

Opinion of the Internal Audit Service of Sberbank for the year 2023

This opinion has been prepared in accordance with the requirements of Federal Law No. 208-FZ “On joint stock companies” dated 26 December 1995.

Main findings

The 2023 inspection results of the Internal Audit Service (hereinafter also the “Service”) prove that the systems of internal control, risk management, and corporate governance of Sberbank (hereinafter also the “Bank”) are consistent with the nature and scale of current operations as well as the level and combination of accepted risks.

We have not found any violations, errors or deficiencies in the Bank’s activities, which could threaten the interests of its shareholders, creditors or depositors, or affect its financial stability.

Assessment of the internal control system

The goals, principles and approaches, in accordance with which the Bank builds up the internal control system, are defined in the Policy of Sberbank on the organization of internal control¹, approved by the Bank’s Supervisory Board.

In accordance with the requirements of Article 10 of Federal Law No. 395-1 dated 02.12.1990 "On Banks and Banking Activities", the Articles of Association of the Bank contain information on the system of management bodies, including internal control bodies, the procedure for their formation and powers.

The executive bodies of the Bank shall ensure organization and implementation of internal control in the Bank. All employees of the Bank participate in the implementation of internal control procedures in accordance with their job responsibilities.

The Internal Audit Service, being an independent structural unit, evaluates the efficiency of the internal control system in the Bank. In accordance with the regulator's requirements², the Service performs audits in all areas of the Bank's activities and monitors the effectiveness of measures taken by the Bank's divisions based on the results of the audits to mitigate the identified risks.

In 2023, the Service verified:

- 27% of all Bank processes (more than 600 processes);
- RUB 1.7 trillion of the Bank's corporate loan portfolio;
- 39 companies of Sberbank Group.

The Bank's management and owners of business processes take adequate measures to solve problems in the Bank's processes identified by the Service: based on the results of inspections conducted by the Service in 2023, the Bank's management gave instructions to improve 400 processes of the Bank. Within control over execution of orders, the Service confirmed actual improvement of 207 processes. Implementation of measures taken as a result of the Service's inspections allows to improve the customer experience and increase the Bank's financial result.

¹Policy of PJSC Sberbank dated 03.07.2020 No. 5234 "On Organization of Internal Control".

²Regulation of the Bank of Russia No. 242-P dated 16.12.2003 "On Organization of Internal Control in Credit Organizations and Banking Groups".

Assessment of the risk management system

The Bank manages the Group's risks and capital in accordance with the Sberbank Group's Risk³ and Capital Management Strategy approved by the Supervisory Board of the Bank.

The risk and capital management system is aimed at ensuring sustainable development of the Bank and the Group members. The Group's financial stability is ensured through timely identification of potential risks.

The Bank monitors and controls the amount of accepted risk, implements measures to reduce the level of accepted risk in order to maintain it within the established internal and external limits.

The Bank develops preventive and corrective actions to maintain capital adequacy and prevent/reduce losses in case of stressful situations.

The Bank develops risk culture and competences of employees in risk management.

The Service provides an independent assessment of the effectiveness of the risk and capital management system, including verification of the effectiveness of the methodology of assessment of bank risks and bank risk management procedures.

Thirteen significant risks were identified in the Bank⁴. In 2023, the Service audited all material risks. Based on the results of the Service's audits, the Bank's Management gave instructions to improve the systems of material risk management.

Assessment of the corporate governance system

The main principles of corporate governance at the Bank were approved by the Supervisory Board of the Bank as part of Sberbank's Corporate Governance Code⁵.

Individual processes and practices of corporate governance at the Bank are governed by the Charter and detailed in the Bank's internal documents.

Corporate governance aims to protect the rights and interests of shareholders, improve business efficiency, develop the transparency and investment potential of the Bank, and safeguard and increase the shareholder capital.

The audits of the Bank's business areas and material risks conducted in 2023 by the Service focused especially on the following matters:

- compliance with the delineation of responsibility and authority in business management
- consistency of expertise and qualification with the scope of work
- adherence to business ethics and anti-bribery principles, policy guidelines on potential and existing conflicts of interest and on confidential and insider information

The Service did not find any material deficiencies or violations in corporate governance based on its review of the Bank's business areas and material risks.

The Russian Institute of Directors⁶ assigned the Bank a National Corporate Governance Rating (NCGR) of 8++ (best corporate governance practice). Since 2021, Sberbank has been a leader in corporate governance and sustainability management among Russian companies with NRCG.

³Risk and Capital Management Strategy of PJSC Sberbank Group dated 12.12.2023 No. 3960-7.

⁴Credit risk, country risk, trading book market risk, banking book currency risk, banking book interest rate risk, banking book market credit spread risk, operational risk, cybersecurity risk, liquidity risk, model risk, technology risk, conduct risk, participation risk and forced support risk.

⁵Corporate Governance Code of PJSC Sberbank dated 08.12.2020 No. 3879-2

⁶<http://rid.ru>

Explanatory Note

The Supervisory Board Audit Committee has reviewed the Opinion of the Service.

The Supervisory Board of the Bank has passed a resolution to include the Opinion of the Service in the set of information (materials) provided to the persons entitled to attend the Annual General Meeting of Shareholders of Sberbank following the 2023 performance.