

aligning communications with the uniform communications rules and delivery of all types of communications (service communications and personal suggestions) is being created as part of the technological transformation projects.

Sberbank makes active use of special projects to incentivize employees and raise the level of their engagement with the clientcentric model. The "I Like Sberbank" incentive program unites the Brand Advocate teams – Sberbank employees who actively use the Bank's products and services, understand them well, and recommend them to their friends and acquaintances. More than 25 thousand new participants registered in the program in 2017, with the total number of Brand Advocates now exceeding 83 thousand.

In order to foster a culture of clientcentricity, each month Sberbank holds a federal "Creating the Best Customer Experience" contest of client stories. In 2017 our employees posted almost 33 thousand stories about a caring relationship with clients, and received more than 1.6 million likes for them from their colleagues. We are proud that in April 2017 the client story contest received an award as Best Social Project in Russia in the category Corporate Projects.

More than 1.8 thousand employees of the head office, central subdivisions and regional head offices participated in a training that had the format of a Dialogue with an expert on the topic of "Everything for the client or what is a clientcentric model".

In order to support and promote clientcentric service, Sberbank has a program for non-material incentives for front-office¹, employees whose work receives positive reviews on social networks for service that goes beyond expectations. Over the course of 2017, 274 letters of commendation were given to front-office employees who provided an exceptionally high level of service to clients.

Ensuring accessibility of financial services

Sberbank values the time of its clients and cares about making it convenient for them to use the Bank's services. We offer our clients a wide range of service channels:

- customer service points: service offices, the services of direct sales specialists, and the zones Sberbank First and Sberbank Premier;
- self-service terminals: ATMs with cash depositing function, cash withdrawal function, depositing and withdrawal function;
- remote channels: the Sberbank Online Internet bank, the Mobile Bank text message service.

¹The departments responsible for direct interaction with clients.

²One client may use several remote channels: web and mobile Sberbank Online app as well as Mobile bank text service.

Remote service channels

Unique active clients, millions

	2014	2015	2016	2017
Unique ² active clients of remote channels: Sberbank Online (web and mobile app) and Mobile Bank text service, of which:				
	26.9	38.8	47.4	56.8
• Sberbank Online mobile app clients	3.8	10.5	20.6	32.6
• Sberbank Online web app clients	18.0	24.6	25.1	26.4
• Sberbank SMS Banking clients	14.1	22.7	27.1	29.4

Sberbank's retail digital banking was named best in Russia by the international magazine Global Finance

Sberbank is actively developing its remote service channels. In 2017 the number of unique active users of remote channels rose by 9.4 million and reached 56.8 million. The mobile app was responsible for the main growth in active users of remote channels.

In 2017 the functionality of the Sberbank Online service was significantly updated, and a number of innovative features were introduced, including the following:

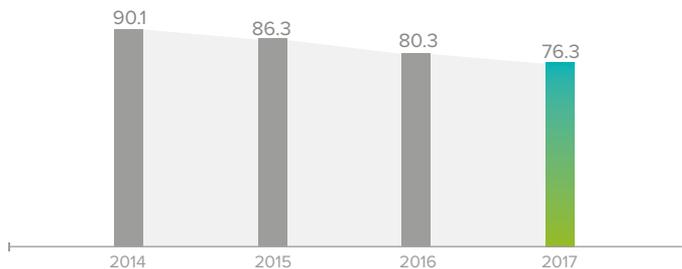
- In the Sberbank Online mobile app, the Tips service was launched. The service analyzes depersonalized user data (spending, savings, profile data) and makes recommendations to the client based on mathematical analysis.
- The capabilities for managing personal finances in the app have been expanded. Users now have access to the functions of choosing financial targets by opening various types of deposits, special accounts in foreign currency, and comparison of their financial behavior with the spending of clients with similar behavior. The app can now be used to close deposits and targets, and also to transfer funds to a card at any time.
- In the Sberbank Online web app users can now access the updated, expanded form of the loan application. Information on the status of a card issue/reissue and delivery is now also available.
- In 2017 the limit on payments and transfers between clients in Sberbank Online without confirmation by the call center was increased from RUB 100 thousand to RUB 500 thousand per day. The ability to manage this limit was added to the Sberbank Online web app.
- The Sberbank Online mobile app users now have the ability to link their cards to various "Pays" ("wallets"), such as Apple, Google, Samsung, Gramin Pay and make payments using their mobile phones. Thanks to this new service the experience of contactless payment became even more convenient.

