

Our Customers



Customer relations are a key factor in the Bank's sustainable development. Such is the scale of our operations that our activities affect the interests of millions of individuals and companies. This is a reciprocal relationship, since the economic and social well-being of our customers is a pre-requisite for the financial well-being of the Bank itself. In terms of corporate social responsibility, we identify several important aspects in our relationships with customers.

Our operations have a direct impact on the development of the national economy, its health and stability. This determines our balanced approach towards the financing of key economic sectors and our responsible behaviour in times of crisis. We work to offer our customers a range of services that meet their needs and help them run their businesses effectively. The support we provide to small businesses reflects our firm belief that this sector is essential to the stability and efficiency of the Russian national economy.

We ensure that everyone has access to our financial services regardless of the size of their assets or the social group to which they belong. As such, we provide crucial financial services including the processing of government transfers to individuals and tax and utility payments. Another important area for us is the development of home loans and mortgages.

Improving the quality and speed of our customer service is a priority. We recognise that customers expect a high quality service and that by providing this, we can influence their overall sense of wellbeing.

Finally, what we value most is the trust of our customers. Today Sberbank enjoys a very high level of customer confidence, and we have a great responsibility to maintain and strengthen this confidence. We will do so by continuing to adhere to the principles of good business conduct, by ensuring the security of our operations and by making our services easier for our customers to use and understand.

Our vision: What is Sberbank to its customers?

- A bank that values each client.
 - A partner that is always ready to help each client with his financial issues.
 - A bank that can be trusted as being financially stable and transparent, offering fair conditions, quick and convenient service, helping customers make financial decisions that best meet their personal interests.
 - A bank that is constantly improving for the benefit of its clients
 - The best bank on the market.
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— *It is no secret that the social well-being of a huge number of people depends on Sberbank's activities. And if the Bank is modern, driven and develops effectively while maintaining the trust of Russian citizens, foreign customers and Russian customers on the whole, or, even better, further inspiring their confidence, then of course everyone will be happy.*

DMITRY MEDVEDEV,
President of the Russian Federation,
during a visit to Sberbank

RECOVERY AND DEVELOPMENT OF THE ECONOMY

Sberbank is the largest lender in the Russian economy: at the end of 2010, our share of this market amounted to 31.3%, or 10.1% of Russia's GDP. Our clients include both the largest Russian companies that play a significant role nationally, and small- and medium-sized businesses that contribute to the stability of regional and local economies.

We offer our corporate clients a broad range of financial services ranging from payroll card programmes to project and export finance. At the same time we plan to considerably expand our operations in the investment banking sector, adding a number of new services to our product line.

We work with companies across all key sectors of the national economy, including in the oil and gas industry, the metals industry, the power sector and the chemicals industry. Sberbank supports sectors that have been identified as a priority for development; we work with high-tech companies, aircraft manufacturers, mechanical engineering firms and in agriculture. The spread of our corporate loan portfolio across industry sectors generally reflects the structure of Russia's national GDP.

We provide payment services to customers across the country. Of all Russian lending institutions, we are the largest provider of payment services. Sberbank's payment system is a critical component of the national payment scheme, comparable, in terms of the scale of operations, only to the payment system of the Bank of Russia.

In 2010, just within our own payment system (not including payments made through correspondent accounts held by institutions of the Bank of Russia or other financial institutions) Sberbank processed more than 250 million payments in rubles. This is equal to 25% of the total number of such transactions processed by the Bank of Russia's payment system. In the same year, Sberbank also processed over 2.4 million foreign currency payments. The Bank is annually recognised with awards from its largest correspondent banks for the high quality of its payment services.

Sberbank is our largest financial institution, and it is its operations, it is your performance that to a significant extent determines the well-being of the financial sector, the economy as a whole and also the social sphere, since you provide a lot of funding to small- and medium-sized businesses and to the defence industry.

VLADIMIR PUTIN,

Prime Minister of the Russian Federation,
at a meeting with Herman Gref, Sberbank CEO
and Chairman of the Management Board

The Bank's Activities in the Global Economic Crisis

At the height of the global economic crisis, Sberbank bore a special responsibility to support the national economy and help it return to normal, while working to ensure that any substantial negative outcomes were avoided. Throughout this period we took steps to support our customers in various ways, offering flexible loan repayment schedules and developing restructuring options. In addition, it was Sberbank that ensured the stability of the interbank market during the crisis.

