

SBERBANK OF RUSSIA

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REGULATION on Internal Audit Service of Sberbank

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1. GENERAL PROVISIONS

1.1. This Regulation establishes the purpose, principles, functions and other aspects of operations of the Internal Audit Service (hereafter — the Service) of Sberbank (hereinafter — the Bank).

1.2. The work of the Service shall be governed by the Federal Laws “On Banks and Banking” dated December 02, 1990 No. 395-1, “On the Central Bank of Russian Federation (Bank of Russia)” dated July 10, 2002 No. 86-FZ, the Regulation of the Bank of Russia “On the Organization of Internal Control in Credit Institutions and Banking Groups” dated December 16, 2003 No. 242-P, as well as other regulations, the Bank’s Charter, resolutions of the Bank’s Supervisory Board, Executive Board and those of the CEO and Chairman of the Executive Board of the Bank, internal regulatory and administrative documents of the Bank and this Regulation.

1.3. In its work, the Internal Audit Service applies the best internal audit practices, including international principles of professional internal audit practice (the Main Principles of Professional Internal Audit Practice, Internal Audit Standards, Definition of Internal Audit, and the Code of Ethics) developed by the International Institute of Internal Auditors¹.

1.4. The responsibility for organization of efficient operation of the Service shall lie with the CEO and Chairman of the Executive Board of the Bank and the Head of the Internal Audit Service (hereafter — the Service Head).

1.5. The Service shall be guided by the principles of operational continuity, independence, impartiality, integrity, objectivity and professional competence.

1.6. The Service shall audit all lines of the Bank’s business, it may audit any unit or staff member of the Bank or Sberbank Group (hereinafter — the Group) member organizations.

1.7. The organization of the internal audit function of Group member organizations shall be governed by a separate regulatory document of the Bank.

2. ORGANIZATIONAL STRUCTURE OF THE SERVICE

2.1. The Service reports to the Supervisory Board of the Bank and operates under its immediate control. The Service reports to the CEO and Chairman of the Executive Board of the Bank.

2.2. The Service comprises the Internal Audit Division of the Central Office and Internal Audit Divisions for the Regional Banks (hereinafter — RB IAD). Staff numbers, organizational structure and technical facilities of the Service shall be commensurate to the nature and scope of the Bank’s transactions, the level and combination of risks assumed.

2.3. The Service shall be headed by the Director of the Internal Audit Division of the Central Office.

2.4. The Supervisory Board of the Bank shall decide on the appointment and termination of the Service Head. Based on the resolution of the Supervisory Board of the Bank, the CEO and Chairman of the Executive Board of the Bank shall issue the order appointing or terminating the Director of the Internal Audit Division of the Central Office.

2.5. The organizational structure and staff size of the Internal Audit Division of the Central Office and RB IADs shall be approved by the CEO and Chairman of the Executive Board based on the recommendations of the Service Head.

¹ The Institute of Internal Auditors Inc.

2.6. The organizational structure and staff size of RB IADs may not be changed by the RB management.

2.7. The Internal Audit Division of the Central Office shall act in accordance with the Management Regulation approved by the CEO and Chairman of the Executive Board.

2.8. The RB IADs shall act in accordance with the Regulations developed on the basis of (generic) Regulation on RB IAD and approved by the Service Head.

2.9. Heads of RB IADs, their deputies and the RB IAD managing directors shall be part of the staff roster of the Central Office, and shall be appointed and terminated by order of the CEO and Chairman of the Executive Board on the recommendation of the Service Head as agreed with the RB Chairman.

2.10. RB IAD employees who are not part of Sberbank's staff roster are appointed and terminated by order of the RB Chairman to whose staff roster they belong, on recommendation of the RB IAD Director.

2.11. Salaries, bonuses, incentives and disciplinary actions with regard to the Service staff shall be subject to an order of the head of the Bank's unit whose staff roster they are part of, subject to approval by the head of the relevant Service unit.

