



ANNUAL  
REPORT 2021



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Financial and operational data are presented in the Sber Bank Report based on management accounting. The operating results of the Sber Bank Group are presented in accordance with the consolidated financial statements under IFRS.



# Address of the Chairman of the Management Board of Sber Bank



## Dear Shareholders, Clients, and Partners,

The year 2021 was a strenuous period for the banking sector and the whole Belarusian economy.

We succeeded in tackling external challenges using our ability to adapt to the ever-changing environment and transform business processes in the due course. Strategic flexibility backed with innovational products and services, and measures aiming at improving financial resiliency helped achieve robust financial indicators. We earned BYN 151.8m of net profit, which is 2.5 times more than in 2020.

Our business concentrates largely in the corporate segment. In the reporting year, we issued loans to the productive sector of the economy for more than BYN 5.4bn. Our corporate loan portfolio reached BYN 2bn. Expanding cooperation with small and micro businesses remains our priority. The number of our MSB clients grew by 8% and exceeded 41 thousand entities due to a flexible and effective customer relationship policy, and continuous development and introduction of modern technologies.

Improving products and services, bringing new ones to the market promoted the customer base growth. The Smart Technology of lending to micro clients saw further development: now it allows taking the loan decision in 2 days/hours, depending on the risk degree of the loan application.

We pursued our international and trade finance business. In spite of the aggravated business environment, we increased the number of letters of credit confirmed and issued, bank guarantees issued, and bilateral loans obtained.

Being a professional participant of the stock market, we invested in corporate and public securities. We acquired BYN 962m and placed BYN 345m of bonds.

In 2021, inflation and devaluation expectations of the society and slowdown of the population's income growth influenced the retail business scale. Yet, we managed to avoid drastic dropdown in the amount of business, and secured our positions in the retail lending market.

The retail loan exposure as of January 1 made BYN 773m. Following the ESG concept, our bank was the first in the market to offer a 'green' loan for car purchase. In 2021, we launched new online loan products including Open API based online lending for purchases made in the largest Internet store 21vek.by and the Zabiray.by web platform. Our work to attract depositors through SberBank Online increased the share of digital deposits placed through remote service channels by 56%.

In the reporting year, we continued creating the ecosystem offering a wide range of non-financial products and services. The first ecosystem product – SberDaily – proved to be in high demand and was transformed into the complex SberPrime package that comprises four non-financial services: I-concierge personal assistant, Okko online cinema, SberZvuk streaming service, and Delivio food delivery.



# Address of the Chairman of the Management Board of Sber Bank

The launch of YEDU!, the first in the country service of food delivery from stores implemented by the bank's subsidiary was an important milestone in the ecosystem development. The service partners are two leasing Belarusian retailers, Sosedy and Mila.

To bring more comfort to private clients, we continued to develop digital service channels. The contactless payment system SberPay covers Visa holders, as well. Besides, P2P transfers in foreign currencies are now available both as intra-bank and inter-bank operations, without additional conversions. We launched the referral program for holders of Large Bonus Cards, and launched the automatic virtual card issuance upon registration in Sberbank Online. All that resulted in the increase of digital user share of 64.5% of the total number of clients.

Our client service processes saw some innovations, as well. In particular, we are implementing our SBOL.PRO project aimed at facilitating banking product delivery and paperless office format. Using the system, an employee can issue a commercial offer to the client, register a new client, and execute operations in the shoulder-to-shoulder format, via a mobile channel away from the desk. The SberBio face biometrics technology allows client recognition by physical traits, without presentation of a passport, which accelerates the service procedure.

To improve client service quality in the regional network, we deployed a new cash desk model presuming additional offices with one cash desk or with cashless service, and replacing cash desk with electronic equipment. At the same time, we were working on the Paperless Office project to enable signing electronic documents with a digital signature on a tablet. This technology will let us stop using paper and contribute to protection of the Belarusian nature.

The Client Support Centre came to a new level of service. To reduce the operators' workload, many communication channels for solution of typical issues were automated. Development of Alesya, our virtual operator, allowed using speech synthesis and introduce new consulting chains. During the year, Alesya independently managed 320 thousand calls. The level of automation in voice and text support channels reached 30%.

Promoting corporate social responsibility, we continued the systemic ESG transformation that means running business with regard to international standards for environmental production, influence on the society, and corporate responsibility.

We implemented the ESG principles partially in the form of social and environmental incentives. The Bank continued to finance the Teacher for Belarus project aimed at improving secondary education quality in rural areas. In 2021, 29 schools and more than 12 thousand secondary school students in all regions of Belarus participated in the project. Totally, 36 talented teachers shared their knowledge with students from rural areas.

To alleviate environmental pressure, we reduced paper usage by 22%, energy and heat consumption by 4% and 5%, respectively. About 30% of operational wastes were collected separately for recycling. The Bank was declared the winner of the Brand of the Year 2021 in the ESG strategy nomination for those achievements.

In conclusion, I would like to thank all our clients, employees, shareholders, and partners for the trust they have in Sber Bank and its products and services. We shall carry on as the technological leader. The 'offices of the future' with the new logo will be opened throughout the country: from November 2021, we are Sber. Our philosophy remains unchanged. We continue to support the infrastructure, IT platform, ecosystem, and education. We invest into our prospects: current and potential clients, employees and partners, the banking of the future.

Yours sincerely,

Igor Merkulov  
Chairman of the Management Board



# SBER BANK GROUP PROFILE



06	GENERAL INFORMATION
08	KEY FINANCIALS



# General information

Full name:

Sber Bank

Abbreviated name:

Sber Bank

Majority shareholder:

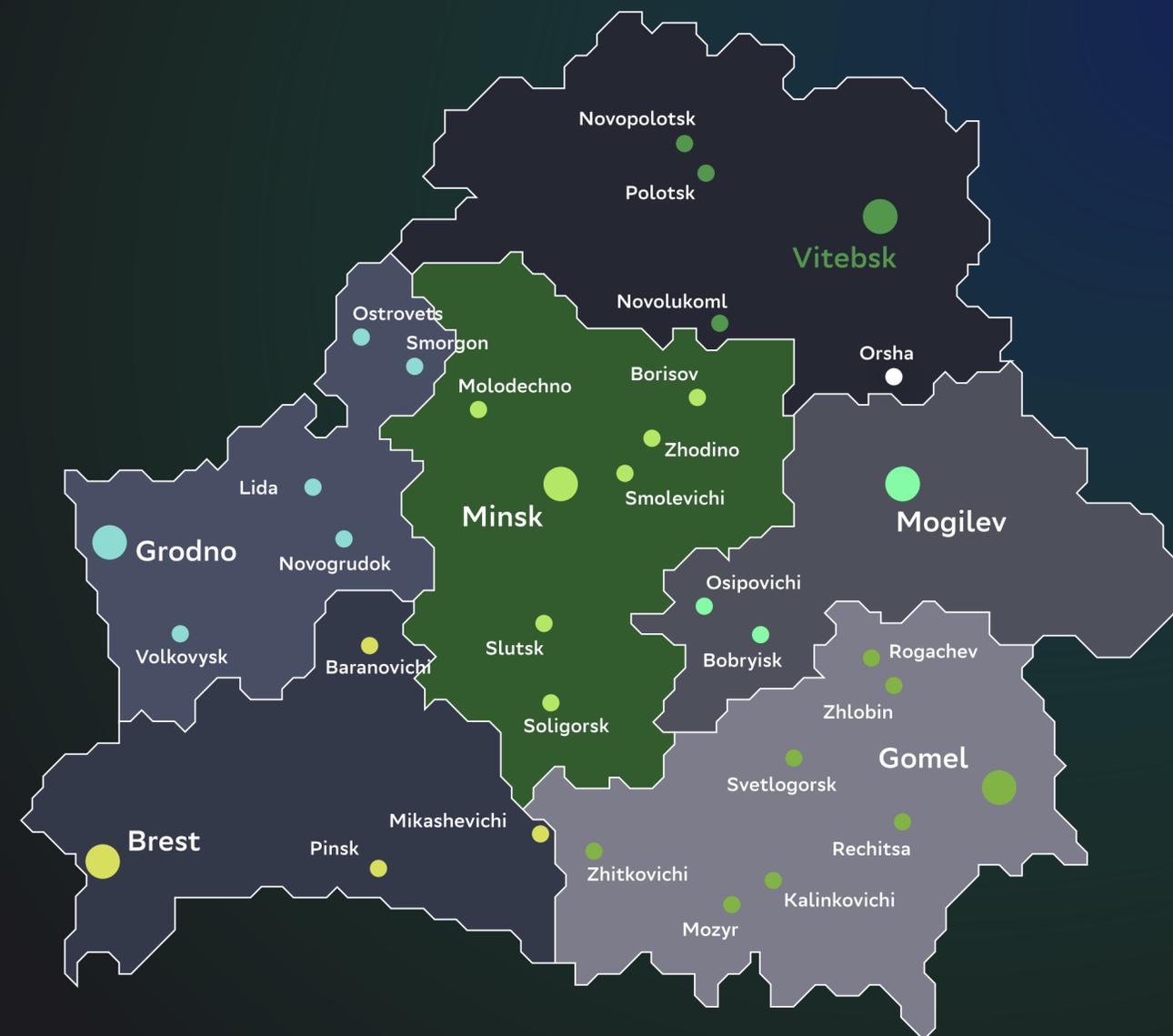
Sberbank of Russia

Head Office address:

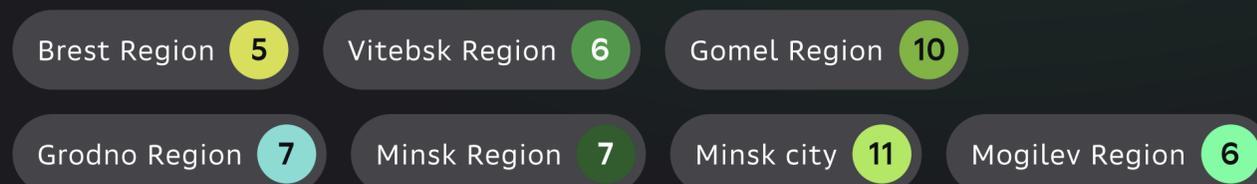
6, Mulyavin Boulevard, Minsk 220005,  
the Republic of Belarus

Regional network:

52 points of sale in 33 towns and cities



## Regional network





# Licences

Banking licence No. 4 dated 27.08.2021 issued by the National Bank of the Republic of Belarus.

Special permit (licence) 02200/5200-1246-1086 for professional and stock market activities with securities registered in the Register of Licences of the Ministry of Finance of the Republic of Belarus under No. 02200/5200-1246-1086, with unlimited validity.

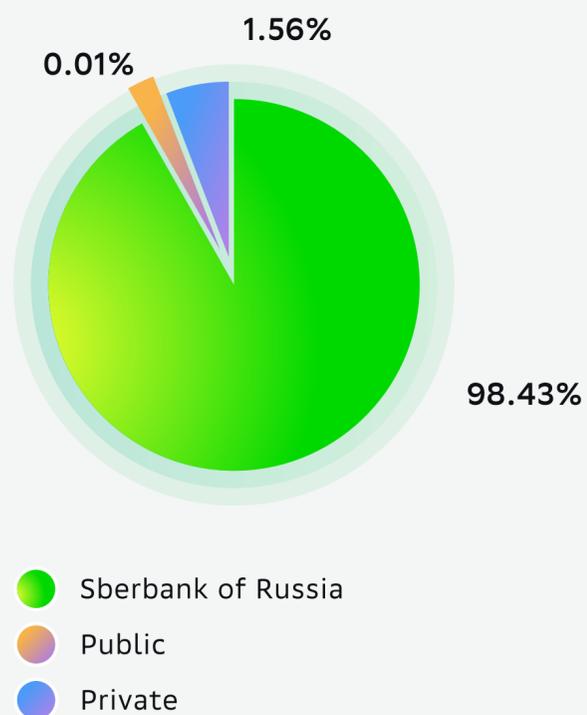
# Equity

The Bank's equity amounts to BYN 73.58m.

The equity comprises 1,470,828,888 common shares and 870,805 preference shares.

The total number of shareholders is 14,026 legal entities and individuals.

## Equity structure



## Rankings in the financial market of the Republic of Belarus (as of 01.01.2022)

Indicator	Market share	Rank
Assets	5.1%	6
Equity	5.1%	7
Corporate loans (including bonds)	4.7%	5
Retail loans (excluding preferential loans)	6.3%	4
Corporate funding	5.4%	7
Retail funding	4.6%	6
Profit	11.7%	4



# Key financials

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Sber Bank is ranked among top 3 banks with foreign and private capital by business volume and profit.

**5** BILLION BYN

ASSETS

**709** MILLION BYN

CAPITAL

**152** BILLION BYN

PROFIT

**18.6** %

CAPITAL ADEQUACY

**312** MILLION BYN

NET OPERATING INCOME

**669** THOUSAND

ACTIVE CLIENTS

**20.1** %

ROE

**436** THOUSAND

ACTIVE CLIENTS IN DIGITAL  
REMOTE SERVICE CHANNELS

**59** %

CIR

**41** %

SHARE OF SALES IN DIGITAL  
REMOTE SERVICE CHANNELS



# MARKET REVIEW



10	MACROECONOMIC ENVIRONMENT IN THE REPUBLIC OF BELARUS
12	BANKING SECTOR



# Macroeconomic environment in the Republic of Belarus

Throughout 2021, the Belarusian economy performed under the pressure of a wide array of multi-directional factors. In spite of the increasing sanctions burden, the world pricing environment and the growing demand for traditional Belarusian exports benefited the domestic market.





# Macroeconomic environment in the Republic of Belarus

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Compared to the low baseline in 2020, the real GDP increased by 2.3% underpinned by 70% growth in industry. The manufacturing volume rose most notably in the machinery and equipment (+14.9%) and wood processing (+12.2%) sectors.

The external demand growth that largely contributed to the positive industry and GDP dynamics allowed attaining the record-breaking total: the positive balance of foreign trade with goods and services made USD 3.8bn.

The favourable foreign trade situation strengthened the Belarusian rouble exchange rate. In 2021, it gained value to USD by 1.2%, to EUR by 9%, and to RUB by 1.6%.

The gold and FX reserves expanded by USD 1bn mainly due to the IMF financial aid, and total USD 8.4bn as of 01.01.2022. The Government and the National Bank performed their domestic and external FX-nominated obligations amounting to USD 3.1bn.

In the reporting year, the real disposable personal income growth rate slowed down to 2% for the main reason being weakened salary dynamics and intensifying inflation processes.

The consumer price index grew by 10%. The inflation rate escalated due to the world price increase trends and certain decisions adopted in the tax laws to abolish particular privileges.

The regulatory authority raised the refinancing rate twice in 2021 due to the inflation rate dynamics. As of 01.01.2022, it makes 9.25% (cf. 7.75% at the year-start).

Backing on increasing exports and manufacturing volumes, the net profit of business entities grew 2.8x in comparison with 2020, and reached BYN 16.1bn, while the sales profitability went up from 7.7% to 8.3%. The share of loss-making companies made 12.4% (cf. 15.1% in 2020).



# Banking sector

The macroeconomic environment shaped the Belarusian banking sector dynamics in 2021

**98.4** BILLION BYN +8.6%

ASSETS

**13.9** BILLION BYN +13.8%

EQUITY

**1 331** MILLION BYN +30.9%

PROFIT

In the reporting year, the Bank’s assets increased by 8.6% to BYN 98.4bn. The aggregate equity of the banks at the beginning of 2022 makes BYN 13.9bn, which is by 13.8% more than at the year-start.

The Belarusian banks earned BYN 1,331bn of profit, which is by 30.9% more than in 2020. Decrease of reserve allocations was the main profit growth factor for the whole banking system. Return on assets of the banks made 1.4%, and the return on equity was 10%.

Exposure on loans issued into the economy sectors in 2021 increased insignificantly (+3%) and made BYN 60.3bn.

The total corporate loan portfolio grew by 2.2% to BYN 43.9bn due to the growth of local currency loans by 9.9%.

Retail loans increased by 5%. The main retail lending driver in the banking system was financing of housing purchase by state-owned banks within the public support facilities.

The deposits placed with banks increased by 6.6%. Corporate deposits were the main driving factor: they increased by 16.6% mostly due to the year-end budget funds distribution and made BYN 25.5bn.

Run on retail deposits (-3.3%) continued in the banking sector: foreign currency funding decreased by 11.3% in USD equivalent, attributed to persisting inflation and devaluation expectations of the population and the macroeconomic environment.

The NPL share in the assets subject to credit risk makes 5.3% as of 1 January 2022, having increased by 0.5 p.p. throughout the year.