Sberbank was active in implementing a number of programmes within the framework of the government's anti-crisis stimulus package. We provided government-guaranteed loans for periods ranging between 10 months and five years to car and electronics manufacturers and food producers, as well as to construction, transport and petrochemical companies. In 2010, the total value of such loans provided by the Bank totalled RUB 90.9 billion. Today, despite the fact that the situation has generally stabilised, many companies have not yet returned to their pre-crisis performance levels. We remain committed to searching for mutually beneficial solutions and adopt an individual approach to each customer.

Another challenge faced by the Russian economy in 2010 was the summer fires and drought. Sberbank employed a number of anti-crisis measures to help its borrowers save their businesses and make it through the period of anomalous weather conditions with minimal losses. The Bank reduced interest payments on loans to agricultural companies by a total of RUB 21.2 billion and allowed payment deferments. Overall, in 2010 Sberbank provided 48,300 loans totalling RUB 183.4 billion to agricultural companies and individual farmers. At the end of 2010, loans to the agricultural industry accounted for 7% of the Bank's total loan portfolio.

Agricultural Recovery after the Summer Fires

The Volgo-Vyatsky Regional Bank actively supported regional agricultural companies whose crops suffered because of the fires and drought. As a result of the extreme weather conditions, a number of the Bank's borrowers (companies in the Talina Group, GUP RM Rural Development, GUP RM Lukhovskoye, CJSC Agro-

Atyashevo and LLC MTS Romodanovskaya) faced difficulties in meeting their financial commitments to the Bank. After considering the situation, the Volgo-Vyatsky Regional Bank decided to extend loan terms by up to three years, which helped the companies to continue operating and saved jobs.

Similar steps were taken by the Altaisky Regional Bank to support customers that were affected by the uncharacteristic weather conditions. Agricultural companies and farmers were also offered the opportunity to obtain additional funding to finance seasonal work using the 2011 harvest as collateral under simplified requirements.

Supporting the Development of Small Businesses

Supporting the development of small- and medium-sized businesses is an important priority in Sberbank's social activities. We work to improve access to bank financing for small- and medium-sized businesses. The key elements of our approach in this area include the creation of a network of Business Support Centres and cooperation with the state through infrastructure that has been set up to assist and support small businesses, such as guarantee and collateral funds, micro financing funds, business incubators and technology and science parks. Sberbank participates in government business support programmes by supporting subsidised loan programmes for certain categories of small businesses, including those that manufacture socially significant goods, small exporters, innovative companies, young entrepreneurs and small agricultural firms.

Sberbank's regional banks work in close cooperation with regional bodies offering support for small businesses. Such cooperation is often not limited to simply providing loans guaranteed by regional governments. For example, the Vostochno-Sibirsky Regional Bank contributed to financing for a regional small- and medium-sized business support agency and a business incubator in Krasnoyarsk. Overall, in 2010 Sberbank cooperated with 64 guarantee funds, providing 2,510 loans totalling RUB 5.6 billion.

The Bank actively works to expand its line of loan products for small businesses. A prominent example of such a product is the Trust lending programme. This programme is convenient for

borrowers as loans are provided without collateral and can be used for any purpose. By using an innovative scoring model to evaluate creditworthiness, the Bank was able to reduce the time taken to process loan requests to just two days. Sberbank began actively promoting the product in summer 2010 and by year end seven regional banks had provided 3,000 loans worth a total of RUB 1.86 billion. The product will be launched by the end of 2011 at the remaining regional banks.

Another example of a small business support programme is the Government Contract lending programme, which aims to help small- and medium-sized businesses secure and fulfil government contracts. Within this programme, companies contracted by the government are provided loans to finance working capital and refinancing costs incurred over the course of the contract. In 2010, 132 loans totalling some RUB 253.7 million were provided under the Government Contract programme.

Best Mobile Business Project

In 2010, as part of an integrated small business support programme, Sberbank was the general sponsor of the Best Mobile Business Project awards, which were organised by the Opora Russia business association. The awards aimed to recognise small- and medium-sized businesses, including individual entrepreneurs, that sell goods or provide services from mobile facilities such as vans or trailers.

The contest was held in three categories: Tyre Fitting Services, Shoe Repair Services and the Production and Sale of Baked Goods. The winning contestants were from the Perm and Krasnoyarsk regions and the Chechen Republic. They were awarded honorary certificates and new mobile facilities fully equipped for their respective businesses.

