Significant subsidiary banks of the Group

Turkey

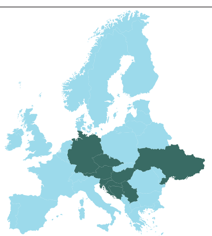
DenizBank A.Ş.

Subsidiary bank DenizBank A.Ş. is 5th by of consolidated asset volume, among the largest private banks in Turkey, and has a 5% share of the banking market. The bank has branches in 81 Turkish regions, and the branch network is comprised of 740 branches. The financial group DenizBank A.Ş., in addition to Turkey, is also represented by a subsidiary bank, DenizBank AG, in Austria, JSC Denizbank Moscow in Russia, and the branch in Bahrein as well.

DenizBank A.Ş. focuses on client service in Turkey. However, from July 2013, Russian clients of Sberbank may now benefit from interest-free cash withdrawals in all self-service terminals of DenizBank. Sberbank and DenizBank A.Ş. carry out joint communication and promotion campaigns and implement the Loyalty Program in Russia and in Turkey. DenizBank A.Ş. develops and implements its methodology to manage significant risks complying with the Group's approaches and carries out events to raise the level of risk culture. As part of the agreement with the Government Pension Fund of Turkey, around 50 thousand new pension accounts are opened in the DenizBank A.Ş. each month.

Sberbank Europe AG

Europe



The subsidiary bank Sberbank Europe AG (SBE), Austria, operates in the Czech Republic, Slovakia, Hungary, Croatia, Serbia, Slovenia, Bosnia and Herzegovina, in Republika Srpska within Bosnia and Herzegovina, as well as in Ukraine; SBE branches function in Germany. The SBE Group branch network has 228 branches. The SBE Group serves over 673 thousand corporate and individual clients.

Development of corporate business of SBE banks is aimed at the extension of relations with subsidiary and affiliated enterprises of the largest Russian holdings as well as with the leading companies of the countries of their presence. The banks actively develop trade financing services with the employment of export agencies of the countries of their presence as well as syndicated lending.

German branch (Sberbank Direct) was opened in July 2014 as the fully functional online bank that offers deposits to individual clients at profitable rates as well as a safe and user-friendly interface. As of January 1, 2017, the volume of deposits attracted by the branch amounted to around EUR 1.7 bln, whereas the number of clients was around 50 thousand. Sberbank Direct offers attractive short-term financing conditions to their clients. Sberbank Direct meets the highest safety standards in the German market. The certified bank platform provides instant 24/7 access, easy opening of an account, and maximum safety for online banking. Within the two years, Sberbank Direct won the first place in the FMH Zins-Award competition, one of the Germany's most important awards in the direct banking sector. Alongside with that, in 2016, the branch received five awards from reputable companies, including the Institute of Service Quality in Germany (DISQ). Being the branch of Sberbank Europe AG, Sberbank Direct is a member of the Austrian system of deposits insurance.

Sberbank is the only bank in the Czech Republic that for four years in a row ranks in the top-3 of the banks most friendly to their clients, which enabled the bank to considerably increase the volume of retail and mortgage crediting.

Sberbank Banja Luka is the fourth largest bank in the Republika Srpska. Sberbank Banja Luka reached the bank recognizability ratio at 41% and became the first bank in the Republika Srpska to offer mobile banking to its clients.

In 2016, Sberbank issued over 100 thousand cards in Serbia, over 60 thousand of which were credit cards. The first factoring transaction was held in the country, and several partner agreements were concluded, including an agreement with a large retailer. Sberbank also became the first bank in Serbia that settled a transaction with the Government of the Republic of Belarus on the subsidy of interest rates within the scope of trade relations between the two countries—supplies of buses produced in Belarus to Serbia.

Sberbank in Slovenia launched a new card product in September 2016, Ide@l Mastercard. The card enjoys big popularity among the clients, the majority of which are new clients.

Sberbank Croatia was recognized for the ninth time as the best employer in the country's banking industry and awarded the Employer Partner award.

Sberbank in Hungary increased the share of the consumer crediting market by more than three times.

Sberbank in Bosnia and Herzegovina actively develops the Bank@work sales channel: the number of clients increased by one-third, while the sales of credit cards doubled.

Republic of Belarus

BPS-Sberbank OJSC

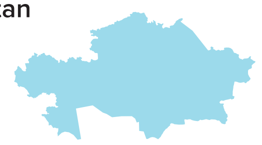
The Sberbank subsidiary bank in the Republic of Belarus is one of the leaders in the regional financial market and occupies 3rd place in terms of asset volume with a share of 7.8%.

The activities of the subsidiary bank in 2016 were influenced by the negative processes taking place in the economy of the Republic of Belarus, including the shrinking of economic activity, worsening financial standing of most enterprises, and decline in the actual incomes of the population. The GDP of the Republic of Belarus dropped by 2.6% in 2016, which resulted in the decline of bank sector indicators: the share of trouble assets in the assets exposed to credit risk increased by 6 p.p. to reach 12.8%.

In the current macroeconomic climate, the activities of the subsidiary bank were concentrated on improving the quality of assets, diversification of the sources of income, and optimization of expenses. The optimization of operating expenses resulted in a reduction of 29%. A profit of RUB 76.8 mln was obtained as of the end of 2016 in accordance with national standards.