2.12. In the event of a disagreement between the RB Chairman and the RB IAD Director on any issue covered in Clause 2.10, 2.11 hereof, any such issues shall be put before the Service Head, and in the event of a disagreement between the RB Chairman and the Service Head — before the CEO and Chairman of the Executive Board.

3. PRINCIPLES OF OPERATION OF THE SERVICE

3.1. Operational continuity of the Service.

3.1.1. The Service operates on an ongoing basis.

3.1.2. Units of the Service are part of the Bank's organizational structure.

3.2. Independence and impartiality of the Service.

3.2.1. The Bank shall take the steps necessary to ensure that the Service is independent and impartial, and create an environment for unimpeded and effective discharge of its functions.

3.2.2. No employee holding another position is eligible to be the head of the Service.

3.2.3. The Service is independent of any other business units of the Bank in its operations and has a top-down reporting structure: The RB IAD Directors report to the Service Head.

3.2.4. The Service Head is entitled to interact unimpeded with the Supervisory Board of the Bank, including initiating a meeting of the Supervisory Board of the Bank, reporting to the Supervisory Board of the Bank at his own discretion on any issues arising in connection with the Service discharging its functions, as well as on proposals to solve them, and disclosing such information to the CEO and Chairman of the Executive Board and the Executive Board of the Bank.

3.2.5. The RB IAD Director is entitled to interact unimpeded with the RB Chairman to facilitate prompt resolution of issues arising in connection with the Service discharging its functions.

3.2.6. The Service controls the effectiveness of measures taken by the Bank's business units and management bodies based on audit findings to mitigate the identified risks, or the

documenting of decisions taken by the business unit head and/or management bodies on the acceptability of the level and combination of the identified risks for the Bank.

If, in the opinion of the Service Head, the business unit executives and/or management bodies have assumed risk that is unacceptable for the Bank or the control measures taken are inadequate to the risk level, the Service Head shall advise the Supervisory Board and the executive bodies of the Bank.

3.2.7. The Service Head shall not assume responsibilities which are not related to internal audit functions. The Service cannot include units or employees whose activities are not related to internal audit functions.

3.2.8. No other business units of the Bank shall report to the Service Head or the RB IAD Directors. Employees of the Service shall not combine their activities with activities in other business units of the Bank.

3.2.9. Employees of the Service shall not be involved in any banking operations or other transactions or engage in any activity subject to audit.

3.2.10. The Service Head (his deputy, managing director) and employees of the Service who previously occupied positions in other business units of the Bank shall not be involved in any audits of operations and functions which they performed during the audited period or for twelve months after ceasing to perform such operations and functions.

3.2.11. The Service Head (his deputy, managing director) and employees of the Service shall not sign on behalf of the Bank any payment (settlement) and accounting documents or any other documents in accordance with which the Bank takes on banking risks, nor shall they endorse such documents.

3.2.12. The Bank shall enable the Service to perform its duties without interference from the management bodies, business units or the Bank's employees who are not Service staff members.

3.2.13. The Service Head shall inform the CEO and Chairman of the Executive Board and, if necessary, the Supervisory Board of the Bank of any obstructions to the Service discharging its functions.

3.2.14. The Service's employees shall be fair and impartial in their work and avoid conflicts of interest of any kind. The Service Head shall take management measures aimed at preventing any potential and existing conflicts of interest and bias.

3.2.15. The Service shall independently develop internal documents on the methodology, technology and organization of control activities, and shall not harmonize them with the business units under inspection.

3.3. Integrity and objectivity.

3.3.1. In their operations, the Service's employees shall comply with Sberbank's Internal Audit Service Employee Code of Professional Ethics, which includes principles related to the profession and practice of internal audit (integrity, objectivity, confidentiality and competency), and the rules which define the standards for the behavior of the Service's employees.

3.3.2. The Service's employees shall prevent bias, conflicts of interest, their own interests and the interests of any other persons from affecting the objectivity of their professional judgements during the audit process.

