



*We value each and every customer*

*Happiness is like a butterfly: the more you chase it, the more it will elude you. But if you turn your attention to OTHER THINGS, it will come and sit softly on your shoulder.*

*Viktor Frankl*

*banking products should be plain and simple*



*Sberbank was the first to cancel all commissions on retail loans*

**OPENNESS AND GOODWILL**



*Happiness is in our hands. It is close, it is so small, so simple, mine. And we, like small butterflies, weave it from the finest threads that sometimes tear and break. But what is most important is that we keep on weaving...*

**Marina Burmistrova,**  
*Specialist, Collateral Operations Sector*



# 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.

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## ***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 deferrals. 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.

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### ***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.

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### **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.

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### ***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.

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## **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.<sup>1</sup> Regions with a low level of economic development are defined as those where monthly average income per capita is lower than the national average.<sup>2</sup> 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

<sup>1,2</sup>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.

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### ***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.

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### **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](http://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/](http://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.

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## ***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.

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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.

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## *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.

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## **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.

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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.

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## **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.

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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.

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## *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.

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Customer Operations Support Centre "Parma", city of Perm

the skating ring at Patriarskiye Ponds was opened with Sberbank's support

Human subtlety...  
Will never devise an invention more beautiful, more simple or more direct than does nature, because in her inventions **NOTHING IS LACKING**, and nothing is superfluous.  
Leonardo da Vinci



It is critically important to create modern comfortable work conditions for employees



## TEAMWORK AND EFFECTIVENESS



I read that Freud said that love and work are the cornerstones of our humanness. Since reading this I have lived my life by this philosophy. Everything else is a derivative of Love and Work. Harmony, energy, joy, happiness that's what I draw upon.

**Oksana Prokopova,**  
Senior Officer, Budget and Contracts Sector



# Our Employees



Today Sberbank employs more than 240,000 people. The professionalism and motivation of each and every one of them is essential if we are to achieve our ultimate goal of becoming one of the world's leading financial institutions. We constantly strive to improve the benefits of working for Sberbank, complementing a decent salary, stability and respect for the rights of our employees with comprehensive opportunities for personal and professional development and the chance to build a successful career while working to benefit society.

The strategic transformation of the Bank's business relies heavily on its employees. The expansion of product lines and improvements in service quality require new knowledge and skills, greater efficiency and a more customer-orientated approach. We recognise that we cannot transform the whole team in one day; instead we are gradually developing a corporate culture that fosters an environment of change for our employees in their work practice and in education, sport and creativity. The key objective of our employee policy is to encourage a new work philosophy that fuels the drive for constant improvement and strengthens each and every employee's personal commitment to shared success.

We also consider it critically important to create modern, comfortable and safe working conditions for our employees, to ensure their social protection and support in difficult circumstances and to provide opportunities for them to acquire new knowledge and realise their potential.

We view the health of our employees as a significant priority. We view our expenditures on providing employees with quality and timely healthcare services and promoting a healthy lifestyle as a well-justified investment.

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## ***Our vision: What is Sberbank to its employees?***

- A bank that values its employees and cares for them.
  - A place where employees can grow personally and professionally.
  - A banking employer of choice.
  - A place where employees are not simply cogs in a machine but are actively involved in every process.
  - A bank that offers its employees fair compensation and a decent social status.
  - An exciting place to work.
  - An employer to be proud of, a respected institution where employees are confident about their future.
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### **A NEW WORK PHILOSOPHY**

In 2009, Sberbank embarked on a new project to radically change the entire ideology and philosophy behind how people work at the Bank. We called it the Sberbank Production System (SPS). The concept of the SPS is based on the philosophy of continuous improvement and lean manufacturing. Relying on this concept, we seek to achieve qualitative changes in three main areas: process optimisation, improving the management system and changing employee mindset and values. The latter objective is the most important and the most difficult, since it requires the engagement of every employee at the Bank.

In 2010, we completed the SPS roll-out phase in our retail and small business segments. Initial results were very promising, demonstrating that the system is highly effective. We paid significant attention to developing our SPS infrastructure, by creating competency centres and pilot customer service outlets. The approaches developed over the course of SPS roll-out formed the foundations for a number of major corporate projects, including

the re-formatting of our branch network and the development of quality and service standards.

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## *New Development Areas*

Roll-out of the Sberbank Production System began at outlets serving individuals within our retail network. Having recorded strong results in the initial roll-out, we continued to expand the approach across the whole system. To date, the SPS has been adopted at 8,000 large offices.

As a result of SPS roll-out in the Bank's retail segment, average customer waiting times decreased by 36% in 2010. Due to improved efficiency, there were some personnel changes, with employees whose positions were eliminated being retrained and assuming new roles as consultants, customer floor administrators and account managers. Sales of key banking products in the retail segment increased threefold and we noted an increase in customer satisfaction.

Looking at the results of 2010, we can say with confidence that the SPS has become an integral component of the Bank's transformation process, giving us a competitive edge that will help make the Bank a truly modern organisation while bringing the quality of our customer service up to international standards. In 2011, we plan to implement the SPS in more than 15 divisions of the Central Head Office and regional banks.

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We also began to roll out the SPS across other Bank divisions such as accounting, internal control and IT. In 2011, we will actively roll out the SPS in other support divisions including cash collection, administration, legal and security. All divisions in which we have begun to implement the SPS have already started to show a significant increase in labour productivity of about 20-30%. We expect similar results from the remaining divisions.

We analyse and communicate progress on the roll-out of the SPS to all of the Bank's divisions on a regular basis. In our efforts to foster a new corporate culture, we have set up professional networks within the Bank. We run training workshops about the SPS and there are special sections on the system in Good Morning

Sberbank, our daily electronic newsletter, and in My Sberbank, our corporate newspaper. Changes in employee mindset and behaviour have already begun to manifest themselves through an increase in the number of suggestions on how to improve systems and processes with the Bank. In order to collect, discuss and evaluate employee suggestions, we created a special information resource, the Ideas Exchange. Engaging employees and encouraging constructive contributions to the reorganisation and development of the Bank are among the key objectives behind the promotion of our new ideology and work culture.

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## *The Ideas Exchange*

The Ideas Exchange is an integrated platform to manage innovative employee suggestions to improve the Bank's activities. It is now in its second year of successful operation and continues to attract large-scale involvement from our employees, demonstrating its significance and popularity. In 2010:

- the number of users increased 15-fold, exceeding 50% of the total workforce;
- the total number of suggestions increased 36 times;
- over 12% of suggestions submitted were accepted for implementation;
- the overall financial benefit from the implementation of suggestions exceeded RUB 1 billion.

The opportunity to contribute towards improving the Bank's systems and processes is open not only to employees but also to those we work for – our customers and shareholders. To open up the suggestion forum to the public, we launched a new service on our website on December 31, 2010. The service allows users to submit suggestions on improving the Bank's work, receive consultations, learn about the views of other participants and discuss issues of interest in the general forum.

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### **REALISING EMPLOYEE POTENTIAL**

The professional development of our staff is inseparably linked to the new approach and attitude to work. The Bank has developed and implemented a broad range of corporate training programmes

aimed at managerial and specialised professional training and the development of necessary skills. The new personnel development and training programme has affected absolutely every level of our organisational structure from bank teller to senior manager.

In 2010, we continued to consolidate corporate training and professional development through our Corporate University, an entity with truly huge and unique objectives. The uniqueness of the University's objectives stems from the sheer scale of Sberbank's operations and from the breakthrough in the level of professional development we all have to make in the next few years.

A new concept for our corporate training system was developed within the Corporate University project, which aims to ensure continuous professional and personal development for our employees and support corporate transformation and modernisation projects. We developed highly innovative training programmes, such as the Sberbank Production System and High-Quality Service, which aim to foster a new corporate culture within the Bank. Employees not only participate in training sessions, work placements and business games but are also encouraged to study independently.

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## ***New Manager Training and Development Programme***

Sberbank pays enormous attention to the development and training of its management. All senior and mid-level managers are evaluated against our corporate managerial competency model. Our objective is to ensure that we involve our management in development programmes as much as possible, giving them the opportunity to realise their potential and maximize their efficiency. To achieve this objective, the Bank uses modern training approaches such as business games, case studies and business simulations. In 2010, more than 15,000 Sberbank managers received training through various managerial training programmes.

We invite the best international coaches and teachers to train and develop our managers. In September 2010, Donald Sull, a Professor of Management Practice in Strategic and International Management at the London Business School delivered a workshop on Successful Implementation of a Bank's Strategy: How to Improve

the Agility of an Organisation while Preserving Its Sustainability. In October, Robin Sharma visited Sberbank and gave a lecture titled Leadership for Everyone; while Steven Spear ran a workshop on High Velocity Organisations: Leadership, Innovation and Lean Production. Anthony Hourihan and Stephen Covey also gave presentations to Sberbank managers.

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In order to ensure high quality training and re-training, the Bank needs highly skilled business trainers and state-of-the-art infrastructure. Since 2009, we have been actively assembling a nationwide team of internal trainers, which should become the main driving force of the Sberbank Corporate University. Employee training and development activities are carried out at corporate training centres and regional training sites according to training programmes standardised across Sberbank.

The Bank is actively implementing a number of projects to modernise existing training centres and construct new facilities in Moscow and various other regions. At the moment a huge campus for our Corporate University is being designed, which will be built in the Moscow region. The campus will be capable of receiving 200 students from various regions simultaneously. A recently modernised training centre in Odintsovo is now ready to receive students. Training centres in St. Petersburg, Novosibirsk, Rostov-on-Don and other cities are also being actively developed.

Sberbank is now working keenly to develop distance learning infrastructure based on state-of-the-art technologies. For example, the video conferencing system rolled out at branches across the country is an essential instrument that plays an important role in every major personnel training project. The Bank has in place well-tested technologies to rapidly spread knowledge throughout the whole learning system by means of video lectures, business games, master classes for trainers, e-learning courses and tests. It is advanced technologies such as video conferencing and IP telephony that help us provide equal opportunities for the development of key managers in any region despite the huge scale of our operations and the enormous distances between our offices.

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## **Sberbank 2020**

Sberbank 2020 unites four organisations around a common goal: to facilitate the development of young talented employees at the Bank. Participants in the initiative include the Corporate Student Union, the Youth Union, the League of Talent and the 2020 Board. Sberbank 2020 forms a shared information, communication, innovation, education, culture and project space. Participation in this space gives young employees the opportunity to design and implement their own projects, accelerating their personal, professional and career growth. The motto of the young employees board of Sberbank 2020 is Your Chance To Achieve More.

Starting in 2011, the Corporate Student Union will pay particular attention to the search for talented students. Early identification of the most promising students at colleges and universities and subsequent professional training will help lay the foundations for the Bank's team of the future.

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It is important to us that absolutely every Sberbank employee receives some form of training each year. We strive to make continuous professional and personal development an integral part of our corporate culture, involving our staff in various development programmes. The training requirements of each employee are identified as part of the process to create personalised development plans. Our corporate Intranet portal has a special training section, where each employee can obtain all the necessary information about available training programmes and register and complete e-learning courses.

In order to assess the effectiveness of training, the Bank has introduced an online system to test the knowledge and skills of employees after training. In addition, after completing a course, employees are asked to fill out an electronic questionnaire and over a certain period of time, feedback is provided by managers in the respective units.

Sberbank actively engages with the best providers of personnel development services. Wherever necessary, the Bank contracts specialised training centres, audit and consulting companies and leading Russian and foreign business schools, as well as

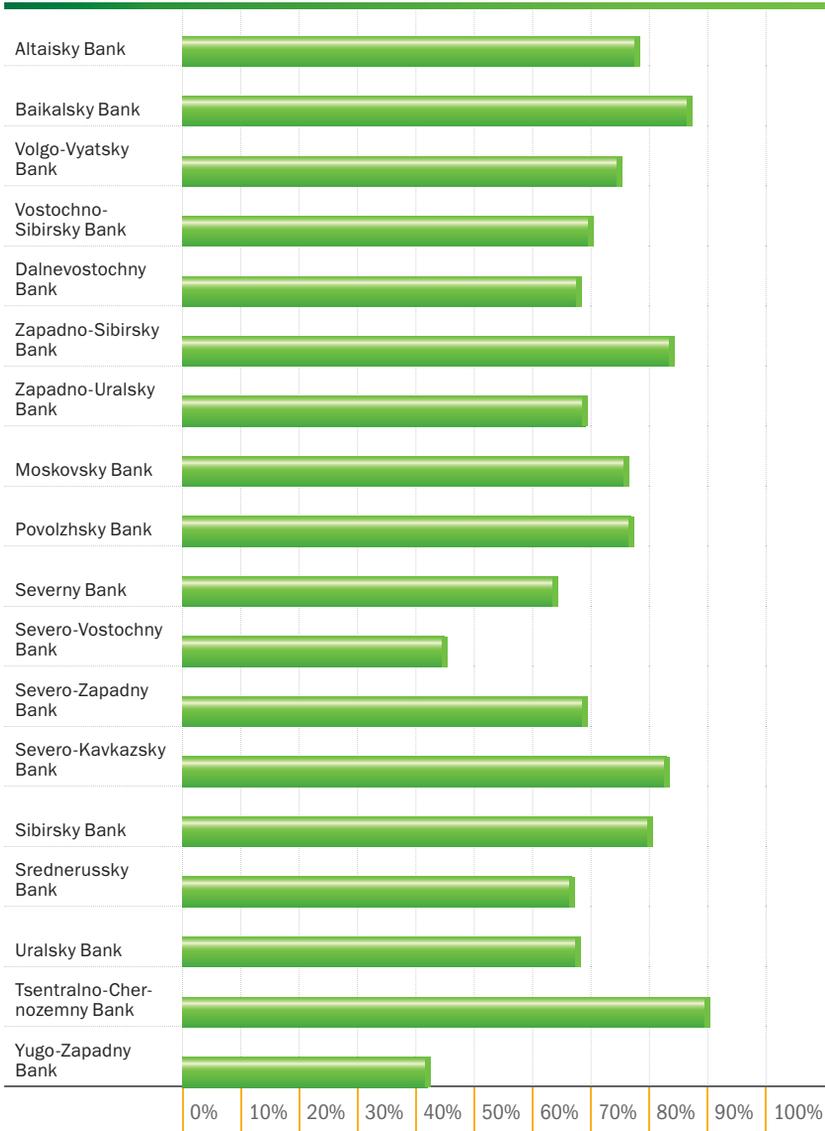
business consultants, to provide training for its employees. A major competitive tender intended to create a pool of the best Russian business trainers for further cooperation with the Bank is close to completion.