# CORPORATE BUSINESS



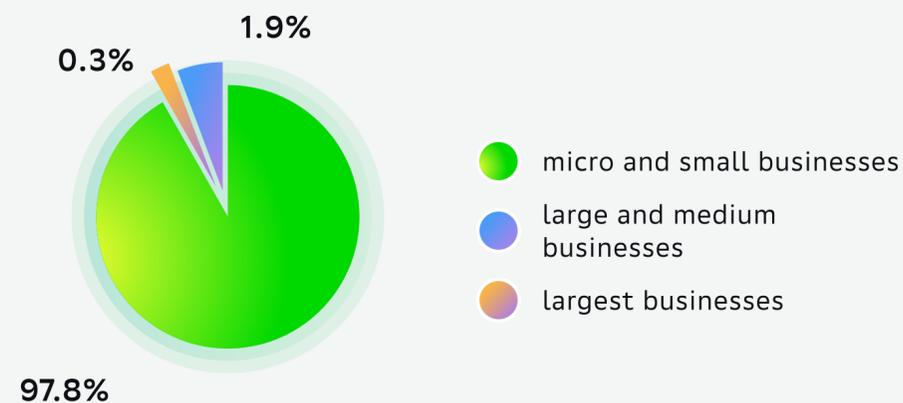
14	CORPORATE BUSINESS IN 2021
15	LENDING
16	MICRO AND SMALL BUSINESS
17	REMOTE BANKING SERVICE AND TRANSACTIONAL BUSINESS
18	SERVICE PRODUCTS
19	CLIENT JOURNEY
20	INTERNATIONAL BUSINESS



# Corporate business in 2021

**42** THOUSAND  
ACTIVE CLIENTS +7.9%

## Client base structure



**57** %  
NPS

**5.4** BILLION BYN  
INVESTMENTS INTO THE COUNTRY'S ECONOMY

**8.9** SCORE  
CSI

**2** BILLION BYN  
LOAN PORTFOLIO

**66.2** %  
MAU

**1.7** BILLION BYN  
CORPORATE FUNDING

**5<sup>th</sup>** RANK  
CORPORATE LENDING

**532** MILLION USD  
TRADE FINANCE TRANSACTIONS



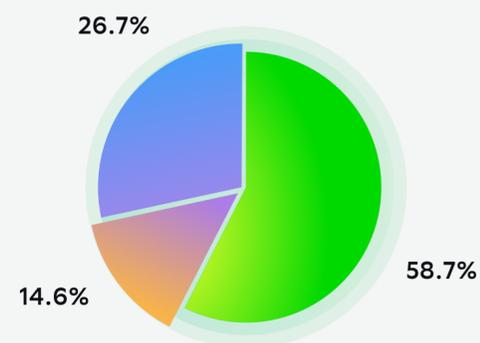
# Lending

## 2 BILLION BYN

### LOAN PORTFOLIO

The corporate loan portfolio including corporate bonds made BYN 2bn as of 01.01.2022.

### Loan portfolio structure



- loans for operational purposes and other
- investment financing
- corporate bonds

As regards the loan portfolio branch structure, the top 3 industries (non-specialised trade, construction/ real estate, chemicals) make 46.4%.

In 2021, we continued to improve our lending process. In particular, we:

- Expanded the Smart Technology functionality – a technology for lending to micro business clients, which is unique for the Belarusian market.
- Evolved the overdraft lending process to include small business clients.
- Implemented the option for medium+ business clients to execute deals within the non-revolving credit facility under the master agreement with settlements on financial markets (hedging deal).

To onboard and retain clients, we designed the Common Benefit ('Sovmestnaya Vygoda') program. It is a product where we render services to our partners helping them to sell products (services) by issuing loans to their prospective buyers. There were 155 companies that opted for the program.

We continued to develop the leasing activity. In the reporting year, SberLeasing CJSC for the first time concluded agreements with legal entities in the electronic form for:

- Financial leasing.
- Passenger vehicle purchase and sale for leasing and registration with the Road Police.

The Belarusian platform QuiDox became the technological basis for these transactions. Moving to electronic deal execution ensures:

- Accelerating document flow with counterparties.
- Reducing operating risks stemming from signing deals in hard copy.
- Decreasing stationery costs relating to paper flow.



# Micro and small business

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**41** THOUSAND

ACTIVE CLIENTS

**411** MILLION BYN

LOAN PORTFOLIO

Financing of micro and small businesses is one of the prioritized directions of the Bank's business.

Building up the client base in the micro and small business segment lets us diversify our risks substantially. In 2021, the number of active clients in this category rose by 8.1%.

In the reporting year, we carried on improving our remote onboarding channels for MSB clients. The partner channel's share makes 27% as of 01.01.2022.

We went on to expand the functionality of the Smart Technology lending process for micro segment clients, allowing taking loan decisions in 2 hours/days depending on the risk degree of the application. More than 5,000 agreements have been concluded under this technology since its launch in 2019. The loan exposure makes 38% of the total exposure in this segment as of 01.01.2022.

The loan indebtedness share of MSB clients in the total corporate loan portfolio makes 24%.



# Remote banking service and transactional business

Introduction of new remote banking services for corporate clients is an important area of transactional business development. In 2021, we:

- Rebranded and redesigned SBBOL (SberBank Business Online remote service platform).
- Launched SBBOL deposits for legal entities and individual entrepreneurs, which allowed dropping SavEx support.
- Introduced filing overdraft and corporate insurance applications.
- Developed the functionality of signing a range of documents by SMS with regard to limits (both in web and mobile versions).
- Launched the functionality for easy corporate account management via SBBOL (enabling/disabling 3D secure, blocking/unblocking cards, enabling/disabling SMS notifications).
- Offered the interactive tour around the system for onboarded clients.
- Organised import of payment orders in foreign currencies from the client's accounting system (1C) into SBBOL.
- Introduced the functionality for salary transfers.
- Developed the 'Banner' – an automated system of sales campaigns launched via SBBOL allowing making tailored offers.
- Improved SBBOL usability based on client feedback.
- Published the mobile application in Huawei Appgallery for Huawei device users.

Due to the above-mentioned measures, we gained high appreciation from users: the 2nd rank in Google Play and the 3rd rank in App Store.

Our SBBOL is also the runner-up according to the comparative study of remote banking systems of Belarusian banks carried out by the independent observer USABILITY LAB.

To build up our client base and create the most comfortable service conditions, we introduced the card-not-present mode of unattended cash collection allowing topping up bank accounts with cash via ATMs using the login and password in the SMS form. Also, the unattended deposit machine was installed for corporate clients.

We designed the AI model that calculates the client's need in unattended cash collection. According to the resulting lists, centralized campaigns are run to sell the unattended cash collection services. Thus, the share of transactions executed via the unattended terminals exceeded the number of operations made at the cash desks and currently makes 55% of the total number of cash collection operations.

In 2021, we significantly improved the acquiring service.

The new POSKassa Sigma equipment was installed and commissioned – the all-in-one cash machine, POS terminal and barcode scanner device accepting cash and cashless payments. It can transmit data to the taxation authority online, carry out totaling and differentiated accounting, accept payments with cards and mobile devices (smartphones, smart watches, rings). This is the first device in the Belarusian market supporting three-language interface in Belarusian, Russian, and English. These advantages help us optimize processes, reduce costs, and increase client loyalty.

We expanded the scope Internet acquiring services by launching Apple Pay and Samsung Pay, moved the clients to using 3D Secure 2.0 technology.

Also, we harmonized the processes of merchant and Internet acquiring and speeded up the terminal registration procedure.



# Service products

Creating and developing the ecosystem for corporate clients, we launched the following products in 2021:

- Our corporate clients got the possibility to insure bank cards of their staff from theft, unauthorized debit, illegal use, and other risks.
- We started the campaign allowing our clients to conclude the SMART voluntary medical insurance agreement on special terms at an attractive price.

To support and promote small and medium business in Belarus, we produced the business show ‘This Is My Business’ broadcast on TNT International channels. Each episode is dedicated to the analysis of a certain business activity.





# Client journey

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57 %

NPS

62 %

CES

8.9 SCORE

CSI

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Sber Bank is a bank that offers its clients comfortable support, innovative services, and contemporary products.

One of the main development areas is the study of client satisfaction with our products and services. The process mechanism is based on application of innovative tools for creating better client journey, interaction, and feedback analysis.

Regular marketing surveys, polls, and application review are the source of information about client impressions.

We continuously carry out comprehensive studies of service quality at all points of client/bank interaction. Poll and campaign outcomes serve as the baseline for improving client journey, products, services, processes, and scripts.

At the end of 2021, the corporate client loyalty (NPS) score is 57%, the index of general satisfaction of corporate clients with the Bank's operation (CSI) is 8.9. The client effort score (CES) is 62%.

To improve client journey, we use advanced business task solution technologies aimed at clients: design thinking methodology, client journey maps, client journey redesign, online polls, speech analytics, SBBOL data review. These tools help us adjust our work with products and services based on the clients' opinion, and facilitate the interaction process.

We pay special attention to client applications in order to increase corporate client service quality. In the reporting year, we introduced monitoring of application requirements to improve results and terms of application review, including compliance with the laws and local regulations of the Bank.

Market surveys, polls, and application reviews result in drawing action plans aimed at improving corporate client service quality, client journey, and our products and services.



# International business

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**406** MILLION USD

TRADE FINANCE TRANSACTIONS

**>350** EXECUTED DEALS

We use all advantages of Sberbank Group geographical coverage and offer our clients wide opportunities of supporting their international business. Our correspondent network comprises more than 100 partner banks all over the world.

The total amount of trade finance deals (letters of credit, guarantees, bilateral trade finance loans) equaled USD 406m. In spite of aggravating international business conditions, we increased the number of transactions in L/C opening and confirmation, bond issue, bilateral lending, and succeeded in more than 350 deals.

As of 01.01.2022, the obligations under letters of credit and guarantees make USD 158m, balance sheet obligations under trade finance deals using foreign bank resources make USD 100m.

We paid much attention to further improvement of our product scope.

To raise corporate client satisfaction with trade finance products, we improved the express bank guarantee product for medium+ clients, which led to product accessibility also for clients with contractual business.

To promote two-factor deals, we improved and introduced the respective loan product specifications and concluded a range of agreements with non-resident factors that allow us to act as both an import factor and export factor in international two-factor business between the Republic of Belarus and the Russian Federation.



# RETAIL BUSINESS



22	RETAIL BUSINESS IN 2021
23	RETAIL CLIENTS
24	VIP CLIENT SERVICE
25	SERVICE QUALITY
26	RETAIL LENDING
27	RETAIL FUNDING
28	CARD PRODUCTS AND SERVICES
29	ECOSYSTEM PRODUCTS AND SERVICES
30	REMOTE BANKING SERVICE OF RETAIL CLIENTS
31	SALES CHANNELS
32	TRANSACTION BUSINESS



# Retail business in 2021

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**4<sup>th</sup>** RANK

RETAIL LENDING MARKET STANDING

**6.8** %

HOUSE LOANS MARKET SHARE

**626.5** THOUSAND

ACTIVE CLIENTS

**72** %

NPS

**6.3** %

RETAIL LOANS SHARE  
(NOT INCLUDING PREFERENTIAL LOANS)

**3<sup>rd</sup>** RANK

PAYMENT CARD MARKET STANDING  
(NOT INCLUDING STATE-OWNED BANKS)

**403.8** THOUSAND

MAU

**773** MILLION BYN

LOAN PORTFOLIO

**3<sup>rd</sup>** RANK

LOANS FOR REAL ESTATE PURPOSES

**1.2** MILLION

CARDS IN CIRCULATION

**40** %

DIGITAL SALES OF PRODUCTS

**1 144** MILLION BYN

RETAIL FUNDING  
(INCLUDING BONDS)



# Retail clients

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**626.5** THOUSAND

ACTIVE CLIENTS

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**We regularly expand our audience who use the Bank's products and services: the number of active retail clients increased by six thousand in 2021.**

Mass high-income segment is our target as one of the most income-generating. Throughout 2021, the number of high net worth clients was steadily increasing and exceeded the previous year result by 15%.

The ability to make forecasts and deliver relevant solutions to clients plays an important role in raising the efficiency of promotion communication with clients: data science usage in developing client relationship plays an increasingly important role. In the reporting year, we created five new ML-models (two of them forecast the client's response to offers, others are for micro segmentation of affluent clients, selection of the best communication channel with client, and building predictive scenarios for Alesya bot).

Apart from the advanced analytics, data processing toolset development is also pivotal. RTDM (Real-Time Decision Manager) allows processing large arrays of data in the online mode and make the ground for creating tailored offers for a specific client at the given moment of time.



# Vip client service

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**3.01** ACTIVE PRODUCTS

PER ONE AFFLUENT CLIENT

**3.7** ACTIVE PRODUCTS

PER ONE VIP CLIENT

In 2021, we continued developing premium services for retail clients and offered personal bank service in the special SberPremier office format (in Minsk) and SberPremier zones (29 zones in 17 Belarusian cities).

In the reporting year, the active premium client base grew by 6% in the VIP segment and by 13% in the affluent segment. The product penetration made 3.01 types of active products per client in the affluent segment, and 3.7 in the VIP segment.

To promote premium client service, we implemented the following measures and improvements:

- Updating of SberFirst and SberPremier sections of the Bank's website
- Implementing the remote segmentation procedure that allows upgrading the status of active mass clients to VIP level without visiting the Bank's office
- Updating the premium service packages Sberbank First, Premium, ComPass Premium, and ComPass Black Edition
- Launching a precious metal deposit product for affluent and VIP clients named Capital Premium, allowing opening a deposit in the SberBank Online system.

High consumer satisfaction index (CSI) in 2021 proves that we have chosen the correct path aiming at decent level of services and focusing on premium client needs. Customer satisfaction index made: 8.7 for SberFirst, 8.6 for SberPremier, and 8.0 for Affluent segments.



# Service quality

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**72 %** +7 P.P. CF. 2020

NPS

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Throughout 2021 we continuously monitored client service quality. Client experience indicators (NPS, CSI) were measured quarterly for main service channels, and banking products and services. Based on the quarterly review, we draw plans of measures to improve key indicators.

In carrying out surveys, we use the most efficient up-to-date methodologies (UX surveys, customer journey maps, in-depth interviews, design thinking).

We thoroughly analyse the incoming client applications and based on the results we implement changes aimed at improving the Bank's products and services.

Considerable attention is paid to increase of financial awareness of the population, with the main target audience being children, youth and retired people. In 2021, we held 58 financial awareness events attended by more than 2800 participants both in the offline (seminars and meetings) and online (interactive webinars, educational videos) formats, with regard to the epidemiological situation.

In the course of this work, we supported financial awareness contests for school students held by the National Bank of the Republic of Belarus and the Economy Department of Belarusian State University.

The official website of the Bank has the Financial Awareness section regularly updated with useful content including links to the Bank's YouTube channel with financial awareness educational videos.

In the reporting year, ensuring digital security was the main focus of financial awareness events, due to the persisting number of financial fraud cases.



# Retail lending

**4<sup>th</sup>** RANK

RETAIL LENDING MARKET STANDING

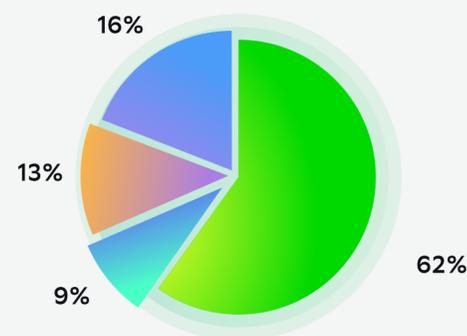
**6.3 %**

RETAIL LOANS SHARE  
(EXCLUDING PREFERENTIAL LOANS)

**773** MILLION BYN

LOAN PORTFOLIO

## Loan portfolio structure



- real estate
- consumer purposes
- car purchase
- overdraft

In 2021, the following factors influenced the retail business volume: uncertain economic situation, preservation of loan cost threshold regulation, limited availability of long-term resources.

However, we managed to prevent retail business shrinkage and retained its 4th standing in the banking sector.

The updates of the loan product line included the following:

- Deployment of the CarClick online service for main car market participants
- Modification and expansion of the product lines ‘Fast and Furious from Sber Bank!’, ‘GEELY car loan with Sber Bank!’: the tenor was increased to 7 years, new partner programs were offered

- Launch of new loan products:
  - For purchase of goods and services ‘Buy the goods’
  - For purchase of used cars including electric vehicles ‘Buy the car with Sber Bank’
  - Refinancing of earlier obtained consumer purpose loans ‘Socrates’
- Launch of online loan products ‘No limits online!’, ‘365 days’, applying Open API technology for the largest online store 21vek.by and the platform zabiray.by that cooperates with more than 130 Internet stores, up to 18 month instalment purchases from 21vek.by under the loan product ‘Buy online!’.



