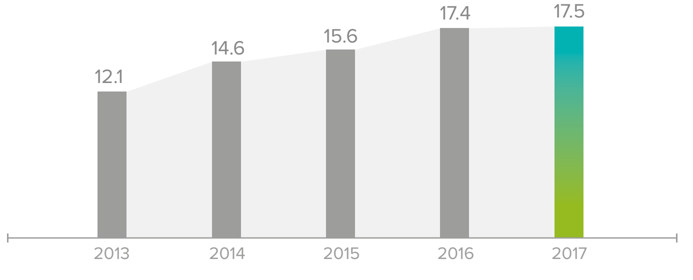
The use of QR code technology to accept payments continued to develop rapidly. At the end of 2017, the share of payments accepted through self-service machines using QR codes equaled 47% of all receipts eligible for payment in this way. In the mobile app the same indicator increased by 25 percentage points during the year, and equaled 30% of all receipts.

The total amount of transfers in 2017 increased by 47% year on year, and equaled RUB 23 trillion. The key factor in this momentous growth in the amount of transfers was the active use by Sberbank clients of card-to-card transfers.

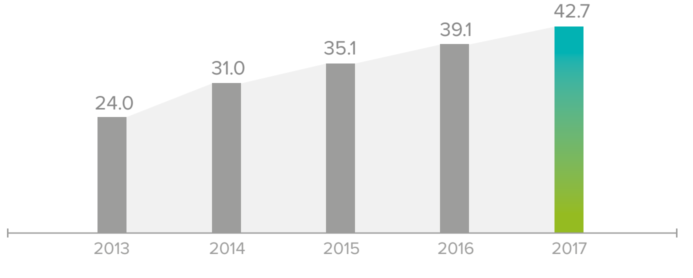
Acquiring and bank cards

Sberbank credit cards

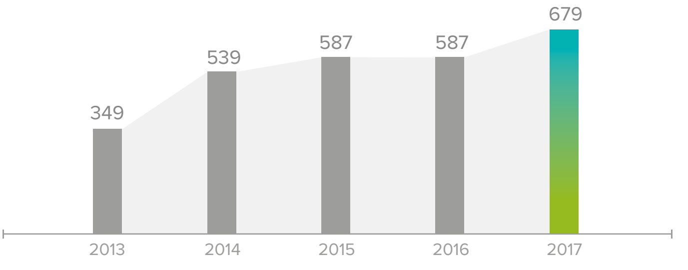
Sberbank's issued credit cards, million



Sberbank's share in the Russian market of credit cards by debt balance, %



Credit card and overdraft portfolio (the Group, IFRS), RUB billion



Sberbank's main priority in the development of its retail business remains the client and client satisfaction. And that is why we are constantly improving our products and processes. For instance, in 2017 Sberbank continued liberalizing its credit card policy against the backdrop of the improving economic situation, and offered its existing cardholders increased credit limits.

The trend toward interest rate cuts by the Bank of Russia also allowed Sberbank to offer its clients better terms and to lower its rates on newly issued credit cards starting from July 1, 2017. We also improved the terms for credit card applications in 2017. Clients with a pre-approved offer were given the opportunity to receive a Instantly issued card with a credit limit of up to RUB 600 thousand (the previous maximum limit on these cards was RUB 120 thousand). The minimum age at which payroll customers can receive a credit card was also lowered from 25 to 21 years of age.

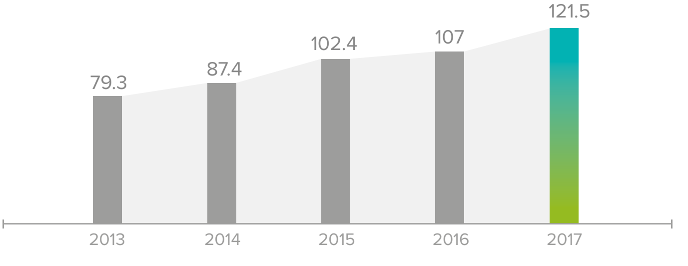
Another innovation of 2017 was the cancellation of the payment for the first year of servicing of cards for clients without a pre-approved offer. Now, starting from August, clients without a pre-approved application can receive a credit card by simply showing their passport, without the need to show proof of income and their employment record book.