The design of the Sberbank Online app for iOS was updated for the first time since 2014. In addition to a new look, user experience was significantly improved and a number of new capabilities were added. In order to give users with visual impairments access to all of the app's main functions, Voice Over was implemented. In addition, the ability to pay using QR and bar codes was added to the Payments section. This function allows users to make a payment by scanning a QR code without first searching for the service provider in the overall catalogue.

Self-service terminals

In accordance with the Sberbank strategy, the network of self-service terminals at the end of 2017 included 76.3 thousand units, of which 49.8 terminals had the function of issuing cash, and 26.4 thousand did not.

Number of self-service terminals, thousands



94.6%

The technical availability metric¹ for self-service terminals at the end of 2017 was

All self-service terminals use software which allows to provide clients with a uniform space for conducting transactions. In the online account the client sees all transactions performed in Sberbank Online, can print a payment confirmation slip for them, repeat a payment using a previously created template, open a deposit, and learn about personal loan offers.

From June 2017 all Sberbank ATMs had the ability to service all types of MIR cards.
From July 2017 holders of China Union Pay cards now have the function of checking balances and withdrawing cash in self-service terminals with the cash-issuing function.

Under the Sberbank Development Strategy 2020, improving service quality and developing new technologies are some of the key areas for the development of the self-service network. Sberbank took another step towards reaching this goal in 2017. For the convenience of clients with visual impairments, the fonts, color and contrast of the menus of self-service terminals were adapted. Contactless service technology (NFC) was also implemented. Another important achievement was the successful completion of a pilot project of ATM identifying clients by biometric face recognition. After registration of the biometric template, the terminal makes it possible to perform all noncash transactions available in the dashboard, without using a card.

¹ Percentage of time when the self-service network was fully available and working without fault out of the total time of potential availability of the network.

Customer Service Points

At the same time as the number of active users of Sberbank's digital channels steadily increases, demand for the physical customer service points remains stable and high: the number of clients visiting Sberbank branches in 2017 increased by 6 million compared to 2016, reaching 698 million clients. In 2017 the number of Sberbank's service points in Russia reached 14,312.

We are working hard to redesign and update the Bank's existing branch network. We are creating a modern, standardized sales and service channel that meets all of today's requirements, including services for low-mobility population groups.

As part of the Reformatting Branch Network Units project 157 updated offices of Sberbank began to work in 2017. Sberbank's plans for 2018 include reformatting 171 service points. Going forward, we plan to adapt 508 customer service points to further improve the quality of services provided to low-mobility groups.

550 customer service points were closed primarily due to a low level of client demand, unsatisfactory physical condition of the premises, and also inconsistency of their current location with the established geomarketing criteria.

In rural areas a moratorium on changes to the branch network is in effect, with the necessary work underway to ensure the functioning of existing offices. Simultaneous with this, we are developing solutions to expand the accessibility of financial services in rural areas, which will be implemented in 2018. A pilot project (Cash-Out) is operating in several areas to issue cash through retail service enterprises. In case of the successful completion of this pilot project, Sberbank's presence in rural areas will be substantially increased. Greater access to banking services for the population will also be provided via remote service channels – the test message service and the online bank.

In 2017 the Target Network of Sberbank branches and self-service terminals based on the Unified Sales Model was approved. This model uses geoanalytics and client behavioral data, and is based on Big Data. The Unified Sales Model takes into account the structure and level of client flow to locate offices and self-service terminals. In 2018, we plan to open 23 new points and move 198 points, in order to make locations more convenient and improve the quality of customer service.

