

Wealth management

Market leadership¹

Sberbank Depository

20%

in client assets in custody at the National Settlement Depository

No 1

on the depository services market in terms of assets in custody

Sberbank Life Insurance

31%

of insurance premiums

No 1

on the life insurance market

Sberbank Insurance Broker

13%

of insurance premiums (not including reinsurance)

No 1

on the insurance brokerage market (by regional presence)

Sberbank PPF

19.3%

of total pension savings (as of September 30, 2017)

No 1

on the CPI market (by assets, number of clients, total capital, total pension savings and number of insured persons)

Sberbank Asset Management

26%

on the open MIF market

No 1

on the open mutual investment fund market

Sberbank Insurance

16.3%

of insurance premiums on the private property insurance market

No 2

by insurance premiums on the private property insurance market

In 2017 Sberbank clients acquired more than 15 million wealth management products. We are continuing to develop long-term life insurance programs for our clients. For example, clients of the Sberbank First and Sberbank Premier premium channels took out more than 130 thousand endowment and unit-linked life insurance policies in 2017. Unit-linked and universal programs are both a source of commission income and a significant source of long-term funds for the Sberbank Group. Significant growth was achieved in 2017 in the wealth management business as regards the sale of corporate insurance products, with more than 240 thousand insurance contracts sold over the year. The effective use of centralized management

technologies and sales tools in the Bank's network of service offices helped to boost the sales of packaged insurance products considerably, with average monthly sales exceeding 350 thousand units.

As a result of the sales campaigns of 2017, 2.3 million customers were transferred to the Sberbank Pension Fund, which made it possible to substantially grow the amount of pension savings managed by the Group. The strong sales performance of wealth management products made a significant contribution to the Bank's overall financial performance.

¹ The information is provided according to the ratings of the information portals banki.ru, raexpert.ru, insur-info.ru and others.

Product line

Sberbank offered clients of all business segments a wide range of insurance, investment, pension and deposit products, as well as wealth management solutions.

At the moment, our clients can purchase:

- insurance products – voluntary life insurance, collateral insurance for consumer and corporate loans, corporate insurance of financial risks and third-party liability, risk insurance products - «Protection of bank cards», «Protection of an apartment / house», «Protection of relatives +», «Stable business» and others;
- Investment products – universal and unit-linked life insurance, individual investment accounts, mutual funds, trust management, structured products;
- pension products – non-government pension provision, compulsory pension insurance.

The provision of services via remote channels is one of the key and most promising areas of development for the wealth management business. Today, Sberbank clients can purchase insurance, pension, and investment products online at www.sberbank.com, the websites of our subsidiaries, Sberbank Online, and Mobile Bank. The overall number of electronic sales of wealth management products exceeded 570 thousand in 2017 (eight times more than 2016 sales).

Sberbank Depository

Sberbank Depository is the leader in the Russian market of depository services by volume of assets under custody. Assets under custody grew from RUB 6.0 trillion to RUB 7.0 trillion during 2017.

Sberbank Depository also leads among Russian bank depositories in terms of the number of depository receipts (ADR/GDR) it services (55 for shares of 31 Russian issuers), in cooperation with global issuers of depository receipts BNY Mellon, JP Morgan and Citibank.

The quality of Sberbank's Depository services is confirmed by its consistently high rating from the authoritative international journal Global Custodian, generated on the basis of opinions from international clients.

During 2017 Sberbank Depository took the following measures to develop its business:

- conclusion of a contract with the international clearing center Clearstream Banking S.A. for the role of operator of a custody account for this organization with National Settlement Depository (NSD);
- start of service for the program of depository receipts for shares in LUKOIL;

- support for the issue of bonds with mortgage coverage in the amount of RUB 50 billion as part of the project “Factory of AHML Mortgage Securities”;
- technology for the Depository to service popular federal loan bonds (OFZs) was developed and implemented;
- start of full-scale operation of services for corporate actions with securities over remote channels. Electronic voting was implemented using Sberbank Online at shareholders’ meetings of Russian companies;
- conversion of Russian depository receipts for shares of UC RUSAL Plc to shares of this company circulating on the Moscow exchange in August 2017.

Subsidiaries

Sberbank Life Insurance

The company is a Sberbank partner in programs involving credit, risk, universal and unit-linked life insurance. Based on the results of 2017 the company’s revenues from premiums totaled RUB 102 billion, which is 75.6% more than the previous year.

