



SBERBANK

Sustainability Report

2017

Sberbank Europe



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Sberbank Europe Headquarters at Schwarzenbergplatz in Vienna

Introduction

With the following consolidated Sberbank Europe Group non-financial report (Sustainability report), the bank aims to transparently provide its stakeholders the main non-financial information of 2017. Sberbank Europe recognizes the need to regularly provide reports on its impact on society, the economy and the environment. Sberbank Europe strives to ensure transparency of its resolutions and activities that affect society, the economy and the environment.

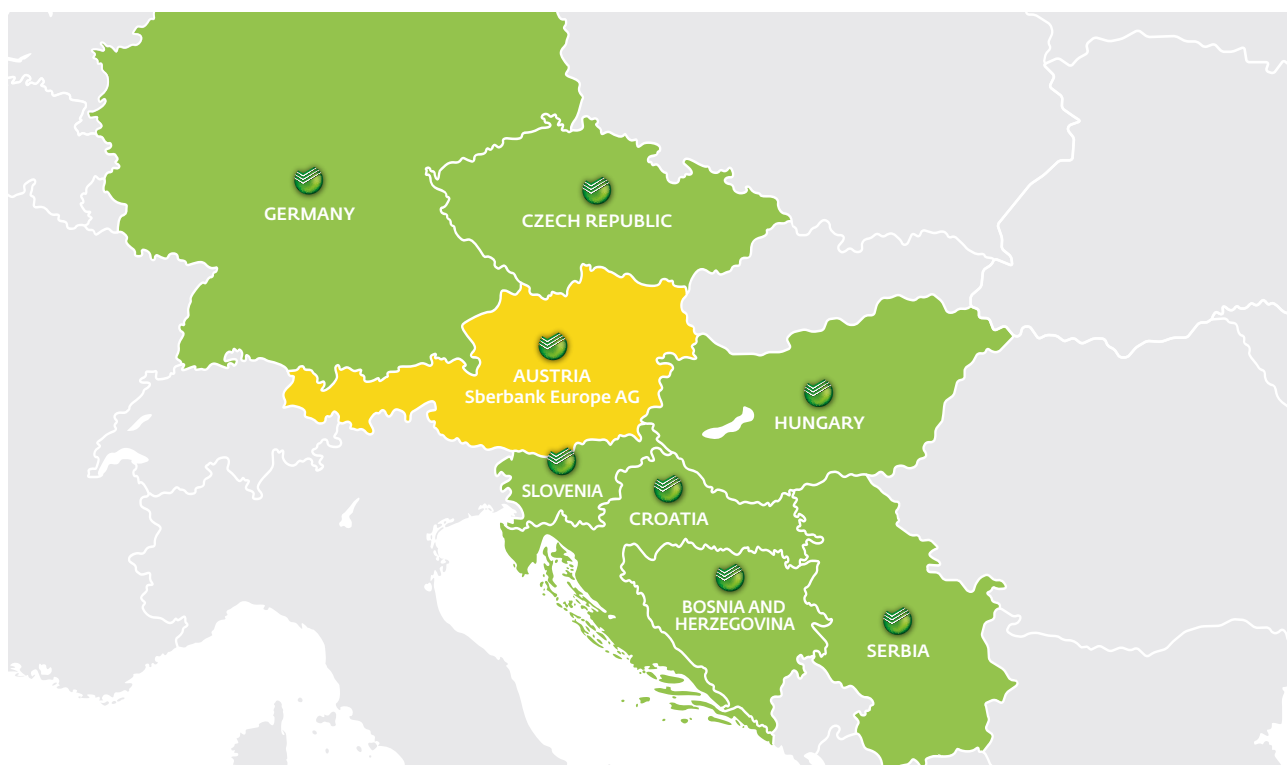
Reporting requirement according to NaDiVeG: Starting with 2017, the new Sustainability and Diversity Improvement Act (NaDiVeG), which transmits the EU Directive 2014/95/EU into national law, requires large companies of public interest to report information on environmental and social issues. The main objective of the Directive is to promote transparency and to improve relevance, consistency and comparability of disclosed non-financial information.

For Sberbank Europe, Corporate Social Responsibility is an approach, which we use to build relationships with our stakeholders. We strive to do our business in a way that would benefit all parties Sberbank interacts with.

"It is crucial for us to support and promote initiatives capable of improving the life of our customers, their families and society in general".

Herman Gref, CEO, Chairman of the Executive Board of Sberbank

ABOUT SBERBANK EUROPE



Sberbank Europe's market presence

Sberbank Europe AG, headquartered in Vienna, Austria, is a banking group that is 100% owned by Sberbank of Russia, the largest bank in Russia. Sberbank of Russia is servicing more than 70% of the Russian population. The European subsidiary Sberbank Europe is present in eight European markets: Austria, Germany, Bosnia and Herzegovina (Sarajevo and Banja Luka), Croatia, Czech Republic, Hungary, Slovenia and Serbia. In Germany, Sberbank Direct serves retail clients, offering online basic banking products. In Austria, Sberbank Europe serves corporate clients with business focus on CEE markets, Russia and CIS. Sberbank Europe Group has around 665,000 customers, operates 190 branches, and employs 4,050 employees across Europe. The total assets of Sberbank Europe amount to EUR 12.6bn (as of December 2017).