The award ceremony was held at the 9th International Sochi 2010 Investment Forum. Prizes were presented to the winners by Vladimir Putin, Prime Minister of the Russian Federation, Herman Gref, Sberbank CEO and Chairman of the Management Board, and Sergey Borisov, President of Opora Russia. In 2011, similar awards are planned and six trailers will be given to the winning participants.

SOCIALLY SIGNIFICANT RETAIL SERVICES

Providing retail services to the public has traditionally been the main area of our activities. Given the scale of our branch network, we are capable of ensuring that most residents of Russia have access to financial services. Our customers span all social groups, including those that receive government support, such as pensions and payments to former military personnel. Our branches also handle child and unemployment benefits paid by the government.

Some 30% of all salaries in Russia are paid through Sberbank, while over 40% of all Russian pensioners obtain their pensions at our branches. The balance on pension programmes, for which we offer special socially-oriented interest rates, accounts for about one third (RUB 1.8 trillion) of the balance on all savings accounts at Sberbank. We process an enormous number of payments from individuals, 40% of which are payments for housing and utility services. The Bank handles tax and other payments from the public to the budget and federal extra-budgetary funds, as well as various allowances and benefits paid by the government to individuals.

Sberbank occupies a leading position on the retail lending market. As of January 1, 2011, we accounted for 32% of the market, an amount equivalent to 2.9% of the national GDP. Housing loans comprise roughly half of our retail loan portfolio. In Russia it is very difficult for a family to acquire its own housing. However, for there to be an improvement in the quality of life and for Russia's demographic problems to be overcome, affordable and comfortable housing must be made available.

In 2010, we provided more than 241,000 home loans and mortgages with a total value in excess of RUB 220 billion. This figure accounts for over half of the total Russian home loan and mortgage market and is RUB 113 billion more than in 2009.

The Bank also offers a Young Family mortgage programme for families in which one partner is under 35. The programme is also available to single-parent families. The programme increases access to Sberbank's mortgages as it allows the parents of the young family to sign as co-borrowers.

The Young Family programme also involves a number of significant benefits for families with children. The initial payment under the

programme is 10% of the value of the housing, which is less than for other categories of borrowers (15%). In 2010, within the Young Family programme, Sberbank provided more than 72,000 loans worth a total of RUB 61.7 billion, or almost twice as much as in 2009. Loans can be applied for at the Bank's customer service outlets, including at 160 specialised Mortgage Centres.

We are the main agent in the implementation of the State Housing Certificates sub-programme in the government's Housing federal target programme for 2002–2010. In 2010, we handled payments on 21,265 housing certificates, helping to provide housing to retired or soon-to-retire military officers having served more than 10 years in the armed forces. In cooperation with local authorities, Sberbank has participated in programmes to provide housing to young families, including families of young scientists and young families in rural areas, and in regional programmes to improve the affordability of housing.

The Bank also participates in the implementation of the Affordable and Comfortable Housing national project and cooperates with government authorities in a number of Russian regions, financing investment and construction projects. We are involved in the implementation of regional housing programmes in the Sverdlovsk, Kurgan, Nizhny Novgorod, Kemerovo and Belgorod regions, as well as the Republic of Udmurtia, and the Khanty-Mansi autonomous district.

In addition, Sberbank has actively promoted other banking services with a social focus, including educational and pension loan programmes. Access to quality education allows young people to achieve their aspirations of getting a particular job. Sberbank offers educational loans to cover tuition fees within Russia to those who cannot afford the costs of their chosen education option. The loans are available to existing students and those planning to enrol.

In addition to lower interest rates, borrowers are offered a number of other benefits, including deferral of principal payments and reduced interest payments for the period of study. No collateral, guarantors, co-borrowers or proof of income are required. The programme provides long-term loans extending up to 10 years after the completion of education. In 2010, the Bank provided educational loans worth a total of RUB 195 million.

Sberbank’s pension loans are an option available to working pensioners. When providing such loans, the Bank takes into account both the pension and the salary of its customers. Potential borrowers are offered personal consultations; the maximum loan size and interest rate are determined for each pensioner on an individual basis. In 2010, Sberbank provided pension loans worth a total of around RUB 8 billion.

ACCESSIBILITY OF BANKING SERVICES

Ensuring the Accessibility of Services across the Country

Sberbank provides banking services across all regions of the Russian Federation to all social groups, including in regions with small populations or a low level of economic development. According to our classification, such low-population areas include 24 regions of the Russian Federation with an average population density lower than the national average.¹ Regions with a low level of economic development are defined as those where monthly average income per capita is lower than the national average.² According to our estimates, there are 63 such regions in Russia.

