility curves. In exceptional cases when it is impossible to obtain market data the model based on the DCF method can be applied.

Securities carried at fair value through profit or loss and securities carried at fair value through other comprehensive income

Securities carried at fair value through profit or loss and securities carried at fair value through other comprehensive income, estimated with the use of assessment techniques or models mostly include non-quoted equity and debt securities. Those securities are valued using models containing only data observable in the market, as well as models containing data both observable and unobservable in the market. Parameters unobservable in the market include assumptions about the future financial standing of the issuer, its risk level, and economic evaluations of the industry and geographical jurisdiction in which it operates.

The table below includes the transfers between Level 1 and Level 2 of the hierarchy of fair value assessment of securities carried at fair value, which took place in 2020:

	Transfers between Level 1 and Level 2	
RUB billion	**from Level 1 to Level 2**	**from Level 2 to Level 1**
Financial assets		
Carried at fair value through profit or loss	3.2	0.1
Carried at fair value through other comprehensive income	175.3	247.6
Total transfers of financial assets	**178.5**	**247.7**

The table below includes the transfers between Level 1 and Level 2 of the hierarchy of fair value assessment of securities carried at fair value which took place in 2019:

	Transfers between Level 1 and Level 2	
RUB billion	**from Level 1 to Level 2**	**from Level 2 to Level 1**
Financial assets		
Carried at fair value through profit or loss	6.6	0.7
Carried at fair value through other comprehensive income	135.6	257.8
Total transfers of financial assets	**142.2**	**258.5**

Financial instruments are transferred from Level 2 and Level 3 to Level 1 if there was an active market for these instruments, and therefore their fair value can be determined based on market quotations in the active market.

Financial instruments are transferred from Level 1 to Level 2 if these instruments stop being traded in the active market, the liquidity of the market for these instruments is insufficient to use market quotations for their valuation, and therefore the fair value is determined using techniques in which all input data having significant effect on the fair value are observable in the active market.

Financial instruments are transferred to Level 3 due to the fact that these instruments have ceased to be traded in the active market, whereas using techniques with data observable in the active market is impossible.

The table below shows a reconciliation of the opening and closing balances of assets carried at fair value assigned to Level 3 of the fair value assessment hierarchy as of 1 January 2021:

RUB bn	**As of 1 January 2020**	**Total (expenses)/revenue reported under profit and loss**	**Foreign-currency revaluation**	**Total (expenses)/revenue reported through other comprehensive income**	**Receipts**	**Sales/ settlements**	**As of 1 January 2021**
Loans receivable carried at fair value through profit or loss	**1,361.4**	7.2	143.8	-	808.4	(779.2)	**1,541.6**
Net investments in financial assets carried at fair value through other comprehensive income	**101.5**	7.1	0.7	0.28	43.8	(32.9)	**120.5**
Financial assets carried at fair value through profit or loss	**35.0**	10.1	1.7	-	24.1	(36.0)	**35.0**
Long-term assets held for sale	**16.6**	(11.4)	-	-	0.2	(0.6)	**4.8**
Office premises	**184.1**	(11.5)	0.2	(3.9)	6.7	(12.9)	**162.8**
Total assets of Level 3	**1,698.6**	**1.6**	**146.5**	**(3.6)**	**883.2**	**(861.6)**	**1,864.7**

In 2020, expenses on Level 3 financial assets, reported in the Statement of Financial Performance in the amount of RUB49.6 bn have not been realized.

In 2020, income on Level 3 financial assets, reported in the Statement of Financial Performance in the amount of RUB0.3 bn has not been realized.

Valuation of mortgage-backed securities portfolio using valuation techniques based on the information which is not observable in the market

The valuation model uses a number of input data observable or non-observable in the market, the main of which are the risk-free interest rates curve and the credit spread of DOM.RF JSC on mortgage-backed securities (this information is considered observable in the market), whereas the portfolio lifecycle and behavior adjustment for the loan repayment forecast are the main data not observable in the market.

If the risk-free interest rates curve used by the Bank in the valuation model for securities in the amount of RUB48.9 billion increases/decreases by 1.0%, the carrying value of mortgage-backed securities will decrease by RUB1.2 billion / increase by RUB1.3 billion. If the credit spread of DOM.RF JSC for mortgage-backed securities used by the Bank in the valuation model increases/decreases by 1.0%, the carrying value of mortgage-backed securities will decrease by RUB1.2 billion / increase by RUB1.3 billion.

If the risk-free curve used by the Bank in the valuation model for securities in the amount of RUB23.5 billion increases/decreases by 1.0%, the carrying value of the financial instrument will be RUB0.6 billion lower / RUB0.6 billion higher. If the credit spread of DOM.RF JSC used by the Bank in the valuation model increases/decreases by 1,0%, the carrying value of the financial instrument will be RUB0.6 billion lower / RUB0.6 billion higher.

If the risk-free interest rates curve used by the Bank in the valuation model for securities in the amount of RUB31.8 billion increases/decreases by 1.0%, the carrying value of mortgage-backed securities will decrease by RUB0.8 billion / increase by RUB0.8 billion. If the credit spread of DOM.RF JSC for mortgage-backed securities used by the Bank in the valuation model increases/decreases by 1.0%, the carrying value of mortgage-backed securities will decrease by RUB0.5 billion / increase by RUB0.6 billion.

If the risk-free curve used by the Bank in the valuation model for securities in the amount of RUB21.1 billion increases/decreases by 1.0%, the carrying value of the financial instrument will be RUB0.5 billion lower / RUB0.6 billion higher. If the credit spread of DOM.RF JSC used by the Bank in the valuation model increases/decreases by 1,0%, the carrying value of the financial instrument will be RUB0.8 billion lower / RUB0.8 billion higher.

Valuation of loans using valuation techniques based on the information which is not observable in the market

The Bank determines fair value of loans based on discounted cash flow models taking into account pricing of embedded derivatives. The models apply a number of input data observable and non-observable in the market, the main ones being (depending on loans) interest rates, credit spread, and projected cash flows.

If the discount rate applied by the Bank in the valuation model for loans to a chemical industry company with the fair value of RUB468.5 billion increases/decreases by 1.0%, the carrying value of loans will decrease by RUB7.8 billion / increase by RUB7.8 billion. If the credit spread used by the Bank in the valuation model for loans to that company increases/decreases by 1.0%, the carrying value of loans will decrease by RUB5.2 billion / increase by RUB5.2 billion.

In the evaluations given above, the LGD level of 75% adopted in the market was used.

If the amount of discounted cash flows applied by the Bank in the valuation model for loans to an oil-refining industry company with the fair value of RUB108.7 billion increases/decreases by 5.0%, the carrying value of loans will increase by RUB5.4 billion / decrease by RUB5.4 billion.

The table below shows a reconciliation of the opening and closing balances of assets carried at fair value assigned to Level 3 of the fair value assessment hierarchy as of 1 January 2020:

RUB billion	**As of 1 January 2019**	**Total (expenses)/ revenue reported under profit and loss**	**Foreign-currency revaluation**	**Total (expenses)/revenue reported through other comprehensive income**	**Receipts**	**Sales/settlements**	**As of 1 January 2020**
Loans receivable carried at fair value through profit or loss	**974.5**	(4.1)	(40.2)	-	628.0	(196.8)	**1,361.4**
Net investments in financial assets carried at fair value through other comprehensive income	**80.2**	10.7	-	5.7	23.8	(18.9)	**101.5**
Financial assets carried at fair value through profit or loss	**3.0**	-	(0.6)	-	32.6	-	**35.0**
Long-term assets held for sale	**9.4**	1.8	-	-	14.1	(8.7)	**16.6**
Office premises	**216.8**	(7.7)	-	(5.8)	-	(19.2)	**184.1**
Total assets of Level 3	**1,283.9**	**0.7**	**(40.8)**	**(0.1)**	**698.5**	**(243.6)**	**1,698.6**

In 2019 there were no material unrealized income/expenses on Level 3 financial assets in the Statement of Financial Performance.

Valuation of mortgage-backed securities portfolio using valuation techniques based on the information which is not observable in the market

The valuation model uses a number of input data observable or non-observable in the market, the main of which are the risk-free interest rates curve and the credit spread of DOM.RF JSC on mortgage-backed securities (this information is considered observable in the market), whereas the portfolio lifecycle and behavior adjustment for the loan repayment forecast are the main data not observable in the market.

If the risk-free interest rates curve used by the Bank in the valuation model for securities in the amount of RUB31.2 bn increases/decreases by 1.0%, the carrying value of mortgage-backed securities will decrease by RUB1.0 bn / increase by RUB1.1 bn. If the credit spread of DOM.RF JSC for mortgage-backed securities used by the Bank in the valuation model increases/decreases by 1.0%, the carrying value of mortgage-backed securities will decrease by RUB1.0 bn / increase by RUB1.1 bn.

If the risk-free interest rates curve used by the Bank in the valuation model for securities in the amount of RUB43.1 billion increases/decreases by 1.0%, the carrying value of mortgage-backed securities will decrease by RUB1.8 billion / increase by RUB1.9 billion. If the credit spread of DOM.RF JSC for mortgage-backed securities used by the Bank in the valuation model increases/decreases by 1.0%, the carrying value of mortgage-backed securities will decrease by RUB1.8 billion / increase by RUB1.9 billion.

If the risk-free interest rates curve used by the Bank in the valuation model for securities in the amount of RUB24.1 billion increases/decreases by 1.0%, the carrying value of mortgage-backed securities will decrease by RUB1.0 billion / increase by RUB1.0 billion. If the credit spread of DOM.RF JSC for mortgage-backed securities used by the Bank in the valuation model increases/decreases by 1.0%, the carrying value of mortgage-backed securities will decrease by RUB1.0 billion / increase by RUB1.0 billion.

Valuation of loans using valuation techniques based on the information which is not observable in the market

The Bank determines fair value of loans based on discounted cash flow models taking into account pricing of embedded derivatives. The models use a number of input data observable or non-observable in the market, the main of which are the discount rates and the credit spread.

If the discount rate used by the Bank in the model for evaluating loans to a chemical industry company in the amount of RUB239.0 bn increases/decreases by 1.0%, the carrying value of loans will decrease by RUB7.7 bn / increase by RUB7.7 bn. If the credit spread used by the Bank in the valuation model for that company's loans increases/decreases by 1.0%, the carrying value of loans will decrease by RUB4.2 bn / increase by RUB4.2 bn.

