

New Sberbank Development Strategy 2020

In 2017 Sberbank approved a new Development Strategy for 2018–2020.

The main goal of the new Strategy 2020 is to reach a new level of competitiveness. We seek to compete with global technological companies while remaining the best bank both for the public and for business. Our key task is to grow the scale of our business, increase profitability and efficiency, and at the same time increase our flexibility, speed and client orientation by implementing new technologies and developing new skills of our employees.

Our selected strategic areas of development till 2020 include improvement of the customer experience and creation of ecosystems, ensuring technological leadership and development of the Bank's team.

We are convinced that consistent work in these areas will allow us to implement the desired innovations in our activity, satisfy most of the needs of our clients and, ultimately, improve the operating and financial performance of Sberbank.

When developing the goals for our new Strategy 2020, we paid special attention to key trends that affect our operations. These include:

ambitions of companies that are technological leaders to become ecosystems,

which in future will lead to a shift in the value creation chain from production to distribution

a change in consumer preferences –

the digitization of all spheres of life

implementation of new technologies

that will substantially influence the traditional ways of working with clients

stabilization of return on equity (ROE)

in the global banking system at a modest level amidst growing regulatory requirements and expectations

The Strategy 2020 was presented to stakeholders on Investor's Day, on December 14, 2017. The broadcast of Investor's Day over the Internet had more than 2.5 thousand viewers, and can be seen at this link.



Key areas, goals and expected results of the Strategy 2020

01. The best customer experience and ecosystem

- Customer experience in the financial sector;
- Building an ecosystem of non-financial businesses.

02. Technological Leadership

- Reliability and efficiency;
- New platform;
- Security;
- Data-driven company;
- Innovation.

03. People with new skills in effective teams

- New skills;
- Teams instead of hierarchy;
- Corporate culture;
- Transformation of the HR function.

Financial goals of the Strategy

- **Profitability:**
significant growth in profits, maintaining the stable ROE figure of 20%, increasing the share of profits paid out in dividends
- **Income and expenses:**
stable growth in commission income, reduction of operating costs by optimizing expenses on personnel, real estate, self-service arrangements, increasing expenses on implementing new IT solutions and digital business.
- **Risk expenses:**
growth in capital adequacy, implementation of a conservative risk management policy and a reduction of expenses on risk, management of new risks.

Risks of implementing the new Strategy

For the successful implementation of the Strategy 2020 we analyzed the key risks that may affect the achievement of strategic goals and developed appropriate measures to mitigate these risks.

As part of our business planning we will regularly analyze the deviations of actual figures from the target, update the forecast for the implementation of the Strategy 2020 to take into consideration newly appearing or already manifested risks. We will use the results of this work to eliminate the identified deviations, and also to revise short-term objectives and adjust the Strategy 2020.

Following established corporate governance practices at Sberbank, interim results of the implementation of the Strategy will regularly be considered and approved by the Supervisory Board.