# Annual accounting (financial) statements of Sberbank for 2019

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## 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 annual accounting (financial) statements present fairly, in all material respects, the financial position of Sberbank of Russia (the "Bank") as at 1 January 2020, and its financial performance and its cash flows for the year 2019 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 2019;
- the income statement (disclosure form) for the year 2019;
- the attachments to the balance sheet and the income statement:
  - the statement of capital adequacy level to cover risks (disclosure form) as of 1 January 2020;
  - the statement of changes in equity of credit institution (disclosure form) as of 1 January 2020;
  - information on statutory ratios, the financial leverage ratio and the short-term liquidity ratio (disclosure form) as of 1 January 2020;
  - the cash flows statement (disclosure form) as of 1 January 2020;
- 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 Ethics Standards Board for Accountants' Code of Ethics for Professional 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 for consistency with the requirements of the Regulation No. 605-P. |

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| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| The allowance for ECL represents management's estimate of 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").<br><br>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.<br><br>The explanatory information to the annual accounting (financial) statements (paragraphs 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. | 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.<br><br>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.<br><br>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 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. |
| **Provisions for possible losses on loans, loan and similar indebtedness** | |
| We focused on this matter due to 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.<br><br>The provisions represent losses on loans, loan and similar indebtedness (together – the "loans") as at the reporting date as assessed by the 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"). | We assessed the key methodologies used by the Bank for calculation of the provisions for consistency with the requirements of the Regulation No. 590-P.<br><br>We assessed and tested (on a sample basis) the design and operating effectiveness of the controls over calculation of the provisions and 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. |

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| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| 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 comprehensive analysis of the borrower's operations taking into account its financial position, quality of debt servicing, security and other significant factors.<br><br>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.<br><br>The explanatory information to the annual accounting (financial) statements (paragraphs 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. | 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.<br><br>We assessed 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 requirements of the Regulation No. 590-P and with our own knowledge of other practices and actual experience.<br><br>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").<br><br>The loans are valued at fair value by management in accordance with methodologies of the Bank based on the Regulation No. 605-P.<br><br>The loans are valued at fair value using complex valuation models incorporating unobservable inputs (Level 3 of the fair value hierarchy), including those reflecting impact of credit quality of customers, interest rate curves and implied volatility.<br><br>The explanatory information to the annual accounting (financial) statements (paragraphs 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. | Our internal valuation experts assessed the key methodologies, formulas and sources of information used by the Bank for the valuation for consistency with the requirements of the Regulation No. 605-P.<br><br>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 calculations, and various analytical and other procedures. |

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## 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 2020 (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 Russian Federation regulations for preparation of the annual accounting (financial) statements by credit institutions, 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.

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- 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, related safeguards.

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.

## 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 2019:

- compliance of the Bank as at 1 January 2020 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.

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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 2020 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, its financial position as at 1 January 2020, and its financial performance and its cash flows for the year 2019 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 2020 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 2020 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 2020 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 2019 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 2020 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 2019, 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.

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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.

10 March 2020
Moscow, Russian Federation

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

Audited entity: Sbierbank of Russia

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

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 2019**

**of the credit institution: Sberbank of Russia**
**Sberbank**
**Address (location) of the credit institution 19 Vavilova St., Moscow 117997**

Form code under OKUD 0409806
Quarterly (Annual)

| Line number | Item | Note number | Figures for the reporting period, thous. RUB | Figures for the previous reporting year, thous. RUB |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| | I. ASSETS | | | |
| 1 | Cash and cash equivalents | 4.1 | 661 646 552 | 688 903 726 |
| 2 | Funds of the credit institution held in the Central Bank of the Russian Federation | 4.1 | 1 159 646 494 | 865 071 195 |
| 2.1 | Mandatory cash balances | 4.1 | 202 846 037 | 187 877 682 |
| 3 | Due from credit institutions | 4.1 | 152 801 902 | 406 318 847 |
| 4 | Financial assets at fair value through profit or loss | 4.2 | 1 598 098 775 | 198 280 654 |
| 5 | Net loans and advances to customers at amortized cost | 4.3 | 19 212 927 847 | |
| 5a | Net loans and advances to customers | 4.3 | X | 20 142 853 304 |
| 6 | Net investments in financial assets at fair value through other comprehensive income | 4.4 | 2 494 251 907 | |
| 6a | Net investments in securities and other financial assets available for sale | 4.4 | X | 2 162 984 958 |
| 7 | Net investments in securities and other financial assets at amortized cost (except for advances to customers) | 4.4 | 705 673 503 | |
| 7a | Net investments in securities held-to-maturity | 4.4 | X | 695 703 652 |
| 8 | Investments in subsidiaries and associates | 4.4 | 752 029 142 | 803 429 663 |
| 9 | Income tax receivables | | 10 366 912 | 17 250 172 |
| 10 | Deferred tax asset | | 21 833 945 | 21 930 576 |
| 11 | Premises, equipment and intangible assets | 4.5 | 501 235 660 | 500 047 693 |
| 12 | Non-current assets available for sale | | 16 637 878 | 9 406 429 |
| 13 | Other assets | 4.6 | 296 945 247 | 387 749 066 |
| 14 | Total assets | | 27 584 095 764 | 26 899 929 935 |
| | II. LIABILITIES | | | |
| 15 | Loans, deposits, and other funds of the Central Bank of the Russian Federation | | 537 820 585 | 567 221 798 |
| 16 | Due to customers at amortized cost | 4.7 | 21 187 151 077 | 21 479 971 565 |
| 16.1 | due to credit institutions | 4.7 | 348 502 453 | 989 893 489 |
| 16.2 | due to customers other than credit institutions | 4.7 | 20 838 648 624 | 20 490 078 076 |
| 16.2.1 | due to individuals, including individual entrepreneurs | | 13 635 770 161 | 12 911 175 956 |
| 17 | Financial liabilities at fair value through profit or loss | 4.8 | 602 127 713 | 133 852 197 |
| 17.1 | due to individuals, including individual entrepreneurs | | 106 423 365 | |
| 18 | Debt securities in issue | 4.9 | 667 825 799 | 538 280 337 |
| 18.1 | at fair value through profit or loss | | 0 | |
| 18.2 | at amortized cost | | 667 825 799 | 538 280 337 |
| 19 | Income tax payables | | 3 499 462 | 1 678 302 |
| 20 | Deferred tax liability | | 0 | 0 |
| 21 | Other liabilities | 4.10 | 144 399 046 | 319 358 404 |
| 22 | Provision for possible losses from credit related contingencies, other possible losses and transactions with offshore residents | 4.13 | 36 449 328 | 59 271 263 |
| 23 | Total liabilities | | 23 179 273 010 | 23 099 633 866 |
| | III. EQUITY | | | |
| 24 | Share capital | 4.11 | 67 760 844 | 67 760 844 |
| 25 | Treasury shares (interest) redeemed from shareholders (members) | | 0 | 0 |
| 26 | Share premium | | 228 054 226 | 228 054 226 |
| 27 | Reserve fund | | 3 527 429 | 3 527 429 |
| 28 | Revaluation of financial assets at fair value through other comprehensive income net of tax | | 89 925 667 | -11 998 855 |
| 29 | Revaluation of fixed assets and intangible assets net of tax | | 25 697 001 | 34 547 801 |
| 30 | Revaluation of liabilities (claims) for payment of long-term remunerations | | -936 762 | -706 118 |
| 31 | Revaluation of hedging instruments | | 0 | 0 |
| 32 | Grants and subsidies (contributions to assets) | | 0 | 0 |
| 33 | Change in the financial liability's fair value resulting from a change in the credit risk | | 0 | |
| 34 | Expected credit loss | 4.4 | 4 052 398 | |
| 35 | Retained earnings (loss) | | 3 986 741 951 | 3 479 110 742 |
| 36 | Total equity | | 4 404 822 754 | 3 800 296 069 |
| | IV. OFF-BALANCE LIABILITIES | | | |
| 37 | Irrevocable liabilities of the credit institution | | 15 979 456 233 | 14 043 679 980 |
| 38 | Guarantees and sureties issued by the credit institution | | 1 597 667 044 | 1 483 669 611 |
| 39 | Non-credit related contingent liabilities | | 0 | 142 841 |

**Acting President of Sberbank** **A. Vedyakhin** ________________
(Full Name) (Signature)

**Senior Managing Director, Chief Accountant –**
**Head of the Accounting and Reporting Department**
**of Sberbank** L.S.
**A. Minenko** ________________
(Full Name) (Signature)

Bank Reporting

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

# INCOME STATEMENT
## (disclosure form)
**for the year 2019**

**of the credit institution: Sberbank of Russia**
**Sberbank**
**Address (location) of the credit institution 19 Vavilova St., Moscow 117997**

Form code under OKUD 0409807

Quarterly (Annual)

Section 1. Profits and losses

| Line number | Item | Note number | Figures for the reporting period, thous. RUB | Figures for the same period of the previous year, thous. RUB<1> |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| 1 | Interest income, total, including: | 5.1 | 2 245 115 531 | 2 093 457 717 |
| 1.1 | From deposits and loans to credit institutions | | 126 383 467 | 107 840 803 |
| 1.2 | From loans and advances to customers other than credit institutions | | 1 904 353 380 | 1 800 141 892 |
| 1.3 | From services related to leasing | | 0 | 0 |
| 1.4 | From investments in securities | | 214 378 684 | 185 475 022 |
| 2 | Interest expenses, total, including: | 5.2 | 899 637 220 | 727 320 975 |
| 2.1 | On due to credit institutions | | 70 089 925 | 64 414 590 |
| 2.2 | On due to customers other than credit institutions | | 792 135 920 | 626 811 855 |
| 2.3 | On debt securities in issue | | 37 411 375 | 36 094 530 |
| 3 | Net interest income (negative interest margin) | | 1 345 478 311 | 1 366 136 742 |
| 4 | Total provision charge and expected credit loss for loans and advances, balances on correspondent accounts and accrued interest income, including: | 9.2 | -177 720 915 | -189 388 369 |
| 4.1 | Provision charge and expected credit loss for accrued interest income | | -11 962 421 | -4 867 260 |
| 5 | Net interest income (negative interest margin) net of provision | | 1 167 757 396 | 1 176 748 373 |
| 6 | Net income from operations with financial assets at fair value through profit or loss | | -903 839 | 68 790 128 |
| 7 | Net income from operations with financial liabilities at fair value through profit or loss | | 0 | 0 |
| 8 | Net income from operations with investment securities at fair value through other comprehensive income | | 10 394 819 | |
| 8a | Net income from operations with investment securities available for sale | | X | 4 940 658 |
| 9 | Net income from operations with investment securities at amortized cost | | -103 833 | |
| 9a | Net income from operations with investment securities held-to-maturity | | X | 218 545 |
| 10 | Net income from operations with foreign currencies | | 50 341 088 | 20 854 480 |
| 11 | Net income from foreign exchange translation | 5.3 | -20 359 099 | 6 163 022 |
| 12 | Net income from operations with precious metals | | 6 384 871 | -2 104 360 |
| 13 | Income from other equity participation | | 72 417 775 | 31 515 087 |
| 14 | Fee and commission income | 5.4 | 639 408 087 | 514 912 348 |
| 15 | Fee and commission expense | 5.4 | 133 087 388 | 81 830 128 |
| 16 | Provision charge and expected credit loss for investment securities at fair value through other comprehensive income | 9.2 | 3 612 978 | |
| 16a | Provision charge for investment securities available for sale | | X | 0 |
| 17 | Provision charge and expected credit loss for investment securities at amortized cost | 9.2 | 1 700 927 | |
| 17a | Provision charge for investment securities held-to-maturity | | X | 1 498 123 |
| 18 | Provision charge for other losses | | -22 000 437 | -44 298 264 |
| 19 | Other net operating income | | 110 488 421 | 65 103 351 |
| 20 | Net income (expenses) | | 1 886 051 766 | 1 762 511 363 |
| 21 | Operating expenses | 5.5 | 788 410 966 | 760 240 210 |
| 22 | Profit (loss) before tax | | 1 097 640 800 | 1 002 271 153 |
| 23 | Tax compensation (expenses) | 5.6 | 241 395 672 | 220 089 137 |
| 24 | Profit (loss) from continuing operations | | 856 879 191 | 782 651 154 |
| 25 | Profit (loss) from discontinued operations | | -634 063 | -469 138 |
| 26 | Profit (loss) for the reporting period | 3.2 | 856 245 128 | 782 182 016 |

Section 2. Other comprehensive income

| Line number | Item | Note number | Figures for the reporting period, thous. RUB | Figures for the same period of the previous year, thous. RUB<1> |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| 1 | Profit (loss) for the reporting period | 3.2 | 856 245 128 | 782 182 016 |
| 2 | Other comprehensive income (loss) | | 0 | 0 |
| 3 | Items that will not be reclassified into profit or loss, total, including: | | -12 316 520 | -8 417 605 |
| 3.1 | Change in the fixed assets and intangible assets revaluation fund | | -12 085 876 | -7 729 469 |
| 3.2 | Change in remeasurement fund of defined contribution pension plan | | -230 644 | -688 136 |
| 4 | Income tax related to items that may not be reclassified into profit or loss | | -3 235 076 | -2 343 306 |
| 5 | Other comprehensive income (loss) that may not be reclassified into profit or loss, net of tax | | -9 081 444 | -6 074 299 |
| 6 | Items that may be reclassified into profit or loss, total, including: | | 132 471 151 | -83 332 847 |
| 6.1 | Change in revaluation of financial assets at fair value through other comprehensive income | | 132 471 151 | |
| 6.1a | Change in revaluation of financial assets available for sale | | X | -83 332 847 |
| 6.2 | Change in revaluation of financial liabilities at fair value through profit or | | 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 | | 26 494 230 | -16 666 569 |
| 8 | Other comprehensive income (loss) that may be reclassified into profit or loss, net of income tax | | 105 976 921 | -66 666 278 |
| 9 | Other comprehensive income (loss), net of tax | | 96 895 477 | -72 740 577 |
| 10 | Total comprehensive income for the reporting period | | 953 140 605 | 709 441 439 |

**<1> -** unaudited data

**Acting President of Sberbank** **A. Vedyakhin** ____________
(Full Name) (Signature)

**Senior Managing Director, Chief Accountant –**
**Head of the Accounting and Reporting Department**
**of Sberbank** **A. Minenko** ____________ L.S.
(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 LEVEL TO COVER RISKS
## (disclosure form)
## as of 1 January 2020

**of the credit institution: Sberbank of Russia**
**Sberbank**
**Address (location) of the credit institution 19 Vavilova St., Moscow 117997**

Form code under OKUD 0409808
Quarterly (Annual)

Section 1. Information on the level of capital adequacy

| Line number | 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 | Share 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 | Preference shares | | 0 | 0 | |
| 2 | Retained earnings (loss): | | 3 262 228 821 | 3 121 738 432 | 35 |
| 2.1 | of previous years | | 3 066 058 621 | 2 751 596 148 | 35 |
| 2.2 | of the reporting year | | 196 170 200 | 370 142 284 | 35 |
| 3 | Reserve fund | | 3 527 429 | 3 527 429 | 27 |
| 4 | Fraction of share 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) | | 3 502 521 320 | 3 362 030 931 | |
| Items decreasing the sources of core capital | | | | | |
| 7 | Financial instrument value adjustment | | 0 | 0 | |
| 8 | Goodwill net of tax | | 0 | 0 | |
| 9 | Intangible assets (except for goodwill and amounts related to rights for mortgage loan servicing), net of tax | | 108 548 633 | 89 389 636 | 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 | | not applicable | not applicable | |
| 15 | Assets of defined contribution pension plan | | not applicable | not applicable | |
| 16 | Investments in treasury shares | | 0 | 0 | |
| 17 | Counter investments of the credit institution and financial organization in core capital instruments | | 21 229 172 | 12 762 996 | |
| 18 | Non-material investments in core capital instruments of financial institutions | | 0 | 0 | |
| 19 | Material investments in core capital instruments of financial institutions | | 0 | 82 072 457 | 8 |
| 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 income | | 0 | 0 | |
| 26 | Other items reducing the sources of core capital established by the Bank of Russia | | 72 788 474 | 0 | |
| 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) | | 202 566 279 | 184 225 089 | |
| 29 | Core capital, total (line 6 – line 28) | | 3 299 955 041 | 3 177 805 842 | |
| Sources of additional capital | | | | | |
| 30 | Additional capital instruments and share premium, total, including: | | 0 | 0 | |
| 31 | those classified as capital | | 0 | 0 | |
| 32 | those classified as liabilities | | 0 | 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) | | 0 | 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) | | 0 | 0 | |
| 45 | Fixed capital, total (line 29 + line 44) | | 3 299 955 041 | 3 177 805 842 | |
| Sources of supplementary capital | | | | | |
| 46 | Supplementary capital instruments and share premium | | 819 603 294 | 590 207 581 | 16.2, 24, 29, 35 |
| 47 | Supplementary capital instruments subject to gradual exclusion from the calculation of equity (capital) | | 369 652 520 | 496 203 360 | 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 | | 110 959 952 | 97 821 328 | |
| 51 | Sources of supplementary capital, total (line 46 + line 47 + line 48 + line 50) | | 1 300 215 766 | 1 184 232 269 | |
| 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 institutions | | 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 | | 32 230 379 | 118 259 228 | 8 |
| 56 | Other items reducing the sources of supplementary capital established by the Bank of Russia, total, including: | | 18 237 | 17 077 | 13 |
| 56.1 | Accounts receivable overdue for more than 30 calendar days | | 18 237 | 17 077 | 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 construction 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 decreasing the sources of supplementary capital, total (sum of lines from 52 to 56) | | 32 248 616 | 118 276 305 | |
| 58 | Supplementary capital, total (line 51 – line 57) | | 1 267 967 150 | 1 065 955 964 | |
| 59 | Equity (capital), total (line 45 + line 58) | 3.1 | 4 567 922 191 | 4 243 761 806 | |
| 60 | Risk-weighted assets: | | X | X | X |
| 60.1 | those necessary for defining core capital adequacy | | 31 399 032 442 | 28 599 628 790 | |
| 60.2 | those necessary for defining fixed capital adequacy | | 31 399 032 442 | 28 599 628 790 | |
| 60.3 | those necessary for defining the equity (capital) adequacy | 7.5 | 31 469 505 611 | 28 595 556 245 | |
| Equity (capital) adequacy ratio and buffers on equity (capital) adequacy ratio requirements, percentage | | | | | |
| 61 | Core capital adequacy (line 29 : line 60.1) | | 10.5 | 11.1 | |
| 62 | Fixed capital adequacy (line 45 : line 60.2) | | 10.5 | 11.1 | |
| 63 | Equity (capital) adequacy (line 59 : line 60.3) | | 14.5 | 14.8 | |
| 64 | Core capital adequacy ratio buffers, 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 | | 10.5 | 11.1 | |
| 70 | Fixed capital adequacy ratio | | 10.5 | 11.1 | |
| 71 | Equity (capital) adequacy ratio | | 14.5 | 14.8 | |
| Items not exceeding the applicable materiality thresholds and not accepted for the reduction of sources of capital | | | | | |
| 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 | | 249 051 668 | 325 987 830 | 8 |
| 74 | Rights for mortgage loan servicing | | not applicable | not applicable | |
| 75 | Deferred tax assets independent of future income | | 50 463 662 | 21 930 576 | 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 | | 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 balance sheet that is the source for Section 1 of the Report is given in Table N 1.1 of Section I "Information on the Structure of Equity (Capital)". Information on the applicable risk and capital management procedures, which will be disclosed on the website (www.sberbank.com) within the timeline established by Bank of Russia (Directive No. 4983-U dated November 27, 2018, "On Forms, procedure and timelines for credit Institutions to disclose Information on their activities").

Section 4. Key characteristics of capital instruments

| Line number | 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 | Abbreviated company name of the capital instrument issuer | Sberbank | Sberbank | Bank of Russia | Bank of Russia | Bank of Russia | SB CAPITAL S.A. | SB CAPITAL S.A. | Pension Savings MC LLC |
| 2 | Capital instrument identification number | 10301481B; RU0009029540 | 20301481B; RU0009029557 | Subordinated Loan Agreement of the Bank of Russia No. 13/1 dated 17 October 2008 (including addendums No. 1 and No. 2) | Subordinated Loan Agreement of the Bank of Russia No. 13/2 dated 5 November 2008 (including addendums No. 1 and No. 2) | Subordinated Loan Agreement of the Bank of Russia No. 13/4 dated 16 June 2014 (including addendum No. 1) | XS0848530977 | XS0935311240 | 40701481B |
| 3 | Law applicable to capital instruments: Country code | 643 | 643 | 643 | 643 | 643 | 442 | 442 | 643 |
| 3a | Law applicable to capital instruments: Country name | Russia | Russia | Russia | Russia | Russia | Luxembourg | Luxembourg | Russia |
| | 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 | supplementary capital | supplementary capital | supplementary capital | supplementary capital |
| 5 | Capital level in which the capital instrument is included after the Basel III transitional period | core capital | does not comply | supplementary capital | supplementary capital | supplementary capital | does not comply | supplementary capital | 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 |
| 7 | Instrument type | ordinary shares | preferable shares | subordinated loan (deposit) | subordinated loan (deposit) | subordinated loan (deposit) | subordinated bond loan | subordinated bond loan | subordinated bond loan |
| 8 | Cost of the instrument included in the capital calculation | 64 760 844.00 | 2 965 000.00 | 75 000 000.00 | 75 000 000.00 | 200 000 000.00 | 19 637 520.00 | 33 373 877.00 | 18 500 000.00 |
| 9 | Instrument nominal value | 0.003; Russian ruble | 0.003; Russian ruble | 150,000,000.00; Russian ruble | 150,000,000.00; Russian ruble | 200,000,000.00; Russian ruble | 1.00; USD | 1.00; USD | 1.00; Russian ruble |
| 10 | Capital instrument classification for accounting purposes | share capital | share capital | a liability recorded at the book value | a liability recorded at the book value | a liability recorded at the book value | a liability recorded at the depreciated value | a liability recorded at the book value | a liability recorded at the book value |
| 11 | Instrument issue (attraction, placement) date | 11.07.2007 | 11.07.2007 | 25.03.2015 | 25.03.2015 | 25.03.2015 | 12.11.2012 | 10.06.2013 | 02.11.2015 |
| 12 | Maturity period for the instrument | no maturity period | no maturity period | has maturity period | has maturity period | has maturity period | has maturity period | has maturity period | has maturity period |
| 13 | Instrument repayment date | without limitation | without limitation | 20.10.2058 | 06.11.2058 | 18.06.2064 | 29.10.2022 | 23.05.2023 | 02.01.2026 |
| 14 | Right to early redemption (repayment) of the instrument agreed on with the Bank of Russia | none | none | yes | yes | yes | yes | yes | none |
| 15 | Initial date (dates) for possible exercise of the early redemption (repayment) right, 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 | 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 law 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 law or the requirements of the authorized supervisory body which substantially deteriorate the issue terms for the parties to the agreement | the first date of exercise of the early call-at-par right — 14 December 2020 upon the consent of the BR; additional possibility of early repayment of an instrument at par upon the consent of the BR related to changes in the requirements of the authorized supervisory body substantially deteriorating 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 | not applicable | not applicable | not applicable | not applicable | starting from 14 February 2020, exercise of the early redemption right upon the consent of the Bank of Russia is possible on a daily basis |
| 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 | 0.05 | 0.05 | 0.12 |
| 19 | Presence of conditions for ceasing dividend payments on ordinary shares | not applicable | yes | yes | yes | yes | none | yes | none |
| 20 | Obligatoriness of dividend payment | 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) | payment is obligatory | 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) |
| 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 | Obligatoriness of conversion | 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 | Abbreviated 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 | yes | yes | yes | none | yes | yes |
| 31 | Instrument write-off terms | not applicable | not applicable | provided that payments to the Bank of Russia provide for grounds for taking bankruptcy prevention measures. Right of the Bank of Russia to demand write-off is provided for by the agreement and the law | provided that payments to the Bank of Russia provide for grounds for taking bankruptcy prevention measures. Right of the Bank of Russia to demand write-off is provided for by the agreement and the law | provided that payments to the Bank of Russia provide for grounds for taking bankruptcy prevention measures. Right of the Bank of Russia to demand write-off is provided for by the agreement and the law | not applicable | if R1.1 of the Bank is less than 2% as of 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 | R1.1 ratio, calculated by the co-issuer in accordance with the BR Instruction No. 139-I, is less than 2% in total for 6 and > operating days during the period of any/30 successive operating days, or CBS of the BR approves the participation plan of DIA regarding bankruptcy prevention actions, the right of the BR to request write-off provided for by the agreement and the law |
| 32 | Partial or full write-off | not applicable | not applicable | partially or in full | partially or in full | partially or in full | not applicable | partially or in full | partially or in full |
| 33 | Permanent or temporary write-off | not applicable | not applicable | permanent | permanent | permanent | not applicable | permanent | 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 | none | none | none | none | none | yes | yes |
| 37 | Description of discrepancies | not applicable | no loss absorption condition | no loss absorption condition | no loss absorption condition | no loss absorption condition | no loss absorption condition | not applicable | 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.