In 2017 the company maintained its leadership of the Russian life insurance market, with a market share of more than 31%. Over the first nine months of 2017, Sberbank Life Insurance was the second-largest insurer in Russia. The company’s clients numbered over 10 million.

Sberbank Life Insurance made 33.9 thousand payments to clients in 2017. The total amount of payments for insured events in 2017 reached RUB 3.6 billion, which is almost 50% of the total payments for the entire time the company has been on the market.

The Bank continued to expand its product line in 2017. New products were launched in the first half of the year: in February, sales began through the Sberbank Premier channel of a new annuity life insurance product “Like a Salary”, aimed at helping clients to create an additional source of income for the time when they finish their working careers.

On June 1, on the International Day for the Protection of Children, in the Masterslavl children’s club, which promotes development projects for children aged 5 to 14, a special workshop from Sberbank Life Insurance was opened. Sberbank Life Insurance provided insurance coverage for all children on the grounds of Masterslavl.

During the second half of the year, the product “Protected Borrower”, which was sold on mortgage loans, transferred to individual rates in Sberbank channels and on the Sberbank Life Insurance website. Instead of a single insurance rate of 1% for all categories of clients, individual rates were introduced that are determined based on the gender and age of the client.

In September the updated product “Family Protection PLUS” was launched, in which three packages were created for the client to choose from: Individual, Family, Child. In addition, the list of exclusions was reduced, which made the product more accessible for clients whose children are active in sports clubs.

In the fourth quarter, in the Sberbank First channel the unit-linked life insurance products SmartPolicy Coupon and SmartPolicy were modified – there is now an opportunity to choose between baskets with different combination of assets.

In addition, the Sberbank Premier channel updated the Second Medical Opinion program. In its updated version, this program covers laboratory and/or radiological examinations recommended by a medical specialist, and also includes assistance in organizing treatment both in Russia and abroad.

Sberbank Insurance

In 2017 the company was able to collect RUB 11.2 billion in premiums and grow by more than 30% compared with 2016, outpacing the non-life insurance market as a whole. Based on preliminary data, net profit under IFRS was approximately RUB 3.7 billion, which is four times the figure for 2016.

For 2017 the company was the sixth largest among Russian insurers by number of policies taken out (the company services over 10 million clients), and in 12th place in terms of fees among insurers on the non-life market.

ruAAA

**RAEX (Expert RA)
ratings agency: ruAAA
exceptionally high
(maximum) reliability**

ruAA+

**Rating of the Expert RA
ratings agency: ruAA+
high reliability**

Today the company offers more than 90 products to private and corporate clients, continuing to actively develop its line of products. Among others, in 2017 Sberbank Insurance expanded the coverage of the packaged product Stable Business for small and medium enterprise, including the ability to take out insurance against the most frequent kinds of cyber-incidents, such as DDoS attacks and ransomware.

In 2017 Sberbank Insurance optimized its insurance products for country homes and apartments, offering retail clients an expanded range of insurable risks and several price options. In addition, in 2017 an innovative service/insurance product “Live in Comfort” was developed which combines a classical property insurance coverage against all main risks with services allowing the client to use the policy not only when an insured event occurs. The development of the service element will again be one of the company’s key focuses when developing product decisions in 2018. The Company is strengthening its positions on the online insurance market as well. Sberbank Insurance took first place in insurance of individual property insurance through its online channel in 2017.

ruAA

Rating of the Expert RA ratings agency: ruAA high reliability

Sberbank Insurance Broker

The company is the leader in regional presence among brokers on the Russian market. Operating income for 2017 almost doubled against 2016, exceeding RUB 1.4 billion.

The share of Sberbank Insurance Broker on the Russian insurance brokerage market in terms of insurance premiums (not including reinsurance) is 13%. The foundation of the insurance brokerage market in 2017 was property insurance, corporate liability insurance, voluntary medical insurance, comprehensive air travel and automobile insurance, and also freight insurance.

Sberbank Private Pension Fund

Sberbank Private Pension Fund (Sberbank PPF) is the leader on the market for compulsory pension insurance. Its market share in terms of pension savings is 19.3%.

The number of clients of Sberbank Private Pension Fund increased by a factor of 1.8 during the year and reached 8.4 million, of which 6.8 million transferred their pension savings to Sberbank PPF, and 1.6 million are participants in private pension schemes.

