Information on the risks taken, risk assessment procedures, risk and capital management for Sberbank for 9 months of 2020

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[1] The numbering of sections and tables is given in accordance with Ordinance of the Bank of Russia No. 4482-У (4482-U) dated 07/08/2017 "On the Form and Procedure for Disclosing by a Credit Organization (the Head Credit Organization of a Banking Group) Information on Accepted Risks, Procedures for Their Assessment, and Risk and Capital Management" (hereinafter, Ordinance No. 4482-У (4482-U))

General information

Full company name of the Bank: Sberbank of Russia.

Short company name of the Bank: Sberbank.

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

Information on accepted risks, procedures for their assessment, managing risks and capital of Sberbank (hereinafter referred to as Information on risks) has been prepared and is disclosed in accordance with Ordinance No.4482-У and Ordinance No 4983-У (4983-U)[2].

As Sberbank is the parent credit institution of Sberbank banking group, and discloses information on risks on a consolidated basis in accordance with Ordinance No.4481-У[3], the information on risks is presented individually in a short form in this document, in accordance with the requirements of Ordinance No. 4482-У.

Information on risks is disclosed online on Sberbank's official website www.sberbank.com in the "Regulatory Disclosure" section. Regulatory reports forms are available in the "Published Statements" section on dates established by Ordinance No. 4983-У.

Information on risks:

- is provided for 9 months of 2020 starting from 1 January 2020 and ended 30 September 2020 (inclusive)
- is based on regulatory reports [4] and other information prepared under Russian Accounting Standards, and does not include the information from consolidated financial statements of Sberbank banking group, otherwise provided herein;
- is presented in thousands of Russian rubles, unless otherwise specified
- includes comparable figures for previous dates[5].

[2] Bank of Russia Ordinance No. 4983-У (4983-U) dated 27 November 2018 "On the Forms, Procedure and Timeframe for Credit Institutions to Disclose Information on Their Activities"

[3] The Bank of Russia Ordinance No. 4481-У (4481-U) dated 7 August 2017 "On the Rules and Timeframe for Parent Credit Institutions of Banking Groups to Disclose Information on Risks Assumed, Risk Assessment Procedures, Risk and Capital Management Procedures and on Financial Instruments Included in the Calculation of a Banking Group's Equity Capital".

[4] 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" (hereinafter referred to as Ordinance No. 4927-У)

[5] in the tables where it is provided for by Ordinance No. 4482-У

Section I. Information on equity (capital) structure

Collation of the Balance-Sheet Data Being Sources for Section 1 of the Statement of Capital Adequacy to Cover Risks, with the Components of Equity (Capital) of the Bank

Table 1.1. provides information on the results of collation of the data contained in the form 0409806 "Balance Sheet (disclosure form)", which are sources for compiling section 1 of the form 0409808 "Statement of Capital Adequacy to Cover Risks (disclosure form)", including part of the Bank's equity (capital)