**Acting President of Sberbank** **A. Vedyakhin** ____________________
(Full Name) (Signature)

**Senior Managing Director, Chief Accountant –**
**Head of the Accounting and Reporting Department**
**of Sberbank** **A. Minenko** ________________ L.S.
(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 EGUITY OF CREDIT INSTITUTION**
**(disclosure form)**
**as of 1 January 2020**

**of the credit institution: Sberbank of Russia**
**Sberbank**
**Address (location) of the credit institution 19 Vavilova St., Moscow 117997**

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

| Line number | Item | Note number | Share capital | Treasury shares (interest) redeemed from shareholders (members) | Share premium | Revaluation of securities available for sale net of tax | Revaluation of fixed assets and intangible assets net of tax | Increase (reduction) in liabilities (claims) for the payment of long-term employee remuneration upon termination of labor activity in case of revaluation | Revaluation of hedging instruments | Reserve fund | Grants and subsidies financing (contributions to assets) | Change in the financial liability's fair value resulting from a change in the credit risk | Expected credit loss | Retained earnings (loss) | Equity, 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 | 54 667 423 | 39 933 964 | -17 982 | | 3 527 429 | | | | 2 965 221 828 | 3 359 147 732 |
| 2 | Influence of changes in accounting of policy | | | | | | | | | | | | | | 0 |
| 3 | Effect of correction of errors | | | | | | | | | | | | | | 0 |
| 4 | Figures at the beginning of the previous year (corrected) | | 67 760 844 | | 228 054 226 | 54 667 423 | 39 933 964 | -17 982 | | 3 527 429 | | | | 2 965 221 828 | 3 359 147 732 |
| 5 | Total comprehensive income for the previous reporting period<1> | | | | | -66 666 278 | -2 666 327 | -688 136 | | | | | | 782 182 016 | 712 161 275 |
| 5.1 | Profit (loss) | | | | | | | | | | | | | 782 182 016 | 782 182 016 |
| 5.2 | Other comprehensive income | | | | | -66 666 278 | -2 666 327 | -688 136 | | | | | | | -70 020 741 |
| 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 <1> | | | | | | -2 719 836 | | | | | | | 2 719 836 | 0 |
| 9 | Announced dividends and other payments for the benefit of shareholders (participants): | 4.12 | | | | | | | | | | | | -271 043 376 | -271 043 376 |
| 9.1 | On ordinary shares | | | | | | | | | | | | | -259 043 376 | -259 043 376 |
| 9.2 | On preference shares | | | | | | | | | | | | | -12 000 000 | -12 000 000 |
| 10 | Other fees of shareholders (participants) and distribution to shareholders (participants) | | | | | | | | | | | | | | 0 |
| 11 | Other movements | | | | | | | | | | | | | 30 438 | 30 438 |
| 12 | Figures for the same reporting period of the previous year <1> | | 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 |
| 13 | Figures at the beginning of the reporting 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 |
| 14 | Influence of changes in accounting policy | 17.4 | | | | -8 955 304 | | | | | | | 7 665 366 | 8 123 090 | 6 833 152 |
| 15 | Effect of correction of errors | | | | | | | | | | | | | | 0 |
| 16 | Figures at the beginning of the reporting 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 |
| 17 | Total comprehensive income for the reporting period: | | | | | 110 879 826 | -4 324 992 | -230 644 | | | | | -3 612 968 | 856 245 128 | 958 956 350 |
| 17.1 | Profit (loss) | | | | | | | | | | | | | 856 245 128 | 856 245 128 |
| 17.2 | Other comprehensive income | | | | | 110 879 826 | -4 324 992 | -230 644 | | | | | -3 612 968 | | 102 711 222 |
| 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 | | | | | | -4 525 808 | | | | | | | 4 525 808 | 0 |
| 21 | Announced dividends and other payments for the benefit of shareholders (participants): | 4.12 | | | | | | | | | | | | -361 391 168 | -361 391 168 |
| 21.1 | On ordinary shares | | | | | | | | | | | | | -345 391 168 | -345 391 168 |
| 21.2 | On preference shares | | | | | | | | | | | | | -16 000 000 | -16 000 000 |
| 22 | Other fees of shareholders (participants) and distribution to shareholders (participants) | | | | | | | | | | | | | | 0 |
| 23 | Other movements | | | | | | | | | | | | | 128 351 | 128 351 |
| 24 | Figures for the reporting period | | 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 |

<1> - unaudited data

**Acting President of Sberbank** **A. Vedyakhin** ____________________
(Full Name) (Signature)

**Senior Managing Director, Chief Accountant –**
**Head of the Accounting and Reporting Department**
**of Sberbank** **A. Minenko** L.S.
(Full Name) (Signature)

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, THE FINANCIAL LEVERAGE RATIO**
**AND THE SHORT-TERM LIQUIDITY RATIO**
**(disclosure form)**
**as of 1 January 2020**

**of the credit institution: Sberbank of Russia**

**Sberbank**

**Address (location) of the credit institution 19 Vavilova St., Moscow 117997**

Form code under OKUD 0409813
Quarterly (Annual)

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

| Line number | Name of the indicator | Note number | Actual value: as of the reporting date | as of the date one quarter from the reporting date <1> | as of the date two quarters from the reporting date <1> | as of the date three quarters from the reporting date | as of the date four quarters from the reporting date |
|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| CAPITAL, thous. RUB | | | | | | | |
| 1 | Core capital | | 3 299 955 041 | 3 343 668 270 | 3 302 423 633 | 3 475 263 736 | 3 177 805 842 |
| 1a | Core capital with the full use of the expected credit losses model without taking into account the impact of transitional measures | | 3 348 109 832 | 3 382 788 622 | 3 345 456 021 | 3 487 132 651 | - |
| 2 | Fixed capital | | 3 299 955 041 | 3 343 668 270 | 3 302 423 633 | 3 475 263 736 | 3 177 805 842 |
| 2a | Fixed capital with the full use of the expected credit losses model | | 3 348 109 832 | 3 382 788 622 | 3 345 456 021 | 3 487 132 651 | - |
| 3 | Equity (capital) | 3.2 | 4 567 922 191 | 4 440 421 072 | 4 119 360 326 | 4 287 330 543 | 4 243 761 806 |
| 3a | Equity (capital) with the full use of the expected credit losses model | | 4 648 201 671 | 4 569 714 053 | 4 211 555 516 | 4 326 792 823 | - |
| RISK-WEIGHTED ASSETS, thous. RUB | | | | | | | |
| 4 | Risk-weighted assets | | 31 469 505 611 | 29 685 799 638 | 28 925 754 069 | 29 291 158 590 | 28 595 556 245 |
| CAPITAL ADEQUACY RATIOS, percentage | | | | | | | |
| 5 | Core capital adequacy ratio R1.1 | 10 | 10.5 | 11.3 | 11.4 | 11.9 | 11.1 |
| 5a | Core capital adequacy ratio with the full use of the expected credit losses model | | 10.7 | 11.4 | 11.5 | 11.9 | - |
| 6 | Fixed capital adequacy ratio R1.2 (R20.2) | 10 | 10.5 | 11.3 | 11.4 | 11.9 | 11.1 |
| 6a | Fixed capital adequacy ratio with the use of the expected credit losses model | | 10.7 | 11.4 | 11.5 | 11.9 | - |
| 7 | Equity (capital) adequacy ratio R1.0 (R1CCP, R1.3, R20.0) | 10 | 14.5 | 15.0 | 14.2 | 14.6 | 14.8 |
| 7a | Equity (capital) adequacy ratio with the full use of the expected credit losses model | | 14.8 | 15.3 | 14.5 | 14.7 | - |
| BUFFERS ON CORE CAPITAL (percentage from total risk-weighted assets), percentage | | | | | | | |
| 8 | Capital conservation buffer | | | | | | |
| 9 | Counter-cyclical buffer | | | | | | |
| 10 | Systemic importance buffer | | | | | | |
| 11 | Equity (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 | | 29 072 220 826 | 29 517 440 052 | 28 795 968 482 | 28 801 570 696 | 28 278 113 858 |
| 14 | Financial leverage ratio of the bank (R1.4), the banking group (R20.4), percentage | 10 | 11.4 | 11.3 | 11.5 | 12.1 | 11.2 |
| 14a | Financial leverage ratio with the full use of the expected credit losses model, percentage | | 11.5 | 11.4 | 11.6 | 12.2 | - |
| 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. RUB | | | | | | |
| 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 | | 161.9 | 163.8 | 186.8 | 229.0 | 185.8 |
| 22 | Current liquidity ratio R3 | | 229.2 | 289.3 | 250.5 | 246.7 | 232.1 |
| 23 | Long-term liquidity ratio R4 | | 57.1 | 58.1 | 59.6 | 62.8 | 64.0 |
| 24 | Ratio of the maximum extent of risk on single borrower or group of related borrowers R6 (R21) | | Maximum amount: 15.2; Number of violations: ; Duration: | Maximum amount: 14.6; Number of violations: ; Duration: | Maximum amount: 15.5; Number of violations: ; Duration: | Maximum amount: 16.5; Number of violations: ; Duration: | Maximum amount: 16.3; Number of violations: ; Duration: |
| 25 | Maximum major credit risks ratio R7 (R22) | | 83.8 | 97.4 | 112.1 | 108.1 | 113.4 |

| | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 26 | Aggregate risk ratio of insiders R10.1 | | 0.5 | | | 0.3 | | | 0.4 | | | 0.3 | | | 0.3 | | |
| 27 | Ratio of equity (capital) used for purchasing shares (interests) in other legal entities R12 (R23) | | 12.6 | | | 11.7 | | | 12.0 | | | 10.8 | | | 11.5 | | |
| 28 | Ratio of the maximum extent of risk on the person (group of persons) related to the bank | | Maximum amount | Number of violations | Duration | Maximum amount | Number of violations | Duration | Maximum amount | Number of violations | Duration | Maximum amount | Number of violations | Duration | Maximum amount | Number of violations | Duration |
| | R25 | | 8.6 | | | 8.9 | | | 8.0 | | | 8.4 | | | 8.2 | | |
| 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 | | | | | | | | | | | | | | | | |
| 33 | Liquidity ratio of a non-banking credit institution entitled to make transfers of funds without opening bank accounts and other related bank transactions | | | | | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | | | | | |
| 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 number | 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 | | 27 484 422 194 |
| 2 | Correction related to investments in the capital of credit, financial, insurance or other institutions, which have the reporting data 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 | | 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) | | -5 710 777 |
| 5 | Correction related to securities lending and borrowing | | -117 328 196 |
| 6 | Correction related to reducing credit-related contingencies to credit | | 1 909 386 492 |
| 7 | Other corrections | | 198 548 887 |
| 8 | Amount of balance sheet assets and off-balance-sheet liabilities at risk for calculating the financial leverage ratio, after corrections, total | | 29 072 220 826 |

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

| Line number | Name of the indicator | Note number | Amount, thous. RUB |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| | Balance sheet assets risk | | |
| 1 | Balance sheet assets, total | | 26 353 386 268 |
| 2 | Decreasing correction for the sum of figures taken as a decrease in fixed capital sources | | 202 566 279 |
| 3 | Balance sheet assets at risk after correction (difference between lines 1 and 2), total | | 26 150 819 989 |
| | 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), | | 66 010 550 |
| 5 | Potential credit risk on the counterparty on transactions with derivatives, total | | 57 502 211 |
| 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 | | 5 571 513 |
| 10 | Decreasing correction as regards credit derivatives issued | | 0 |
| 11 | Risk amount on derivatives after corrections (the amount of lines 4, 5, 9 less lines 7, 8, 10), total | | 129 084 274 |

| | | | |
|---|---|---|---|
| Risk on securities lending and borrowing | | | |
| 12 | Claims on securities lending and borrowing (without netting), total | | 1 000 258 267 |
| 13 | Correction for netting (claims and liabilities) on securities lending and borrowing | | 147 574 139 |
| 14 | Credit risk per counterparty on securities lending and borrowing | | 30 245 943 |
| 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 minus line 13), total | | 882 930 071 |
| Risk for credit related contingencies | | | |
| 17 | Nominal risk for credit-related contingencies, total | | 1 621 796 209 |
| 18 | Correction as regards applying the coefficients of the credit equivalent | | -287 590 283 |
| 19 | Risk amount on credit-related contingencies after corrections, total (difference between lines 17 and 18) | | 1 909 386 492 |
| Capital and risks | | | |
| 20 | Fixed capital | | 3 299 955 041 |
| 21 | Amount of balance sheet assets and off-balance liabilities at risk for calculation of financial leverage ratio (the amount of lines 3, 11, 16, 19), total | | 29 072 220 826 |
| Financial leverage ratio | | | |
| 22 | Financial leverage ratio of the bank (R1.4), the banking group (R20.4), percentage (line 20 : line 21) | 10 | 11.4 |

<1> - comparable data were not audited

**Acting President of Sbernank** (Full Name) **A. Vedyakhin** ________________ (Signature)

**Senior Managing Director, Chief Accountant – Head of the Accounting and Reporting Department of Sberbank** (Full Name) L.S. **A. Minenko** ________________ (Signature)

Bank Reporting

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

**CASH FLOW STATEMENT**
**(disclosure form)**
**as of 1 January 2020**

**of the credit institution: Sberbank of Russia**
**Sberbank**
**Address (location) of the credit institution 19 Vavilova St., Moscow 117997**

Form code 0409814
Quarterly (Annual)

| Line number | 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, thous. RUB<1> |
|---|---|---|---|---|
| 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: | | 1 098 586 792 | 1 121 307 231 |
| 1.1.1 | Interest received | | 2 265 339 006 | 2 107 002 198 |
| 1.1.2 | Interest paid | | -860 547 007 | -678 912 238 |
| 1.1.3 | Fee and commission received | | 635 118 745 | 509 749 669 |
| 1.1.4 | Fee and commission paid | | -132 157 978 | -80 021 603 |
| 1.1.5 | Income less expenses from operations with financial assets at fair value through profit or loss, through other comprehensive income | | 17 504 491 | 18 197 765 |
| 1.1.6 | Income less expenses from operations with securities at amortized cost | | 0 | 0 |
| 1.1.7 | Income less expenses for operations with foreign currency | | 50 341 107 | 20 857 270 |
| 1.1.8 | Other operating income | | 45 760 082 | 61 024 909 |
| 1.1.9 | Operating expenses | | -662 226 441 | -612 605 902 |
| 1.1.10 | Tax expenses (compensation) | | -260 545 213 | -223 984 837 |
| 1.2 | Increase (decrease) of net cash from operating assets and liabilities, total, including: | | -323 250 185 | -159 526 412 |
| 1.2.1 | Net increase (decrease) of mandatory cash balances with the Central Bank of the Russian Federation | | -14 968 355 | -29 219 186 |
| 1.2.2 | Net increase (decrease) of financial assets at fair value through profit or loss | | -45 686 681 | -2 530 467 |
| 1.2.3 | Net increase (decrease) of loans and advances to customers | | -1 050 479 909 | -2 122 483 973 |
| 1.2.4 | Net increase (decrease) of other assets | | -9 082 066 | -162 203 675 |
| 1.2.5 | Net increase (decrease) of loans, deposits, and other funds of the Central Bank of the Russian Federation | | -29 401 213 | -23 942 373 |
| 1.2.6 | Net increase (decrease) in due to credit institutions | | -283 465 093 | 506 108 753 |
| 1.2.7 | Net increase (decrease) in due to customers other than credit institutions | | 913 469 300 | 1 759 549 941 |
| 1.2.8 | Net increase (decrease) of financial liabilities at fair value through profit or loss | | 8 000 606 | 0 |
| 1.2.9 | Net increase (decrease) of debt securities in issue | | 149 645 330 | -43 240 686 |
| 1.2.10 | Net increase (decrease) of other liabilities | | 38 717 896 | -41 564 746 |
| 1.3 | Total (sum of lines 1.1 and 1.2) | | 775 336 607 | 961 780 819 |
| 2 | Net cash obtained from (used in) investing activities | | | |
| 2.1 | Acquisition of financial assets at fair value through other comprehensive income | | -2 521 822 176 | -1 989 871 512 |
| 2.2 | Proceeds from sale and redemption of financial assets at fair value through other comprehensive income | | 2 303 089 423 | 1 502 545 516 |
| 2.3 | Acquisition of securities at amortized cost | | -107 464 209 | -120 782 799 |
| 2.4 | Proceeds from redemption of securities carried at amortized cost | | 79 577 820 | 125 932 394 |
| 2.5 | Acquisition of fixed assets, intangible assets, and inventory | | -146 948 610 | -98 943 206 |
| 2.6 | Proceeds from sale of fixed assets, intangible assets, and inventory | | 21 987 119 | 11 651 669 |
| 2.7 | Dividends received | | 49 703 653 | 29 832 163 |
| 2.8 | Total (sum of lines from 2.1 to 2.7) | | -321 876 980 | -539 635 775 |
| 3 | Net cash obtained from (used in) financing activities | | | |
| 3.1 | Shareholders' (members') contributions to the share 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 | -359 831 168 | -269 777 801 |
| 3.5 | Total (sum of lines from 3.1 to 3.4) | | -359 831 168 | -269 777 801 |
| 4 | Impact of changes to the currency exchange rates established by the Central Bank of the Russian Federation on cash and cash equivalents | | -92 561 302 | 107 092 762 |
| 5 | Increase (use) of cash and cash equivalents | 7 | 1 067 157 | 259 460 005 |
| 5.1 | Cash and cash equivalents as of the beginning of the reporting year | 4.1 | 1 770 181 754 | 1 510 721 749 |
| 5.2 | Cash and cash equivalents as of the end of the reporting period | 4.1 | 1 771 248 911 | 1 770 181 754 |

<1> - unaudited data

**Acting President of Sberbank** **A. Vedyakhin** ________________
(Full Name) (Signature)

**Senior Managing Director, Chief Accountant – Head of the Accounting and Reporting Department of Sberbank** L.S.
**A. Minenko** ________________
(Full Name) (Signature)

# Explanatory Information on Sberbank annual accounting (financial) statements for 2019

**Table of Contents**

This Explanatory Information:

- Is an integral and inalienable part of the annual accounting (financial) statements of [1]Sberbank [2]for 2019 from 1 January 2019 till 31 December 2019 (inclusive) prepared in compliance with the current law 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 bn, unless otherwise specified
- Includes comparable metrics for 2019 and 2018[7]

The annual accounting (financial) statements of Sberbank include:

- balance sheet (disclosure form) for the year 2019[8]
- income statement (disclosure form) for the year 2019
- statement of capital adequacy level to cover risks (disclosure form) as of 1 January 2020
- statement of changes in equity of credit institution (disclosure form) as of 1 January 2020
- information on statutory ratios, the financial leverage ratio and the short-term liquidity ratios (disclosure form) as of 1 January 2020
- cash flow statement (disclosure form) as of 1 January 2020
- 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.

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[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) dated 8 October 2018 'On the List, Forms and Procedures for Compiling and Submitting Credit Institutions' Reporting Forms to the Central Bank of the Russian Federation' (hereinafter – Ordinance No. 4927-У [4927-U])
[5]Hereinafter – RAS
[6]Hereinafter – the Group, Sberbank Group
[7]The data for 2018 are provided in the Explanatory Information without taking into account the transition to statutory instruments of the Bank of Russia in terms of application of IFRS 9 Financial Instruments (hereinafter – IFRS 9) and IFRS 15 Revenue from Contracts with Customers (hereinafter – IFRS 15), unless otherwise specified
[8] Information in the balance sheet and its breakdown in this Explanatory Information is provided as of 1 January 2020, comparative data is as of 1 January 2019 (without taking into account the transition to statutory instruments of the Bank of Russia in terms of application of IFRS 9 and IFRS 15)

## 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

Thirteen new members joined the Banking Group in 2019, and as of 1 January 2020 the Banking Group was made up of 302 companies[9].

| | *As of 1 January 2020* | *As of 1 January 2019* |
|---|---|---|
| Number of the Banking Group members, including | 302 | 289 |
| direct control | 45 | 45 |
| indirect control | 253 | 242 |
| indirect control and, at the same time, direct participation | 4 | 2 |

The Bank is the parent credit institution of the Banking Group consisting, in addition to the Bank, of the following members that significantly affect the Group's[9] 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 Open 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 Limited Liability Company | 100.0000 |
| 11 | Cetelem Bank Limited Liability Company | 79.2000 |
| 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 |
| | *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 |

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

[9]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 265 companies have a non-material 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 Calculation of the Amount of Equity (Capital), Mandatory Ratios, and Amounts (Limits) of Open Foreign Exchange Positions of Banking Groups'.

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

- 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 and perform financial markets transactions. All operations are conducted 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[10], and on key performance indicators of the Group is reflected in the Information on risks assumed, 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'.

In May 2018 Sberbank and Emirates NBD Bank PJSC (Emirates NBD) concluded a binding agreement on selling 99.85% of Denizbank's shares for TRY14.6 bn with the transaction settlements under the locked box mechanism. The price was based on Denizbank's consolidated equity as of 31 October 2017. In addition, Emirates NBD was to pay the interest on the purchase price for the period from 31 October 2017 until the closing date of the transaction. The transaction was to be settled in USD, and the agreement included a hedging element which presupposed determining the conversion rate of TRY/USD within a narrow range. As part of the transaction, Emirates NBD acquires rights of claim under Denizbank's subordinated loans previously provided by Sberbank at nominal value from Sberbank. In April 2019 Sberbank and Emirates NBD signed an agreement with updated terms, according to which: (i) the total amount of the transaction was TRY15.48 bn without additional payment of interest on the purchase price, (ii) the hedging element of the TRY/USD conversion rate was replaced with another way to calculate the conversion rate, and (iii) certain rights and liabilities of the parties were revised. By the end of July 2019, the transaction was closed and the Bank recognized the disposal of Denizbank A.S. in these annual accounting (financial) statements.

[10]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 services, 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 law, the Bank makes quarterly insurance contributions to the Mandatory Deposit Insurance Fund.

## 3.2. Key Performance Indicators

Sberbank ended 2019 with the following economic figures[11]:

| *RUB bn* | *for 2019 (as of 1 January 2020)* | *For 2018 (as of 1 January 2019)* |
|---|---|---|
| Assets | 27,584.1 | 26,899.9 |
| Capital[12] | 4,567.9 | 4,243.8 |

| | *For 2019* | *For 2018* |
|---|---|---|
| Profit before taxes | 1,097.6 | 1,002.3 |
| Profit after taxes | 856.2 | 782.2 |

The Bank's assets grew by RUB684.2 bn in 2019 mainly due to increased investment in financial assets carried at fair value through other comprehensive income and to increased amount of funds placed with the Bank of Russia.

As of 1 January 2020, the capital increased by RUB324.1 m compared to 1 January 2019.

