

# **Sberbank Executive Board Regulation**

APPROVED

By Sberbank's General Meeting  
Minutes No 27 dated 10 June 2014

## **1. General provisions**

1.1. This Regulation has been developed under Russian law and Sberbank's Charter and governs the procedures for electing the Chairman of the Executive Board and CEO (hereafter the CEO), establishing the Executive Board, for an early termination of powers of the CEO and Executive Board members as well as the remits and responsibilities of Sberbank's executive authorities and the procedures for the Executive Board's contacts with Sberbank's collective authorities.

1.2. The Executive Board is a collective executive body of Sberbank.

The Executive Board and the CEO (Sberbank's sole executive body) will be managing Sberbank's day-to-day operations.

1.3. Sberbank's executive bodies will be governed by federal laws, legal acts of the Russian Federation, regulations of the Central Bank, Charter (Charter) of Sberbank, decisions of Sberbank's general meetings and Supervisory Board as well as by this Regulation and other internal regulations.

1.4. The CEO and the Executive Board will be reporting to Sberbank's Supervisory Board (Supervisory Board) and general meetings.

## **2. The procedure for establishment and the tenure of the Executive Board**

2.1. The CEO will be elected by the Supervisory Board.

The Supervisory Board will decide on the number of seats and the specific candidates to the Executive Board as well as on the elections to the Executive Board. The Supervisory Board will nominate the members to the Executive Board on recommendation from the CEO.

2.2. Candidates for the CEO and to the Executive Board must meet the requirements set out by federal laws and Central Bank regulations adopted in accordance with the said laws.

Candidates for the CEO and to the Executive Board must be agreed with the Central Bank in due course.

2.3. The rights and duties of the CEO and Executive Board members in managing Sberbank's day-to-day business will be subject to Russian law, Charter and the contracts made by each one of them with Sberbank on the terms established by the Supervisory Board (a standard contract).

The contract with the CEO will be signed on behalf of Sberbank by the Chairman of the Supervisory Board (Chairman) or any other individual authorised by the Chairman. The contracts with Executive Board members will be signed by the CEO.

2.4. The size of remuneration and compensation payable to the CEO and Board members will be subject to the decision of the Supervisory Board.

2.5. The Supervisory Board may at any time decide on an early termination of powers of the CEO and Executive Board members.

The CEO's powers will be deemed terminated on the date given in the Supervisory Board decision or, if no such date has been given, from the date when the Supervisory Board made that decision.

2.6. The termination of Executive Board member's powers will not result in the dismissal from his/her position at Sberbank.

2.7. If the number of Executive Board members falls below the quorum required by this Regulation for a Executive Board meeting, the Supervisory Board must establish a new Executive Board.

2.8. Neither the CEO nor Executive Board members may fill vacancies at any other credit or insurance companies or professional players on the security market or any other entities that engage in the leasing business or are Sberbank's affiliated companies.

The CEO and Executive Board members may combine offices in the management bodies of other entities

only subject to the Supervisory Board's approval.

The restrictions imposed by this Clause will not extend to the membership of the CEO and Executive Board members in the boards of directors or supervisory boards of other entities.

### **3. The remit of the Board**

3.1. The key objectives of the Executive Board are to ensure the compliance with the decisions of general meetings and Supervisory Board; to deliver the Development Strategy of Sberbank; to pursue a policy focused on enhancing Sberbank's competitiveness and profitability; to ensure the sustainability of Sberbank's financial and economic standing; to safeguard the rights of shareholders; to ensure the efficiency of shareholders' investments; to honour obligations to customers and to enhance the quality of service.

3.2. The Executive Board's remit includes decision-making on the issues set forth in the Charter, except for any issues that the Federal Law on Joint Stock Companies and the Charter refer exclusively to general meetings and the Supervisory Board.

3.3. The Executive Board:

- 1) Preliminarily reviews all the issues to be addressed by the general meeting and Supervisory Board, including annual reports and annual accounts; develops the drafts of the appropriate decisions and arranges that these decisions are implemented
- 2) Reviews the performance reports submitted by the managers of Central Head Office departments and of Regional Head Offices for the appropriate periods and in specific banking business areas
- 3) Formulates Sberbank's policy in risk management; arranges that it is efficiently implemented; arranges risk management procedures at Sberbank and identifies the units responsible for the management of specific types of risks
- 4) Arranges the implementation of the most advanced banking technologies at Sberbank departments; implements projects for integrated automation of banking operations, and arranges that the Bank has in place an up-to-date banking infrastructure

- 5) Arranges and takes action to streamline the operations of the branch network and other stand-alone units of Sberbank and makes decisions to change the status or names of branches
- 6) Reviews and makes decisions on the Bank's participating or ceasing to participate in other organisations, except in financial and industrial groups, associations and other commercial alliances
- 7) Approves interest rates for retail deposits
- 8) Reviews the status of reporting and internal control at Sberbank, hears reports from branch and other stand-alone unit managers on the audit of their operations and makes decisions on such issues
- 9) Controls the compliance with federal laws and other regulations by Bank departments
- 10) Institutes a remuneration system at Sberbank
- 11) Approves nominations for chairmen of regional banks, reviews the issues related to their dismissal; reviews the proposals to award the best employees Government decorations
- 12) Approves internal documents regulating Sberbank's day-to-day business, including the documents that formulate Sberbank's policy in various business sectors, risk management and proceedings of the Sberbank's collective bodies, except for those internal documents that are referred to the general meeting and Supervisory Board
- 13) Establishes collective working bodies, including boards and committees; determines their remits and approves the appropriate regulations, including regulations for approving internal documentation that sets forth the rules and procedures for banking and other operations as well as for contacts between Central Head Office units and Sberbank branches
- 14) Approves regulations for Sberbank's branches and representative offices
- 15) Makes decisions to institute temporary administration or appoint an authorised Sberbank representative to administer a specific branch / regional bank or sub-branch

16) Reviews requests for any deals that exceed the limit that the Board has set on the CEO or Deputy Chairmen of the Board

17) Reviews and makes decisions on other issues related to Sberbank's business.