If the discount rate applied by the Bank in the valuation model for loans to an oil-refining industry company in the amount of RUB88.5 bn increases/decreases by 1.0%, the carrying value of loans will decrease by RUB2.6 bn/ increase by RUB2.6 bn. If the credit spread applied by the Bank in the valuation model for that company's loans increases/decreases by 1.0%, the carrying value of loans will decrease by RUB0.6 bn/ increase by RUB0.6 bn.

If the discount rate used by the Bank in the model for evaluating loans to another chemical industry company in the amount of RUB59.4 bn increases/decreases by 1.0%, the carrying value of loans will decrease by RUB0.3 bn / increase by RUB0.3 bn. If the credit spread used by the Bank in the valuation model for that company's loans increases/decreases by 1.0%, the carrying value of loans will decrease by RUB0.1 bn / increase by RUB0.1 bn.

If the amount of discounted cash flows applied by the Bank in the valuation model for loans to an oil refining industry company in the amount of RUB88.5 bn increases/decreases by 5.0%, the carrying value of loans will increase by RUB4.5 bn/ decrease by RUB4.5 bn.

In the evaluations given above, the credit spread should be interpreted as the LGD level of 75.0% adopted in the market.

13. Information on transactions of sale and repurchasing of securities conducted by the bank in the course of regular business activity

				for 2020 *As of 1 January 2021*
	Due to banks		*Due to customers*	
RUB bn	*Carrying value of assets*	*Carrying value of the associated liability*	*Carrying value of assets*	*Carrying value of the associated liability*
Securities pledged under repurchase agreements	508.1	483.5	409.6	388.6
Securities received under reverse repurchase agreements and pledged under repurchase agreements	89.6	80.5	-	-
Clearing participation certificates pledged under repurchased agreements	54.8	54.8	-	-
Total	**652.5**	**618.8**	**409.6**	**388.6**

				for 2019 *as of 1 January 2020*
	Due to banks		*Due to customers*	
RUB bn	*Carrying value of assets*	*Carrying value of the associated liability*	*Carrying value of assets*	*Carrying value of the associated liability*
Securities pledged under repurchase agreements	160.3	147.9	21.3	20.7
Securities received under reverse repurchase agreements and pledged under repurchase agreements	103.9	89.4	-	-
Clearing participation certificates pledged under repurchase agreements	7.8	7.9	-	-
Total	**272.0**	**245.2**	**21.3**	**20.7**

As part of regular activities the Bank borrows in interbank market, using various financial instruments as collateral for the purpose of maintaining sufficient liquidity.

The table below contains information on financial assets transferred without derecognition and pledged assets:

		for 2020 *as of 1 January 2021*		***for 2019*** *as of 1 January 2020*
RUB bn	**Carrying value of assets**	**Carrying value of the associated liability**	**Carrying value of assets**	**Carrying value of the associated liability**
Loans to legal entities	30.0	24.8	35.3	31.8
Loans to individuals	-	-	-	-
Total	**30.0**	**24.8**	**35.3**	**31.8**

The Bank also conducts reverse repurchase transactions. The table below contains information on these transactions.

	for 2020		***for 2019***	
	as of 1 January 2021		*as of 1 January 2020*	
RUB billion	**Loans granted under repurchase agreements**	**Fair value of securities received as collateral**	**Loans granted under repurchase agreements**	**Fair value of securities received as collateral**
Cash and cash equivalents	1.1	1.2	12.0	13.6
Due from credit institutions	859.7	1,069.4	678.1	849.6
Net loans receivable	15.2	19.0	19.0	20.4
Total	**876.0**	**1,089.7**	**709.1**	**883.6**

14. Offsetting financial instruments

for 2020 (as of 1 January 2021)

RUB bn	Gross amount of recognized financial assets/ liabilities	Gross amount of recognized financial assets/ liabilities set off in the balance sheet	Net amount of financial assets/ liabilities presented in the balance sheet	Related amounts whose offset was not conducted in the balance sheet: Financial instruments	Cash collateral	Net amount of
Financial assets						
Derivative financial assets	205.8	-	205.8	(103.5)	(6.2)	96.1
Reverse repurchase agreements	876.0	-	876.0	(876.0)	-	-
Total financial assets	**1,081.8**	**-**	**1,081.8**	**(979.5)**	**(6.2)**	**96.1**
Financial liabilities						
Derivative financial liabilities	237.2	-	237.2	(103.5)	(67.8)	65.9
Direct repurchase agreements	1,007.4	-	1,007.4	(1,007.4)	-	-
Total financial liabilities	**1,244.6**	**-**	**1,244.6**	**(1,110.9)**	**(67.8)**	**65.9**

for 2019 (as of 1 January 2020)

RUB bn	Gross amount of recognized financial assets/ liabilities	Gross amount of recognized financial assets/ liabilities set off in the balance sheet	Net amount of financial assets/ liabilities presented in the balance sheet	Related amounts whose offset was not conducted in the balance sheet: Financial instruments	Cash collateral	Net
Financial assets						
Derivative financial assets	121.6	-	121.6	(72.5)	(13.0)	36.1
Reverse repurchase agreements	709.1	-	709.1	(709.1)	-	-
Total financial assets	**830.7**	**-**	**830.7**	**(781.6)**	**(13.0)**	**36.1**
Financial liabilities						
Derivative financial liabilities	110.9	-	110.9	(72.5)	(8.8)	29.6
Direct repurchase agreements	265.9	-	265.9	(265.9)	-	-
Total financial liabilities	**376.8**	**-**	**376.8**	**(338.4)**	**(8.8)**	**29.6**

15. Information on Transactions with the Parties Related to the Bank

The Bank mainly conducted related-party transactions on terms and conditions similar to those applied to operations (transactions) with other counterparties. Parties are considered to be related if one of them has the ability to control the other party, is under common control, or may exercise a significant influence over the other party in making financial or operational decisions. When relations with all stakeholders are considered, the economic substance of such relations, apart from their legal form, is taken into account.

Starting from April 2020, the National Wealth Fund has been the Bank's majority shareholder, and the Government of the Russian Federation has been its ultimate controlling shareholder. Prior to that time, the Bank of Russia had been the Bank's ultimate controlling shareholder. Details are given in Section 2 of this Explanatory Information.

In the tables below, other related parties include subsidiaries and affiliates of the Bank (hereinafter, Subsidiaries and Affiliates), the Bank's key management personnel, including close relatives thereof. The tables below in this Section of the Explanatory Information show information on material operations with state-controlled companies and regional / municipal authorities. Information on investments in subsidiaries and affiliates, including associates, is given in Section 4.4 of the Explanatory Information.

Information on balances for material transactions with related parties, which include transactions with the Government of the Russian Federation (hereinafter, the Government) (for the purpose of this Section, it includes federal ministries, services and agencies) and other related parties, is given below.

RUB bn	*Government*	*Subsidiaries and affiliates*	*Key management personnel*
			as of 1 January 2021
Assets			
Due from other banks (less provisions)	-	26.6	-
Financial assets carried at fair value through profit or loss	28.8	374,0	-
Investments in securities (contractual interest rate: 1.1% - 12.8% per annum), including	3,473.6	-	-
- carried at fair value through other comprehensive income	3,453.7	-	-
- carried at amortized cost	19.9	-	-
Investments in subsidiaries and affiliates (less provisions)	-	776.7	-
Loans receivable carried at amortized cost (less provisions) (contractual interest rates: 1.0% - 16.7% per annum)	34.3	1,793.2	-
Liabilities			
Due to other banks (contractual interest rates: 2.4% per annum)	7.0	24.7	-
Financial liabilities carried at fair value through profit or loss	-	16.6	-
Due to customers other than credit institutions (contractual interest rates: 0.01% - 6,2% per annum)	1,367.7	727.8	-
Due to individuals	-	-	14.9
Off-balance			
Received guarantees	7.9	4,741.0	-
Guarantees provided	48.0	22.2	-

RUB bn	*Bank of Russia*	*Group of the Bank of Russia*	*Subsidiaries and affiliates*	*Key management personnel*
				as of 1 January 2020
Assets				
Obligatory reserves in accounts with the Bank of Russia	202.8	-	-	-
Due from the Bank of Russia	956.8	-	-	-
Due from other banks (less provisions)	-	2.0	0.2	-
Investments in securities, including:	249.2	-	-	-
carried at fair value through other comprehensive income	249.2	-	-	-
Investments in subsidiaries and affiliates (less provisions)	-	-	752.0	-
Financial assets carried at fair value through profit or loss	-	-	67.5	-
Loans receivable carried at amortized cost (less provisions)	-	25.9	1,191.7	-
Liabilities				
Due to other banks	42.2	25.2	-	-
Due to individuals	-	-	-	14.4
Due to customers other than credit institutions	-	2.5	663.7	-
Financial liabilities carried at fair value through profit or loss	-	5.2	17.8	-
Subordinated loans raised	495.7	-	-	-
Off-balance				
Received guarantees	-	87.3	339.4	-
Guarantees provided	-	-	27.7	-

As of 1 January 2021, the Bank did not have any balances for transactions with the National Wealth Fund.

Information on an assignment of a subordinated loan by the Bank of Russia to the Ministry of Finance is given in Section 4.7 of this Explanatory Information.

Expenses and income items on transactions with the Government, the Bank of Russia and its Group, as well as with other related parties, for 2020 are presented below. Results on transactions with the Government are reported for the period starting with April 2020. Results on transactions with the Bank of Russia and its Group are included in the table below for three months ended 1 April 2020. In 2020, the Bank did not have any transactions with the National Wealth Fund.