The capital increase in 2019 was caused by competing factors, the main of which are:

- Net profit earned in 2019
- Payment of dividends at the end of 2018
- Decreased deduction from the capital for investments in financial companies, mainly due to the raised threshold for deduction of investments as a result of base capital growth
- 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 Credit Risk Value Calculation on the Basis of Internal Ratings' dated 6 August 2015 used in the Bank since the statements as of 1 February 2018 in accordance with the authorization issued by the Bank of Russia
- Increased ratio for write-off of subordinated loans received with government support under Federal Law No. 173-ФЗ (173-FZ) 'On Additional Measures to Support the Financial System of the Russian Federation' dated 13 October 2008
- Repayment of subordinated bonds in the amount of USD1 bn

[11] Hereinafter the figures provided in the tables may differ from the estimates as a result of rounding up

[12] The capital is calculated in line with Bank of Russia Regulation No. 646-П (646-P) 'On the Methodology for Determining the Value of Equity (Capital) of Credit Institutions (Basel III)' dated 4 July 2018 (hereinafter – Regulation No. 646-P); at 1 January 2019 the capital was calculated without taking into account the transition to Bank of Russia statutory instruments in terms of IFRS 9 and IFRS15 application



*Ratings assigned to Sberbank by international agencies:*

| | *As of 1 January 2020* | | *As of 1 January 2019* | |
|---|---|---|---|---|
| | *Fitch Ratings* | *Moody's* | *Fitch Ratings* | *Moody's* |
| Long-term foreign currency rating | | | | |
| Sberbank | BBB | Baa3 | BBB- | Ba2 |
| Russian Federation | BBB | Baa3 | BBB- | Ba1 |
| Rating of international obligations | | | | |
| Loan participation notes issued as part of Sberbank's MTN program | BBB | Baa3 | BBB- | Ba1 |
| Eurobonds of the Russian Federation | BBB | Baa3 | BBB- | Ba1 |

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 2019

The Russian economic growth slowed down in 2019 amid tight economic policy and deteriorating foreign trade environment. At the end of 2019 the GDP growth was 1.3%[13] versus 2.5%[13] in 2018.

The economic growth remained unstable. Industrial production in 2019 gained 2.3%[13] compared to 2018, when industry grew 3.5%[13].

The labor market situation improved. By the end of 2019 the unemployment rate decreased to 4.6%[13] compared to 4.8%[13] in December of the previous year. Household income was supported by growth in wages. The real accrued wages grew by 2.9%[13] compared to the 8.5%[13] growth in 2018. The growth rate of real disposable household income increased to 0.8%[13] after the 0.1%[13] increase in 2018. Retail trade at the end of 2019 went up 1.6%[13], whereas in 2018 the growth was 2.8%[13].

The population's propensity to save increased. Share of monetary income allocated for savings in 2019 amounted to 3.0%[13]. This metric grew versus the 1.7%[13] in 2018. The consumer confidence index, which reflects the total consumer expectations of the population, increased by 4 p.p. in Q4 2019 versus Q4 2018 to reach -13.0%[13].

Inflation in annual terms slowed down to 3.0%[13] by the end of December 2019 as compared to 4.3%[13] in December 2018. That said, prices grew at a fast pace early in the year because of the VAT hike from 18% to 20%. Yet weak economic activity, a bumper crop and the ruble appreciation put a cap on inflation. Fast slowdown in price growth allowed the Bank of Russia to lower the key rate by the end of 2019 to 6.25%[14] from 7.75%[14] at the end of 2018.

As of the end of 2019, oil prices decreased. As of the end of 2019, the average price of Urals oil was USD64.3 per barrel as compared to USD69.8 per barrel in 2018. The average oil price in Q4 2019 increased to USD63.4 per barrel against USD63.2 per barrel in Q1 2019. The average ruble exchange rate in Q4 2019 strengthened (RUB63.7 per US dollar) as compared to Q1 2019 (RUB66.0 per US dollar). The appreciation was mostly driven by capital inflow in developing countries. As of the end of 2019, the average exchange rate was RUB64.7 per US dollar.

In 2019 the surplus of current account balance of the Russian Federation decreased to USD70.6 bn15 (USD113.5 bn[14] in 2018). The surplus decreased on the back of the lowering global commodity prices, strengthening ruble's real exchange rate, weak foreign demand, and significant dividend payments. Capital outflow in the private sector amounted to USD26.7 bn[14] as compared to USD63.0 bn[14] in 2018. Decreasing foreign liabilities of the banking industry became the main channel of the outflow. Since the beginning of 2019, the external debt of the Russian Federation has increased by USD26.8 bn[14] to USD481.5 bn[14].

In 2019, the Russian banking industry showed profit of RUB2,037.0 bn[14] compared to RUB1,345.0 bn[14] a year earlier. The increasing profit in 2019 was influenced by the application in the banking industry of adjustments under IFRS 9 and procedures for rehabilitating the banking industry overseen by the Banking Sector Consolidation Fund. Assets of the banking industry grew in 2019 by 5.2%[14] adjusted for foreign exchange revaluation compared to 2018. The loan portfolio of the banking industry increased by 8.9%[14] due to growth in lending to non-financial organizations and individuals by 4.5%[14] and 18.6%[14] respectively (adjusted for foreign exchange revaluation).

The situation in the Russian stock markets improved. As of the end of 2019, the RTS Index increased by 45% compared to 2018, while the MOEX index increased by 30%.

[13] According to Rosstat

[14] Based on the Bank of Russia estimates and RAS data

International rating agencies improved their outlooks on sovereign credit ratings of the Russian Federation. Moody's upgraded the rating in February 2019 from speculative to Baa3 investment level with a 'stable' outlook. Fitch upgraded the rating from BBB- to BBB with a 'stable' outlook.



# 4. Accompanying Information to the Balance Sheet

### 4.1. Cash and Cash Equivalents

| *RUB bn* | *for 2019 (as of 1 January 2020)* | *For 2018 (as of 1 January 2019)* |
|---|---|---|
| Cash | 661.6 | 688.9 |
| Funds of credit institutions held with the Central Bank of the Russian Federation incl.: | 1,159.6 | 865.1 |
| - Mandatory provisions | 202.8 | 187.9 |
| Funds on correspondent accounts with credit institutions of the Russian Federation | 3.7 | 2.5 |
| Funds on correspondent accounts with foreign banks | 149.1 | 403.9 |
| **Cash and cash equivalents** | **1,771.2** | **1,772.4** |
| Less funds with credit institutions with risk of loss | - | (2.2) |
| **Cash and cash equivalents net of funds with credit institutions with risk of loss** | **1,771.2** | **1,770.2** |

The table below shows the credit quality analysis of cash and cash equivalents carried at amortized cost based on credit risk levels as of 1 January 2020:

| *RUB bn* | **Minimal credit risk** | **Low credit risk** | **Total** |
|---|---|---|---|
| Funds on correspondent accounts with Russian credit institutions | 3.5 | 0.2 | 3.7 |
| Funds on correspondent accounts with foreign banks | 148.1 | 1.0 | 149.1 |
| **Total balance of funds on correspondent accounts with Russian credit institutions and foreign banks** | **151.6** | **1.2** | **152.8** |

The book value of the balance of cash and cash equivalents as of 1 January 2020 and 1 January 2019 also represents the Bank's maximum susceptibility to credit risk on 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 2020 and 1 January 2019, all cash and cash equivalents are neither past due 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 bn* | *for 2019 (as of 1 January 2020)* | *For 2018 (as of 1 January 2019)* |
|---|---|---|
| Total loans receivable, including: | 1,361.4 | - |
| - Legal entities | 865.8 | - |
| - Credit institutions | 495.6 | - |
| Derivative financial instruments | 134.8 | 163.2 |
| Investments in securities | 101.9 | 35.1 |
| **Financial assets carried at fair value through profit or loss** | **1,598.1** | **198.3** |

*for 2019*
*(as of 1 January 2020)*

| *RUB bn* | *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** | | |

| | | | ***For 2018*** *(as of 1 January 2019)* |
|---|---|---|---|
| *RUB bn* | *Investments* | *Maturity period* | *Coupon rate (nominal), %* |
| Bonds, Eurobonds of banks and other financial institutions | 30.4 | | |
| *Foreign credit institutions* | 6.0 | 06/2022–06/2023 | 7.75–8.11 |
| *Russian credit institutions* | 3.3 | 06/2022–10/2032 | 7.45–9.35 |
| *Other financial institutions* | 21.1 | 05/2019–08/2037 | 2.95–13.50 |
| Russian Government Bonds | 2.7 | | |
| *Eurobonds of the Russian Federation* | 1.7 | 01/2019 | 3.50 |
| *Federal Loan Bonds (OFZ)* | 1.0 | 02/2024–01/2028 | 6.50–7.05 |
| Corporate bonds | 2.0 | | |
| *Russian entities* | 2.0 | 03/2021–05/2032 | 7/30–9/55 |
| **Investments in debt securities carried at fair value through profit or loss** | **35.1** | | |

Analysis of corporate loans receivable carried at fair value through profit or loss broken down by lending purposes is presented in the table below:

| *RUB bn* | ***for 2019*** *(as of 1 January 2020)* | ***relative share, %*** |
|---|---|---|
| Commercial lending | 168.7 | 19.5 |
| Project financing | 697.1 | 80.5 |
| **Corporate loans receivable carried at fair value through profit or loss** | **865.8** | **100.0** |



### 4.3. Net loans receivable 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 Russia and to non-residents operating within Russia:

| *RUB bn* | ***for 2019*** *(as of 1 January 2020)* | ***relative share, %*** | ***for 2018*** *(as of 1 January 2019)* | ***relative share, %*** |
|---|---|---|---|---|
| Corporate loans receivable and their equivalents | 12,460.7 | 60.9 | 13,571.1 | 63.5 |
| Retail loans receivable and their equivalents | 7,344.2 | 35.9 | 6,170.8 | 28.8 |
| Interbank loans and other loans receivable from banks | 665.5 | 3.2 | 1,635.9 | 7.7 |
| **Total gross book value of retail loans receivable** | **20,470.4** | **100.0** | **21,377.8** | **100.0** |
| ECL provisions[16] | (1,257.5) | 6.1 | (1,234.9) | 5.7 |
| **Net loans receivable carried at the amortized cost** | **19,212.9** | | **20,142.9** | |

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

| *RUB bn* | ***for 2019*** *(as of 1 January 2020)* | ***relative share, %*** | ***for 2018*** *(as of 1 January 2019)* | ***relative share, %*** |
|---|---|---|---|---|
| Individuals | 7,344.2 | 37.1 | 6,170.8 | 31.3 |
| Metallurgy | 1,602.5 | 8.1 | 1,696.9 | 8.6 |
| Real estate transactions | 1,549.6 | 7.8 | 1,573.4 | 8.0 |
| Oil and gas industry | 1,351.6 | 6.8 | 1,546.6 | 7.8 |
| Services | 1,080.3 | 5.5 | 967.7 | 4.9 |
| Trade | 1,060.5 | 5.4 | 1,274.8 | 6.5 |
| Food industry and agriculture | 1,020.6 | 5.2 | 995.1 | 5.0 |
| Construction | 732.9 | 3.7. | 601.1 | 3.0 |
| Telecommunications | 730.5 | 3.7. | 827.1 | 4.2 |
| Mechanical engineering | 642.8 | 3.2 | 750.5 | 3.8 |
| Government and municipal bodies of the Russian Federation | 614.1 | 3.1 | 746.8 | 3.8 |
| Energy | 610.5 | 3.1 | 741.8 | 3.8 |
| Transport, aviation and space industry | 599.7 | 3.0 | 610.8 | 3.1 |
| Chemical industry | 164.4 | 0.8 | 594.8 | 3.0 |
| Timber industry | 89.0 | 0.4 | 87.4 | 0.4 |
| Other | 611.7 | 3.1 | 556.2 | 2.8 |
| **Gross book value of corporate and retail loans receivable and their equivalents** | **19,805.0** | **100.0** | **19,741.9** | **100.0** |

[16] Hereinafter, ECL provisions are provisions created based on the IFRS 9 accounting principles.
As of 1 January 2019, this line records provisions for possible losses created in line with Bank of Russia Regulation No. 590-П (590-P) dated 28/06/2019 On the Arrangements for Lenders' Provisions Against Bad Loans, Loan Arrears and Similar Debt” (hereinafter, Regulation No. 590-P) and Bank of Russia Regulation No. 611-П (611-P) dated 23/10/2017 On the Arrangements for Lenders' Provisions for Possible Losses (hereinafter, Regulation No. 611-P)

Analysis of corporate loans receivable carried at the amortized cost broken down by lending purposes is presented in the table below:

| RUB bn | *for 2019* *(as of 1 January 2020)* | *relative share, %* | *for 2018* *(as of 1 January 2019)* | *relative share, %* |
|---|---|---|---|---|
| Commercial lending[17][18] | 11,403.7 | 91.5 | 10,455.8 | 77.1 |
| Project financing[18] | 1,057.0 | 8.5 | 3,115.3 | 22.9 |
| **Gross book value of corporate loans receivable and their equivalents** | **12,460.7** | **100.0** | **13,571.1** | **100.0** |

Analysis of retail loans receivable carried at the amortized cost broken down by lending purposes is presented in the table below:

| RUB bn | *for 2019[16]* *(as of 1 January 2020)* | *relative share, %* | *for 2018* *(as of 1 January 2019)* | *relative share, %* |
|---|---|---|---|---|
| Home loans[18] | 4,101.8 | 55.9 | 3,436.6 | 55.7 |
| Consumer and other loans[18] | 2,456.1 | 33.4 | 2,098.2 | 34.0 |
| Credit cards and overdraft loans | 783.2 | 10.7 | 633.6 | 10.3 |
| Car loans | 3.1 | 0.0 | 2.4 | 0.0 |
| **Total gross book value of retail loans receivable and their equivalents** | **7,344.2** | **100.0** | **6,170.8** | **100.0** |

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.

[17] As of 1 January 2020 and 1 January 2019, claims under assignment (cession) agreements with deferred payment are included in the corporate loans receivable for the purposes of commercial lending.

[18]As of 1 January 2020, due to the transition to IFRS 9 in RAS, the Bank updated the segmentation of the corporate and retail loan portfolios



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

| *RUB bn* | **12-month expected credit losses** | **Expected credit losses for the whole life – non-impaired assets** | **Expected credit losses for the whole life – impaired assets** | **Purchased or issued impaired assets** | **Total** |
|---|---|---|---|---|---|
| **Commercial Corporate Lending** | | | | | |
| Minimal 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 bn* | **12-month expected credit losses** | **Expected credit losses for the whole life – non-impaired assets** | **Expected credit losses for the whole life – impaired assets** | **Total** |
|---|---|---|---|---|
| **Project financing of legal entities** | | | | |
| Minimal 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 the credit quality analysis of retail loans receivable carried at the amortized cost as of 1 January 2020:

| *RUB bn* | **12-month expected credit losses** | **Expected credit losses for the whole life – non-impaired assets** | **Expected credit losses for the whole life – impaired assets** | **Total** |
|---|---|---|---|---|
| **Home loans to individuals** | | | | |
| Minimal 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 bn* | **12-month expected credit losses** | **Expected credit losses for the whole life –** | **Expected credit losses for the whole life –** | **Total** |
|---|---|---|---|---|

| | | non-impaired assets | impaired assets | |
|---|---|---|---|---|
| **Consumer and other loans to individuals** | | | | |
| Minimal 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 bn* | **12-month expected credit losses** | **Expected credit losses for the whole life – non-impaired assets** | **Expected credit losses for the whole life – impaired assets** | **Total** |
|---|---|---|---|---|
| **Credit cards and overdraft loans to individuals** | | | | |
| Minimal 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 bn* | **12-month expected credit losses** | **Expected credit losses for the whole life – non-impaired assets** | **Expected credit losses for the whole life – impaired assets** | **Total** |
|---|---|---|---|---|
| **Car loans to individuals** | | | | |
| Minimal 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 the credit quality analysis of interbank loans and other loans receivable from banks carried at the amortized cost as of 1 January 2020:

| *RUB bn* | **12-month expected credit losses** | **Expected credit losses for the whole life – impaired assets** | **Total** |
|---|---|---|---|
| **Interbank loans and other loans receivable from banks** | | | |
| Minimal 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[19] and gross book value of corporate loans receivable carried at the amortized cost that occurred between the beginning and the end of the reporting period:

| RUB bn | ECL provision: 12-month expected credit losses | ECL provision: Expected credit losses for the whole life – non-impaired assets | ECL provision: Expected credit losses for the whole life – impaired assets | ECL provision: Purchased or issued impaired assets | ECL provision: Total | Gross book value: 12-month expected credit losses | Gross book value: Expected credit losses for the whole life – non-impaired assets | Gross book value: Expected credit losses for the whole life – impaired assets | Gross book value: Purchased or issued impaired assets | Gross book value: Total |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Total corporate lending*** | | | | | | | | | | |
| **As of 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 credit losses | 28.1 | (40.0) | (9.6) | - | **(21.5)** | 656.4 | (624.5) | (31.9) | - | **-** |
| - in credit losses for the whole life – non-impaired assets | (21.2) | 62.2 | (8.1) | - | **32.9** | (887.6) | 912.6 | (25.0) | - | **-** |
| - in credit 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 credit 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) | 0.5 | **(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 of 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** |

[19] The presented indicators for the estimated ECL provisions and the gross book value as of 1 January 2019 factor in the transition to the Bank of Russia regulations in terms of IFRS 9 and IFRS 15 application

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The table below explains changes in the estimated ECL provision[19] and gross book value[19] of retail loans receivable carried at the amortized cost that occurred between the beginning and the end of the reporting period:

| RUB bn | ECL provision: 12-month expected credit losses | ECL provision: Expected credit losses for the whole life – non-impaired assets | ECL provision: Expected credit losses for the whole life – impaired assets | ECL provision: Purchased or issued impaired assets | ECL provision: Total | Gross book value: 12-month expected credit losses | Gross book value: Expected credit losses for the whole life – non-impaired assets | Gross book value: Expected credit 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 of 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 credit losses | 1.6 | (6.5) | (6.4) | - | **(11.3)** | 123.6 | (98.8) | (24.8) | - | - |
| - in credit losses for the whole life – non-impaired assets | (1.5) | 11.6 | (2.3) | - | **7.8** | (130.8) | 143.7 | (12.9) | - | - |
| - in credit 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 | 0.5 | 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 credit 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 of 1 January 2020** | **24.3** | **11.8** | **42.3** | - | **78.4** | **3,837.3** | **187.4** | **77.1** | - | **4,101.8** |

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| RUB bn | ECL provision | | | | Gross book value | | | |
|---|---|---|---|---|---|---|---|---|
| | 12-month expected credit losses | Expected credit losses for the whole life – non-impaired assets | Expected credit losses for the whole life – impaired assets | Total | 12-month expected credit losses | Expected credit losses for the whole life – non-impaired assets | Expected credit losses for the whole life – impaired assets | Total |
| ***Total for other retail loans*** | | | | | | | | |
| **As of 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 credit losses | 4.3 | (17.3) | (6.6) | (19.6) | 208.0 | (194.5) | (13.5) | - |
| - in credit losses for the whole life – non-impaired assets | (5.9) | 55.2 | (1.5) | 47.8 | (269.1) | 272.1 | (3.0) | - |
| - in credit 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 credit 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 of 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 (2018: Net investments in securities and other financial assets available for sale)**

The table below shows the composition of securities carried at fair value through other comprehensive income as of 1 January 2020 and 1 January 2019:

| *RUB bn* | ***for 2019*** *(as of 1 January 2020)* | ***For 2018*** *(as of 1 January 2019)* |
|---|---|---|
| Russian Government Bonds | 1,597.8 | - |
| Corporate bonds of Russian entities | 312.1 | |
| Bonds, Eurobonds of banks and other financial institutions | 290.1 | - |
| Bonds of the Bank of Russia | 249.2 | |
| Corporate bonds of foreign companies | 33.4 | - |
| Bonds of subjects of the Russian Federation | 11.6 | - |
| Shares | 0.1 | - |
| **Net investments in financial assets carried at fair value through other comprehensive income** | **2,494.3** | **-** |
| Russian Government Bonds | - | 1,419.1 |
| Bonds, eurobonds of banks and other financial institutions | - | 298.2 |
| Corporate bonds of Russian entities | - | 223.3 |
| Bonds of the Bank of Russia | - | 189.2 |
| Shares | - | 21.2 |
| Bonds of subjects of the Russian Federation | - | 11.2 |
| Operations of other equity participation | - | 0.5 |
| Eurobonds issued by foreign governments | - | 0.3 |
| **Investment securities available-for-sale** | **-** | **2,163.0** |

| *RUB bn* | ***Investment amount*** | ***Maturity period*** | ***for 2019*** *(as of 1 January 2020)* ***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** | | |

| *RUB bn* | ***Investment amount*** | ***Maturity period*** | ***For 2018*** *(as of 1 January 2019)* ***Coupon rate (nominal), %*** |
|---|---|---|---|
| Russian Government Bonds | 1,419.1 | | |
| *Federal Loan Bonds (OFZ)* | 1,198.3 | 01/2019–02/2036 | 2.01–8.80 |
| *Eurobonds of the Russian Federation* | 220.7 | 01/2019–06/2047 | 2.88–12.75 |
| Corporate bonds | 223.4 | | |
| *Russian entities, including* | 223.4 | 04/2019–09/2049 | 6.75–12.10 |
| Bonds, Eurobonds of banks and other financial institutions | 298.2 | | |
| *Other financial institutions* | 261.2 | 03/2019–08/2037 | 3.35–11.75 |
| *Russian credit institutions* | 37.0 | 03/2019–03/2033 | 7.35–10.00 |
| Bonds of the Bank of Russia | 189.2 | 01/2019–03/2019 | 7.75 |
| Bonds of subjects of the Russian Federation | 11.2 | 04/2019–05/2025 | 6.00–11.40 |
| Eurobonds issued by foreign governments | 0.3 | 01/2019 | - |
| **Net investments in debt securities and other financial assets available for sale** | **2,141.3** | | |

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

| *RUB bn* | 12-month expected credit losses | Total |
|---|---|---|
| **Russian Government Bonds** | | |
| Minimal credit risk | 1,516.5 | 1,516.5 |
| **Total at amortized cost** | **1,516.5** | **1,516.5** |
| Provision for credit losses | (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** | | |
| Minimal 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** | **296** |
| Provision for credit losses | (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** | | |
| Minimal credit risk | 237 | 237 |
| Low credit risk | 42.1 | 42.1 |
| **Total at amortized cost** | **279.1** | **279.1** |
| Provision for credit losses | (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** | | |
| Minimal 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** | | |
| Minimal 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** | | |
| Minimal 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 yearly period.

| | | | **ECL provision** |
|---|---|---|---|
| *RUB bn* | **12-month expected credit losses** | **Expected credit losses for the whole life – non-impaired assets** | **Total** |
| **As of 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 credit losses | 0.4 | (0.8) | (0.4) |
| - in credit losses for the whole life – non-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 of 1 January 2020** | **4.0** | — | **4.0** |

**Net investments in securities and other financial assets carried at amortized cost (except for loans receivable) (2018: Net investments in securities held-to-maturity)**

The table below shows the composition of securities carried at amortized cost as of 1 January 2020 and 1 January 2019:

| *RUB bn* | ***for 2019*** *(as of 1 January 2020)* | ***For 2018*** *(as of 1 January 2019)* |
|---|---|---|
| Corporate bonds of Russian entities | 350.2 | - |
| *ECL provision* | (3.3) | - |
| Bonds of subjects of the Russian Federation | 166.7 | - |
| *ECL provision* | (1.1) | - |
| Bonds, Eurobonds of banks and other financial institutions | 107.6 | - |
| *ECL provision* | (0.6) | - |
| Corporate bonds of foreign companies | 69.5 | - |
| *ECL provision* | (0.6) | - |
| Russian Government Bonds | 17.3 | - |
| **Net investments in securities and other financial assets carried at amortized cost (except for loans receivable)** | **705.7** | **-** |
| Corporate bonds | - | 510.7 |
| *Provision for possible losses* | - | (2.0) |
| Bonds of subjects of the Russian Federation | - | 150.9 |
| Russian Government Bonds | - | 23.9 |
| Eurobonds issued by foreign governments | - | 13.0 |
| *Provision for possible losses* | - | (0.8) |
| **Net investments in securities held to maturity** | **-** | **695.7** |

| RUB bn | Attachments | Maturity period | *for 2019* *(as of 1 January 2020)* 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 | 06/2028 | 12.75 |
| **Net investments in securities and other financial assets carried at amortized cost (except for loans receivable)** | **705.7** | | |

| *RUB bn* | *Investments* | *Maturity period* | ***For 2018*** *(as of 1 January 2019)* *Coupon rate (nominal), %* |
|---|---|---|---|
| Corporate bonds | 508.7 | | |
| *Russian entities* | 413.4 | 02/2019–12/2046 | 2.10–13.10 |
| *Provision for possible losses* | (2.0) | | |
| *Foreign companies* | 97.2 | 04/2020–09/2024 | 3.80–9.25 |
| Bonds of subjects of the Russian Federation | 150.9 | 10/2019–12/2027 | 7.45–12.65 |
| Russian Government Bonds | 23.9 | | |
| *Federal Loan Bonds (OFZ)* | 4.0 | 01/2019–03/2021 | 6.50–8.00 |
| *Eurobonds of the Russian Federation* | 20.0 | 06/2028 | 12.75 |
| Eurobonds issued by foreign governments | 13.0 | 01/2019–12/2019 | 4.51 |
| *Provision for possible losses* | (0.8) | | |
| **Net investments in securities held to maturity** | **695.7** | | |