In modern society, access to financial services is a basic individual need and a necessary condition for the economy to function. We work to provide residents of all Russian regions with equal access to Sberbank’s services.

	Availability of services (thousand residents per Sberbank service centre), '000 people	Sberbank share in the total number of banking service centres in the region, %
National average	7.46	50
Regions with low level of economic development	6.86	57
Low-population regions	8.99	49

The Development of Remote Banking

Sberbank currently views the development of remote banking services as an important component of its strategy to improve the accessibility of services. The Bank actively develops and promotes products such as Sberbank Online and Mobile Bank. The use of

^{1,2} According to Russian Statistical Yearbook 2009.

remote banking services not only helps our customers save time but also makes the Bank's services accessible to those who would otherwise be unable to make use of our services.

In 2010, the share of customers using our remote banking services reached 41%, a 3 percentage point increase on 2009. More than 57% of banking operations, including almost 35% of payments, are made via remote channels. In developing our remote banking systems, Sberbank also looks at opportunities and makes preparations for the implementation of a platform that will allow electronic invoices to be sent between businesses and government authorities. The use of such a platform will capitalise on the opportunities opened up by recent amendments to the Tax Code of the Russian Federation.

Sberbank Online is a package of online web-based banking services available to retail customers. The system allows customers to perform a broad range of card and account transactions and obtain information about the status of loans, as well as prepare transfer orders, collection orders and other payment documents. The convenience and mobility of the service, combined with a high level of security, have made it popular among our customers: by the end of 2010, the number of service users exceeded 7.5 million.

The Sberbank Business Online system was developed specifically for small businesses. The system is inexpensive, easy to use and meets the needs of small businesses and individual entrepreneurs, allowing them to track payment documents, store the bank details of relevant organisations and import and export documents formatted in accordance with 1C, a popular accounting and business software suite.

Mobile Bank is a package of services available to cardholders through their mobile phones. Customers can receive SMS notifications on card transactions, check the status of their accounts, block their cards if necessary, manage payments and transfers from their accounts (with certain restrictions) and make payments on loans. The Auto-Payment option allows customers to set up automatic payments to top up their mobile phones. As of the end of 2010, more than 22 million customers used the Mobile Bank Service.

Sberbank is actively expanding its network of self-service terminals, which in 2010 included some 28,000 ATMs and more than 17,000 information and payment terminals. These terminals and ATMs allow customers to perform the most common types of transactions easily and without having to visit a Bank service centre. Customers are able to withdraw and deposit cash, make transfers and pay for utilities, communication services, Internet access and satellite TV. Many self-service terminals allow customers to make cash payments in addition to card transactions.

Self-Service Terminals at Public Transit Stops

In 2010, the Severny Regional Bank installed six self-service terminals at public transit stops in Yaroslavl, Cherepovets and Veliky Ustyug. Such terminals allow people to pay utility bills, easily perform common account transactions and make loan payments, helping customers save time and effort.

Improving the Affordability and Transparency of our Loan Products

In spring 2010, in an unprecedented step for the Russian banking industry, Sberbank abolished all commission fees on retail loans. This meant that interest payments remained the only type of fees paid by individual customers on their loans. Sberbank was the first Russian bank to take such a step to simplify and make more transparent the pricing of loan products for its customers.

In 2010, we continued our programme to restructure the debt of those retail customers who found themselves in a difficult financial situation due to reduced or lost income. The Bank made it possible for certain categories of individual borrowers (those serving in the army or on parental leave) to be granted a deferral on payment or a reduction in monthly loan payments. Those with overdue payments were given the option to negotiate a tailor-made payment schedule. We also developed a scheme to restructure debts for individuals affected by the fires in the summer and autumn of 2010. During the year 2010 we restructured about 15,670 loans. As of January 1, 2011, the aggregated sum of outstanding restructured loans was

RUB 6.82 billion. In addition, to support customers with overdue debt on their credit cards, Sberbank began to develop a programme to restructure this kind of debt through the provision of a consumer loan on preferential terms. The full-scale implementation of this programme is planned for 2011.

QUALITY AND SPEED OF SERVICE

Quality Management and Complaint Handling

Achieving a significant improvement in the quality of service we provide is one of the priority objectives in Sberbank's Development Strategy. As such, we regularly carry out customer satisfaction surveys and studies. For example, in 2010 we conducted a large-scale survey in the retail sector of our business, a pilot study on corporate client satisfaction and a poll of customers using our call centre.