Office of the future

As part of the pilot project ISD 2020, 18 experimental offices were opened in 2017. Each of the regional head offices developed their vision of the design and functionality of the Office of the Future. As part of the project new formats were implemented for Sberbank branches. Cashless offices with an updated interior opened their doors in Tyumen and Saratov.

Moscow, Voronezh, Krasnodar, Odintsovo and other cities opened teller-free branches, based on a decision not to use a cash handling unit, and replacing it instead with electronic teller cash recycler. This will allow to decrease the volumes of cash in offices by giving out cash received from clients. The idea of organizing a new service zone, the Help Desk, found broad application. This is the starting point for migrating clients into the world of digital banking. In the Help Desk zone, clients can be taught how to use mobile services, make the necessary payments, open a deposit, and much else besides.

Technological transformation and digitization of customer interaction

In 2017 we implemented a number of voice and text technologies that made it possible to make customer interactions with the Bank even more convenient. For our retail clients, a chat function was created on the site that allowed clients to receive non-personalized advice on the Bank's products and services.

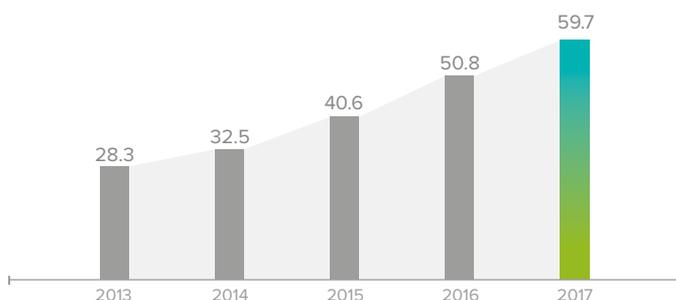
The call center's interactive voice response (IVR) system was given new self-service options that help the client to find the necessary information faster than from an operator. Clients now have the ability to check their balances and transaction histories on debit cards, block a card, and unblock mobile banking that was blocked by the fraud monitoring system.

Thanks to the launch of IP calls clients now also have the ability to phone the Sberbank call center over the Internet. This service is especially important for clients on roaming, as it allows clients to save money when contacting the call center.

An important achievement of 2017 was the use of Big Data-based models. The first model being used allows to predict a situation where the client calls to learn their card balance. The IVR offers the client the option of listening to their balance before transferring them to an operator, thereby making the client's interaction with the Bank more convenient.

Cashless World

Share of noncash turnover via Sberbank retail transactions, %



We continue to pursue a strategy of transitioning to the cashless world, and are actively implementing projects to this end. In 2017 we launched support for Apple, Samsung, Android and Garmin Pay with the Visa and MasterCard payment systems. At the moment the new means of payment (“wallets”) are in active use by more than 2.5 million Sberbank clients, who perform more than 50 million transactions each month with a total turnover of more than RUB 36 billion.

Three Russian cities had a Resident’s Card in place in 2017: Zelenodolsk, Belgorod, Ufa. In all, more than 30 thousand Resident’s Cards are in circulation. The Resident’s Card is a plastic card that contains payment, social, and transportation applications and information on the card holder. Card holders can use various medical, social, and transportation services. A bank payment app supports settlements and the receipt of banking services.

During 2017 Sberbank offered far more favorable foreign currency exchange rates (US dollars and euros) for all Bank clients in the Sberbank Online system, which led to an increase in the Bank’s non-cash turnover under currency conversion transactions. For example, the share of non-cash currency conversion transactions equaled 78% in January 2017, but had already increased to 87.5% in December 2017.

Cashless payment for public transport

Projects for paying for public transport with a bank card have been developed further. There is now an option of paying for a trip with a bank card in 30 Russian cities. In 2017 the monthly number of trips paid for with a card rose by a factor of 22, and in December alone more than 1.4 million trips were paid for by card. Among the leaders in paying with bank cards is Nizhny Novgorod, where the share of noncash payments reached 9% in the metro and 2.4% in surface transport.