Sberbank Europe's business model

Sberbank Europe is a fully-fledged universal bank. Within the region of our presence, we are servicing retail customers, large corporates as well as small and medium-sized enterprises. Sberbank Europe is a financial partner for retail clients in CEE as well as for companies doing business in Russia and CIS countries. As an integral part of one of the most dynamic financial providers in the world and the largest bank in Russia, Sberbank Europe aims to build sustainable bridges between Russia and the European markets.

Sberbank Europe's business model is continuing to evolve around four pillars:

- **Profitable:** Following a successful development on CEE markets, Sberbank Europe will focus on utilizing its capital and resources to further grow the business

in its subsidiaries.

- **Self-funded and self-sustainable:** In addition to previous achievements in optimizing funding mix and decreasing dependency on Shareholder's support, Sberbank Europe will emphasize on prudent capital management and risk weighted assets steering to achieve maximum return on capital.

- **Modern:** Sberbank Europe will continue upgrading its digital capabilities and developing an adequate mix of physical and online presence, ensuring superior customer experience across all channels.

- **Light:** Sberbank Europe will work on continuous improvement of its operations, and on steering across the Group as efficiently as possible.

Sberbank Europe's products & services

RETAIL BUSINESS	LARGE CORPORATE & INVESTMENT BANKING	SME BUSINESS
Mortgage and consumer loans	Corporate financing	Liquidity financing (Working Capital/Overdraft)
Current accounts and savings products	Trade finance	Investment financing (Equipment/Business facilities)
Credit cards	Transaction banking	Treasury and trade finance products
Focus on digital banking & partnership programs	Acquisition financing	Transaction business support
Sberbank Direct in Germany (since 2014): pure online retail bank offering term deposits and savings accounts	Real estate financing	Real estate financing

Our corporate values

Our corporate values are at the core of our attitude toward life and work; they are an internal compass that help us make decisions in complex situations.

We are a team: We gladly help each other working to achieve a common goal. We help our colleagues grow and develop. We are open and trust our colleagues.



Sberbank Europe corporate values

All for the customer: All our activities are built around clients and are in their interests. We aim to surprise and delight clients with the quality of our services and attitude. We aim to exceed our clients' expectations.

I am a leader: We take responsibility for our actions and for what is happening around us. We are honest with each other and with our clients. We continuously develop and improve ourselves, the bank, and our environment.



Sberbank Europe employees at 175th anniversary of Sberbank

SBERBANK EUROPE SUSTAINABILITY APPROACH

What has an impact on our stakeholders?

In 2017, Sberbank Europe started the process of defining, analyzing and evaluating the most relevant areas in relation to sustainability and corporate social responsibility. Sberbank Europe conducted a comprehensive impact analysis – an overview of topics within our scope of business, which have a direct social or environmental effect on our stakeholders.

In the course of the impact analysis, the most relevant sustainability topics for Sberbank Europe have been identified and evaluated based on their impact on the environment and the society. The assessment was carried out in a series of workshops by the core team. The core team consists of various departments that contribute to a sustainable business approach of Sberbank Europe such as Retail and Corporate banking, Human Resources, Facility Management and Compliance. Based on the defined topics, Sberbank Europe has created a comprehensive list of non-financial priorities, reflecting our approach to sustainable and responsible business in general. The

list will be subject to a yearly evaluation and update conducted by the bank's non-financial priorities core team.

Since some of the non-financial priorities of Sberbank Europe are exposed to particular risks, the core team together with the Risk department has assessed the non-financial risks according to their materiality in terms of ecological and/or social impact. Most relevant risks that have been identified are related to human resources and social environment of Sberbank Europe. The aspects of respective risk management are covered within the annual management report of Sberbank Europe. In 2018, Sberbank Europe aims to further develop the risk identification and risk assessment in relation to its sustainability priorities.

PRODUCTS AND SERVICES

Our retail customers

Sberbank Europe has a long-term commitment operating in Central and Eastern Europe. Sberbank Europe understands that in order to conduct its business in a sustainable manner it needs to align its interests to that of its customers. Sberbank Europe's Retail strategy goes hand in hand with the overall strategy of Sberbank to grow in segments where the bank brings added value for its customers. Sberbank Europe has therefore set its Retail focus on digital sales, partnerships and lending in all its markets.

