Remuneration System

HR and Remunerations Committee

The main function of the HR and Remunerations Committee is the development of an effective remuneration system for the members of the Supervisory Board, executive bodies of Sberbank, and other key managerial officials. The following issues are within the scope of competencies of the HR and Remunerations Committee:

- Sberbank's policy related to the remuneration of members of the Supervisory Board, executive bodies, and other employees of Sberbank, including the Corporate Secretary
- Criteria and procedure for determining the size of remuneration for members of the Supervisory Board, executive bodies, and other employees of Sberbank, including the Corporate Secretary
- and determining the major conditions of contracts with members of the executive bodies of Sberbank
- The long-term remuneration program for members of the executive bodies of Sberbank
- Preliminary assessment of the operations of executive bodies and other employees of Sberbank, including the Corporate Secretary, following the year-end results.

Remuneration for Members of the Supervisory Board

The payment of remuneration to the members of the Supervisory Board of Sberbank and the compensation of expenses connected with their contributions to the operations of the Supervisory Board shall be made according to the procedure established by the internal document of Sberbank, the Regulation on Remuneration and Compensation to Be Paid to the Members of the Supervisory Board (the "Regulation") approved by the Annual General Meeting of Sberbank Shareholders on May 31, 2013, subject to the changes approved by the Annual General Meeting of Sberbank Shareholders on May 27, 2016.

Remuneration consists of a base part, which is paid to a member of the Supervisory Board, provided that they participated in no less than half of the Supervisory Board meetings held in the billing period, and additional remuneration for work in the Committees, for chairing Committees, for the performance of the duties of senior independent director, and for chairing the Supervisory Board:

Type of remuneration	Before 2016	Starting in 2016
Base remuneration	RUB 4.2 mln	RUB 5.9 mln
Additional remuneration for the performance of the duties of a member of any of the Committees of the Supervisory Board	+10% of the base remuneration	+20% of the base remuneration
Additional remuneration for the performance of the duties of the Chair of any of the Committees of the Supervisory Board and the Senior Independent Director	+20% of the base remuneration	+30% of the basic remuneration
Additional remuneration for the performance of the duties of Chairman of the Supervisory Board	+30% of the basic remuneration	+50% of the basic remuneration

In calculating the remuneration for members of the Supervisory Board, the amounts of the base and additional remuneration established at the time of their election to the Supervisory Board shall apply

Remuneration for members of the Supervisory Board associated with their participation in this control body of Sberbank paid out in 2016, RUB mln[1]

Base remuneration (8 persons)	33.6
Additional remuneration	8.0
Total	**41.6**

[1] Remuneration shall be paid by Sberbank to the members of the Supervisory Board who express their written consent to receive remuneration.

The Regulation also provides for the possibility of compensation to members of the Supervisory Board of operating expenses related to the performance of their duties as Board members. In 2016, compensation of operating expenses associated with the performance of the functions of Board members was paid to one member of the Supervisory Board in the amount of RUB 38.6 thousand.

Remunerations for Executive Board Members

Sberbank's Policy for the remuneration of Executive Board members provides for the dependence of remuneration on Sberbank's performance and each Board member's personal contribution to the achievement of such performance, by using tools for regular performance evaluations through a system of balanced indicators. The salary structure includes fixed and variable components.

In 2015, Sberbank also adopted a long-term incentive program for key managerial staff based on the value of Sberbank shares, which provided for cash paymens. The program was created based on the concept of risk-oriented remuneration and fully meets the requirements of Bank of Russia for remuneration payment systems in Russian credit institutions.

The main parameters of the program:

- A total of 40% of the variable part of annual remuneration is deferred and will be paid in the future in three annual payments.
- Payments to the program participants depend on the positive performance of Sberbank—if Sberbank's activities were unprofitable during any of the three years following the year when the program participants became entitled to such payments, they shall lose the right to said 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 the breach of job duties), upon the dismissal of the employee for this reason, or as a result of a negative personal contribution to Sberbank's results.

The remuneration system for members of the Executive Board

	Fixed remuneration	Variable remuneration	Remuneration in the long-term incentive program
Remuneration paid to the members of the Executive Board of Sberbank in 2016 (RAS), RUB bln	0.71	1.95	0.94 (the first part of deferred remuneration for 2015)
Total, RUB bln		**3.59**	
Objective	Attractive motivation package to attract and retain highly qualified managers	Aimed at meeting individual and group efficiency targets	A long-term incentive program designed to increase Sberbank performance
Description	Fixed remuneration includes salary, vacation compensation, business trip compensation. Established on the basis of professional experience, their role in Sberbank management, and the current remuneration level on the labor market	Variable remuneration includes quarterly bonuses and remuneration following the year-end results. Directly connected with meeting the set of key efficiency targets: individual and group, financial and nonfinancial. Variable remuneration also includes remuneration to members of the Executive Board for the performance of the functions of Supervisory Board members (RUB 4.6 mln in 2016)	Deferred remuneration, which is paid in cash and cash equivalents within the following 3 years and reassessed at a fair value as per each reporting date on the basis of the average price of Sberbank's ordinary shares for the previous 6 months
Payment terms	Quarterly	Quarterly/Yearly upon achievement of asigned KPIs	Yearly under the condition of Sberbank's positive performance

The amount of deferred remuneration paid to members of the Executive Board in 2016 equaled RUB 1.25 bln as part of the long-term remuneration program. Related liabilities are included in other financial liabilities of the consolidated financial standing report before making actual payments.