Based on the results of these surveys and studies, we develop programmes to improve quality. In 2010, Sberbank developed and implemented a programme to improve the service quality in the retail sector of our business; in 2011, we plan to develop a similar programme aimed at corporate clients. In order to ensure the effectiveness of our quality enhancement programmes, the Bank includes service quality indicators in incentive programmes for various staff categories.

On the basis of customer feedback and suggestions, we developed a set of corporate service quality standards, which were implemented across our whole network in May 2010. Our programme to enhance the quality of customer service includes a number of instruments that are used to track progress at various stages of interaction with customers. These include:

- Continuous monitoring of the quality of service at service outlets and our call centre using 'Mystery Shoppers';
- Internal inspections on the quality of service at customer service outlets;
- Testing to gauge the usability and functionality of our remote banking services;
- The promotion of a wide range of channels for customer feedback.

The Bank maintains a range of feedback channels allowing customers to submit their suggestions and complaints. These

include our corporate call centre, the Book of Comments and Suggestions, personal customer consultation hours, customer surveys, our corporate website (www.sberbank.ru) and our email and postal addresses. A separate area of activities is the monitoring of customer complaints posted on various regional and federal banking forums and social networks on the Internet. All activities to handle customer complaints across all divisions of the Bank are carried out by the Customer Care Service.

In 2010, in order to improve the quality of customer service, we launched the Ideas Exchange, a publicly available forum on our website (www.sberbank.ru/moscow/ru/idea/). Now every customer is able to not only make a suggestion to improve the quality of service, but also to see other customers' feedback on his or her initiative and to track the progress of the suggestion within Sberbank.

One of our main achievements in 2010 was the launch of the Integrated Distributed Call Centre (IDCC), which is comprised of several sites located in Voronezh, Moscow, St. Petersburg and Yekaterinburg. The main objective of the centre is to provide 24/7 information, consultation and technical support to Bank customers 365 days of the year. The IDCC also handles customer complaints.

Inauguration of the First Integrated Distributed Call Centre

On December 15, 2010, a local IDCC in Voronezh was officially inaugurated by Herman Gref, Sberbank CEO and Chairman of the Management Board. Since the centre's launch, the time necessary for a customer to connect to the Bank's help desk has decreased dramatically — from 40 minutes to 25 seconds. Sberbank has become one of the best Russian companies in terms of this indicator.

The Bank has developed and approved a new standard layout for its Book of Comments and Suggestions, which should be available to customers at every outlet. Unlike the old layout, the new one has a number of structured fields for filing a suggestion or complaint, which helps the Bank optimise further handling of feedback. The Book of Comments and Suggestions is intended to show customers

that we value their feedback and are grateful for their contribution to the improvement of service quality.

At every service outlet, the Book should be placed on a special stand, which also displays when customers can be personally received by a member of our team. In this way all information about how to submit complaints or make suggestions is conveniently available in one place. Our regional banks, branches and service outlets should all have designated hours for personal customer consultation at least two days a week and at least three hours a day.

In order to improve the quality of our operations, we are actively expanding our team of account managers. Customer account managers are experienced and highly skilled Bank employees that have a deep knowledge and understanding of the business of the customers assigned to them. An account manager serves as the main contact point for Bank customers: through their managers, customers are able to select banking products most appropriate for their needs. Currently the Bank offers account managers to its corporate clients in all target sectors.

In 2010, the Bank completed the development of the respective organisational structure to serve large customers and medium-sized businesses. We also started to develop a team of special account managers for small businesses and individual entrepreneurs. In 2011, we plan to fully deploy and begin to further develop the system of account managers at regional banks.

In order to improve the effectiveness of retail customer service, we are transferring our customers to a new service model, the Universal Banking Service Agreement. The agreement defines a package of integrated banking services, making it easier for customers to use key products and services, thus saving customers' time and effort. The card associated with the agreement allows customers to access their accounts and services both at the Bank's service outlets and via remote channels. By the end of 2010, 13.6 million retail customers were transferred to the Universal Contract.

Modernising Our Customer Service Outlets

The re-formatting of our branch network is a key corporate project aimed at improving service quality. The design of new formats for

our customer service outlets is one of the most important elements of the Bank's modernisation process. The new outlets will help introduce a new model for sales and service for various customer segments, while improving the quality and speed of service.

