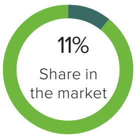
Wealth management

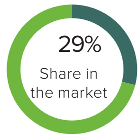
Market leadership

Sberbank's Depository Services



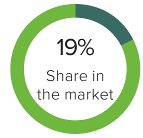
N°1 in the market of depository services

Insurance company Sberbank insurance life LLC



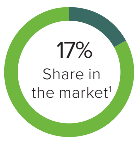
N°1 in the market of life insurance

Sberbank Insurance Broker LLC



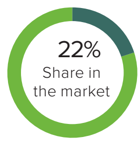
N°3 in the market of insurance brokers

Non-state Pension Fund of Sberbank JSC



N°1 in the market of compulsory pension insurance

Sberbank Asset Management JSC



N°1 Market position of open-end mutual funds

In 2016, Sberbank clients acquired over 12 mln products. The total number of products sold since the formation of this sector in 2009 exceeds 32 mln.

Sberbank continues to develop long-term life insurance programs for its clients. For example, clients of the Sberbank First and Sberbank Premier premium channels took out more than 50 thousand policies of universal and unit-linked life insurances. Long-term insurance programs are a source of not only commission income but also a significant volume of long-term funds raised.

Substantial growth has been achieved in the development of corporate insurance products, with over 200 thousand insurance contracts being drawn up during the year.

The effective use of centralized sales-management technologies in the network of bank service offices helped considerably boost the sales of packaged insurance products, with average monthly volumes exceeding 230 thousand units.

One particularly important result of the year was the transition to electronic digital signatures for mandatory pension insurance (MPI) contracts with Nonstate Pension Fund of Sberbank JSC. In addition, at the end of the year, Sberbank commenced its sale of nonstate pension (NSP) contracts in the network of bank service offices, and Sberbank's clients gained the ability to personally form their pension savings. The new product attracted much interest, with about 70 thousand NSP contracts being drawn up in November–December 2016.

[1] By volume of pension savings

Sberbank offers a broad line of wealth management products to its clients sold in all business segments of the Bank: Retail and Corporate blocks, CIB, and Private banking. At present, the following products are available for purchase at Sberbank: insurance products—voluntary life insurance, collateral insurance for consumer and corporate loans, corporate insurance of financial risks and third-party liability, packaged insurance products "Credit Card Protection," "Home Protection," "Family Protection+," "Stable Business," etc.; investment products—accumulative and investment life insurance, individual investment accounts, mutual investment funds, trust management; pension products—nonstate pension schemes, mandatory pension insurance.

The provision of services via remote channels is one of the key and most promising areas of business development. Today, Sberbank clients can purchase insurance, pension, and investment products online at www.sberbank.com, the websites of subsidiary entities, Sberbank Online, and text banking. The overall number of electronic sales of welfare products exceeded 70 thousand in 2016. In 2017, attention will be focused on the further development of online product sales.

Subsidiary Companies

Insurance company Sberbank Insurance LLC
The company continues to earnestly develop its product line, increasing sales and improving its positions in the rating of Russian insurers. Company revenues from insurance premiums more than doubled in 2016 compared to 2015, amounting to a total of RUB 8.5 bln.

"A++"
an exceptionally high (maximum) reliability rating
RAEX (Expert RA) rating

Today, the company offers more than 60 products for individuals and corporate clients, and the effectiveness of its work is confirmed by the financial results: in 2016 IFRS net profits amounted to over RUB 925 mln. Based on the results of 2016, the company had fifth place among the major insurers of Russia in terms of the number of contracts signed. In terms of overall revenue, the company comes in at 22nd place, moving up from 34th in 2015.

Insurance company Sberbank insurance life LLC
The company is a Sberbank partner in programs involving credit, risk, and accumulative and investment life insurance. Based on the results of 2016, the Bank's revenues from premiums amounted to RUB 58.3 bln, exceeding the same period of the preceding year by 33.7%. The company retained its leading position in the Russian life insurance market with its 29% market share, according to the Association of Life Insurers.

“A++”
an exceptionally high (maximum) reliability rating
RAEX (Expert RA) rating

In 2016, the company continued to broaden its product line. An innovative telemarketing channel was launched in H1, integrating updated versions of the “Family Protection” and “Protected Borrower” products. Now, the “Protected Borrower” insurance program is also available via the company’s online channel.

The second release of the “Rentier” product was rolled out in the Sberbank first channel, which substantially broadens the choice of options available to clients of premium channels. The “Rentier” program received the Investor Awards prize for the best investment product on the Russian market according to the results of the previous year.

To all holders of the Sberbank Premier service package, Sberbank and insurance company now offer the option to obtain independent medical consultations by the world’s leading experts upon the first-time diagnosis of a serious disease (as part of the “Expert Second Medical Opinion” program).

A coupon version of the Smart Policy product is also now available in the Sberbank first and Sberbank Premier premium channels, which is unique because it ensures certain fixed payments for clients even in the conditions of minimum growth rates on the market.

Partnership agreements have been reached with LLC Rostelecom – Retail Systems (the company offers packaged products, the “Right Choice” and “Safety Belt,” to clients throughout Russia) and Rosbank (its clients can acquire “Mayak” investment life insurance and “Capital” accumulative life insurance).