We encourage partnerships between Russian universities and Western business schools, concluding agreements on skills training and further education. Within our employee incentive programme, we reimburse half the costs of such programmes to our employees. In 2010, we held a joint Sberbank-Skolkovo contest for employees of the Central Head Office, regional branches and subsidiary banks. The three winners were awarded places on the Executive MBA programme at the Skolkovo School of Management at the Bank's expense. At the same time, Sberbank initiated negotiations with a number of regional universities, which were invited to provide their premises and training infrastructure for delivering training programmes developed by the Bank to its employees. It is expected that in the future, some of these programmes will be handed over to the universities, which will be able to use them in their general training process.

In 2010, a total of some 165,000 employees from regional branches and 2,700 employees from the Central Head Office (about 70% of the total number of employees) received some form of training, while the Bank's expenditures on employee training amounted to around RUB 515 million. The average amount of time spent on training per employee in 2010 was 6 work days (48 hours).

**AVERAGE EXPENDITURES ON EMPLOYEE TRAINING IN 2010, RUB**



**PERCENTAGE OF EMPLOYEES TRAINED IN 2010, %**


To enable easy access for our employees to international best practice in the field of modern management, leadership, personal development and time management, in 2009 we launched the Corporate Library. Within this project, the Bank publishes modern business and personal development literature and distributes it among employees. In 2010, 11 books were published in the series, including, among others: A Complaint Is a Gift: Recovering Customer Loyalty When Things Go Wrong by Janelle Barlow and Claus Moller; Good to Great by Jim Collins; The Toyota Way by Jeffrey K. Liker; Leading the Leaders: How to Enrich Your Style of Management and Handle People Whose Style is Different from Yours by Ichak Adizes; and The 7 Habits of Highly Effective People by Stephen R. Covey.

The corporate Intranet portal has an online bookstore, where each employee is able to order a book directly from his or her workplace, while enjoying corporate discounts. This service is particularly helpful to those working in remote and rural areas where it is difficult to buy recently published business literature.

### **MOTIVATION FOR SUCCESS**

Motivating our employees is a critical factor in achieving our shared corporate goals. The Bank pays significant attention to the development of corporate motivation programmes involving both tangible and intangible rewards and to the creation of incentives for effective work. Sberbank's main remuneration principle is pay for results, not procedures.

In seeking to attract and retain highly-skilled staff, we strive to offer our employees a competitive level of remuneration. We rely on specialised and general sector surveys to benchmark the salaries we offer against the employment market. We use a system of salary grades and determine base salary brackets for each grade taking into account salaries for similar jobs offered on the employment market. In 2010, the average monthly salary for Sberbank employees (including all payments in the reporting year such as annual performance bonuses and rewards for the length of service) increased by 28.4% compared to 2009, reaching RUB 44,000.

It is our belief that employees should have the opportunity to influence the size of their remuneration and in 2010 we began a reform of our corporate employee motivation programme. A new system based on modern approaches towards the evaluation of staff performance is already in place at the Central Head Office, and we are working towards introducing it at our regional banks. The personnel evaluation tools used in the system (evaluation centres, business games, conferences and guided interviews) rely on a model of key competencies.

The performance of managers from department heads to senior management is evaluated according to the Priority Projects system. This includes setting objectives for managers, monitoring their progress and evaluating their performance on completion. One of the key principles in this system is the notion of cascading objectives. This implies that objectives aligned with the Bank's strategy are first established for senior management. These objectives are then cascaded down through the organisational hierarchy, determining objectives for numerous local sub-projects. In the future, the Bank plans to develop professional tests to assess managers, the results of which may be used when making appointment and rotation decisions. We also plan to undertake an assessment of division teams and to prepare recommendations on the optimisation of their performance.

The evaluation of non-management staff is based on the 5+ personal efficiency evaluation system. Through this system, staff are assessed against five criteria: personal performance; improvement in professional knowledge and skills; innovation and process optimisation; team work; and customer orientation. The evaluation results are used for distributing among individual employees a bonus fund allocated to a particular division while the overall size of the bonus depends on the overall performance of the division.

In order to replicate this approach at our regional banks, we are actively working to form regional personal evaluation centres, develop distance evaluation methods and roll out staff training and assessment programmes. The Bank also has specific motivation systems tailored for certain categories of staff, such as front-office workers. The system launched in 2010 directly links additional rewards and bonuses to sales of specific products. Our corporate

programme to create a staff evaluation and career management system has been classified as a strategic programme and is overseen by Sberbank's senior management.

We strive to provide our top employees with the best possible opportunities for career growth and to realise their potential. The Bank already had in place a system to create a succession pool, but in 2010 we started a radical reform of the existing format. The new version of the corporate regulations on the succession pool will incorporate international and proprietary best practices with regards to forming and maintaining a succession pool. Our succession pool programme, like the staff evaluation system, is based on the development of key competencies. Career development experts are tasked with preparing personalised development plans for promising employees, helping them to fully realise their potential and to find positions best suited to their personal strengths and interests.

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### *League of Talent and Galaxy*

Succession pool projects are a key component of the Bank's personnel development system. The promotion of promising employees not only helps the Bank meet its need for a highly skilled workforce by using internal resources, but vividly demonstrates to other staff members the opportunities available for career and professional growth.

The League of Talent corporate project allows the best young employees to join teams working on priority business projects. The Galaxy and Galaxy-2 projects exist to select and train successors for positions on the Management Board or as heads of branches at our regional banks. The State programme prepares candidates to be heads of customer service outlets.

All employees selected for the project receive a comprehensive assessment. Based on the results of this assessment, we develop personalised competency development programmes, which include mentoring and relevant training courses. All employees are given specific recommendations on how they can improve their work, taking into account their strengths and weaknesses. High-potential employees are offered development plans on an individual basis.

In 2010, following the launch of these projects, we formed succession plans for key positions at the Central Head Office and identified operating and strategic succession pools.

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In addition to salaries and bonuses, the Bank offers its employees a package of social benefits, such as a financial allowance for significant events and special circumstances, additional payments for non-working pensioners and various extra allowances for those working in the Far North of the country. Important additions to the corporate social package include a special voluntary medical insurance programme which is jointly funded by the Bank and its employees, an injury and serious illness insurance programme fully funded by the Bank<sup>3</sup> and subsidised loans for employees. Certain regional banks provide additional benefits such as meal allowances.

We consider it important to help our employees maintain their financial stability after retirement. In order to improve the level of its employees' social protection, the Bank is developing a Corporate Pension Programme which is to be launched in 2011. The Bank will make annual contributions to programme participants' personal accounts in Sberbank's occupational pension fund; the size of this contribution will depend on the length of service with the Bank. After retirement, programme participants, in addition to regular state pensions, will be paid occupational pensions, the value of which will depend on previous payments made into their personal pension accounts.

We encourage our employees to strive for professional growth and excellence in their work. In addition to financial rewards, we pay significant attention to public recognition of their achievements. The Bank has in place a system for rewarding individual employees and teams for outstanding performance. Each year we conduct a traditional competition based on performance among our regional banks and also a Best in the Profession competition for a number of employee categories. Competition winners are offered various professional development opportunities, including work placements at the best divisions of regional banks and the Central Head Office, participation in experience sharing conferences and opportunities for additional professional education and training.

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<sup>3</sup>For more details see "Working Conditions and Promoting a Healthy Lifestyle."

The corporate award system is another component of the Bank's approach towards intangible rewards. These awards include: acknowledgment by the CEO of the Bank, badges of honour, corporate medals, certificates of merit and inclusion in the corporate Book of Merit. For the most outstanding achievements, the Bank nominates its employees for government awards and recognition.

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### ***Best in Profession***

In 2010, the Best in Profession competition was held for the second time. Representatives from the most common lines of work in the banking sector took part in the competition, as it is their efforts that make the largest contribution to the overall quality of our work. Contest categories included such positions as head of customer service outlet, corporate customer service specialist, retail customer service specialist and cash collection specialist. According to our corporate tradition, winners and runners-up were awarded diplomas, ribbons and financial rewards from our CEO.

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### **Best Corporate Customer Service Specialist**

**Evgenia Gudayeva,**  
a corporate customer service specialist at the Irkutsk branch of the Baikalsky Regional Bank.

Has worked at Sberbank since 2006. Actively participates in corporate events and training sessions. Served as a mentor in the Alternative Channels and Active Sales corporate processes.

By taking part in the competition Evgenia wanted to test herself and assess her skills and professional level. Evgenia's co-workers were eager to support her.

Evgenia sets herself ambitious goals, strives for career growth and is not afraid to face challenges. She is interested in trying other areas of work in the banking industry.

Hobbies: Swimming and piano.



### **Best Microbusiness Specialist**

**Natalia Samoylova,**  
leading inspector in the corporate loan department at the Sormovo branch of the Volgo-Vyatsky Regional Bank.

Has worked at the Bank since 2007. A natural leader, Natalia looks for every opportunity to participate in federal and regional small business support programmes and invariably stands out as one of the best.

It was active support from her co-workers and husband that helped Natalia win the competition. During the competition she was able to demonstrate her organisation skills, as well as her ability to negotiate, manage a resource portfolio and achieve defined objectives in the most efficient manner.

Natalia strives for professional growth and development. She is convinced that she is ready to take on a position that would allow her to use her organisation and leadership skills as much as possible, while sharing her extensive experience.

Hobbies: Russian billiards and archaeology.



### **Best Retail Customer Service Specialist**

**Tatyana Rykova,** senior teller controller in the operations department of the Tsentralno-Chernozemny Regional Bank.

Has worked at Sberbank since 2006. Participates in corporate events and SPS roll-out, serves as a mentor and has delivered a number of training courses.

Tatyana saw the competition as an opportunity to test herself and to use her knowledge, skills and experience while competing with peers from other regional banks. The support of her co-workers, friends and relatives helped her fully realise her potential and emerge victorious in the competition.

But Tatyana is not going to rest on her laurels. She now works in the corporate loan segment and is committed to achieving significant success in this new field.

Hobbies: Travel and reading biographies and books on history.



### **Best Cash Collection Specialist**

**Igor Osokin,** senior cash collection specialist in the cash collection and valuables transportation department of the Central Head Office.

Has worked at Sberbank since 1999. Fulfills his duties conscientiously. Ably uses knowledge and skills acquired for securing transportation of cash and valuables as well as handling the service weapon.

In 2010, Igor won a professional skill competition and became the best cash collection specialist of the Central Head Office. Therefore, he was put forward to participation in the Best in Profession competition.

Igor is an open and sociable person. He steps up as a leader and takes the responsibility to supervise a team. Igor is committed to his job, he is goal-oriented and a real team player. This is what brought him the victory.

Hobbies: sports, namely gymnastics, mountain skiing and kick-boxing (candidate master). Currently finalising his studies in Moscow State Open University.

## THE SENSE OF A COMMON CAUSE

Without a feeling of belonging, it is impossible to build a cohesive team. We make every effort to help our employees feel like they belong by fostering a corporate culture that supports the Bank's values, while at the same time ensuring conditions in which employees can develop their professional skills and fulfil their ambitions. As such, we aim to create a shared space for corporate communication. Employees in each and every division of the Bank should feel this sense of unity and be aware that they are working for a common cause.

The common values and regulations of Sberbank's corporate culture are laid out in the Code of Corporate Conduct, which defines the rules of behaviour that apply to all Bank employees. Each new employee is informed about these rules and asked to sign a Declaration of Consent to Apply with the Ethical Standards of Sberbank of Russia. The Bank has in place a system of measures and practices intended to make it easier for new employees to adapt to their new job and the new corporate culture. One instrument that assists this process is the Newcomer's Guide, an interactive multimedia publication, which contains all the key information a new hire may need. Some regional banks provide special orientation programmes for new hires. Furthermore, we assign personal mentors with extensive experience of working in the Bank to new employees during their trial employment period.

The main instrument used in the Bank's internal communications is our corporate Intranet portal. This contains a special section on the Sberbank Production System and sections on structural divisions and regional banks, as well as corporate standards, regulations and useful documents. The portal is the key channel for employees to provide feedback to the Bank's management. We have plans to further develop the portal that include the creation of virtual offices.

All employees receive Good Morning Sberbank, our daily newsletter, as well as Sberbank Day by Day, a weekly newsletter that provides a brief review of key events relating to the Bank over the past week. Other internal communications instruments include My Sberbank, a monthly newspaper, and information boards. The Bank also maintains a telephone hotline for employee feedback and inquiries.

Each month Bank employees receive a letter from the CEO and are able to submit their comments and suggestions in response. Reports summarising employee feedback are prepared and circulated among the management. Employees are also able to write directly to the CEO; in 2010 Herman Gref conducted his first hotline session with employees via video conference.

Not all employees have reliable and regular access to our Intranet portal and their email accounts; this is a particular problem in remote rural areas and some small internal divisions of the Bank. Therefore we use a broad range of communications instruments to ensure that we reach every employee. We currently plan to resume publishing a printed corporate newspaper and to launch our revamped corporate magazine.

In 2010, Sberbank carried out a study to gauge employee satisfaction with the quantity and quality of our corporate communications. The results of the survey will help us choose the right communications channel depending on the message and intended target audience.

At Sberbank, we hold various corporate celebrations on a regular basis. Such events help maintain corporate spirit and traditions, foster an atmosphere of mutual trust and understanding within the Bank, reinforce informal ties between staff members, enhance employee loyalty and create a sense of working towards common goals. Important dates traditionally celebrated at the Bank include International Women's Day, New Year, Victory Day and Sberbank Worker Day. Each year we also organise various events for children, such as New Year parties, active holidays and art competitions.

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## ***The Big Sberbank Race***

In October 2010, the Vostochno-Sibirsky Regional Bank organised an employee forum called the Big Sberbank Race. As part of the forum, Herman Gref, Sberbank CEO and Chairman of the Management Board, held a meeting with branch heads. The forum also saw a roundtable with young employees and a ceremony in which various SPS qualification grades were awarded to employees. More than 1,300 people took part in the forum and 54 initiatives were submitted and subsequently posted on the Ideas Exchange.