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

| *RUB bn* | **12-month expected credit losses** | **Expected credit losses for the whole life – non-impaired assets** | **Expected credit 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 | - | - | 0.9 | 0.9 |
| **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) |
| **Book 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** | | | | |
| Minimal 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 yearly period.

| RUB bn | ECL provision: 12-month expected credit losses | Expected credit losses for the whole life – non-impaired assets | Expected credit losses for the whole life – impaired assets | Total |
|---|---|---|---|---|
| **As of 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 credit losses for the whole life – non-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 of 1 January 2020** | **4.1** | **0.6** | **0.9** | **5.6** |

**Investments in subsidiaries and affiliates**

| RUB bn | *for 2019* *(as of 1 January 2020)* | *For 2018* *(as of 1 January 2019)* |
|---|---|---|
| Investments in subsidiaries and affiliates | 920.9 | 951.8 |
| *Provision for possible losses* | (168.9) | (148.4) |
| **Investments in subsidiaries and affiliates less provision** | **752.0** | **803.4** |

| RUB bn | *Country of registration* | *for 2019 (as of 1 January 2020)*: *Investment amount* | *Share of the Bank in the capital, %* | *For 2018 (as of 1 January 2019)*: *Investment amount* | *Share of the Bank in the capital, %* |
|---|---|---|---|---|---|
| SB CIB Holding LLC | Russian Federation | 157.5 | 100.0 | 157.5 | 100.0 |
| *Provision for possible losses* | | (36.6) | | (35.5) | |
| Barus LLC | Russian Federation | 152.7 | 100.0 | - | - |
| Tsifrovye Tekhnologii LLC | Russian Federation | 130.3 | 100.0 | 49.8 | 100.0 |
| Sberbank Europe AG | Republic of Austria | 117.1 | 100.0 | 117.1 | 100.0 |
| Perspektivnye Investitsii LLC | Russian Federation | 90.9 | 100.0 | 90.9 | 100.0 |
| *Provision for possible losses* | | (44.5) | | (44.5) | |
| SBERBANK JSC | Ukraine | 71.6 | 100.0 | 63.5 | 100.0 |
| *Provision for possible losses* | | (71.6) | | (63.5) | |
| Sberbank Capital LLC | Russian Federation | 58.7 | 100.0 | 57.5 | 100.0 |
| *Provision for possible losses* | | (11.7) | | (0.6) | |
| Auktsion LLC | Russian Federation | 52.0 | 100.0 | 188.6 | 100.0 |
| SB Sberbank JSC | Republic of Kazakhstan | 13.9 | 100.0 | 13.9 | 100.0 |
| Sberbank Investments LLC | Russian Federation | 12.4 | 100.0 | 12.3 | 100.0 |
| Cetelem Bank LLC | Russian Federation | 11.7 | 79.2 | 11.7 | 79.2 |
| BPS-Sberbank OJSC | Republic of Belarus | 10.5 | 98.4 | 10.5 | 98.4 |
| Denizbank Anonim Sirketi | Republic of Turkey | - | - | 148.0 | 99.9 |
| Other subsidiaries | | 23.2 | - | 22.2 | - |
| *Provision for possible losses* | | (4.5) | | (4.2) | |
| **Total subsidiaries** | | **733.7** | | **795.2** | |
| **Total affiliates** | | **18.2** | | **8.1** | |
| **Total jointly controlled entities** | | **0.1** | | **0.1** | |
| **Investments in subsidiaries and affiliates less provision** | | **752.0** | | **803.4** | |



### 4.5. Fixed assets, intangible assets, and inventory

| *RUB bn* | *Office real estate*[20] | *Other real estate* | *Office and computer equipment* | *Vehicles and other equipment* | *Inventory* | *Intangible assets* | *Capital investment in purchase of intangible assets* | *Construction in progress and fixed assets 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 of 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 initial or revalued cost | (18.3) | (3.2) | (26.8) | (3.1) | (13.9) | (10.2) | - | (1.2) | (76.7) |
| Impairment of fixed assets 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 of 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 of 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) |

| *RUB bn* | *Office real estate* | *Other real estate* | *Office and computer equipment* | *Vehicles and other equipment* | *Inventory* | *Intangible assets* | *Capital investment in purchase of intangible assets* | *Construction in progress and fixed assets before beginning of operations* | *Total* |
|---|---|---|---|---|---|---|---|---|---|
| Initial or revalued cost as of 1 January 2018 | 244.1 | 1.8 | 273.8 | 43.3 | 11.1 | 79.5 | 23.4 | 50.2 | 727.1 |
| Accumulated depreciation | (7.8) | - | (193.3) | (15.5) | - | (27.0) | - | - | (243.5) |

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

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Residual value as of 1 January 2018** | **236.3** | **1.8** | **80.5** | **27.8** | **11.1** | **52.5** | **23.4** | **50.2** | **483.6** |
| Acquisitions | 0.1 | - | - | - | 18.7 | - | 39.4 | 86.3 | 144.6 |
| Transfers | 9.1 | 3.6 | 67.5 | 5.8 | - | 17.2 | (17.2) | (86.0) | - |
| Transfers to assets available for sale at initial cost | (4.4) | - | - | - | - | - | - | - | (4.4) |
| Disposals – at initial or revalued cost | (16.0) | (0.2) | (35.7) | (1.6) | (25.6) | (2.5) | (1.7) | (3.8) | (87.1) |
| Impairment of fixed assets recognized in the statement of financial performance | - | - | - | - | - | (6.1) | (2.5) | - | (8.6) |
| Revaluation | (4.1) | (0.3) | - | - | - | - | - | - | (4.4) |
| Disposals – accumulated depreciation | 0.7 | - | 33.2 | 1.3 | - | 2.4 | - | - | 37.6 |
| Adjustment of the accumulated depreciation as a result of revaluation | (0.1) | - | (0.5) | - | - | - | - | - | (0.6) |
| Depreciation deductions | (5.5) | - | (35.0) | (4.4) | - | (15.6) | - | - | (60.5) |
| **Residual value as of 1 January 2019** | **216.0** | **4.9** | **109.9** | **28.9** | **4.2** | **48.0** | **41.4** | **46.7** | **500.0** |
| 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 | 767.2 |
| Accumulated depreciation | (12.7) | - | (195.7) | (18.6) | - | (40.1) | - | - | (267.1) |

The fair value of the fixed assets from the *Office real estate* category (excluding buildings and movable structures) was estimated as of 1 January 2020. The estimation was based on the opinions of independent appraisers having the appropriate professional qualifications and experience in valuating such assets. For the purpose of their valuation, the assets were classified into specialized and non-specialized. Specialized items were valuated using primarily the cost approach, and the comparative approach – for valuating non-specialized items. The assessment was done by Ernst and Young – otsenka i konsultatsionnye uslugi (Ernst and Young – assessment and advisory services). If the office real estate had been recorded at the initial value less depreciation and impairment, its carrying value as of 1 January 2020 would have been RUB147.6 bn (and RUB143.4 bn as of 1 January 2019).



The estimation of the fair value and expected cost of sale of long-term assets available for sale, means and objects of labor and impairment check of the property owned by the Bank were carried out in December 2019. The estimation and the check were based on the opinions of independent appraisers having the appropriate professional qualifications and experience in valuating such assets. For the purpose of their valuation, the assets were classified into machines, equipment, and specialized and non-specialized real estate. Specialized items were valuated using primarily the cost approach, and the comparative approach – for valuating non-specialized items. 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.

### 4.6. Other assets

| *RUB bn* | ***for 2019*** *(as of 1 January 2020)* | ***For 2018*** *(as of 1 January of 2019* |
|---|---|---|
| **Other financial assets** | | |
| Loan interest receivable[21] | - | 143.0 |
| Incomplete plastic card settlements | 132.9 | 109.0 |
| Settlements with currency and stock exchanges | 96.8 | 90.0 |
| Settlements on state duties and penalties | 26.0 | 25.5 |
| Accrued fee receivables | 12.3 | 8.4 |
| Settlements on conversion transactions, DFI and forward transactions | 7.6 | 7.6 |
| Settlements on compensation payout operations on deposits of commercial banks | 5.9 | 14.1 |
| Security payments | 0.6 | 1.1 |
| Other | 4.2 | 16.6 |
| **Total other financial assets before ECL provisions** | **286.3** | **415.3** |
| **Other non-financial assets** | | |
| Advances given | 19.2 | 18.0 |
| Prepayment on other taxes | 7.1 | 1.1 |
| Amount of damage inflicted on the Bank | 5.4 | 5.3 |
| Payment receivables for commemorative coins, bought and sold | 2.2 | 1.7 |
| Precious metals | 2.0 | 2.6 |
| Deferred expenses | - | 0.4 |
| Other | 11.8 | 20.9 |
| **Total other non-financial assets before provisions** | **47.7** | **50.0** |
| Provisions[22] for other assets[23] | (37.1) | (77.6) |
| **Other assets** | **296.9** | **387.7** |

[21]As of 1 January 2020 the amount of interest receivable on loans and securities is recorded as part of the following items: Net loans receivable carried 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).

[22] As of 1 January 2020, the provision for impairment of loan and security interest receivable is recorded as part of the ECL provision for loan debt carried at amortized cost and the ECL provision for securities carried at amortized cost. As of 1 January 2019 this line records, inter alia, provisions for possible losses from loan and security interest receivable.

[23] As of 1 January 2020, the item 'Provisions for other assets' includes ECL provisions for financial assets and provisions for impairment of non-financial assets

### 4.7. Due to customers carried at the amortized cost

**Due to credit institutions**[24]

| RUB bn | *for 2019* (as of 1 January 2020) | *For 2018* (as of 1 January 2019) |
|---|---|---|
| Loans and deposits received from banks | 196.7 | 482.2 |
| Direct repo contracts with banks | 92.2 | 422.3 |
| Correspondent accounts | 59.6 | 85.4 |
| **Due to credit institutions carried at the amortized cost** | **348.5** | **989.9** |

**Due to customers other than credit institutions**[25]

| RUB bn | *for 2019* (as of 1 January 2020) | *For 2018* (as of 1 January 2019) |
|---|---|---|
| **Individuals and individual entrepreneurs** | **13,731.6** | **12,911.2** |
| fixed-term deposits | 10,147.7 | 9,815.5 |
| current accounts/demand accounts | 3,583.9 | 3,095.7 |
| **Legal entities** | **7,104.0** | **7,465.5** |
| fixed-term deposits | 3,959.0 | 4,153.4 |
| current accounts/demand accounts | 2,804.0 | 2,636.9 |
| international loans | 340.5 | 675.0 |
| obligations to return borrowed securities to the creditor | 0.5 | 0.2 |
| **Other funds** | **3.0** | **113.4** |
| due to individuals | 3.0 | 105.8 |
| due to legal entities | - | 7.6 |
| **Due to customers other than credit institutions carried at the amortized cost** | **20,838.6** | **20,490.1** |

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

| RUB bn | *for 2019* (as of 1 January 2020) | *relative share, %* | *For 2018* (as of 1 January 2019) | *relative share, %* |
|---|---|---|---|---|
| Individuals[25] | 13,702.8 | 65.8 | 12,732.8 | 62.1 |
| Oil and gas industry | 1,918.9 | 9.2 | 2,100.6 | 10.3 |
| Services | 841.5 | 4.0 | 924.9 | 4.5 |
| Government and municipal bodies of the Russian Federation | 750.8 | 3.6 | 140.3 | 0.7 |
| Construction | 602.7 | 2.9 | 582.5 | 2.8 |
| Trade | 467.8 | 2.2 | 489.5 | 2.4 |
| Mechanical engineering | 433.8 | 2.1 | 500.8 | 2.4 |
| International loans | 340.5 | 1.6 | 675.0 | 3.3 |
| Energy | 289.4 | 1.4 | 334.7 | 1.6 |
| Food industry and agriculture | 221.1 | 1.1 | 241.7 | 1.2 |
| Metallurgy | 206.5 | 1.0 | 248.5 | 1.2 |
| Transport, aviation and space industry | 175.3 | 0.8 | 201.7 | 1.0 |
| Telecommunications | 157.0 | 0.8 | 201.2 | 1.0 |
| Chemical industry | 65.2 | 0.3 | 93.5 | 0.5 |
| Timber industry | 41.8 | 0.2 | 50.1 | 0.2 |
| Other | 623.5 | 3.0 | 972.3 | 4.8 |
| **Due to customers other than credit institutions carried at the amortized cost** | **20,838.6** | **100.0** | **20,490.1** | **100.0** |

[24] As of 1 January 2020 the amount of interest payment liabilities is recorded as part of the following items: Due to customers carried at the amortized cost, Financial liabilities carried at fair value through profit or loss, Issued debt securities carried at the amortized cost.
[25]The item 'Individuals' includes funds of individual entrepreneurs without OKVED



The table below provides information on international loans:

| *Issue* | *Subord.* | *Date of issue* | *Date of maturity* | *Currency* | *Nominal value (million currency units)* | *Contractual interest rate, %* | *Carrying value, RUB bn* As of 1 January 2020 | *Carrying value, RUB bn* As of 1 January 2019 |
|---|---|---|---|---|---|---|---|---|
| Series 7 | | 16/06/2011 | 16/06/2021 | USD | 1,000 | 5.72 | 61.9 | 69.5 |
| Series 9[i] | | 07/02/2012 | 07/02/2022 | USD | 1,500 | 6.13 | 92.9 | 104.2 |
| Series 12 | subord. | 29/10/2012 | 29/10/2022 | USD | 2,000 | 5.13 | 123.8 | 138.9 |
| Series 16 | subord. | 23/05/2013 | 23/05/2023 | USD | 1,000 | 5.25 | 61.9 | 69.5 |
| Series 11 | | 28/06/2012 | 28/06/2019 | USD | 1,000 | 5.18 | - | 69.5 |
| Series 17 [ii] | subord. | 26/02/2014 | 26/02/2024 | USD | 1,000 | 5.50 | - | 69.5 |
| Series 18 [iii] | | 06/03/2014 | 06/03/2019 | USD | 500 | 4.15 | - | 34.7 |
| Series 19 [iii] | | 07/03/2014 | 07/03/2019 | EUR | 500 | 3.08 | - | 39.7 |
| Series 20 | | 26/06/2014 | 15/11/2019 | EUR | 1,000 | 3.35 | - | 79.5 |
| **Total** | | | | | | | **340.5** | **675.0** |

*[i] Taking into account additional issue dated 30 July 2012 (USD750 mn)*
*[ii] With the right of early redemption in 2019*
*[iii] As part of non-public offering*

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

| RUB bn | *for 2019* (as of 1 January 2020) | *For 2018* (as of 1 January 2019) |
|---|---|---|
| Derivative financial instruments | 132.5 | 133.9 |
| Due to credit institutions | 353.8 | - |
| Due to customers other than credit institutions total, including: | 115.8 | - |
| - due to individuals | 106.4 | - |
| - due to entities | 9.4 | - |
| **Financial liabilities carried at fair value through profit or loss** | **602.1** | **133.9** |

### 4.9. Issued debt securities carried at the amortized cost

| | | **for 2019** *(as of 1 January 2020)* | |
|---|---|---|---|
| *RUB bn* | *Carrying value* | *Maturity 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** | | |

| | | **for 2018** *(as of 1 January 2019)* | |
|---|---|---|---|
| *RUB bn* | *Carrying value* | *Maturity period* | *Interest rate (nominal), %* |
| Savings certificates | 139.9 | on demand – 05/2021 | 0.0–18.0 |
| Promissory notes | 95.6 | on demand – 03/2025 | 0.0–9.89 |
| Other debt securities issued | 302.8 | 04/2019–05/2027 | 0.01–12.27 |
| **Issued debt securities** | **538.3** | | |

As of 1 January 2020 and 1 January 2019, the Bank had no overdue or restructured issued debt securities.

***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 of 1 January 2020 there was no violation of terms of the Bank's significant transactions, which could necessitate to perform such obligations early.

### 4.10. Other liabilities

| *RUB bn* | ***for 2019*** *(as of 1 January 2020)* | ***For 2018*** *(as of 1 January of 2019* |
|---|---|---|
| **Other financial liabilities** | | |
| Interest payment liabilities[24] | - | 185.9 |
| Accrued staff cost | 44.8 | 38.2 |
| Outstanding contributions to the Deposit Insurance Agency | 23.9 | 20.9 |
| Bank's liabilities under loyalty programs | 12.3 | 0.4 |
| Funds in settlement | 10.9 | 8.8 |
| Amounts received on correspondent accounts before clarification | 4.6 | 7.1 |
| Settlements under issued guarantees | 4.5 | - |
| Settlements under conversion transactions, DFI and forward transactions | 4.3 | 3.5 |
| Dividend settlements with shareholders | 3.4 | 1.8 |
| Accounts payable | 0.3 | 0.7 |
| Settlements on operations with securities | - | 17.2 |
| Securities supply obligations | - | 1.1 |
| Other | 16.5 | 13.0 |
| **Other financial liabilities** | **125.5** | **298.6** |
| | | |
| **Other non-financial liabilities** | | |
| Operating taxes payable | 8.2 | 12.8 |
| Settlements on noncapital expenses | 6.4 | 6.9 |
| Settlements on expenses of capital nature | 1.3 | 0.1 |
| Other | 3.0 | 1.0 |
| **Other non-financial liabilities** | **18.9** | **20.8** |
| **Other liabilities** | **144.4** | **319.4** |

### 4.11. Charter capital

The table below provides the structure of Sberbank charter capital as of 1 January 2020 and 1 January 2019:

| | ***Declared, placed, and paid-up shares*** | |
|---|---|---|
| | ***quantity, thousand units*** | ***nominal value, RUB bn*** |
| 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 charter capital has not changed since July 2007. The Bank did not redeem any equity shares from shareholders in 2019. As of 1 January 2020 the Bank had no equity shares redeemed from shareholders on its balance sheet.

All the ordinary shares have a nominal value of RUB3 per share and carry 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 RUB3 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 dividend payment on shares is determined by effective law. A decision (announcement) on dividend payment and the size of dividends is made by the General Meeting of Shareholders upon the recommendation of the Bank's Supervisory Board. The minimal amount of dividends on preferred shares is at least 15% of their nominal value. If preferred share dividends are not paid, the holders of the 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 533.3% of the nominal value upon the results of the year that ended on 31 December 2018 (400.0% of the nominal value upon the results of the year that ended on 31 December 2017). 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 dated 26 October 2009 On Methodological Recommendations On the Procedure for Credit Institutions to Calculate Earnings per Share When Preparing Their Financial Statements in Accordance with International Financial Reporting Standards.

As of 1 January 2020 the Bank has no shares that may potentially dilute the earnings per ordinary share of the Bank. Therefore the diluted earnings per share equal the basic earnings per share.

The basic earnings per share are 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 2019*** | ***For 2018*** |
|---|---|---|
| Net profit of the Bank owned by shareholders, RUB bn | 856.2 | 782.2 |
| Dividends on preferred shares of the Bank declared in the specified year, RUB bn | 16.0 | 12.0 |
| Net profit of the Bank owned by shareholders holding ordinary shares, RUB bn | 840.2 | 770.2 |
| The weighted average number of the Bank's ordinary shares outstanding during the specified period, bn units | 21.6 | 21.6 |
| **Basic and diluted earnings per share, RUB per share** | **38.92** | **35.68** |

On 24 May 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 RUB16.00 per share. The total amount of dividends for 2018 was RUB361.4. On 8 June 2018 the Annual General Meeting of Shareholders approved the recommendations of the Supervisory Board on the distribution of profits and payment of dividends for 2017 on ordinary and preferred shares of the Bank in the amount of RUB12.00 per share. The total amount of dividends for 2017 came out at RUB271.0 bn.

Dividend payout based for 2019 will be reviewed at the meeting of the Bank's Supervisory Board. Then the total amount of profit to be distributed and the amount of dividends per 1 share of each category will be recommended to the General Meeting of Shareholders for approval. Notice of this will be posted in accordance with Russian law on Sberbank's website at www.sberbank.com.

*Information on dividends paid out:*

| *RUB bn* | ***Ordinary shares*** | ***Preferred shares*** |
|---|---|---|
| **Dividends payable as of 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 of 1 January 2020** | **3.0** | **0.5** |

| *RUB bn* | ***Ordinary shares*** | ***Preferred shares*** |
|---|---|---|
| **Dividends payable as of 1 January 2018** | **0.5** | **0.1** |
| Dividends accrued for 2017 | 259.0 | 12.0 |
| Dividends paid in 2018 | (257.9) | (11.9) |
| **Dividends payable as of 1 January 2019** | **1.6** | **0.3** |

All dividends are declared and paid out in Russian rubles.

### 4.13. Information on contingent liabilities

*Contingent credit-related liabilities*

| *RUB bn* | ***For 2019*** *(as of 1 January 2020)* | ***For 2018*** *(as of 1 January 2019) (unaudited data)* |
|---|---|---|
| Undrawn credit facilities for lending | 2,492.8 | 2,277.2 |
| Guarantees (sureties) issued by the Bank | 1,464.4 | 1,365.1 |
| Unused guarantee issue limits | 1,228.5 | 1,115.8 |
| Unused overdraft limits | 509.1 | 488.2 |
| Letters of credit | 362.4 | 239.0 |
| Reimbursement obligations | 5.5 | 7.4 |
| **Total contingent credit-related liabilities before ECL provision** | **6,062.7** | **5,492.7** |
| ECL provision[16] | 36.5 | 58.4 |
| **Total contingent credit-related liabilities after ECL provision** | **6,026.2** | **5,434.3** |

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.

*Judicial 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's position has not changed, and the Bank will continue to appeal against the court rulings.

As part of recognizing and putting into effect in the territory of Ukraine the decision of the International Commercial Arbitration Court (Hague, the Netherlands) on the claim of Ukrainian residents to the Russian Federation (represented by the Russian Ministry of Justice) the Court of Appeal of Kiev put the shares of Sberbank JSC (Ukraine) held by the Bank under arrest/restrictions, which presuppose a limit on transactions with the said shares. Moreover, the Court of Appeal of Kiev placed restrictions on the disposal of movable and immovable property of Sberbank JSC (Ukraine), as well as on the liquidation or reorganization of Sberbank JSC (Ukraine). In January 2019 the Supreme Court of Ukraine granted the Bank's appeal and removed the arrest put on the shares of Sberbank JSC (Ukraine) held by the Bank and the restrictions on the movable and immovable property of Sberbank JSC (Ukraine). However, those restrictions on the shares were not formally removed. Following the Bank's lodged claim, the Economic Court of Kiev removed the restrictions on the shares in line with the decision that entered into legal force in December 2019.

### 4.14. Information on lease transactions

*Operating lease.* Where the Bank is a lessee in a lease, which does not transfer all the risks and rewards incidental to 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.