Sberbank Europe's aim is to build and foster long-term relations with its customers, by creating a sustainable business model for the future. It strives to do so by offering high quality products and services through different channels to the right customers at the right time. Front and centre are customer needs and accessibility, a customer-centric approach. Sberbank Europe's vision is to build partnerships for life by making financial services personal and fast.

This commitment is evident in the growth of Sberbank Europe's active customer base which increased from 449,000 to 652,000 between 2014 to 2017. The objective for Sberbank Europe is to gain customers for life. The share of 'long-term' customers (retail customers who are banking with Sberbank for at least three years) currently ranges between 27% in the



Sberbank Europe offers accessible and attractive products & services for its customers

Czech Republic and 82% in Croatia.

Building this long-term relationship is an ongoing journey, where customer satisfaction levels provide an important indicator of its success. A survey conducted by Sberbank Serbia unveiled that 91% of customers are satisfied with the bank's products and services (Customer Satisfaction Index, CSI), the loyalty index was assessed at 89%, while the recommendation score (Net Promoter Score, NPS) stood at 61% - well above the market average. In Sberbank Slovenia, the NPS stands at 40%, also above the market average of 10%. Sberbank Czech Republic has been regularly awarded among the top three 'most cli-

ent-oriented' banks in the Czech Republic throughout the past years. Going forward, it is Sberbank Europe's aim to rank among the top five banks in terms of net promoter score (NPS) in each of the markets it operates.

The identification and differentiation value of the Sberbank brand are that of a valuable and customer-focused company. Sberbank Europe has managed to build a prompted brand awareness in the region from close to zero, when it entered the European markets in 2012, to between 35% and 86% in 2017, aiming to further increase its brand awareness.

Ensuring quality and accessibility of our products and services



Sberbank Serbia's Management Board proud of obtaining ICERTIAS Customers Friend certificate

The needs of customers are central in developing new products. The aim in developing and managing products is to provide simple and transparent products delivered in an accessible and secure manner. Offering high quality products and services aligned with customers' needs lead to higher customer satisfaction and retention. Last year, Sberbank Serbia was the first bank on the Serbian market that joined the prestigious international certification program

ICERTIAS „Customers' Friend“. The certification program „Customers' Friend“ follows the aim to encourage service providers to higher standards of overall customer experience, and to higher level of quality, which refers to customer after-sales support and friendly relationships with clients.

An ongoing effort is also made in simplifying the process of obtaining and accessing

Sberbank Europe's banking services by increasing transparency and speed. A clear, simple and consistent interaction with the bank is the guiding principle in designing these processes.

Another initiative touches upon reducing complexity around the product portfolio offered by Sberbank Europe. The aim is to have less than a handful of products in each of the main categories on offer, with

clear customer benefits and transparent pricing structures in place in each market of Sberbank Europe.

The success of this approach is evident for example in Sberbank Hungary, where a 'best premium personal loan' and 'best bank account for pensioners' awards in the market were won. Another example is the 'Ekspres Kredit' introduced by Sberbank to the Slovenian market, allowing customers to receive funds on their account within three hours of application, resulting in a significant increase of applications. Sberbank Czech Republic won first place in the 'savings' category as best financial product of the year in 2016.

In 2017, the main telecommunications provider in Bosnia & Herzegovina, BH Telecom, and Sberbank

Bosnia & Herzegovina have signed a strategic cooperation to offer new e-banking services. By the newly introduced "Click Pay", Sberbank BH offers its clients a faster and cheaper way of paying BH Telecom bills via mobile or internet banking of Sberbank BH. In addition, with the new "Top Up" function, Sberbank BH clients can easily and quickly send a prepaid voucher to any BH Telecom prepaid user from their account. Both of these services are new and unique on the Bosnian market.

As the first bank on the Serbian market, Sberbank Serbia offers its clients to pay their bills on checkout while paying their groceries. Sberbank Serbia with its partner, Mercator-S, enabled this unique service for paying bills in a wide network of Roda, IDEA and Mercator retail stores.

Omni-channel access

Sberbank Europe is aware of the fact that it operates in an environment of fast technological change. Customer needs are changing within this context. Sberbank Europe strives to offer a unified experience across all channels throughout seamless, nearly instant and fully automated end-to-end processes for a better customer experience.

By offering customers multiple touch points in their banking interaction, the bank gives customers more control over their money. This shifts the bank employees' focus from a transactional and sales role into one of advice and help, it builds trust and is what customers expect from their banking partner. Building deep partnerships with its customers means the bank can offer comprehensive and individual services. By using cutting-edge technology, the bank can offer personal banking faster and seamlessly both on- and offline.

The omni-channel approach enables customers to choose between more traditional channels such as branches and advisors, and digital channels such as online and mobile. The client can also choose how, where and when they conduct their banking activities.

Within Sberbank Europe's omni-channel approach, the bank does ensure accessibility to non-digital customers by maintaining its traditional branch network, thereby avoiding limiting access to financial



„Scan2Pay“ enables easy payment via barcode scan

products for certain customer segments.