From June, clients can receive a credit card in any Sberbank branch, regardless of where they are registered. The cancellation of the requirement for a client to be registered in the service coverage area of the regional banks makes it easy to order a credit card through any channel, and to receive it at any branch.

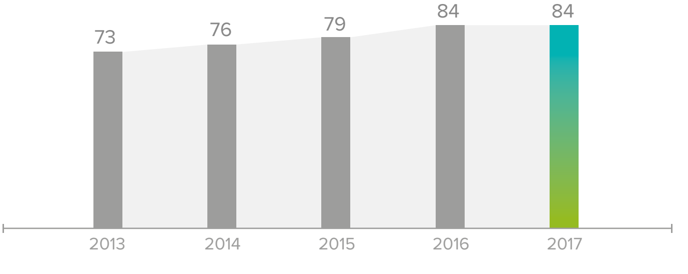
In March 2017 we launched a new line of premium credit cards. The line consists of three products: Visa Signature and World Mastercard Black Edition with increased bonuses from loyalty program Spasibo, as well as Aeroflot Visa Signature with accrual of 2 miles for every RUB 60 spent. To improve the quality of customer service and ensure a positive customer experience, we launched upgraded interfaces with debt information on the mobile app and the web version of Sberbank Online. We have made the payment process even easier and faster. Now clients know exactly how much they need to pay on the card to avoid late fees, and how to use the credit grace period. The well-loved text message service “Debt” allows clients to check the amount and date of their next payment, and also notifies them of the debt grace period during which a certain amount must be paid to avoid paying interest on purchases.

Sberbank debit cards

Valid debit cards, million



Share of active debit cards, %



Sberbank is the largest issuer of debit cards in Russia. As of the end of 2017, the Bank’s share of debit cards in circulation equaled 66.6%, and the share in terms of the number of cards equaled 70.4%.

We continued the active development of the Bank’s line of premium debit cards in 2017, offering clients new products and services. In February the Visa Platinum card with increased bonuses from the loyalty program Spasibo was introduced (bonuses of up to 10% of the purchase amount), as was the Aeroflot Visa Signature debit card. Since their introduction, more than 240 thousand new premium cards have been issued.

All Visa, Mastercard cards (except Visa Electron and Maestro) as well as MIR debit cards issued in 2017 were contactless cards. By the end of the year, the share of contactless cards in Sberbank's debit card portfolio had reached 22%.

Sberbank issued more than 20 million cards of the MIR national payment system, the issue of which was launched in late 2016. Sberbank cardholders were offered several new solutions which facilitated an improvement in the quality of customer service and accessibility. In particular, we launched new MIR card products in 2017 and expanded their functional features: MIR Gold, MIR Premium and MIR Premium Plus. Also, since the third quarter of 2017, all MIR cards are also issued with contactless payment capability and support the MirAccept secure electronic payment technology.

In 2017 all visitors to the sberbank.ru website were given the opportunity to order online any debit card on offer, and Sberbank Online users can now order any card they like without having to complete any form. Over 650 thousand debit cards were ordered in this way.

Spasibo from Sberbank loyalty program

In the loyalty program 6.5 million new participants were registered during the year, with the total number reaching 31 million. The NPS of the program equaled 68.5%. During the year participants completed 606 million purchases from partner programs for the total amount of RUB 355 billion.

> As part of the IV ICXC Loyalty Marketing Forum: advice from the winners, the Spasibo from Sberbank loyalty program won awards in three categories: “Best loyalty coalition program”, “Service of the year” and “Start of the year”.

During 2017 more than 200 new partners joined the program, including L'Etoile, Mosvettorg, Bork, Medsi, Papa John's, Technopark, the largest water park Aquamarine, 585, Yandex Taxi, L'Occitane, Domino's, Biglion, Sportmaster, OKKO, Elena Furs, Fitservice, Taxi Maxim and Odnoklassniki.