Modifications of the “Protected Borrower” and “Cart Blanche” products have been introduced. The “Protected Borrower” program now contains a reduced list of qualifications to obtain insurance, thus making the product available to a wider range of clients, including small and microbusiness clients.

In 2016, the company was ranked among the five major insurers of Russia.

Sberbank Insurance Broker LLC

“A++”
an exceptionally high (maximum) reliability rating
RAEX (Expert RA) rating

The company has a leading position in regional presence among brokers in the Russian market. According to the results of 2016, the company holds 3rd place among insurance brokers in Russia by volume of revenue with its 19% market share.

“AAA”
the highest rating of financial strength
National Rating Agency

“A++”
an exceptionally high (maximum) reliability rating
RAEX (Expert RA) rating

Sberbank PPF CJSC

Nonstate Pension Fund of Sberbank JSC is the absolute leader in the market of mandatory pension insurance: first place in the volume of pension savings and number of insured persons. The pension assets growth rate of the company substantially surpasses the growth rate of the industry. The company’s market share comes to 16.7% in the volume of pension savings, and to 14.2%, in terms of the number of insured persons. By the results of 2016, pension assets amounted to RUB 371 bln, which is 1.4 times higher than in 2015. The client base grew by 1.3 mln people since the beginning of the year and reached the level of 4.7 mln people.

Based on the results of 2016, the return on investments of pension assets to be recorded on the accounts of insured persons amounted to 9.4%. The return on investment of pension provisions to be recorded on pension accounts in 2016 amounted to 9.04% (the baseline strategy) and 8.07% (Sberbank strategy), with an inflation rate of 5.4%.

In 2016, for the first time ever, the company published its financial statements according to IFRS and became the leader among TOP 10 non-state pension funds by 2015 net profits. In 2016 the fund’s net profit increased by 1.5 times up to RUB 6.4 bln.

An average client account of mandatory pension insurance amounted to RUB 82.5 thousand, exceeding the average market level by 17.5%.

According to the Pension Fund of Russia, Nonstate Pension Fund of Sberbank JSC signed over 50% of the total number of mandatory pension insurance contracts made by nonstate pension funds in 2016.

“AAA”
the highest rating of financial strength
National Rating Agency

“A++”
an exceptionally high (maximum) reliability rating
RAEX (Expert RA) rating

Sberbank Asset Management JSC

The assets managed by the company amounted to RUB 121.3 bln by the end of 2016, which makes the company one of the leaders in the collective investments market. Sberbank Asset Management JSC occupies 1st place based on the volume of resources in open-end mutual funds; the company manages assets worth RUB 28.8 bln in 20 open-end mutual funds, and its market share comes to 22.1%. The value of net assets of the five closed-end real estate mutual investment funds grew by more than 30% during the year and reached RUB 12.3 bln.

The authoritative international Extel Survey ranking recognized Sberbank Asset Management JSC as the best management company in Russia in 2014, 2015, and 2016.

Sberbank's Depository

Sberbank's Depository is the leader in the Russian market of depository services based on the volume of assets under custody. During 2016, the assets under custody grew from RUB 4.2 trln to a record value of RUB 6.0 trln. The number of depository accounts opened at Sberbank's Depository increased from 442.6 thousand to 551 thousand.

Sberbank's Depository also occupies the leading position among Russian depository banks based on the number of depository receipts (ADR/GDR) under maintenance (55 programs for shares of 33 Russian issuers by the end of 2016) in cooperation with world DR issuers: BNY Mellon, JP Morgan, and Citibank.The quality of Sberbank's Depository services is confirmed by its stable high rating from the Global Custodian authoritative international journal, generated on the basis of opinions from international clients. By the end of 2016, the Depository had proven once again its leading positions in respect to competitors in the Russian market as well as received recognition as one of the best in the world's emerging markets. The Depository earned high rating scores in all categories of services for which a market analysis was performed in Russia and earned the Global Outperformer award.In the course of 2016, Sberbank's Depository implemented the following measures aimed at the development of business and optimization of operations:

- Commencement of servicing depository receipt programs for shares of JSC Novatek and AFK Sistema as well as the organization of closed subscriptions for the issue of depository receipts of JSC MTS
- Approval by the Supervisory Board of the changes to the RDR program of RUSAL, providing for the conversion of RDR into foreign shares circulating on the Moscow Exchange to be effected in 2017
- Launching a pilot project on the securitization of mortgage loans and issue of mortgage securities as part of the "Factory of AHML mortgage securities (Agency for Housing Mortgage Lending)"
- Tender awarded for the operator of the depo account of one of the two largest international clearing centers, Clearstream Banking S.A., by nonbank financial institution CJSC NSD (National Settlement Depository)
- Starting on July, 2016, introducing a new technology for corporate actions involving securities in ISO 20022 format and the commencement of e-mail and text notifications of clients about corporate actions, as required by changes in the legislation on securities
- Debut of the "Mortgage collateral accounting on the basis of blockchain technology" project at the Laboratory of innovations
- Construction of a model of potential Bank client demand for depository–brokerage services using Big Data technology.