Last year, Sberbank Serbia launched the new mobile application "Scan2Pay". The tool allows customers to pay bills more conveniently and quicker than ever before. Scan2Pay scans 2D barcodes printed on the bills and fills in payment slips automatically which prevents users from any possible typing errors. There is no need to retype payment orders anymore. Sberbank Serbia has also introduced "Sber X: Change", a unique currency exchange platform. It enables users to buy and sell up to ten currencies 24/7. "Sber X: Change" monitors exchange rates and adjusts them in real-time so that the user can choose the most favourable moment for trading. The new platform is available both as an integral part of Sberbank online banking as well as a discrete service on PC. "Sber X: Change" mobile app will follow in 2018.

A focus for Sberbank Europe is to offer the most

modern digital banking services to its customers. An increasing number of its customers, across different segments, expect full accessibility, usability and a simple, easy to understand interface and content through these channels. Sberbank Europe has established a fully digital bank in Germany, Sberbank Direct, offering transparent online products with attractive conditions in a fast and secure manner and aims to expand its success to other markets. Due to its attractive conditions, the products of Sberbank Direct were awarded "Best Fixed-term deposit", Top "Fixed-term deposit" and "Top Call money" in 2016 by FMH in cooperation with n-tv and DISQ, and "Top Call money" by the magazine *Wirtschaftswoche* in 2017.

Sberbank Europe is cooperating with several larger employers in the region, offering their employees its range of products and individual services. Its "Bank@

Work" programme provides accessible products and attractive conditions. Furthermore, Sberbank Serbia and NIS Petrol have set up a partnership in which Sberbank offers fuel cards with payment functionality to customers of NIS. Sberbank Hungary has introduced a group of direct sales agents, greatly improving the accessibility to the bank of potential new customers outside the traditional branch network.

Sberbank Europe takes care to be both physically and digitally accessible for people with a disability. All branches in Slovenia are barrier free, enabling easy access for persons in a wheelchair while all ATMs are equipped with a phone port to assist persons who have a partial hearing impairment. Sberbank Hungary's website is accessible for people with weak eyesight, and in Croatia, branches are equipped with tactile pavement in support of visually impaired customers.

Providing financial solutions to corporate clients

For Sberbank Europe, our customers are in the center of all our activities. Our organization, systems, products and services are our tools. Our relationship with the customer is the soil we cultivate. We are committed to fulfilling our customers' needs and expectations.

As a bank, we constantly ask ourselves what our customers expect of us and how we can best fulfill these expectations. Our maxim at Sberbank Europe AG is to act entrepreneurially in the interests of our customers. We are interested in building long-term business relationships founded on trust and common understanding. And we aim to earn this trust by demonstrating expertise and flexibility in our day-to-day work.

Bridge to Russia

Sberbank Europe's parent company is one of the world's biggest banks, as well as the largest bank in Russia. Hence, Sberbank Europe is the natural banking partner for companies doing business in Russia or CIS markets. The Russian economy is growing again,

We rely on proficient, proven customer relationship managers with adequate scope for decision-making, who are capable of exploring individual needs and offering creative solutions, based on customers' needs and financial literacy. We work to understand our customers' business needs and establish ourselves as their long-term financing partner.

As a newcomer to the CEE/SEE banking market, we are committed to working with our customers to develop flexible, tailor-made solutions for our mutual benefit. With our expertise, stable ownership structure and excellent equity base, Sberbank Europe AG is well equipped to take on this role.

and exports to Russia are back on the up after a decline in the past years. In the first half of 2017, Austrian exports rose by 26% year-on-year. The availability of various raw materials in Russia is highly attractive to Austrian and CEE companies, with the timber and

paper industry in particular making use of this. Belonging to Sberbank of Russia, the bank with the largest customer base in Russia, we offer direct access to the Russian market.

With a network of banks covering eight countries in Central and South-Eastern Europe, Sberbank Europe offers end-to-end service for companies looking to do business in these growing markets. Sberbank Europe aims to support our customers by acting as a bridge between the CEE/SEE region and the diverse Russian market with the vast opportunities it offers.

It is primarily the CEE customers who often maintain

Single point of contact

In 2017, Sberbank Europe has introduced the role of “Parent Account Manager” within its European banking network. These are specialists who act as the single point of contact for a particular corporate customer. Many of our corporate clients are part of large international corporations, with group operations in various countries. We service our clients across national borders in accordance with our “one face to the customer” principle. The major advantage for the customer lies in having a single contact who can guide them through the entire Sberbank Group, no matter in which country of Sberbank’s presence our client approaches us.

business links to Russia and are long-standing clients of Sberbank Europe’s local CEE banks. Not only do the local banks know their own markets inside out, they also understand the potential for business with Russia and have extensive experience in setting up and supporting foreign trade deals. Sberbank in Hungary specializes in guarantee business, while our Czech bank is focusing on structured financing and FX & interest hedging. Sberbank Europe subsidiaries in Slovenia and Croatia are particularly strong at servicing medium-sized businesses, while our Serbian and Bosnian banks are a special bridgehead for the financing of trade with Russia.