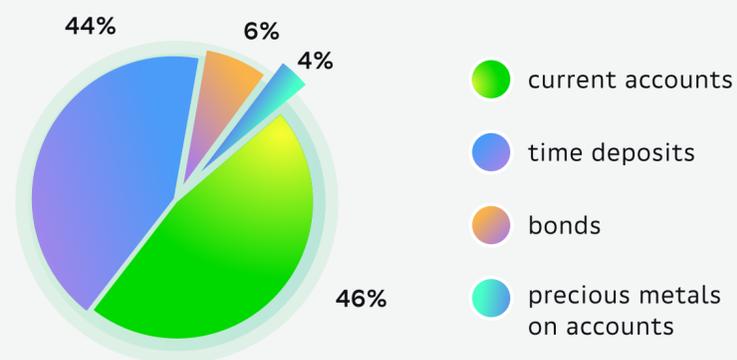
# Retail funding

## 1 144 MILLION BYN

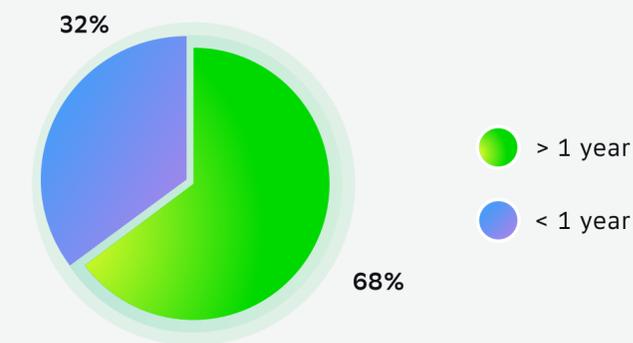
RETAIL FUNDING (INCLUDING BONDS)

In the reporting year, we continued to build up the share of products and operations executed via Sberbank Online. The share of current and metal accounts in online channels had the most prominent growth. The online product line was expanded to include precious metal deposits as an investment alternative to the Bank's online bonds, with the possibility to top up such deposits from unallocated metal accounts in the online mode.

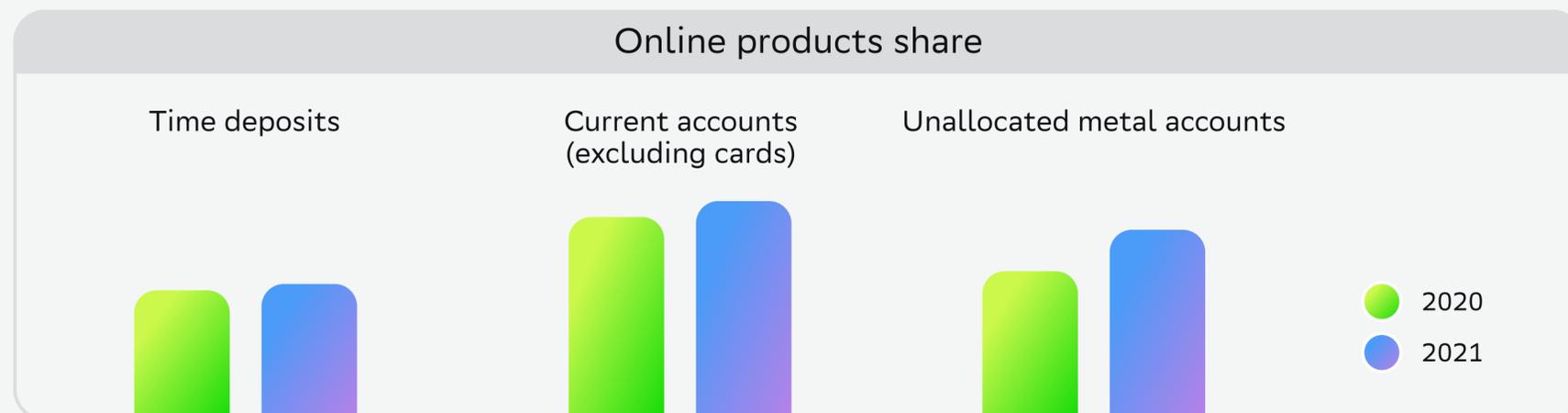
### Funding structure



### Time deposit structure by tenor



### Online products share



Retail product development included proactive adjustment of parameters, modification of deposit terms, and launch of new online products, with regard to market trends and product marginality.



# Card products and services

**3<sup>rd</sup>** RANK

BANK PAYMENT CARDS MARKET  
(EXCLUDING STATE-OWNED BANKS)

**1.2** MILLION

CARDS IN CIRCULATION

**589**

ATMS AND UNATTENDED TERMINALS

The Bank is ranked the 3rd (not counting state-owned banks) by the banking card portfolio.

In 2021, the card business developed at a high rate due to the improvement of the existing products (LaCard, ComPass line) and the launch of new ones:

- Bank service and privilege packages v.2.0 (Classic 2.0, Status 2.0, Elite 2.0)
- All-in-one CartaMe card for getting discounts and making payments
- The package of services Sphere for IT and oil industry
- Premium segment package based on Visa Signature card
- The card for students 'Youth'.

In the reporting year, we launched contactless card delivery by post to the client's post box.



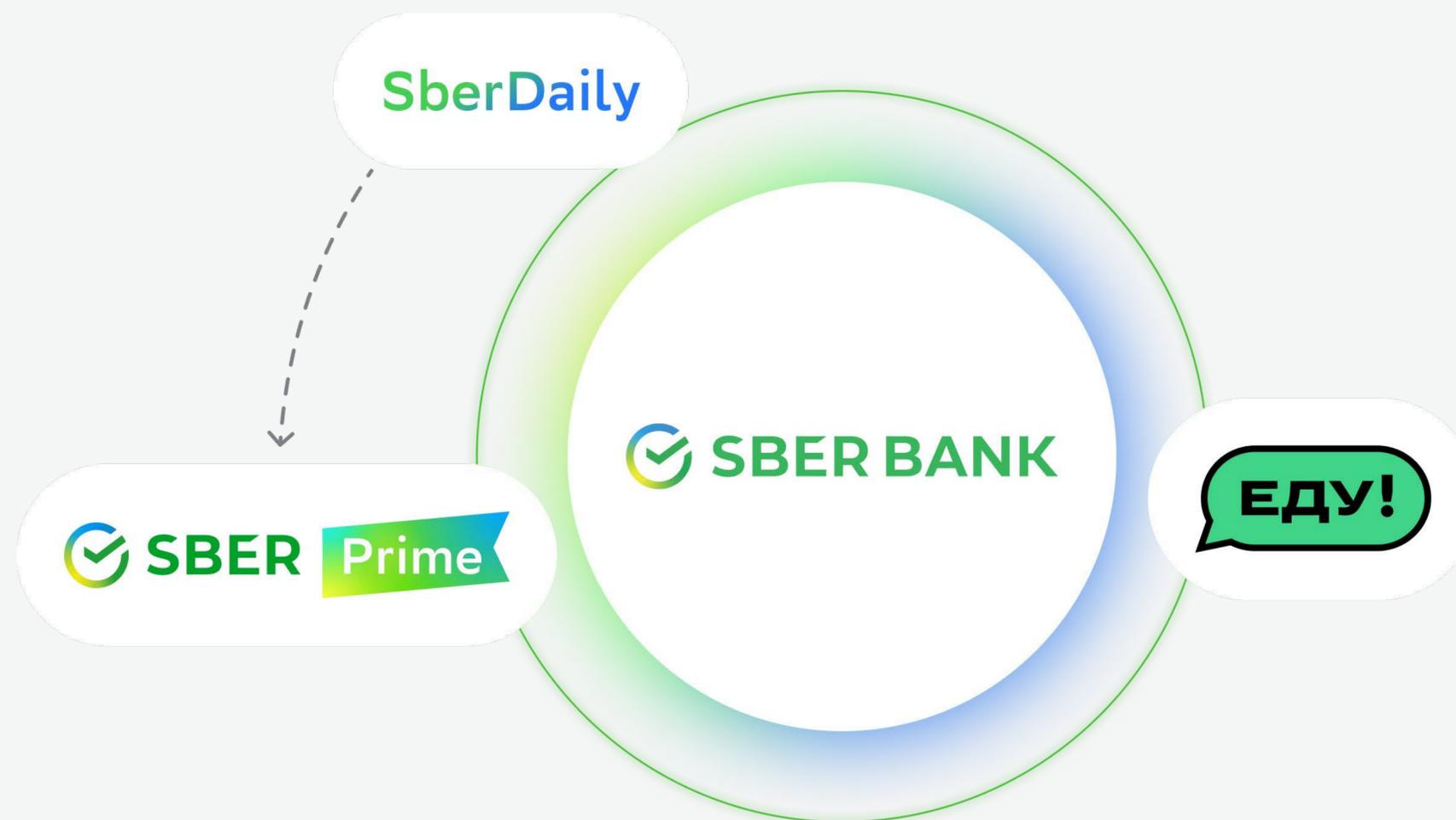


# Ecosystem products and services

The year 2021 was a turning point in development of our non-financial services. The first Sberbank ecosystem product in the Republic of Belarus – SberDaily – proved its relevance and was transformed into SberPrime.

The number of sold subscriptions exceeded the expectations and made 27,069. Currently, SberPrime comprises non-financial partner services: Okko, SberZvuk, i-Concierge, and Delivio.

In the reporting year, we launched EDU! – the first in the country service of foods delivery from stores in 30 minutes ([www.eduedu.by](http://www.eduedu.by)). We developed the IT solution (applications for clients, couriers and pickers, and the administration board), and concluded contracts with two leading retailers: Sosedy (top-4 among retailers) and MILA (top-2 among drogeries).





# Remote banking service of retail clients

The share of SBOL users in 2021 was 64.5% of active clients, and the share of product sales via digital channels made 40%.

We arranged new channels for notification about executed operations using cards with no limits by amount: Push notification (receipt of messages using the mobile version of Sberbank Online) and Viber notification. We also continued developing contactless payment services: SberPay became available for Visa cardholders.

P2P transfers got the following improvements:

- Transfers in foreign currency both within the Bank and outbound became available without additional conversions.
- The fee for card-to-card transfers within the Bank was abolished.

We launched the referral program for clients who use the Large Bonuses Card: a bonus is paid to any client who brings a new card product customer to the Bank.





# Sales channels

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The consulting model of sales carried out in 2021: the Phygital share reached 17%.

Development and introduction of SBOL.PRO – a new special software complex for issuance and maintenance of products and sales to clients – became an important area of the regional sales network improvement.

SBOL.PRO allows the Bank's employee creating an offer, registering a new client, amending the existing client profit, issuing a momentum card and deliver it to the client, issuing a named card, granting a tied consumer loan, and make other operations available in the Shoulder-to-Shoulder mode, on a mobile basis without being confined to the work desk.

For the clients' convenience, we enhanced the online booking service: clients may book a visit to the Bank via SBOL, then they will receive an e-mail stating the booking date and number, and a visit reminder one hour before the scheduled time.



# Transaction business

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To create optimal conditions for high-quality client service, we transformed the transaction business by introducing a new cash desk model presupposing additional offices with one cash desk or cashless service in the regional network and replacement of cash desks with electronic equipment (electronic cashiers, ATMs with cash recycling, etc.)

Implementation of the new cash desk model reduced queuing and service time due to:

- Harmonization of the servicing and cash desk staff roles.
- Moving to the one-window principle where one employee is able to carry out the maximum possible range of services.
- Optimisation of client service time with cash (cash verification and counting automation).

We provide a wide array of traditional services to the population. Payments and transfers for individuals are executed via various service channels: the Bank's offices, remote channels, unattended terminals.

Within the strategy of moving operations from cash desks to digital channels in 2021, the share of the population's payments in remote channels and unattended terminals made 99% by the quantity and 88% by the amount.

Sber Bank is ranked 6th by acceptance of payments in the Unified Settlement and Information Space (USIS) with the market share of 5.4% and 5.6% by the quantity and the amount of accepted payments, respectively.

Private clients actively use our services of money transfers in different service channels: 71% of retail clients' SWIFT transfers to the Russian Federation were executed via Sberbank Online.

In the framework of digital channel development, we offer the option of extending safety box agreements without visiting the Bank. Payment for the safety box usage can be made in the 'service tree' of the 'Service payment server' software.

In 2021, we implemented the Paperless Office technology project that allows signing documents electronically on the tablet using the digital handwritten signature. This technology allows refusing from using paper in offices after installing of the 'tablet' technology at the front office managers' desks.

# CLIENT SUPPORT CENTRE



34

CLIENT SUPPORT CENTRE



# Client support centre

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>2.3 MILLION

COMMUNICATIONS WITH CLIENTS

>323 THOUSAND CALLS

RESOLVED BY THE VIRTUAL ASSISTANT ALESYA

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In the reporting year, the Client Support Centre (hereinafter – the Centre) continued to be one of the main communication channels between retail and corporate clients and the Bank on the issues of bank products and services.

The aggregate incoming traffic in all channels reduced by 21.8% in comparison with 2020 and slightly exceeded 1.8 million calls. Retail clients dominated in the call structure with 88%, and corporate clients made just 12% of the traffic.

The inbound traffic reduction was attributed to both external and internal reasons, such as client behaviour and traffic structure change or the following internal measures aimed at traffic optimisation:

- Active using voice analytics tools with further designing measures to optimize the traffic based on the analysis outcomes
- Creating conditions to encourage clients to move into unattended service channels
- Making outbound client calls upon expiry of the product or service, clarifying the demand in extension
- Proactive calling to corporate clients to inform them about the new remote banking system.

The virtual assistant Alesya was the main communicator in the voice and text channels. In the reporting year, Alesya resolved more than 323 thousand calls without switching to the human operator. The automation index made 29% for voice channels and 31% for text channels, which is by 3 p.p. and 14 p.p. more than in 2020, respectively.

The above-mentioned indicators were achieved due to active development of the virtual assistant and application of certain technological solutions:

- Migrating to speech synthesis in serving clients by Alesya
- Developing a client recall scenario in case of suspicious operations
- Launching the Alesya’s predictive skill for card balance
- Implementing consulting chains on card suspension issues and missed calls from the Bank
- Designing and introducing the new unattended service to reset the PIN code counter.



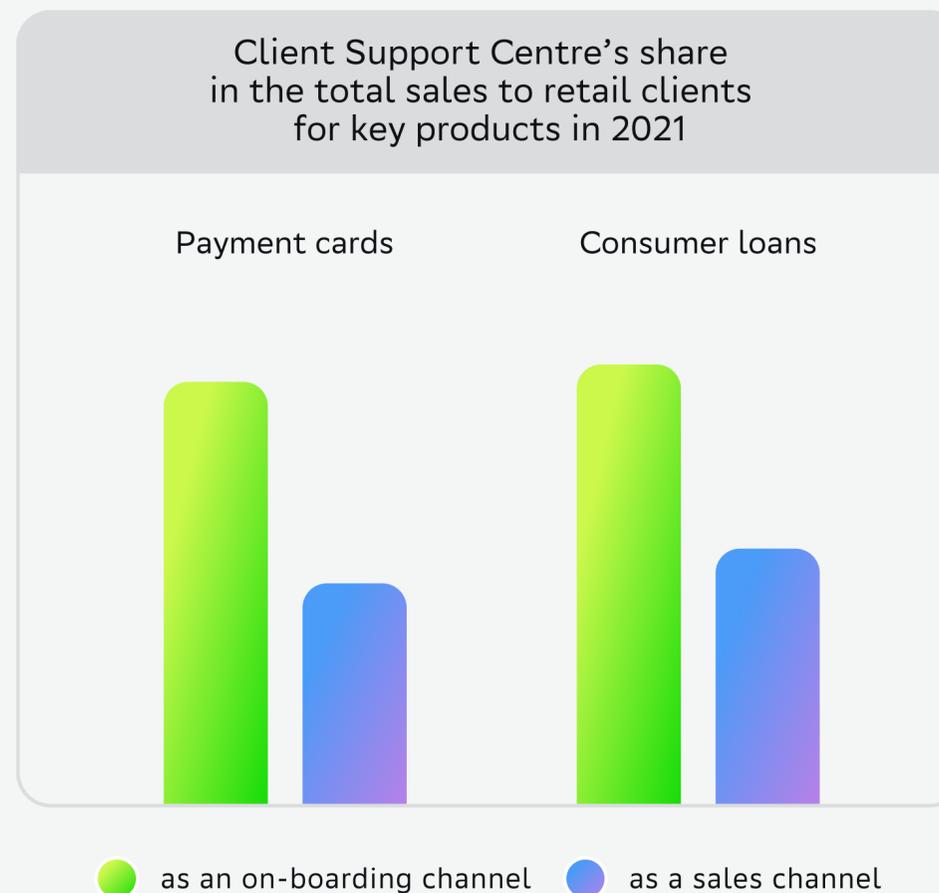
# Client support centre

The Centre availability for clients who required a staff member to solve an issue, was 23 seconds for retail clients and 53 seconds for corporate clients. This result for prioritized service lines was 5 and 13 seconds, respectively.

The customer satisfaction with the quality of service provided by the Centre was 93% among retail clients and 90% among corporate clients. The high resulting value in both segments was achieved due to measures aimed at improving client journey in the Centre channels. In particular, we:

- Developed the upgraded system for processing chats with retail and corporate clients.
- Established a new E-mail corporate client service channel in the Centre.
- Expanded support provided to corporate clients for deposit products and corporate payment cards.
- Paid much attention to customer journey maps in certain channels of the Centre.

In the reporting year, the Centre continued to be developed as a channel for on-boarding and selling the Bank’s products and services to retail clients. More than 523 thousand outbound calls were made, resulting in more than 73 thousand deals executed based on inbound and outbound communication results.