The forum closed with a multi-sport competition that involved car races, a ropes course and other challenging contests. The winning team was awarded the grand prize of a group parachute jump.

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In recognition of the need for employee feedback and its importance in the effective development of our HR policy, we carry out employee satisfaction surveys on a regular basis. In 2010, we conducted a large-scale series of studies that covered a substantial portion of the Bank's workforce. The results of these studies helped us determine plans to further improve our corporate culture.

### **WORKING CONDITIONS AND PROMOTING A HEALTHY LIFESTYLE**

For our employees to be happy and productive in their work, we need to ensure decent working conditions. This has been highlighted as a priority objective.

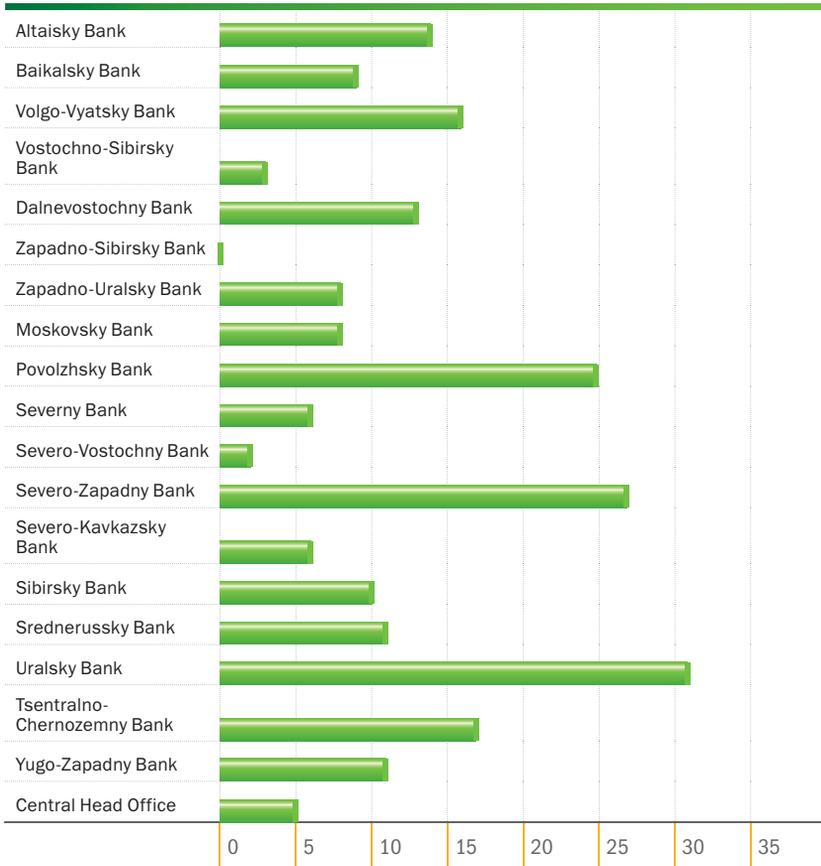
All Sberbank assessments of employee working conditions are performed with the involvement of representatives from trade unions. These assessments are usually associated with internal monitoring procedures or workplace certification and are based on a number of indicators, such as lighting conditions, the office microclimate and non-ionising radiation. They also involve an evaluation of stress and exertion levels. If any non-conformance issues are identified, then we immediately develop and implement measures to rectify them and improve working conditions. No work-related health issues were diagnosed among Bank employees.

One goal of our branch re-formatting programme is to improve productivity and employee satisfaction. To achieve this we need to optimise work processes and techniques, while also improving office ergonomics and working conditions as a whole. In 2010 we developed new requirements for our offices that lay out how workspaces should be arranged ergonomically to ensure high functionality. The requirements also stipulate that a room for relaxation and meal breaks be made available.

The Central Head Office and Sberbank branches have in place joint health and safety commissions comprising representatives from the Bank and the trade union. Members are allotted time to serve

within the commissions and to undergo training in occupational health and safety (OHS). Employees responsible for OHS are trained and tested both internally within the commissions and by third-party organisations.

The work of certain staff categories (such as those tasked with cash collection and security guards) involves increased risks. Sberbank has in place a special mechanism that covers such employees and their families. All employees that have the right to carry, store and use firearms are covered by life and health insurance against any incidents that occur during the course of their work. Sberbank concludes additional agreements with employees in its cash collection and security divisions that determine compensation to be paid by the Bank in the event of any harm to their life or health resulting from performance of their duties in the event of a robbery. We have in place a system of measures that allow us to ensure that the safety of such staff meets the required level.

**THE NUMBER OF OCCUPATIONAL INJURIES, cases**


58

By your side

Sberbank investigates and logs any occupational injuries. We analyse the causes of any injuries and develop measures to prevent them. In 2010, the lost workday rate for Sberbank as a whole was 3.7 days per 100 employees.

In 2010, there were three fatalities at the Bank. A teller controller at an additional office of the Irkutsk City Branch of Sberbank was killed in an attempted robbery; two employees from the Nevinnomyssk Branch were killed in a car accident on their way

home from a Personnel Training Centre. Both incidents are being investigated.

We are particularly proud of our new system of medical benefits, which was launched in 2010. It is a unique initiative. We were the first company in Russia to offer its employees a package of health care benefits on such scale and on such terms. In believing that caring for employee health is first and foremost an investment in our human capital, we implement a range of corporate health-related programmes in addition to compulsory health insurance. These programmes include voluntary medical insurance, injury and serious illness insurance, a system of regular medical check-ups and the Office Doctor programme.

The new voluntary medical insurance programme is based on a co-funding scheme: 50% of the insurance premium is paid by the Bank, while the remaining 50% is paid by the employees themselves. As of the end of 2010, more than 85,000 people or 35% of the Bank's total workforce had joined the programme. The corporate injury and serious illness insurance programme provides for payment in the case of an injury, serious illness, disability or death. All Bank employees are included in the programme, which offers global coverage.

All Bank employees are invited to undergo regular medical check-ups and are granted leave for this purpose when necessary. This measure is aimed at preventing illnesses and identifying diseases at their early stages. The Bank launched its new system of medical benefits in July 2010 and in-depth medical check-ups for employees began in October. Within three months, more than 95,000 Bank employees or 39% of the total workforce had been given check-ups.

The aim of the Office Doctor programme is to create a corporate sickness prevention system and a network of first aid centres at the Bank's offices. One of the functions of the Office Doctor is to promote a healthy lifestyle among employees; the Bank also actively uses its corporate media for this purpose. For instance, the 9th Value section of our corporate Intranet portal contains recommendations on how to avoid the most common conditions (such as flu and eyesight and posture problems). The Office Doctor programme is financed by the Bank.

A healthy lifestyle forms the foundation for development and harmony in our employee teams. Sport is one way to foster team spirit and encourage positivity while helping our employees keep healthy. Sberbank is one of the most sporting companies in Russia; we hold tournaments and competitions in various disciplines all year round at different levels and throughout the country. The largest corporate sports event is the All Russia Sberbank Olympics, a multi-sport team-based tournament held twice a year in the summer and winter. Teams from regional banks are selected to compete in our Olympics through regional tournaments. To encourage our employees to play sport and keep fit, we also rent sports facilities and have set up sports and fitness centres at our sites.

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### ***The All Russia Summer Sberbank Olympics***

The 9th All Russia Summer Sberbank Olympics were held in autumn 2010 in Sochi. Some 2,000 Sberbank employees from all regions of Russia, Kazakhstan, Ukraine and Belarus took part in the event. A total of 937 competitions in 15 sporting disciplines were held. But the real highlight of the tournament was competitions in special banking sports, such as a medley relay that included running with a bag of money, counting the money in the bag and a race on inflatable skis. At the end of our Olympics, we held a friendly football match between teams from Sberbank and the Sochi 2014 Olympics Organising Committee. We also ran a traditional arts festival alongside the Sberbank Olympics to showcase the creative talents of our employees.

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### **IN PARTNERSHIP WITH THE SBERBANK TRADE UNION**

The Sberbank trade union was created in accordance with employees' rights to freedom of association and collective bargaining. As of the end of 2010, 193,478 employees, or some 80% of the Bank's total workforce, were union members. Overall, 2010 saw the strengthening of the union's role within the Bank. Currently local union representations meet regularly with representatives from the employer to discuss benefits and compensation, personnel motivation and other significant issues. The trade union plans to launch its own website and telephone hotline.

*We see the trade union as an organisation capable of facilitating constructive dialogue and being an effective intermediary between the Bank's management and employees.*

**HERMAN GREF**

*at a meeting with representatives  
from regional and local union groups.*

In October 2010, Sberbank signed a collective bargaining agreement for 2010–2013 with the trade union. The agreement aims to further develop stable, transparent and friendly relations to protect the social and working rights of Bank personnel. The agreement will be further amended as the Bank launches new social programmes currently being planned. The new collective agreement does not simply reiterate compulsory requirements in current labour legislation, instead focusing on the benefits and guarantees provided to employees in addition to those required by law. What makes it different from the previous document is the high level of detail and employees' broad engagement in drafting the agreement. The provisions of the agreement apply to all Bank employees.

The agreement provides for the trade union to play an active role in relations between Bank employees and management. For instance, the heads of trade union committees at Sberbank and its regional banks are invited to participate in meetings of the respective Management Boards at which issues concerning working conditions and social benefits and guarantees available to employees are discussed. We also plan to establish a Labour Dispute Commission.

The new agreement requires that the Bank's management and the trade union annually consider the need to change the remuneration level and range of benefits and compensation available to employees. Specific amounts of funding are allocated for this purpose. This discussion should take into account changes in the labour market, inflation and the Bank's financial standing. In 2011, we also intend to carry out a survey to gauge employee satisfaction with existing remuneration and benefit packages.



**DO** what you **CAN DO** now  
and soon you will  
be able to do  
what previously  
**WAS CONSIDERED**  
**IMPOSSIBLE.**

Theodore  
Roosevelt

the Bank  
has developed a strategic  
partnership concept with  
leading Russian  
Universities



We are  
participating  
in the Universal  
Electronic  
Card Project...



.. Sberbank is a  
financial partner  
and consultant on the  
"Energy Efficient Block"  
project in the city  
of Tyumen

Sberbank  
is the General Partner  
of the "Golden Mask"  
Theatre Festival

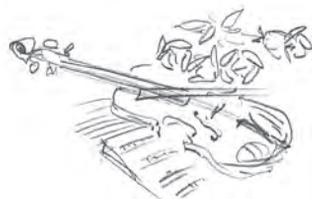


## PRUDENCE AND PROFESSIONALISM



Every morning for the past 20 years I have got ready to go to my beloved work; I bring happiness and confidence to people and I receive a great deal of pleasure from that.

**Marina Medvedeva,**  
Head Manager of Outlet Office



# Our Contribution to Social Development and the Development of the Country

Our success is inextricably linked to social development in Russia and the sustainable development of the country. At Sberbank, sustainable development means not only economic growth but also the creation of favourable social and environmental conditions. Within our core business activities and through our voluntary work, we strive to contribute to sustainable development and also to inform the public about our progress in this area.

We are involved in numerous socially significant projects, sponsorship programmes and charitable activities as it is important for us that we develop as one with society and contribute to improving the quality of life for the population. By developing education, science, sport and assisting those in difficult situations, we are supporting our customers, employees and everyone around us. This is our investment in the future.

Sberbank maintains a constructive dialogue with the government in order to identify the most effective and mutually beneficial forms of cooperation. We understand that the development of the country is to a significant extent associated with the creation of modern infrastructure. We partner with the government in the implementation of projects to create a favourable business environment and comfortable living conditions for the population.

Although the banking business is usually considered relatively environmentally friendly, the scale of our operations means that we consume significant energy and resources. We recognise this and work to minimise the direct environmental impact of our operations, which helps us to both reduce costs and contribute to improving the environment.

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## ***Our vision: What is Sberbank to the country?***

- The leading bank, a pillar of the country's financial system, its growth and prosperity.
  - A partner in the implementation of government initiatives.
  - A responsible bank that considers the implications of its decisions.
  - An active contributor to the economic and social development of each region, city and town.
  - A bank with proactive employees who care.
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### **TRANSPARENCY IN OUR ACTIONS AND INTENTIONS**

Sberbank is a transparent and open organisation. We realise that without being transparent in our actions and intentions, it is impossible for us to build and maintain relationships of trust with our partners. To keep the public informed about our activities, we actively engage with the media and use a range of channels and methods of communication.

In 2010, we continued to develop our Information Environment corporate project, which involves briefings and news conferences led by Sberbank's senior managers. The press events address a broad range of issues including those related to corporate social responsibility. For instance, some of the briefings held in 2010 dealt with our personnel development programme, the signing of a new collective bargaining agreement, our corporate innovation management system, the creation of the Universal Electronic Card, Sberbank's involvement in preparations for the Sochi Olympics and other issues. The Bank also uses mailing, podcasts and conference calls to inform stakeholders about its activities.

Herman Gref, Sberbank CEO and Chairman of the Management Board, regularly answers questions asked through the CEO's hotline, as well as holding public meetings and keeping a personal blog.

Sberbank's website is an important external communication channel. The structure, content and services offered through the website were improved in 2010. We added the possibility to view live videos of briefings and news conferences and the opportunity to ask speakers questions through the website.

In addition to working with the corporate website, Sberbank employees answer questions from customers and co-workers on the popular banking portal Banki.ru. We provide real-time support for our retail customers through our pages on the major social networks V Kontakte and Facebook. We also reach our most technologically-minded customers through our blog on the Habrahabr.ru website.

## **AS ONE WITH SOCIETY**

Sberbank implements large-scale sponsorship and charity projects aimed at improving living standards in the country, helping people realise their potential and improving the social and investment climate in Russia.

The Bank's activities in this area are coordinated by the corporate Charity and Sponsorship Committee in accordance with special regulations. The Committee is chaired by Sberbank's CEO and Chairman of the Management Board. All charity projects must receive approval from the Management Board.