Special solutions

Clients and the satisfaction of their needs are undisputed priorities for Sberbank. We value every customer and seek to offer innovative products and services for every client segment.

Children

Sberbank cares about all clients, even the youngest. Our priorities in this area are creating products that help children step into the world of finance in order to attract clients to the Bank as early as possible.

One of such products is the “Fill It Up” deposit in the name of a child. The deposit can be opened starting from 0 years old with a birth certificate. Such deposits help parent to accumulate startup capital for their children in incremental and comfortable steps. The children will have access to the account as soon as they turn 18, although the money de jure belongs to the child starting from the moment the deposit is open. There is an additional governmental protection for the child’s deposit – money can be withdrawn only by the parents and only with the permission of the child protective authorities. This minimizes the risk of fraud and ensures that the money is protected against unwise expenditures by both the parents and the child. The interest rate is renewed each time the deposit is extended.

Online Lessons in Financial Literacy

Sberbank is a strategic partner of the Bank of Russia project “Online Lessons in Financial Literacy: Market Professionals are coming to Every School”. The project is aimed at schoolchildren in grades 6-11, and sessions have the format of watching online lessons in class. In these lessons students learn about deposits, bank cards, and loans. In 2017 Sberbank held 150 broadcasts, in which 117 thousand students took part. In 2018 we plan to increase coverage by 40% by increasing the length of the session and engaging regions.

For the convenience of our young visitors and their parents, 293 mobile areas with play scenarios on built-in tablets were added to the existing children’s play areas in our branches. Information on all of the 6 thousand kid-friendly offices with play areas is set up as a filter on the main Sberbank website. Now before visiting the bank, the client can choose an office that is comfortable to bring children to.

Lean laboratories

From the end of December 2017 to the end of March 2018 lean laboratories¹ were developing mobile gaming app Magic Pictures. The app is based on augmented reality technology, which allows to make virtual objects appear in the real world on the screen of a smartphone. This format of children’s area can be set up at any customer service point and does not require significant resources and funds.

¹Lean laboratory – a format for local research centers of Sberbank whose operations are aimed at finding, developing, and optimizing processes, among them: management of working time, organization of client and working space, change in employee thinking and an assessment of the performance.

In 2017 Sberbank continued to work on distributing the Ladoshki project – a biometric system that allows children to pay for meals in educational institutions with the palm of their hand. Today, 130 schools are participating in the project, 85 of which are actively performing transactions.

Youth

Youth is one of the most promising segments for Sberbank. The number of young clients increased by 4.9% in 2017 and reached 9.3 million. Young clients made up 59% of all new Sberbank clients. At the end of 2017 the NPS among youth was 66%, which attests to this group's high level of satisfaction with Sberbank services.

In accordance with the Youth Strategy adopted in 2014, we continued adapting services for this segment. For example, to suit the needs of youth we adapted the Card Protection insurance product: the cost and coverage limit were lowered, and the ability to purchase the product online was added. The product is integrated into CRM in Sberbank branches, and is offered as an auxiliary product when issuing cards to people 25 years of age and under.

For 92% of Sberbank clients aged 14-25, the first product is a debit card. The Youth Debit Card is the most popular: there are more than 5.5 million such Youth Cards in active use. In 2017 the number of online applications for a Youth Card amounted to 262 thousand, which is 66 thousand more than the previous year.

A number of initiatives were conducted in 2017 to attract a young audience and increase the penetration of banking products. In December we launched a large-scale project – integration in the VKontakte social network – creating a personalized channel to talk with youth, the SberKot bot. This chatbot helps users to learn financial literacy and offers exclusive stickers.

The Bank launched an updated youth section on the Sberbank website, which presents all products for youth and educational video clips.

140 thousand

Sberbank cards were linked to the profile for payments within VKontakte.