Table 1.1

thous. RUB

Balance Sheet				Statement of Capital Adequacy to Cover Risks (Section 1 of Form 0409808)		
No.	Item Name	Line No.	as at 1 October 2020	Indicator Name	Line No.	as at 1 October 2020
1	2	3	4	5	6	7
1	Share capital, paid-in capital in excess of par value, total, including:	24, 26	295 815 070	X	X	X
1.1	Those attributed to the base capital	X	X	Charter capital, paid-in capital in excess of par value, total, including created:	1	236 765 070
1.2	Those attributed to the additional paid-in capital	X	X	Additional paid-in capital instruments and paid-in capital in excess of par value, classified as capital	31	-
1.3	Those attributed to the additional capital	X	X	Additional capital instruments and paid-in capital in excess of par value	46	643 731 441
2	Due to customers carried at amortized cost, financial liabilities carried at fair value through profit or loss, total, including:	16, 17	25 379 035 629	X	X	X
2.1	Subordinated loans attributed to the additional paid-in capital	X	X	Additional paid-in capital instruments and paid-in capital in excess of par value, classified as liabilities	32	150 000 000
2.2	Subordinated loans attributed to the additional capital	X	X	Additional capital instruments and paid-in capital in excess of par value, total	46	643 731 441
2.2.1		X	X	incl. subordinated loans	X	53 259 039
3	Fixed assets, intangible assets, and inventory, total, including:	11	545 451 772	X	X	X
3.1	Intangible assets reducing the base capital, total, including:	X	X	X	X	X
3.1.1	business reputation (goodwill) net of deferred tax liability (line 5.1 of this Table)	X	X	Business reputation (goodwill) net of deferred tax liability (line 5.1 of this Table)	8	-
3.1.2	Other intangible assets (except for business reputation) net of deferred tax liability (line 5.2 of this Table)	X	X	Intangible assets (except for business reputation and amounts related to the rights for mortgage loan servicing), net of deferred tax liability (line 5.2 of this Table)	9	86 032 392
4	Deferred tax asset, total, including:	10	9 523 742	X	X	X
4.1	deferred tax assets dependent on future revenue	X	X	Deferred tax assets dependent on future revenue	10	-
4.2	deferred tax assets independent of future revenue	X	X	Deferred tax assets independent of future revenue	21	-
5	Deferred tax liabilities, total, including:	20	-	X	X	X

No.	Item Name	Balance Sheet Line No.	Balance Sheet as at 1 October 2020	Statement of Capital Adequacy to Cover Risks (Section 1 of Form 0409808) Indicator Name	Statement of Capital Adequacy to Cover Risks (Section 1 of Form 0409808) Line No.	Statement of Capital Adequacy to Cover Risks (Section 1 of Form 0409808) as at 1 October 2020
1	2	3	4	5	6	7
5.1	Those reducing business reputation (line 3.1.1 of this Table)	X	X	X	X	X
5.2	Those reducing other intangible assets (line 3.1.2 of this Table)	X	X	X	X	X
6	Treasury shares (interest) redeemed from shareholders (members), total, including:	25	-	X	X	X
6.1	Those reducing base capital	X	X	Investment in equity shares (interest)	16	-
6.2	Those reducing additional paid-in capital	X	X	Investments in the bank's own additional paid-in capital instruments, Other items reducing the sources of additional paid-in capital	37, 41	-
6.3	Those reducing additional capital	X	X	Investments in the bank's own additional capital instruments	52	-
7	Due from credit institutions, Net loans receivable carried at at amortized cost, Net investments in financial assets carried at fair value through other comprehensive income, Net investments in securities and other financial assets carried at amortized cost (except for loan debts), total, including:	3,5,6,7	26 435 574 761	X	X	X
7.1	Non-material investment in the base capital of financial institutions	X	X	Non-material investments in base capital instruments of financial institutions	18	-
7.2	Material investments in the base capital of financial institutions	X	X	Material investments in base capital instruments of financial institutions	19	-
7.3	Non-material investments in the additional paid-in capital of financial institutions	X	X	Non-material investments in the additional paid-in capital instruments of financial institutions	39	-
7.4	Material investment in the additional paid-in capital of financial institutions	X	X	Material investment in the additional paid-in capital instruments of financial institutions	40	-
7.5	Non-material investment in the additional capital of financial institutions	X	X	Non-material investments in additional capital instruments and other instruments that contribute to total loss-absorbing capacity of financial institutions	54	-
7.6	Material investment in the additional capital of financial institutions	X	X	Material investments in additional capital instruments and other instruments that contribute to total loss-absorbing capacity of financial institutions	55	41 466 788

Section II. Information on the Risk Management System

Determining requirements for capital

Table 2.1 provides Information on claims (liabilities) weighted by risk level, and on the minimum amount of the Bank's capital required to cover risks.