RUB bn	*Government*	*Bank of Russia*	*Group of the Bank of Russia*	*Subsidiaries and affiliates*	*Key management personnel*
					for 2020
Interest income calculated at the effective interest rate	108.6	3.6	1.0	71.1	-
Interest expenses calculated at the effective interest rate	(20.2)	(8.7)	(0.2)	(31.2)	(0.8)
Income less expenses from operations with financial assets carried at fair value through profit or loss	-	-	-	2.4	-
Income from participation in the capital of other legal entities	-	-	-	59.7	-
Fee and commission income	0.8	-	-	17.4	-
Fee and commission expenses	-	(0.4)	(0.1)	(1.7)	-
Operating expenses less income	-	-	-	(20.4)	(5.9)

Expenses and income items on transactions with the Bank of Russia and its Group, as well as with other related parties, for 2019 are presented below:

RUB bn	Bank of Russia	Group of the Bank of Russia	Subsidiaries and affiliates	Key management personnel
				for 2019
Interest income calculated at the effective interest rate	34.1	3.7	143.3	-
Interest costs on subordinated loan calculated at the effective interest rate	(32.3)	-	-	-
Interest expenses calculated at the effective interest rate, except interest costs on subordinated loan	(4.0)	(1.5)	(55.6)	(0.8)
Expenses less income from operations with financial assets carried at fair value through profit or loss	-	-	(0.6)	-
Income from participation in the capital of other legal entities	-	-	72.4	-
Fee and commission income	-	0.2	0.5	-
Fee and commission expenses	(2.3)	(0.3)	-	-
Operating income/ (expenses)	0.1	(1.9)	(23.9)	(6.2)

As part of its daily activities, the Bank performs transactions with government agencies and companies controlled by the state. The Bank provides these customers with a full range of banking services, including (but not limited to) provision of loans and acceptance of deposits, issue of guarantees, securities sale/purchase transactions and cash management services. Transactions with these customers are usually made in accordance with market conditions.

The table below shows balances for transactions with regional/municipal authorities and companies controlled by the state, which were material in terms of carrying value, RUB billion:

as of 1 January 2021

Customer	**Sector of the economy**	**Cash and cash equivalents/ Obligatory reserves in accounts with the Bank of Russia**	**Net loans receivable/ Due from credit institutions**	**Due to customers other than credit institutions/ Due to credit institutions**	**Issued guarantees/ Undrawn facilities**
Customer 1	Banking	1,058.1	22.6	501.6	-
Customer 2	Oil and gas industry	-	638.7	91.1	21.5
Customer 3	Oil and gas industry	-	388.1	-	0.9
Customer 4	Oil and gas industry	-	208.5	35.5	-
Customer 5	Machinery	-	11.7	33.2	127.4
Customer 6	Machinery	-	96.6	21.1	33.9
Customer 7	Machinery	-	69.1	19.9	22.4
Customer 8	Telecommunications	-	80.9	-	14.0
Customer 9	Transport and logistics	-	86.1	-	2.5
Customer 10	Power industry	-	79.5	-	0.2
Customer 11	Machinery	-	45.9	14.1	19.4
Customer 12	Banking	-	11.4	45.5	-
Customer 13	Machinery	-	6.3	14.5	32.9
Customer 14	Government and municipal agencies	-	-	49.3	-
Customer 15	Government and municipal agencies	-	45.9	-	-
Customer 16	Machinery	-	-	-	38.5
Customer 17	Banking	-	-	36.2	-
Customer 18	Machinery	-	15.3	20.8	0.1
Customer 19	Banking	-	-	34.1	-
Customer 20	Banking	-	10.5	20.4	-

As of 1 January 2021, balances for transactions with Customer 1 are balances for transactions with the Bank of Russia. Balances for transactions with the Government (for the purpose of this disclosure, it includes federal ministries, services and agencies) as of 1 January 2021, and results of transactions with the Government for the period from April 2020 are given in Tables 1 and 2 of this Section.

Balances as of 1 January 2020 for transactions with the Government, regional/municipal authorities and companies controlled by the state, which were material in terms of carrying value as of 1 January 2021 (Customers 2-20), and balances of counterparties which were material in terms of carrying value as of 1 January 2020 (Customers 21-25), are given below:

as of 1 January 2020

Customer	***Sector of the economy***	***Net loans receivable/ Due from banks***	***Due to customers/ Due to credit institutions***	***Issued guarantees/ Undrawn facilities***
Customer 2	Oil and gas industry	342.1	22.2	11.7
Customer 3	Oil and gas industry	179.7	28.9	23.2
Customer 4	Oil and gas industry	174.9	10.2	0.4
Customer 5	Machinery	21.8	36.3	113.4
Customer 6	Machinery	84.0	10.2	0.3
Customer 7	Machinery	147.2	34.0	14.8
Customer 8	Telecommunications	-	-	25.5
Customer 9	Transport and logistics	8.1	-	3.2
Customer 10	Power industry	121.6	-	-
Customer 11	Machinery	58.6	17.2	26.8
Customer 12	Banking	1.5	75.8	-
Customer 13	Machinery	5.4	29.6	45.1
Customer 14	Government and municipal agencies	-	172.5	-
Customer 15	Government and municipal agencies	61.2	-	-
Customer 16	Machinery	-	-	58.2
Customer 17	Banking	-	1.7	-
Customer 18	Machinery	6.0	41.5	12.3
Customer 19	Banking	-	0.2	-
Customer 20	Banking	210.2	42.7	-
Customer 21	Government and municipal agencies	-	467.5	-
Customer 22	Power industry	17.1	150.0	27.9
Customer 23	Banking	-	169.0	-
Customer 24	Machinery	14.8	31.5	96.4
Customer 25	Transport and logistics	-	32.1	-

As of 1 January 2021 and 1 January 2020, the Bank's investments in securities issued by state-controlled corporate issuers are presented below:

	as of 1 January 2021		***as of 1 January 2020 (unaudited data)***	
RUB bn	***Corporate bonds***	***Corporate shares***	***Corporate bonds***	***Corporate shares***
Securities mandatorily carried at fair value through profit or loss	65.5	-	15.6	-
Securities carried at amortized cost	368.1	-	343.2	-
Securities carried at fair value through other comprehensive income – debt instruments	381.2	-	318.8	-
Financial instruments pledged under repurchase agreements	20.8	-	18.2	-

Information on investments in regional / municipal debt securities and securities issued by the Bank of Russia is given in Sections 4.2 and 4.4 of the Explanatory Information.

16. Information on the Remuneration System

16.1. Information on Remuneration for Key Management Personnel

In 2020, regular remuneration for key management personnel including wages and bonuses amounted to RUB3.8 bn.

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

The program is based on the following parameters:

- 40% of a variable part of the annual remuneration is deferred and will be paid in future in three annual payments.
- Payments to the program participants depend on the positive results of the Bank's activities (i.e., if the Bank's activities were unprofitable during any of three years following the year when the program participants became entitled to such payments, they will lose the right for such 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 breach of job description), upon the dismissal of the employee for this reason, or as a result of the negative personal contribution to the Bank's results.

Long-term equity-based compensation is paid in cash and subject to revaluation at each reporting date based on the forward price of the Bank's ordinary shares.

In 2020, the amount of long-term remuneration based on the shares (including revaluation of the balance to reflect the changes in the price of the Bank’s ordinary shares) was RUB2.1 bn. Liabilities on payment of long-term remuneration based on the shares amounted to RUB3.7 bn as of 1 January 2021.

Remuneration for key management personnel in 2020 was RUB5.9 bn.

16.2. Information on Long-Term Remuneration for Employees

As of 1 January 2021, there are two pension programs in the Bank—a pension program with set payments and a pension program with set contributions. All Bank’s employees (including those retired) who had the right to receive the state pension as of 1 January 2011, as well as all employees who had 5 and less years before retirement as of the indicated date take part in the pension program with set payments (monthly supplement to the state pension from the Bank). The amount of payments in accordance with the regulations of the pension program with set payments depends mostly on the employee’s total length of work at the Bank and the position held as of retirement. Employees taking part in the program with set payments cannot be participants of the program with set contributions.

The pension program with set contributions is divided into two subprograms—the Social and the Parity ones. Employees of 1 to 8 grades having continuous experience of working in the Bank for three years take part in the Social pension program with set contributions. Employees whose continuous experience of working in the Bank has reached 7 and more years have the right to pension savings (opening of a personal pension account in Sberbank Private Pension Fund). The amount of tariff of the pension contributions for the participants is calculated in percentage of the salary.

Employees of grade 9 and higher (as well as employees of 1 to 8 grades who have transferred to this scheme from the Social program) having continuous experience of working in the Bank for at least a year optionally take part in the Parity pension program with set contributions. The program consists in co-financing of the employee’s contributions to the pension account by the Bank. Payment is contributed by the Bank once a year and is calculated at a 1:1 ration to the employee’s contributions in a year, but no higher than a certain percent of the employee’s yearly salary, upon reaching which the Bank’s payment remains fixed. Employees whose continuous experience of participation in the program has reached 5 and more years have the right to pension savings due to the Bank’s contributions.

Accounting and creating pension liabilities is carried out by the Bank in accordance with Bank of Russia Regulation No. 465-П (465-P) ‘Industrial Standard of Accounting Remuneration to Employees in Credit Institutions’ dated 15 April 2015. As of 1 January 2021, pension liabilities of the Bank amounted to RUB16.5 bn. Expenses on pension liabilities for 2020 amounted to RUB1.6 bn.

17. A Brief Overview of the Basis for Annual Accounting (Financial) Statements Preparation and Main Provisions of the Bank's Accounting Policy

17.1. Principles and Methods of Valuation and Accounting of Material Operations and Events

The accounting at the Bank is performed in accordance with applicable Russian laws, Bank of Russia Regulation No. 579-П (579-P)[24], and other regulatory acts of the Bank of Russia regulating the activities of credit institutions.

The system for accounting at the Bank and for preparing annual accounting (financial) statements is based on basic principles of going concern, the recognition of income and expenses using a method of accrual, constancy of accounting rules and comparability of applied accounting principles and rules, caution, timeliness of recognition of operations, separate recognition of assets and liabilities, continuity of the balance sheet, a priority of substance over form, and transparency.