In 2010, the Bank implemented joint projects with Russian educational institutions and provided targeted aid to orphanages and other organisations. Sberbank also participated in the implementation of large projects such as Give Life, preparations for the Sochi Olympics and the Golden Mask Theatre Awards and Festival.

### **Investing in Education and Science**

Sberbank has developed a model for strategic partnership with leading Russian universities. The aim is to attract young talented specialists to work at the Bank, thus supporting the country's future intellectual elite. As part of these efforts, we run a master's programme for graduates of leading Russian universities such as the Bauman Moscow State Technical University, the MIFI National Nuclear Research University and the Moscow Institute of Physics and Technology. The programme is based at Sberbank's Design and Training Institute and the Higher School of Economics.

We also cooperate with the Skolkovo School of Management, the Russian Presidential Academy of National Economy and Public Administration, the Lomonosov Moscow State University, the Financial University under the RF Government, the Moscow

Banking Institute and several regional universities. Through our charity programmes we provide support to a number of technology colleges in the Russian regions.

We are active in supporting business games, academic competitions and ideas contests for school and university students. One example of such an academic competition is the International Students Commercial Bank Management Competition. Over 5,000 students representing 400 universities from 150 cities in Russia, Belarus, Ukraine and Kazakhstan took part in the event. Competition winners took part in Sberbank's personnel development programmes and were offered jobs with the Bank or its affiliates. We also supported the All Russian Financial Market Academic Competition for school students and the Battle of the Banks, an international academic competition for students. In addition, we helped organise Winter School 2010 for the School of Economics and Mathematics at Moscow State University.

In 2010, as part of our education and research support programmes, we provided support to the Institute of Legislation and Comparative Law under the RF Government, the Development Fund of the Association of Russian Lawyers, the New Economic Education Fund, the Fund for the Support of the School of Economics and Mathematics, the Fund of the European University in St. Petersburg, the Charity Fund for the Development of the Graduate School of Management at the St. Petersburg State University, the Finance and Development Fund for Economic and Financial Research and other organisations.

The Bank supports research projects at leading Russian universities. In 2010 Sberbank established five scholarships and grants for students, post graduates and young teachers at economics universities in the Kaluga region.

### **Helping Those in Need**

The large number of orphans and children left without parental care is one of the most serious social problems in Russia. Sberbank recognises that addressing this problem requires significant efforts on the part of both the government and society to stimulate socio-economic development and improve the overall standard of living in the country. Although we contribute to this long-term objective

through our core business activities, we also help orphanages and children's homes overcome the challenges they face today.

Our Central Head Office and each regional bank have a number of child care facilities (including children's homes, orphanages and rehabilitation centres for children from abusive families) to which they regularly provide aid. In 2010, Sberbank employees took part in over one hundred charity events.

The funds collected at these events were spent on building playgrounds and purchasing vehicles, furniture, equipment, clothing, stationery and other necessary items. Our employees helped organise a number of projects, including volunteer events, tours, outdoor trips and festivals, as well as various sports and educational events to help children develop and to facilitate their adaptation into society.

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## ***A Helping Hand***

In 2010, over 3,000 employees from the Bank's Central Head Office participated in various charity events. Their efforts helped achieve the following:

- through our Let's Prepare Children for School charity drive, we helped over 1,000 children obtain the supplies they needed for school;
- our employees collected and sent over 2,000 New Year presents to children;
- the Konakovo Infants' Home received a large amount of hygiene products, toys, linen and shoes for infants and toddlers;
- we also provided bed linen to children's homes supported by the office.

## ***Hot Ice***

In 2010, a group from the Dalnevostochny Regional Bank organised the Hot Ice hockey tournament for children at children's homes in the Russian Far East. Children and teenagers aged between 10 and 14 from Komsomolsk-on-Amur, Vladivostok, Khabarovsk and Blagoveshchensk met each other for the first time on the ice of the Platinum Arena in Khabarovsk.

The tournament included several games. Prominent players from the Amur hockey team played together with children in each team. The Hot Ice tournament will now be conducted annually by the government of the Khabarovsk region.

### ***Helping the Snegirevs***

In Novorossiysk the Snegirev family was struck by tragedy when their house partially burned down, killing the parents but leaving behind two children aged 6 and 11. As the house had been bought using a loan from Sberbank, liability to pay off the mortgage was passed to the young children in accordance with Russian law.

In October 2010, the Yugo-Zapadny Regional Bank initiated a campaign to encourage voluntary donations to help the Snegirevs. The loan was repaid in full thanks to money donated by Bank employees, representatives from a partner insurance company and a generous customer, who paid off a significant part of the loan.

Another pressing social issue in Russia is the creation of equal opportunities and conditions for those with disabilities. We have developed remote service channels, which improve the accessibility of our banking services. We are also cooperating with organisations that create infrastructure for those with limited mobility.

### ***Library for the Blind***

A youth group from a branch of the Severo-Kavkazsky Regional Bank actively contributed to organising a charity auction to raise money for a library for the blind in Cherkessk. Sberbank employees planned the event and collected and described lots at the auction which had been made by students from children's homes in the Karachay-Cherkess Republic. The auction was led by a Sberbank employee.

The event raised over RUB 130,000.

### ***Wheelchair Access at a School in Ulan-Ude***

The Baikalsky Regional Bank supported the installation of a wheelchair access ramp at General Secondary School No.47

in Ulan-Ude. This is the third school in the city that has become wheelchair accessible.

Over 1,800 people are wheelchair-bound in the Republic of Buryatia, including many school-age children. In Ulan-Ude, there are some 800 access ramps, which make life easier for those with special requirements. At the end of 2010, some 90% of offices of the Buryat Branch of Sberbank had access ramps.

In 2010, Sberbank provided financial support to residents of the Nizhny Novgorod and Voronezh regions affected by forest fires, as well as humanitarian aid to residents of the Krasnodar region affected by floods.

### **Grant Life**

We pay particular attention to children suffering from cancer and other serious illnesses. Insufficient funding may often mean that the medicine or medical equipment needed to save their lives is unavailable. We continue to address this issue in partnership with the Give Life charity foundation.

We have a joint programme with the Foundation through which we issue co-branded Give Life international Visa cards. For each payment made using such a card, the Bank donates three rubles to the Foundation, while another three rubles is donated by the cardholder. Our customers may also open a Give Life savings account. In addition to interest paid to the customer, a certain amount of money (calculated as interest at an annual rate of 0.3% for each deposit period) is additionally donated to the Foundation. Sberbank has also been a partner for annual charity shows organised by the Foundation.

Although individual donations are typically small, on a national scale the programme is able to make significant contributions to children's healthcare and treatment.

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## ***What is Give Life?***

Under the programme, an international payment card is issued by Sberbank.

This card is associated with Give Life, a charity foundation to help children with cancer and other serious illnesses.

As of January 1, 2011, Sberbank had issued 225,000 Visa Give Life cards, including 7,000 Visa Gold cards and 71,000 credit cards.

In 2010, transactions made by Visa Give Life cardholders totalled RUB 3.3 billion, 2.5 times more than in 2009 (RUB 1.3 billion).

In 2010, through the card co-branding programme, the Give Life Foundation received RUB 22.2 million from Sberbank and over RUB 9 million from cardholders.

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### **The Sochi 2014 Olympics**

The Sochi 2014 Winter Olympic Games are an important event for Russia. They will not only help to attract investment to the region but also facilitate cultural and sporting development in the country. In April 2009, Sberbank signed a cooperation agreement with the Sochi 2014 Organising Committee, giving Sberbank the status of General Olympic Partner.

The Bank's main goal in this role is to create world-class innovative financial infrastructure in Sochi to meet the banking needs and requirements of local residents and those participating in and coming to watch the Winter Olympics. To this end, the Bank plans to open new offices in Sochi and modernise its existing centres. We will also train personnel and develop special products and high-tech services. Some of these objectives will be addressed in partnership with Visa, which signed a cooperation agreement with Sberbank in February 2010. This is the first example of partnership between a global sponsor and a national partner of the Olympic Games.

Sberbank is also providing financial support for the construction of two Olympic facilities – the ski jumping complex and the media village. The timing and quality of construction is being overseen by the Olympstroy State Corporation.

### **The Golden Mask**

The Bank recognises the importance of supporting Russian culture. Since 2002, we have been the general sponsor of the Golden Mask National Theatre Awards, which were established in 1994 by the Theatre Union of Russia for productions in all genres of theatrical art: drama, opera, ballet, modern dance, operetta, musicals and puppet theatre. In 2010, the festival saw the largest number of

outstanding artists in its history and presented a total of 43 Golden Masks.

As well as the awards, the Golden Mask is also an All Russian Theatre Festival, presenting the most significant theatrical productions from various Russian cities and abroad in Moscow in spring each year. The Golden Mask initiated a number of significant theatre-related events, including the New Drama Festival of Contemporary Plays and the Russian Case international programme. The Golden Mask was also responsible for publishing a book titled *The End of the Theatrical Age* and for organising Bolshoi, Mariinsky and Maly Drama Theatre tours. Paying particular attention to facilitating theatre tours, the Golden Mask runs a programme called the Best Theatre Productions in the Cities of Russia and the Baltic States in collaboration with the Russian Ministry of Culture.

## **TOGETHER WITH THE GOVERNMENT**

Together with the government, we strive to ensure that the country's social development meets the needs, requirements and desires of the societies of today and tomorrow. We want to build an environment that is modern, mobile and creative, while at the same time providing stability and prosperity.

We support the government's aims to modernise the economy and social sector and to create new modern infrastructure for public and government services. At the same time, we believe that all parties involved in the modernisation process should benefit from participation and it is our view that in addressing social development issues, we should not harm the Bank's commercial interests.

In partnership with the government we implement a number of projects across wide-ranging sectors, including: improving public access to government services through the use of information technologies; the reform and modernisation of the housing and utility sector; improving the transparency of state and regional procurement; supporting Russian car manufacturers; the development of carbon finance; and other important areas. The Bank has signed cooperation agreements covering various aspects of socio-economic development with the governments of most Russian regions.

### **The Search for a Common Denominator**

Sberbank participates in the promotion and implementation of measures facilitating the development of the banking industry, both within Russia and internationally. In 2010, we held meetings with the Russian Government, the Ministry of Economic Development, the Ministry of Finance and the Bank of Russia, at which we discussed the introduction of the Universal Electronic Card. Sberbank also participated in various meetings organised by government bodies and in the activities of working groups to draft the federal laws On the National Payment System and On Electronic Signatures. The Bank also contributed to the preparation of amendments to the federal law On Protecting the Rights of Legal Entities and Individual Entrepreneurs in the Exercise of Governmental Oversight (Supervision) and Municipal Control.

Sberbank was actively involved in amending the federal law On Privatization, which helped to establish a legal foundation for electronic trading and the use of electronic trading platforms. We also provided input on amendments to the second part of the Russian Federation's Tax Code, with the aim of developing the Russian coin market.

In addition, throughout 2010 Sberbank participated in the preparation of draft amendments to the federal law On Advertising. On several occasions, specialists from the Bank discussed proposed amendments with senior officials at the Bank of Russia and the Federal Anti-Monopoly Service (the main agency responsible for drafting the amendments), presenting not only the Bank's position but also suggestions from other financial institutions.

Herman Gref, Sberbank CEO and Chairman of the Management Board, is a member of the Russian Presidential Commission for the Modernisation and Technological Development of the Economy. At twelve Commission meetings held in 2010, members discussed important issues such as improving access to financing for high-tech companies, the introduction of energy efficient technologies, enhancing the quality of professional education and the development of information technologies.

In order to improve Russia's investment attractiveness of Russia and to demonstrate the latest achievements in the area of banking

technologies, we sponsor or participate in various events (round tables, conferences, exhibitions and forums) at the international, federal and regional levels. The most significant events attended by Sberbank's management in 2010 included the St. Petersburg International Economic Forum, the 9th International Sochi 2010 Investment Forum and the World Economic Forum Annual Meeting in Davos.

### **The Universal Electronic Card**

We are involved in the development of a Universal Electronic Card (UEC) in Russia. This is a public-private partnership project, which is implemented by OJSC Universal Electronic Card, a federal organisation authorised to coordinate and implement the project, and a pool of banks. The shareholders of OJSC Universal Electronic Card include Sberbank, Bank Uralsib and AK Bars Bank. Our investment in the project so far has reached USD 20 million and will continue to grow.

Each and every Russian citizen will be issued a UEC. It will serve as proof of identity (as defined by law), a mandatory medical insurance certificate, a mandatory pension insurance certificate and a payment card among other functions. In short, the card will allow people to access virtually all government services.

On Sberbank's innovative initiative, ATMs and payment terminals will be used to process the UEC. In addition, the Bank suggested using the card for payment, which will open new opportunities for its holders. For example, cardholders will be able to pay fines or obtain micro financing immediately using the card. Overall UEC technology will considerably increase public access to banking services and improve the population's quality of life.

The UEC project relies on our experience gained when implementing Social Card projects in a number of regions. A Social Card is a multi-purpose card issued to residents with the right to certain social benefits. The card is used as proof of identity and also serves to automatically confirm the holder's right to benefits, as well as accounting for the actual use of these benefits.

A pilot Regional Social Card project was launched in 2009 in the Astrakhan region in partnership with the Pension Fund of Russia and the regional government. In 2010, the approach was replicated in the Krasnodar and Krasnoyarsk regions and the Chuvash

Republic. The number of participants in the project and the possible applications of the card are continuously expanding. It is intended that citizens will be able to apply for the card from 2012.

### **Reform and Modernisation of the Housing and Utility Sector**

The reform of the housing and utility sector affects the interests of most Russians and carries great significance in the socio-economic development of the country. To contribute to this reform, the Bank has created a special unit – the Directorate for Housing and Utility Sector Projects – and has adopted a Housing and Utility Services Market Strategy. The Strategy pays particular attention to the Bank's participation in the implementation of the federal Integrated Programme for the Reform and Modernisation of the Housing and Utility Sector for the Period 2010–2020.

Within this programme, we modify existing products and technologies and create new ones for those involved in the housing and utility services market. We also attract strategic investors and invest in regional utility companies ourselves, as well as providing information and consultation on the reform. Sberbank's projects and approaches are first piloted in selected regions and then replicated across the country.