To improve efficiency, sales tools were upgraded with:

- Postal delivery for cards.
- Card re-issue and replacement procedure in all channels
- Charging fees for card issue immediately when the process is accomplished at the Centre.

Corporate client on-boarding was also in the focus of attention. We automated the outbound call process to attract new clients. In 2021, the Centre made more than 20 thousand outbound calls. As a result, the Client Support Centre’s share, as a corporate client on-boarding channel, in the total scope of on-boarding in the micro and small business client segment made 10.8%.

In 2021, our Client Support Centre passed through the supervisory audit and was attested as compliant with ISO18295-1:2017, a universally acknowledged client service standard which is applied in more than 160 countries.



# OPERATIONS IN FINANCIAL MARKETS



37	CORRESPONDENT BANKING
37	RELATIONSHIP WITH INTERNATIONAL FINANCIAL INSTITUTIONS
38	STOCK MARKET
39	FOREIGN EXCHANGE MARKET
39	PRECIOUS METALS MARKET



## Correspondent banking

---

71

NOSTRO ACCOUNTS

146

LORO ACCOUNTS

Sber Bank operates a widespread correspondent network, continuously expanding it.

In 2021, we opened 4 Nostro metal accounts, and 6 Loro accounts (of which 2 were metal). Also, we concluded the master agreement on precious metal transactions with Rosselkhozbank JSC.

To develop the Bank's settlement infrastructure, in the reporting year we introduced supplementary communication channels with correspondent banks, namely the Financial Information Transmission System ('SPFI') of the National Bank of the Republic of Belarus and the Financial Messaging System ('SPFS') of the Bank of Russia. Using those channels, we arranged interbank settlements with 27 correspondent banks.

Sber FinLine communication channel functions successfully, as well. The number of payments executed via Sber FinLine increased by 10% in comparison with 2020.

## Relationship with international financial institutions

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532 MILLION USD

TOTAL RISK LIMITS AMOUNT

In the reporting year, we went on developing relations with the partner banks by rendering trade finance services within the established limits. Totally, we issued guarantees and confirmed letters of credit by order of financial institutions for USD 11m.

Our intense cooperation with foreign banks continued on also in the traditional area of our business – supporting foreign trade transactions of corporate clients.

In 2021, we added new financial institutions to our partner roster. Thus, the year-end amount of direct risk limits set by foreign banks to us for trade finance transactions amounted to USD 532m.

To improve security and stability of trade finance business, we prepared ourselves for using alternative financial messaging systems. Today, we regularly use FinLine and SPFS for operations with bank guarantees, letters of credit, and bilateral tied loans that involve our main partner banks.



# Stock market

## 962 MILLION BYN

BOND PORTFOLIO

### Bond portfolio, million BYN



In the reporting year, the Bank carried on as a highly skilled professional stock market participant.

The acquired bond portfolio as of 01.01.2022 equals BYN 962m, including corporate bonds for BYN 297m, and public securities for BYN 665m.

To expand the resource base, we actively placed our own bonds. Their amount sold to legal entities and individuals as of 01.01.2022 equals BYN 345m.

In 2021, the Bank issued 6 Internet bonds to be sold to individuals.

We traditionally paid much attention to depository services provided to legal entities and individuals. As of 01.01.2022, the Bank's depository served 324 security issuers and over 113 thousand depositors.

On 01.01.2022, the Bank's depository is one of the top 3 in the Republic of Belarus among 28 functioning peers: it holds the 2nd rank by the number of bond issuers and the 3rd rank by the number of share issues served).



## Foreign exchange market

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In 2021, we retained the leading positions among the FX market participants and also improved our foothold as the market maker and the key player in the domestic market of the Republic of Belarus.

Our clients are welcome to transact with more than 40 currency pairs. Thanks to technologically advanced electronic trading grounds, we offer currency exchange services at the conditions closest to the prevailing market rates.

Access to direct quotations from the largest banks in the Russian Federation (Sberbank of Russia, Raiffeisenbank, Alfa-Bank Moscow, Rosselkhozbank) and use of contemporary trading grounds (Sberbank Markets, FX Trading (Refinitiv), Bloomberg Professional, and NTPro) enable us to please our clients with high-quality foreign exchange services.

## Precious metals market

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We conclude transactions with individuals, legal entities and sole proprietors to purchase or sell precious metals in the form of bank ingots and bullions, investment coins made of precious metals and issued by foreign countries. Our Bank holds the leading position in this banking service segment.

Also, we maintain the largest-in-the-country portfolio of precious metal balances on unallocated and deposit metal accounts of individuals and legal entities including other Belarusian banks, and act as a market maker for precious metal purchase and sale, as well as transactions with financial derivatives where precious metals are an underlying asset.

In the reporting year, we continued upgrading remote service channels and offered our clients the option to place precious metals on unallocated accounts into deposits electronically.



# RISK MANAGEMENT



41	RISK MANAGEMENT STRATEGY
42	RISK MANAGEMENT SYSTEM DEVELOPMENT



# Risk management strategy

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The risk management framework is described in the Risk and Equity Management Strategy of Sber Bank and Banking Holding. Its recent version was adopted by the Supervisory Board of the Bank in December 2021.

## Risk management principles

01

Risk awareness

02

Risk-weighted business management

03

Top management involvement

04

Proportionality

05

Risk limitation

06

Separation of functions

07

Centralised and decentralised approaches

08

Information technologies and data quality

09

Methodology improvement

10

Risk culture

11

Motivation system with regard to risks

12

Information disclosure



# Risk management system development

In 2021, we continued improving our risk management and business support systems.

## Key achievements:

- Risk model development function was introduced
- Approaches and tools for monthly IFRS reserves forecast were developed
- ESG risk management framework was established
- Decision-making process for car loans was decreased from 30 to 15 minutes, the underwriter’s participation was reduced from 100% to 25%
- Risk management improvement continued for:
  - IT risks
  - Model risks
  - Outsourcing risk
  - Operating risk

## Control and reporting

To manage risks effectively, we apply the ‘Three lines of defense’ model

### First line

Compliance with limitations set by the Second line

Business divisions, Treasury

- Risk identification
- Detection and primary assessment
- Primary control over compliance with the established limitations
- Risk level forecast (only for liquidity, interest, and FX risks on the books)
- Development and implementation of measures for compliance with limitations
- Risk acceptance

### Second line

Independent control over the established limitations

Risk management departments

- Risk materiality definition and assessment
- Establishment of limitations
- Individual risk level assessment
- Aggregate risk level assessment
- Risk level forecast
- Independent control
- Stress testing arrangement
- Drawing reports
- Risk culture development
- Model testing and validation

### Third line

Independent assessment of the risk management system compliance with internal and external requirements

Internal audit

- Submission of assessment results for the internal control, risk management, and corporate governance systems to the Bank’s management
- Drawing recommendations to improve the efficiency of these systems

Regulator  
External auditor



# DATA MANAGEMENT. AI/DATA SCIENCE



44

DATA MANAGEMENT. AI/DATA SCIENCE



# Data management. AI/Data science

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## 75.2 %

AI MATURITY INDEX

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Data management, AI maturity improvement, and data science modelling – such were the top-priority strategic directions of Sber Bank development in 2021.

To track the data management achievements and AI maturity level, we designed the AIM-index roadmap with the list of measures that we have accomplished to reach the target index value.

Our progress in AIM-index development and data science modelling was the following:

- AIM-index growth from 46.1% to 75.2% (+29.1 p.p. by 01.01.2021)
- Formal description and introduction of time-to-market calculation for models
- Breakdown of the AI model development and release process
- Update of the model risk management policy, including limits and key model risk indicators, relevance criteria, etc.

Data science modelling has a special status in the strategic development of data management. We built on the baseline of the process for AI model development and release that stipulates the procedure of data collection and modelling, model quality assessment, model introduction to/ withdrawal from production.

To improve data quality, we arranged for data verification on the corporate client platforms in our Data Storage Centre: we built the logical layer, tuned data export from the source where data quality is verified (Informatica Enterprise Data Catalog). We launched data quality assessment results export into the visualization system to create an interactive dashboard showing the data quality measurements and tendencies.



# IT TRANSFORMATION. INNOVATIONS



46	INFORMATION TECHNOLOGIES
47	NEW TECHNOLOGICAL SOLUTIONS
48	PROCESSING CENTRE



# Information technologies

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Against the backdrop of the COVID-19 spread, our bank group tackled the task to ensure remote working for the staff.

The VMware Horizon platform became the basis for the remote work desk. We are implementing the Work Desk Virtualisation project, and currently remote connection is enabled for 2,200 desks.

In the framework of the VMware Horizon platform launch (all virtual desks are located in protected data centres), we:

- Reduced work desk maintenance costs.
- Refused from using local servers in our offices.
- Materially narrowed the risk of confidential data leaks from our divisions.
- Ensured mobility of users and uninterrupted remote work.

In the current year, we carry on upgrading our IT infrastructure. In particular, we transformed our data processing centre. Two data centres – A1 and becloud, certified as Tier III – were chosen for server and data storage system hosting. These data centres have the highest Uptime Institute classification for the Republic of Belarus, which guarantees data safekeeping and recovery.

We finalized upgrading the Data Processing Centre using the 2N backup technology to ensure service continuity, having accomplished:

- Migration from HP-UX to RedHat Linux.
- Usage of standard servers on the x86 platform instead of HP SuperDome.



# New technological solutions

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The projects using technological solutions promoted by Sberbank of Russia were the core of the innovation activity in 2021.

We continued developing services based on the Unified Frontal System (EFS) Platform V – the new digital platform of Sberbank of Russia that allows creating products for client considerably faster, due to the unified rules of development and a great number of ready-made components. In the reporting year, 32 services were designed or moved to that new platform.

Introduction of the Synaps integration platform will let decrease the cost of IT resources ownership and abandon the IBM proprietary solution. In 2021, we developed the technological services for face biometrics, the Unified Accounting System project, marketing offers, and SberPrime product for our ecosystem.

In the framework of the OpenAPI project, we implemented a range of information services, three payment and one technological services, started the project to move from OpenAPI to SberAPI using the cloud cluster technology.

To decentralize and reduce the cost of IT system ownership, optimize the IT landscape and core systems in 2021, we continued deploying the Unified Accounting System.

We also implemented the solutions for integration with the FX web portal of the National Bank of the Republic of Belarus according to the requirements stipulated in the new version of the Law of the Republic of Belarus ‘On currency regulation and control’. A backup channel for the SWIFT system was established, as well.

In accordance with the Plan for comprehensive implementation of ISO 20022 into the payment system of the Republic of Belarus and other automated systems for 2021-2022, we participated in three stages of testing for moving to new ISO 20022 payment formats.

Assuming the start of digital documents usage based on the Decree of President of the Republic of Belarus ‘On biometric documents’ and the Resolution of the Council of Ministers of the Republic of Belarus ‘On biometric document forms and their description’, we updated our software complexes, acquired biometric document readers, to ensure the possibility to provide services to individuals who present biometric identification documents (ID cards).



# Processing centre

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In the reporting year, we accomplished the following tasks in the framework of the local processing centre (LPC) development:

- Outstaffing: first experience for Sber Group in provision services on Way4 design, development, and implementation to external customers (OpenWay) (open-term agreement)
- Migration of the card issuance process from the Banking Processing Centre to LCP, building the acquiring H2H
- Integration of the Bi.Zone cybersecurity system into LPC
- Migration to Keyblock LMK (the new format of cryptographic key generation and usage)
- Moving PosGate, HSM to the new resilient scheme (active – active)
- 3D Secure 2.0 (VISA, Mastercard)
- Housekeeping: automatic data archiving function
- ATM acquiring.

# CYBER SECURITY



50 CYBER SECURITY



# Cyber security

Sber Bank pays much attention to the cyber security risk. To ensure digital security of our banking infrastructure, we use various systems: firewalls, antivirus software, integrity and configuration control, protection analysis, leak prevention, data depersonalization, security event collection and correlation, cyber security incident processing, and fraud monitoring systems.

The implemented systems are frequently fine-tuned and upgraded to provide the necessary level of protection with regard to the growing cyber threats.

We carry out measures to ensure security of transactions executed via remote service channels, namely:

- Adjusting business processes
- Upgrading software complexes, procuring and installing special software
- Informing clients about cyber threats.

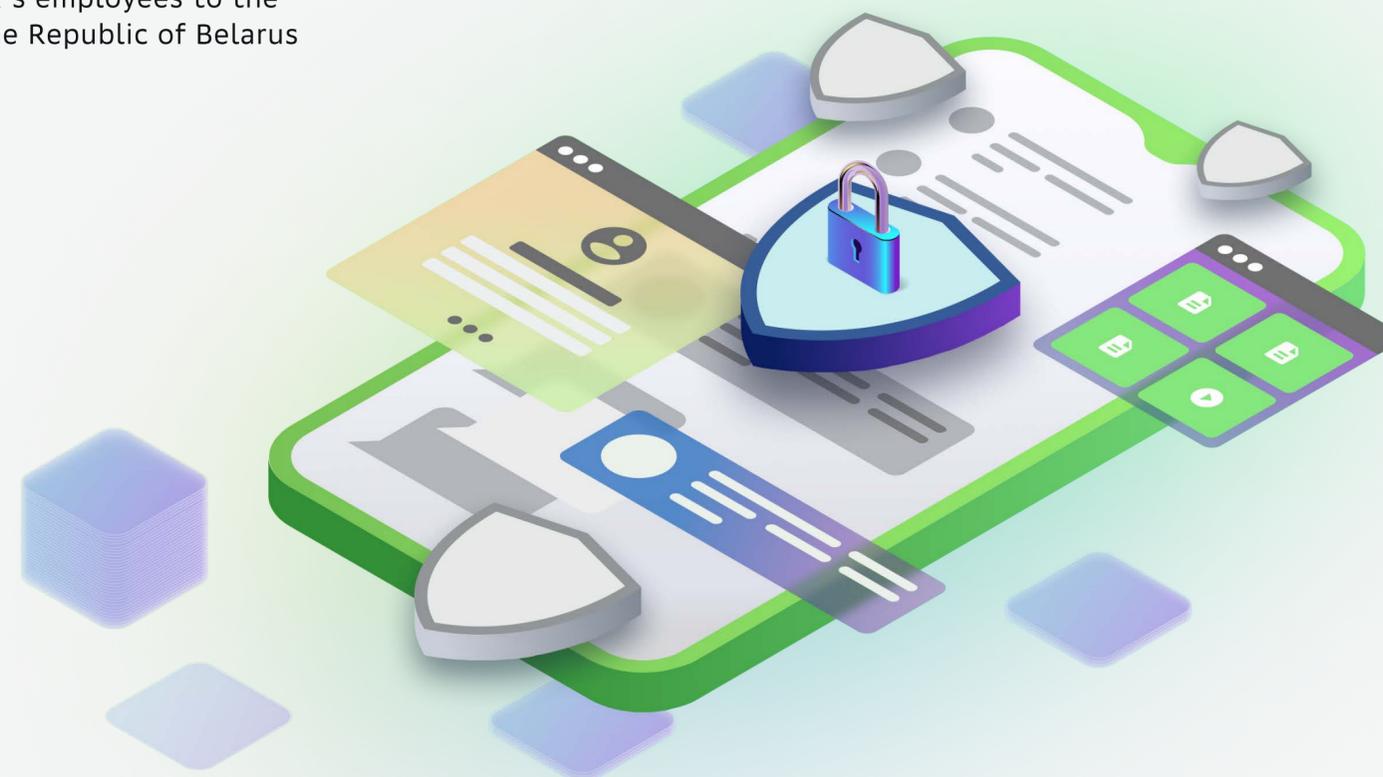
High level of cyber security of the Bank is confirmed by regular audit revisions. In particular, the Bank confirms compliance with PCI-DSS standard of international payment systems on the annual basis.

In 2021, after the Law of the Republic of Belarus ‘On personal data protection’ came into force, we quickly developed and implemented a range of measures aiming at compliance with the legislative requirements:

- Redesigning local regulations
- Defining information systems where personal data is processed
- Appointing the division in charge of the internal control over personal data protection
- Sending an application for skill improvement in the area of personal data protection for the Bank’s employees to the National Data Protection Centre of the Republic of Belarus
- Certain other measures.

We continuously cooperate with our parental company on data protection issues, given the extensive experience of Sberbank of Russia in this sphere.

All divisions and processes of the Bank are involved.





# AGILE TRANSFORMATION AND PROCESS MANAGEMENT



52	AGILE TRANSFORMATION
53	PROCESS MANAGEMENT



# Agile transformation

3.2 +0.6

AGILE SCORE

50 %

GROWTH OF AGILE DELIVERIES DURING THE YEAR

9

TRIBES

22

TEAMS

>200

BUSINESS AND IT STAFF

In 2021, Agile transformation of the Bank accelerated a lot, which is proved by the growth of:

- Agile Score from 2.6 to 3.2 throughout the year.
- Number of deliveries by more than 50% while the defect rate remains at the previous year level.