New opportunities for customers have been implemented on the program's market places:

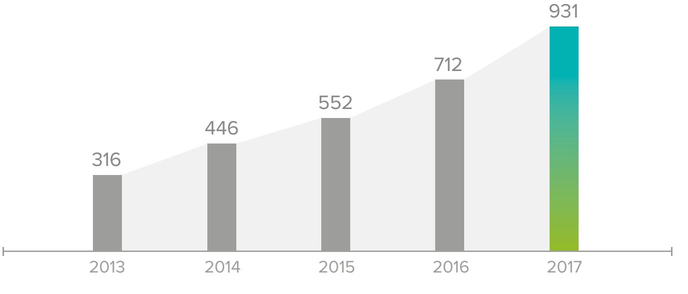
- Spasibo from Sberbank. Travel – new sections have been added, offering an opportunity to accrue and spend bonuses on hotel bookings, car rental, access to business lounges, and the purchase of bus and railway tickets;
- Spasibo from Sberbank. Impressions – this project offers an opportunity to spend bonuses on concerts and exhibitions in more than 500 cities;
- Spasibo from Sberbank. Online – bonuses can be spent on gift certificate and charity - a section with vouchers has been launched jointly with partner Biglion.

In 2017 customers downloaded the mobile application Spasibo from Sberbank 3.5 million times. Its monthly active audience (MAU) reached 1.6 million people. The application makes it possible to exchange bonuses for discount vouchers, special offers of the section Impressions, and to acquire for bonuses/money airplane and railway tickets. The application can be accessed and some of the functions can be used during payment thanks to biometrics – Touch ID, or Face ID for IPhone X.

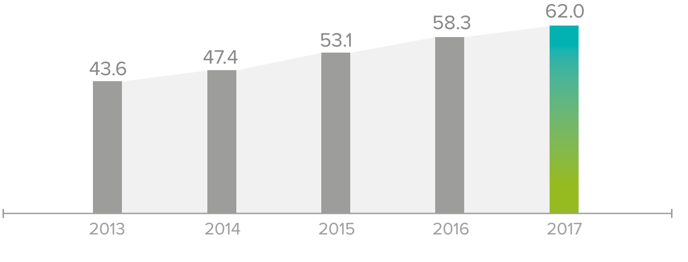
Customers now can exchange SPASIBO bonuses for discount vouchers when buying Sberbank Insurance policies.

Sberbank on the Russian acquiring market

Number of active retail and service outlets (active partner base), thousand



Acquiring market share, %



We pay special attention to the development of the acquiring network and attracting new clients. During 2017 the number of active retail and service outlets in Sberbank's acquiring network increased by 31%, reaching 931 thousand. Partners with a national reach were brought in to Sberbank for acquiring services: Leroy Merlin, Svyaznoy, the Hyperglobus and Megamart supermarket chains, the Teremok fast food chain, SubWay Russia, and the Formula Kino cinema chain.

We also continued vigorously developing the internet acquiring network in 2017. Sberbank attracted 35 thousand new partners – five times more than in 2016. Azbuka Vkusa, Major Automobile Holding, Parter Ticket Offices, Leroy Merlin, Exist Auto Parts, Kassir.ru Ticket Operator, PetShop.ru Pet Supplies, RusLine Aviation Company, Angara Airlines, Rossiya Airlines, Yandex.Taxi and others became our clients.

Based on The Nilson Report for 2016, Sberbank ranked first in the rating of acquirers in Europe, and first among Russian banks in the rating of internet acquirers.

In 2017 we focused on the development of new acquiring services. Revolutionary acquiring product for online and mobile payments called "Internet Acquiring 2.0" was brought to clients' attention. When paying for purchases in online stores that use Sberbank acquiring services, users can now save their bank card details regardless of the issuing bank of the card. This saves the buyer from having to enter their details for each purchase: Sberbank "remembers" them, and simply prompts them to choose the required card. This simplifies purchases in the more than 30 thousand online enterprises that work with Sberbank.

For the convenience of our clients, in 2017 we introduced the option of making payments using Apple Pay, Android Pay and Samsung Pay technology for online stores and mobile apps, and presented to clients the Sberbank payment bot for the Telegram messenger, which allows noncash payments to be accepted, including through Apple Pay and Android Pay.

In accordance with legislative requirements, Sberbank ensured the acceptance of cards of the national payment system MIR at all the bank's POS terminals.

In 2017 we also launched our own mobile application for acquiring partners called Sberbank Mobile POS. This app enables us to bring acquiring to the mobile segments of the market and to make the price point more attractive for small and microbusinesses, thereby facilitating the development of non-cash payments. More than 8 thousand such solutions were sold in the fourth quarter alone.