Table 2.1

thous. RUB

No.	Indicator Name	Risk-Weighted Claims (Liabilities)		The minimum amount of the capital required to cover risks
		as at 1 October 2020	as at 1 July 2020	as at 1 October 2020
1	2	3	4	5
1	Credit risk (except for counterparty credit risk), total, including:	26 100 105 633	24,030,446,105	2 088 008 451
2	using the standardized approach	8 844 974 910	7,931,217,523	707 597 993
3	using basic IRB[6]	8 289 164 823	8,023,592,059	663 133 186
4	using the approach based on weighting by risk on the claims for specialized lending and investments in participatory interests (IRB)	4 335 315 260	3,773,627,291	346 825 221
5	using advanced IRB	4 630 650 640	4,302,009,232	370 452 051
6	Counterparty credit risk, total, including:	212 387 592	148,564,884	16 991 007
7	using the standardized approach	212 387 592	148,564,884	16 991 007
8	using the method based on internal models	-	-	-
9	using other approaches	-	-	-
10	Risk of changes in the value of credit claims due to deterioration in the credit quality on over-the-counter (OTC) transactions with derivative financial instruments (DFIs)	203 313 022	135 036 173	16 265 042
11	Investments in equity securities (shares, shares in mutual investment funds) and shares in the share capital of legal entities which are not included in the trading portfolio, in case of application of the market approach based on weighting by risk in IRB	0	0	0
12	Investments in shares, shares of investment and other funds – end-to-end approach	0	0	0
13	Investments in shares, shares of investment and other funds – mandatory approach	0	0	0
14	Investment in shares, shares of investment and other funds–reserve approach	0	0	0
15	Settlement risk	-	-	-
16	Risk of securitization (except for risk of securitization of the trading portfolio), total, including:	16 984 253	17 854 158	1 358 740
17	using the IRB approach based on ratings	-	-	-
18	using the approach based on the ratings of credit rating agencies, including the internal estimates-based approach	-	-	-
19	using the standardized approach	16 984 253	17 854 158	1 358 740
20	Market risk, total, including:	867 605 975	690 146 675	69 408 478
21	using the standardized approach	867 605 975	690 146 675	69 408 478
22	using the method based on internal models	-	-	-
23	Capital adjustment due to the transfer of securities from the trading portfolio to the non-trading portfolio	-	-	-
24	Operational risk	3 632 268 475	3 632 268 475	290 581 478

[6] IRB stands for Internal Ratings-Based Approach

25	Assets (claims) below the materiality threshold for deduction from equity (capital), weighted with the 250% coefficient	637 613 173	678 500 619	51 009 054
26	Minimum adjustment for the maximum reduction in the credit and operational risk when applying IRB and the advanced (improved) approach	0	0	0
27	**Total (sum of Lines 1 + 6 + 10 + 11 + 12+ 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 26)**	**31 670 278 123**	**29 332 817 089**	**2 533 622 250**

Section III. Collation of the data contained in the Bank's accounting (financial) statements and the data from the reports presented by the Bank to the Bank of Russia for supervision.

Information on Charged and Uncharged Assets as of 1 October 2020

Table 3.3. provides the data on charged and uncharged assets of the Bank.

Table 3.3:

thous. RUB

No.	Indicator Name	Carrying Value of Charged Assets		Carrying Value of Uncharged Assets	
		total	including liabilities to the Bank of Russia	total	including those usable as a security for the Bank of Russia
1	2	3	4	5	6
1	**Total assets, including:**	922 753 822	35 122 828	30 145 818 462	5 048 539 495
2	Equity securities, total, including:	-	-	839 768 467	-
2.1	Those of credit institutions	-	-	153 180 050	-
2.2	Those of legal entities other than credit institutions	-	-	686 588 417	-
3	Debt securities, total, including:	887 630 994	-	3 113 445 594	2 176 447 701
3.1	Those of credit institutions, total, including:	1 305 789	-	364 772 544	27 984 052
3.1.1	those that have long-term creditworthiness ratings	1 305 789	-	358 815 341	27 984 052
3.1.2	those that have no long-term creditworthiness ratings	-	-	5 957 203	-
3.2	Those of legal entities other than credit institutions, total, including:	886 325 205	-	2 748 673 050	2 148 463 649
3.2.1	those that have long-term creditworthiness ratings	886 306 891	-	2 600 173 051	2 148 463 649
3.2.2	those that have no long-term creditworthiness ratings	18 314	-	148 499 999	-
4	Funds on correspondent accounts with credit institutions	-	-	1 294 422 572	-
5	Interbank loans (deposits)	-	-	1 416 086 341	-
6	Loans provided to legal entities other than credit institutions	35 122 828	35 122 828	13 960 446 341	2 872 091 794
7	Loans provided to individuals	-	-	7 519 130 234	-
8	Fixed assets	-	-	552 557 786	-
9	Other assets	-	-	1 449 961 127	-

The asset is defined as charged if there is an agreement on the asset, according to which the return of money (assets) of Sberbank depends on fulfillment by third parties and(or) by the Bank of their obligations, including assets transferred under repurchase transactions. The main source of financial resources of the Bank are resources of legal entities and individuals. Funding with charges is used only if necessary.

The value of charged and uncharged assets of the Bank, including information on the amount of liquid assets taken as a security by the Bank of Russia[7] and used by the Bank as such for fund raising, is provided in the table Information on Charged and Uncharged Assets and calculated as the arithmetic mean value of the

[7] The liquid assets here mean securities included in the the Bank of Russia Lombard List, including those obtained by Sberbank under reverse repo transactions, as well as the credit claim rights of Sberbank included in the list of assets accepted by the Bank of Russia as security for loans (including loans according to Bank of Russia Ordinance No. 4801-У (4801-U) dated 22 May 2018 "On the Form and Conditions for Secured Bank Refinancing").

corresponding data at the beginning of each month of the reporting quarter. These assets approved and accepted by the Bank of Russia as a security have been used to raise funds under repurchase transactions and raise loans from the Bank of Russia secured by the credit claim rights for the period of up to 3 years.

The main types of the Bank's transactions made with the asset charged are direct repo transactions with market counterparties and transactions on special refinancing instruments of the Bank of Russia, including investment projects. However, the primary funding source of the Bank's assets is the funds raised from customers other than credit institutions and not secured by the Bank's assets, while asset-backed funds are used as a temporary substitute for unsecured funds raised from customers (except for transactions on special refinancing instruments of the Bank of Russia on investment projects).

Table 3.4 provides information on transactions with non-resident counterparties.

Table 3.4.

thous. RUB

No.	Indicator Name	as of 1 October 2020	as at 1 January 2020
1	2	3	4
1	Funds on correspondent accounts with non-resident banks	351 405 546	223 845 875
2	Loans provided to non-resident counterparties, total, including:	2 431 634 564	1 835 516 414
2.1	Non-resident banks	215 702 862	82 707 710
2.2	Non-resident legal entities other than credit institutions	2 215 648 107	1 752 560 785
2.3	Non-resident individuals	283 595	247 919
3	Debt securities of non-resident issuers, total, including:	145 063 400	144 351 910
3.1	those that have long-term creditworthiness ratings	117 189 760	111 780 550
3.2	Those that have no long-term creditworthiness ratings	27 873 640	32 571 360
4	Funds of non-residents, total, including:	500 620 201	394 435 108
4.1	non-resident banks	96 847 954	99 457 556
4.2	non-resident legal entities other than credit institutions	195 893 389	133 745 590
4.3	non-resident individuals	207 878 858	161 231 962

Section IV. Credit risk

Table 4.1.2 provides information on assets and credit-related commitments classified into a higher-quality category than it follows from the credit risk assessment criteria under Regulations No. 590-П (590-P) and No. 611-П (611-P). [8]