3.4. Professional competency.

3.4.1. The Service Head shall comply with the qualification requirements established by the regulation of the Bank of Russia and the business reputation requirements stated in Clause 1,

Part 1, Article 16 of the Federal Law “On Banks and Banking Activity” dated December 02, 1990 No. 395-1.

3.4.2. The Service’s employees shall have the aggregate knowledge, skills and any other competencies (including digital competencies and skills) required to perform their job responsibilities or seek to obtain them.

3.4.3. The Service Head and employees shall improve their knowledge, skills and other competencies through continuous professional development.

4. PURPOSE, OBJECTIVES AND FUNCTIONS OF THE SERVICE

4.1. The main purpose of the Service is to assist the management bodies of the Bank in meeting objectives and ensuring the efficiency and effectiveness of the Bank’s operations.

4.2. The objectives of the Service are providing the Bank’s management bodies with an assessment of efficiency of the internal control system, risk and capital management system and corporate governance system and provide recommendations for improving their efficiency.

4.3. The Service shall perform the following functions:

4.3.1. Audit and evaluate the effectiveness of the internal control system in general and the decisions of the Bank’s management bodies.

4.3.2. Evaluate the effectiveness of the credit risk management system, including auditing risk assessment methodology and risk management procedures established by the Bank’s internal documents (methodologies, programs, rules, procedures, etc.) and whether these documents are applied in full.

4.3.3. Audit the reliability of the system for internal control of the use of automated information systems, including monitoring of database integrity and their protection from unauthorized access and/or use, with due regard for measures taken in the case of any non-standard or extraordinary events in accordance with the action plans aimed at ensuring continuity of operations and/or recovery of the Bank’s operations in case of any non-standard or extraordinary situations.

4.3.4. Audit and test the validity, completeness and timeliness of accounting records and financial statements and the reliability (including validity, completeness and timeliness) of the collection and disclosure of information and reports.

4.3.5. Audit the means (methods) of ensuring the safekeeping of the Bank’s assets.

4.3.6. Evaluate the cost effectiveness and efficiency of the operations and other transactions performed by the Bank.

4.3.7. Audit the processes and procedures of internal control.

4.3.8. Audit the performance of the Internal Control Service and the Risk Management Department of the Bank.

4.3.9. Evaluate corporate governance.

4.4. In order to perform internal audit functions, the Service:

4.4.1. Conducts planned inspections, audits and unplanned audits (hereinafter — control activities). Unplanned audits are conducted at the instruction of the Bank and RB management, or initiated by the Service unit managers. The detailed procedure for control activities² and

² Goals and methods, organizational procedure, audit agendas, principal stages, formats of working documents and reports, implementation procedure.

interaction with other business units of the Bank when performing them, and the procedure for organizing control over measures to remedy any violations identified by the Service (including any additional inspections) are regulated by separate documents of the Service.

4.4.2. Conducts inspections of Group member organizations, identifies and analyzes problems related to their operations, assesses the internal control procedures, risk assessment methodology and risk management procedures, and develops the policy and standards of organizing the internal audit in Group member organizations.

4.4.3. Informs the Bank's management bodies/the RB management of the results of control activities. For the purposes of improving the Bank's internal control system by resolving systemic problems and remedying any defects and violations identified by control activities, the Central Office and the RB head offices shall create permanent collegial bodies — Audit Result Review Committees. The composition and activities of such collegial bodies are defined in separate Bank documents.

4.4.4. Monitors the internal control system on a continuous basis.

4.4.5. Investigates means of embezzlement and corrupt practices and develops methods for their prompt identification and prevention.

4.4.6. Interacts with the Bank of Russia and the Accounts Chamber of the Russian Federation within the framework of their oversight/control functions, and also accompanies their inspections in accordance with the duties enshrined in the Bank's internal regulatory documents. The Service monitors the implementation of enforcement actions applied to the Bank following the results of inspections by the Bank of Russia and the Accounts Chamber of the Russian Federation.