Eight model service outlet formats have been developed, differing in terms of the range of services available. Workstations in the new outlets have extended functionality, allowing a single employee to offer a customer a broad range of the most popular products and services. The spatial arrangement of the new outlets provides for two main areas for retail customer service, a transactions area and a consultation and sales area. There is also an extended self-service area; when necessary, customers are assisted by a consultant who can demonstrate how to use the self-service terminals. Electronic queue management systems are widely used in order to reduce customer waiting time.

The new service outlets have maximum open space and are easy to navigate. The new offices have comfortable waiting areas with water coolers, coffee machines and children's play areas.

In 2010, 22 pilot projects to test the re-formatted service outlets were implemented at seven regional banks. New format outlets were opened in 10 cities in Russia: Moscow, St. Petersburg, Novosibirsk, Samara, Kaluga, Yaroslavl, Gatchina, Mytishchi and Zheleznodorozhny. Based on the results of these pilot projects, new formats will be improved and implemented across the Bank's network of branches. In 2011, the Bank plans to transfer more than 800 service outlets to the new format.

Offices of the Future

The first high-tech Sberbank Office of the Future was opened at the end of 2009 in Moscow, on Novoslobodskaya Street. It became the first 'laboratory' in the Russian banking industry for testing the most advanced banking technologies before deploying them throughout the Sberbank branch network.

One of the most advanced features of the new office is a biometric customer identification system based on visual recognition technology. A customer, with his or her consent, is photographed with a biometric 3D-camera. On subsequent visits, the system

identifies the customer automatically: a virtual manager greets him or her by name and patronymic, while consultants offer relevant products. The system is also used in ATMs, which first identify the customer visually and then ask for a PIN-code. This makes unauthorised use of debit and credit cards virtually impossible.

For those wishing to have a cup of tea or coffee while keeping up to date with the latest news, the office offers a bar with Internet kiosks. Customers' children are invited to the children's play area which features holographic games: they can play virtual football or tennis or try being a 'virtual banker'. The VIP room is equipped with a Microsoft Surface interactive table, which is used to present banking products to customers, a unique use of this technology in the Russian banking sector.

"We built the Office of the Future using technologies, 70% of which cannot be found in any other bank in the world," notes Victor Orlovsky, a Senior Vice President at Sberbank. "And they were developed by us, they are our intellectual property."

Queues in our service outlets often result from a large number of retail customers wishing to make payments. Handling these payments is our traditional area of activity and we make every effort possible to optimise the respective systems and processes. Our first step in this direction was the introduction of the Billing automated payment system, eliminating the need for special forms to be completed for most retail payments. Instead, the customer is given a printed receipt containing all necessary data as proof of payment. The streamlining of the retail payment process has resulted in a significant improvement in the quality and speed of service. In 2010, the system was functioning at all regional banks.

In 2010, the Bank launched another large-scale project aimed at cutting customer waiting time called No Queues. The project's objective is to reduce customer waiting time to a maximum of 15 minutes during peak hours and 10 minutes at off-peak times. To this end, the Bank introduced a flexible working schedule for staff so as to have the maximum possible number of employees serving customers on busy days and at peak times. In addition, a new employee incentive programme was developed under which up to 50% of a given employee's bonus is judged on the number of transactions handled and customer waiting times.

The Third Age University

In seeking to reduce queues at its service outlets, the Vostochno-Sibirsky Regional Bank initiated a project called the Third Age University. Starting from October 2010, groups of elderly customers at the Zheleznogorsk and Sosnovoborsk branches were trained to use self-service terminals and ATMs to obtain their pensions, pay utility bills and make other payments. The results of the initiative are already visible as customer waiting times on peak days have decreased significantly, while the number of newly issued Maestro-Pension cards has increased considerably.

We strive to make our financial services accessible to those with limited mobility. In 2010, the number of service outlets equipped with ramps, handrails or stationary or mobile wheelchair lifts reached 2,112, an increase of 16% on the previous year. Our new format service outlets are equipped with disabled toilets, special tables and ATMs with displays positioned at a lower height.

Streamlining Our Lending Procedures

With the aim of cutting the time taken to process loan requests, Sberbank launched the Credit Factory project. At the heart of the project is an automated lender evaluation process, which is combined with centralised and formalised decision-making. The implementation of the Credit Factory project allowed us not only to reduce our credit risks, but also to simplify the loan approval procedure, reduce the number of necessary customer visits to the Bank and cut the loan request processing time to 1.5 days. The process is successfully employed in the retail lending sector for processing consumer and car loan requests. In the future, we plan to use this technology for decision-making on mortgages.