19th World Festival of Youth and Students

In 2017, Sberbank became the general partner of the 19th World Festival of Youth and Students in Sochi, which was attended by more than 30 thousand young people. Sberbank presented a laboratory of innovation at this festival. At the start of 2017 we expanded the list of youth partners that accrue greater SPASIBO bonuses under the "Spasibo from Sberbank" loyalty program. These include Yoox.com, AllTime.ru, Moleskines, as well as the Cinema Park chain of movie theaters and the online food service Delivery Club. Holders of Sberbank Youth Cards receive SPASIBO bonuses of 5% to 10% for purchases from these partners.

Parents

In 2017 Sberbank made the strategic decision to address the specific concerns of parents. The priorities of parents change after the birth of their first child, and they start using a different set of products and services. The Bank introduced a number of projects for parents in 2017.

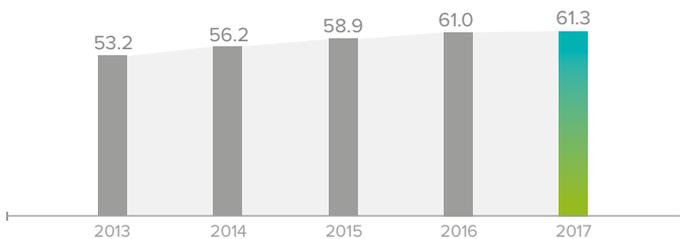
Since June 1, 2017, clients with children have been receiving news digests tied to specific events in the lives of parents. The digest includes items about useful services, bonuses and discounts for parents. Thematic digests have already been published on summer vacation with children, the start of the school year and the winter holidays. Digests were delivered by e-mail to 54 thousand parents in Moscow and 738 thousand in other regions.

In conjunction with the “Spasibo from Sberbank” program, a new category of partners was launched – “Education”. Since September 2017 educational partners that provide discounts to Sberbank clients are displayed on the <https://spasibosberbank.ru> website. For the first time ever, Sberbank clients can not only receive bonuses, but also direct discounts on services from partners.

We also implemented a number of pilot projects for future parents. One of these is “Health Map”, in conjunction with the Mother and Child Group. The product is a certificate for integrated examination and consultation with a specialized doctor on family health. Based on the results of the pilot project the decision was made to make this product a component of the offerings from Sberbank subsidiary DocDoc.

Senior citizens

Share of seniors receiving pensions through Sberbank*, %



* In 2018 we improved our methodology for calculating Sberbank’s share in the social pension market of the Pension Fund of Russia. The increment in market share for 2017 under comparable methodology equaled 1.37 percentage points.

We performed extensive work in 2017 to change the stereotypical perception of pensioners as socially inactive people who are just “living out their days”. Sberbank was the first bank to go beyond simply offering banking services to pension age clients, opting instead to embark on a new course to improve the quality of life of the elderly and expand the opportunities available to them.

We created a special website for pensioners of an active age <https://sberbankaktivno.ru/>, which is a platform featuring useful information and news on various topics, discounts and offers from partners of the “Spasibo from Sberbank” loyalty program, online courses on various topics, and a special service where visitors can schedule a doctor’s appointment. The website also has a “Finances” section, where visitors can take a look at the Bank’s offers for pension age clients.

#ActiveAge

A far-reaching federal campaign “You Decide What Kind of Pensioner to Be” was launched in October 2017 in support of “Active Age”. The campaign was actively embraced by both pensioners and the younger generations. The advertising campaign gave people the chance to share stories about their parents and their achievements in social networks and to express their gratitude to them. You can now find numerous posts in social networks where people showed pride for their parents with the hashtag #ActiveAge.

We place a priority on the convenience and functionality of the offered banking solutions. In 2017 the Bank began switching Maestro pension cards to the MIR National Payment Card System during scheduled reissue or early replacement. Clients receive the new MIR card, while retaining all terms and conditions of their previous cards.