4.4.7. Reviews complaints and appeals of customers and the Bank's employees related to issues within the Service's purview.

4.4.8. Organizes an independent channel for the Bank's employees which they can use to report (including on a confidential basis) illegal actions that may lead to violation of the established rules and entail financial losses and/or reputational risks for the Bank.

4.4.9. Within the scope of its competency, reviews drafts of internal regulatory documents to evaluate their compliance with the requirements of regulations and the efficiency, adequacy and effectiveness of the internal control procedures stipulated therein.

4.4.10. Develops and updates the regulatory and methodological documents of the Service.

4.4.11. Develops products and services of the Service. Implements projects to improve the audit instruments/technologies.

4.4.12. May participate in the certification of existing and new software.

4.4.13. Maintains a unified information system containing data on the results of control activities, problems identified in internal control, risk management and corporate governance systems, as well as any identified violations, defects and efforts to remedy the identified violations.

4.4.14. Develops and applies digital audit procedures in its work.

4.4.15. Provides advice to the Bank's executive bodies on any matters related to the improvement of internal control, risk management and corporate governance. The Service shall perform advisory services on the basis of control activity results while maintaining the independence and objectivity of the Service, ruling out the Service taking any management decisions.

4.4.16. Coordinates control activities with other units of the Bank responsible for control functions.

4.4.17. Employs well-qualified specialists and arranges the continuous training of the Service's employees.

4.4.18. Facilitates the development of corporate culture among the Service's employees.

4.5. The Internal Audit Division of the Bank's Central Office shall evaluate the effectiveness of control activities and operation of the Service's units.

5. PLANNING OF OPERATIONS OF THE SERVICE

5.1. The Service Head shall submit the annual Inspection Plan of the Service for review and approval to the Supervisory Board of the Bank³, as well as report any significant restrictions in the Service's powers or its budget which may negatively affect the performance of internal audit functions.

5.2. The Supervisory Board of the Bank shall approve the annual Inspection Plan of the Service based on the recommendations of the Service Head.

5.3. The RB IAD inspection plans are formed on the basis of the annual Inspection Plan of the Service approved by the Supervisory Board of the Bank, and are approved by the Service Head.

6. REPORTING OF THE SERVICE

6.1. The Service Head shall submit to the Supervisory Board reports of the Service on the performance of the annual Inspection Plan of the Service approved by the Supervisory Board and the results of inspections of the Bank for the first half-year, 9 months and the whole year.

6.2. In the Service reports, the Service Head informs the Supervisory Board of the Bank on the identified shortcomings in the internal control, risk management and corporate governance systems, as well as the measures taken to correct them.

7. RIGHTS, RESPONSIBILITY AND LIABILITY OF THE SERVICE'S EMPLOYEES

7.1. For the purposes of performing their functions, Service's employees have the right to:

- Access any required information available to the Bank and its business units, including any documents, information systems, databases and ledgers directly related to the Bank's operations, and obtain documented access permits, if needed, in accordance with the established procedure of the Bank.

- Access archives, money and asset vaults, cash offices, customer service areas and computer processing offices, accompanied by executives or employees of such business unit.

- Obtain documents and copies of documents or other information and any other data available in the Bank's information systems required for carrying out control in compliance with the requirements of the laws of the Russian Federation and the Bank's requirements related to working with restricted information.

- Inspect the contents of vaults, safety deposit boxes and Bank employee workstations, seal vaults, warehouses and other premises.

³ The Inspection Plan of the Service is implemented in accordance with the frequency and scope of inspections set by the Bank of Russia's documents.

- Request oral and written explanations from Bank's employees on any issues arising during inspections and obtain unhindered access to documents and other information required for the audits.

- Require that the executives of the business units under inspection suspend the Bank's employees from their duties in accordance with the established procedure if failure to do so may result in loss of money, assets or documents or facilitate abuses.

- Engage employees of other structural business units of the Bank to carry out audits.

