

Ensuring availability of financial services

The bank's branch network is the largest and the most far-reaching among Russian banks.

As of 31 December 2012, Sberbank's CSOs reached the total of 18,377 which includes supplementary and operational offices, cash desks outside cash office, and mobile cash offices throughout the entire country.

A wide CSO network is among major assets of the bank that provides for accessibility and competitive advantage of the bank's services. In the area of network development in 2012, we considered the following objectives:

- implementing a new paradigm for developing the bank's physical network (including self-service machines) with a view to provide comfortable and accessible service at client clusters achieving complete satisfaction of client needs (geomarketing);
- developing remote channels of banking service;
- creating special formats for the bank's sales network customized to various client segments.

New model of network management

In 2012 the bank continued implementing the new model of regional network management designed to reduce the number of management lines and optimize network management costs.

In 2010–2012 the bank reorganized 410 divisions responsible for management functions. In late 2012 eleven regional banks completed the creation of the management model that corresponds to the target level. The other six regional banks will implement it in 2013.

In 2012 Sberbank started implementing new techniques of network geomarketing based on advanced geoinformational technologies. This project allowed to

- estimate the target number of employee workplaces and self-service machines required to achieve business targets,
- create a model of optimal CSO location on local markets, and
- identify CSO formats that would ensure effective service of various client segments.

In 2012 the bank used the geomarketing technology to manage customer service outlets in 50 largest Russian cities. A target CSO model was designed and approved for every city. In 2013 the bank will continue this effort in all Russian cities with the population above 50,000 people which will bring a target network model for more than 300 Russian cities.

BRANCH NETWORK STRUCTURE PERFORMANCE

units	01.01.2011	01.01.2012	01.01.2013
Bank's divisions in the Russian Federation, including	19,420	19,249	18,588
Regional banks	17	17	17
Branches	521	505	194
Customer Service Outlets, including	18,882	18,727	18,377
Supplementary offices (total), including	10,069	10,494	11,210
special retail offices	7,429	7,997	8,626
multipurpose offices	2,515	2,373	2,424
special corporate offices	125	124	160
Operational offices	236	588	672
Cash desks outside cash office	8,492	7,547	6,381
Mobile cash offices	85	98	114



ENSURING SMOOTH OPERATION IN THE STATE OF EMERGENCY IN THE KRASNODAR TERRITORY (FLOOD IN KRYMSK, GELENDZHIK, NOVOROSIISK)

In 2012 a number of Yugo-Zapadny bank's offices operated in the state of emergency when flood hit the Krasnodar Territory. At this difficult time, Yugo-Zapadny bank used its best effort to maintain availability of banking services for residents of emergency-hit regions. For these purposes, the bank set up

- A hot line to handle requests from local residents
- Additional workplaces at all points of sale to provide services to households
- A special service to handle lists of emergency victims eligible for government aid and open accounts for beneficiaries

Various regional banks (Srednerussky, Severo-Kavakzsky, Severny, Povolzhsky, Tsentralno- Chernozomy, Uralsky) sent their employees to the Krymsk branch to assist in handling the emergency. The bank performed well in this force majeure situation: over 30,000 requests were processed to locate client accounts or open new ones for government aid to emergency victims.

In 2012 we closed 921 CSOs and opened 571 CSOs at new locations selected on the basis of geomarketing principles. In total, the bank's CSOs closed in 2012 make up around 5% of total CSOs which includes 353 CSOs closed in cities and 568 in rural areas.

The customer service outlets that were closed in urban areas in 2012 did not comply with the approved geomarketing criteria in terms of location (local region, local place) or did not meet the standards of premises condition required by the Branch Network Reformatting programme.

RESULTS OF THE BRANCH NETWORK REFORMATTING PROGRAMME

Indicator	2010	2011	2012
Reformatted customer service outlets	22	872	1,941
Including those located in small communities (cities with population below 100,000 people, townships, villages)	0	203	549



Developing the branch network is based on the bank's understanding of its social responsibility for ensuring accessibility of banking services in underdeveloped and low populated areas. Our social mission defines branch locations: Today, nearly 53.2% of the bank's branches operate in rural areas and in urban-type communities where the resource base and the demand for banking services is lower than in large cities.

ACCESSIBILITY OF THE BANK'S SERVICES IN UNDER DEVELOPED AND LOW POPULATED AREAS

	Supply of bank's services (thousand residents per CSO)			Share of banking CSOs in total CSO in the area, %			Supply of self-service machines (thousand residents per SSM)		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
Country average	7.6	7.7	7.8	49	46	43	3.2	2.5	1.9
Underdeveloped areas	6.9	7.0	7.2	56	53	49	3.3	2.6	2.2
Low populated areas	7.8	8.0	8.2	49	45	41	2.8	2.2	1.6



In rural areas the customer service outlets were closed mainly due to lack of physical conditions to operate, namely:

- critical/unsatisfactory condition of premises/buildings, termination of lease initiated by the lessor (a majority of closed CSOs);
- continuous unprofitable operation, lack of development prospects: The majority of rural CSOs closed in 2012 had one workplace and operated 1–2 days a week, 3–4 hours a day.