The plans for 2018 include the development of special Sberbank Telecom rates for pensioners that receive their pension at the Bank. Work on integration with the Public Services Portal will also continue, which will allow pensioners and citizens eligible for benefits to remotely receive the most sought-after services.

As part of the launch of special offers on insurance products for pensioners, a special price was set for the product “Bank Card Protection” with a discount compared to mass-market customers.

Increasing POS turnover

In the end of 2017, Sberbank conducted initiatives aimed at increasing POS turnover using cards among older clients:

- Holders of Sberbank MIR cards who made a purchase of RUB 500 or more in stores were eligible to participate in the campaign. During the weekly drawings, 3 thousand cash prizes “RUB 500 to your mobile phone” and RUB 1 million to your Sberbank MIR card were up for grabs.
- Holders of Sberbank Maestro cards were eligible to participate in the promotional offer by Mastercard and the Magnit retail chain. When paying with the card, every tenth item on the receipt (the lowest priced item) cost one rouble.

Special Bank

Sberbank guarantees equal access for all clients to the ecosystem of products and services and sets the standard for inclusive servicing in Russia's banking sector. In 2016 Sberbank started the Special Bank project, aimed at adapting all products, self-service terminals, and customer service points without exception for clients with disabilities.

Today, 45% of Sberbank's offices are adapted for people with disabilities and people with limited mobility. Adaptation of service points includes the installation of special equipment at entrances (employee call buttons, ramps) and equipment for visually impaired and hearing impaired individuals. The offices most frequently visited by clients with disabilities and the elderly are adapted as a matter of priority.

The fonts, color scheme and contrast range of the standard menu on all Sberbank self-service terminals have been adapted for visually impaired clients. As a separate option, fully voiced balance inquiry and cash withdrawal services are available for the blind on three thousand terminals with an audio output. By the end of 2018, our plans include the expansion of the number and functionality of these machines.

The work to adapt services for clients with special needs continued in 2017. Since autumn, we have been providing clients with disabilities or temporary disabilities the opportunity to apply for and receive a Sberbank debit card at home in 38 cities across Russia. The plans for 2018 include an expansion in the list of home banking services offered to clients who find it hard to interact with the Bank in any other way.

Sberbank has installed technology for online chat with a call center specialist for the convenience of hearing impaired clients. The launch of remote sign language interpretation services in a number of our offices in the biggest Russian cities is planned for 2018.

In close cooperation with visually impaired specialists, Sberbank adapted the official website (sberbank.ru) to meet requirements on contrast range and text size. Most of the pages and product offers on the website www.sberbank.ru are also available to visually impaired clients through screen reader software applications. All graphic elements have been given a soundtrack, any action can be performed with a keyboard, and navigation between separate pages and around the entire website has been simplified. Visual confirmation was vocalized to be read out loud by screen reader software applications for the convenience of visually impaired clients.

The process of issuing debit cards to visually impaired clients affixed with their own handwritten signature was launched in 2017. This way, the drafting of powers of attorney is not required. In 2018, this

Nearly 10 thousand ATMs feature keypads with Braille markings.

process will cover all the main banking products. Visually impaired clients will be able to securely and safely listen to the terms of tailored product offers and accept them.

Another advancement in providing equal access to all clients in 2017 was the adaptation of the interfaces of the Sberbank Online and Sberbank Business Online mobile applications on the iOS platform for visually impaired clients: now clients can take advantage of the screen reader function to read the text. Similar work is also being performed for the Android platform.

The work on improving the level of empathy of employees when communicating with clients with disabilities, which started in 2016, also continues. Throughout 2017 our employees around the country were asked to assume the role of someone with health issues or age-related changes using special empathy simulators such as GERT¹ suits and virtual reality headsets. The suit allows employees to feel exactly like a person with special needs, or just an elderly person, and to experience first-hand how comfortable or uncomfortable various services are. Starting in 2018, all new office and field employees involved in direct sales will learn the fundamentals of communication with clients with disabilities.