In 2010, the Moskovsky, Povolzhsky and Srednerussky regional banks started to use this approach in the small business lending segment. Now they are able to make decisions on loans of up to RUB 1 million in three days; while a simplified financial analysis is carried out on the remaining loan applications; that reduces the maximum request processing time to two weeks. In 2011, we plan to replicate this approach in other regional banks. Furthermore, the Bank is working to introduce technology to pre-approve consumer loans.

GOOD BUSINESS CONDUCT

In its operations, Sberbank strictly complies with current legislation and the provisions of the Code of Ethical Principles of the Banking Industry. We also adhere to the principles of good business conduct and fair competition. For example, for ethical reasons, the Bank does not provide loans to certain categories of customers such as pawnbrokers and gambling businesses.

We disclose full and reliable information to our customers on the terms, conditions and procedure for paying for banking services; the appendices to our banking service agreements explain in detail how the cost of services is calculated, which makes it easier for our customers to estimate their financial capabilities and make sound decisions. At the end of 2008, when the financial crisis was worsening, we published our general principles for lending to corporate clients on our website.

Against a backdrop of general instability in the banking system, frequent changes to lending terms and conditions and the lack of clarity, this information proved very helpful. Despite the fact that the situation in the financial markets and in the economy as a whole has generally stabilised, the level of customer confidence still remains much lower than before the crisis. At the same time, the availability of loans has increased; interest rates are lower than before the crisis and lending procedures have been simplified. This is why Sberbank decided to take another step in informing its customers about how lending decisions are made and how problems are dealt with by the Bank. Today the Bank's Credit Manifesto, a document that outlines general lending principles and significant changes that took place over the past two years, is available on our website.

We recognise our responsibility for the actions of our clients and their impact on society and the environment. Therefore Sberbank requires all of its corporate clients to fully comply with current legislation, including environmental laws and regulations. In certain sectors, such as in the chemical and forestry industry, our policies require a mandatory environmental expert review of proposed investment projects. The same requirement applies to construction projects.

Our specialists analyse the conclusion of the expert review and monitor project compliance against environmental requirements.

The customer applying for the loan is responsible for organising the review and associated costs. In order to minimise environmental risks, the Bank recommends that its customers use well-tested state-of-the-art technologies and include costs to reduce emissions and prevent accidents in their project budgets.

Sberbank recognises the necessity and importance of taking action to prevent the use of banking services and operations for criminal ends and we take an active stance in combating money laundering and the financing of terrorism. In 2003, Russia joined the Financial Action Task Force (FATF), an inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and the financing of terrorism. In 2008, Russia was recognised as one of the five best countries in the field of combating money laundering and terrorist financing (MLTF), and Sberbank contributed to that result. The Bank has also signed the Banks Against Money Laundering declaration, a joint statement of a group of Russian commercial banks, and strictly follows its principles and priorities.

Sberbank complies with all Russian legislative requirements in the field of combating MLTF; we have in place a financial monitoring system covering all regional banks and have developed and introduced internal control rules. We have also designated controllers responsible for MLTF-related activities in the Bank's security divisions. As a result of their checks, more than 580,000 suspicious transactions were reported to the Federal Financial Monitoring Service in 2010.

SECURITY AS A PRIORITY

The widespread use of modern payment methods and banking technologies stipulates the need for reliable instruments to protect banks and their customers from fraud. Banking services inevitably involve access to personal data and sensitive financial information and we have the additional responsibility of protecting such data and ensuring its confidentiality. We pay significant attention to preventing and counteracting any attempts to cause damage to the Bank or our clients both externally and internally by insiders abusing their access rights.

The reliability and security of all Sberbank's information systems is carefully monitored on a regular basis. The Bank has in place

access control policies and systems, as well as anti-virus, intrusion detection and perimeter security systems. Cryptographic technologies (digital signatures and data encryption) are widely used in our corporate electronic document flow systems and for data exchange between different divisions. Sberbank has been certified as conforming to the ISO/IEC 20000 (Information Technology — Service Management) international standard, which demonstrates the reliability of its information systems. In 2010, Sberbank ensured that corporate information systems used for personal data processing were compliant with the requirements of Russian Federal Law No. 152-FZ On Personal Data.

Employees are granted access rights on the basis of justified requests, which helps to rule out unauthorised access to information. Employees work with banking information systems on computers that require user authentication and with no Internet access. We also have mechanisms in place to ensure protection from user errors as critical operations require confirmation by another authorised person. The Bank limits the use of flash drives and other removable data storage devices on its premises. No incidents of personal data leakage from Sberbank's information systems or customer complaints about inappropriate disclosure of their personal data were reported in 2010.