Nine tribes, 22 teams, and over 200 business and IT employees were involved in product creation and technology evolvement in the Agile framework.

Key directions of agile practices in the reporting year were:

- Improving production efficiency by introducing PI cycles and launching large-scale quarterly events – PI-planning, PO Sync, Inspect&Adapt (based on SAFe)
- Upgrading manageability of development time by automating team IT metric calculations – T2M, LeadTime

- Transforming approaches to IT investments by introducing flexible budgeting practice within the budgeting campaign for 2022
- Increasing transparency of business effects from Agile activities by launching the pilot project of metric targeting in Agile with OKR methodology integration
- Synchronising work and improving interaction quality by establishing the Agile Leader Meeting event and opening new communication platforms.

In the reporting year, we accomplished a large-scale digital rebranding and introduced the following: the ecosystem product SberPrime subscription; banking card delivery by mail; Belkart Premium and Campus Card; Belavia bonus program; SBOL referral program; P2P transfers in foreign currencies in SBOL; ordering banking cards from the landing page; for corporate clients – E2E online deposits in SBBOL, business card, universal application for any product in SBBOL, unattended card-not-present cash collection, and many other services.

We started the product transformation process covering product divisions of the Bank, apart from the Agile perimeter.

Improving product competencies of the staff to raise competitiveness of the created products and client satisfaction, as well as development of the Bank’s inner potential were the key aspects in product transformation.

In the framework of those aspects, we launched the Product Track – a substantial educational program for deeper study of product practices. Currently, more than 160 people undergo training.

In 2022, we shall continue our large-scale transformation aiming at:

- Elaborating product management and competencies to design products in demand with clients.
- Raising quality and speed of Agile production to deliver high-quality products and services to clients in the shortest time possible.
- Evolving flexible practices in budgeting and metric targeting to increase efficiency of investments into creation of products, as well as to improve the effectiveness of Agile teams production cycle.



# Process management

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We continued to improve our process management system in the reporting year.

Definition and understanding of related processes as a system and their continuous improvement and enhancement was in the focus of our attention. As of 01.01.2022, the process register includes 198 end-to-end processes. We modelled 82% processes in the Register and described the business processes in full.

To improve operating efficiency and process manageability, we drew technological cards and calculated key performance indicators (cost and effort) for 20% of the Bank's processes. Based on process card analysis, we planned measures to further enhance processes and services provided to clients.

To deliver a unique client experience, we put emphasis on product or service quality and value for the client. Aiming at offering a valuable product for clients, close communication and understanding their needs, and timely response to changes, we carry out actions to study customer journeys based on the analysis of client behaviour, emotional state, and define the areas for product/service improvement (customer journey map).

Solving the task of efficiency and quality improvement for the processes used by the Bank's internal clients, we undertake all-bank surveys of internal service satisfaction (Internal Customer Voice) and optimize the services in review based on the results.

In 2021, we expanded our frequent tool set for detecting problems and solving improvement tasks: processes are analysed with the help of artificial intelligence (process mining), certain process functions are automated (RPA).



# INTERNAL CONTROL AND COMPLIANCE



55

COMPLIANCE

56

INTERNAL CONTROL SYSTEM



# Compliance

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Sber Bank stipulates the principles for organizing and functioning of the compliance risk management system of the Bank and other members of Sber Bank holding, as well as objectives, tasks, authority and responsibility of the compliance risk system participants.

Adherence to the procedure for compliance risk minimization is a requirement for all the Bank's and the holding's staff. The Bank openly declares its compliance principles and publishes its policies on the official website.

In 2021, we implemented the measures to manage and reduce the compliance risk with regard to the existing economic and other circumstances.

The reporting year performance showed that compliance system is sufficiently mature, the applied procedures are adequate to the nature and scale of the Bank's business.

In the reporting year, the Bank was subject to no sanctions or penalties.

## Compliance risk management system development areas for 2022

In 2022, we shall focus on:

- Conformity of the Bank's and the holding's activities to the laws of the Republic of Belarus.
- Prevention of the Bank's and the holding's involvement in illegal (also corrupt) actions, improper use of insider information, and market manipulation.
- Preservation of high business reputation of the Banks and its holding.



# Internal control system

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The internal control system applied by the Bank and its holding members bases upon the following key principles:

- Top management involvement
- Responsibility of the managing bodies for establishment of adequate and effective internal control system
- Continuous internal control over all processes and activities
- Establishing strategic objectives and control of their fulfilment
- Risk detection and management
- Responsibility of each division, manager, or employee for internal control within the scope of their authority, duties, and powers
- Authority distribution in execution of operations and transactions, setting limits, managerial control

The internal control system development in 2021 aimed at accomplishment of strategic goals, ensuring financial stability and information security corresponding to the nature and scale of the Bank's and its holding's business.

## Internal control system development areas in 2022:

- Implementation of the internal control system development strategy adequate to the scale of business development
- Timely distribution of functions and authorities with regard to business model adjustment and organizational structure changes
- Harmonization of approaches and requirements set for the internal control system in the business areas
- Improvement of communication and information exchange between functional units of the Head Office, and between the Head Office and the regional network
- Control over information systems operations and information security

## Internal control and compliance training:

In the reporting year, employees underwent training with mandatory testing on the following subjects:

- Prevention of money laundering and terrorist financing
- Anti-corruption
- Gift treatment rules
- Potential conflict of interest disclosure
- Special economic measures
- FATCA



# HUMAN RESOURCES



58

HUMAN RESOURCES



# Human resources

Staff stability and loyalty was ensured.

42 %

HAVE BEEN WITH THE BANK FOR OVER 10 YEARS

38 YEARS

AVERAGE AGE OF THE BANK'S EMPLOYEE

94 %

STAFFING RATE

In the reporting year, we improved the Bank's organization structure and the systems of labour efficiency management and staff incentives, aiming at improving work productivity.

We undertook measures to enhance the organizational structure of the Bank's regional network: credit analysis functions for micro and small businesses, DSA channel sales, partner program maintenance were centralized, and the new model of cash service was introduced.

These measures allowed maintaining the trend towards staff number optimization: in the reporting year, the total number of employees decreased by 4% cf. 2020.

Staff stability and loyalty was insured: about 42% of employees have been with the Bank for over ten years; the staffing rate is 94; and the average age of the employee is 38 years.

We paid special attention to selection and adaptation of new employees, with the main focus on horizontal (including reskilling) and vertical rotation of internal candidates. The hiring decisions for key positions with the Bank are taken collectively, with participation of the top managers (Green Room, cross functional interview, HR commissions).

To attract talented young people and improve HR brand recognition in the students' society, we actively cooperate with the leading educational establishments. We concluded agreements on cooperation with the best universities of the country for economic and IT specialties. The Bank is also expanding the network of foreign contacts: in 2021, we concluded a cooperation agreement with Russian Economic University named after G.V. Plekhanov.

We pay much attention to staff training and development. Along with improvement skills in traditional banking and sales areas, training aimed at digital skills, ecosystem development, agile transformation, python and data science basics, deep study of product competencies, cyber security, etc.

In arranging corporate training, we select the best educational service providers. The Bank regularly cooperates with the Corporate University of Sberbank of Russia where the employees study under MBA programs, attend courses based on the Virtual School of Sberbank, study electronic library literature. The Bank's staff has a 24/7 online connection to electronic libraries and the Virtual School.



# Human resources

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We are continuously improving the social benefit package for the staff. The programs of voluntary medical insurance are designed based on the employees' demand and the epidemiological situation.

We propose COVID-19 vaccination with a selection of vaccines to our employees. To promote vaccination, increase of the number of vaccinated staff and create the collective immunity, we concluded agreements with medical centres for testing the presence of antibodies, arranged for quick passing an express test for COVID-19 infection. We take account of ill employees and monitor their health, providing the necessary aid and support when required.

For the purpose of post-COVID rehabilitation and health improvement, we offer partial compensation and corporate discounts of spa trip costs.

We support our retired employees, former employees of the Bank, including lonely and the most socially vulnerable people.

In 2021, we developed and introduced the system for health and security management in professional activity, passed the certification audit and obtained the certificate of compliance of the system with ISO 45001-2020 requirements.





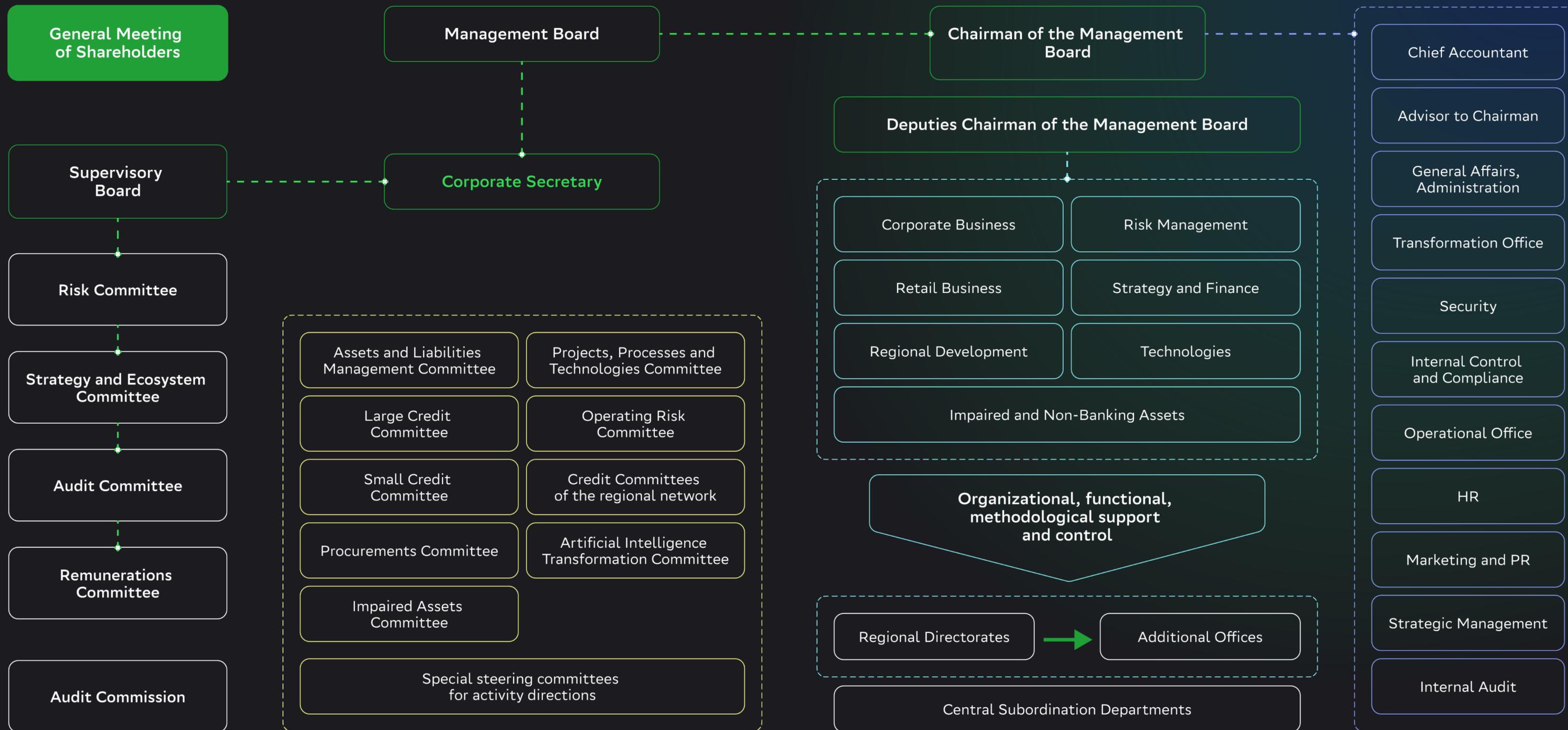
# CORPORATE GOVERNANCE



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# Organizational structure of Sber Bank





# Organizational structure of Sber Bank

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Corporate governance in the Bank is the system of interaction between shareholders, management bodies, controlling bodies, officers and other involved parties aimed at general management of the Bank's activity, achievement of goals and compliance with the strategy of development, including ensuring financial sustainability and supporting long-term functioning as a profit-making company.

The Bank's organizational structure is developed to implement the strategic objectives of business development and the corporate governance model, and is adopted as a layout of business domains, support functions, and their structural divisions.

The organizational structure comprises the Head Office, Regional Directorates, operational offices/ central subordination departments.

The Head Office comprises independent structural divisions: department and units arranged into functional domains.

The domains carry out organizational, functional, methodological support and control over the Bank's regional network. The structure of regional directorates includes additional offices.

The central subordination departments are structural divisions of the regional network without independent balance sheet, with high degree of process standardization, typicality, and regulation of work processes that is not characteristic of the Head Office units.

The organizational structure of regional directorates is adopted based on the approval business (support) models and complies with the Strategy of the Bank's regional network development.

The Bank's management bodies arranged for effective corporate governance corresponding to the nature and scope of banking operations and other activities and ensuring its financial stability.

The corporate governance structure of the Bank comprises the management bodies, other authorities, departments and officers of the Bank who cooperate in the framework of the internal control system, the risk management system, the systems for remunerations and compensations, management of the conflict of interest, maintenance of the Bank's relations with shareholders, and information disclosure.

The corporate governance structure includes the Corporate Secretary who is the Bank's official in charge of assisting the Bank's management to the benefit of its shareholders, and compliance of procedural requirements by the Bank's officers and managing authorities to ensure protection of legal rights and benefits of shareholders.

The Corporate Secretary interacts with the Supervisory Board, the Management Board, and the shareholders of the Bank.

The management bodies of the Bank are:

- General Meeting of Shareholders
- Supervisory Board
- Management Board



# General Meeting of Shareholders

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4

GENERAL MEETINGS OF SHAREHOLDERS WERE HELD

The General Meeting of Shareholders is the supreme management body of the Bank, which is not acting permanently and is convened as stipulated by the legislation and the Articles of Association of the Bank, which must be complied with to ensure the legality of adopted resolutions.

10

ISSUES WERE RESOLVED

The scope of authority, the procedure of convening and holding the General Meeting of Shareholders, adopting resolutions, and interaction of the Bank with the shareholders are stipulated by the legislation, the Articles of Association, and local regulations of the Bank.

The issues attributed to the exclusive scope of authority of the General Meeting of Shareholders may not be delegated to other management bodies of the Bank for resolution.



# Supervisory Board

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52

+3

MEETINGS WERE HELD

174

-24

ISSUES WERE RESOLVED

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The Supervisory Board is the collegiate management body that carries out general management of the Bank's activities and determines the priority directions of its development.

The scope of authority, the procedure of holding meetings of the Supervisory Board, adopting resolutions, and other issues relating to the activity of the Supervisory Board and its members are stipulated by the legislation, the Articles of Association and local regulations of the Bank.

The Supervisory Board members are elected by the General Meeting of Shareholders according to the procedure stipulated by the legislation and the Articles of Association of the Bank.

The members of the Supervisory Board meet qualification criteria and business reputation requirements as stipulated by the legislation.

To perform the functions of the Supervisory Board aimed at ensuring effective functioning of the risk management system, the internal control system, the system of remunerations and compensations, the Supervisory Board elects the Audit Committee, the Risk Committee and the Remunerations Committee from among its members, headed by independent directors, and the Strategy and Ecosystem Committee headed by a member of the Supervisory Board.



# Members of the Supervisory Board

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Chair of the Supervisory Board

**Timur  
KOZINTSEV**

Senior Vice President, Head of Sberbank International, Sberbank of Russia

Deputy Chair of the Supervisory Board

**Natalia  
AVDEYENKO**

Senior Managing Director, Sberbank International, Sberbank of Russia

Members of the Supervisory Board

**Aleksey  
ANDREYEV**

Executive Director, International Business and Ecosystem Risk Division, Sberbank of Russia

**Liliya  
ASTAPOVICH**

Chair of the Board of Trustees of New School Local Education Fund

**Pavel  
BARCHUGOV**

Senior Managing Director, Sberbank International, Sberbank of Russia

**Nikolay  
BOBER**

Deputy Chair of the State Committee for Property of the Republic of Belarus (representative of the state in the management bodies of the Bank)

**Galina  
KOUKHORENKO**

Independent Director

**Aleksey  
LYAKIN**

Vice President, Director of Treasury, Sberbank of Russia

**Svetlana  
MALYKHINA**

Independent Director

**Mikhail  
MOSHIASHVILI**

Professor of the School of Finance, Economic Department, National Research University 'Higher School of Economy' Federal State Autonomous Higher Education Establishment

**Liudmila  
POPOVA**

Independent director



# Supervisory Board Committees

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The following committees were created for a preliminary review of the most important issues falling within the scope of authority of the Supervisory Board and preparation of recommendations for adoption of resolutions on such matters:

- Audit Committee
  - Risk Committee
  - Remunerations Committee
  - Strategy and Ecosystem Committee
- 

## Main tasks of the committees

### Audit Committee

- General management and maintenance of internal control and internal audit of the Bank
- Selection of external auditors and communication with them
- Detailed review of local regulations of the Bank, reports, and other issues to be reviewed by the Supervisory Board within the scope of the Audit Committee's activity

### Risk Committee

- Ensuring high-quality preparation of resolutions of the Supervisory Board of the Bank on risk management issues
- Detailed review of risk management issues and elaboration of necessary recommendations and suggestions

### Remunerations Committee

- Preliminary comprehensive study of issues relating to compensations and remunerations, falling within the scope of authority of the Supervisory Board
- Preparation of recommendations for the Supervisory Board to pass the relevant resolutions

### Strategy and Ecosystem Committee

- Preliminary comprehensive study of issues relating to the strategic development of the Bank and the bank holding, falling within the scope of authority of the Supervisory Board, including ecosystem creation and development
- Preparation of recommendations for the Supervisory Board to pass the relevant resolutions



# Audit Committee

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19

MEETINGS WERE HELD

38

ISSUES WERE RESOLVED

-5

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The Audit Committee was established to assist the Supervisory Board in exerting control over the effectiveness of internal control, corporate governance, and internal audit performance control systems.