This principle is of key importance in Sberbank Europe’s “Bridge Project”, which is targeting new clients and offering them our support in their business relationships between CEE and the Russian market. The Parent Account Manager acts as an entry point, sounding out the possibilities available within the Group. This approach gives us a better understanding of our clients and their needs while improving our cost and resource efficiency.

Our service: offline and online

Following the trend of digitalization within the banking industry, Sberbank is aiming to offer its customers the best service not only offline but also online. We provide online banking for all new customers for whom we open a current account. The average rate of online banking users among corporate clients within Sberbank Europe Group has exceeded 70% in 2017, and is expected to further increase. In our Slovenian subsidiary, the percentage of online banking users stands already at 98%.

Check by Sberbank

In 2017, Sberbank Europe started with the silent launch of “Check by Sberbank”, a digital database that provides access to information about more than 25 million companies from all sectors of the Russian

economy. The database contains a broad range of corporate information, from financial results, lawsuits and networks, to beneficiary owners, government contracts and much more. The tool ensures a



Check
by SBERBANK

Find new customers and business partners among 25 million Russian companies.

Subscribe now to Check by Sberbank under www.sbercheck.com

Check by Sberbank enables its users to find business partners in Russia

higher degree of transparency and informed decision-making for companies doing business in Russia. One of the friendly users of Check by Sberbank is Oesterreichische Kontrollbank (OeKB), Austria's central provider of financial services and information to exporters and capital markets and companies like Vamed and Bertsch-Laska.

"Check by Sberbank" increases the quality of service by tailoring the bank's products to the needs of every single client. Sberbank Group tracks the information searched for on Check by Sberbank and evaluates the results using predictive analytics. Based on this detailed analysis of search queries, Sberbank can foresee the needs of its customers and offer them useful

banking products. Check by Sberbank's predictive analysis and recommendation systems are constantly being updated and improved. A customer profile and a 360° comprehensive view are due to be introduced shortly, providing real-time information on changes in the financial status, trade and business networks of each company.

"Check by Sberbank" has already been launched successfully in China and Belarus and initial testing has been performed in the selected banks of Sberbank Europe Group. Plan for 2018 is to offer this application in Austria and Slovenia and roll it out to other subsidiaries in the near future.

Responsible financing

With a presence in eight markets in Central and Eastern Europe and a wide range of banking products and services offered by Sberbank Europe subsidiary banks, Sberbank contributes to the macroeconomic growth and prosperity of the region and its society. The bank has set an ambitious goal to foster the growth of these emerging markets.

Regional impact

More than 90% of all corporate customers of Sberbank Europe operate within the core markets of the Group: Austria, Germany, Czech Republic, Hungary, Slovenia, Serbia, Croatia and Bosnia and Herzegovina. In our subsidiary in Bosnia & Herzegovina, 100% of corporate customers are local companies. A good reference of the impact the bank has on the region is a recent loan, which the bank provided. Sberbank BH participated with BAM 8 million in a syndicated loan to AS Group with a total loan volume of BAM 50 million, marking the largest deal in the country in 2017. Some of the brands in the AS Group product portfolio have attained a highly popular status in the country. One of the most recognizable brand is Zlatna Džezva – a synonym for genuine Bosnian coffee. In that way, the bank is actively supporting

the development of domestic production. The percentage of other Sberbank Europe subsidiaries' customers that operate in our core markets is around 100%, which is a commitment and a contribution to the positive macroeconomic development of the region. Following the general upward revision of the autumn forecasts, the Eastern European EU member states are reckoning with an average growth rate of just above 4% in 2017, with only a slight tail-off to follow in 2018 and 2019. These countries have benefited mainly from strengthening import demand from the "old" EU member states, as well as from the relatively stable commodity prices. The trend of the past few years, which has seen Eastern Europe growing about twice as strongly as the Eurozone, has thus been reinforced.

Focus on sustainable industries

Sberbank Europe Group's aim is to have a positive impact on the environment and to finance customers that operate within sustainable industries. Sberbank Serbia has recently provided a loan to ELNOS Group for the construction of a wind farm, and a loan to Mirotin Group for the construction of the first biogas plant in Serbia.

Sberbank Europe has an Environmental and Social Management System (ESMS) handbook in place, which is implemented in each subsidiary. An ESMS check is performed with every new credit application. Each customer financed by Sberbank Europe is assigned to one of the ESMS categories, based on the industry in which it operates.