Most socially responsible bank

Monitoring of the indicator “Most socially responsible bank” began in 2017: 61% of respondents name Sberbank as the most socially responsible bank in Russia.

In late 2017 Sberbank became the platform for a social discussion of the topic “Inclusion. A New Era”. The Bank will continue to publicly discuss the issues surrounding disabilities and inclusion with experts and the public in 2018 and, through this discussion, to find new unconventional solutions and dispel misconceptions and stereotypes.

We not only plan to adapt banking processes for clients with disabilities in 2018, but also to design and offer special and convenient products in the overall Sberbank ecosystem.

¹ GERT (Gerontologic Test Suit) — is a simulator of physical disability and health-related limitations. Impairments of vision, hearing and locomotive functions are “caused” artificially by weighted material on the arms and legs, elbow and knee pads, a neck brace, gloves (that simulate tremors in the fingers), headphones and special glasses in several modifications (that imitate cataracts, glaucoma and other illnesses). The suit, which was created in the United Kingdom, has come into widespread use for checking the accessibility of premises.

High-income mass-market segment

In 2017 Sberbank continued developing the line of products and services for high-income mass-market customers. The Bank launched a pilot project for sales of the “Personal Lawyer” product and the creation of a service ecosystem. Now high-income mass-market customers can select a service package not only for themselves, but also for their whole family (up to three additional users), as well as business support packages for individual entrepreneurs. The competitive advantage of the product offered by Sberbank is that there are no restrictions on any legal sectors in the packages.

The Bank has developed the most functional mobile application on the market today, enabling Sberbank to be on hand for customers 24/7. Our goal is to provide our “Personal Lawyer” service to every third customer of the Bank. We launched a chatbot in Telegram advising customers on all legal issues.

We also launched a pilot project to expand the criteria for providing the Premier service package. Now the service package will be available not only to customers with large balances, but also to customers with high transaction activity – from RUB 80 thousand a month.

In addition, in 2017 clients were offered an updated Gold service package that includes cards allowing them to accrue greater SPASIBO bonuses and insurance products. Customers will be able to select one of two types of service packages: one focused on high-income mass-market segment, or on Active Age customers.

Premium debt and credit cards with greater bonuses were launched throughout the country (with the accrual of up to six times more SPASIBO bonuses than on standard Sberbank cards). The accrual of higher bonuses was launched on Visa cards in the Premier service package.

We continued developing our online services for the recovery of taxes in the mass market network and in the Premier network. The service has already helped more than 30 thousand customers obtain a tax deduction, with the volume of disbursed funds exceeding RUB 3 billion. The sale in the mass market network and the Premier network, and also the inclusion of the service for the recovery of taxes in the service package will make it possible to acquaint a larger number of customers with the service and increase their loyalty.

We launched the sale of the travel services “Tax-Free Refund”, “Return of Compensation” (compensation for flight delays and cancelation), “Home Visa”, which supplement the product line of existing financial services from the Bank’s partners. These services have been introduced to increase the customer loyalty in the high-

income mass-market segment and consolidate the Bank's ecosystem for travelers. The market volume of compensation on the airline market ("Return of Compensation") equals EUR 48 million each year, while Tax-Free equals RUB 2 billion annually.

We launched the "Simple Investments" service in a partnership with FinEx. The service is intended for investments in exchange traded funds (ETF) with automatic quarterly rebalancing. This enables customers to obtain a higher rate of return compared to active management in 80% of cases. Approximately RUB 100 million has been raised since the launch of the pilot.

A new investment product Foreign Currency TM (trust management) was developed and issued. Customers with foreign currency savings now have access to a more favorable investment product compared to foreign currency deposits. Over RUB 1.3 billion was raised.

Sales of new insurance products "Confident Driver" and "Home Protection" were launched for Premier customers.

We continued the testing of personalized communications with customers with the use of psychological types. Communications based on psychological aspects make it possible to adapt them in line with customer perceptions and increase their effectiveness.