The information on the agreements concluded on lease of land, buildings, structures, and technical equipment is provided below:

| *RUB bn* | ***For 2019*** *(as of 1 January 2020)* | ***For 2018*** *(as of 1 January 2019)* |
|---|---|---|
| Under 1 year | 26.2 | 16.1 |
| 1 to 5 years | 43.0 | 47.7 |
| Over 5 years | 23.3 | 11.7 |
| **Total** | **92.5** | **75.5** |



## 5. Accompanying Information to the Statement of Financial Performance

### 5.1. Interest income by type of assets

| *RUB bn* | ***For 2019*** | ***For 2018*** |
|---|---|---|
| **Interest income calculated at the effective interest rate** | | |
| **Interest income on debt financial assets carried at the amortized cost:** | **1,994.5** | - |
| - Net loans receivable of clients other than credit institutions | 1,859.6 | - |
| - Due from credit institutions | 82.2 | - |
| - Net investments in securities and other financial assets | 45.8 | - |
| - Cash and cash equivalents | 6.9 | - |
| **Interest income on debt financial assets carried at fair value through other comprehensive income:** | **166.6** | **-** |
| - Net investments in financial assets | 166.6 | - |
| **Total interest income calculated at the effective interest rate** | **2,161.1** | **-** |
| **Other interest income:** | | |
| - Loans receivable of clients other than credit institutions carried at fair value through profit or loss | 44.7 | **-** |
| - Due from credit institutions carried at fair value through profit or loss | 37.3 | **-** |
| - Investments in securities carried at fair value through profit or loss | 2.0 | **-** |
| **Total other interest income** | **84.0** | **-** |
| **Interest income from loans granted to customers other than credit institutions** | **-** | **1,800.1** |
| Loans to legal entities | - | 1,014.9 |
| Loans to individuals | - | 736.1 |
| Proceeds from sales of insurance products to individuals | - | 40.0 |
| Fines, penalties, prior period income, and other | - | 9.3 |
| **Interest income from investment in securities** | **-** | **185.5** |
| Securities available for sale | - | 137.9 |
| Securities held to maturity | - | 44.4 |
| Securities carried through profit or loss | - | 3.2 |
| **Interest income from funds deposited with credit institutions** | **-** | **107.8** |
| Loans to banks | - | 96.6 |
| Due from the Bank of Russia | - | 6.9 |
| NOSTRO correspondent accounts | - | 4.4 |
| **Interest income** | **2,245.1** | **2,093.5** |

### 5.2. Interest expenses by types of funds raised

| RUB bn | For 2019 | For 2018 |
|---|---|---|
| **Interest expenses calculated at the effective interest rate** | | |
| **Interest expenses on financial liabilities recorded at the amortized cost:** | | |
| - Deposits of individuals | 453.6 | - |
| - Due to clients (term deposits of legal entities) | 274.4 | - |
| - Debt securities issued | 37.4 | - |
| - Due to clients (current/settlement accounts of legal entities) | 37.3 | - |
| - Subordinated loans | 32.4 | - |
| - Due to clients (current/demand accounts of individuals) | 26.8 | - |
| - Due to credit institutions | 19.6 | - |
| **Total interest expenses calculated at the effective interest rate** | **881.5** | **-** |
| **Other interest expense** | | |
| - Due to credit institutions carried at fair value through profit or loss | 18.1 | - |
| **Total other interest expense** | **18.1** | **-** |
| **Interest expenses on raised funds from customers other than credit institutions** | **-** | **626.8** |
| Term deposits of individuals | - | 376.4 |
| Term deposits of legal entities | - | 156.5 |
| Settlement accounts of legal entities | - | 36.2 |
| International loans | - | 30.9 |
| Demand accounts of individuals | - | 24.0 |
| Expenses of previous years, fines and penalties | - | 2.8 |
| **Interest expenses on raised funds from credit institutions** | **-** | **64.4** |
| Subordinated loans of the Bank of Russia | - | 32.5 |
| Term deposits of banks | - | 25.6 |
| Deposits of the Bank of Russia | - | 5.1 |
| LORO correspondent accounts | - | 1.3 |
| **Interest expenses on debt securities issued** | **-** | **36.1** |
| **Interest expenses** | **899.6** | **727.3** |

### 5.3. Net income from foreign exchange revaluation

| RUB bn | For 2019 | For 2018 |
|---|---|---|
| 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 | (16.5) | 2.0 |
| Net income/(expenses) from exchange rate differences on financial instruments carried at fair value through profit or loss | (3.9) | 4.2 |
| **Net income from foreign currency revaluation** | **(20.4)** | **6.2** |

### 5.4. Fee and commission income and expenses

| RUB bn | For 2019 | For 2018 |
|---|---|---|
| **Fee and commission income** | | |
| Bank card transactions | 343.6 | 272.2 |
| Settlement transactions | 123.2 | 117.9 |
| Agency, insurance and other services | 67.7 | 27.7 |
| Bank guarantees | 14.9 | 16.1 |
| Account management | 13.4 | 14.1 |
| Cash transactions | 12.6 | 13.5 |
| Services under tariff plans | 12.3 | 10.9 |
| Cash collection transactions | 11.6 | 14.5 |
| Currency control | 7.1 | 7.3 |
| Trade finance and documentary transactions | 6.3 | 4.7 |
| Budget funds service | 5.2 | 5.0 |
| Transactions with securities | 4.2 | 3.1 |
| Safe deposit box rental services | 1.8 | 1.9 |
| Foreign currency transactions | 1.0 | 1.5 |
| Income under banking service agreements | 1.0 | 0.4 |
| Other | 13.5 | 3.9 |
| **Fee and commission income** | **639.4** | **514.9** |
| **Fee and commission expenses** | | |
| Bank card transactions | 98.9 | 74.4 |
| Loyalty program transactions[26] | 25.0 | - |
| Settlement transactions – expense | 2.6 | 2.4 |
| Cash collection | 0.4 | 0.4 |
| Other | 6.2 | 4.6 |
| **Fee and commission expenses** | **133.1** | **81.8** |
| **Net fee and commission income** | **506.3** | **433.1** |



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 bn | For 2019 | For 2018 |
|---|---|---|
| Staff costs | 400.9 | 359.9 |
| Selling, general and administrative expenses | 137.9 | 134.1 |
| Contributions to the Mandatory Deposit Insurance Fund | 83.9 | 71.9 |
| Depreciation and amortization | 71.3 | 60.5 |
| Other operating expenses | 94.4 | 133.8 |
| **Operating expenses** | **788.4** | **760.2** |

### 5.6. Tax expense

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

| RUB bn | For 2019 | For 2018 |
|---|---|---|
| Income tax | 209.2 | 191.2 |
| Income tax to the budgets of subjects of the Russian Federation | 178.2 | 130.0 |
| Income tax to the federal budget | 31.4 | 23.2 |
| Income tax on operations with government securities | 22.8 | 18.3 |
| Income tax withheld abroad at the source of payment | 1.5 | 2.1 |
| Stock dividend tax | 0.2 | 0.2 |
| Tax on controlled foreign companies | 0.0 | 0.4 |
| Adjustment of deferred income tax | (24.9) | 17.0 |
| VAT | 27.5 | 23.8 |
| Property tax | 4.3 | 4.6 |
| Land tax | 0.2 | 0.2 |
| Other taxes and duties | 0.2 | 0.3 |
| **Tax expenses** | **241.4** | **220.1** |

The income tax rate applicable to the major part of the Bank's income as of 1 January 2020 is 20% (1 January 2019: 20%).

Theoretical tax expenses are compared with the actual ones below:

| RUB bn | For 2019 | For 2018 |
|---|---|---|
| **Profit before taxes** | **1,097.6** | **1,002.3** |
| Theoretical tax deductions at a rate determined by the law (2019: 20%; 2018: 20%) | 219.5 | 200.5 |
| Tax effect from income on government securities taxed at rates different from 20% | (7.6) | (6.1) |
| Staff costs not deductible for tax purposes | 2.3 | 1.6 |
| Other non-temporary differences | (5.0) | (4.8) |
| **Income tax expense for the year** | **209.2** | **191.2** |

[26] Following the transition in RAS to the accounting principles under IFRS 9 and IFRS 15, the Bank has updated the composition and structure of fee and commission expenses for 2019

## 6. Accompanying information to the Statement of Changes in Equity

The table below shows the reconciliation of book value of capital instruments for the beginning and the end of the accounting period:

| RUB m | Charter capital | Share premium | Revaluation of fixed assets and intangible assets reduced by a deferred tax liability | Revaluation at fair value of securities available for sale reduced by a deferred tax liability/increased by a deferred tax asset | Increase (reduction) in liabilities (claims) for the payment of long-term employee remuneration upon termination of labor activity in case of revaluation | Reserve fund | Estimated provisions for expected credit losses | Retained earnings (uncovered losses) of previous years | Retained earnings (loss) | Total capital sources |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as of 1 January 2018** | **67,761** | **228,054** | **39,934** | **54,667** | **(18)** | **3,527** | **-** | **2,965,222** | **-** | **3,359,148** |
| **Changes in the structure of shareholder equity for 2018** | | | | | | | | | | |
| Dividends declared | - | - | - | - | - | - | - | (271,043) | - | **(271,043)** |
| Recovery of dividends unclaimed by shareholders during the specified period | - | - | - | - | - | - | - | 30 | - | **30** |
| Depreciation or disposal of the fixed asset revaluation fund | - | - | (2,720) | - | - | - | - | 2,720 | - | - |
| Profit /(loss) for the period (unaudited data) | - | - | - | - | - | - | - | - | **782,182** | **782,182** |
| Other comprehensive income/(loss) for the period | - | - | (2,666) | (66,666) | (688) | - | - | - | - | **(70,020)** |
| **Balance as of 1 January 2019** (closing balance for 2018) | **67,761** | **228,054** | **34,548** | **(11,999)** | **(706)** | **3,527** | - | **2,696,929** | **782,182** | **3,800,296** |
| **Balance as of 1 January 2019** (opening balance as of 1 January 2019) | **67,761** | **228,054** | **34,548** | **(11,999)** | **(706)** | **3,527** | **-** | **3,479,111** | **-** | **3,800,296** |
| **Effect of accounting policy changes** | **-** | **-** | **-** | **(8,955)** | **-** | **-** | **7,665** | **8,123** | **-** | **6,833** |
| **Changes in the structure of shareholder equity for 2019** | | | | | | | | | | |
| Dividends declared | - | - | - | - | - | - | - | (361,391) | - | **(361,391)** |
| Recovery of dividends unclaimed by shareholders during the specified period | - | - | - | - | - | - | - | 128 | - | **128** |
| Depreciation or disposal of the fixed asset revaluation fund | - | - | (4,526) | - | - | - | - | 4,526 | - | - |
| Profit for the period | - | - | - | - | - | - | - | - | **856,245** | **856,245** |
| Other comprehensive income/(loss) for the period | - | - | (4,325) | 110,880 | (231) | - | (3,613) | - | - | **102,711** |
| **Balance as of 1 January 2020** | **67,761** | **228,054** | **25 697** | **89,926** | **(937)** | **3,527** | **4,052** | **3,130,497** | **856,245** | **4,404,823** |



## 7. Accompanying Information to the Statement of Cash Flows

In 2019 cash inflow amounted to RUB1.1 bn (in 2018 the inflow was RUB259.5 bn). The main items of the use of cash and cash equivalents in 2019 were loan disbursements and interest payment. The main sources of funds in the reporting period were attracted customer funds and received interest.

Sberbank effects standard financial market transactions, including those with the Bank of Russia, within the limits established by counterparties for each other for each transaction type.

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.

For management purposes, the Group is divided into operational business segments: Central Head Office, 11 regional banks, and subsidiaries, which are defined according to the organizational structure of the Group and geographical areas. Banking operations are the principal type of activity in all operating segments. For the purposes of presentation in the consolidated financial statements the operating segments are aggregated in the following reportable segments:

- **Moscow, including:**
  - Central Head Office of the Group
  - Regional Bank of Moscow
  - Subsidiaries of the Group located in the region
- **Central and Northern Regions of the European part of Russia, including:**

  Regional banks:
  - Severo-Zapadny – Saint-Petersburg
  - Tsentralno-Chernozemny – Voronezh
  - Srednerussky – Moscow

  Subsidiaries of the Group located in the region
- **Volga Region and South of the European part of Russia, including:**

  Regional banks:
  - Volgo-Vyatsky – Nizhniy Novgorod
  - Povolzhsky – Samara
  - Yugo-Zapadny – Rostov-on-Don

  Subsidiaries of the Group located in the region
- **Urals, Siberia, and Far East of Russia, including:**

  Regional banks:
  - Uralsky – Ekaterinburg
  - Sibirsky – Novosibirsk
  - Dalnevostochny – Khabarovsk
  - Baikalsky – Irkutsk

  Subsidiaries of the Group located in the region
- **Other countries, including:**
  - Discontinued operations in Turkey
  - Subsidiaries of the Group located in Ukraine, Kazakhstan, the Republic of Belarus
  - Subsidiaries of the Group located in Austria and Switzerland
  - Subsidiaries of Sberbank Europe AG located in Central and Eastern Europe
  - Companies of Sberbank CIB Group located in the USA, the United Kingdom, Cyprus and certain other countries
  - The branch located in India
  - Representative Offices in Germany and China

The management of the Group analyzes operational results of every business segment in order to make decisions about allocation of resources and assessment of their performance. Segment reporting and operational results provided to the management for analysis are prepared mainly under Russian Accounting Standards, except for segment reporting of the subsidiaries, which is prepared under International Financial Reporting Standards.

Intersegment operations are performed at internal transfer pricing rates, which are established, approved and regularly revised by the management of the Group.

Activities of each subsidiary is monitored at the level of the Group as a whole.

The table below contains information on allocation of the Group's assets and liabilities broken down by segments as of 1 January 2020:



| *RUB bn* | Moscow | Central and Northern regions of the European part of Russia | Volga Region and South of the European part of Russia | Ural, Siberia and Far East of Russia | Other countries | Total |
|---|---|---|---|---|---|---|
| Total assets | 14,774.2 | 4,493.9 | 3,893.0 | 4,442.8 | 1,988.9 | **29,592.8** |
| Total liabilities | 10,887.9 | 5,199.1 | 4,016.1 | 4,076.0 | 1,194.0 | **25,373.1** |

The table below contains information on allocation of the Group's assets and liabilities broken down by segments as of 1 January 2019:

| *RUB bn* | Moscow | Central and Northern regions of the European part of Russia | Volga Region and South of the European part of Russia | Urals, Siberia and Far East of Russia | Other countries | Total |
|---|---|---|---|---|---|---|
| Total assets | 15,451.3 | 4,036.6 | 3,329.3 | 3,741.3 | 4,418.3 | **30,976.8** |
| Total liabilities | 11,529.3 | 4,978.1 | 3,763.9 | 3,705.6 | 3,423.3 | **27,400.2** |

The table below provides a reconciliation of assets and liabilities for the reportable segments with the Group's assets and liabilities under IFRS as of 1 January 2020 and 1 January 2019:

| | **1 January 2020** | | **1 January 2019** | |
|---|---|---|---|---|
| *RUB bn* | **Total assets** | **Total liabilities** | **Total assets** | **Total liabilities** |
| **Total by segments: assets and liabilities** | **29,592.8** | **25,373.1** | **30,976.8** | **27,400.2** |
| Difference in the netting of financial assets and liabilities | 90.9 | 90.9 | 51.9 | 51.9 |
| Adjustment of accrued staff costs (bonuses, leaves, pension obligations) | - | (3.0) | - | (0.1) |
| Adjustment of estimated ECL provision for debt financial assets | 138.5 | - | 57.8 | - |
| Accounting for derivatives at fair value | (3.0) | (2.8) | 2.6 | (4.7) |
| Accounting for loans at the effective rate | - | - | 47.1 | - |
| Write-off of low-value assets | (10.8) | - | (10.0) | - |
| Adjustment of other provisions | 161.9 | - | 195.3 | - |
| Adjustment of amortization and depreciation and initial or reappraised value of fixed assets and right-of-use assets | 72.1 | 61.4 | 5.7 | - |
| Accounting for financial contracts with embedded derivatives | - | - | (0.2) | - |
| Accounting for raised funds at the effective rate and prepayment of debt securities issued | (76.3) | (78.1) | (129.6) | (132.2) |
| Adjustments under loyalty programs | - | (13.9) | - | 0.9 |
| Currency revaluation of investments in subsidiaries and associates | (3.3) | - | (3.3) | - |
| Adjustment of estimated ECL provision for credit-related commitments | - | (1.6) | - | (34.3) |
| Adjustment of provision for legal claims | - | 2.6 | - | 3.4 |
| Adjustment of fee and commission income | 4.6 | (1.5) | 16.3 | 12.5 |
| Reclassification of securities between portfolios | (1.4) | 2.8 | - | - |
| Accounting for securitization of mortgage loans | - | - | 2.4 | 2.4 |
| Adjustment of deferred tax | (9.9) | 39.8 | (10.0) | 44.2 |
| Accounting for loans at fair value | 8.1 | - | 5.6 | (0.2) |
| Effect of initial recognition of financial instruments at fair value | - | - | (15.5) | - |
| Other | (5.3) | 2.5 | 4.6 | (2.3) |
| **Total assets/liabilities of the Group under IFRS** | **29,958.9** | **25,472.2** | **31,197.5** | **27,341.7** |

The table below provides segment information regarding the allocation of the Group's income and expenses for 2019:

| *RUB bn* | **Moscow** | **Central and Northern regions of the European part of Russia** | **Volga region and South of the European part of Russia** | **Urals, Siberia and Far East of Russia** | **Other countries** | **Intra-group eliminations** | **Total** |
|---|---|---|---|---|---|---|---|
| Interest income | 1,076.4 | 517.5 | 439.9 | 449.1 | 224.6 | (89.1) | **2,618.4** |
| Interest expenses | (565.9) | (198.4) | (146.3) | (141.0) | (120.3) | 86.5 | **(1,085.4)** |
| Inter-segment income / (expenses) | 168.7 | (53.9) | (58.0) | (56.8) | - | - | **-** |
| **Net interest income** | **679.2** | **265.2** | **235.6** | **251.3** | **104.3** | **(2.6)** | **1,533.0** |
| Net fee and commission income | 63.6 | 133.0 | 116.1 | 124.8 | 46.3 | (25.8) | **458.0** |
| Net trading income and the result of revaluation at fair value | 98.1 | 2.4 | 1.9 | 1.8 | 4.4 | (4.7) | **103.9** |
| Other net operating income less expenses/(expenses less income) | 8.8 | (7.0) | (0.3) | (9.9) | (3.6) | (6.0) | **(18.0)** |
| Loss from sale of discontinued operations | - | - | - | - | (85.5) | - | **(85.5)** |
| **Net operating income before provisions** | **849.7** | **393.6** | **353.3** | **368.0** | **65.9** | **(39.1)** | **1,991.4** |
| Net expense from creating estimated ECL provision for debt financial assets | (84.1) | (34.4) | (24.4) | (32.4) | (34.9) | 0.2 | **(210.0)** |
| Staff costs and administrative expenses | (257.1) | (150.8) | (140.9) | (148.7) | (78.7) | 22.2 | **(754.0)** |
| **Profit (loss) before tax (Segment result)** | **508.5** | **208.4** | **188.0** | **186.9** | **(47.7)** | **(16.7)** | **1,027.4** |
| **Additional disclosures** | | | | | | | |
| Expenses of capital nature (acquisition of fixed assets, intangible assets and investment property) | 65.2 | 14.6 | 23.1 | 15.3 | 27.0 | - | **145.2** |
| Amortization and depreciation deductions on fixed assets, right-of-use assets, and intangible assets | (52.2) | (7.1) | (8.2) | (7.2) | (9.8) | - | **(84.5)** |



The table below provides segment information regarding the allocation of the Group's income and expenses for 2018:

| *RUB bn* | **Moscow** | **Central and Northern regions of the European part of Russia** | **Volga region and South of the European part of Russia** | **Urals, Siberia and Far East of Russia** | **Other countries** | **Intra-group eliminations** | **Total** |
|---|---|---|---|---|---|---|---|
| Interest income | 1,069.8 | 388.3 | 355.6 | 392.5 | 323.9 | (85.2) | **2,444.9** |
| Interest expenses | (427.9) | (175.9) | (125.3) | (123.1) | (183.9) | 83.5 | **(952.6)** |
| Inter-segment income / (expenses) | 141.2 | (46.3) | (47.0) | (47.9) | - | - | **-** |
| **Net interest income** | **783.1** | **166.1** | **183.3** | **221.5** | **140.0** | **(1.7)** | **1,492.3** |
| Net fee and commission income | 62.5 | 139.8 | 123.1 | 129.6 | 52.1 | (27.0) | **480.1** |
| Net trading income and the result of revaluation at fair value | (94.2) | 1.0 | 1.1 | 1.3 | (7.3) | (1.6) | **(99.7)** |
| Other net operating income less expenses/(expenses less income) | 44.6 | (9.7) | (17.9) | (9.6) | (7.6) | 17.8 | **17.6** |
| **Net operating income before provisions** | **796.0** | **297.2** | **289.6** | **342.8** | **177.2** | **(12.5)** | **1,890.3** |
| Net expense from creating estimated ECL provision for debt financial assets | (109.9) | (26.9) | (17.5) | (25.8) | (74.0) | - | **(254.1)** |
| Staff costs and administrative expenses | (357.2) | (93.2) | (83.5) | (92.9) | (92.4) | 8.0 | **(711.2)** |
| **Profit / (loss) before tax (Segment result)** | **328.9** | **177.1** | **188.6** | **224.1** | **10.8** | **(4.5)** | **925.0** |
| **Additional disclosures** | | | | | | | |
| Expenses of capital nature (acquisition of fixed assets, intangible assets and investment property) | 85.5 | 14.2 | 22.3 | 14.0 | 39.9 | - | **175.9** |
| Amortization and depreciation deductions on fixed and intangible assets | (44.6) | (7.1) | (8.5) | (7.9) | (11.2) | - | **(79.3)** |

The table below provides a reconciliation of reportable segment profit before tax to the Group's IFRS profit before taxes for 2019 and 2018:

| *RUB bn* | for 2019 | for 2018 |
|---|---|---|
| **Total for reportable segments** | **1,027.4** | **925.0** |
| Adjustment of accrued staff costs (bonuses, leaves, pension obligations) | 2.9 | 0.2 |
| Adjustment of estimated ECL provision and other provisions | 32.4 | 124.7 |
| Accounting for derivatives at fair value | (1.2) | 8.1 |
| Write-off of low-value assets | (0.8) | 0.1 |
| Adjustment of amortization and depreciation and initial or reappraised value of fixed assets and right-of-use assets | 4.6 | 4.6 |
| Accounting for financial contracts with embedded derivatives | - | 0.9 |
| Accounting for raised funds at the effective rate and prepayment of debt securities issued | (3.5) | 1.5 |
| Adjustments for loyalty programs | 3.9 | (0.5) |
| Currency revaluation of investments in subsidiaries and associates | 5.1 | - |
| Adjustment of estimated ECL provision for credit-related commitments | (4.8) | (9.3) |
| Adjustment of provisions for legal claims | 0.8 | (2.3) |
| Adjustment of fee and commission income | 1.7 | 1.3 |
| Reclassification of securities between portfolios | (0.7) | (1.7) |
| Accounting for securitization of mortgage loans | (2.3) | 0.1 |
| Adjustment of deferred tax | 2.0 | 5.2 |
| Effect of initial recognition of financial instruments at fair value | - | (12.1) |
| Accounting for loans at fair value | (9.2) | 6.0 |
| Other | (1.4) | (4.4) |
| **Total profit of the Group before tax under IFRS** | **1,056.9** | **1,047.4** |

The discrepancies presented above arise due to differences in the classification as well as in accounting policy.

The adjustment of estimated ECL provisions and other provisions arises due to differences between the methodology used to calculate estimated ECL provisions and other provisions under Russian Accounting Standards, on which the Bank's management accounts are primarily based, and the methodology for calculating estimated provisions for credit losses and other provisions under IFRS.

In 2019 revenue from transactions with clients in the Russian Federation amounted to RUB3,293.9 bn (in2018: RUB2,994.7 bn); the revenue from transactions with clients in the territories of all foreign countries where the Group operates amounted to RUB264.0 bn (in 2018: RUB382.3 bn). In 2019 revenue from transactions between segments amounted to RUB198.4 bn (in 2018: RUB170.6 bn).

In 2019 and 2018, there were no external clients or counterparties entering into transactions with revenue exceeding 10.0% of the Group's gross revenue.

The Group's cash flow broken down by segments generally matches the allocation of assets, liabilities, income and expenses by segments presented above.