Income and Expense Recognition

- according to Bank of Russia Regulation No. 446-П (446-P), the income and expenses are recognized in the accounting records using the "accrual" method, that is, the financial results of transactions (income and expenses) are recorded in the accounting system when they actually occur, and not when the cash (or cash equivalents) are received or paid. The income and expenditure shall be reflected in the accounting records in the period to which they relate.
- The income shall be recognized in the accounting records when all of the following conditions are met:
  - The right to receive this income arises from a contract or is confirmed by other relevant means.
  - The amount of the income can be determined.
  - There is no uncertainty with regard to receipt of the income.
  - As a result of a transaction for the supply (sale) of an asset, execution of works, provision of services, the Bank has transferred to the buyer control over the supplied (sold) asset, the work has been accepted by the customer, the service has been provided.
- If at least one of the conditions listed above is not met with regard to cash or other assets actually received by the Bank, except interest income, or conditions for interest income recognition are not met, a liability is recognized in the accounting records, including as accounts payable, not income.
- Income from work (providing services), including as fee and commission income received or receivable, is reflected in the accounting records as of the date of accepting works (providing services) determined by the terms of the contract, including as the day of payment, or confirmed by other primary accounting documents.
- Interest income from loans provided to legal entities and from acquired securities classified into 'carried at fair value' category, the changes in which are recognized as other comprehensive income (hereinafter, FVOCI) or carried at amortized cost, is recognized in the accounting records using the effective interest rate (EIR) method.
- Interest income on placed interbank loans and deposits, as well as reverse repurchase transactions with a maturity period of more than one year at the time of initial recognition, classified into the FVOCI category or carried at amortized cost, is reflected using the EIR if the difference between the amortized cost of such financial assets determined by the EIR method and the amortized cost determined on a straight-line basis is significant.
- interest income on non-derivative financial assets not listed above is recorded using the accrual method at the rate determined by the terms of the financial asset;
- Interest income on financial assets, to which the EIR method is applied, is calculated applying the EIR to the gross carrying value of these financial assets, except for:
  - financial assets that became impaired (Stage 3). Interest income for such assets is determined applying the EIR to their amortized cost (less estimated ECL provision).
  - originated or purchased credit impaired financial assets (POCI Assets). For such assets, the initial EIR adjusted for the credit risk of these assets is applied to their amortized cost.
- Interest income on financial assets within structural transactions is recognized at the interest rate, which would apply to such assets as independent financial instruments.

[24] Bank of Russia Regulation No. 579-П (579-P) 'On the Chart of Accounts for Bookkeeping for Credit Institutions and its Application Procedure' dated 27 February 2017 (hereinafter – the Regulation No. 579-П (579-P)

- Fee and commission income is usually accounted for on an accrual basis and is usually recognized on a straight-line basis during the period when services are provided to customers, which simultaneously receive and use the benefits resulting from the Bank's activities.
- The expense shall be recognized in the accounting records when all of the following conditions are met:
  - The expense is incurred (arises) in accordance with a contract, requirements of the law or other regulatory acts, or business practices.
  - The amount of the expense can be determined.
  - There is no uncertainty with regard to recognition of the expense.
- If at least one of the conditions listed above is not met with regard to any actually paid cash or supplied assets, the corresponding asset is recognized in the accounting records, including as receivables, not expenditure.
- Costs and expenses to be compensated are not recognized as expenditure and are accounted as accounts receivable.
- In respect of the works and services ordered (received, consumed, purchased) by the Bank, uncertainty regarding the expense recognition is eliminated on the day when such work is accepted or the service is rendered.
- Interest expenses on issued bonds with a maturity period of more than one year at the time of initial recognition, on issued deposit and savings certificates, interest-bearing notes and discounted bills carried at amortized cost are recognized in the accounting records using the EIR method if the difference between the amortized cost determined by the EIR method and the amortized cost determined on a straight-line basis is significant.
- Interest expenses on attracted interbank loans and deposits, as well as direct repurchase transactions with a maturity period of more than one year at the time of initial recognition, are recognized using the EIR if the difference between the amortized cost of such financial assets determined by the EIR method and the amortized cost determined on a straight-line basis is significant.
- Interest expense on non-derivative financial liabilities not listed above is recorded using the accrual method at the rate determined by the terms of the financial liability.
- Interest expense on financial liabilities within structural transactions is recognized at the interest rate, which would apply to such liabilities as independent financial instruments.
- Fee and commission expenses are usually accounted for on an accrual basis and are usually recognized on a straight-line basis during the period when counterparties provide services to the Bank.

17.2. Valuation Basis and Other Provisions of the Accounting Policy Used When Preparing Annual Accounting (Financial) Statements

Financial Instruments

Key Assessment Terms. Depending on their classification financial instruments are reflected in statements at fair value or at amortized cost as described below.

Fair value is the price which will be received in case of an asset sale or paid when transferring a liability during a regular transaction between market participants as of the assessment date. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of the principal market, in the most advantageous market for the asset or liability. Fair value is the current bid price for financial assets, current ask price for financial liabilities and the average of current bid and ask prices when the Bank is both in short and long position for the financial instrument. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring market transactions on an arm's length basis. Valuation techniques are used to fair value certain financial instruments for which external market pricing information is not available. Such valuation techniques include discounted cash flow models, generally accepted option pricing models, models based on recent arm's length transactions between market participants or analysis of financial data of the investees. Valuation methods may require assumptions not supported by observable market data.

Amortized cost is the amount at which the financial instrument was initially recognized less any principal repayments plus accrued interest, and adjusted with due regard to the estimated ECL provision for financial assets. Accrued interest includes amortization of material transaction costs, fee and commission deferred at initial recognition and of any premium or discount to maturity amount using the EIR method. Accrued interest income and accrued interest expense, including both accrued coupon yield and amortized discount and premium (including transaction costs, commission deferred at origination, if any), are not presented separately and are included in the carrying value of the relevant asset or liability in the statement of financial standing.

Gross carrying value of a financial asset is the amortized cost of a financial asset before estimated ECL provision.

Transaction costs are increased costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An increased cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and remunerations paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financial costs or internal administrative or storage costs.

The effective interest rate method is a method of allocating interest income or interest expense over the relevant period so as to achieve a constant periodic rate of interest (effective interest rate) on current value of the instrument.

Effective interest rate is the exact discount rate of estimated future cash payments or receipts (except for future credit losses) during expected life of a financial instrument to the gross carrying value of a financial asset or the amortized cost of a financial liability.

When calculating the EIR for the financial instruments other than acquired or issued impaired financial assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For POCI Assets, the EIR shall be adjusted with due regard to the credit risk, which includes expected credit losses from estimated future cash flows. The calculation of the EIR includes transaction costs and fees and commission paid or received that are an integral part of the EIR.

Initial Recognition of Financial Instruments. Financial instruments are carried at fair value upon initial recognition, which increases/decreases by the amount of transaction costs directly related to the acquisition/issue of the financial instrument, if such an instrument is not subsequently carried at fair value through profit or loss. The best confirmation of the fair value upon initial recognition is, as a rule, the transaction price.

Profit or loss from initial recognition is reflected in accounting only if the difference between the fair value determined with the use of observed market data and the transaction price is significant in accordance with the materiality criteria established by the Bank's internal regulatory documents.

Financial Instruments Classification. For subsequent accounting, financial assets are required to be classified into three evaluation categories: those to be carried at amortized cost, those to be carried at FVOCI, and those to be carried at fair value, the changes in which shall be recognized in profit or loss (hereinafter FVPL).

Classification for debt instruments is driven by:

- the Bank's business model used for managing the financial assets
- the characteristics of the financial asset connected to the contractual cash flows: whether the cash and cash equivalents represent solely payments of principal and interest.

The assessment of the business model, within which the Bank holds the asset, is determined at the portfolio level, because this best reflects the way the business is managed and information is provided to the management. The information under consideration shall include the following:

- proposed policies and objectives of portfolio management and compliance with the policy in practice. in particular, whether the management strategy is oriented towards obtaining contractual interest income, maintaining a certain interest rate, collation of the life of financial assets and the life of liabilities which finance these assets, or collecting cash flows by selling assets
- the risks affecting the efficiency of the business model (and financial assets held within this business model) and managing these risks
- ways to assess the efficiency of portfolio management
- evaluation of remuneration for business managers (whether compensation is based on the fair value of the assets managed or the contractual cash flows collected)
- the frequency, volume and timing of sales in prior periods, as well as the reasons for such sales and expectations about future sales probability. However, the information on the trade activities is not considered separately, but as part of general assessment of how the stated objective of the Bank is achieved to manage financial assets and how cash flows are realized.

Assessment whether the cash flows meet the criterion of solely payments of principal and interest is carried out by reviewing the contractual terms of the financial asset. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as remuneration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks (e.g. liquidity risk and administrative costs), as well as profit margin. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows
- leverage features
- prepayment and extension terms
- terms that limit the Bank’s claims to cash flows from specified assets (e.g. non-recourse instruments)
- features that modify consideration of the time value of money, e.g. periodical reset of interest rates, which is not consistent with the interest payment period.

The Bank has credit portfolios with fixed interest rate, in respect to which the Bank may propose to review the interest rate. These rights to review are limited by the market rate as of the review date. Borrowers may either accept the reviewed rate or repay the loan at the nominal value with no penalties. The Bank has defined that contractual cash flows on these loans are payments of principal and interest only as the option varies the interest rate within the market interest rate corridor so that it considers the time value of money, the credit risk and other credit risks and costs associated with the principal amount outstanding.

Debt instruments managed under the business model for holding assets to collect contractual cash flows, which are exclusively payment of the principal amount of debt and interests, are carried at amortized cost.

Debt instruments held within a business model whose objective is both to collect contractual cash flows from assets and to collect cash flows from selling assets, and whose contractual terms meet the requirement of solely payments of principal and interest are carried at fair value, whose changes are reflected in other comprehensive income.

Financial assets managed on the basis of business models different from those described above are carried at fair value through profit or loss. Moreover, upon initial recognition the Bank may irrevocably classify the financial asset, which otherwise meets the requirements to be carried at amortized cost or at FVOCI, in the category of those carried at FVPL if it eliminates or significantly reduces an accounting mismatch which would otherwise have arisen.

After the initial recognition, the cost of debt financial instruments shall change by taking into account the interest income recognized and received from the time of the initial recognition of the financial instruments.

Investments in equity instruments are always measured at fair value. However, Sberbank Executives can make an irrevocable decision to reflect subsequent changes in fair value in other comprehensive income, provided that the instrument is not held for trading. The choice of the method for further accounting is made in respect to each individual investment.

The Bank’s *financial liabilities* are carried in accounting at amortized cost, with the exception of the financial liabilities that have to be carried at FVPL (derivative financial instruments), and of the financial liabilities classified in the FVPL category based on the decision of Sberbank management since the management of such liabilities and evaluation of its results are carried out by the Bank at fair value. Profit and loss on such liabilities are included in profit or loss, except for the amount of change in the fair value associated with the change of credit risk on such liability (determined as the amount that is not associated with changes in market conditions, which result in credit risk), which is recognized in other comprehensive income and shall not be later classified as profit or loss.

Reclassifications of Financial Assets. Financial assets are not reclassified after the initial recognition except for the period after the Bank has changed the business model for managing financial assets. Reclassification is reflected in the statements prospectively.