One of our projects in 2010 to develop the housing and utility sector financed the creation of an integrated waste management system in the Astrakhan region and invested in a company developing utility billing technologies in Belgorod. We also launched a pilot project for letter-of-credit payments for parking spaces sold through the Public Garage programme in a division of the Moskovsky Regional Bank.

In 2010, in collaboration with our partner organisations, the Bank published a booklet called *The A–Z of Housing and Utility Services. Questions and Answers*, which explained the sector's reform to the public.

Sberbank's plans for 2011 in the reform and modernisation of the housing and utility sector include providing loan financing for integrated regional utility development programmes in pilot regions and the replication of this experience in other regions.

### **The Electronic Trading Platform**

In order to improve and optimise its procurement practices, Sberbank formed a dedicated Procurement and Tender Directorate,

which oversaw the creation of CJSC Sberbank-AST, an electronic trading platform. At the beginning of 2009, the platform was selected as one of the five platforms for state and regional procurement through electronic tenders, and received five-year accreditation as a national electronic trading operator. In this way, Sberbank helps to improve the transparency of state and regional procurement and promotes fair competition.

In 2010, we published the Rules of the Electronic Trading Platform. According to the document, potential contractors and suppliers are accredited and participate in tenders free of charge. A fee is paid by the winner of a state or regional contract. CJSC Sberbank-AST runs practical workshops to educate potential participants about recent changes in relevant legislation and practical tips for using the platform for state and regional procurement. Similar workshops are held for foreign suppliers in order to ensure equal opportunities for all companies eligible to participate in trading.

In December 2010, CJSC Sberbank-AST was named Company of the Year 2010 at the National Business Awards in the Information Technology (Electronic Trading) category.

### **Supporting the Russian Car Industry**

Sberbank partnered with the government in its Cash-for-Clunkers programme launched in March 2010. The programme aimed to support Russian car manufacturers and improve the affordability of new cars. Through the scheme, people could scrap their old cars for a scrapping premium, which could be used to partially pay for a new Russian-made car.

We were the first Russian lending institution to offer special vehicle loan terms and conditions to programme participants. When applying for a loan at a car dealership, customers were able to use their scrapping certificate or authorisation to scrap their car as part of their down payment on a new vehicle. This measure made it easier for customers to buy new cars.

Since 2009, we have been involved in an incentive programme to encourage people to buy Russian-made automobiles by providing car loans at preferential interest rates. In 2010, the Bank provided a total of RUB 13.3 billion worth of loans through this programme.

## Developing Carbon Finance

In 2004, the Russian Federation ratified the Kyoto Protocol to the UN Framework Convention on Climate Change, an international agreement defining approaches towards the reduction of greenhouse gas emissions. In 2009, the Government of the Russian Federation appointed Sberbank as an agent for implementation of the economic mechanisms defined by Articles 6 and 17 of the Kyoto Protocol.

Through a specifically created unit, the Directorate for Management of Energy Efficiency and Environmental Projects, the Bank performs the public function of an operator of carbon units on a commercial basis. Our activities are aimed at protecting the interests of Russian investors implementing energy efficiency projects, and at expanding the Bank's loan portfolio and enhancing its quality.

In 2010, Sberbank signed a number of memoranda with foreign companies determining the procedure for further cooperation in the preparation of emissions trading contracts. In the same year, the Bank conducted two tenders to select projects for the joint implementation mechanism (Article 6 of the Kyoto Protocol). The first tender was announced in February 2010 and the second in September 2010. Projects were selected on a number of criteria, including energy efficiency and environmental performance, technological and financial potential and economic and social effect.

	1st tender	2nd tender	Total
Number of applications	40	58	98
Number of projects approved	15	18	33
Total reduction through approved projects, tonnes	29,992,993	29,970,000	59,962,993

To create a framework for the implementation of projects conditional to the reinvestment of carbon revenues in new emission reduction and energy efficiency projects, in 2010 Sberbank drafted model agreements between the operator of carbon units and project investors. Jointly with investors, Sberbank participated in the preparation of project design documents for projects relying on loan financing from the Bank.

In October 2010, on behalf of the Government of the Russian Federation, Sberbank paid Russia's outstanding fees to the UN Secretariat. This removed the obstacle for Russia's inclusion in the International Transaction Log, which is a necessary condition for participating in the economic mechanisms defined by Articles 6 and 17 of the Kyoto Protocol.

We plan to expand the range of services we offer to investors in the emissions trading market, a new segment for Russian business.

### **The Government as a Customer**

Federal and regional governments often face the need to attract funds from sources other than their respective budgets for the implementation of investment projects or to cover current expenditures. Sberbank has traditionally partnered with the government in addressing this objective, acting as an underwriter or lender.

In 2010, the Bank arranged the sale of four regional/sub-federal bond issues totalling RUB 4 billion and co-arranged a sale of bonds issued by the Republic of Belarus (Sberbank's participation was worth RUB 3.025 billion).

As of January 1, 2011, the balance of the Bank's loans to the governments of Russian regions amounted to RUB 127.9 billion and RUB 24.9 billion to municipal districts. In addition, we invested RUB 149.4 billion in Russian sub-federal and municipal bonds.

Sberbank's regional banks provide banking services to regional governments and regional administrations, electoral commissions, branches of the Federal Treasury and the Federal Pension Fund. Sberbank serves budget accounts in areas in which the Bank of Russia is not represented through its own institutions.

Sberbank helps to improve the transparency of the targeted use of budgetary funds by opening special purpose accounts for general contractors and subcontractors in public projects significant to the development of Russian society and the country's economy.

One such project is the reconstruction of the M4 Don federal motorway, which connects Moscow and Novorossiysk, passing through Voronezh, Rostov-on-Don and Krasnodar. In July 2010, an opening ceremony was held for several sections of the road. Other

public projects overseen by the Bank in a similar manner include the reconstruction of the second stage at the Mariinsky Theatre in St. Petersburg and the construction of facilities at the Far East State University and the Conference Centre on the Russky Island in Vladivostok.

## TOWARDS ENVIRONMENTAL EFFICIENCY

As our business develops and we improve the quality of our customer service, we inevitably need more technology to support this. However, these technologies use more power and overall energy and resource consumption becomes a significant factor in terms of both environmental impact and cost.

We take steps to minimise our direct environmental impact. It is also a management objective to reduce our indirect environmental impact by providing loans to companies and projects with outstanding environmental performance indicators.

### Responsible Consumption

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## *Reducing Our Environmental Footprint*

We employ the following measures to reduce our impact on the environment:

- we perform energy audits and energy efficiency assessments at the Bank's facilities;
  - we have introduced initiatives to save energy and minimise our environmental impact;
  - we develop and implement systems to monitor energy consumption and to monitor and review the effectiveness of steps taken to improve efficiency;
  - we increase employee knowledge and improve skills in the field of energy saving and efficiency.
- 

By promoting advanced banking products and instruments, such as Sberbank Online, Sberbank Business Online, Mobile Bank and self-service terminals, we can help reduce the consumption of paper and other resources. Our objective is to develop and roll out such technologies to allow our business to develop further while securing the minimum increase in the use of non-renewable resources.

Power consumption in 2010	2,594,444.2 GJ
Heat consumption in 2010	3,710,618.71 GJ

## ***Energy Efficient Lamps and Motion Sensors***

In 2010, 1,400 LED lamps and 16 motion sensors were installed on the premises of the Corporate University and a Bank branch in Odintsovo. Estimated annual savings compared to traditional fluorescent lamps amount to 864.82 GJ (a 56% reduction in energy consumption).

Where possible, we purchase paper produced without the use of bleaching agents hazardous to the environment. For example, the Bank purchases some 400 tonnes of unbleached paper forms per year. In parallel with this, we are gradually expanding the use of electronic forms, thus reducing overall paper consumption.

Sberbank takes steps to improve environmental awareness among its employees. One example from our internal environmental initiatives is the recycling of waste paper, which began at our Central Head Office in 2009. Over two years, 628 tonnes of used paper and cardboard was sent for recycling. In 2010, Sberbank began promoting this practice at its regional banks.

Where practical, the Bank employs the principles of green construction when building new or re-constructing existing facilities. Construction contractors involved in such projects are required to provide a note explaining the resource and energy efficiency techniques that are to be employed, along with a justification detailing why such techniques were selected.

In 2010, Sberbank continued to oversee construction works carried out by its contractors in order to minimise associated environmental impacts. We paid attention to the use of small construction machinery for loading and unloading operations to minimise idle time, as well as the use of environmentally friendly and certified materials and the sending of construction waste to appropriate specialised companies for disposal.

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## Green COSCs

In the design and construction of our new Customer Operation Support Centres (COSCs), we relied on the principles of green construction. Buildings feature large windows to ensure the maximum possible level of natural light at workplaces and a number of energy efficient engineering solutions. The first COSCs were launched in Moscow and St. Petersburg (in 2008 and 2009, respectively). Another two centres in Perm and Krasnoyarsk began operations at the end of 2010. In 2011, we plan to launch six more COSCs.

By 2014, Sberbank plans to build the largest data processing centre in Europe. The super energy efficient facility will host 5,000 square metres of computing and data storage equipment.

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It is important that we identify and assess problems that give rise to the risk of legal and financial liabilities for environmental damage in good time. In 2010, we drafted the corporate Regulations on Operational Environmental Monitoring. Once the document is approved in 2011, we plan to begin implementing an environmental management system, which will help reduce both environmental impacts and respective expenditures.

Currently the Bank is developing a list of environmental requirements that will apply to contractors involved in the construction or modernisation of its facilities.

In addition, we plan to develop and roll out an automated environmental information management system at our branches. The system will collect quarterly information on the environmental impact of all Bank divisions: harmful gas emissions, effluent discharges and waste generation, recycling, processing and disposal. The information obtained through the system will help us undertake a comprehensive analysis of our environmental activities and identify approaches for the reduction of our overall environmental footprint.

### Energy Efficiency Projects

In Russia, the amount of excess energy consumed through inefficiency is roughly equal to the energy consumption of a number of European countries. There is huge potential to improve energy efficiency but this will require both public and private investments.

Sberbank implements a number of projects to improve energy efficiency. Among the most prominent examples are the Energy Efficient Neighbourhood projects supported by the Zapadno-Sibirsky and Volgo-Vyatsky Regional Banks.

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## **Energy Efficient Neighbourhoods**

The Energy Efficient Neighbourhood project in Tyumen involves developing an area in the city centre of some 430,000 square metres using state-of-the-art energy and resource efficiency techniques. The city administration intends to achieve an average reduction of 25–30% in energy and resource consumption on the base indicator without reducing comfort levels. This will also help households cut their utility bills.

Within the framework of its cooperation agreement with the city administration, Sberbank acts a financial partner and consultant on the project. We jointly developed a project implementation schedule with the city administration, as well as an action plan for the promotion of energy efficiency among businesses and households through the media. Sberbank specialists suggested creating a special information portal on housing and utility services which would include, among other resources, an energy savings calculator. The system will help households to estimate in advance their savings from the installation of energy efficient lights and other equipment. In addition, Sberbank prepared a proposal for a special retail loan product called Energy Saving.

At meetings with residents in Kazan and through work with the city and district administrations, Sberbank actively promoted its services aimed at improving the energy efficiency of housing and public facilities in the selected project area and at providing financing for corporate energy consumers and suppliers.

Energy Efficient Neighbourhoods can be expanded further in Kazan or Tyumen and the successful experience can be applied in other Russian cities.

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According to a study of Russian companies' information transparency, since 2008 Sberbank has moved from 70th up to 23rd place.

Sberbank's website won first place in the "Golden website" competition



Investors from more than 50 countries own the Bank's shares

Happiness is when you're UNDERSTOOD, greater happiness is when you are LOVED, true happiness is when YOU ARE IN LOVE.



Confucius



**TRUST AND RESPONSIBILITY**

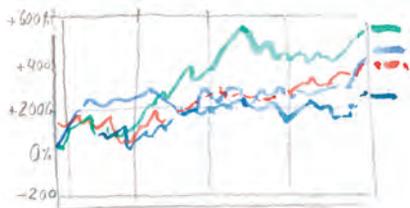


Happiness is when people really understand you and not just simply pretend that they do...

**Lev Grekhov,**  
Inspector, Retail Claims  
Investigation Sector



# Our Shareholders and Investors



Sberbank recognises its responsibility to shareholders and investors. We understand that we must maintain long-term trusting relationships of trust in order to achieve our strategic goals and to fulfil our mission.

In developing our corporate governance system, we are guided not only by the requirements of Russian legislation but also by recognised international standards and benchmarks. The optimisation of this system aims to respect the rights and legal interests of shareholders and investors, while improving the Bank's performance, maintaining its financial stability and profitability and ensuring the transparency of its operations. We pay particular attention to relations with minority shareholders and foreign investors.

## ***Our vision: What is Sberbank to shareholders and investors?***

- A national leader in terms of return on equity and profitability for shareholders
- A bank dedicated to high corporate governance standards, building its operations on the principles of openness, transparency and consistency
- A bank that consistently pursues a prudent, well-balanced and professional approach to risks
- A bank that has adopted high standards of corporate social responsibility

## **THE FUNDAMENTALS OF OUR CORPORATE GOVERNANCE SYSTEM**

The Bank's corporate governance principles and procedures are defined by the Charter and a number of publicly available documents, including the Code of Corporate Governance. The Code's requirements are aimed not only at improving the Bank's reputation among its shareholders, customers and employees but also at controlling and reducing risks, maintaining stable growth in the Bank's financial performance and ensuring that activities envisioned in the Bank's Charter are performed effectively.

The provisions of the Code are based on current legislation and the Bank's Charter. They also take into account the OECD Principles of Corporate Governance, the Code of Corporate Conduct issued by the Federal Commission for the Securities Markets of Russia and the Code of Ethical Principles for the Banking Industry approved by the Association of Russian Banks.

The Code defines the general principles of our corporate governance and our approaches toward shareholder, customer and employee relations, as well as the principles for appointing management bodies and governing their operations. It also includes our disclosure policy.

According to the Code, the Bank's shareholder and investor relations are based on the principle of equal treatment and transparency of information. All shareholders have access to reliable means for registering ownership of shares and may participate in the Bank's governance through discussions and voting at General Shareholders' Meetings.