The Audit Committee's functions include general management and maintenance of the internal control and internal audit systems of the Bank, selection of external auditors and communication with them, and profound study of local regulations of the Bank, reports and other issues subject to review by the Supervisory Board within the scope of the Audit Committee's activity.

In 2021, the Audit Committee seated 19 times and reviewed 38 issues. Frequency of sessions complied with the law – not less than once a month.

The Audit Committee performed the following activities on a regular basis:

- Monitoring and control over the internal audit procedure, organisation of work of the Chief Internal Control Officer of the Bank, organisation of control in the area of legal compliance, and anti-money laundering, combatting terrorist financing, and prevention of proliferation of mass destruction weapons
- Review of reports drawn based on audit revisions and activities undertaken by the Internal Audit Department, reports by the Chief Internal Control Officer of the Bank on the status of control in the area of anti-money laundering, combatting terrorist financing, and prevention of proliferation of mass destruction weapons, and other issues relating to the organisation of the internal control system, quarterly in accordance with the plan of action



# Audit Committee

The Audit Committee regularly reported to the Supervisory Board on the status of the internal control system, results of audit revisions, measures taken by the Management Board of the Bank to eliminate drawbacks, and sufficiency of measures adopted to improve the internal control system, to raise the effectiveness of the Bank's activity and to eliminate shortcomings revealed in the course of external revisions.

The Audit Committee communicated with the external auditors to discuss audit results, reviewed the results of the external audit revision for confirmation of the authenticity of the accounting/financial reports of the Bank, controlled implementation of recommendations suggested by the external auditors, and regularly informed the Supervisory Board.

The Audit Committee controlled development and approval by the Management Board of the Bank of the annual Activity Plan for the development of the internal control system of the Bank.

To accomplish the primary tasks for internal control and compliance development, the Audit Committee monitored the measures aimed at improving the internal control system relevant to the scope and strategy of business.

The Audit Committee was in charge of:

- Profound study of the issues of the internal control system development strategy, adequacy of controlling procedures in the processes and maturity of the controlling environment, based on the reports of the Chief Internal Control Officer of the Bank.
- Control over fulfilment of the Activity Plan of the Internal Audit Department for 2021 approved by the Supervisory Board.
- Monitoring of audit review performance by the Internal Audit Department from the viewpoint of business efficiency prioritization.
- Results of audit revisions, revealing the most urgent issues in the organisation of the internal control.
- Results of activity of audit commissions in the subsidiary and dependent companies of the Bank, assessment of authenticity and completeness of information submitted to the Bank about the activity of the subsidiary and dependent companies of the Bank.
- Monitoring of fulfilment of the activity plans upon results of revisions carried out by the National Bank of the Republic of Belarus, external audit, and internal audit recommendations.
- Monitoring of preparation of financial and prudential reporting.
- Monitoring of the process of mandatory audit of the consolidated accounting/financial statements.
- Monitoring and analysis of the controlling environment for sufficiency of control procedures based on the results of audit revisions and activities of the Internal Control and Compliance Department.

- Results of compliance with the conflict of interest management policy of the Bank and the rules for disclosure of information about a potential conflict of interest in the Bank and the bank holding.
- Local regulations of the Bank relating to internal audit and internal control, and amendments to the accounting policy.

Based on the review of external and internal audit revisions in 2021, monitoring of the implementation of the measures to eliminate the detected drawbacks by the Management Board and responsible officers, with regard to the measures undertaken by the Bank to follow the plan of action based on the results of reviews held by the National Bank and the external auditor, the consolidated internal control system of the Bank and the bank holding is assessed as sufficiently effective.

The Audit Committee approved the selection of the audit company to carry out the independent audit revision of the financial reports, subject to approval by the Supervisory Board, and arranged for cooperation with the external auditor.

The Audit Committee performed a self-assessment of its activity in 2021, resulting in the determination of development areas to improve the Audit Committee's effectiveness.

According to the performing results for 2021, the activity of the Audit Committee and its Chair was declared efficient by the Supervisory Board.



# Audit Committee

Throughout the year, the independent director – Chair of the Audit Committee regularly communicated with the Internal Audit Department, the Internal Control and Compliance Department, and the Bank’s top management to fulfil the tasks set for the internal audit and internal control arrangement in the Bank. The Chair of the Audit Committee communicated with the National Bank of the Republic of Belarus, the Belarusian Banking Association, and the Club of Independent Directors.

The Audit Committee determined top priority tasks for 2022, provided for monitoring and control over implementation of measures in the internal control area to ensure performance in conditions of external challenges and factors influencing the Bank’s business. It also defined the directions for improvement of the effectiveness of internal control and compliance, and activity of the Internal Audit Department, following the development strategy of the Bank.

## Members of the Audit Committee

### **Liudmila POPOVA**

Member of the Supervisory Board of the Bank, Independent Director (Chair of the Committee)

### **Aleksey LYAKIN**

Member of the Supervisory Board, Vice President, Director of Treasury, Sberbank of Russia

### **Liliya ASTAPOVICH**

Member of the Supervisory Board of the Bank

### **Sergey KOVALIOV**

Director of Internal Audit Department of the Bank

### **Pavel BARCHUGOV**

Member of the Supervisory Board of the Bank, Senior Managing Director, Sberbank International, Sberbank of Russia

### **Elena GOLUKHOVA**

Director of Internal Control and Compliance Department of the Bank (Chief Internal Control Officer)



# Risk Committee

## 16

-1

MEETINGS WERE HELD

## 32

+1

ISSUES WERE RESOLVED

The Risk Committee was established to assist the Supervisory Board in the implementation of the risk management strategy of the Bank and assessment of efficiency of the risk management system on the consolidated basis in the Bank and the bank holding where the Bank is the managing company.

In 2021, the committee seated at least once a month, not less than one meeting per quarter in the form of joint presence, in accordance with the law.

The Risk Committee performed the following functions:

- Monitoring of fulfilment of the strategy and resolutions of the Supervisory Board adopted in the area of risk management, risk profile, risk tolerance and appetite, and other risk metrics of the Bank and the bank holding.
- Regular review of reports of the Bank's CRO on assessment of the Bank's risks (monthly), on the status of the risk management systems and the Bank's risks, including the information about subsidiary companies (quarterly), condition and performance results of the Bank's risk management system on the consolidated basis (annually).
- Assessment of efficiency of the risk management system on the consolidated basis in the Bank and the bank holding.

- Preliminary review of risk management issues to be resolved upon by the Supervisory Board.
- Provision of recommendations to the Supervisory Board concerning risk management issues, suggestions for improvement of the risk management system.
- Ensuring the timely provision of information for the Supervisory Board to make managerial decisions.
- Recognition of materiality of operational incidents for making further decisions on remunerations and compensations.
- Preparation of the annual report on the activity of the Risk Committee.
- Review of drafts of specific local regulations of the Bank within the scope of authority, to be submitted to the Supervisory Board of the Bank for adoption.



# Risk Committee

Along with general control of the risk management system status and the level of risks inherent to the Bank and the bank holding as of the reporting dates, special attention was paid to the control of:

- Risks pertaining to the strategic directions of development (ESG risk, model risk, etc.).
- Liquidity and liquidity risk.
- Operating risk.
- Implementation of measures aimed at corporate governance and risk management development in the Bank and the bank holding.

When necessary, information from functional departments of the Bank was reviewed concerning certain assumed risks, their level and forecast.

The Risk Committee assessed the efficiency of the risk management system. Taking into account the system condition and development dynamics, as well as the degree of risks, compliance with prudential and risk metrics of the Bank and the bank holding, effectiveness of the risk management system of the Bank and the bank holding on the consolidated basis, the risk management system in 2021 was assessed as satisfactory.

Quarterly reports of the Bank's CRO, the annual report on the condition and performance results of the risk management system (including assessment of its effectiveness), and the annual report on the activity of the Risk Committee (including self-assessment) were provided to the Supervisory Board which pays much attention to the risk management system functioning and management of the capital of the Bank and the bank holding.

The Chair of the Risk Committee continuously communicated with the Risk Management unit and other Bank officers to fulfil the committee's main objectives. Besides, it communicated with the National Bank of the Republic of Belarus, the Belarusian Banking Association, and the Club of Independent Directors acting under its aegis.

The Risk Committee carried out a self-assessment of its activity, and the results were taken into account to determine future areas of improvement following the Bank's development strategy for 2022. The Supervisory Board considered the activity of the committee and its Chair in 2021 as effective.

## Members of the Risk Committee

### Svetlana MALYKHINA

Member of the Supervisory Board of the Bank, Independent Director (Chair of the Risk Committee)

### Aleksey ANDREYEV

Member of the Supervisory Board of the Bank, Executive Director, International Business Risk Division, Sberbank of Russia

### Timur KOZINTSEV

Chair of the Supervisory Board of the Bank, Senior Vice President, Head of Sberbank International, Sberbank of Russia

### Aleksey LYAKIN

Member of the Supervisory Board of the Bank, Vice President, Director of Treasury, Sberbank of Russia

### Andrey SAVCHENKO

Deputy Chair of the Management Board of the Bank (CRO).



# Remunerations Committee

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18

+5

MEETINGS WERE HELD

28

-2

ISSUES WERE RESOLVED

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The Remunerations Committee of the Bank was established for the Supervisory Board to take the necessary resolutions to arrange an effective system of remunerations and compensations in the Bank.

The Remunerations Committee carried out:

- Methodological support of the system of remunerations and compensations, including monitoring of fulfilment of decisions taken concerning the remunerations and compensations system.
- Control over fulfilment of decisions on payment of remunerations to the Bank's employees taking risks.
- Assessment of the system of remunerations and compensations in the Bank and the bank holding.
- Approval of the terms of payment, contract termination and payment of quarterly bonuses to the members of the Management Board of the Bank.

The Chair of the Remunerations Committee regularly checked the compliance of the remunerations and compensations system with its functional requirements, communicated with the National Bank of the Republic of Belarus, the Belarusian Banking Association, and the Club of Independent Directors.

To monitor the effectiveness of the Remunerations Committee, a self-assessment was carried out, and its results were taken into account in determining areas for improvement. The Supervisory Board considered the activity of the committee and its Chair in 2021 as satisfactory.



# Remunerations Committee

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The management report on the remunerations and compensations system, the annual report on the status and results of functioning of the remunerations and compensations system (including assessment of its effectiveness), and the annual report on the activity of the Remunerations Committee (including the results of self-assessment of its effectiveness) were submitted to the Supervisory Board.

## Members of the Remunerations Committee

**Galina  
KOUKHORENKO**

Member of the Supervisory Board,  
Independent Director (Chair of the  
Remunerations Committee)

**Natalia  
AVDEYENKO**

Deputy Chair of the Supervisory Board,  
Senior Managing Director, Sberbank  
International, Sberbank of Russia

**Pavel  
BARCHUGOV**

Member of the Supervisory Board of the  
Bank, Senior Managing Director,  
Sberbank International, Sberbank of  
Russia



# Strategy and Ecosystem Committee

8

MEETINGS WERE HELD

The Strategy and Ecosystem Committee was established to ensure that the Supervisory Board adopts the necessary decisions in the area of strategic planning of the Bank’s activity and the members of the bank holding where the Bank is the managing company, including effective ecosystem creation and development as a top priority direction of activity of the Bank and the bank holding.

35

ISSUES WERE RESOLVED

The ecosystem means the aggregate scope of partnership relations of the Bank and the bank holding, as well as products, services, and technologies provided by the partners to support personal and professional demands of clients of the Bank and the bank holding, aimed at improvement of the attractiveness of banking products and services.

The Strategy and Ecosystem Committee carried out:

- Monitoring and control over implementation of the Bank’s measures aimed at achievement of strategic goals of development of the Bank and the bank holding.
- Monitoring and control over compliance with recommendations and instructions of the Supervisory Board on the issues of achievement of strategic goals of development of the Bank and the bank holding.
- Defining the policy of operation with the Bank’s partners included into the ecosystem and providing financial and non-financial services.
- Defining key directions of solicitation and establishment of partner relations in the ecosystem both within the Republic of Belarus and abroad.

- Informing the Supervisory Board by submitting reports on the progress of implementation of the strategic development plan of the Bank based on the reporting year results, and review of regular (quarterly) reports on the Bank’s activity with regard to consolidation of subsidiary companies, and reports on the performance results of subsidiary and dependent companies of the Bank.
- Monitoring of fulfilment of decisions taken in relation to the ecosystem.
- Preliminary review of materials and preparation of recommendations for the Supervisory Board to resolve upon issues of:
  - Market analysis and peer comparison.
  - Launching project initiatives, approving interim and final reports on the progress of projects, and other issues necessary to ensure effective development of the Bank’s ecosystem.



# Strategy and Ecosystem Committee

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- Reviewing feasibility of establishment of subsidiary and dependent companies by the Bank and its subsidiaries, partner participation in authorized capitals of legal entities for the Bank and the members of the bank holding to solve the issues of ecosystem development (in compliance with prudential standards set by the National Bank of the Republic of Belarus).
- Improving local regulations on management of the ecosystem components and partner relations.

To monitor the effectiveness of the activity of the Strategy and Ecosystem Committee, self-assessment was carried out, and its results were taken into account to determine further areas of improvement. The Supervisory Board considered the activity of the committee and its Chair in 2021 as effective.

## Members of the Strategy and Ecosystem Committee

**Mikhail  
MOSHIASHVILI**

Member of the Supervisory Board (Chair of the Strategy and Ecosystem Committee)

**Timur  
KOZINTSEV**

Chair of the Supervisory Board of the Bank, Senior Vice President, Head of Sberbank International, Sberbank of Russia

**Igor  
MERKULOV**

Chair of the Management Board of the Bank

**Oleg  
BORODKO**

Deputy Chair of the Management Board of the Bank

**Andrey  
ALEKSAKHIN**

Advisor to Chair of the Management Board of the Bank



# Management Board

## 68

+7

MEETINGS WERE HELD

## 845

+31

ISSUES WERE REVIEWED

The Management Board is the collegiate executive body of the Bank, carrying out daily management of the Bank's activity. Its scope of authority includes all issues not attributed to the exclusive scope of authority of the General Meeting of Shareholders and the Supervisory Board.

In accordance with the delegated authority, the Management Board:

- Organises the risk management system in the Bank and the bank holding of which the Bank is the managing company, and the internal control system; provides for the achievement of the tasks and objectives set by the Supervisory Board in this area.
- Organizes introduction of progressive banking technologies, provides for the creation of up-to-date banking infrastructure.
- Approves the organisational structure of the Head Office and structural divisions, regional network offices and the representative office of the Bank.
- Resolves on opening and closing of structural divisions of the Bank.
- Organises the activity of the Internal Audit Department of the Bank.

- For the arrangement of the proper internal control system:
  - Provides for the fulfilment of resolutions of the Supervisory Board, implementation of the Bank's strategy and policy including concerning internal control arrangement and execution.
  - Provides for effective functioning of the internal control system.
  - Provides for internal monitoring of the efficiency of the internal control system and control over elimination of detected violations and drawbacks in the arrangement of the internal control system of the Bank.
  - Reviews the management reports containing results and materials from regular assessment of efficiency of the internal control system, its directions and types.
  - Performs other functions as stipulated by the Articles of Association.
- Provides for implementation of HR policy of the Bank resolving, among other things, issues on labour remuneration to the Bank's employees, their incentives and social benefits.
- Resolves on other daily matters stipulated by the law, the Articles of Association, and local regulations of the Bank.



# Management Board

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Authority is distributed among Chair of the Management Board, Deputies Chair of the Management Board, and other Management Board members based on orders of Chair of the Management Board.

The Chair of the Management Board presides it and is the Bank's CEO.

To improve and implement the Bank's policy, raise operational efficiency and optimise the decision-making process, collegiate bodies (committees) were established, and their authority, including the decision-making powers, are set by the Management Board. Specific powers have been delegated to the committees, which does not contradict the law.