- Request/initiate, in the established manner, requests on behalf of the Bank to other institutions, enterprises, organizations, and individuals, the information necessary for conducting an audit.

- Make proposals to the Bank/RB management related to the degree of liability of any officials committing violations,

- Participate in the work of the Executive Board of the Bank, the Executive Boards of the RBs, the Head Office Boards, and Bank/RB collegial bodies in an advisory vote (with no right to vote on any issues).

7.2. The Service's employees are under obligation to:

- Comply with the laws of the Russian Federation and the regulations and internal documents of the Bank.

- Comply with Sberbank's Code of Corporate Ethics and Sberbank's Internal Audit Service Employee Code of Professional Ethics.

- Properly perform the responsibilities defined in their job descriptions.

- Ensure the safekeeping of documents, files and records and the return of any originals received.

- Promptly notify the Service Head of any identified risks, violations and defects in accordance with the procedure established in the Bank's internal regulatory documents, as well as any instances of executives or management bodies of the Bank's business units taking unacceptable risks, or when the control measures taken are inadequate to the level and combination of risks.

- Maintain the confidentiality of any information received.

- Inform the Service Head of any instances of interference with the performance of their functions.

7.3. The Service's employees are held accountable for:

- The professional level and quality of their work and the completeness, fairness and objectivity of assessments.

- Intentional misrepresentation or concealment of theft, violations or abuses.

- Disclosure of information on any employees or customers of the Bank which became known to them in the course of performing their duties.

Terms and Definitions

Internal Audit — Activities related to providing independent and objective guarantees and consultations aimed at improving performance of an organization. Internal audit helps organizations to meet their objectives by applying a systematic and consistent approach to the evaluation of the effectiveness of risk management, control and corporate governance processes.

Internal Control — Activities performed by the Bank's management bodies, business units and employees for the purpose of ensuring:

- Effective and efficient financial and business activities when performing banking operations and other transactions, efficient management of both assets and liabilities, including asset integrity and bank risk management.
- Reliable, complete, objective and timely compilation and submission of financial, accounting, statistical and other statements, as well as information security.
- Compliance with regulatory legal acts, standards of self-regulating organizations, the Charter, and internal documents of the Bank.
- Prevention of involvement of the Bank or its employees in unlawful activities, including legitimization (laundering) of proceeds from criminal activities and the financing of terrorism, and timely submission of appropriate information to governmental authorities and the Bank of Russia in accordance with the laws of the Russian Federation.

Sberbank Group (the Group) — An association of credit and non-credit institutions (i.e., member organization of the Bank's Group) that is not a legal entity itself, in which the Bank is a parent institution and has a direct or indirect (through third parties) material effect on decisions made by the management bodies of other credit and non-credit institutions and on the amount of their financial results.

International Standards for the Professional Practice of Internal Auditing — Official professional regulations published by the International Institute of Internal Auditors which establish the requirements for internal auditing related to a broad range of matters and for the evaluation of internal audit performance.

Bank Management Bodies — The General Shareholders' Meeting, the Supervisory Board of the Bank, the collegial executive body — Executive Board of the Bank, and the single-person executive body — CEO and Chairman of the Executive Board.

Sberbank Executives — The CEO and Chairman of the Executive Board the Bank, First Deputy Chairmen of the Executive Board, Senior Vice-Presidents, and Vice-Presidents of the Bank.

RB management — Chairman of a Regional Bank and Deputy Chairmen of a Regional Bank.

Internal Control System — An ensemble of internal control bodies and functions ensuring compliance with the procedures aimed at achieving the targets as prescribed by the laws of the Russian Federation and the Bank's constituent and internal documents.

Internal Audit Service (Service) — The aggregate of the Bank's structural business units (Internal Audit Division in the Central Office and the RB Internal Audit Divisions) that act in accordance with the Statute on the Bank's Internal Audit Service.

List of Abbreviations

Bank — Sberbank

RB — Regional Bank of Sberbank

RB IAD — Internal Audit Division for a Sberbank Regional Bank