# 9. Information on Significant Types of Risks, Procedures for Their Assessment and Management

Since Sberbank of Russia is the parent company of the Banking Group, where risks are managed largely on the Group level, the risk management approaches are presented in relation to the Group.

**9.1. Integrated Group risk management**

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

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

Basic principles of the risk management system are defined in the 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:*

- ensure/maintain acceptable risk level and level of capital adequacy to cover material risks
- ensure the financial stability of the Bank and the Group, minimize possible financial losses caused by risks accepted by the Bank and the Group within the risk appetite specified in accordance with the Development Strategy
- ensure efficient resource allocation to optimize the risk/return ratio of the Group
- ensure the going concern and planning of the optimal management of the Bank and the Group business with due regard to possible stress conditions
- comply with requirements of Russian government bodies regulating the activities of the Group as a whole and of specific Group members as well as requirements of government bodies in countries of Group members' operation

*Risk management is implemented at four levels:*

- first management level (performed by the Supervisory Board of the Bank) – approve the risk and capital management strategy of the Group; set risk appetite and target risk levels for the Group and the Bank; monitor compliance with risk appetite limits and achievement of target risk levels; evaluate the effectiveness of the risk and capital adequacy management system
- second management level (performed by the Executive Board of the Bank and the Group Risk Committee of the Bank) – manage aggregated Group's risk; organize risk management and capital adequacy management; appoint committees and units for managing specific types of risks
- third management level (performed by the committees of the Bank managing specific types of risks) – manage specific types of risks within the limits and requirements set at the 1st and 2nd management levels
- fourth management level (performed by collegial bodies and structural units of the Bank and the Group members) – manage specific types of risks in the Bank and the Group members within the requirements and limits set at the 1st, 2nd and 3rd levels of management

*Integrated risk management process includes five core steps:*

- identify risks and assess their materiality – the goal of this stage is to identify all risks affecting the activities of the Group
- perform aggregated assessment of risks and total amount of capital – the goal of the stage is to perform the aggregate estimation of capital required to cover losses in case of risk materialization
- establish risk appetite – the goal of this stage is to approve in the Bank the maximum acceptable level of risks that the Group is entitled to take, coordinate it with the Bank's Supervisory Board, and build a system of limits and restrictions to meet the Group's risk appetite
- plan risk exposure – 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
- manage the aggregate risk level – the goal of this stage is to ensure that the risks of the Group are consistent with the target values

The Group has been continuously improving the risk management system in order to correspond to best practices and recommendations of regulators. In this respect, it has been consistently implementing and improving both the methodology and procedures for risk management at the integrated level and at the level of management systems for specific types of risks.

### 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

Classification of assets assessed for the purpose of creating provisions for possible losses and estimated ECL provisions by quality categories as of 1 January 2020[27]:

| | 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 | - | - | 0.9 | 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, including: | 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** |

| | Quality categories | | | | | *Total (without adjustments to ECL provision)* | *Adjustment to ECL provision* | *Total ECL provision* |
|---|---|---|---|---|---|---|---|---|
| **Provisions** | *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 | - | 0.5 | 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** |

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

Classification of assets assessed for creating provisions for possible losses by quality categories as of 1 January 2019[27]:

| | Quality categories | | | | | |
|---|---|---|---|---|---|---|
| *RUB bn* | *I* | *II* | *III* | *IV* | *V* | *Total* |
| **Assets for which a provision for possible losses is created** | | | | | | |
| **Assets assessed for creating loan loss provisions** | **8,987.3** | **10,076.1** | **1,107.8** | **480.1** | **726.9** | **21,378.2** |
| Loans receivable from credit institutions | 1,570.1 | 7.5 | 17.4 | - | 40.9 | 1,635.9 |
| Loans receivable from legal entities | 7,346.3 | 4,547.3 | 734.6 | 457.4 | 485.9 | 13,571.6 |
| Loans receivable from individuals | 70.9 | 5,521.3 | 355.8 | 22.7 | 200.1 | 6,170.8 |
| **Investments in securities assessed for creating provisions for possible losses** | **635.2** | **56.0** | **-** | **-** | **1.5** | **692.7** |
| Investments in securities available for sale | 0.1 | - | - | - | - | 0.2 |
| Investments in securities held to maturity | 635.0 | 56.0 | - | - | 1.5 | 692.5 |
| **Other assets assessed for creating provisions for possible losses** | **1,737.8** | **115.8** | **269.2** | **11.9** | **128.6** | **2,263.3** |
| Other receivables from credit institutions | 1,304.1 | 2.3 | 0.1 | 0.0 | 63.8 | 1,370.4 |
| Other receivables from legal entities | 433.3 | 81.6 | 256.4 | 10.6 | 33.8 | 815.7 |
| Other receivables from individuals | 0.3 | 32.0 | 12.7 | 1.3 | 30.9 | 77.2 |
| **Non-core assets** | **-** | **2.6** | **9.7** | **1.7** | **-** | **13.9** |
| **Assets for which a provision for possible losses is created** | **11,360.3** | **10,250.5** | **1,386.6** | **493.7** | **857.0** | **24,348.1** |

**Provision for possible losses**

| | | | | | | |
|---|---|---|---|---|---|---|
| **Loan loss provisions** | **0.5** | **149.4** | **195.9** | **223.8** | **665.3** | **1,234.9** |
| Loans receivable from credit institutions | - | - | 3.8 | - | 40.9 | 44.7 |
| Loans receivable from legal entities | 0.5 | 93.9 | 172.0 | 216.6 | 433.5 | 916.5 |
| Loans receivable from individuals | - | 55.5 | 20.1 | 7.1 | 191.0 | 273.7 |
| **Provisions for possible losses from securities** | **-** | **1.3** | **-** | **-** | **1.5** | **2.9** |
| **Other provisions for possible losses** | **-** | **1.6** | **89.3** | **6.9** | **128.3** | **226.1** |
| Other receivables from credit institutions | - | - | - | - | 63.8 | 63.9 |
| Other receivables from legal entities | - | 1.2 | 88.6 | 6.3 | 34.0 | 130.0 |
| Other receivables from individuals | - | 0.4 | 0.7 | 0.6 | 30.5 | 32.2 |
| **Non-core assets** | **-** | **0.4** | **3.7** | **1.3** | **-** | **5.4** |
| **Provisions for possible losses** | **0.5** | **152.7** | **289.0** | **232.0** | **795.2** | **1,469.3** |

[27] Based on the reporting form 0409115 Credit Institution's (Banking Group) Asset Quality Data. The 0409115 form is prepared for prudential purposes in accordance with Bank of Russia Regulations No. 590-П (590-P) and 611-П (611-P)

Overdue receivables[27]:

*as of 1 January 2020*

| RUB bn | Amount | 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 ECL provision |
|---|---|---|---|---|---|---|---|---|---|---|
| **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 2019*

| RUB bn | Amount | 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 |
|---|---|---|---|---|---|---|---|---|
| **Loans receivable** | **21,378.2** | **661.8** | **118.2** | **46.2** | **32.1** | **465.3** | **1,396.0** | **1,234.9** |
| Credit facilities (loans) granted, deposits made | 20,071.1 | 629.9 | 112.8 | 45.9 | 30.1 | 441.2 | 1,250.4 | 1,089.9 |
| Receivables under rights (claims) acquired in a transaction (assignment of claim) | 68.4 | 11.2 | - | - | - | 11.2 | 23.0 | 23.0 |
| Receivables under transactions involving disposal (acquisition) of financial assets with simultaneous allowance of a payment grace period (supply of financial assets) to the counterparty | 283.8 | 10.3 | 5.4 | - | 0.1 | 4.8 | 97.9 | 97.9 |



*as of 1 January 2019*

| RUB bn | Amount | 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 |
|---|---|---|---|---|---|---|---|---|
| Claims for return of cash funds granted under transactions with securities repayable without recognition of the securities received | 859.3 | - | - | - | - | - | 0.8 | 0.3 |
| Amounts paid out by the credit institution to the beneficiary under bank guarantees but not recovered from the principal | 13.0 | 9.6 | 0.1 | 0.3 | 1.9 | 7.3 | 12.1 | 12.1 |
| Claims against payers under paid letters of credit | 81.0 | 0.7 | - | - | - | 0.7 | 11.7 | 11.7 |
| Discounted bills | 1.6 | - | - | - | - | - | - | - |
| **Securities** | **692.7** | **0.9** | **-** | **-** | **-** | **0.9** | **2.9** | **2.9** |
| **Other claims** | **2,263.3** | **60.2** | **4.2** | **5.5** | **2.5** | **48.1** | **226.3** | **226.1** |
| **Non-core assets** | **13.9** | **-** | **-** | **-** | **-** | **-** | **5.4** | **5.4** |

As of 1 January 2020, 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) dated 17 November 2011 On Specifics of Credit Institutions' Loss Provisioning for Transactions with Securities, the Rights to Which Are Certified by Depositories, 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 credit losses for provisioning of debt financial instruments with the key principle of timely reflection of deterioration or improvement in the credit quality of debt financial instruments, taking into account current and forecast information. The amount of expected credit losses recognized as estimated provision for expected credit losses depends on the degree of deterioration in credit quality as from initial recognition of a debt financial instrument.

Depending on the change in credit quality as from initial recognition, the Bank assigns financial instruments to 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 credit losses over the entire life – non-impaired assets (stage 2) – debt financial instruments with a material increase in credit risk but not impaired, for which expected loan losses are calculated over the entire life of the financial instrument.
- Expected credit losses over the entire life – impaired assets (stage 3) – impaired debt financial instruments.

For acquired or issued impaired financial assets the estimated provision for expected credit losses is created in the amount of accumulated changes in the value of expected credit 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 the Bank decides to deny lending;
- 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 is 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 the credit quality of a borrower, for which material increase in credit risk was identified at the last reporting dates, to the first stage risk level is determined from 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 expected credit losses for acquired or issued impaired assets, the Group assesses accumulated changes in the value of expected credit losses over the entire life of the instrument from the moment of its acquisition or issue.

A financial asset is considered 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 this 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 creating estimated provision for expected credit losses.* There are two methods for estimating expected credit losses: at the transaction level or at the product and counterparty level. Estimation at the transaction level is used for all debt financial instruments, except for those related to the Private Individuals segment.

Estimation at the product and counterparty level is used for all debt financial instruments within the Private Individuals segment.

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

*Financial asset provisioning on an individual basis.* The amount of the estimated provision for expected credit losses for each debt financial asset is estimated based on the assessment of weighted average expected credit 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 substantiated forecast information, however, the number of considered scenarios cannot be less than two (including the 100% loss scenario) and the probability of their materialization should be above zero.
- Estimation of expected losses in the individual provisioning approach factors in the time value of money and substantiated information on past, present and future forecast economic conditions. The amount of the estimated provision for expected credit losses is determined as the difference between the gross book value of the debt financial asset before deduction of the estimated provision for expected credit 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 expected credit 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 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 RUB/USD exchange rate, average annual price for Urals oil, real/nominal wage growth, growth of real disposable income of the population, household consumption growth, 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 Group estimates expected credit losses for a period of 12 months (Stage 1) or the entire life of the instrument, weighted by the probability of scenarios. These expected credit losses weighted by the probability are determined by calculating each scenario using the appropriate model of expected credit losses and multiplying them by the respective scenario weights.

The main principle of segmentation for determining the probability of default (PD) for provisioning purposes states that debt financial instruments with a similar risk portfolio are 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, and the business size and model.

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

EAD is the 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. The calculation also includes early repayment or refinancing assumptions. For revolving products, the debt at the time of default is projected by adding to the current balance of the used funds 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.

*Determination of estimated provision for expected credit losses for credit-related commitments.* If the counterparty has current balance sheet debt, provisions for expected credit 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 provisions for expected credit losses are estimated 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.

- Minimal credit risk – assets, the counterparties on which demonstrate consistent ability to fulfill financial obligations in due time with an insignificant probability of default.
- Low credit risk – assets, the counterparties on which have a low probability of default and high ability to fulfill financial obligations in due time.
- Medium credit risk – assets, the counterparties on which have a moderate probability of default, demonstrate average ability to fulfill financial obligations in due time and require closer attention at the monitoring stage.
- High credit risk – assets, the counterparties on which 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 client 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 client 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 client 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 2019:

| RUB bn | *Balance as of 1 January 2019*[28] | | *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* | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***Name of asset (instrument)*** | ***Total ECL provision*** | ***incl. provision for possible losses*** | ***Total ECL provision*** | ***incl. provision for possible losses*** | ***Total ECL provision*** | ***incl. provision for possible losses*** | ***Total ECL provision*** | ***incl. provision for possible losses*** | ***Total ECL provision*** | ***incl. provision for possible losses*** | ***Total ECL provision*** | ***incl. 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 amortized cost | 1,285.8 | 1,315.7 | 177.7 | 242.2 | (204.3) | (213.9) | (36.0) | (30.0) | 34.3 | - | 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 amortized cost | 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** |

[28] The presented data as of 1 January 2019 factor in the transition to the Bank of Russia regulations in terms of IFRS 9 and IFRS 15 application

The table below shows information about the flow of provisions for possible losses during 2018:

*RUB bn*

| *Name of asset (instrument)* | *Balance as of 1 January 2018* | *Expenses on creation (income from recovery) of the provision* | *Write-off against provision* | *Balance As of 1 January 2019* |
|---|---|---|---|---|
| Funds on correspondent accounts | 0.2 | (0.2) | - | - |
| Loans receivable and interest income accrued | 1,118.6 | 189.6 | (47.1) | 1,261.1 |
| Investments in securities available for sale | 0.03 | - | - | 0.03 |
| Investments in securities held to maturity | 4.3 | (1.5) | - | 2.8 |
| Investments in subsidiaries and affiliates | 111.8 | 36.6 | - | 148.4 |
| Other | 51.6 | 11.1 | (5.6) | 57.1 |
| Contingent credit-related liabilities | 61.1 | (2.6) | - | 58.5 |
| Transactions with residents of offshore zones | 1.6 | (0.8) | - | 0.8 |
| **Total** | **1,349.2** | **232.2** | **(52.7)** | **1,528.6** |



### 9.3. Market risk

*Market risk* is a possibility that the Group will incur 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. The main purpose of market risk management of the Group is the optimization of its level within the Group, compliance of the risk level with established limits, and 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 Management 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.

Market risk of the trading book is controlled by business units that are 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.

Market risks of the trading book are managed in the Group through the system of authorized bodies making decisions depending on the risk level and portfolio hierarchy. This system allows for speedy and flexible decision-making.

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 of market risk management.

Value at risk (VaR) is used as the main metric for the valuation of market risk in trading activities. The VaR assessment is carried out by Sberbank using the historical simulation method with a confidence level of 99% at a 10-day horizon, with mark-ups factored in for the specific risk related to changes in the prices of individual instruments due to reasons other than a change in the overall market situation.

*The table below provides the results of the VaR method calculations for market risk as of 1 January 2020 and 1 January 2019*[29]*:*

| | ***Risk magnitude*** *RUB bn* | | ***Risk magnitude*** *% of capital* | |
|---|---|---|---|---|
| ***Risk type*** | ***as of 1 January 2020*** | ***As of 1 January 2019*** | ***as of 1 January 2020*** | ***As of 1 January 2019*** |
| **Market risk** | **27.3** | **23.8** | **0.6** | **0.6** |

[29] 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.

*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.

In order to measure interest rate risk, a standardized shock is used in accordance with the recommendations of the Basel Committee on Banking Supervision. Possible changes in interest rates are forecast separately for material interest positions in rubles and foreign currencies.

The table below shows the influence of shock changes in interest rates on net interest income of the Bank in relevant currencies within the time horizon of one year as of 1 January 2020 and 1 January 2019:[30]

| | *Decline in interest rates* | | *Growth of rates* | |
|---|---|---|---|---|
| | *as of 1 January 2020* | *As of 1 January 2019* | *as of 1 January 2020* | *As of 1 January 2019* |
| **Russian ruble** | | | | |
| Change in interest rates, b.p. | (400) | (400) | 400 | 400 |
| Change in profit before tax, RUB bn | 101.3 | 128.6 | (101.3) | (128.6) |
| **US dollars** | | | | |
| Change in interest rates, b.p. | (200) | (200) | 200 | 200 |
| Change in profit before tax, RUB bn | (8.2) | (12.1) | 8.2 | 12.1 |
| **Euro** | | | | |
| Change in interest rates, b.p. | (200) | (200) | 200 | 200 |
| Change in profit before tax, RUB bn | 0.5 | (1.3) | (0.5) | 1.3 |

*Currency risk of the banking book*

The Group is exposed to the currency risk of the banking book, i.e. the risk of financial loss, decrease in capital or capital adequacy caused by changes in foreign currency exchange rates and prices for precious metals held in banking book positions.

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.

*Credit spread risk of the banking book*

Risk of market credit spread of the banking book (CSRBB) means the risk of losses or capital decrease because of a decline in market prices of securities in the banking book acquired under the business models ‘receipt of contractual cash flows’ and ‘receipt of contractual cash flows and sale’ and carried at fair value as a result of an adverse change in the market credit spreads.

*CSRBB management goals*

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

*Metrics used*

To assess CSRBB, 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).

VaR for the CSRBB is calculated using the Monte Carlo method. Along with this:

- nominal value and structure (including the issuers) of the securities in the banking book carried at fair value are assumed to be constant
- fair value of the securities in the banking book as of the beginning and the end of a given time period is modeled with the use of the cash flow discounting method

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



- all cash flows of the securities in the banking book carried at fair value are included into the assessment
- 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 CSRBB, economic capital 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 (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 CSRBB.

## 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 2020 is provided below:

| *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 the amortized cost | 17,078.8 | 2,398.6 | 922.7 | 70.3 | 20,470.4 |
| *ECL provision* | | | | | *(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 |
| *ECL provision* | | | | | *(5.6)* |
| Investments in subsidiaries and affiliates[31] | 920.9 | - | - | - | 920.9 |
| *ECL provision* | | | | | *(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 | 21.1 | 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** |
| ***ECL provision*** | | | | | ***(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 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 | 0.9 | 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** |

[31] All investments in subsidiaries pertain to the Rubles category because according to Regulation No. 579-P they are accounted 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 2019 is provided below:

| *RUB bn* | ***Rubles*** | ***US dollars*** | ***Euro*** | ***Other currencies*** | ***Total*** |
|---|---|---|---|---|---|
| Cash and cash equivalents | 387.7 | 216.0 | 63.1 | 22.1 | 688.9 |
| Funds of credit institutions held in the Central Bank of the Russian Federation | 864.9 | 0.1 | 0.1 | - | 865.1 |
| Due from credit institutions before provisions | 2.0 | 294.4 | 80.6 | 29.4 | 406.3 |
| Investments in securities carried at fair value through profit or loss | 11.9 | 22.3 | 1.0 | - | 35.1 |
| Loan debts before provisions for possible losses | 16,591.4 | 3,559.9 | 1,119.2 | 107.2 | 21,377.8 |
| *Provisions for possible losses* | | | | | *(1,234.9)* |
| Investments in securities and other financial assets available for sale before provisions for possible losses | 2,659.4 | 383.5 | 71.7 | 0.3 | 3,114.8 |
| *Provisions for possible losses* | - | - | - | - | *(148.4)* |
| Investments in securities held to maturity before provisions for possible losses | 331.4 | 304.1 | 35.6 | 27.4 | 698.5 |
| *Provisions for possible losses* | | | | | *(2.8)* |
| Current income tax claims | 17.3 | - | - | - | 17.3 |
| Deferred tax asset | 21.9 | - | - | - | 21.9 |
| Fixed assets, intangible assets, and inventory | 503.1 | - | - | - | 503.1 |
| *Provisions for possible losses* | - | - | - | - | (3.1) |
| Long-term assets available for sale | 11.7 | - | - | - | 11.7 |
| *Provisions for possible losses* | | | | | (2.3) |
| Other assets before provisions for possible losses | 184.8 | 195.6 | 82.4 | 2.6 | 465.4 |
| *Provisions for possible losses* | | | | | *(77.7)* |
| **Assets before provisions for possible losses** | **21,587.5** | **4,975.8** | **1,453.6** | **189.1** | **28,206.0** |
| ***Provisions for possible losses*** | | | | | ***(1,469.3)*** |
| Loans, deposits, and other funds of the Central Bank of the Russian Federation | 567.2 | - | - | - | 567.2 |
| Due to credit institutions | 832.9 | 81.4 | 69.4 | 6.1 | 989.9 |
| Due to customers | 14,417.0 | 4,878.3 | 1,046.3 | 148.4 | 20,490.1 |
| Issued debt securities | 504.8 | 32.3 | 1.0 | 0.1 | 538.3 |
| Current income tax liabilities | 1.7 | - | - | - | 1.7 |
| Other liabilities before provisions for possible losses | 207.7 | 102.9 | 6.0 | 2.3 | 319.0 |
| **Liabilities before provisions for possible losses** | **16,531.4** | **5,095.0** | **1,122.9** | **156.9** | **22,906.1** |
| ***Provisions – estimated non-credit liabilities*** | | | | | ***0.4*** |
| ***Provisions for possible losses from credit-related contingencies, other possible losses and transactions with offshore residents*** | | | | | ***59.3*** |
| **Net position as to DFI carried at fair value** | **(235.3)** | **427.6** | **(184.5)** | **21.4** | **29.3** |
| **Net position (before provisions for possible losses)** | **4,820.8** | **308.5** | **146.3** | **53.6** | **5,329.2** |

**9.5. Liquidity risk**

Liquidity risk is 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, including:

- physical liquidity risk is the risk of failure by the Bank/ Sberbank Group member to fulfill its obligations to customers or 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[32]), as well as with statutory liquidity ratios established by local regulators in the countries of the Group members' operation;
- structural liquidity 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).

Liquidity risk management helps to ensure the Bank's and Sberbank Group members' capability to perform their obligations to clients and counterparties unconditionally and in due time, in compliance with regulatory requirements in the area of liquidity risk management, either in normal business conditions, or in crisis situations.

Based on the current market environment, assumptions about the future dynamics of balance sheet items, and accumulated historical data, an adequate level of cash and cash equivalents and liquidity reserves needed to fulfill these obligations over different time horizons is estimated.