The Bank has appointed the officers responsible for risk management and internal control who are subordinate directly to the Chair of the Management Board and report to the Supervisory Board. Also, the departments were created to manage certain risk types according to the nature and scope of banking operations and other activities and the specialised structural division for prevention of money laundering, terrorist financing, and financing of proliferation of mass destruction weapons.

## Members of the Management Board

**Igor  
MERKULOV**

Chair of the Management Board

**Oleg  
BORODKO**

Deputy Chair of the Management Board

**Dmitriy  
VOYTUSHKO**

Deputy Chair of the Management Board  
for Corporate Business

**Andrey  
VUSHEV**

Deputy Chair of the Management Board

**Elena  
DEMIDENKO**

Executive Director

**Andrey  
SAVCHENKO**

Deputy Chair of the Management Board  
(CRO)



# List of the Bank's Committees as of 1 January 2022

## Assets and Liabilities Management Committee

Provides for implementation of the Strategy of Development of the Bank in the area of assets and liabilities, liquidity and market risks, and capital adequacy management.

## Impaired Assets Committee

Provides for effective overdue debt recovery.

## Procurement Committee

Provides for organisation and following procurement procedures, coordinating the purchase goods (work, services) by the Bank.

## Large Credit Committee

Provides for implementation of the Strategy of Development of the Bank in the area of lending to largest, large, and medium corporate customers, and supports improvement and implementation of the lending policy of the Bank.

## Small Credit Committee

Provides for implementation of the Strategy of Development of the Bank in lending to micro and small corporate customers and individuals.

## Operating Risk Committee

Provides for implementation of the policy of efficient operating risk management in the Bank, and control over timeliness and correctness of internal investigations held in the Bank.

## Artificial Intelligence Transformation Committee

Provides for resolution of the issues relating to the development and implementation of AI/R&D initiatives, draws suggestions on strategic development of AI/R&D area, gives preliminary consideration to AI development strategies, and coordinates working with models.

## Projects, Processes, and Technologies Committee

Provides for resolution of the issues relating to information system automation, information security, IT risk minimisation, process optimization, information security policy implementation, effective process management system, including Agile practices, and effective project management system functioning.

## Credit Committees of the regional network

Provides for implementation of the lending policy maintained by the Bank.



# Audit Commission

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In accordance with the Articles of Association of the Bank, for the purpose of internal control over the financial and economic activity of the Bank, the annual General Meeting of Shareholders elects the Audit Commission consisting of three members. The Audit Commission remains in office until the next Annual General Meeting of Shareholders.

The Audit Commission carries out control procedures concerning the economic and financial activity of the Bank, reviews activity results disclosed in the annual accounting (financial) statements of the Bank.

Taking into account the control procedures, the Audit Commission provides to the General Meeting of Shareholders an opinion in relation to the possibility of acceptance of results of the financial and economic activity of the Bank in the reporting year for review and adoption.

## Members of the Audit Commission

### **Olga SHIRYAEVA**

Leading Auditor, Internal Audit Division,  
Sberbank of Russia (Chair of the Audit  
Commission)

### **Ilya GUSEV**

Executive Director, International  
Business Efficiency and Coordination,  
Sberbank of Russia

### **Inna DANILOVA**

Head of Controlling and BI Projects,  
Finance, Sber Bank



## Conflict of interests management

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The Bank's management bodies put their best efforts into avoidance and management of the conflict of interest arising in the course of the Bank's activity between the management bodies of the Bank, their members, and the Bank's shareholders.

Conflict of interests management is aimed at prevention of:

- Discrepancies between financial and other interests of the Bank, its shareholders (other beneficial owners), management bodies and their members, structural divisions, employees, and clients, which may lead to adverse consequences for the Bank and its clients.
- Situations in which personal bias of employees may influence bona fide and effective performance of their duties.

Conflict of interests is managed by application of specific prevention procedures and mechanisms, timely detection, control and regulation (avoidance) of such conflict, implementation of measures aimed at mitigation of its consequences, determination of the rules of conduct in case of (potential) conflict of interest, as stipulated in the local regulations of the Bank.

## Shareholder relations

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The Bank's corporate governance aims at equal treatment of all shareholders of the Bank.

The Bank's shareholders are entitled to receive information about the Bank's activity disclosed in mass media, published on the official website of the Bank, and other information to be provided in accordance with the Articles of Association, local regulations of the Bank, and the law.

The Bank regularly communicates with its shareholders by publishing news, press releases, annual reports, and other information.

The shareholders participate in the Bank's management by resolving the issues of the Bank's activity at the General Meeting of Shareholders. The Bank regards the General Meeting of Shareholders as an opportunity to inform the shareholders about its activity, performance results and plans, involve them in discussion and making decisions on the critical issues of the Bank's business.

The Bank publishes the date of the General Meeting of Shareholders as stipulated in the Articles of Association, thus providing the shareholders with sufficient time for preparation on the agenda issues.

Apart from the publication about the date of the General Meeting of Shareholders, each shareholder (its representative) who participates in the meeting in person is issued a set of documents necessary for making decisions.

The Bank's shareholders may delegate their authority to participate in the management of the Bank's activity to other persons as stipulated by the law.

The Bank provides its shareholders with a fair opportunity to get a share in profits in the form of dividends, as stipulated in the relevant local regulations.

The shareholders do not assume liability under the Bank's obligations and bear the risk of losses relating to the Bank's activity limited to the value of the shares in their possession.



# Information disclosure

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The Bank provides access to its shareholders and other related parties to the information about all material facts of the Bank's activity, which allows them to make well-weighted decisions.

Approaches to the content and scope of disclosable information, objectives, procedure and frequency of disclosure, means of informing the stakeholders are stipulated in local regulations of the Bank with regard to the law.

Bank secret, trade secret, or other information of the Bank and its clients and counterparties protected by the law are not subject to disclosure unless required by the law.

In disclosing information, the Bank follows the principles set below:

## Completeness

The Bank discloses the information in accordance with local regulations and the law.

## Authenticity

The Bank discloses the information avoiding uncertainties of interpretation. Provision of incorrect information is not tolerated. The persons who disclose information are liable for its authenticity.

## Accessibility

The Bank uses the means of disclosure that are accessible and convenient for the recipients. The information published on the Bank's website is available free of charge and requires no special acknowledgement.

## Relevance and timeliness

To ensure continuous disclosure, the Bank developed internal regulations coordinating activities of structural divisions relating to the preparation, timely presentation, and disclosure of information.



# Corporate governance development

In 2021, to improve corporate governance aimed at implementation of the Bank's objectives and development strategy, including its financial reliability and continuity of business as a profit-making entity, we undertook the following measures:

## 01

We amended and supplemented the Bank's local regulations aimed at comprehensive management of corporate governance, as well as reflecting the new brand and name of the Bank. We:

- Amended the Articles of Association of the Bank to reflect the development of the ecosystem of the Bank and its holding, operation of the General Meeting of Shareholders of the Bank, and the change of the Bank's brand name.
- Adopted the new version of the Regulation on the General Meeting of Shareholders where we clarified main procedures relating to convening and holding the General Meeting of Shareholders and its protocol.
- Updated, inter alia, the Regulation on the Supervisory Board of the Bank, the Regulation on the Management Board of the Bank, the Regulation on the Audit Committee of the Bank, and the Regulation on the Risk Committee of the Bank, where we took into account the recommendations for improvement of the corporate governance suggested by the National Bank of the Republic of Belarus and the practical experience of the Bank's divisions.
- Carried out certain other measures.

## 02

We adopted measures aimed at improvement of the Bank's corporate governance based on the internal assessment of its efficiency in 2021. We:

- Enhanced business planning, business plan implementation, and control over it.
- Improved the risk management, internal control, remunerations and compensations system.
- Arranged for the activity of the Strategy and Ecosystem Committee.

## 03

We carried out a self-assessment of the activity of the Supervisory Board and its committees and the Management Board for 2021. Such self-assessment is executed annually in accordance with the law.

Based on the assessment results, the activity of the Supervisory Board, its members and committees, and the Management Board was deemed generally efficient.

In 2022, the activity of the Management Board will aim at, among other things, the following:

- Systemic work on achievement of business goals, the Business Plan of the Bank, adaptation of business directions to the trends in the country's economy and opportunities in the banking sector of the Republic of Belarus
- Prioritised measures to reduce operating costs
- Adaptation, if necessary, of the internal control and risk management systems to new business environment, and support of the Bank's activity
- Control of bank holding members' efficiency
- Taking the necessary measures aimed at improvement of operating efficiency.



# IFRS FINANCIAL RESULTS OF SBER BANK GROUP



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# IFRS financial results of Sber Bank Group

Sber Bank Group (hereinafter – the Bank Group) reached the following financial results in 2021:

**146.4** MILLION

+98.2 MILLION BYN

NET PROFIT

**240.9** MILLION

-5.1 MILLION BYN

OPERATING COSTS

**21.1** %

+1.9 P.P.

TOTAL CAPITAL ADEQUACY RATIO

**386.7** MILLION

+26.8 MILLION BYN

OPERATING INCOME BEFORE  
LOAN LOSS PROVISIONING  
FOR INTEREST-BEARING ASSETS

**797.7** MILLION

+57.5 MILLION BYN

EQUITY OF THE BANK GROUP

**62.3** %

-6.1 P.P.

CIR

**152.1** MILLION

+16.2 MILLION BYN

NET FEE AND COMMISSION INCOME

**3.7** %

-0.1 P.P.

NET INTEREST MARGIN

In the reporting year, the Bank restored loan loss reserves in the amount of BYN 38.6m. The provisioning rate was 15.2%.

Capital for CAR calculation purposes increased by 1.6% to BYN 833.2m with regard to the subordinated loan amortization (CAR – 21.1%).



# Main performance indicators of the Bank Group

Financial indicators, BYN million	2021	2020	Change in 2021 to 2020, %	2019	2018	2017	Balance sheet indicators, BYN million	2021	2020	Change in 2021 to 2020, %	2019	2018	2017
Operating income before provisioning	386.7	359.9	+7.4	340.1	413.6	386.9	Corporate loans (net)	1 983.6	2 317.4	-14.4	2 217.1	2 066.1	1 556.8
Restoration/(Creation) of loan loss reserves (2021-2018) / loan portfolio depreciation reserves	38.6	(55.9)	-	11.8	(41.4)	(103.1)	Retail loans (net)	761.6	775.3	-1.8	787.1	643.4	445.1
Operating income	423.0	301.8	+40.2	357.5	369.9	282.6	Loan loss provisions (2021-2018) / loan portfolio depreciation reserve	490.6	614.2	-20.1	459.3	463.0	398.7
Operating cost	240.9	246.0	-2.1	250.5	222.8	209.4	Customer loans (gross)	3 235.8	3 706.9	-12.7	3 463.5	3 172.5	2 400.5
Profit before tax	182.1	55.8	+226.3	107.1	147.1	73.2	<b>Total assets</b>	<b>4 947.0</b>	<b>4 944.5</b>	<b>+0.1</b>	<b>4 735.6</b>	<b>4 313.0</b>	<b>3 828.3</b>
<b>Net profit</b>	<b>146.4</b>	<b>48.2</b>	<b>+203.7</b>	<b>91.5</b>	<b>122.5</b>	<b>65.0</b>	Corporate funding	1 735.4	1 663.6	+4.3	1 619.4	1 429.4	1 252.0
							Retail funding	1 029.5	1 141.0	-9.8	1 331.1	1 279.1	1 253.2
							<b>Total liabilities</b>	<b>4 149.3</b>	<b>4 204.3</b>	<b>-1.3</b>	<b>4 040.0</b>	<b>3 645.4</b>	<b>3 224.5</b>
							<b>Total equity</b>	<b>797.7</b>	<b>740.2</b>	<b>+7.8</b>	<b>695.6</b>	<b>667.6</b>	<b>603.7</b>
							<b>Capital for CAR calculation as per Basel Accord</b>	<b>833.2</b>	<b>820.4</b>	<b>+1.6</b>	<b>785.8</b>	<b>794.6</b>	<b>756.9</b>



# Main performance indicators of the Bank Group

Efficiency indicators, %	2021	2020	Change in 2021 to 2020	2019	2018	2017	Capital adequacy ratios, %	2021	2020	Change in 2021 to 2020	2019	2018	2017
Return on equity (ROE)	19.0	6.7	+12.3 p.p.	13.4	19.3	11.4	Core capital adequacy ratio (Tier 1)	19.6	16.7	+2.9 p.p.	15.7	15.7	17.2
Return on average annual assets (ROA)	3.0	1.0	+2.0 p.p.	2.0	3.0	1.7	Total capital adequacy ratio (Tier 1 and Tier 2)	21.1	19.2	+1.9 p.p.	18.7	20.0	22.9
Spread (profitability of assets less cost of borrowings)	3.3	3.7	-0.2 p.p.	3.5	4.2	5.9	Equity to assets ratio	16.1	15.0	+1.1 p.p.	14.7	15.5	15.8
Net interest margin (net interest income to average annual income-generating assets)	3.7	3.8	-0.1 p.p.	3.9	4.6	6.2	<b>Assets quality indicators</b>						
Operating cost-to-income ratio before provisioning (CIR)	62.3	68.4	-6.1 p.p.	73.6	53.9	54.1	NPL share in the loan portfolio, %	10.1	11.6	-1.5 p.p.	10.3	14.3	15.6
Net customer loans to deposits (LDR)	99.3	110.3	-11.0 p.p.	101.8	100.0	79.9	Loan loss provisions (2021-2018) / loan depreciation reserves to NPL, x	1.5	1.4	+0.1	1.3	1.0	1.1
							Loan loss provisions (2021-2018) / loan depreciation reserves to the gross loan portfolio, %	15.2	16.6	-1.4 p.p.	13.3	14.6	16.6



# Consolidated profit and loss statement review

## Net interest income

Net interest income before loan loss provisioning made BYN 167.5m in the reporting year (cf. 2020: BYN 155.8m). Throughout 2021, the parameters characterizing the main activity of the Group on attracting funding and issuing financing fluctuated depending on the financial instrument.

In 2021, interest income increased by 7% and made BYN 325m. Income grew by 9.8% from corporate loans, 4.2% from retail loans, and 11.6% from securities. The average annual assets increased by 9.9%, while the profitability dropped by 0.2 p.p.

Interest expense in 2021 grew by 6.6% and made BYN 157.5m. The largest share in the interest expense structure is occupied by client funding (69.6%), since the clients are the main funding source. The average annual liabilities increased by 1.3%, and the average cost of funding grew by 0.2 p.p. up to 3.9%.

Net interest spread and net interest margin decreased by 0.4 p.p. and 0.1 p.p., respectively.

Assets, BYN thousand	Factor analysis of income/expense	
	Volume factor	Interest rate factor
Loans to legal entities	13 402	3 453
Loans to individuals	(118)	3 998
Loans to other banks	4 766	(7 893)
Securities	1 910	1 875
<b>Change of interest income</b>	<b>19 960</b>	<b>1 433</b>
<b>Liabilities, BYN thousand</b>		
Due to legal entities	2 058	10 803
Due to individuals	(4 791)	4 080
Due to other banks	6 126	(10 307)
Debt securities issued	(1 362)	3 166
<b>Change of interest expense</b>	<b>2 031</b>	<b>7 742</b>
<b>Change of net interest income</b>	<b>17 929</b>	<b>(6 309)</b>



# Consolidated profit and loss statement review

The table below shows average annual values of assets and liabilities of the Group, and interest income/expense and average profitability/cost generated by each item of the financial condition statement.

Assets, BYN thousand	2021			2020		
	Average annual value	Interest income/expense, %	Average profitability/cost, %	Average annual value	Interest income/expense, %	Average profitability/cost, %
Loans to legal entities	2 685 189	188 734	7.0	2 490 958	171 879	6.9
Loans to individuals	786 143	97 050	12.3	787 137	93 170	11.8
Loans to other banks	381 101	2 357	0.6	203 891	5 484	2.7
Securities	666 964	36 825	5.5	630 507	33 040	5.2
<b>Total interest income generating assets</b>	<b>4 519 397</b>	<b>324 966</b>	<b>7.2</b>	<b>4 112 493</b>	<b>303 573</b>	<b>7.4</b>
Expected loan loss provisions	(552 395)			(536 755)		
Assets not generating interest income	978 744			1 264 303		
<b>Total assets</b>	<b>4 945 746</b>			<b>4 840 041</b>		
<b>Liabilities, BYN thousand</b>						
Due to legal entities	1 699 459	71 110	4.2	1 641 468	58 249	3.5
Due to individuals	1 085 285	38 566	3.6	1 236 062	39 277	3.2
Due to other banks	969 468	24 998	2.6	801 250	29 179	3.6
Debt securities issued	331 782	22 831	6.9	354 763	21 027	5.9
<b>Total interest expense generating liabilities</b>	<b>4 085 994</b>	<b>157 505</b>	<b>3.9</b>	<b>4 033 543</b>	<b>147 732</b>	<b>3.7</b>
Liabilities not generating interest expense	90 832			88 607		
<b>Total liabilities</b>	<b>4 176 826</b>			<b>4 122 150</b>		
Net interest spread			<b>3.3</b>			<b>3.7</b>
Net interest margin			<b>3.7</b>			<b>3.8</b>

Interest expense on retail deposits slightly decreased by 1.8% due to decrease of attraction volume by 12.2% against increase of the cost of funding by 0.4 p.p. for the year.