The General Shareholders' Meeting is Sberbank's supreme governing body. By participating in it, shareholders are able to influence decision-making on key issues in the Bank's operations and development and take part in the election of the Supervisory Board, CEO and Chairman of the Management Board and the Audit Committee by cumulative voting. Sberbank's management uses the General Shareholders' Meeting as a platform to inform shareholders about its activities, achievements and plans.

Members of the Bank's Supervisory Board represent its shareholders and are accountable to them for the successful development of the

Bank. The Supervisory Board is responsible for general management matters and oversight of the Bank's executive bodies. The Board is chaired by the Chairman of the Bank of Russia. There are three independent directors on the Board to ensure decisions are made objectively. In 2011, we plan to begin evaluating the performance of independent directors.

The Supervisory Board has three committees responsible for preliminary consideration of the most important matters and the preparation of recommendations to the Board. Each committee includes independent directors. The Audit Committee is responsible for selecting the auditor and overseeing the Bank's financial and economic activities. The HR and Remuneration Committee prepares recommendations on attracting highly skilled senior managers and providing incentives for high performance. The key objective of the Strategic Planning Committee is improving the Bank's long-term performance. The Supervisory Board is responsible for appointing the collective executive body of Sberbank, the Management Board, which provides day-to-day management and administration of Sberbank's activities and is chaired by the CEO and Chairman of the Management Board. The committees of the Management Board are working bodies contributing to the formulation and implementation of common policies in various areas of the Bank's operations. The Supervisory Board does not interfere with the day-to-day activities of the Management Board, but controls its performance by regularly reviewing reports on the Bank's results.

To facilitate dialogue between the Bank and its minority shareholders, in 2008 Sberbank created the Minority Shareholders Committee, the first such body in Russian corporate governance practice. Members of this advisory body are appointed by the CEO and Chairman of the Management Board, while the chair of the Committee needs to be approved by the Supervisory Board. Minority shareholders can be nominated to the Committee by other shareholders or may nominate themselves. The Committee's plans and results are reviewed by the Supervisory Board.

The Audit Committee is elected by shareholders each year and oversees the Bank's compliance with relevant legislative and other requirements and internal control procedures as well as the legality of the Bank's transactions.

A new collective body, the Tribunal, has been functioning within Sberbank since 2008. It comprises members of the Management Board, the heads of Sberbank's regional banks and subsidiary banks and the heads of the Central Head Office's key subdivisions. The body provides a platform for discussing strategic issues in the Bank's development and for making decisions while taking into account the geographical extent of the Bank's operations.

More information on the Bank's governance and management bodies, their functions and composition is available in the Annual Report and on the Bank's website.

### **INCENTIVES FOR TAKING RESPONSIBILITY FOR RESULTS**

Remuneration paid to members of the Supervisory Board, the CEO and Chairman of the Management Board and members of the Management Board is determined on the basis of the principles and criteria established by the HR and Remuneration Committee of the Supervisory Board.

Remuneration paid to Board members consists of a regular salary and a bonus, with the size of the latter being governed by the Supervisory Board. Information on remuneration is published on the Bank's website each quarter. The decision on remuneration to be paid to members of the Supervisory Board and the Audit Committee for their service in these bodies is made by shareholders at the General Shareholders' Meeting.

Information on remuneration paid to members of the supreme governing and management bodies is available in Sberbank's Annual Report.

### **ENSURING OPERATIONAL TRANSPARENCY**

We strive to ensure maximum transparency in our operations in order to help our shareholders and investors make decisions based on timely and reliable information. Disclosure channels are selected so as to make information easily accessible to a broad range of stakeholders.

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## **Main Shareholder and Investor Communication Channels**

- Regular meetings and conference calls between Sberbank managers and shareholders and investors.
  - Disclosure through the websites of Sberbank and the Minority Shareholders Committee.
  - Reports, booklets and brochures.
  - News conferences and disclosure in the media.
  - Shareholder and investor surveys.
- 

The Bank's website is the most effective channel for communicating with shareholders and investors and, amongst other things, allows shareholders to access materials prepared for the General Shareholders Meeting. Other information available includes materials on Meeting results, the Bank's Dividend Policy and other documents concerning their rights and interests. In 2011, we intend to start disclosing the agendas of Supervisory Board meetings and information on attendance.

Website tools and materials for investors include the Investor Calculator, the Investor Calendar, various presentations, reports, credit ratings, statements of facts and other information disclosed in accordance with compulsory requirements and on a voluntary basis. The website also contains answers to questions frequently asked by shareholders and investors.

The Bank makes its annual and interim IFRS and RAS financial statements available on its website. In 2010, the publication of our Annual Report was accompanied by more than 250 meetings and 150 conference calls with investors and analysts, as well as four teleconferences and participation in several investor conferences in Russia.

Since 2008, Sberbank has climbed from 70th to 23rd position in the annual Transparency and Disclosure by Russian Companies survey published by Standard & Poor's. The survey covers 90 companies. The Bank was able to improve its position by following the recommendations offered by experts at Standard & Poor's, including:

- introducing the practice of announcing recommended dividend payments before the record date;
- reducing the period of time for preparation and publication of the Bank's IFRS consolidated statements (no more than 90 days after the end of the reporting period for annual statements and no more than 60 days for quarterly statements);
- increasing disclosure in English;
- providing more detailed disclosure on related party transactions (in its 2008 Annual Report, the Bank disclosed its counterparties in all transactions for the first time, including transactions with companies in the defence industry).

## **DIALOGUE WITH MINORITY SHAREHOLDERS**

We pay particular attention to maintaining an open and constructive dialogue with minority shareholders and protecting their rights and interests. In order to effectively address these objectives, while at the same time improving the overall level of the Bank's corporate governance and investment attractiveness, we created a dedicated Minority Shareholder Committee.

*In 2010, to further improve the quality of the Bank's minority shareholder relations, the Committee launched its website, which hosts a forum; two call centres were established in Moscow and Omsk specifically to serve shareholders. In addition, the mailing of materials for the General Shareholders Meeting was accompanied by a large-scale survey of minority shareholders aimed at discovering what concerned them most.*

*In addition to monthly meetings in Moscow, the Committee works actively in the regions of Russia. In 2010, six on-site meetings were held at regional banks. With the help of video conferencing equipment, over*



*1,000 minority shareholders were able to take part in the meetings.*

*In 2011, the Committee plans to further promote effective shareholder relations by means of regular meetings in Moscow and the regions and by inviting independent members of the Supervisory Board to meetings where possible. We will continue to engage with senior management on Sberbank's day-to-day operations.*

**ANTON DANILOV-DANILYAN,**  
Chairman of Sberbank's  
Minority Shareholders Committee

The Committee's objectives include the consideration and review of minority shareholders' suggestions regarding improvements to the corporate governance system and services offered to customers, and the presentation of these suggestions to the Bank's management bodies. The Committee also aims to communicate and explain the Bank's policy and development strategy to minority shareholders.



**ISSUES OF MINORITY SHAREHOLDERS' INTEREST, %**


90

By your side

The Committee is chaired by Anton Danilov-Danilyan, a minority shareholder and former member of Sberbank's Supervisory Board. The Committee is comprised of six minority shareholders selected for their extensive experience and strong skills.

An important channel for communicating with minority shareholders is the Committee's website ([www.sber-minor.ru](http://www.sber-minor.ru)), launched in March 2010. The website contains information on the Committee, answers to frequently asked questions and a range of other materials, including Committee reports, the minutes of its meetings, news, share prices and analysts' opinions on the Bank's key performance indicators. Minority shareholders are able to discuss topics of interest on the website's forum, which is moderated by Committee members. In addition, they can ask their questions via two dedicated call centres (in Moscow and Omsk) created in spring 2010 on the basis of the Bank's registrar. The call centres aim to streamline shareholder relations, while ensuring an individual approach to each shareholder.

In order to gain a better understanding of the expectations of individual minority shareholders and to take these expectations into account, we carried out a large-scale survey in summer 2010. The results of the survey are available on the Committee's website. The results identified which issues are most important for minority shareholders and also helped us to compile a list of shareholders wishing to receive information from the Committee on a regular basis.

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### ***Meeting Between the Minority Shareholders' Committee and Sberbank Inority Shareholders at the Uralsky Regional Bank***

In October 2010, the eighth on-site meeting of the Bank's Minority Shareholders' Committee was held at the Head Office of the Uralsky Regional Bank in Yekaterinburg. The use of video conferencing technology allowed for the simultaneous participation of more than 400 minority shareholders from 58 branches of Sberbank based in all four regions of operation of the Uralsky Bank's operation – the Sverdlovsk, Kurgan and Chelyabinsk

Regions and the Republic of Bashkortostan. The meeting was led by Anton Danilov-Danilyan, the Committee s Chairman.

Herman Gref, Sberbank CEO and Chairman of the Management Board, took part in the meeting, presenting the Bank s strategic development plans to shareholders and answering their questions. Two deputy chairpersons of the Management Board, Bella Zlatkis and Anton Karamzin, took part in the meeting by video conference, also answering shareholders questions.

The questions asked by shareholders dealt mainly with various aspects of the Bank s development strategy, the issuing of new shares, the dividend policy, investment and charitable activities and the development of brokerage services.

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## **FOREIGN INVESTOR RELATIONS**

Investors from more than 50 countries hold shares in the Bank. To improve our relations with them, we are working to improve the quality of the English version of our website. In addition, Sberbank managers now hold meetings with foreign investors on a regular basis.

Sberbank offers foreign investors the opportunity to exercise their rights as shareholders. The Bank makes a substantial effort to share materials for upcoming General Shareholders Meetings with foreign investors and to explain the proposed agenda in order to increase the level of foreign shareholder s engagement in the corporate governance process.

To improve the quality of interaction with the international investment community, a study was carried out in 2010 to gauge the perception of Sberbank by investors and analysts. The study was based on in-depth interviews with a number of representatives from investment funds and analysts at brokerage houses. The main suggestion for improving the Bank s financial communication practices was to expand management involvement in road-shows and investment conferences.

We intend to use the results of this study to better our relationships with shareholders and investors. In 2011, we plan to conduct a road-show with the participation of independent directors.

## **PREVENTING INSIDER TRADING**

In line with Russian legislation governing the securities markets, Sberbank has in place an approved system of measures to prevent unlawful use of corporate (insider) information in professional activities on the securities markets.

In order to control access to sensitive corporate information, Sberbank clearly defines the responsibilities of specific units and individual employees, documenting them in internal regulations and job descriptions. Employees are only granted access to information that is classified as a Bank commercial secret when access to such information is part of their job responsibilities. Even under such circumstances, employees are only given access to information necessary for them to fulfil their work duties.

IT'S NOT ENOUGH THAT WE  
DO OUR BEST: SOMETIMES  
WE HAVE TO DO  
WHAT'S REQUIRED

WINSTON  
CHURCHILL



We encourage our employees  
to strive for self-perfection and  
to achieve  
outstanding  
results  
at work



Slogan of the 2020  
Youth Board,  
"My Chance to Do More"

## INITIATIVE AND CREATIVITY



Sometimes a small event, glance, call, word is  
enough to make a person feel happy

**Aleksey Krutikov,**  
Deputy Head Manager of Branch Office

# Profile and Performance Indicators for 2010



Sberbank is one of the largest financial institutions in Central and Eastern Europe and the largest bank in Russia and the CIS. Sberbank's founder and largest shareholder is the Central Bank of the Russian Federation (the Bank of Russia). As at the most recent record date, the Bank of Russia held 60.3% of voting shares and owned 57.6% of Sberbank's authorised capital. The remaining shares in Sberbank are held by over 263,000 legal entities and individuals. Foreign investors collectively hold more than 32.1% of shares in the Bank. According to The Banker magazine, in 2010 Sberbank was ranked the world's 43<sup>rd</sup> largest bank in terms of Tier 1 capital.

## SHARE OWNERSHIP STRUCTURE AS OF THE MOST RECENT RECORD DATE BY SHAREHOLDER CATEGORY

Shareholder category	% of authorised capital
Bank of Russia	57.58
Foreign legal entities	32.12
Domestic private investors	6.08
Domestic legal entities	4.21
Foreign private investors	0.01

Sberbank is the largest Russian bank by asset size. As of the end of 2010, the Bank's assets totalled over RUB 8.628 trillion. This accounts for more than one quarter of the total banking assets

in Russia (27%). According to The Bankers' Almanac, Sberbank is the 98th largest bank in the world in terms of the size of its assets.

**FINANCIAL PERFORMANCE INDICATORS FOR 2010\*, RUB million**

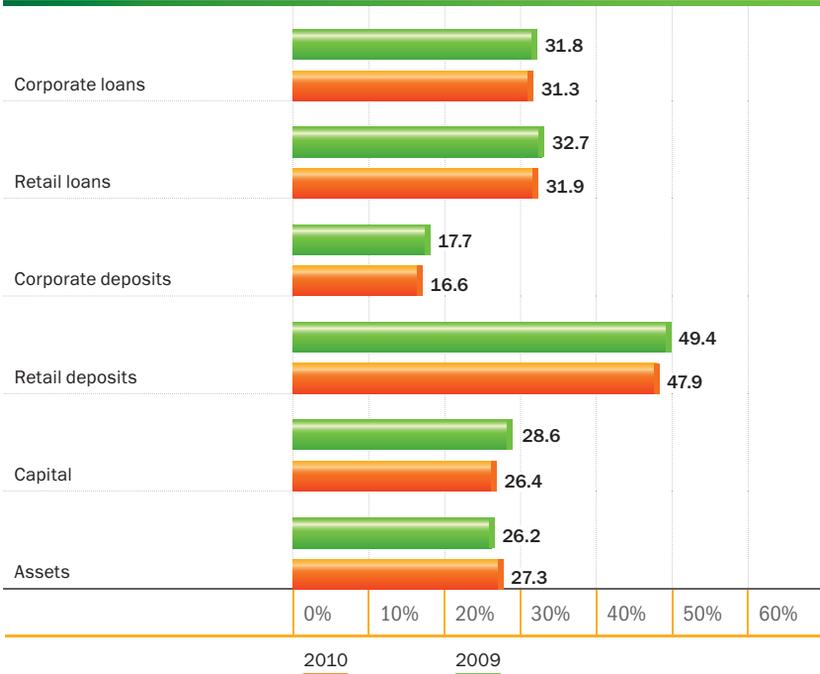
	2008	2009	2010
Operating revenues	351,660	259,141	512,754
Comprehensive income	124,624	38,932	206,564
Net income	97,746	24,396	181,648
Operating expenses	221,739	229,277	282,619
Employee wages and benefits	151,827	148,650	182,938
Income attributable to shareholders	97,743	24,396	182,131
Interest expenses on subordinated debt	6,403	41,289	28,219
Payments to the government (tax payments)	38,076	15,750	61,073
Community investments <sup>4</sup>	775	1,496	1,888

\* all data from IFRS Consolidation Financial Statements of OJSC Sberbank of Russia for 2010

We offer a broad range of financial products and services to retail and corporate customers. The Bank manages over 340 million retail accounts for Russia's population of 142.9 million people. Our corporate clients include over 1.2 million companies from a wide variety of economic sectors.