For 2017 Sberbank PPF accrued investment income to accumulative pension accounts under compulsory pension insurance at a rate of 8.34%, and to pension accounts under private pension schemes 8.16%, which is three times the rate of inflation.

Sberbank PPF showed significant growth in all major indicators, confirming its position as the leader on the Russian pension market. Aggregate assets of Sberbank PPF increased by 35% over 2017, and at the end of the year were equal to RUB 513 billion. Net profit under IFRS equaled RUB 8.1 billion, 1.4 times the figure for 2016.

An important result of 2017 was the development of sales of individual pension plans. More than a million people concluded contracts with Sberbank PPF, which made it possible to increase market share by a factor of 2.5. The client base for private pension coverage increased by six times from the start of the year, and makes up 20% of the entire market of pension funds.

Sberbank Private Pension Fund has developed technology that allows clients to use the Government Services portal in the Fund's office and submit an application electronically. The planned launch date for this technology is Q2 2018. In addition, at year end Sberbank Private Banking began to implement a premium pension plan. The Corporate Pension Plan 2.0 was launched for Sberbank employees.

Sberbank PPF clients are offered a wide range of online services; the Dashboard service has more than one million users. Thanks to the development in 2017 of integration with the government services SMEB¹ and ESIA², clients of Sberbank PPF can work online to conclude a contract on private pension coverage (PPC), complete an application to pay out savings under compulsory pension insurance (CPI).

ruAAA

Rating of the Expert RA ratings agency: ruAAA exceptionally high (maximum) reliability

The Fund has won several prestigious business awards: Financial Elite, Company of the Year, and Financial Olympus. In autumn 2017 a popular vote awarded Sberbank PPF the title of Brand No. 1 in Russia. The Fund was awarded by FUJITSU in the category Pioneers of xBRL³, for active participation in implementing xBRL solutions in Russia, and received a Commendation by the Bank of Russia for a successful pilot project in xBRL.

¹ SMEB – Unified Interagency Electronic Interaction System.

² ESIA – Russian information system that allows users (individual applicants and government officials) authorized access to information contained in government information systems and other information systems.

³ xBRL (eXtensible Business Reporting Language) is a format for submitting regulatory, financial and other reporting prepared in accordance with IFRS, Basel, Solvency and more.

ruA++

Rating of the Expert RA ratings agency: ruA++ exceptionally high (maximum) reliability

Sberbank Asset Management

In 2017 the company had retail client assets of RUB 132.9 billion under management. Retail sales exceeded 2017 targets and reached RUB 89.9 billion.

The company's share on the open mutual investment fund market increased to 26.34%. The management company reinforced its leading position in the collective investment segment: the company managed RUB 56.9 billion in open mutual investment funds, and the value of the net assets of the five closed mutual investment real estate funds was RUB 15.1 billion. Attraction of funds to the trust management strategy rose by a factor of 10 compared to 2016, and to mutual investment funds more than doubled.

The funds of Sberbank Asset Management became the best on the market in 2017: the open mutual investment share fund Sberbank – Global Internet showed the best earnings of all mutual investment funds, and the open mutual investment fund Sberbank – Promising Bond Fund brought in record investments, becoming the most popular in Russia.

AAA

The company's reliability is confirmed by the National Rating Agency at AAA – the highest possible rating of financial reliability

Sales in online channels showed impressive growth – RUB 924 million versus RUB 134 million a year earlier. In 2017 a mobile app was released that made it possible to perform operations with open funds and individual investment accounts. In addition, the client dashboard interface was improved, and the Financial Assistant service was launched, which helps clients to shape their investment portfolio based on an analysis of the risk profile, expectations on return, and the term of investment.

At the start of 2017 we launched the Currency Income line of bond strategies in dollars and euro. In November the Currency Income – Premier and Currency Fund strategies appeared, with a low entry threshold for clients who do not want to get out of foreign currency and want to see a higher return than on foreign-currency deposits. At the end of the year the “Money” Fund was launched, which does not take a commission for the purchase and redemption of investment units.

Sberbank Asset Management was recognized as the best management company in Russia from 2014 to 2017 according to the Extel Survey ranking from WeConvene.

The Sberbank Leasing Business real estate fund was a winner of the Investor Awards 2017 in the prestigious category Best Investment Product.