According to the ESMS handbook, a sustainable industry assumes **absence** of the following criteria:

1. Production or activities involving forced labor or child labor;
2. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements;
3. Any business relating to pornography or prostitution;
4. Trade in wildlife or wildlife products regulated under CITES;
5. Production or use of or trade in hazardous materials such as radioactive materials, unbounded asbestos fibers and products containing PCBs;
6. Cross-border trade in waste or waste products un-

less compliant to the Basel Convention and the underlying regulators;

7. Drift net fishing in the marine environment using nets in excess of 2.5 km in length;
8. Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances and other hazardous substances subject to international phase-outs or bans;
9. Destruction of Critical Habitat – www.iucn.org;
10. Production and distribution of racist, anti-democratic and/or neo-Nazi media;
11. Production or trade in a. Weapons and munitions, b. Tobacco, c. Hard liquor;
12. Gambling, casinos and equivalent enterprises.

In parallel, the ESMS handbook assumes the **inclusion** of:

1. Environment (protection of environment and natural resources);
 2. Social responsibility (supporting human rights, peace, cultural diversity, good working environment);
 3. Governance (responsible, cooperative, fair and transparent business management and leadership).
- The percentage of customers within sustainable industries within the Sberbank Europe Group portfolio is relatively high, standing at above 90%. In Sberbank Hungary and Sberbank Slovenia, this percentage is 100%.

EMPLOYEES

Being present in eight markets in Central and Eastern Europe, Sberbank Europe is operating 190 branches with over 4,000 employees. In order to provide the best service to our customers, the strategic goal of human resources is to attract, develop and engage talented employees with a pioneering spirit. In order to ensure that, Sberbank Europe Group puts a strong emphasis on learning and development of employees, providing a safe work environment, supporting the employees in health topics and guaranteeing a market-oriented, fair and transparent remuneration.

The diversity of the Group's eight markets is represented in the variety of nationalities at Sberbank Europe AG Headquarters in Vienna. 30 different nationalities and almost two thirds of the total workforce have a foreign citizenship. Sberbank Europe AG Headquarters Vienna believes that a diverse workforce leads to a higher level of flexibility and a more open-minded approach, which is required as the environment across all industries, including banks, is changing at a very fast pace.

Digital and soft skills are increasing in importance across the financial sector, and so are they in the Sberbank Europe Group. Consequently, Sberbank Europe offered their employees various trainings and talent program possibilities. For giving students, the future talents, the opportunity to get an insight into the banking area, the Group offers short and long-term internships and cooperates with universities (e.g. Webster University in Vienna).

Guaranteeing a fair and market-oriented remuneration for employees while being able to measure the company's competitiveness are main focus points for Sberbank Europe. The Group's Headquarters participated in 2017 for the fifth time in the Willis Towers Watson salary benchmarking.

As a prime example of customers and employees orientation at Sberbank Europe, Sberbank Serbia has confirmed the high level of quality of service and relationship between its customers and employees by obtaining the "ICERTIAS Customer's Friend" certificate.

Health and work-life balance

An average employee of Sberbank Europe Group takes six sick leave days per year (2017). Supporting employees in maintaining their health, promoting sports activities and health topics in general is therefore of high priority for Sberbank Europe. The headquarters in Vienna has continued the practice of organizing the so-called "health days". Due to the high interest and participation rate of employees, in 2017, "health days" were organized twice. During these programs, employees could attend medical checks, stress reduction treatment, coordination test, bio-feedback stresstest, fitness scale, melanoma check as well as learning about relaxation techniques.

Sberbank Czech Republic organized health days too. Sberbank Hungary and Sberbank Serbia organized a sports day where the focus was on health with different sport programs. Furthermore, at the headquarters in Vienna, a company doctor and a psychologist are available to employees for consultation.

To contribute to public health, Sberbank Czech Republic joined the "Movember" campaign, an annual event involving the growing of moustaches during the month of November to raise awareness of men's health issues. During the campaign, the bank raised money and hosted a series of workshops on

oncological diseases and their prevention.

Sberbank Europe offers their employees various sport events throughout the year. The largest sports event is the annual “Sberbankiada”, which is organized by Sberbank of Russia. Sportswomen and sportsmen of Sberbank Europe Group have been participating at the event which is held in major sports locations

of Russia like Sochi or Kazan since 2012. “Sberbankiada” is a traditional annual sports competition for the best sportswomen and sportsmen across the entire Sberbank Group and not only aims to strengthen corporate culture and corporate values within the network, but also to promote sports activities as an integral part of a healthy lifestyle.

Diversity

Through its presence in eight markets in Central and Eastern Europe, the workforce of Sberbank Europe Group is naturally diverse, which is reflected in the variety of nationalities at the Headquarters in Vienna. In terms of accessibility, between 80%-100% of Sberbank Europe’s branches in CEE are barrier-free.