Impairment of Financial Assets. In addition to provision for possible losses, for financial assets carried at amortized cost or FVOCI adjustments are also reflected in accounting records that bring the total provision amount for the asset to the amount of the estimated provision for ECL determined in accordance with the requirements of IFRS 9. The estimated provision is measured under IFRS 9 using the expected credit losses model. Estimation of expected credit losses accounts for: (i) the unbiased probability-weighted amount determined by assessing the range of possible results, (ii) the time value of money, and (iii) reasonable and confirmable information on past events, present and future forecasted economic conditions available as of the reporting date without excessive costs and effort. This model presupposes a 'three stage' impairment approach which is based on the change in credit quality of financial assets since initial recognition. Upon initial recognition of financial assets that are not impaired the Bank classifies them in Stage 1 and estimates for them expected credit losses in the amount of part of expected credit losses for the whole term, which arise as a result of default which may occur within the next 12 months or before repayment date in accordance with the contract if it is before the 12 months expiration ('12-month expected credit losses'). If the Bank identifies the significant increase of credit risk since the initial recognition, the asset is transferred into Stage 2, and expected credit losses for the asset are estimated based on expected credit losses for the whole term, that is before the repayment date in accordance with the contract, but taking into account the expected prepayment if it is provided for ('expected credit losses for the whole term'). The description of the procedure the Bank applies to determine the significant increase in credit risk is provided in Section 9 of the Explanatory Information.

If the Bank determines that the financial asset is impaired, the asset is transferred into Stage 3, and expected credit losses on it are estimated as expected credit losses for the whole term. Explanation of the Bank's definition of impaired assets and default are provided in Section 9 of the Explanatory Information.

For POCI Assets, e.g. purchased impaired loans, expected credit losses are always estimated as expected credit losses for the whole term.

Section 9 of the Explanatory Information provides information on the input data, assumptions and calculation methods used when estimating expected credit losses, including the explanation of the Bank's approach to incorporation of forecasted information into the models of expected credit losses.

Derecognition of Financial Instruments. The grounds for derecognition of financial assets are:

- repayment of debt on a financial asset, including but not limited to repayment at the expense of a compensation for release from obligations, collateral
- a decision made on debt write-off on account of the previously created provision for possible losses due to the impossibility of recovery
- assignment of the debt claim to third parties or sale of a financial asset.

In case of sale of securities from the same issue or securities with the same International Securities Identification Number (ISIN), write-off from balance-sheet accounts is performed using the FIFO method in view of business models, i.e. for securities within a single issue and within a single business model, regardless of the first order balance sheet accounts in which they were recorded. According to the FIFO method, the value of disposed (sold) securities includes the value of securities that were entered first.

The recognition of financial liabilities is terminated in case of their redemption (i.e. when the liability specified in the contract is fulfilled or terminated, or its fulfillment period expires).

Reviewed financial assets. From time to time, in the ordinary course of business, the Bank restructures its financial assets, particularly, loans. If the terms of the financial asset are changed, the Bank assesses whether cash flows differ materially from the reviewed terms of the financial asset. The terms differ materially, if the current value of future cash flows under the new terms, discounted by using the original effective interest rate, is no less than 10 percent different from the discounted present value of the cash flows remaining from the financial asset with the original terms. If cash flows differ materially, then the contractual rights to cash flows from the original financial asset are considered as expired. In this case, the original financial asset is derecognized and the new financial asset is recognized at fair value.

If cash flows from the reviewed financial asset recognized at amortized cost are not materially different, the change does not lead to the derecognition of the original financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset and recognizes the amount resulting from the adjustment of the gross carrying amount as a profit or loss.

Criteria for writing off assets from amounts of provisions for possible losses

The general principles of assigning a debt under the elements of provision for possible losses (hereinafter – PPL) to bad debts and criteria for its writing off from the provision created are determined by the Bank's internal document regulating creation, utilization and management of the Bank provisions where:

- PPL is used to cover bad debts under the elements of the PPL calculation basis;
- Bad debts are written off from the provision created;
- The Bank considers it to be practical to write off bad debts under PPL elements from the balance of the Bank and its branches only after the Bank has taken all necessary and economically feasible measures to recover them;
- Write-off of bad debt is performed based on the decision of the Credit Committee of the Bank, its Executive Board, the Executive Board of a Regional Bank or in the order determined by the decision of the Credit Committee of the Bank, only when such debt is recognized as bad debt and at least one of the following conditions is met:
  - Acts of authorized government bodies are received which are necessary and enough for making a decision on writing off the bad debt from the created PPL;
  - The estimated costs of the Bank on conducting further actions to recover the bad debt will be higher than the result obtained.

Moreover, presence of documents confirming that the issuer/counterparty/correspondent failed to perform its obligations towards creditors (including the Bank) during the period of at least 1 year before the date of making the decision on the write off is also a mandatory condition for legal entities' debt.

Assets and Liabilities in Foreign Currency

Assets and liabilities in foreign currency (save for the amounts of received and issued advances and advance payments for the goods, works and services delivered, which are recognized on the balance-sheet accounts for settlements with non-resident entities for business transactions) and precious metals are revalued as the exchange rate and the metal price change in accordance with the regulatory acts of the Bank of Russia. Below are the official exchange rates of foreign currencies against the ruble at the end of the reporting period, used by the Bank to prepare the annual accounting (financial) statements:

	as of 1 January 2021	***as of 1 January 2020***
RUB/USD	73,8757	61,9057
RUB/EUR	90,6824	69,3406

Cash and cash equivalents

Cash and cash equivalents are assets which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash includes currency in cash, precious metals, as well as money located in ATMs and automated receiving devices. Cash equivalents include the Bank's funds with the Bank of Russia, except for mandatory provisions, as well as funds on correspondent accounts with credit institutions of the Russian Federation and foreign banks.

Cash and cash equivalents are carried at amortized cost as (i) they are held until the receipt of the contractual cash flows, and these cash flows represent solely payments to repay the principal and interest, and (ii) they are not recognized as carried at FVPL.

From January 1, 2020, the balances on correspondent accounts with credit institutions (residents and non-residents) in precious metals are indicated in the line *Funds in Credit Institutions* of the Balance Sheet (disclosure form), Form code under OKUD 0409806.

Loans receivable

Loan debts, represented in the balance sheet, include the following:

- Net loans receivable carried at amortized cost;. It is initially carried at fair value taking into account additional direct costs related to the transaction, and then at amortized cost using effective interest rate method;
- Loan debts carried at FVPL; such debt is carried at fair value with instant recognition of changes in its cost as profit or loss.

The Bank grants loans for real estate construction which can be bought using escrow accounts opened with the Bank. Interest rates for such loans usually depend on balances on escrow accounts related to a certain construction project. The Bank believes that the main parameters of such loans should correspond to market conditions and should be classified as financial assets carried at amortized cost, except for loans that fail to pass SPPI test (Solely Payments of Principal and Interest), and thus such loans shall be carried at FVPL. Interest income on such loans carried at amortized cost are recognized using the effective interest rate (EIR) method.

Information on net loan debts carried at amortized cost, and loan debts carried at FVPL is disclosed in Notes 4.3 and 4.2 respectively.

Subordinated loans raised

Raised subordinated loans, including subordinated loans from the Bank's shareholders, are reflected in the Bank's balance statements on the accounts for of funds raised. Interest on subordinated loans is accrued on a monthly basis at the rate stipulated in the terms of the agreement.

State subsidies

The Bank participates in the state subsidy programs including programs for interest rate on loan agreements, programs providing for compensation by the government of released debt amount on non-performing loans of borrowers, etc.

In the interest rate subsidy programs, the Bank recognizes the income on subsidy as an interest income on a loan subsidized as at the end of each reporting month when the subsidy was accrued.

In the subsidy programs providing for compensation by the government of released debt amount on non-performing loans of borrowers, the Bank recognizes the loss from partial release of the principal and income from recovery of provisions as of the date of mortgage loan restructuring approval. The Bank simultaneously recognizes the income as a claim from an authorized government body/agent for compensation of the released debt.

Investments in Securities

Investments in Debt Securities

Based on the business model and the cash flow characteristics, the Bank classifies investments in debt securities as carried at amortized cost, FVOCI or FVPL.

An interest income from debt securities carried at FVOCI is calculated and recognized using the effective interest method. An impairment provision estimated using the expected credit loss (ECL) model is recognized in profit or loss. The remaining changes of the book value are recognized in other comprehensive income (OCI). When the debt security is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from OCI to profit or loss.

Investments in Equity Securities

Investments in equity securities are estimated at FVPL, except where the Bank elects at initial recognition to irrevocably designate an equity investments at FVOCI. When the FVOCI election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal.

Impairment losses and their reversals, if any, are not measured separately from other changes in fair value. Dividends continue to be recognized in profit or loss when the Bank’s right to receive payments is established except when they represent a recovery of an investment rather than a return on such investment.

Information on net investments in securities carried at amortized cost or at FVOCI as well as investments in securities carried at FVPL is disclosed in Notes 4.4 and 4.2 respectively.

Investments in subsidiaries and affiliates

Investments in subsidiaries and affiliates for subsequent accounting purposes are recorded without a subsequent revaluation, that is, at fair value determined upon initial recognition less the provision for possible losses created in accordance with the requirements of the Bank of Russia Regulation No. 611-П (611-P). The value of shares, equity units of subsidiaries and affiliates denominated in foreign currency is determined in rubles according to the official exchange rate of foreign currency to the ruble established by the Bank of Russia as of the date of the acquisition of control. The value of interest in share capitals of other legal entities, which is expressed in foreign currency, shall be determined in rubles according to the official rate of foreign currency to the ruble determined by the Bank of Russia as of the date of acquisition of control or possibility to exercise significant influence.

Purchase and Sale of Financial Assets on Standard Terms

Transactions on standard terms are purchase or sale of financial assets where assets are delivered within timelines different from the date of the transaction and determined by regulators or according to market practice. Recognition and derecognition of financial assets under purchase or sale on standard terms are performed on the date of settlements (planned date of receipt or delivery of the asset) specified in the contracts.