***Liquidity risk exposure indicators of the Bank***

As of 1 January 2020, 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:*

| *Liquidity ratios* | *Threshold established by the Bank of Russia, %* | *Ratio value as of the reporting date, %* As of 1 January 2020 | *Ratio value as of the reporting date, %* As of 1 January 2019 |
|---|---|---|---|
| N2 | min 15 | 161.9 | 185.8 |
| N3 | min 50 | 229.2 | 232.1 |
| N4 | max 120 | 57.1 | 64.0 |

[32]In case that any other liquidity ratios are set as statutory ratios for the Bank/the Group member



***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 2020 is presented below[33]:

| *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* | *Indefinite 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 mandatory provisions | 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 debt before 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 for possible losses on loans** | **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 before provisions for possible losses** | **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 | - |

[33] According to 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 2019 is presented below[33]:

| *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*** | ***Indefinite term/ overdue*** | ***Total*** |
|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | |
| Cash and cash equivalents | 688.9 | - | - | - | - | - | 688.9 |
| Funds of credit institutions held with the Central Bank of the Russian Federation | 748.3 | 49.4 | 30.4 | 24.2 | 12.6 | - | 865.1 |
| including mandatory provisions | 71.1 | 49.4 | 30.4 | 24.2 | 12.6 | - | 187.9 |
| Due from credit institutions | 406.3 | - | - | - | - | - | 406.3 |
| Financial assets at fair value through profit or loss | 50.9 | 69.3 | 18.7 | 38.9 | 20.5 | - | 198.3 |
| Loan debt before provisions for possible losses | 2,113.2 | 1,833.0 | 2,060.9 | 6,241.9 | 8,660.6 | 468.1 | 21,377.8 |
| Net investments in securities and other financial assets available for sale | 2,163.0 | - | - | - | - | 803.4 | 2,966.4 |
| including investments in subsidiaries and affiliates | - | - | - | - | - | 803.4 | 803.4 |
| Net investments in securities held to maturity | 7.5 | 7.2 | 19.6 | 148.7 | 512.7 | - | 695.7 |
| Current tax claims | - | - | - | 17.3 | - | - | 17.3 |
| Deferred tax asset | - | - | - | - | - | 21.9 | 21.9 |
| Fixed assets, intangible assets, and inventory | - | - | - | - | - | 500.0 | 500.0 |
| Long-term assets available for sale | - | - | 9.4 | - | - | - | 9.4 |
| Other assets | 249.8 | 18.2 | 20.7 | 38.0 | 37.0 | 24.0 | 387.7 |
| **Assets before provisions for possible losses on loans** | **6,427.9** | **1,977.1** | **2,159.7** | **6,509.1** | **9,243.6** | **1,817.5** | **28,134.9** |
| LIABILITIES | | | | | | | |
| Loans, deposits, and other funds of the Central Bank of the Russian Federation | 5.8 | 3.5 | 16.9 | 40.9 | 500.0 | - | 567.2 |
| Due to credit institutions | 701.6 | 236.4 | 24.3 | 14.0 | 13.5 | - | 989.9 |
| Due to customers other than credit institutions | 7,907.2 | 5,431.6 | 3,369.9 | 2,576.4 | 1,204.9 | - | 20,490.1 |
| including deposits of individuals | 4,110.1 | 4,319.5 | 2,949.2 | 1,346.7 | 185.7 | - | 12,911.2 |
| Financial liabilities carried at fair value through profit or loss | 10.5 | 44.6 | 28.4 | 27.7 | 22.7 | - | 133.9 |
| Issued debt securities | 53.3 | 102.2 | 37.2 | 135.6 | 210.0 | - | 538.3 |
| Current tax liabilities | - | - | - | 1.7 | - | - | 1.7 |
| Other liabilities | 283.7 | 22.3 | 2.4 | - | 1.9 | 9.2 | 319.4 |
| **Liabilities before provisions for possible losses** | **8,962.1** | **5,840.6** | **3,479.1** | **2,796.3** | **1,953.0** | **9.2** | **23,040.4** |
| Net liquidity gap | (2,534.2) | (3,863.5) | (1,319.4) | 3,712.7 | 7,290.6 | 1,808.3 | 5,094.5 |
| Aggregate liquidity gap | (2,534.2) | (6,397.7) | (7,717.1) | (4,004.4) | 3,286.2 | 5,094.5 | - |



Securities carried at fair value through profit or loss, as well as the most liquid share of securities available for sale, 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.

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.

***The analysis of remaining maturities 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 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** |

The analysis of terms remaining to repayment of financial liabilities of the Bank as of 1 January 2019 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*** |
|---|---|---|---|---|---|---|
| Financial liabilities | 8,907.1 | 4,903.1 | 4,967.9 | 3,203.4 | 1,520.8 | 23,502.3 |
| Guarantees and sureties issued by the credit institution | 1,483.7 | - | - | - | - | - |
| **Total** | **10,390.8** | **4,903.1** | **4,967.9** | **3,203.4** | **1,520.8** | **23,502.3** |

### 9.6. Compliance Risk

Compliance risk means the risk of legal sanctions or sanctions of regulators, significant financial loss or loss of reputation of the Bank or other Group member as a result of their non-compliance with laws, regulations, rules, standards of self-regulatory organizations, or codes of conduct and ethical norms of business.

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

- prevention of abuse of authority and corruption offences of the Bank and Group members employees;
- prevention and resolution of conflicts of interest arising in the course of the Bank and Group members business activities;
- combating legalization (laundering) of illegally gained income and financing of terrorism;
- compliance with the licensing and other regulatory requirements related to financial markets;
- adherence to fair market conduct and fair competition in financial market dealings, prevention of fraudulent business practices in financial markets (use of insider information, price manipulation, etc.);
- compliance with economic sanctions and restrictions set by applicable Russian laws, by international organizations and by individual states;
- protection of client rights, including investment activities.

To strengthen those areas, Sberbank 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:

- Sberbank's compliance management system was successfully certified during the audit by the International Compliance Association for quality standards ISO 19600:2014 'The Compliance Function Management' and recertified for international standard ISO 37001:2016 'Anti-bribery Management Systems';
- In December 2019, professional development program Compliance was successfully certified by EFMD EOCCS (European Foundation for Management Development Online Course Certification System).
- A special professional development program, Anti-corruption, has been developed for those employees whose professional or functional duties involve anti-corruption activities.
- Machine learning tools have been incorporated in key compliance control processes to improve the quality of suspicious transaction identification.
- The Supervisory Board approved a new version of Sberbank Group's Conflict of Interest Management Policy.
- Bank-wide communications campaigns have been organized to enforce the compliance with the Code of Corporate Ethics, conflict of interest policies and rules for handling gifts.
- Measures have been taken to sign guarantees prohibiting the acts of corrupt nature when entering into contractual relationships with Sberbank counterparties and partners.
- The quality of market manipulation screening has been improved.
- Compliance support has been provided for Sberbank activities to align them with the requirements for rendering individual investment recommendations to clients.
- Regular training in compliance has been introduced for Sberbank employees.



### 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 tools 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 2019 the Bank continued the implementation of measures to mitigate risks. These activities were intended both to change existing processes and operating technologies and to improve the executive discipline of staff. The Bank has developed and approved a new approach to setting key performance indicators (KPIs) for internal structural units regarding operational risk, established the values of operational risk appetite, including those for internal structural units, values of operational risk loss limits, and established the target level for identifying operational risk incidents by the first and second lines of defense. As part of analyzing, controlling and forecasting operational risks, Sberbank also develops and monitors key risk indicators.

Sberbank structural units, operational risk units, management and collegial bodies of the Bank and the Group regularly monitor the progress of measures implementation status and the residual risks.

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

The table below provides information on the amount of income for the purpose of calculating capital to cover operational risk:

| *RUB bn* | *As of 1 January* ***2020*** | *As of 1 January* ***2019*** |
|---|---|---|
| Net interest income | 1,289.8 | 1,120.6 |
| Net non-interest income | 470.7 | 431.6 |
| **Income for the purpose of calculating capital to cover operational risk** | **1,760.5** | **1,552.2** |

## 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 of Banks No. 180-I and the Bank of Russia Regulation On the Procedure for Credit Risk Calculation based on Internal Ratings No. 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-P and the Bank of Russia Regulation On the Procedure for Operational Risk Calculation No. 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-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. 180-I and Regulation No. 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 2018 and 2019, the Bank complied with the Bank of Russia requirements to capital adequacy ratios, detailed information can be found in published reporting forms 0409808 and 0409813.

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

| | | *As of 1 January 2020* | *As of 1 January 2019* |
|---|---|---|---|
| | *Regulatory requirement, %* | *Actual value, %* | *Actual value, %* |
| Core capital adequacy ratio (N1.1) | 4.5 | 10.5 | 11.1 |
| Fixed capital adequacy ratio (N1.2) | 6.0 | 10.5 | 11.1 |
| Total capital adequacy ratio (N1.0) | 8.0 | 14.5 | 14.8 |
| Leverage ratio (N1.4) | 3.0 | 11.4 | 11.2 |

According to the permission issued by the Bank of Russia, since 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-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.

In 2019, core capital adequacy ratio (N1.1) and fixed capital adequacy ratio (N1.2) declined by 0.6 p.p. and amounted to 10.5 percent. Equity (capital) adequacy ratio (N1.0) declined by 0.3 p.p. and amounted to 14.5 percent. Financial leverage ratio (N1.4) rose by 0.2 p.p. during 2019, with growth due to multidirectional factors, the ley of them are: audited profit for Q1 2019, payment of dividends for 2018, growth of balance sheet assets and off-balance sheet claims at risk in 2019.

Information on dividends recognized as payments to shareholders in included in disclosure 4.10 'Share capital' and 4.11 'Earnings per share and dividends' of Notes 4 'Accompanying Information to the Balance Sheet'.

## 11. Derivative Financial Instruments

Currency and other derivative financial instruments Sberbank conducts transactions with are generally traded in an over-the-counter market with professional market participants. Derivatives 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 derivatives can change significantly over time.

The table includes contracts 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.

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

| | Fair value of the expected flows | | | |
|---|---|---|---|---|
| *RUB bn* | **Receivable** | **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)** |



Derivatives analysis as of 1 January 2019 is represented in the table below:

| | Fair value of the expected flows | | | |
|---|---|---|---|---|
| *RUB bn* | **Receivable** | **Payable** | **Assets – positive fair value** | **Liabilities – negative fair value** |
| ***Foreign currency:*** | | | | |
| OTC options | 5.7 | (9.5) | 4.5 | (8.4) |
| OTC swaps | 2,357.1 | (2,341.2) | 37.0 | (21.1) |
| Forwards | 557.9 | (544.4) | 26.2 | (12.7) |
| **Total** | **2,920.6** | **(2,895.1)** | **67.7** | **(42.2)** |
| ***Interest rate:*** | | | | |
| OTC options | 0.7 | (1.9) | 0.6 | (1.8) |
| OTC swaps | 22.2 | (15.3) | 22.2 | (15.3) |
| **Total** | **22.9** | **(17.1)** | **22.8** | **(17.0)** |
| ***Foreign currency interest rate:*** | | | | |
| OTC swaps | 1,112.9 | (1,119.6) | 51.0 | (57.8) |
| **Total** | **1,112.9** | **(1,119.6)** | **51.0** | **(57.8)** |
| ***Commodities including precious metals:*** | | | | |
| Stock options | 0.4 | (2.0) | 0.4 | (2.0) |
| OTC options | 2.2 | (2.0) | 1.6 | (1.2) |
| OTC swaps | 39.0 | (34.3) | 5.6 | (0.9) |
| Forwards | 4.7 | (2.8) | 1.9 | (0.0) |
| Futures | 0.0 | (0.0) | 0.0 | (0.0) |
| **Total** | **46.2** | **(40.9)** | **9.5** | **(4.2)** |
| ***Shares:*** | | | | |
| OTC options | 0.6 | (0.4) | 0.6 | (0.4) |
| **Total** | **0.6** | **(0.4)** | **0.6** | **(0.4)** |
| ***Credit risk:*** | | | | |
| OTC swaps | 0.3 | (0.2) | 0.3 | (0.2) |
| **Total** | **0.3** | **(0.2)** | **0.3** | **(0.2)** |
| ***Other:*** | | | | |
| Stock options | 9.7 | (12.1) | 9.7 | (12.1) |
| OTC options | 1.6 | - | 1.6 | - |
| **Total** | **11.3** | **(12.1)** | **11.3** | **(12.1)** |
| **Total** | **4,114.7** | **(4,085.4)** | **163.2** | **(133.9)** |

## 12. Disclosures at Fair Value

Sberbank 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 2020 is presented in the table below:

| *RUB bn* | 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 debts of legal entities | - | - | 865.8 | 865.8 |
| Loan debts of credit institutions | - | - | 495.6 | 495.6 |
| **Total financial assets carried at fair value through profit or loss, including:** | **53.3** | **148.4** | **35.0** | **236.7** |
| Derivatives | - | 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 sale** | - | - | **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 |
| **Total liabilities carried at fair value** | **-** | **486.3** | **-** | **486.3** |



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 2019 is presented in the table below:

| *RUB bn* | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| ***Financial assets*** | | | | |
| **Carried at fair value through profit or loss, total, including:** | **33.0** | **165.2** | **-** | **198.3** |
| Derivatives | - | 163.2 | - | 163.2 |
| Bonds, Eurobonds of banks and other financial institutions | 29.8 | 0.6 | - | 30.4 |
| Russian Government Bonds | 2.7 | - | - | 2.7 |
| Corporate bonds | 0.5 | 1.5 | - | 2.0 |
| **Available for sale, total, including:** | **1,862.7** | **216.6** | **83.2** | **2,162.5** |
| Russian Government Bonds | 1,282.3 | 136.8 | - | 1,419.1 |
| Bonds, Eurobonds of banks and other financial institutions | 286.5 | 11.7 | - | 298.2 |
| Bonds of the Bank of Russia | 189.2 | - | - | 189.2 |
| Corporate bonds | 84.3 | 59.0 | 80.2 | 223.4 |
| Shares | 18.1 | - | 3.0 | 21.2 |
| Bonds of subjects of the Russian Federation | 2.4 | 8.8 | - | 11.2 |
| Eurobonds issued by foreign governments | - | 0.3 | - | 0.3 |
| ***Non-financial assets*** | | | | |
| **Long-term assets available for sale** | **-** | **-** | **9.4** | **9.4** |
| **Office premises** | **-** | **-** | **216.8** | **216.8** |
| **Total assets carried at fair value** | **1,895.7** | **381.9** | **309.4** | **2,587.0** |
| ***Financial liabilities*** | | | | |
| **Carried at fair value through profit or loss** | | | | |
| Derivative financial instruments | - | 133.9 | - | 133.9 |
| **Total liabilities carried at fair value** | **-** | **133.9** | **-** | **133.9** |

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:

| | **Carrying value** | | | | **Fair value** |
|---|---|---|---|---|---|
| *RUB bn* | | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Cash and cash equivalents | 1,618.4 | 661,. | 956.8 | - | **1,618.4** |
| Mandatory provisions | 202.8 | - | 202.8 | - | **202.8** |
| Due from credit institutions | 152.8 | - | 152.8 | - | **152.8** |
| Net loans receivable carried at the 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 | 249.2 | - | - | 249.2 | **249.2** |
| **Total** | **22,893.8** | **1,187.7** | **1,529.6** | **20,573.3** | **23,290.6** |

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 bn | 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** |
| - Fixed-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** |
| - Fixed-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 2020, investments in subsidiaries and affiliates amounted to RUB752.0 bn (RUB803.4 bn as of 1 January 2019). 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 from 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.

*The securities at fair value through profit or loss and the securities at fair value through other comprehensive income (2018: securities available for sale)*

Securities carried at fair value through profit or loss and securities carried at fair value through other comprehensive income (2018: securities available for sale), estimated with the use of assessment techniques or models include generally not 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 2019:

| RUB bn | Transfers between Level 1 and Level 2: 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** |



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 2018:

| RUB bn | Transfers between Level 1 and Level 2: From Level 1 to Level 2 | From Level 2 to Level 1 |
|---|---|---|
| ***Financial assets*** | | |
| **Carried at fair value through profit or loss** | 0.9 | 4.2 |
| **Available for sale** | 276.3 | 36.5 |
| **Total transfers of financial assets** | **277.2** | **40.7** |

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 2020:

| RUB bn | As of 1 January 2019 | Total (expenses)/ income recognized in profit and loss | Currency revaluation | Total (expenses)/ income recognized 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 available 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 AO DOM.RF 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 book value of mortgage-backed securities will decrease by RUB1.0 bn / increase by RUB1.1 bn. If the credit spread of AO DOM.RF for mortgage-backed securities used by the Bank in the valuation model increases/decreases by 1.0%, the book 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 bn increases/decreases by 1.0%, the book value of mortgage-backed securities will decrease by RUB1.8 bn / increase by

RUB1.9 bn. If the credit spread of AO DOM.RF for mortgage-backed securities used by the Bank in the valuation model increases/decreases by 1.0%, the book value of mortgage-backed securities will decrease by RUB1.8 bn / increase by RUB1.9 bn.

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

*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 book 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 this company's loans increases/decreases by 1.0%, the book 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 with the fair value of RUB88.5 bn increases/decreases by 1.0%, the book 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 this company's loans increases/decreases by 1.0%, the book 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 book 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 this company's loans increases/decreases by 1.0%, the book 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 book 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 Repurchase of Securities Conducted by Sberbank in the Course of Regular Business Activity

*For 2019 (as of 1 January 2020)*

| *RUB bn* | *Due to banks: Carrying value of assets* | *Due to banks: Carrying value of the associated liability* | *Due to customers: Carrying value of assets* | *Due to customers: 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** |

*For 2018 (as of 1 January 2019)*

| *RUB bn* | *Due to banks: Carrying value of assets* | *Due to banks: Carrying value of the associated liability* | *Due to customers: Carrying value of assets* | *Due to customers: Carrying value of the associated liability* |
|---|---|---|---|---|
| Securities pledged under repurchase agreements | 229.2 | 206.7 | 83.5 | 82.2 |
| Securities received under reverse repurchase agreements and pledged under repurchase agreements | 42.6 | 38.0 | 0.1 | 0.1 |
| Clearing participation certificates pledged under repurchase agreements | 177.5 | 177.5 | - | - |
| **Total** | **449.3** | **422.3** | **83.6** | **82.3** |

As part of regular activities, Sberbank 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:

| *RUB bn* | *For 2019 (as of 1 January 2020)* Carrying value of assets | Carrying value of the associated liability | *For 2018 (as of 1 January 2019)* Carrying value of assets | Carrying value of the associated liability |
|---|---|---|---|---|
| Loans to legal entities | 35.3 | 31.8 | 47.1 | 43.2 |
| Loans to individuals | - | - | 3.5 | 2.4 |
| **Total** | **35.3** | **31.8** | **50.6** | **45.6** |

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

| *RUB bn* | *For 2019 (as of 1 January 2020)* Amount of loans granted under repurchase agreements | Fair value of securities received as collateral | *For 2018 (as of 1 January 2019)* Amount of loans granted under repurchase agreements | Fair value of securities received as collateral |
|---|---|---|---|---|
| Cash and cash equivalents | 12.0 | 13.6 | 0.01 | 0.01 |
| Due from credit institutions | 678.1 | 849.6 | 855.3 | 1,047.7 |
| Net loans receivable | 19.0 | 20.4 | 4.0 | 5.2 |
| **Total** | **709.1** | **883.6** | **859.3** | **1,052.9** |

## 14. Offsetting Financial Instruments

| RUB bn | Gross amount of recognized financial assets/ liabilities | Gross amount of recognized financial assets/ liabilities offset in the balance sheet | Net amount of financial assets/ liabilities represented in the balance sheet | For 2019 (as of 1 January 2020) Related amounts whose offset was not conducted in the balance sheet: Financial instruments | Cash collateral | Net amount |
|---|---|---|---|---|---|---|
| **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 agreement | 265.9 | - | 265.9 | (265.9) | - | - |
| **Total financial liabilities** | **376.8** | **-** | **376.8** | **(338.4)** | **(8.8)** | **29.6** |

| RUB bn | Gross amount of recognized financial assets/ liabilities | Gross amount of recognized financial assets/ liabilities offset in the balance sheet | Net financial assets/ liabilities represented in the balance sheet | For 2018 (as of 1 January 2019) Related amounts whose offset was not conducted in the balance sheet: Financial instruments | Cash collateral | Net amount |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Derivative financial assets | 159.2 | - | 159.2 | (82.6) | (16.3) | 60.3 |
| Reverse repurchase agreements | 859.3 | - | 859.3 | (859.3) | - | - |
| **Total financial assets** | **1,018.5** | **-** | **1,018.5** | **(941.9)** | **(16.3)** | **60.3** |
| **Financial liabilities** | | | | | | |
| Derivative financial liabilities | 133.2 | - | 133.2 | (82.6) | (15.3) | 35.2 |
| Direct repurchase agreements | 504.6 | - | 504.6 | (504.6) | - | - |
| **Total financial liabilities** | **637.8** | **-** | **637.8** | **(587.2)** | **(15.3)** | **35.2** |



## 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 with or may exercise a significant influence over the other party in making financial or operational decisions.

Information is disclosed below about balances on significant transactions with related parties that include transactions with the Bank of Russia (the main shareholder of Sberbank), subsidiaries, and other related parties.

| *RUB bn* | *As of 1 January 2020* Bank of Russia | Other related parties | *As of 1 January 2019* Bank of Russia | Other related parties |
|---|---|---|---|---|
| **Assets** | | | | |
| Mandatory provisions on accounts with Bank of Russia | 202.8 | - | 187.9 | - |
| Due from the Bank of Russia | 956.8 | - | 677.2 | - |
| Due from other banks (less provisions) | - | 2.2 | - | 8.4 |
| Investments in securities, including: | 249.2 | - | 189.2 | - |
| carried at fair value through other comprehensive income | 249.2 | - | 189.2 | - |
| Investments in subsidiaries and affiliates (less provisions) | - | 752.0 | - | 803.9 |
| Financial assets carried at fair value through profit or loss | - | 67.5 | - | 46.4 |
| Loans receivable carried at the amortized cost (less provisions) | - | 1,217.6 | - | 1,138.5 |
| **Liabilities** | | | | |
| Due to other banks | 42.2 | 25.2 | 67.2 | 15.1 |
| Due to individuals | - | 14.4 | - | 13.6 |
| Due to corporate customers | - | 666.2 | - | 987.4 |
| Financial liabilities carried at fair value through profit or loss | - | 23.0 | - | 24.0 |
| Subordinated loans raised | 495.7 | - | 500.0 | - |
| **Off-balance** | | | | |
| Received guarantees | - | 426.7 | - | 296.4 |
| Guarantees provided | - | 27.7 | - | 36.6 |

The information concerning significant income and expenses on the transactions with related parties is disclosed below.

| *RUB bn* | *For 2019* Bank of Russia | Other related parties | *For 2018* Bank of Russia | Other related parties |
|---|---|---|---|---|
| Interest income calculated at the effective interest rate | 34.1 | 147.0 | 17.7 | 89.2 |
| Interest expenses on subordinated loan calculated at the effective interest rate | (32.3) | - | (32.5) | - |
| Interest expenses calculated at the effective interest rate, except for interest expenses on subordinated loan | (4.0) | (58.5) | (5.1) | (45.2) |
| Fee and commission income | - | 0.7 | 0.1 | - |
| Fee and commission expense | (2.3) | (0.3) | (0.3) | - |
| Operating expenses | 0.1 | (25.8) | (0.2) | (37.4) |

On a daily basis, the Bank enters into transactions with government agencies of the Russian Federation and companies controlled or significantly influenced by the state. The Bank provides government agencies and state-controlled companies 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. These transactions are performed by the Bank on market conditions; the transactions with government agencies and state-controlled companies, though, constitute a small portion of all the Bank's transactions.

The table below provides the balances under material operations with state agencies and state-controlled companies, RUB bn:

| *Client* | *Sector of the economy* | *Net loans receivable* | *Due to customers/ Due to credit institutions* | *Issued guarantees* (*As of 1 January 2020*) |
|---|---|---|---|---|
| Client 1 | State and municipal agencies | - | 467.5 | - |
| Client 2 | Oil and gas industry | 342.1 | 22.2 | 11.7 |
| Client 3 | Banking | 210.2 | 42.7 | - |
| Client 4 | Oil and gas industry | 179.7 | 28.9 | 23.2 |
| Client 5 | Mechanical engineering | 147.2 | 34.0 | 14.8 |

| | | | | |
|---|---|---|---|---|
| Client 6 | Energy | 17.1 | 150.0 | 27.9 |
| Client 7 | Oil and gas industry | 174.9 | 10.2 | 0.4 |
| Client 8 | State and municipal agencies | - | 172.5 | - |
| Client 9 | Mechanical engineering | 21.8 | 36.3 | 113.4 |
| Client 10 | Banking | - | 169.0 | - |
| Client 11 | Mechanical engineering | 14.8 | 31.5 | 96.4 |
| Client 12 | Energy | 121.6 | - | - |
| Client 13 | Mechanical engineering | 58.6 | 17.2 | 26.8 |
| Client 14 | Mechanical engineering | 84.0 | 10.2 | 0.3 |
| Client 15 | Mechanical engineering | 5.4 | 29.6 | 45.1 |
| Client 16 | State and municipal agencies | 1.5 | 75.8 | - |
| Client 17 | State and municipal agencies | 61.2 | - | - |
| Client 18 | Mechanical engineering | 6.0 | 41.5 | 12.3 |
| Client 19 | Mechanical engineering | - | - | 58.2 |
| Client 20 | Transport and logistics | - | 32.1 | - |

*As of 1 January 2019*

| *Client* | *Sector of the economy* | *Net loans receivable* | *Due to customers/ Due to credit institutions* | *Issued guarantees* |
|---|---|---|---|---|
| Client 1 | State and municipal agencies | - | 235.0 | - |
| Client 2 | Oil and gas industry | 531.1 | 2.4 | 20.7 |
| Client 3 | Banking | 300.3 | 128.4 | - |
| Client 4 | Oil and gas industry | 288.2 | 14.5 | 4.5 |
| Client 5 | Mechanical engineering | 194.9 | 42.9 | 16.4 |
| Client 6 | Energy | 48.6 | 151.7 | 16.2 |
| Client 7 | Oil and gas industry | 184.9 | 43.1 | 0.3 |
| Client 8 | State and municipal agencies | - | 56.2 | - |
| Client 9 | Mechanical engineering | 40.6 | 52.1 | 99.6 |
| Client 10 | Banking | 2.8 | 103.8 | - |
| Client 11 | Mechanical engineering | 21.8 | 36.3 | 80.4 |
| Client 12 | Energy | 140.3 | 30.6 | - |
| Client 13 | Mechanical engineering | 91.0 | 32.7 | 11.5 |
| Client 14 | Mechanical engineering | 87.3 | 11.7 | 2.1 |
| Client 15 | Machinery | - | 25.2 | 66.9 |
| Client 16 | State and municipal agencies | - | 53.4 | - |
| Client 17 | State and municipal agencies | 61.7 | - | - |
| Client 18 | Mechanical engineering | 29.2 | 33.1 | 17.6 |
| Client 19 | Mechanical engineering | - | 31.6 | 93.9 |
| Client 20 | Transport and logistics | - | 32.7 | - |
| Client 21 | Transport and logistics | 94.9 | - | 4.3 |
| Client 22 | Metallurgy | 60.7 | - | - |
| Client 23 | Energy | - | 58.7 | - |

Additionally, the balances on operations with government agencies and companies controlled by the Russian Federation as of 1 January 2020 include the claims to the Deposit Insurance Agency in the amount of RUB5.9 mn (as of 1 January 2019 they amounted to RUB14.1 bn) that are represented by the sum of accounts receivable recognized according to settlements on compensation payment operations with regard to deposits in banks, the licenses of which were revoked by the Bank of Russia.