Sberbank Europe Group highly values gender diversity. In the executive functions (Management Board and Supervisory Board), the majority of the Group’s countries has at least one female executive manager. Since August 2017, there is also a female Management Board Member at the Headquarters in Vienna (Sonja Sarközi, Chief Retail Banking Officer). In the

non-executive managerial functions, the ratio of female and male managers is well balanced. At Sberbank Banja Luka, the number of female managers is higher than the number of male managers.

In all Sberbank Europe Group countries, there is a contact person for employees for complaints related to discrimination.

The diversity goal for Sberbank Europe is to offer equal opportunities to every employee, regardless of gender. Therefore, the Group aims to have at least one female manager in an executive function in each subsidiary, including the Headquarters in Vienna.

Teambuilding and corporate culture



Sberbank Europe employees at the annual Christmas party in Vienna

Sberbank Europe Group considers teambuilding as a vital part of employee motivation, as it builds trust and improves communication and collaboration. By organizing regular teambuilding activities, Sberbank Europe and its subsidiaries want to foster good relations among its employees, strengthening the corporate culture, loyalty and team spirit. Consequently, in 2017, the Group continued to organize at least one non-formal-event for all employees in each subsidiary.

Throughout the year, various informal internal events and activities for employees were held: Small team events (in Sberbank Czech Republic, with an attendance of 95%), but also events like summer parties and Christmas parties with a constantly high attendance. At Sberbank Europe AG in Vienna, the works council organizes birthday parties for employees each month. Last year, the works council offered a series of “Discover Austria Program” excursions



CEO of Sberbank Herman Gref speaking at World Festival of Youth and Students at Sochi

(sightseeing, hiking, culinary experiences) and organized a corporate sailing trip in autumn. During the regular “Breakfast with the Board” held at Sberbank Europe in Vienna and Hungary, employees are given the opportunity to meet the members of the Management Board in a direct, open and informal format.

As they will create the future, connecting and developing young employees of the Group is a major interest of Sberbank Europe AG. In October 2017, a delegation of 24 young employees from Sberbank

Europe Group (Austria, Banja Luka, Slovenia and Serbia) was nominated to join the World Festival of Youth and Students in Sochi, Russia. During the festival, the participants had the opportunity to listen to keynote speeches of top international specialists



Around 50 runners represented Sberbank Europe at the Vienna Business Run 2017

in digital technologies, big data, finance, education and medicine, as well as top managers of Sberbank, who shared their ideas about banking of the future. The past year has been busy with numerous sports activities held within Sberbank Europe Group: From the Sberbank Europe Ski Championship in the Slovenian ski resort Kranjska Gora, organized by Sberbank Slovenia for the fourth consecutive year, the participation in the Business run in Vienna by Sberbank Europe

AG Vienna’s employees, the Sports Day organized by Sberbank Serbia, the third “Sports Games” hosted by Sberbank Banja Luka with 150 employees attending, to the possibility for children of employees to participate in the first Junior Chess Championship of Sberbank in Russia, a wide range of possibilities to engage in sports team activities was offered to the Group’s employees.

Remuneration

Sberbank Europe's Group remuneration strategy aims to reward performance, competence and engagement in an appropriate mix of fixed and variable compensation which is also market based and prevents the bank from an excessive risk taking, while rewarding sustainability and long-term results.

Driven by the "Pay for Performance"-principle, Sberbank Europe's Group remuneration policy connects Group strategy and employee behavior in an environment where competence and leadership are in the centre. The implementation of incentive schemes for salesforce is a major achievement in linking crucial retail business strategy and regulatory background in an easy and transparent way. Remuneration differences in the Group (e.g. related to gender) are caused by differences in function, experience and individual performance.

Communication is the basis of the Group's performance management process. During at least biannual dialogues between the manager and the employee, targets, expectations and possible obstacles are discussed. In order to ensure consistency and comparability, the same Performance Management tool is used on a Sberbank Europe Group level.

For attracting and maintaining the most qualified employees, Sberbank Europe is offering various benefits: In some countries, gym fees and registration fees for sports events are subsidized or fully covered by the company. At Sberbank Europe AG in Vienna, employees are eligible to a reduced price for private health insurance, annual cards for public transport, study leave, etc. Flexible working time is institutionalized in Vienna, as well as partially at Sberbank in Bosnia and Herzegovina, Croatia, Serbia and Slovenia.

Talent Management and Learning & Development

Sberbank Europe strives to be a learning organization in which people can apply their skills and grow within the company. The model for learning is aimed at putting organizational resources close to businesses. Sberbank Europe believes that the way how employees are developed shapes the culture and articulates expectations concerning desired behaviors. Learning and development activities intend to provide the skills needed to succeed at these new behaviors that enable change while respecting the corporate values.