Table 4.1.2

thous. RUB

No.	Indicator Name	Amount of Claims	Provisions Made for Possible Losses				Changes in the Volume of Provisions Made	
			in accordance with Minimum Requirements Set by the Regulations No. 590-P and No. 611-P		by Resolution of the Authorized Body			
			%		%		%	
1	2	3	4	5	6	7	8	9
1	Claims to counterparties showing evidence of possible lack of actual activity, total, including:	2 310 059 531	16.36	377 835 300	11.05	255 289 802	-5.31	-122 545 498
1.1	Loans	2 259 787 280	15.45	349 068 281	10.10	228 188 144	-5.35	-120 880 137
2	Restructured loans	1 990 387 294	15.03	299 062 274	1.44	28 669 282	-13.59	-270 392 992
3	Loans provided to borrowers for redemption of previous loans	1 882 384 385	14.72	277 114 572	0.46	8 963 328	-14.26	-268 421 244
4	Loans used for provision of loans to third parties and for redemption of pre-existing liabilities of other borrowers, total, including:	2 274 305 786	11.02	250 705 512	1.71	38 789 320	-9.31	-211 916 192
4.1	To the reporting credit institution	273 661 446	17.75	48 568 940	2.30	6 290 115	-15.45	-42 278 825
5	Loans used for acquisition and(or) redemption of issue-grade securities	-	-	-	-	-	-	-
6	Loans used for investment in charter capitals of other legal entities	31 195 623	8.97	2 796 754	4.87	1 519 600	-4.10	- 1 277 154
7	Loans resulting from termination of previous obligations of the borrower replaced by a novation or a compensation for termination	-	-	-	-	-	-	-
8	Credit related commitments to counterparties showing evidence of possible lack of actual activity	137 000 355	1.85	2 532 717	0.97	1 329 540	-0.88	-1 203 177

As at 1 October 2020, Sberbank did not create a provision for possible losses on securities trading, the rights to which are certified by depositories in accordance with Bank of Russia Ordinance No. 2732-У (2732-U) dated 17 November 2011 "On Special Aspects of the Creation of Loss Regulations by Credit Institutions for Operations with Securities the Rights to Which are Certified by Organizations (Depositories)", due to the absence of securities, the rights to which are certified by depositories that do not meet any criteria specified in item 1.2 of the above-mentioned Bank of Russia Ordinance.

[8] Bank of Russia Regulation No. 590-П (590-P) dated 28 June 2017 "On the Procedure for Making Loss Provisions by Credit Institutions for Loans, Loan and Similar Debts", and Bank of Russia Regulation No.611-П (611-P) dated 23 October 2017 "On the Procedure for Creating Loss Provisions by Credit Institutions".

Section XI. Financial leverage of a credit institution

Financial leverage ratio:

	as at 1 October 2020	as at 1 January 2020
Fixed capital, RUB million	4 158 841	3,299,955
Amount of balance sheet assets and off-balance-sheet claims at risk for calculating the financial leverage ratio, RUB million	33 369 361	29,072,221
Leverage ratio (R1.4), %	**12.5**	**11.4**
Financial leverage ratio with the complete use of the expected credit losses model	**12.7**	**11.5**

The financial leverage ratio (H1.4) increased by 1.1 p.p. in 9 months of 2020, amounting to 12.5%. The growth was related to the action of multidirectional factors, namely: an increase in fixed capital as a result of the audit of revenue for the last three quarters of 2019 and the inclusion of a subordinated loan in the amount of RUB 150 billion in its composition, as well as an increase in balance sheet assets and off-balance sheet claims at risk based on the results of 9 months of 2020.

Senior Vice President, Head of the
Head of the Finance Block of Sberbank **A. Buriko**

Senior Managing Director,
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“19 “ November 2020