As of 1 January 2020, the Bank's investments in securities issued by government-controlled corporate issuers amounted to RUB695.8 bn (RUB584.8 bn as of 1 January 2019).



# 16. Information on Remuneration System

## 16.1. Information on Remuneration for Key Management Personnel

In 2019, regular remuneration for key management personnel including wages and bonuses amounted to RUB4.3 bn.

In 2015, Sberbank also adopted a long-term incentive program for key management personnel based on the value of Sberbank shares, providing for cash payments. The program was based on the risk-oriented remuneration concept, and 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 the 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 remuneration based on shares shall be paid in cash and shall be subject to revaluation as of each reporting date based on the forward price of the Bank's ordinary shares.

In 2019, 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 RUB3.0 bn. Liabilities on repayment of long-term remuneration based on the shares amounted to RUB3.8 bn as of 1 January 2020.

Remuneration for key management personnel in 2019 amounted to RUB6.2 bn.

## 16.2. Information on Remuneration for Employees

As of 1 January 2020 there are two pension programs in the Bank – a pension program with set payments and a pension program with set contributions. All Sberbank 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 employers of 1 to 8 grades who have transferred to this scheme from the Social program) and have 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 ratio 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 payments remain 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-P 'Industrial Standard of Accounting Remuneration to Employees in Credit Institutions' dated 15 April 2015. As of 1 January 2020, pension liabilities of the Bank amounted to RUB16.2 bn. Expenses on pension liabilities for 2019 amounted RUB2.1 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 legislation, Bank of Russia Regulation No. 579-P[34], 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-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 expenses shall be recognized 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 for interest income, or conditions for interest income recognition are not met, a liability is recognized in the accounting records, including as accounts payable, rather than 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 book 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 depreciated value (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 depreciated value.
- Interest income on financial assets within structural transactions is recognized at the interest rate, which would apply to such assets as independent financial instruments;

[34] Bank of Russia Regulation No. 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-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 clients, 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, rather than 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 recognized 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. Basis for Valuation and Other Accounting Policies Used for Preparation of the Annual Accounting (Financial) Statements

***Financial Instruments***

***Key assessment terms.*** Depending on their classification, financial instruments are recognized in statements at fair value or 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 determine the fair value of 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 book value of the relevant asset or liability in the statement of financial standing.

*Gross book 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 loan losses) during expected life of a financial instrument to the gross book 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 future 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 recognized 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 portfolio 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. 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 management can make an irrevocable decision to reflect subsequent changes in fair value in other aggregate 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 fair value through other comprehensive income (FVOCI), adjustments are also made in accounting records that bring the total provision amount for the asset to the amount of the estimated ECL provision 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 Note 9.

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 Note 9.

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

Note 9 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 financial assets, mainly loans. If the terms of the financial asset are changed, the Bank assesses whether cash flows from the reviewed terms of the financial asset are materially different. Terms differ materially, if the current value of future cash flows under the new terms discounted using the original effective interest rate is not less than 10 percent different from the discounted present value of the remaining cash flows from the financial asset with the original terms. If cash flows are materially different, then the contractual rights to cash flows from the original financial asset are considered 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 book value of the financial asset and recognizes the amount resulting from the adjustment to the gross book value as a profit or loss.

***Criteria used to write off assets from amounts of provisions for possible losses***

The general principles of assigning debt under elements of provision for possible losses (hereinafter – PPL) to bad debt and criteria for its write off on the account of created provisions are determined by the Bank’s internal document regulating creation, utilization and management of provisions in the Bank, according to which:

- PPL is used to cover bad debt under elements of the PPL calculation basis;
- the bad debt is written-off from the provision created;
- the expediency of writing off the bad debt under elements of PPL from the balance of the Bank and its subsidiaries is considered only after the Bank takes all the necessary and economically expedient measures to recover it;
- write-off of bad debt is performed based on the resolution of the Credit Committee of the Bank, its Executive Board, the Executive Board of a Regional Bank or in the order set forth by the resolution 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 sufficient 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 2020* | *As of 1 January 2019* |
|---|---|---|
| RUB/USD | 61.9057 | 69.4706 |
| RUB/EUR | 69.3406 | 79.4605 |

***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.

***Loan debts***

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 housing construction, and such real estate can be bought using escrow accounts opened with the Bank. Interest rates for such loans usually depend on balances on escrow accounts connected with a certain construction project. The Bank thinks that parameters of such loans 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 by 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.

***State subsidies***

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

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

Under subsidies 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 to 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 AC, FVOCI or FVPL.

Interest income from debt securities carried at fair value is calculated and recognized using the effective interest method. An impairment provision estimated using the expected credit loss model is recognized in profit or loss. The remaining fair value changes are recognized in other comprehensive income. 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 measured at FVPL, except where the Bank elects at initial recognition to irrevocably designate 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 a provision for possible losses created in accordance with the requirements of Bank of Russia Regulation No. (611-P. The value of shares, equity units of subsidiaries and affiliates denominated in foreign currency is determined in rubles according to the official 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 of delivery of the asset) according to 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. 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. With regard to intangible assets with an indeterminate useful life, amortization is not accrued, but annual consideration of whether there are factors indicating that it is not possible to reliably determine the useful life of this asset is called for. 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 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 of 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:

- the 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 the legislation 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:

- the value of the disposed item recognized in bookkeeping accounts;
- expenses connected with disposal, including expenses on dismantling and liquidation of a real estate item and restoration of the environment on the land plot occupied by such item,

with the sum of the following indicators:

- accumulated depreciation for the disposed fixed asset item;
- the amount of the previously created provision for the estimated non-credit liability;
- when writing off the fixed asset item due to no further usability:
  - the amount of compensation for material damage from shortages or damage of fixed assets imposed on guilty persons in cases specified in the legislation of the Russian Federation;
  - the amount of received or receivable compensation from third parties, including insurance indemnity from insurers;
- when selling the fixed asset item, 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.

***Due to customers***

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 clients purchasing residential property under construction. The Bank thinks that parameters of such deposits correspond to market conditions and thus 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 commitments are initially recognized at their fair value, which is normally evidenced by the amount of fees 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, commitments to provide loans are evaluated as (i) the balance of the amount of the fee received at the time of initial recognition less 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 credit 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 recognized 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 credit losses on the issued bank guarantee determined using the model of expected credit losses, and (ii) the remaining unamortized balance of the amount recognized at the time of initial recognition. Besides, the estimated provision for expected credit losses is recognized in respect of receivables for the fee recognized 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 Regulation No. 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 loans included in the 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 Regulation No. 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 Regulation No. 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:

- Determining criteria for 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 credit losses on financial instruments:

- Transfers and corresponding remeasurement of ECL provision between Stage 1 (12-month ECL) and Stages 2 (Lifetime ECL non-impaired assets) or 3 (Lifetime ECL impaired assets) due to the financial instrument experiencing significant increases (or decreases) of credit risk;
- Additional estimated provisions for newly originated or purchased financial instruments during the period, as well as their recovery for financial instruments derecognized in the period;
- Changes to ECL measurement model assumptions and estimates due to changes in PDs, EADs and LGDs in the period, arising from regular update of inputs to ECL models;
- 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 derecognized during the period and write-offs/recovery of estimated ECL provisions related to assets that were written off/recovered during the period;

- Exchange differences on translating foreign operations and assets denominated in foreign currencies, and other flows.

In assessing expected credit losses, the Bank takes into account reasonable and confirmed information on current and projected future economic conditions. In this regard, the Bank regularly updates projected macroeconomic scenarios which are taken into account in determining expected credit losses. The result of updating the model of forward-looking information for corporate portfolio during 2019 was an increase of the credit loss provision in the amount of RUB1.7 bn

The Bank also regularly updates risk metrics based on the latest available external and internal statistics for the purposes of determining most relevant probability of default and losses in case of default. The result of updating the risk metrics during 2019 was a decrease of the credit loss provision in the amount of RUB6.7 bn

During 2019 as a result of the accumulation of statistics on the behavior of clients – leasing companies, the Bank has implemented a new probability of default estimation model for these clients. Implementation of this model has allowed to make more accurate expected credit loss assessment as well as to achieve more precise assessment of instruments with significant increase of credit risk. The result of this model implementation during 2019 was a decrease of the credit loss provision in the amount of RUB2.8 bn

During 2019 as a result of the accumulation of statistics on the behavior of the credit card portfolio, the Bank has implemented new credit risk estimation models for credit cards including probability of default estimation model, the model for assessing losses in case of default and assessing exposure at default. Implementation of these models has allowed to make more accurate expected credit loss assessment. Moreover, it allowed to achieve more precise assessment of instruments with significant increase of credit risk. The result of these models implementation during 2019 was an increase of the credit loss provision in the amount of RUB2.6 bn

During 2019 as a result of the models development an early repayment model for loans to legal entities was developed and implemented. As a result of this model implementation during 2019 the Bank recorded a decrease of the credit loss provision in the amount of RUB3.9 bn

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.

***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 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 reviews the value of its office premises for compliance with fair value and performs revaluation to ensure that the current carrying amount of office premises does not materially differ from its fair value. Office premises have been revalued to market value as at 31 December 2019. The revaluation was performed based on the reports of independent appraisers, who hold a recognized and relevant professional qualification and who have recent experience in valuation of assets of similar location and category. 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 items based on the following parameters: price type (deal/offer), settlement type, location, total area, item class, basement/ground floor share, finishing state. The adjustment range for an offer was 10-15%, depending on the characteristics of the local real estate market. A 1% change in this adjustment results in a change in fair value by +/- RUB1.6 bn

The valuation of buildings that were designed/built with due regard to the Bank's specific requirements was based on the valuation of the replacement within the expense approach. The fair value was estimated by adjusting the cost of the replacement for the amount of physical depreciation established based on the chronological age. For this group of real estate, the range of price indices in construction used to valuate the replacement was 10-35%, depending on the



region, constructive system, and construction date. A 1% change in this index results in a change in the fair value of buildings valuated with the cost approach by RUB0.1 bn.

Revaluated fixed assets are depreciated in accordance with their remaining useful life starting from the latest revaluation date.

Information on revaluation of fixed assets is disclosed in Note 4.5.

***Tax Legislation***

The applicable tax, currency and customs legislation 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, Federal Law No. 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 records through the current income tax the tax liabilities in respect of profits of foreign companies, as well as foreign organizations without a legal entity, which are recognized as controlled foreign companies of the Bank (hereinafter, CFC) as of the end of the relevant financial year. The calculation of tax liabilities in respect of profits of the Bank's controlled foreign companies took into account proposed dividend distributions and expected reorganizations within the Bank.

Adoption of new norms as well as other Russian tax legislation interpretations along with recent trends in legal succession could lead to potential possibility of increase in tax paid and tax penalties driven by rigid position of tax authorities and courts concerning tax legislation interpretation and tax calculations. At the same time determination of size and possibility of adverse results of such tax claims could not be measured. The scope of tax inspections could be up to three years prior to the year of inspection. If certain conditions are present, this scope could be extended to earlier years.

Management believes that as at 31 December 2019 the provisions of the tax laws applicable to the Bank, are interpreted appropriately.

### 17.4. Changes in the Accounting Policy

For the purposes of accounting, the Accounting Policy for 2019 includes changes in connection with the enactment of regulatory acts of the Bank of Russia[35] in terms of IFRS 9 and IFRS 15. New accounting principles related to the enactment of the regulations stated above are provided in Notes 17.1 and 17.2.

As a result of applying the new requirements of the Accounting Policy in connection with the enactment of the Bank of Russia regulations regarding the application of IFRS 9, the Bank made the following changes in the classification of financial instruments in terms of valuation for subsequent accounting:

- Loans to legal entities, characteristics of contractual cash flows for which are not solely payments of the principal amount of debt and interest, are classified into the category of those carried at fair value through profit or loss;

[35] Bank of Russia Regulation No. 604-P 'On the Procedure for Reflection on Bookkeeping Accounts by Credit Institutions of Transactions to Attract Funds under Agreements of Bank Investment (Deposit), Loan Agreements, Transactions on Issuance and Redemption (Payment) of Bonds, Promissory Notes, Deposit and Savings Certificates' dated 2 October 2017; Bank of Russia Regulation No. 605-P 'On the Procedure for Reflection on Bookkeeping Accounts by Credit Institutions of Transactions on Placing Funds under Loan Agreements, Transactions Connected with Concluding Transactions on Acquiring Rights of Claim From Third Parties to Fulfill Pecuniary Obligations, Transactions on Liabilities on Issued Bank Guarantees and Providing Funds' dated 2 October 2017; Bank of Russia Regulation No. 606-P 'On Reflection on Bookkeeping Accounts by Credit Institutions of Transactions with Securities' dated 2 October 2017, Bank of Russia Ordinance No. 5019-U 'On Amendments to Bank of Russia Regulation No. 579-P 'On the Chart of Accounts for Bookkeeping for Credit Institutions and its Application Procedure' dated 27 February 2017' dated 18 December 2018, Bank of Russia Ordinance No. 4556-U dated 2 October 2017 and Bank of Russia Ordinance No. 4858-U 'On Amendments to Bank of Russia Regulation No. 446-P dated 9 July 2018 'On the Procedure for Determining the Income, Expenditure and Other Aggregate Income of Credit Institutions' dated 22 December 2014'

- Placed interbank loans and deposits, as well as other placed funds under reverse repurchase transactions, managed on the basis of a business model that does not provide for withholding in order to obtain contractual cash flows are classified as those carried at fair value through profit or loss;
- Equity securities previously valued at cost were reclassified into the category of those carried at fair value through profit or loss, except for equity securities not intended for trading, for which the Bank made an irrevocable decision to classify them as those carried at fair value through other comprehensive income;
- Attracted interbank loans and deposits, as well as other raised funds under direct repurchase transactions, managed on the basis of fair value are classified as those carried at fair value through profit or loss.

As a result of applying the new requirements of the Accounting Policy in connection with the enactment of the Bank of Russia regulations regarding the application of IFRS 15, the Bank changed the conditions for recognizing certain types of income as a result of asset supply (sales) operations, performance of works, and provision of services.

The table below shows the effect of the enactment of the Bank of Russia regulations from 1 January 2019 regarding the application of accounting principles under IFRS 9 and IFRS 15 on the balance sheet items:

| *RUB bn*<br>*Item* | *Balance as of 1 January 2019 (without the IFRS 9 and IFRS 15 effect)* | *Reclassification in accordance with IFRS 9* | *Re-measurement under IFRS 9* | *IFRS 15 implementation effect* | *Balance as of 1 January 2019 (taking into account the IFRS 9 and IFRS 15 effect)* |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash equivalents | 688.9 | - | - | - | 688.9 |
| Funds of the credit institution held with the Central Bank of the Russian Federation | 865.1 | - | - | - | 865.1 |
| Due from credit institutions | 406.3 | - | - | - | 406.3 |
| Investments in securities, including: | 2,893.8 | - | (4.0) | - | 2,889.8 |
| - carried at fair value through profit or loss | 35.1 | 21.2 | - | - | 56.3 |
| - carried at fair value through other comprehensive income[36] | 2,163.0 | (21.2) | 0.5 | - | 2,142.3 |
| - carried at amortized cost[37] | 695.7 | - | (4.5) | - | 691.2 |
| Derivative financial instruments | 163.2 | 1.9 | (1.5) | - | 163.6 |
| Net loans receivable, including: | 20,142.9 | 122.5 | (7.1) | - | 20,258.2 |
| - carried at fair value through profit or loss | - | 1,005.3 | (30.8) | - | 974.5 |
| - carried at amortized cost | 20,142.9 | (882.9) | 23.7 | - | 19,283.7 |
| Investments in subsidiaries and affiliates | 803.4 | - | - | - | 803.4 |
| Current income tax claims | 17.3 | - | - | - | 17.3 |
| Deferred tax asset | 21.9 | - | - | - | 21.9 |
| Fixed assets, intangible assets, and inventory | 500.0 | - | - | - | 500.0 |
| Long-term assets available for sale | 9.4 | - | - | - | 9.4 |
| Other assets | 387.7 | (124.4) | 2.2 | 9.0 | 274.5 |
| **Total assets** | **26,899.9** | **-** | **(10.4)** | **9.0** | **26,898.5** |
| **LIABILITIES** | | | | | |
| Loans, deposits, and other funds of the Central Bank of the Russian Federation | 567.2 | - | - | - | 567.2 |
| Due to customers carried at amortized cost | 21,480.0 | (151.9) | (0.6) | - | 21,327.5 |

[36] "Available for sale" as of 1 January 2019 without taking into account the transition to regulatory acts of the Bank of Russia in terms of application of IFRS 9 and IFRS 15
[37] "Held to maturity" as of 1 January 2019 without taking into account the transition to regulatory acts of the Bank of Russia in terms of application of IFRS 9 and IFRS 15



| *RUB bn*<br>*Item* | *Balance as of 1 January 2019 (without the IFRS 9 and IFRS 15 effect)* | *Reclassification in accordance with IFRS 9* | *Re-measurement under IFRS 9* | *IFRS 15 implementation effect* | *Balance as of 1 January 2019 (taking into account the IFRS 9 and IFRS 15 effect)* |
|---|---|---|---|---|---|
| Financial liabilities carried at fair value through profit or loss | 133.8 | 337.8 | 5.4 | - | 477.0 |
| Debt securities issued, including: | 538.3 | 18.3 | (4.3) | - | 552.3 |
| - carried at the amortized cost | 538.3 | 18.3 | (4.3) | - | 552.3 |
| Current income tax liabilities | 1.7 | - | - | - | 1.7 |
| Other liabilities | 319.4 | (204.2) | 5.8 | 19.8 | 140.7 |
| Provisions for possible losses from credit-related contingencies, other possible losses and transactions with offshore residents | 59.3 | - | (34.4) | - | 24.9 |
| **Total liabilities** | **23,099.6** | **-** | **(28.1)** | **19.8** | **23,091.3** |
| **SOURCES OF EQUITY** | | | | | |
| Share capital | 67.8 | - | - | - | 67.8 |
| Share premium | 228.1 | - | - | - | 228.1 |
| Reserve fund | 3.5 | - | - | - | 3.5 |
| 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) | (12.0) | - | (9.0) | - | (21.0) |
| Revaluation of fixed assets and intangible assets net of tax | 34.5 | - | - | - | 34.5 |
| Revaluation of liabilities (claims) for payment of long-term remunerations | (0.7) | - | - | - | (0.7) |
| Estimated provisions for expected credit losses | - | - | 7.7 | - | 7.7 |
| Unused profit (loss) | 3,479.1 | - | 18.9 | (10.8) | 3,487.2 |
| **Total equity** | **3,800.3** | **-** | **17.6** | **(10.8)** | **3,807.1** |

The Accounting Policy 2020 has been amended to reflect the requirements of the Bank of Russia Regulation 'On the Procedure for Recognizing in Bookkeeping Accounts the Lease Agreements by Credit Institutions' No. 659-P dated 12 November 2018 with regard to application of IFRS 16:

- The principles of recognition and measurement of lease transactions have been established.
- All lease agreements provide for the lessee's right to use the asset from the date the lease agreement becomes effective, as well as for receiving funds if lease payments are performed during a period of time.
- Lessees shall recognize: (a) assets and liabilities for all lease agreements valid for more than 12 months, except where the lease costs of an item are insignificant; and (b) depreciation of leased items separately from interest on lease liabilities in profit and loss statement.
- The requirements for lease accounting remain the same for lessors. Therefore, lessors continue to classify lease agreements as operating or financial lease and recognize them respectively in statements.

Below is the information on assets and liabilities under lease agreements recognized due to transition to the new accounting method;

| *RUB bn* | *As of 1 January 2020* |
|---|---|
| **Right-of-use assets** | **58.1** |
| **Lease liabilities** | **61.5** |
| **Result from Transition to the New Accounting Standard** | **3.4** |

**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 the following materiality criterion:

- For the period after the reporting date until the date of approval of the annual statements: 1% of the Bank's equity (capital) as of the end of the day on 31 December, events after the reporting date (hereinafter – EARD) exclusive;
- 1% of the Bank's equity (capital) as of the end of the day on 31 December, EARD inclusive.

In 2019, no material errors that would require adjustment to comparative data have been identified.



## 18. Information on Events After the Reporting Date

The Bank prepares its annual statements taking into account the EARD which occur between the reporting date and the date the Annual Statements are signed and which affect or might affect the Bank's financial position.

The accounting records shall reflect adjusting EARD. Adjusting EARD are events confirming, as of the reporting date, the existence of the conditions in which the Bank has operated.

According to Bank of Russia Ordinance No. 3054-U[38] and the Bank's Accounting Policy, the accounting records contain, in particular, the following adjusting EARD:

- Carryover of the balances from the profit and loss accounts of the reporting year to the profit and loss accounts of the previous year, namely:
  - RUB62,322.5 bn from income accounts,
  - RUB61,452.5 bn from expense accounts;
- decreased expenses on taxes and charges in the amount of RUB8.8 bn (increase by RUB3.2 bn, decrease by RUB12.0 bn);
- adjustment of ECL provisions (including provisions for possible losses) created as of the reporting date, taking into account the information on the prevailing conditions as of the reporting date, received when drawing up the annual statements, in the amount of RUB3.0 bn (an increase of RUB12.4 bn and decrease of RUB9.4 bn);
- revaluation of fixed assets and intangible assets in connection with the markdown, in the amount of RUB7.1 bn;
- receipt after the reporting date of source documents confirming transactions performed before the reporting date and/or determining (specifying) the cost of the work, services and assets for such transactions and specifying the income and expenditures reflected in the accounting records in the amount of RUB12.6 bn (an increase of income by RUB6.8 bn; an increase of expenses by RUB19.4 bn).

In January 2020, Sberbank placed an issue of internal exchange-traded bonds Sber 15 for RUB35.0 bn. The coupon rate was set at 6.3% per annum. The bonds will become mature in January 2024.

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. The Group management do not expect any changes in the Group development strategy as a result of the parent company change.

In 2020 the RUB exchange rate against the main foreign currencies has significantly weakened; the global oil prices have plummeted as well. The management is monitoring the current situation and taking necessary action.

**Acting CEO of Sberbank** **A. Vedyakhin**

**Acting Senior Managing Director,**
**Chief Accountant – Head**
**of the Accounting and Reporting Department**
**of Sberbank** **A. Minenko**

**_10_ March_2020**

[38]Bank of Russia Ordinance No. 3054-U 'On the Procedure for Preparing Annual Accounting (Financial) Statements by Credit Institutions' dated 4 September 2013 (hereinafter, Ordinance No. 3054-U).