Fixed Assets, Intangible Assets, and Real Estate Temporarily Unused in Core Activities

Fixed assets, except for the group of homogeneous fixed assets (Office premises) are recognized at the initial value less accumulated depreciation and accumulated impairment losses. The group of homogeneous fixed assets (Office premises) is recognized at fair value subject to revaluation to market value on a regular basis. Intangible assets are carried at their initial value less accumulated amortization and accumulated impairment losses. The amount of depreciation/amortization for fixed asset and intangible asset items is calculated monthly in a linear way based on the actual (initial) value of the items on a straight-line basis over the useful life of the assets, determined by internal documents of the Bank. The maximum amount of accrued depreciation shall be equal to the depreciable amount determined as the initial or reevaluated value of the fixed asset less estimated disposal value. Depreciation is not accrued for intangible assets with an indeterminate useful life but the Bank annually reviews whether there are factors indicating that it is not possible to reliably determine the useful life of this asset. The useful life and way of accrual of fixed assets depreciation and intangible assets amortization shall be revisited at the end of each reporting year. No depreciation is accrued for land property.

The initial value of real estate, including the land, received under pledge or collateral agreements and classified as real estate temporarily unused in core activities is their fair value as of the date of recognition. Depreciation is not accrued for real estate temporarily unused in core activities recognized at fair value. Value of fixed asset items changes in the event of upgrading, reconstruction, capital repair, revaluation, depreciation, or partial liquidation of the respective items in accordance with regulatory documents of the Bank of Russia.

Expenses for capital repairs are recognized as a non-tangible part (component) of a fixed asset, increase the cost of the fixed asset item (shall not be recognized as an independent inventory item) regardless of the amount of expenses, and are depreciated for the period of useful life determined for the main accounting item. In case separate parts (components) of tangible form are replaced with new ones as a result of capital repair, the value of the replaced part is written off, and the carrying value of the new part is recognized as follows:

- as part of a separate inventory item if the replaced part was recognized apart from the main item;
- as an increase in the value of the main item if the replaced part was recognized as part of the main item.

If the value of the replaced part is impossible to determine, then in order to determine the value of the replaced part the cost of its replacement is used.

Expenses for technical inspection (inspection) of a fixed asset item are not recognized as a part (component) of the fixed asset due to lack of regularity in performing such work. Revaluation at fair value of the group of homogeneous fixed assets 'Office premises' is carried out on a regular basis (no oftener then by the end of the reporting year) under condition that fair value by the end of the year is dramatically (more than by 10%) different from the balance sheet value of these assets as at the end of the reporting year. The Bank applies the following method to further recognize the increase in the value of fixed assets of the group of homogeneous fixed assets 'Office premises' during their revaluation:

- transition of a portion of increased value during revaluation, less deferred income tax, to retained profit upon the accrual of depreciation.

Expenses on recovery of a fixed asset item by means of repair are recognized as current costs of the period they belong to.

Fixed assets and intangible assets, regardless of their accounting model, shall be subject to an impairment test in the end of each reporting year and upon the occurrence of events that significantly affect the assessment of their value, in accordance with laws of the Russian Federation and regulatory acts of the Bank of Russia.

If there is evidence of impairment, this will require the determination of the amount of impairment losses. At the end of each reporting year, the Bank identifies the features of the fact that impairment losses of a fixed asset or intangible asset item recognized in previous reporting periods no longer exist or have decreased. If there are features of the fact that losses from impairment of the fixed asset or intangible asset item recognized at their initial value less accumulated amortization and accumulated impairment losses, recognized in previous reporting periods, have decreased, they are (fully or partially) recovered within the value of the fixed asset or intangible asset item (less depreciation) which would be on the accounting records without any features of impairment.

During transferring the fixed asset items into real estate temporarily unused in core activities, as well as during transferring fixed asset and intangible asset items recognized under revaluated value into long-term assets available for sale, the transferred fixed asset items, intangible assets are revaluated at fair value as of the date of the item transfer. Real estate temporarily unused in core activities is revalued at fair value at least once a year.

If there are substantial grounds to revisit the value of one or several real estate items temporarily unused in core activities within the reporting year due to unexpected adverse events occurring, these items can be revaluated more than once a year.

Income and expenses from disposal of fixed assets are defined as the financial result arising from comparing the sum of the following indicators:

- Value of the disposed asset reflected in the accounting records;
- Expenses connected with disposal, including expenses on dismantling and liquidation of a real estate asset and restoration of the environment on the land plot occupied by this asset

  including the total of the following indicators:

- Accumulated depreciation for the disposed fixed asset;
- Amount of the previously created provision for the estimated non-credit liability;
- When writing off the fixed asset due to no further usability:
  - amount of compensation for material damage from shortages or damage of fixed assets imposed on guilty persons in cases specified in the laws of the Russian Federation;
  - amount of received or receivable compensation from third parties, including insurance indemnity from insurers;
- when selling the fixed asset, revenue from the sale of the property item determined by the sales and purchase agreement.

The financial result obtained from disposing fixed asset items is recognized in the corresponding income and expenses accounts.

Accounting for Lease Agreements

Lease agreements where the Bank acts as the lessee starting from January 1, 2020.

The bank leases office real estate and land. The right-of-use asset and the lease liability are recognized by the Bank on the date when the leased asset becomes available for use by the Bank. Each lease payment is allocated between the obligation and financial expenses. Financial expenses are recorded as part of profit or loss during the term of the lease to ensure a constant interest rate on the remaining balance of the lease obligation for each period. A right-of-use asset recognized at initial cost is amortized using the straight-line method throughout the useful life of the asset or the term of the lease, whichever ends earlier.

The Bank does not recognize a right-of-use asset or an obligation under a lease agreement as of the start date of the lease with regard to the following types of lease agreements:

- short-term lease (a lease agreement is considered short-term if the term of the lease stipulated at the start date of the lease does not exceed 12 months);

- a lease where the underlying asset is of low value.

Lease payments on short-term leases or leases where the underlying asset is of low value are recognized as part of operating expenses throughout the term of the lease.

When determining the lease term, the Bank takes into account all the facts and circumstances that form the economic basis for extending the lease or not using the option to terminate the lease. Lease extension options (or periods of time after the expiration of the lease termination options) are included in the lease term only if it is reasonably certain that the lease will be extended (or not terminated).

Right-of-use assets are reported in the Fixed Assets, Intangible Assets and Inventories line of the balance sheet, while lease obligations are disclosed in the Other Liabilities line. Financial expenses are reported in the Interest Expenses of the statement of financial performance, while amortization of right-of-use assets is reported in the Operating Expenses of the statement of financial performance.

Assets and liabilities arising from a lease are initially valued at present value. Lease obligations include the net present value of the following lease payments:

- fixed payments less any lease incentive payments receivable;

- floating lease payments that depend on an index or a rate, initially valued using an index or a rate in effect as of the start date of the lease;

- amounts expected to be paid by the lessee on liquidation value guarantees;

- the exercise price of a call option, if there are sufficient reasons to believe that the lessee will exercise that option; and

- payments of fines for lease termination, if the lease term reflects a potential exercise by the lessee of a lease termination option.

VAT is excluded from payments taken into account in calculating lease obligations and the value of assets in the form of the right of use.

Lease payments are discounted using an interest rate payable on raising by the lessee of additional debt and representing a rate the lessee would have to pay to raise funds required for it to obtain an asset of a similar value in a similar economic environment on similar conditions.

Right-of-use assets are valued at cost that includes the following components:

- the amount of original valuation of a lease obligation;

- lease payments on or before the lease start date less any lease incentive payments received;

- a security payment made on or before the lease start date that is to be offset against lease payments and the procedure for offset or refund of which is not expressly set forth in the agreement.

Any initial direct costs incurred by the lessee in drafting and executing the lease agreement as well as any expenses to be incurred by the lessee in disassembling and moving the underlying asset, recultivating the land where it is situated, or restoring the underlying asset to the condition stipulated by the agreement are immaterial for the Bank compared to its transaction volume as well as relative to the aggregate amount of the Bank's expenses for a comparable period, thus those expenses cannot be included in the value of an asset in the form of the right of use but should rather be charged as a lump sum to the Bank's operating expenses. Material costs, if any, should be included in the value of a right-of-use asset.

The evaluation should be revised in case of a significant event or a significant change in the circumstances that affect the evaluation and are under the lessee's control.

Lease agreements where the Bank acts as the lessee

Where the Bank is a lessee in the lease which does not transfer all the risks and rewards incidental to the ownership from the lessor to the Bank, the total lease payments under operating lease agreements are reflected on profit or loss accounts on a straight line basis over the whole period of the lease.

Lease agreements where the Bank acts as the lessor

Lease agreements where the Bank acts as the lessor are classified as a financial or operating lease.

A lease is classified as financial lease where it implies the transfer of essentially all risks and benefits arising from owning the underlying asset, i.e. from the use of the leased property.

A lease is classified as operating lease where it does not imply the transfer of essentially all risks and benefits arising from owning the underlying asset, i.e. throughout the term of the lease the lessee uses an insignificant portion of the leased property with a long useful life and high value that cannot be fully amortized by the lessee during the term of the lease.

When assets are leased operationally, the amount of lease payments is recognized by the lessor as income throughout the term of the lease and reported on the Other Operating Income line of the statement of financial performance.

When assets are leased financially, financially leased underlying assets are recognized by the lessor at the lease start date and reported on the Net Loans Outstanding Valued at Amortized Cost line of the accounting balance sheet in an amount equivalent to the net investment in the lease. The initial valuation of a net investment in the lease includes payments for the right to use the underlying asset throughout the term of the lease that had not been received at the lease start date:

- fixed payments less any lease incentive payments receivable;

- floating lease payments that depend on an index or a rate, initially valued using an index or a rate in effect as of the start date of the lease;

- amounts expected to be paid by the lessee on liquidation value guarantees;

- the exercise price of a call option, if there are sufficient reasons to believe that the lessee will exercise that option; and

- payments of fines for lease termination, if the lease term reflects a potential exercise by the lessee of a lease termination option.

Initial direct costs incurred by the lessor in drafting and executing a lease agreement classified as financial lease are immaterial for the Bank and cannot be included in the initial valuation of the net investment in the lease but should rather be charged as a lump sum to the Bank's operating expenses. Material costs, if any, should be included in the initial valuation of the net investment.

VAT is excluded from the amount of payments taken into account in calculating the net investment in the lease.

Interest income under a lease agreement is recognized by the Bank throughout the term of the lease based on a schedule that reflects a constant periodic rate of return on the lessor's net investment in the lease, and reported on the Interest Income line of the statement of financial performance.