Significant transformations touched upon the business model of the subsidiary bank. In particular, corporate business was changed considerably, as a result of which work with large- and mid-size clients is currently performed on the basis of assessment of the client's total return, taking into account their credit risk and volume of cross sales. The focus of development in the small and microbusinesses segment was defined, and new services were offered to clients, such as online reserving of accounts, online payment in Russian rubles in 30 minutes, and 24/7 online payments in Belarussian rubels within the bank. The retail business underwent changes as well, including the launch of international processing of the Group with new contact-free technology and automatic underwriting; the number of Sberbank Online users also doubled to reach 412 thousand, and the share of sales of deposits online increased to 22%.

Kazakhstan



Subsidiary Bank Sberbank JSC

SB Sberbank JSC has 81 structural units in Kazakhstan. The base of active clients totals 33.3 thousand corporate and 769.2 thousand individual clients. The bank network comprises 1,420 POS terminals and self-service terminals.

Net profit for 2016 amounted to RUB 1,286 mln, and return on equity, to 4.8% (in this section hereinafter provided information in accordance with national standards). The subsidiary bank ranks 4th in terms of asset volumes in the rating of second-tier banks of the Republic of Kazakhstan.

In 2016, in contrast to the growth of prices on resource-based commodities in Kazakhstan, the country's economy demonstrated improvement. The inflation rate almost reached the level of the official corridor established by the National Bank of the Republic of Kazakhstan, closing the year at 8.5%. GDP growth equaled 1%. The economy was supported by the construction, agricultural and transport sectors, with a total share of about 18% in the GDP structure.

Nonetheless, in 2016 the loan portfolio of the Kazakhstan banking sector was reduced by 0.3%, which is explained by a tough credit and monetary policy, low demand for credit, poor quality of new borrowers, and banks working with trouble credits. The loan portfolio of corporate clients in the subsidiary bank dropped by 14%, which was the result of planned payouts under nonrevolving loan facilities by borrowers with deteriorating credit quality indicators. Meanwhile, the retail credit portfolio increased by more than 11% following the increase of subsidiary bank liquidity.

Corporate client funds of the subsidiary bank declined 6.5% as a result of contract outflows of expensive deposits. Retail client funds increased by 27.7% thanks to the measures taken by the National Bank to support the banking sector by raising the maximum recommended rates for national currency deposits, which promoted the growth of individual client deposit volumes.

The subsidiary bank successfully implements innovative technological solutions. For example, in 2016, the Sberbank Business Online mobile app was launched, private clients of Sberbank Online gained the ability to make SWIFT payments to banks anywhere in the world, transfer funds to contacts in their phone's address book, and other advantages.

In 2016, SB JSC Sberbank once again confirmed its status as a leader in its participation in governmental programs and the development of banking sector technologies. The Bank ranks 1st among Kazakhstan banks in terms of subsidies and the guarantee volume to the DAMU Entrepreneurship Development Fund offered as part of the Unified Program for Business Support and Development Business Roadmap – 2020.

Switzerland

Sberbank (Switzerland) AG

In 2016, the focus of Switzerland subsidiary bank Sberbank (Switzerland) AG (SBS) attention was directed at the development of new possibilities in the commodities trade financing. In total, in 2016, SBS allocated over USD 2 bln to transactions in this area.

The bank achieved serious results in the development of its platform. In the beginning of the year, the strategic platform was built, and the first STIR transactions (short-term transactions in national and foreign currency) as well as spot transactions for sales of gold were registered. Further on, the license for trade with securities was obtained after a check by Swiss body of financial services regulation FINMA, which considerably improved SBS reputation in the market of Switzerland. In September, SBS was accepted as an international member of the world's largest exchange to trade with precious metals, the Shanghai Gold Exchange. This membership is a considerable step forward in the development of SBS activity at the commodities market. The area of corporate crediting in 2016 was influenced by limitations of financing as a result of sanctions; however, due to the investment of funds obtained from paid out credits into new assets the volume of corporate crediting increased.

Ukraine

SBERBANK PJSC

The real GDP volume of Ukraine for 2016 increased by 2.3%, which was its maximum growth since 2011, and the lowest inflation rate since 2013 was registered (12.4%). In this climate, the National Bank of Ukraine at several stages throughout the year lowered the refinancing rate from 22% to 14%. The Ukrainian hryvnia fell in value against the US dollar by 12% to 27.20 UAH per 1 USD.

In 2016, the subsidiary bank's activities were aimed at high-quality customer service, maintaining financial stability, complying with the capitalization plan, active work with the credit portfolio, and stabilization of the deposit base. Throughout the year, the client base of the subsidiary bank increased: the number of corporate clients increased by 16.8%, up to 40 thousand, and the number of individual clients, by 1%, up to 1,067 thousand. The regulative capital adequacy standard was fulfilled as part of the Program of strengthening capital approved by the National Bank of Ukraine: CAR (H2) as of January 1, 2017, amounted to 7.6% in accordance with national standards.

March 27, 2017, Sberbank entered into a legally binding agreement on the sale of 100% of shares of SBERBANK PJSC (Ukraine) to a consortium of investors, the members of which shall be Norvik Bank (Latvia) and a private Belorussian company. The deal is expected to be finalized in H1 2017 after its approval by the financial and antimonopoly regulators of related jurisdictions, including Latvia and Ukraine.