Interest expense on corporate deposits grew by 22.1% due to the cost of funding growth by 0.7% against the same attraction volume.



# Consolidated profit and loss statement review

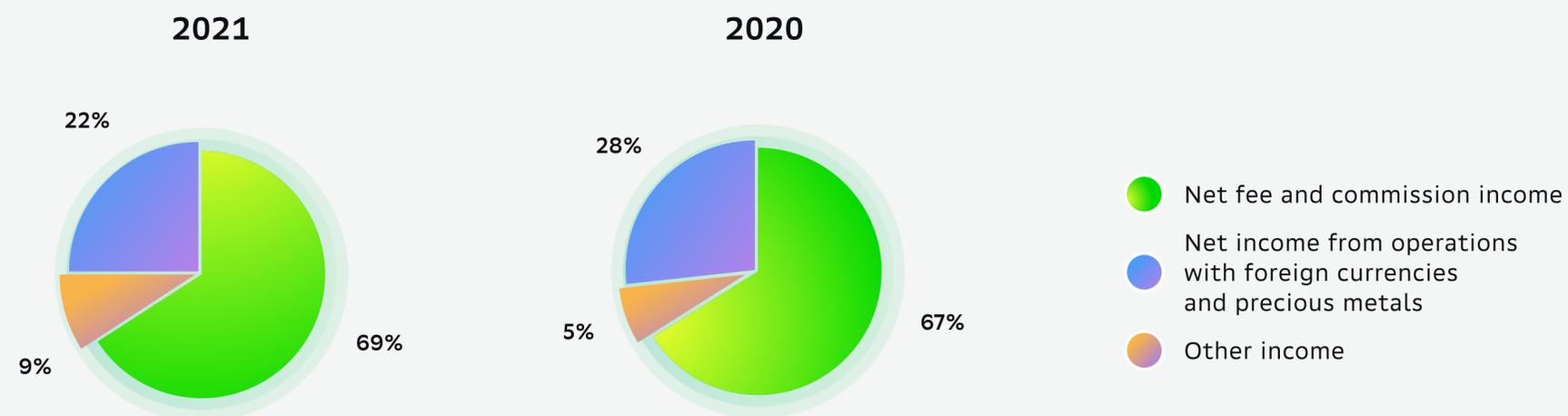
## Net non-interest income

Net non-interest income grew by 9.5% up to BYN 220m, of which fee and commission income grew by 12% and made BYN 152.1m.

## Operating costs

The operating costs reduced by 2.1% down to BYN 240.9m as compared to 2020.

The ratio of operating cost to operating income before provisioning (CIR) made 62.3% (cf. 2020: 68.4%), which was attributed to the growth of operating income by 7.4% and decrease of operating cost by 2.1% in 2021.





# Consolidated profit and loss statement review

## General trends

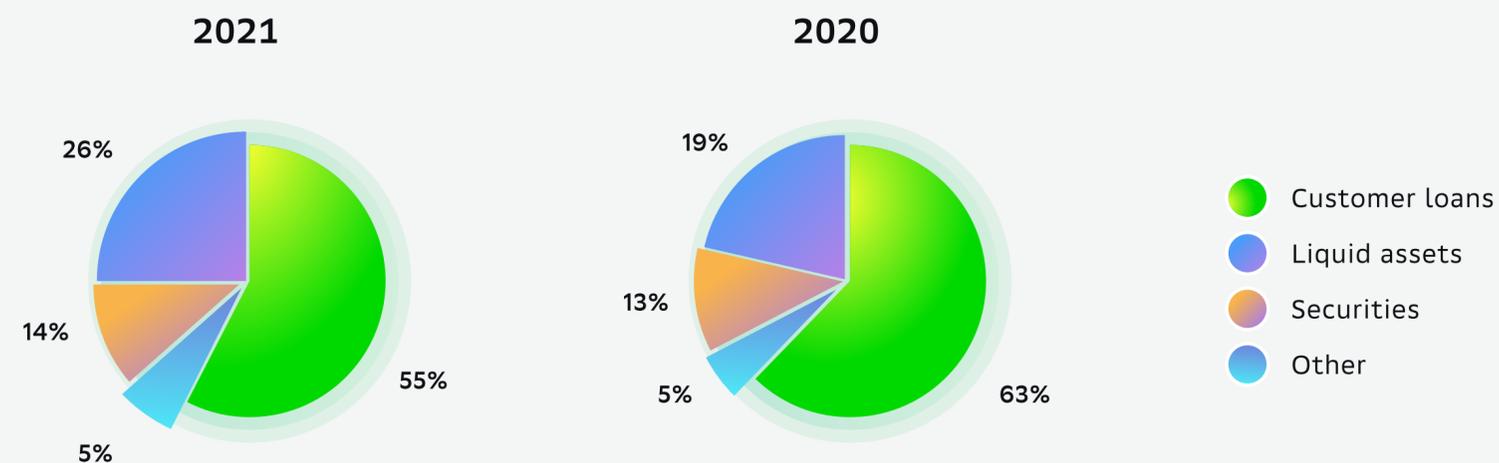
In 2021, the assets remained almost without changes (+0.1%) and made BYN 4 947m. Customer loans occupy the largest share in the asset structure – 55.5% (cf. 2020: 62.5%).

The share of liquid assets including cash, correspondent accounts with banks in foreign currencies, and overnight loans, made 25.5% (cf.: 2020 – 19.2%).

## Customer loans

The aggregate loan portfolio of the Bank Group before loan loss provisioning made BYN 3 235.8m (as of 01.01.2021: BYN 3 706.9m). The corporate loan portfolio decreased by 15.8% down to BYN 2 454.2m, which was attributed to risks in the economy not matching the Bank’s risk profile, and a deficiency of projects able to shift the decision-making focus.

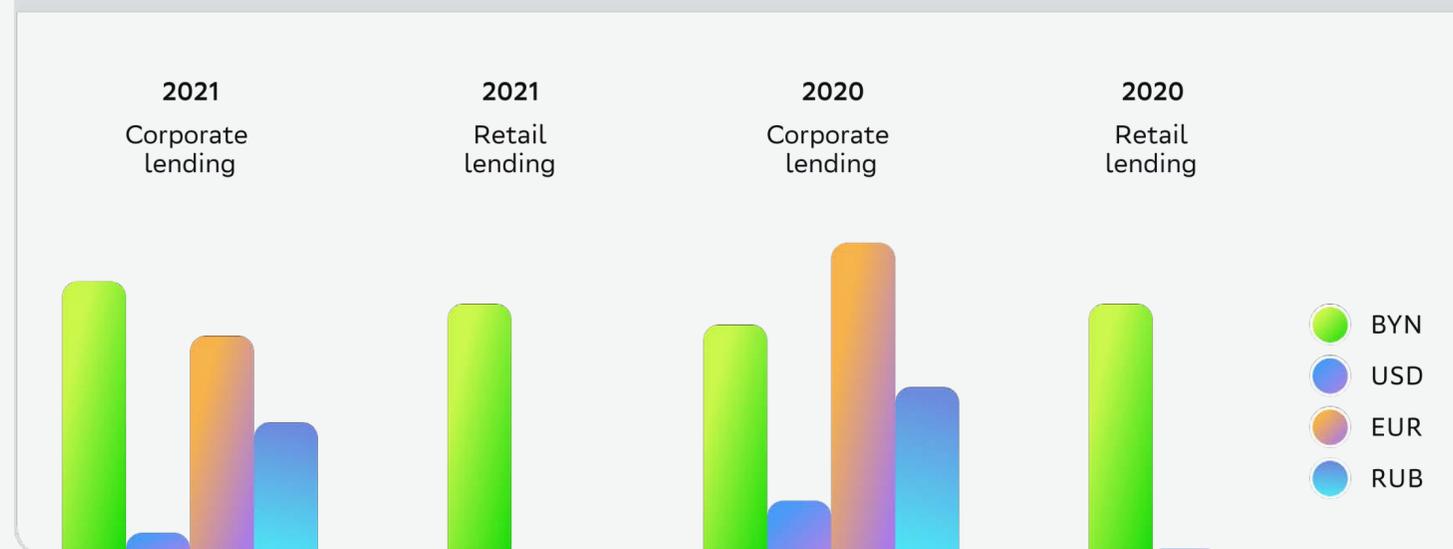
The retail loan portfolio before loan loss provisioning decreased by 1.1% down by BYN 781.6m (as of 01.01.2021: BYN 790.7m). In 2021, the volume of car loans increased considerably: by 60.7% up to BYN 104m. The increased demand was attributed to low supply recovery after COVID limitations, as well as inflation and devaluation expectations. Growth of car lending did not have impact on the total loan portfolio because it was offset by the decrease of overdraft and housing loans by 15.1% and 8.2%, respectively.





# Consolidated profit and loss statement review

Customer loans breakdown by currency, BYNm



The share of loans in the local currency increased to 58.2% (cf. 2020: 48.6%).

Customer loans, BYN thousand

	2021		2020		Change, %
	amount	% of amount	amount	% of amount	
Corporate commercial loans	2 229 023	68.9	2 618 580	70.7	(14.9)
Corporate special purpose loans	225 165	7.0	297 610	8.0	(24.3)
<b>Corporate loans</b>	<b>2 454 188</b>	<b>75.9</b>	<b>2 916 190</b>	<b>78.7</b>	<b>(15.8)</b>
Retail consumer and other loans	127 789	3.9	120 566	3.3	6.0
Credit cards and overdrafts	72 554	2.2	85 475	2.3	(15.1)
Retail housing loans	477 235	14.7	519 878	14.0	(8.2)
Retail car loans	104 037	3.3	64 751	1.7	60.7
<b>Retail loans</b>	<b>781 615</b>	<b>24.1</b>	<b>790 670</b>	<b>21.3</b>	<b>(1.1)</b>
<b>Total loans to customers</b>	<b>3 235 803</b>	<b>100.0</b>	<b>3 706 860</b>	<b>100.0</b>	<b>(12.7)</b>

Non-performing loans were covered by reserves by 150% in 2021.



# Consolidated profit and loss statement review

## Securities portfolio

The securities portfolio is represented by public bonds by 99.1%.

	2021		2020	
	BYN thousand	Share, %	BYN thousand	Share, %
Public bonds	664 867	99.1	656 786	99.1
Municipal bonds	–	–	–	–
<b>Total debt securities</b>	<b>664 867</b>	<b>99.1</b>	<b>656 786</b>	<b>99.1</b>
Shares	6 072	0.9	6 203	0.9
<b>Total securities</b>	<b>670 939</b>	<b>100.0</b>	<b>662 989</b>	<b>100.0</b>

99.1% of securities were booked at fair value in other aggregate income. In the majority of cases the fair value was determined on the basis of market quotations valid as of the reporting date. When market quotations were absent, standard evaluation models were applied using data observed in the open market. The interest instruments (shares) were booked at fair value in the profit and loss statement.

## Liabilities structure review

Liabilities of the Bank Group in 2021 reduced by 1.3% down to BYN 4 149.3m. The structure of liabilities was dominated by retail and corporate funding (66.6%), while their total amount reduced by 1.4% and made BYN 2 764.9m.

Funds due to banks slightly increased by 0.4% in the reporting year and made BYN 774.4m (as of 01.01.2021: BYN 771.2m). Their share in the liabilities structure made 18.7% (as of 01.01.2021: 18.3%).



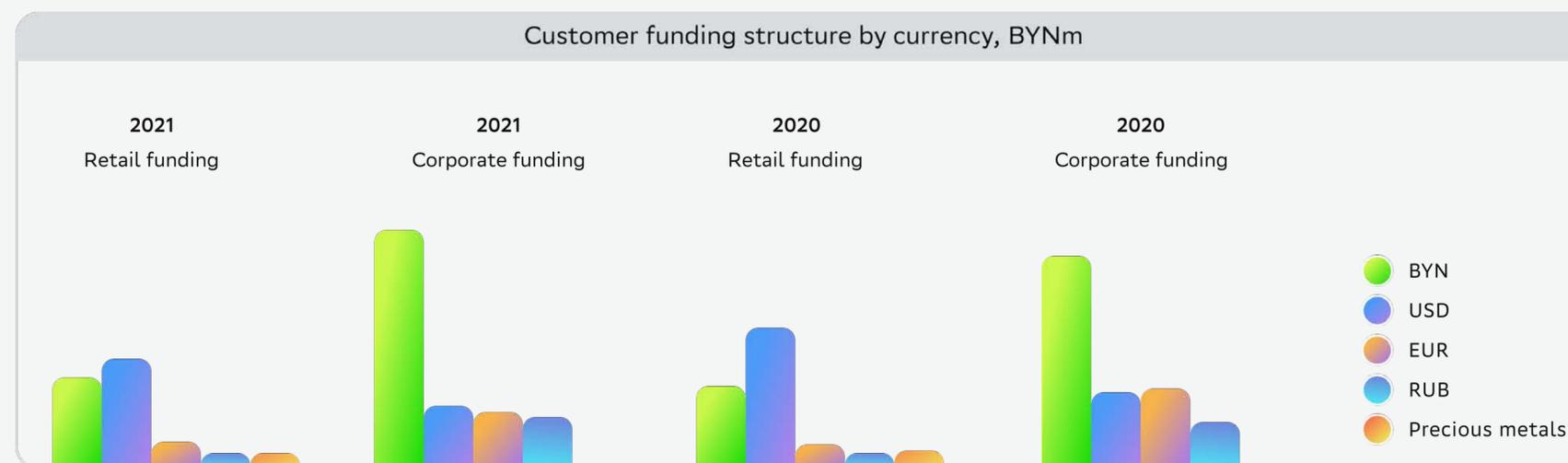


# Consolidated profit and loss statement review

## Customer funding

In 2021, there was a shift in the customer funding structure towards current accounts.

	2021		2020	
	BYN thousand	Share, %	BYN thousand	Share, %
<b>Retail accounts</b>				
Current/ call accounts	499 117	18	461 465	16
Time deposits	530 420	19	679 568	25
<b>Total retail accounts</b>	<b>1 029 537</b>	<b>37</b>	<b>1 141 033</b>	<b>41</b>
<b>Corporate accounts</b>				
Current/ call accounts	997 797	36	811 270	29
Time deposits	737 569	27	852 281	30
<b>Total corporate accounts</b>	<b>1 735 366</b>	<b>63</b>	<b>1 663 551</b>	<b>59</b>
<b>Total customer accounts</b>	<b>2 764 903</b>	<b>100</b>	<b>2 804 584</b>	<b>100</b>



The share of foreign currencies dropped in comparison with 2020 by 7 p.p. down to 63.6% in retail deposits, and by 4.8 p.p. (from 48.6% to 43.8%) in corporate deposits.



# Consolidated profit and loss statement review

## Equity

The equity of the Bank Group grew by 7.8% up to BYN 797.7m.

The Bank's share capital remained unchanged in the reporting year. The share of Sberbank of Russia remained the same as in 2020: 98.43%.

Equity, BYN thousand	2021	2020	Change
Share capital	321 756	321 756	–
Share premium	576	576	–
Revaluation reserve for fixed assets	16 588	17 743	(1 155)
Revaluation reserve for investments	10 222	10 312	(90)
Retained earnings	448 513	389 799	58 714
<b>Total equity attributable to shareholders of the Bank</b>	<b>797 655</b>	<b>740 186</b>	<b>57 469</b>
<b>Total equity</b>	<b>797 655</b>	<b>740 186</b>	<b>57 469</b>

## Capital adequacy

The Bank Group manages its capital to ensure compliance with the law and continuity of business, aiming to maximize profit for the shareholders by means of balancing liabilities and equity.

The table below shows capital adequacy ratio of the Group calculated pursuant to Basel Accord as of the end of 2021 and 2020.

Core and total capital adequacy ratios for 2021 are well above the minimum requirement set by the Basel Committee.

Tier 1 capital, BYN thousand	2021	2020
Share capital	321 756	321 756
Share premium	576	576
Retained earnings	448 513	389 799
<b>Total Tier 1 (core) capital</b>	<b>770 845</b>	<b>712 131</b>
<b>Tier 2 capital, BYN thousand</b>		
Revaluation reserve for office premises	16 588	17 743
Revaluation reserve for investments available for sale	10 222	10 312
Applicable subordinated loan	35 552	80 256
<b>Total Tier 2 capital</b>	<b>62 362</b>	<b>108 311</b>
<b>Total capital</b>	<b>833 207</b>	<b>820 442</b>
<b>Risk-weighted assets</b>	<b>3 940 419</b>	<b>4 265 035</b>
<b>Tier 1 (core) capital adequacy ratio (Tier 1 capital/ Risk-weighted assets), %</b>	<b>19.6</b>	<b>16.7</b>
<b>Total capital adequacy ratio (Total capital/ Risk-weighted assets), %</b>	<b>21.1</b>	<b>19.2</b>