<sup>4</sup>Community investments refer to voluntary donations and funds invested in the broader community where the target beneficiaries are external to the Bank. These include contributions to charities, NGOs and research institutes (unrelated to the company's commercial research and development activities), funds to support community infrastructure (such as recreational facilities) and direct costs for social programmes (including arts and educational events).

**SBERBANK'S SHARE IN DIFFERENT SEGMENTS OF THE FINANCIAL SERVICES MARKET\*\*, %**



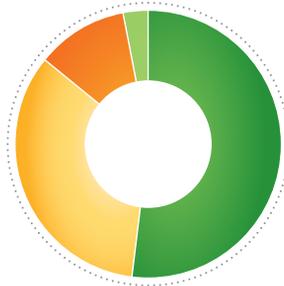
\*\* all data from RAS Financial Report of OJSC Sberbank of Russia for 2010

**BREAKDOWN OF LOAN PORTFOLIO BY CUSTOMER SEGMENT\*, RUB billion**



\* all data from IFRS Consolidation Financial Statements of OJSC Sberbank of Russia and its Subsidiaries for 2010

**BREAKDOWN OF CORPORATE LOAN PORTFOLIO BY CUSTOMER TYPE\*\*, %**



52%  
Large corporate customers

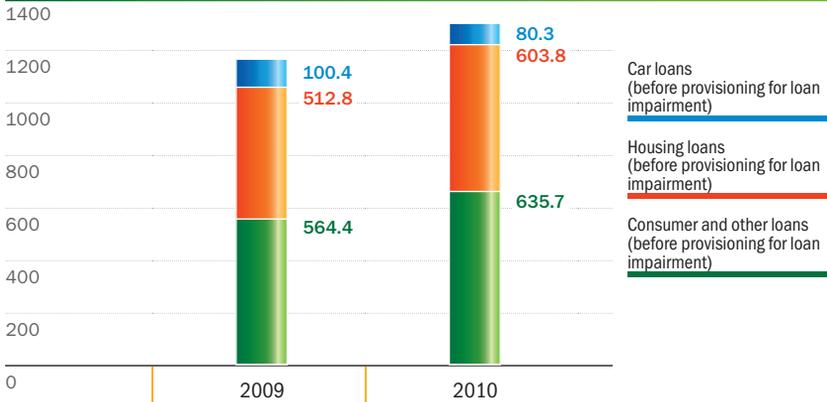
34%  
Medium businesses

11%  
Small businesses

3%  
Executive authorities

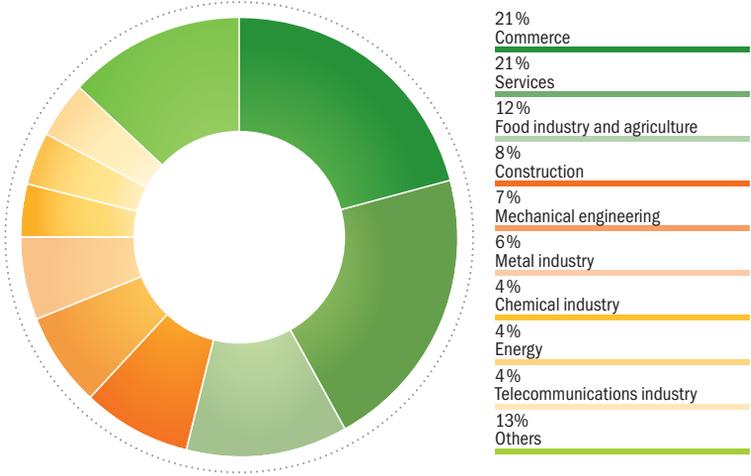
\*\* all data from RAS Financial Report of OJSC Sberbank of Russia for 2010

**RETAIL LOANS\*, RUB billion**



\* all data from IFRS Consolidation Financial Statements of OJSC Sberbank of Russia

**BREAKDOWN OF CORPORATE LOAN PORTFOLIO BY SECTOR\*, %**



\* all data from IFRS Consolidation Financial Statements of OJSC Sberbank of Russia

Sberbank has a well-developed network of branches, which includes 17 regional banks<sup>5</sup> and over 19,000 outlets in all Russia's regions.

The Bank's strategy for the development of its international operations allows for different approaches in different regions. Our subsidiary banks operate in Kazakhstan, Ukraine and Belarus. Countries in the Commonwealth of Independent States (CIS) are the main priority in terms of the expansion of our operations in the medium term. However, in 2010 we opened a branch in India to gain a foothold in the local market. We also opened a representative office in Germany in 2009.

<sup>5</sup> Since January 1, 2011 the Bank's network of branches includes 17 regional banks. In 2010 the network included 18 regional banks.



100

By your side



**SBERBANK S INTERNATIONAL PRESENCE AS OF JANUARY 1, 2011**

Republic of Belarus	Subsidiary bank
Germany	Representative office
India	Branch
Kazakhstan	Subsidiary bank
Ukraine	Subsidiary bank



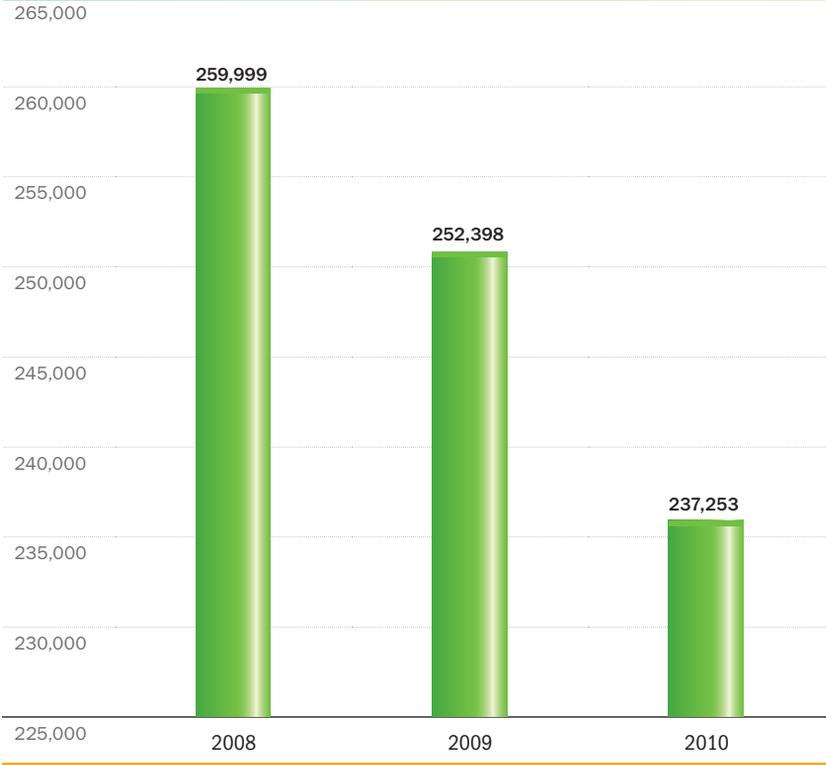
The Bank is managed by the Central Head Office, which is based in Moscow. We have a number of senior managers who are responsible for different aspects of corporate social responsibility. Virtually every aspect of our activities has at least some external effect and as such must be considered within the context of corporate social responsibility.

### Members of the Management Board as of 31 December, 2010

Herman Gref	CEO and Chairman of the Management Board
Sergei Gorkov	Deputy Chairman of the Board
Andrei Donskih	Deputy Chairman of the Board
Bella Zlatkis	Deputy Chairman of the Board
Anton Karamzin	Deputy Chairman of the Board
Evgeny Korolev	Deputy Chairman of the Board
Stanislav Kuznetsov	Deputy Chairman of the Board
Alexander Torbakhov	Deputy Chairman of the Board
Denis Bugrov	Senior Vice President
Olga Kanovich	Senior Vice President
Victor Orlovsky	Senior Vice President
Alexander Bazarov	Vice President, Director of the Corporate Clients Department
Andrei Golikov	Vice President, Director of the Treasure and Financial Markets Department
Alexander Morozov	Vice President, Director of the Finance Department

Sberbank is one of the largest employers in Russia. At the end of 2010, we employed 240,895 people, or some 0.2% of the Russian population. Our HR policy aims to build and enhance our human capital in line with our business model, while also creating a highly effective, professional and motivated team of employees at each division and branch of the Bank. The average staff turnover rate in 2010 across the bank was 7.5%. The rate of attrition was 18.0%.

**ANNUAL AVERAGE NUMBER OF EMPLOYEES**

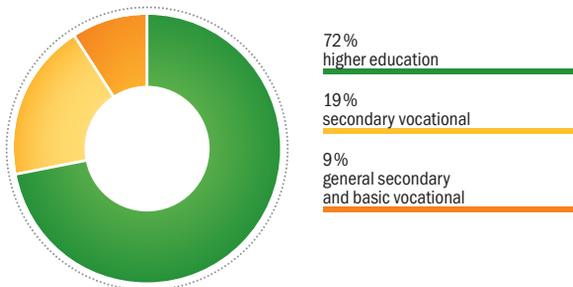


**HEADCOUNT AS OF DECEMBER 31, 2010**

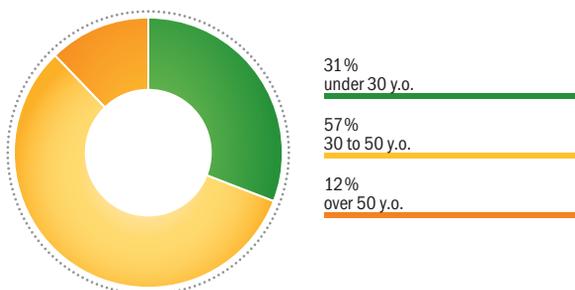
Central Head Office	8,681
Altaysky Regional Bank	5,567
Baikalsky Regional Bank	6,616
Dalnevostochny Regional Bank	8,089
Moskovsky Regional Bank	17,655
Povolzhsky Regional Bank	24,905
Severny Regional Bank	8,859
Severo-Kavkazsky Regional Bank	8,162
Severo-Vostochny Regional Bank	3,558
Severo-Zapadny Regional Bank	19,122
Sibirsky Regional Bank	9,587
Srednerussky Regional Bank	20,209
Tsentralno-Chernozemny Regional Bank	16,055
Uralsky Regional Bank	21,701
Volgo-Vyatsky Regional Bank	22,912
Vostochno-Sibirsky Regional Bank	6,014
Yugo-Zapadny Regional Bank	14,516
Zapadno-Sibirsky Regional Bank	8,385
Zapadno-Uralsky Regional Bank	10,302

In 2011, the Bank will celebrate its 170<sup>th</sup> anniversary. Throughout its history, Sberbank has always strived to tackle the most important issues of the times. Nowadays it is a modern universal bank that meets the needs and requirements of various customer categories for a broad range of banking products and services. In 2008, we embarked on a strategic transformation programme to create value for those with whom we work.

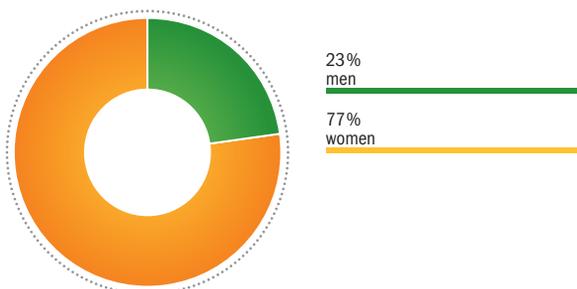
**BANK STAFF BREAKDOWN BY EDUCATION LEVEL,  
AS OF DECEMBER 31, 2010, %**