Customer funds

Amounts due to credit institutions, individuals and corporate customers are non-derivative financial liabilities to credit institutions, individuals and corporate customers (including state agencies and state-controlled companies) and are carried at amortized cost or FVPL.

Due to individuals include balances of escrow accounts of customers purchasing residential property under construction. The Bank believes that parameters of such deposits correspond to market conditions and therefore should be carried at amortized cost.

Information on due to customers carried at amortized cost, and due to credit institutions carried at FVPL is disclosed in Notes 4.7 and 4.8 respectively.

Contingent loan related commitments – liabilities to provide cash and cash equivalents

The Bank issues liabilities to provide loans (facilities and limits). Such liabilities are irrevocable liabilities or liabilities that can be revoked only in response to significant adverse changes. Such liabilities are initially recorded at fair value usually confirmed by the amount of the fee received. If there is a possibility that the Bank will enter into a specific loan agreement and will not plan to sell the loan within a short period after it is granted, such fee and commission income related to the commitment to provide loans, in part directly related to the loan agreement entered into, is included in the book value of the loan upon initial recognition. At the end of each reporting period, liabilities to provide loans are evaluated as (i) the balance of the amount of the fee received at the time of initial remuneration, reduced by the fee and commission income included in the EIR for loan agreements entered into under the facility/limit, plus (ii) the amount of the provision determined based on the expected loan losses model. If as of the loan facility/limit closing date amounts of the fee remain that have not been attributed to a specific loan agreement, such amounts will be recognized in the Bank's operating income as a lump sum.

Issued Bank Guarantees

In accordance with the contract of the issued bank guarantee, the Bank is obliged to make payments to reimburse the guarantee holder for losses incurred if the specified debtor has not made timely payments under the terms of the debt instrument. Issued bank guarantees are initially recorded at fair value usually confirmed by the amount of the remuneration received. This amount is depreciated on a straight-line basis during the validity period of the issued bank guarantee. At the end of each reporting period, liabilities are estimated at the largest of (i) the amount of the estimated provision for expected loan losses on the issued bank guarantee determined using the model of expected loan losses, and (ii) the remaining unamortized balance of the amount recorded at the time of initial recognition. Besides, the estimated provision for expected loan losses is recognized in respect of receivables for the fee recorded as an asset in the statement of financial position. If the Bank has the right stipulated by the contract to apply to the client for reimbursement of amounts paid as part of the settlement of contracts of issued bank guarantees, these amounts are recognized as an asset after the transfer of the loss compensation to the beneficiary under the contract of the issued bank guarantee.

17.3. Nature of Assumptions and Main Sources of Valuation Uncertainty at the End of the Reporting Period

The Bank applies a number of assumptions and estimates that impact the amounts of assets and liabilities as reflected in the accounting (financial) statements and the value of the assets and liabilities in the next reporting period. The estimates and assumptions are regularly analyzed based on the experience of the Bank's management and other factors, including expectations regarding future events that, in the opinion of the management, are reasonable to expect under the circumstances. The assumptions that have the most material effect on the figures in the annual statements and the estimates that can cause material adjustments to the current value of assets and liabilities in the next reporting period, include the following.

Provisions for possible losses from loans, loan debt and its equivalents

The Bank creates provisions for possible losses on loans, loan debt and its equivalents in accordance with the requirements of Bank of Russia Procedure No. 590-П (590-P).

The Bank uses the valuation of loans on a portfolio and individual basis.

The assessment of the loan that is classified on an individual basis and determination of the amount of the estimated provision shall be implemented based on professional judgment for a specific loan, formed based on the results of comprehensive analysis of the borrower's activity taking into account its financial standing, quality of debt service, and other material factors.

For portfolio of homogeneous loans, the provision for possible losses from loans is created based on professional judgment on the portfolio of homogeneous loans, without rendering professional judgment on the level of credit risk for each loan individually.

Provision for possible losses

The Bank creates provisions for possible losses in accordance with the requirements of Bank of Russia Procedure No. 6110П (611-P). For the purposes of calculating the provision for possible losses, the Bank applies an individual classification and groups the elements of the provision calculation base into portfolios of homogeneous claims/guarantees/contingencies.

Individual classification involves preparing an individual professional judgment about the risk level based on the evaluation of probability of losses on an asset and taking into account the factors (circumstances) defined by Bank of Russia Procedure No. 611-П (611-P).

Estimated Provision for Expected Credit Losses

The measurement of estimated ECL provision for financial assets carried at amortized cost and financial assets carried at fair value through other comprehensive income (FVOCI) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of counterparties defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- determination of criteria for a significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product / market and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL; and
- Assessment of the quality of data and measurement models for assets expected to be received as a result of procedures on settlement of problem loans.

The following factors affect the estimated provision for expected loan losses on financial instruments:

- Transfers and corresponding remeasurement of credit loss allowances between Stage 1 (12-month ECL) and Stages 2 (Lifetime ECL, not credit-impaired) or 3 (Lifetime ECL, credit-impaired) due to balances experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent 'step up' (or 'step down') between 12-month and lifetime ECL, as well as net remeasurement of credit loss allowance within the same stage;
- Creation of additional estimated provisions for expected credit losses for newly recognized or purchased financial instruments during the period;
- Effect on the estimate of expected loan losses of changes in the indicators of probability of default, debt at the time of default and loss in case of default during the period resulting from regular update of models input data;
- Remeasurement of expected credit loss to reflect all contractually receivable interest due to the passage of time because ECL is measured on a present value basis;
- Financial assets that were derecognized during the period and write-off/recovery of estimated provisions for expected loan losses related to the assets that were written off/ recovered during the period;
- Impact of changes in foreign exchange rates when recalculating assets denominated in foreign currency and other movements.

Information on the inputs, assumptions, estimation techniques and judgements used in measuring ECL is further detailed in Note 9.

Definitions of terms related to the expected credit losses estimation are provided in Note 9.

To achieve an objective reflection of the macroeconomic impact and the most accurate risk assessment, the Bank, starting from the 1st quarter of 2020, updated a number of approaches and risk assessment models that had most significantly influenced the amounts reflected in this annual financial report:

• The Bank clarified its approach to the calculation of macro-adjustments for the probability of default (PD). The Bank introduced macro-adjustment models that more accurately reflect the changed economic conditions, and updated forecasts of macroeconomic indicators prepared by the Bank's Macroeconomic Research Center on the basis of the most up-to-date information. When calculating macro adjustments for loans to legal entities and mortgage loans to individuals, the Bank takes into account not only forecasts for the next year but also forecasts for the next two years. The weights of macroeconomic scenarios for various time horizons are considered as equal. Therefore, forecasts reflecting the post-crisis economic recovery gained additional influence. For other (mostly short-term) loans to individuals, forecasts over the one-year horizon were taken into account. In the aggregate, these changes led to an increase in macro-adjustments (increasing coefficients) to PD as of April 1, July 1, and October 1, 2020, compared to January 1, 2020, as follows:

– for loans to legal entities – on average from 9.9% to 24.4%,

– for mortgage loans – on average from 8.8% to 38.5%,

– for other loans to individuals – on average from 2.9% to 22.3%.

The Bank also increased the macro adjustments for other financial instruments.

• for default instruments assessed on a collective basis, the Bank applied the default loss rate calculated in the context of the economy recession;

• when forecasting the amount at risk, the Bank decided not to apply early repayment forecasts for the coming months when assessing the expected credit losses on loans to individuals;

• The Bank has adjusted the procedures for issuing new loans, the conditions for selecting credit lines, and the procedures for monitoring loans issued.

The impact of reflecting changed macroeconomic conditions using the approaches outlined above was the main driver of the significant increase in the cost of risk in Q1 2020.

In addition, in Q2 2020, based on the most up-to-date available information (including information on the restructurings carried out), the Bank implemented the following:

• updated the credit quality assessment of loans to legal entities;

• added the criteria for restructuring to the signs of a significant increase in credit risk for loans to small and micro businesses;

• addressed the impact of the growth in the volume of restructured loans with no signs of formal deterioration in quality when assessing the probability of default on loans to individuals.

In Q1 2020, the Bank introduced a new generation of credit risk assessment models for mortgage and consumer loans, including models for assessing the probability of default and assessing losses in the event of default. The introduction of these models made it possible to make a more accurate assessment of expected credit losses, in addition, it allowed to achieve a more accurate definition of instruments with significant increase of credit risk. The implementation of these models caused a decrease in expected credit losses on mortgage loans in the amount of 21.6 billion rubles and an increase in expected credit losses on consumer loans in the amount of 23.5 billion rubles.

In Q2 2020, the Bank introduced a new model for assessing the probability of default in the Residential Real Estate Financing sub-segment (as part of the Project Financing segment) and a new model for assessing losses in the event of default in the Project Financing segment, which increased the accuracy of the credit risk assessment for the corresponding credit debt. The implementation of these models resulted in a decrease of expected credit losses in the Residential Real Estate Financing sub-segment by RUB 13.4 billion and an increase in expected credit losses in the Project Financing segment by RUB 14.0 billion.

Due to the absence of significant changes in the macroeconomic situation in the Russian Federation and worldwide, the Bank did not use any new significant assumptions in the calculation of Q3 2020, and also retained all the models and approaches described above.

In Q4, the Bank updated a number of implemented approaches based on up-to-date information regarding the state of the portfolio and improved macroeconomic conditions compared to the first half of 2020, including the following:

• The Bank has resumed the use of the standard approach to the calculation of macro adjustments to the probability of default (PD) of borrowers, which was applied before Q1 2020. The approach takes into account three scenarios of forecast information on one-year horizon and is applied to all portfolios. When updating the values of the macro allowance, the Bank used most up-to-date forecast of macroeconomic indicators prepared by the Macroeconomic Research Center based on the latest information. The update of the approach resulted in an average decrease in the macro-adjustment values in absolute terms as of January 1, 2021, compared to October 1, 2020:

– The retail portfolio increased by 26.4% resulting in recovery of expected credit losses in the amount of RUB 20.9 billion;

– The corporate portfolio increased by 2.2% leading to recovery of expected credit losses in the amount of RUB 0.013 billion. The insignificant effect on the amount of the corporate portfolio provision is due to the mixed changes in the macro-allowance within sub-portfolios.

• According to the retail models of the probability of default (PD) assessment, the Bank updated the "Point in time" calibrations, which led to an increase in the amount of expected credit losses in the amount of 20.8 billion rubles.