In order to ensure the security of online card transactions, the Bank uses a technology based on 3D Secure protocol (MasterCard SecureCode and Verified By Visa), adding another authentication step for online payment. In the near future, the Bank will start to use the same technology for acquiring operations.

The Bank regularly undergoes information security audits in accordance with the requirements of the Visa and MasterCard international payment systems. In 2010, the Bank also began the implementation of a system of measures necessary to obtain PCI DSS (Payment Card Industry Data Security Standard) certification. Sberbank has in place an effective card transaction monitoring system, which can identify a large number of suspicious transactions in real time. Up-to-date information on card fraud and safety for cardholders is published on the Bank's website.

One of the most serious threats to cardholders is skimming — the reading of information recorded on the card's magnetic strip with a

special device. In 2010, 140 cases of the installation of equipment for card fraud and data theft on Sberbank ATMs were reported. In order to counteract this type of fraud, special Rapid Response Groups were created in our security divisions. In 2010, these groups removed and handed over 18 skimming units to the law enforcement agencies. The most effective way to identify skimming attacks in good time is SMS notifications of card transactions. Currently this service is used by more than 20 million Sberbank cardholders on some 40% of the cards issued by the Bank.

FINANCIAL LITERACY

One of Sberbank's objectives is to improve the financial literacy of all of its customers. The more people know about the banking industry as a whole and the services offered by the Bank, the more responsible and balanced decisions their decisions will be. The enhancement of financial awareness helps to reduce the Bank's risks, improve the loyalty of existing customers and attract new ones.

The Bank participates in numerous events and activities aimed at improving financial literacy among small businesses and individual entrepreneurs. We provide consultation, information and organisational support to small businesses. Sberbank collaborates with the relevant federal and regional government authorities, entities involved in providing state support to small businesses and a number of non-commercial organisations active in the field, including Opora Russia, Business Russia, the Russian Chamber of Commerce and Industry and the Russian Association of Young Entrepreneurs.

Our regional banks run consulting workshops, roundtable discussions and meetings on the legal and economic aspects of entrepreneurship; they also participate in business fairs, forums and other presentation events. The government and business and banking communities use such events to jointly identify solutions to pressing issues, thus creating the pre-requisites for the development and modernisation of entrepreneurship in Russia.

In 2010, Sberbank's regional banks took part in over 4,500 events attended by a total of about 60,000 business representatives. Some 30% of these events were organised by the Bank alone or



in partnership with other organisations. Large training events on the fundamentals of entrepreneurship were carried out in Kyzyl, Krasnoyarsk and Voronezh with support from the Vostochno-Sibirsky and Tsentralno-Chernozemny Regional Banks. The Tsentralno-Chernozemny, Baikalsky and Volgo-Vyatsky Regional Banks also supported a series of training workshops and forums for small businesses.

Small Business Training Programmes

A training programme for small businesses was initiated by the Volgo-Vyatsky Regional Bank. The programme was implemented jointly with the Volgo-Vyatskaya Academy of Public Service, the Youth Training and Business Centre Business Incubator and the Department of Entrepreneurship and Trade of the Kirov Region.

In November–December 2010, a series of workshops were held in Urzhum, Sovetsk, Kotelnich, Omutninsk and Kilmez. Some 200 local entrepreneurs attended the events. Feedback from the events was positive, with participants noting that the workshops helped them improve their business skills and enhance their knowledge of finance.

The Tsentralno-Chernozemny Regional Bank launched the Entrepreneur University programme developed jointly with the Business Incubator of the Voronezh State Architecture and Construction University. The programme is intended to educate emerging entrepreneurs about various aspects of creating and running a business, as well as about existing small business support programmes, banking products and services. The first stage of the programme was carried out in October 2010 in the Sodruzhestvo technology park.

We also actively engage with the media and participate in Internet-based projects and on social networks. These activities are aimed at improving public awareness of the services offered by Sberbank. The use of such channels helps establish a connection with existing and potential customers from across the country, allowing us to obtain valuable feedback, discuss issues of interest and share ideas.

The Circle of Trust

In September 2010, Sberbank and Mail.ru, one of the most popular portals on the Russian-language Internet, jointly launched The Circle of Trust. The main objective of this special project is to promote financial literacy in Russia. As part of this project, Mail.ru journalists work with Sberbank specialists to educate customers about banking products and services in clear and simple language.