**BANK STAFF BREAKDOWN BY AGE, AS OF DECEMBER 31, 2010, %**

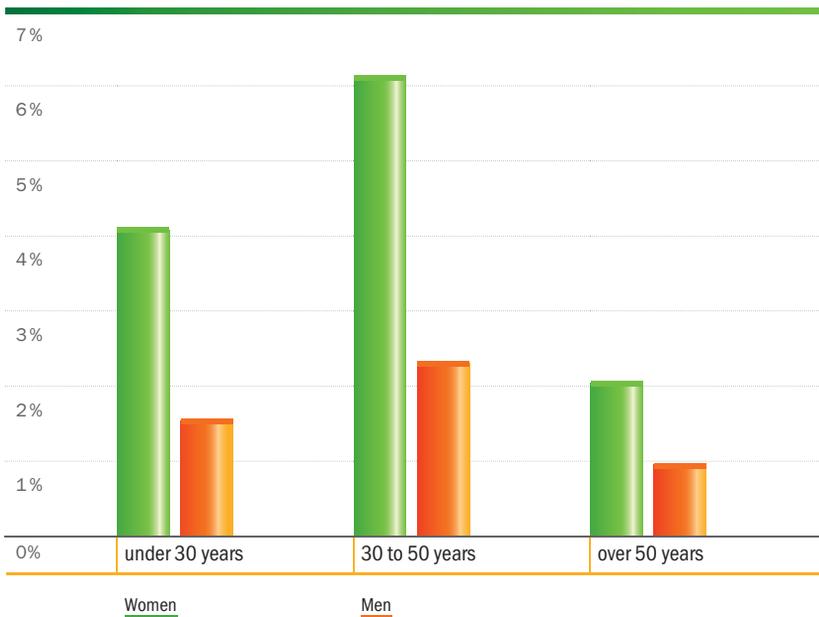


**BANK STAFF BREAKDOWN BY GENDER, AS OF DECEMBER 31, 2010, %**

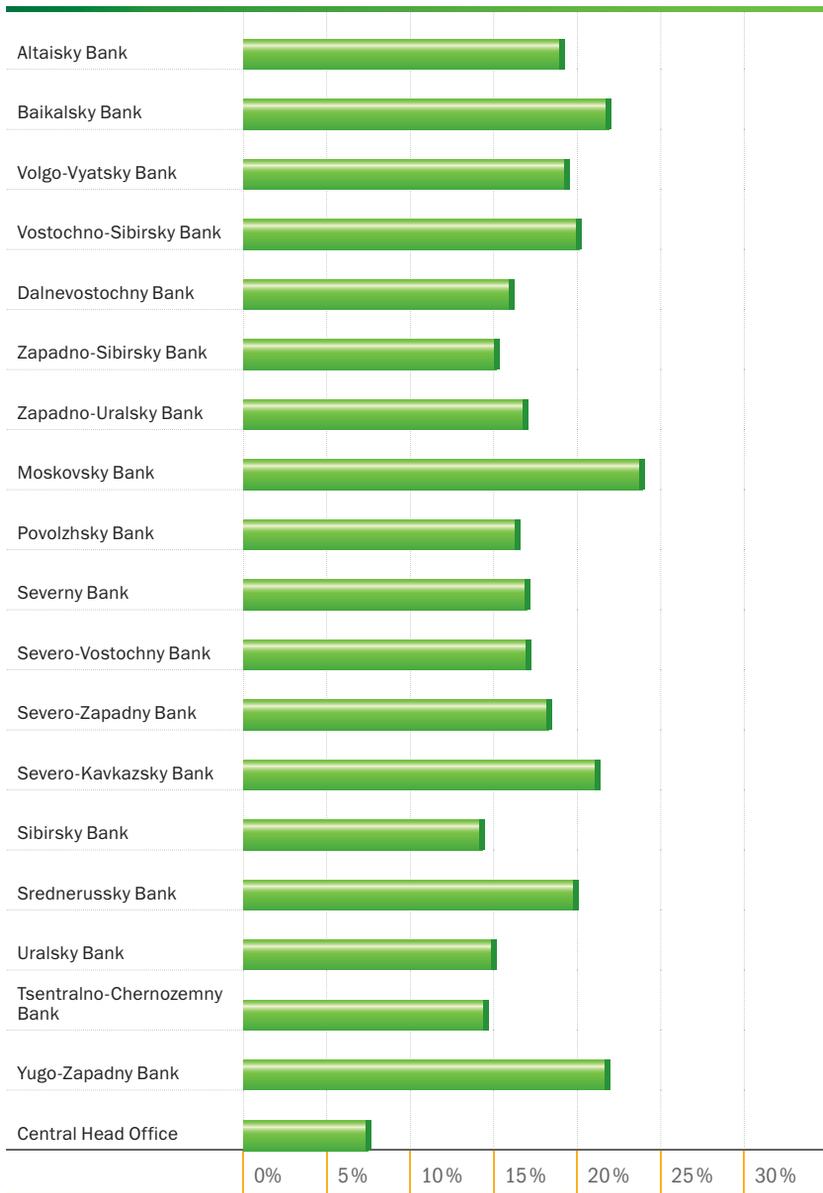


**COMPOSITION OF GOVERNANCE BODIES, AS OF DECEMBER 31, 2010**

Age	Women	Men	Total
<b>Supervisory Board</b>			
30 or under	0	0	0
31 50	1	7	8
51 or over	2	7	9
<b>Total</b>	<b>3</b>	<b>14</b>	<b>17</b>
<b>Management Board</b>			
30 or under	0	0	0
31 50	1	11	12
51 or over	1	1	2
<b>Total</b>	<b>2</b>	<b>12</b>	<b>14</b>

**EMPLOYEE TURNOVER RATE BY GENDER AND AGE, 2010,%**


**EMPLOYEE TURNOVER RATE, 2010, %**



The main areas of the transformation include:

- achieving maximum focus on customers and becoming a service-oriented company providing services to retail and corporate customers;
- modernising technology at the Bank and industrialising its systems and processes;
- considerably improving the efficiency of the Bank's operations on the basis of the most advanced technologies and management approaches as well as optimising and streamlining all business processes by rolling out the Sberbank Production System which was created in line with the principles of lean production;
- developing our international operations, primarily in the CIS.

The implementation of Sberbank's Development Strategy will help the Bank strengthen its position on the Russian banking market and achieve a performance level similar to that of world-class universal financial institutions.

Sberbank is a member of leading Russian and international business organisations, which helps it engage with the business community on matters such as the development of the Russian banking industry, improving the investment climate, developing entrepreneurship and strengthening international economic relations.

**DOMESTIC MARKET POSITION**

Substantial strengthening of the Bank's competitive position in most market segments  
Maintained position in the retail savings market  
Target share of national banking assets at 25-30%

**INTERNATIONAL MARKETS**

5-7% of net income coming from international operations  
Increased presence in China and India  
Target market share of 5% in priority CIS countries

**SBERBANK IN 2014 - ONE OF THE WORLD'S LEADING FINANCIAL INSTITUTIONS**

**FINANCIAL PERFORMANCE**

Net income multiplied 2.5-3 times compared to 2007  
Cost-income ratio down 5 percentage points to 40%  
ROAE of at least 20%  
Headcount at 200,000-220,000

**QUALITY INDICATORS**

Russian best practice customer service, best service quality and state-of-the-art risk management system  
Corporate culture that facilitates self-improvement and increased productivity; highly skilled and motivated staff  
Management and operational systems and processes comparable to international benchmarks  
Strong positive brand and loyal customers

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## ***Sberbank's Membership in Business Associations and Organisations as of the End of 2010***

- National Currency Association (NCA).\*
- National Securities Market Association (NSMA).\*
- Russian National Association of Securities Markets Participants (NAUFOR).\*
- International Capital Market Association (ICMA), Russian Regional Committee.\*
- International Monetary Conference.
- International Banking Security Association (IBSA).
- Arbitration Promotion Centre.\*
- US-Russia Business Council.\*
- Russian-American Business Council.
- Russian-Chinese Business Council.
- World Economic Forum (WEF).

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## ***Awards Received by Sberbank in 2010***

- The 2009 Financial Olympus National Award in the Retail Bank category.
- Two international awards from Deutsche Bank: a 2009 USD STP (Straight Through Processing) Excellence Award and a 2009 Euro STP Excellence Award.
- International awards from JPMorgan Chase: a Quality Recognition Award for Outstanding Achievement in 2009 2010 for Best-in-Class STP Rates and a Quality Recognition Award for Book Transfers.
- An international 2009 STP Award from Commerzbank AG.
- The Banker of the Year National Banking Award.

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\* Sberbank is a member of the management bodies of these organisations.

- The Big Money Award in the Innovation Breakthrough category.
  - The 2010 Employer of the Year Award.
  - Visa Service Quality Performance Award.
  - Awarded as the Russian Corporate Governance Leader in three categories (Best Corporate Manager, Best Progress in the Development of Corporate Governance and Best Annual Report).
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# About This Report

## Background Information about This Report

This is the first Corporate Social Responsibility Report disclosing Sberbank's economic, social and environmental performance in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) and the GRI Financial Services Sector Supplement.

The reporting period is the year ending December 31, 2010. To ensure comprehensive coverage of certain material issues, some sections of this Report contain information from previous periods.

This Report does not constitute or form part or all of, and should not be construed as, any offer of, or any invitation to sell or issue, or any solicitation of any offer to purchase, subscribe for, underwrite or otherwise acquire, or a recommendation regarding, any shares or other securities representing shares in, or any other securities of the Bank, or any member of the Bank's group, nor shall it or any part of it nor the fact of its presentation or distribution form the basis of, or be relied on in connection with, any contract or any commitment whatsoever or any investment decision.

The information in this Report may include forward-looking statements. Forward-looking statements include all matters that are not historical facts, statements regarding the Bank's intentions, beliefs or current expectations concerning, among other things, the Bank's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Bank operates. By their nature, forward-looking statements involve risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. The Bank cautions you that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industry in which the Bank operates may differ materially from those made in or suggested by the forward-looking statements contained in this report. In addition, even if the Bank's results of operations, financial condition and liquidity and the development

of the industry in which the Bank operates are consistent with forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in future periods.

The information and opinions contained in this Report are provided as at the date of this Report and are subject to change without notice.

### **Report Boundary and Content**

This Report covers a broad range of topics related to the Bank's CSR performance. The following processes were used to identify topics to be covered by this Report:

- An analysis of the Bank's CSR activities according to the core subjects of social responsibility defined by ISO 26000;
- Interviews and a survey of Bank managers;
- An analysis of the content of non-financial reports released by comparable banks;
- An analysis of the Russian business media.

The issues identified as a result of these processes were reviewed by the Bank's management to evaluate their relevance in the context of the Bank's strategy and the information needs of target stakeholder groups. The relevant issues were included in the Vision of the CSR Report, which was used as guidance in preparing this Report (in addition to the GRI Guidelines).

This report is intended to meet the information needs of a broad audience, which includes the Bank's retail and corporate customers, employees, business partners and government authorities.

The qualitative information contained in this Report applies to the Bank's operations within the Russian Federation (at the Central Head Office and all regional banks), since it is there that most of the customers and employees are based. When possible, data and information are consolidated and include information on subsidiaries located in Belarus, Kazakhstan and Ukraine.

**GRI Application Level**

This report has been prepared in accordance with the requirements of GRI Application Level C (see the GRI Content Index on page 115).

**Contact Details**

Please send your comments and suggestions regarding this Report to [csr@sberbank.ru](mailto:csr@sberbank.ru) or [ir@sberbank.ru](mailto:ir@sberbank.ru).

# GRI Content Index

	GRI disclosure/indicator (as defined by the GRI Guidelines)	Report page / comment / reference
1.1	Statement from the most senior decision-maker of the organisation about the relevance of sustainability/CSR to the organisation and its strategy	5 7
2.1	Name of the organisation	95
2.2	Primary brands, products and/or services	97
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures	99
2.4	Location of organisation s headquarters	101
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability/ CSR issues covered in the report	99
2.6	Nature of ownership and legal form	95
2.7	Markets served by the organisation	101
2.8	Scale of the organisation	97 105
2.9	Significant changes during the reporting period <b>regard-</b> ing size, structure or ownership	There were no significant changes regarding size, structure or ownership during the reporting period
2.10	Awards received in the reporting period	110 111
3.1	Reporting period for information provided	112
3.2	Date of most recent previous report (if any)	Not applicable, since this is the Bank s first CSR Report
3.3	Reporting cycle	112
3.4	Contact point for questions regarding the report or its contents	114
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	GRI disclosure/indicator (as defined by the GRI Guidelines)	Report page / comment / reference
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3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations	113
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement	Not applicable, since this is the Bank's first CSR Report
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	Not applicable, since this is the Bank's first CSR Report
3.12	Table identifying the location of the Standard Disclosures in the report	115
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks	This information is provided in Sberbank's Annual Report
4.2	Indication of whether the Chair of the highest governance body is also an executive officer	This information is provided in Sberbank's Annual Report
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	The information is provided in the Annual Report
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	84 85, 54 56
4.14	List of stakeholder groups engaged by the organisation	10 11
4.15	Basis for identification and selection of stakeholders with whom to engage	10 11
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EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	76 77
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	65 71
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	13

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GRI disclosure/indicator (as defined by the GRI Guidelines)	Report page / comment / reference
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### Environmental performance indicators

EN4	Indirect energy consumption by primary energy source	79
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### Human Rights Performance Indicators

HR4	Total number of incidents of discrimination and actions taken	In 2010, no incidents of discrimination at the Bank were reported
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	The Bank does not carry out any operations associated with a significant risk for incidents of child labour
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	The Bank does not carry out any operations associated with a significant risk for incidents of forced or compulsory labour
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	In 2010, no incidents of violations involving rights of indigenous people at the Bank were reported

### Labour Practices and Decent Work Performance Indicators

LA1	Total workforce by employment type, employment contract and region	103 105
LA2	Total number and rate of employee turnover by age group, gender, and region	106 107
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	56 57, 59 60
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GRI disclosure/indicator (as defined by the GRI Guidelines)		Report page / comment / reference
LA9	Health and safety topics covered in formal agreements with trade unions	61
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	106

### Product Responsibility Performance Indicators

PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	32
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FS16	Initiatives to enhance financial literacy by type of beneficiary	17 18, 29, 33 35, 65 66

# List of Abbreviations

<b>ATM</b>	Automated Teller Machine
<b>Bank</b>	OJSC Sberbank of Russia
<b>CEO</b>	Chief Executive Officer
<b>CIS</b>	Commonwealth of Independent States
<b>CJSC</b>	Closed Joint-Stock Company
<b>COSC</b>	Customer Operations Support Centre
<b>CSR</b>	Corporate Social Responsibility
<b>EMBA</b>	Executive Master of Business Administration
<b>FATF</b>	Financial Action Task Force
<b>GDP</b>	Gross Domestic Product
<b>GRI</b>	Global Reporting Initiative
<b>GUP</b>	State Unitary Enterprise
<b>GUP RM</b>	State Unitary Enterprise of the Republic of Mordovia
<b>HR</b>	Human Resources
<b>IDCC</b>	Integrated Distributed Call Centre
<b>IFRS</b>	International Financial Reporting Standards
<b>ISO</b>	International Organisation for Standardisation
<b>LLC</b>	Limited Liability Company
<b>MLTF</b>	Money Laundering and Terrorist Financing
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OJSC</b>	Open Joint-Stock Company
<b>OHS</b>	Occupational Health and Safety
<b>PCI DSS</b>	Payment Card Industry Data Security Standard
<b>PIN</b>	Personal Identification Number
<b>RAS</b>	Russian Accounting Standards
<b>SPS</b>	Sberbank Production System
<b>STP</b>	Straight-Through Processing
<b>UEC</b>	Universal Electronic Card
<b>UN</b>	United Nations
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change

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*By your side*