We realize that CSO shutdown may affect interests of local residents that got used to this format of banking service. Therefore, maintaining availability of banking services continues to be among most important factors of corporate social responsibility. We seek to find mutually acceptable solutions in consultation with local households:

- In remote areas with underdeveloped transport infrastructure we set up mobile offices, if a bank branch is closed;
- If technically feasible, instead of the closed CSOs we install self-service machines (ATMs, information & payment terminals) that allow to perform a wide range of banking operations.

COUNTRYSIDE BUS

In the Komi Republic, the Republic of Tatarstan, the Tomsk Region, the Urals Region, and other Russian territories Sberbank has introduced mobile customer service outlets to provide services to rural population.

Mobile Offices allow rural households to use the entire range of banking products and services that are available at traditional customer service outlets.

For example, Zapadno-Sibirsky bank has launched a pilot project Countryside Bus. The idea is simple: Instead of a few remote little

CSOs the bank sets up one large customer service outlet and makes arrangements to bring people from remote communities, mainly pensioners, by comfortable buses. Two times a week a specially rented bus goes around eight villages. Especially satisfied with this novelty are our clients from the villages that never had bank's offices.

Development of remote channels

In 2012 remote service channels were developed in line with the bank's development strategy reflecting the market trend of replacing traditional banking operations with self-service and online transactions. An insignificant reduction in the bank's customer service outlets was largely compensated by the growing number of self-service machines that allow to perform a wide range of transactions— from withdrawing or depositing cash to electronic payments for utilities, mobile telephony, transfers to a third party banking card, loan repayments, and other banking operations.

DEVELOPING REMOTE SERVICE CHANNELS

	01.01.2010	01.01.2011	01.01.2012	01.01.2013	Growth in 2012	Growth in 2010-2012
ATMs (thousand machines)	22.9	27.8	34.5	44.6	29%	95%
Payment terminals (thousand machines)	10.6	16.3	21.6	29.4	36%	177%
Mobile bank (thousand active users)	437	1,389	5,300	10,060	83%	23x growth
Sberbank OnLine (thousand active users)	300	719	2,433	5,831	140%	19x growth



In 2012 the bank's fleet of self-service machines rose by nearly one third and demonstrated similar growth rate not only across Russia but also in the underdeveloped and low populated areas.

The Mobile Bank, Sberbank OnLine, and Autopayment projects have opened brand-new opportunities in the area of banking service availability. Developing these products makes banking services accessible not only for the residents of low populated or underdeveloped areas where traditional customer service outlets are unprofitable but also for the disabled people allowing to integrate their routine transactions with banking operations and expand their opportunities in cash management.

Specialized formats

In line with the bank's development strategy, we are in the process of reorganizing the branch network and creating a number of standard formats for customer service outlets.

RESULTS OF NETWORK REORGANIZATION AND CREATING A NUMBER OF STANDARD BRANCH FORMATS

	Total							Byformats?	
	B	E	F	MLC	VIP	BDC	SSO	MO	
2012	1 941	744	628	11	7	35	91	375	50
2011	872	527	256	9	1	7	10	62	0



In 2012 the bank also made progress in organizing the provision of banking services to the disabled people:

- another 547 customer service outlets were equipped with the devices that ease access of the disabled people; the total customer service outlets equipped with such devices now reached 3,000 or 16.4% of all CSOs;
- Volgo-Vyatsky bank launched a pilot branch specially designed to provide services to the disabled clients. The results of this project will be used to further develop the bank's Network Development Programme;
- a pilot project was launched designed to provide services to visually impaired clients with the use of facsimile signature.

Indicator	01.01.2010	01.01.2011	01.01.2012	01.01.2013
CSOs equipped with devices that ease access of the disabled	1,821	2,112	2,461	3,008
Share of CSOs specially equipped for access of the disabled in total CSOs	9.5%	11.2%	13.1%	16.4%



PILOT PROJECT FOR THE DISABLED IN KAZAN

The novelties designed to serve the disabled clients were tested on the basis of the Volgo-Vyatsky bank's division in Kazan.

The new branch introduced the so-called "no-barrier environment" that ensures access to banking service for low-mobility clients. State-of-the-art banking equipment, comfortable spacious rooms are designed to ensure maximum comfort and convenience for all client categories.

Entrance is equipped with an access ramp for wheelchairs and a special button to call a receptionist. Self-service machine is adapted for the disabled, terminals are equipped with loudspeakers for clients with hearing disorders and Braille keyboard for visually impaired people. Floors have special flags, walls bear tactile symbols, pointers are installed on the premises to delineate the disabled movement zone. WC facilities and common areas are equipped for people with disabilities. The branch hired sign language interpreters.