• For the corporate portfolio, the Bank updated the model for assessing the probability of default for the entire life of the asset (PD lifetime) by taking into account the new accumulated statistics. This update resulted in the recovery of expected credit losses in the amount of RUB 2.1 billion.

• The Bank also clarified the approach to determining the probability of default for the assessment of expected credit losses under the stage "Expected credit losses for the entire life – non-impaired assets", which led to an increase of expected credit losses in the amount of RUB 6.6 billion.

• Due to the stabilization of the economic situation in the Russian Federation and in worldwide, when forecasting the amount at risk for loans to individuals and legal entities, the Bank decided to apply early repayment forecasts for the entire life of assets.

The above changes had the greatest impact on the assessment of the level of expected credit losses in Q4 of 2020.

The improvements and updates implemented by the Bank in 2020 regarding credit processes, the methodology used and risk assessment models allowed to quickly respond to all portfolio changes and take into account all the necessary information to accurately assess the level of risks and expected credit losses.

When assessing provisions at the individual level for the largest borrowers, the Group used all available information on the financial condition of counterparties, the most current values of market indicators and took into account all the specifics of loans and borrowers.

The improvements and updates implemented by the Bank in 2020 regarding credit processes, the methodology used and risk assessment models allowed to quickly respond to all portfolio changes and take into account all the necessary information to accurately assess the level of risks and expected credit losses.

When assessing provisions at the individual level for the largest borrowers, the Bank used all available information on the financial condition of counterparties, the most current values of market indicators and took into account all the specifics of loans to borrowers.

Fair value

The fair value of financial instruments is calculated by the Bank based on available market information, if any, and appropriate valuation techniques. However, professional judgement is required to interpret market data to determine the fair value. The fair value of financial instruments that are not quoted in an active market is determined by using valuation techniques. As far as applicable, models use only available market data adjusted for the credit quality of counterparties, however certain areas require the management to make other estimates. Changes in the estimation of these factors could affect reported fair values. The Russian Federation continues to display some characteristics of an emerging market, and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect forced distress sales of assets and therefore sometimes not represent the fair value of financial instruments. The management used all available market information to estimate the fair value of financial instruments. Information on the fair value of financial instruments is disclosed in Note 12.

Financial assets classification

An assessment of business models applied to assets and an assessment of whether the contractual terms of a financial asset are solely a payment of principal and interest on the principal amount of debt are described in Note 17.2.

Revaluation of office premises

The Bank regularly revaluates office premises at fair value to ensure that the current value of office premises is not significantly different from their fair value. Office real estate was revalued at market value as of 1 January 2021. The revaluation was based on the opinions of independent appraisers having the appropriate professional qualifications.

The method of comparing sales within a comparative approach was used for real estate with market information on comparable transactions or sale offers. In estimating fair value, we used adjustments to prices of equivalent assets based on the following parameters: price type (deal/offer), locality type, location, total area, asset class, asset location line.. The adjustment range for an offer was 5 -17% depending on the characteristics of the local real estate market. 1.0% change in this adjustment causes a change in fair value by +/- RUB1.6 bn.

For the largest assets in Moscow (for example, 19 Vavilov Street), the fair value was determined by the sales comparison method. The assessment of the fair value of the assets used the following initial data for calculations: offers for the sale of similar assets comparable to the assets of valuation, as well as market adjustments for price-forming factors. A change in the initial market data used in the calculations, namely, adjustments for trading in the range of + / - 1.0%, leads to a decrease / increase in fair value of the real estate by -0.5 / +0.6 billion rubles.

The valuation of buildings with no direct market analogues for comparison, or/and buildings designed and constructed with due regard to the Bank's specific requirements, was based on the determination of the replacement cost within the expense approach. Fair value was estimated by adjusting the cost of the replacement for the amount of physical depreciation based on the chronological age. For this group of real estate, the range of annual changes in the construction price indices to determine the replacement cost showed a mixed movement and ranged from -13.0% to +16.0%, depending on the region, structural system and date of construction. A change of 1% in this index causes a change in fair value of RUB 0.16 bn for the buildings valuated with the cost approach.

Revaluated fixed assets are depreciated in accordance with their remaining useful life starting from 1 January 2021.

Information on revaluation of fixed assets is disclosed in Note 4.5.

Renewal

The Bank leases office buildings from third parties. Some of the contracts are perpetual and automatically extended if neither party submits the other one a termination notice. The Bank determines the term of the lease without the right to early termination under such agreements, taking into account the penalties that may be imposed in the event of their termination, including such economic anti-incentives as improvement of the leased property, cost of relocation or the significance of the premises for the Bank's activities. As a result, the lease term of the most important office buildings is determined by the period from 2 to 10 years.

Tax legislation

The applicable tax, currency and customs laws of the Russian Federation is subject to varying interpretations and frequent changes which can be applied in a selective manner. In view of this, the interpretation by the Bank's management of such legislation as applied to the transactions and activity of the Bank may be challenged by the relevant regional and federal authorities. Subsequently, the tax authorities may file claims against the Bank's operations and transactions which were not challenged in the past. As a result, the relevant authorities may charge additional taxes, penalties, and fines.

On 1 January 2015, the Federal Law No. 376-ФЗ (376-FZ) dated 24 November 2014 took effect and enacted taxation rules for controlled foreign companies as well as introduced the concepts of a beneficial owner of income and the tax residency of legal entities. The adoption of this law is generally associated with an increase in the administrative and, in some cases, tax burden on Russian taxpayers with foreign subsidiaries and/or carrying out transactions with foreign companies.

In accordance with the requirements of the Tax Code of the Russian Federation, the Bank calculates and presents in the current income tax the tax liabilities with regard to the income of foreign companies and foreign unincorporated organizations recognized as controlled foreign companies (hereinafter – CFC) of the Bank as at the end of the relevant fiscal year. Calculation of tax liabilities of the Bank's CFCs is made based on the planned distribution of dividends and expected reorganizations inside the Bank.

The introduction of above regulations and the interpretation of other specific provisions of the Russian tax legislation along with recent trends in law enforcement practices indicate the possibility of increasing the amounts of tax payable and the size of penalties, among other things, due to the fact that tax authorities and courts may take a tougher position when applying the law and verifying tax calculations. Furthermore, it is impossible to determine their amount and to assess the probability of an unfavorable outcome in the event of any claims filed by tax authorities. Tax audits may cover three calendar years immediately preceding the year of audit. Under certain conditions, earlier periods may be audited as well.

The Bank's management believes that as of 1 January 2021 the provisions of tax legislation applicable to the Bank are interpreted appropriately.

17.4. Changes in the Accounting Policy

The Accounting Policy 2020 has been amended to reflect the requirements of the Bank of Russia Procedure 'On the Procedure for Recognizing in Bookkeeping Accounts the Lease Agreements by Credit Institutions' (hereinafter Bank of Russia Procedure No. 659-П (659-P) dated 12 November 2018) with regard to application of IFRS 16 'Lease' (hereinafter, IFRS 16).

Upon transition to IFRS 16, the Bank recognized lease obligations under contracts where the lease is set to begin before 1 January 2020 at the present value of the remaining lease payments discounted at the rate of additional borrowing by the lessee as of 1 January 2020. The weighted average rate of additional borrowing by the lessee applicable to lease obligations as of 1 January 2020 is 8.38%.

For the first application of IFRS 16 for accounting purposes under RAS from 1 January 2020, the Bank used practical solutions similar to those used for the first application of IFRS 16 for accounting purposes under IFRS as of 1 January 2019:

- accounting for operating leases with a remaining lease term of less than 12 months as of 1 January 2020 in the form of short-term leases as part of operating expenses during the lease term;
- exclusion of initial direct costs for measuring a right-of-use asset on the date of first application of the standard;
- accounting for lease payments for low-value assets as operating expenses without their recognition as a right-of-use asset on the date of initial recognition.

In addition to the above, the Bank used the following practical solutions in accordance with the Bank of Russia Procedure No. 659-П (659-P):

- Recognition of right-of-use assets is based on the IFRS accounting data as of 1 January 2020, with the accumulated depreciation as of 1 January 2020 deducted from the cost of the right-of-use asset;
- Recognition of prepaid lease payments under leases approved for the purposes of IFRS 16 and security payments under specified leases that are intended to be offset against the lease payments due to the lessee and are not to be returned to the lessee at the end of the lease, or the condition for setting off or repayment which was not initially clearly defined in the lease agreement, as a reduction of the lease liability by the specified amounts.

As of January 1, 2020 (after the transition to IFRS 16), the Bank recognized right-of-use assets in the amount of RUB 60.6 billion, as well as a lease liability in the amount of RUB 61.5 billion. The reconciliation of the operating lease contractual obligations to the recognized lease liability under IFRS 16 is presented below:

RUB bn	***As of 1 January 2021 (before transition to IFRS 16)***
Operating lease payments	**106,0**
Practical exception: short-term lease	(13.5)
Future lease payments accepted for the purposes of IFRS 16	**92,5**
Discounting effect	(28.6)
Advances paid and non-refundable security deposits	(2.4)
Lease liabilities (IFRS 16)[25]	**61.5**
Right-of-use assets under IFRS 16 (residual value)[25]	**60,6**
Initial value of the right-of-use assets under IFRS 16	75.1
Depreciation of right-of-use assets under IFRS 16	(14.4)
Financial Result from Transition to the New Accounting Standard	**(3.4)**

The recognized right-of-use assets refer to office real estate and land.

17.5. Material Errors in the Annual Statements

To recognize an error affecting (alone or in combination with other errors) the financial results for the same reporting period, the Accounting Policy of the Bank establishes a materiality criterion:

In 2020, no material error that would require adjustment to comparative data was identified.

[25] As of 1 January 2020, the date of transition to IFRS 16 accounting principles in RAS, the amount of lease liabilities under IFRS 16 is not equal to the amount of right-of-use assets under IFRS 16 (residual value), since this transition was made on the basis of the IFRS accounting data as of 31 December 2019

18. Information on Non-Adjusting Events after the Reporting Date

In January 2021, the Bank issued subordinated bonds of 002 USB-02R series with a nominal value of 56.0 billion rubles. Applicable interest rate was set at 7.0% per annum. The subordinated bonds mature in March 2031. The subordinated bonds will be included in the additional capital when calculating the equity (capital) adequacy ratios in accordance with the Bank of Russia Procedure No. 646-П (646-P).

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Senior Managing Director,
Chief Accountant – Director
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