

Risk appetite

Risk appetite is the maximum total level of risk that the Group, Sberbank, or a Group participant is willing to assume during the process of creating shareholder value and achieving its strategic goals, including target profitability indicators.

The risk appetite is established for the Group, Sberbank and Group members with due account of the requirements of the Bank of Russia and the regulators of the countries where the Group has a presence.

The risk appetite is established from a strategic planning perspective at least once a year. The Supervisory Board of Sberbank considers the issue of whether the Risk Appetite of the Group or Sberbank needs to be changed. Individual Risk Appetite limits may be updated during the financial year if economic circumstances change and/or if the Bank of Russia changes its requirements on credit institutions (changes to existing ratios and/or the introduction of new ratios).

On September 12, 2017 the Supervisory Board of Sberbank approved an updated three-tier system of the Risk Appetite indicators of Sberbank:

- The first tier contains key risk indicators (the target rating, capital adequacy, the quality of the credit portfolio and liquidity)
- The second tier contains the limits on economic capital by lines of business and risk types
- The third tier includes all the other indicators.

The updated Risk Appetite covers all types of risks, divisions and lines of business.