3.4. In addition to the activities listed in Clause 3.3., which the Charter refers exclusively to the Executive Board, the Executive Board:

- 1) Reviews and approves Sberbank's Development Strategy for further approval by the Supervisory Board and monitors the compliance with the said Strategy
- 2) Approves and monitors the compliance with Sberbank's business plan and budget (including regular reports from managers of Sberbank's departments)
- 3) Determines Sberbank's policies for the key business lines, including credit, interest, pricing and bank process management policies
- 4) Determines the structure of Sberbank's collective bodies
- 5) Approves the monitoring results on Sberbank's sensitivity to risks as well as limitations by risk type and recommendations on the applicable risk levels
- 6) Makes decisions on Sberbank's participation in law- and rule-making activities
- 7) Sets thresholds for CEO's and his/her Deputies' independent decisions to make deals on behalf of Sberbank
- 8) Makes decisions on Sberbank's charity, sponsorship and other non-commercial activities
- 9) Makes decisions on other issues required for Sberbank to meet its objectives and to arrange its business under the Charter and internal regulations.

#### **4. CEO**

4.1. The CEO will manage Sberbank's day-to-day business.

4.2. The CEO will be elected and dismissed by the Supervisory Board.

The CEO's term of office under the Charter is 4 years.

The Supervisory Board may at any time decide on an early termination of CEO's powers.

4.3. An individual elected as the CEO may be re-elected without limitation.

4.4. The CEO ensures the compliance with the decisions of general meetings and Supervisory Board; arranges the proceedings of the Executive Board; allocates the duties amongst Executive Board members; chairs the meetings of the Executive Board; signs the minutes of meetings and the decisions made by the Executive Board and addresses other issues stipulated by the Charter and this Regulation.

4.5. If the CEO is temporarily absent, a deputy or a senior vice president appointed by a CEO memorandum will act for the CEO.

The individual acting for the CEO will have all the rights and duties that the Charter and this Regulation confer on the CEO unless the relevant memorandum from the CEO provides otherwise.

4.6. The remit of the CEO as Sberbank's sole executive body will be subject to the Charter.

## **5. Procedure for decision-making by the Board**

5.1. The Executive Board will work at Executive Board meetings. The holding of such meetings will be governed by this Regulation and the Executive Board Meeting Rules.

5.2. The quorum for a Executive Board meeting is at least two thirds of the established membership of the Board.

5.3. A Executive Board will be deemed to have made a decision if it has been voted for by more than a half of the total number of approved Executive Board members.

5.4. Executive Board decisions will be mandatory for all Sberbank staff.

## **6. Responsibility of the CEO**

6.1. The CEO and Executive Board members exercising their rights / fulfilling their obligations must act in the interests of Sberbank and exercise their rights / fulfil their obligations to Sberbank in good faith and in a reasonable manner.

6.2. The Executive Board members must attend Executive Board meetings in person and may not transfer their voting rights to any person.

6.3. While exercising their authorities, the Executive Board members:

- 1) Must act in compliance with Russian law, Central Bank regulations, Charter and internal regulations
- 2) Must not assume any obligations or take any actions that might result in a conflict of interest for shareholders, lenders, depositors and other Sberbank customers
- 2) Must not disclose any confidential information on Sberbank's business that may have come to their knowledge or any other information which constitutes a commercial or banking secret of Sberbank, including customer or correspondent operations, accounts or deposits
- 3) Must not use or permit the use of, their office or any information on Sberbank's business in their personal interests.

6.6. The CEO and Executive Board members will be liable:

- To Sberbank, for any losses inflicted on Sberbank by their culpable action or inaction unless the federal stipulates other grounds for liability
- To Sberbank and shareholders, for any losses inflicted on Sberbank by their culpable action or inaction resulting in a breach of Sberbank shares purchasing procedures stipulated by Federal Law on Joint Stock Companies dated 26 December 1995 No 208-FZ.

Those Executive Board members who voted against a loss-making decision for Sberbank or its shareholders or those who did not take part in the voting will not be held liable.

6.7. If several Executive Board members are made liable, they will bear joint liability to Sberbank or Sberbank's shareholders under Russian law.

## **7. Executive Board's contacts with Sberbank's collective working bodies**

7.1. The Executive Board may decide to establish collective working bodies (such as committees, commissions or boards) of which the Executive Board members and/or managers of Sberbank's departments will be members. Such bodies will not have the status of executive bodies and will make decisions on specific issues of Sberbank's business, including the preparation or preliminary review of any issues in the remit of the Board, approval of internal regulations on the rules and procedures for banking operations and deals or liaison between Sberbank Central Head Office units and Sberbank branches.

7.2. The Executive Board may decide to delegate any issues in the remit of the Executive Board to collective working bodies, to the exception of those issues that the law or Charter refers exclusively to the Executive Board.

7.3. The Executive Board may decide<sup>1</sup> to include any individuals who are not Sberbank employees in Sberbank's collective working bodies.

Members of Sberbank's collective working bodies who are not Sberbank employees will be liable under the law for disclosing any confidential information they may have received in the course of membership in the relevant bodies.

---

<sup>1</sup> This decision will be made at the time of approving the regulation on the relevant body, by adding a proviso that individuals who are not Sberbank employees may be members of that body.