Sberbank Europe strives to be an organization where continuous learning is a priority. Therefore, we support the development of core competencies, skills and knowledge of our employees. At Sberbank Czech Republic, 62% of vacant positions could be filled with internal candidates. In order to minimize risk in case of vacancies, Sberbank Europe Group also started a succession planning program in 2017 with the participation of 23 colleagues across the Group and with a

focus on executive manager positions.

Sberbank Europe recognizes management leaders as learning individuals who will encourage and support others in their desire for learning and development and therefore can act as teachers, coaches and mentors. In 2017, Sberbank Europe AG in Vienna started a mentoring program which connects talented employees with senior managers. The main focus of the program is to help employees to enhance their skills, maximize their potential, expand networks and develop a career path. Sharing knowledge is the priority of the "Sharing is Caring" initiative, which was launched in Vienna in 2017: Employees present a topic of their expertise in a workshop or training to other employees.

In 2017, the majority of new hires of the Sberbank Europe Group were women (except for Sberbank Czech Republic) and mainly in the age group between 30

50 years. At Sberbank Slovenia, almost every second newly hired employee was younger than 30 years old. Sberbank Europe AG Vienna is also committed to attract young talent and took part at "Career Calling", Austria's biggest annual career fair, for the fourth consecutive year in October 2017. During the fair, the human resources team received 80 job applications from young professionals, mainly interested in junior positions and internships.

In 2017, the Sberbank Europe Group talent development program "Mobile Team" that started in 2015 entered into its last phase. The aim of the program was to bring together innovative employees who shall lead the company through future challenges and are able to bring the bank forward in terms of new innovative solutions. After getting deeper insights into innovation practices in cooperation with the University of Economics in Vienna (WU), implementing an innovation project in Hungary and Serbia and participating at international Sberbank events like DenizBank's Captains' meeting, in 2017, the Mobile Team members were focusing on strengthening their leadership capabilities. During the program, almost every fourth team member reached a new level of responsibility.

In general, there was a total number of 6,774 training days held in 2017 in the Group. Sberbank Slovenia conducted 891 training days in 2017, attended by 311 employees (some of them attended several trainings). Apart from mandatory regulatory trainings,



„Mobile Team“: Developing talents at Sberbank Europe

the range of trainings offered in Sberbank Europe in 2017 ranges from leadership trainings, IT trainings, language courses to soft skill trainings. At the headquarters in Vienna, a corporate business library was introduced.

ENVIRONMENT

Enhancing energy efficiency at Sberbank Europe

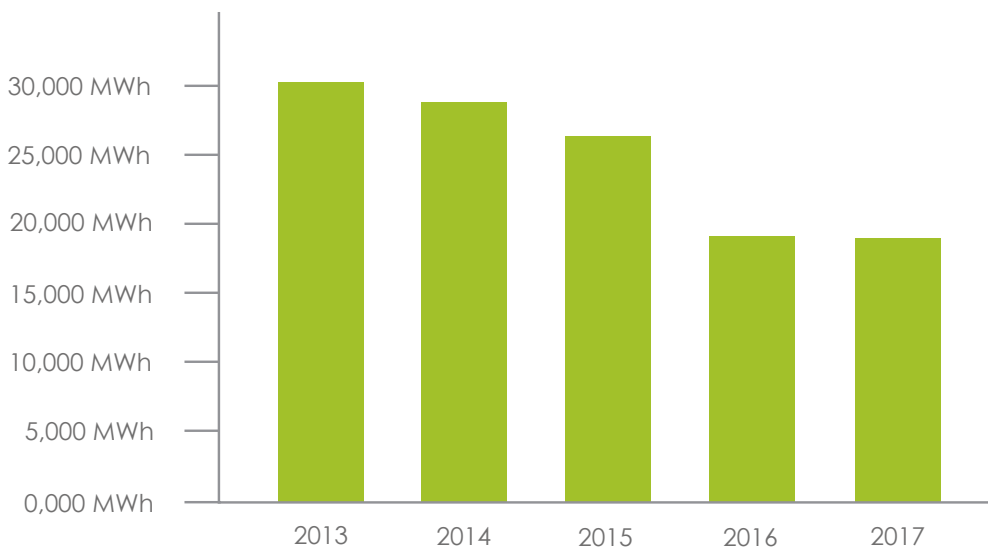
Since our shareholder Sberbank of Russia considers the acquisition of VBI in 2012 (today: Sberbank Europe) as a long-term investment, all our areas have a focus on long-term success by socially and ecologically responsible behavior. Hence, a careful and sustainable use of natural resources is very important to us.

Even though the direct impact of banks in general and Sberbank Europe in particular may be only limited, our banking group is committed to reducing its consumption of natural resources.

Among the main sources of Sberbank Europe's envi-

ronmental impact are the infrastructure facilities, expendable materials, and vehicle and aircraft business trips. To minimize unfavorable impact on environment, Sberbank Europe controls the use of resources and takes action to improve resource and energy efficiency. An important step to secure this strategy was to include energy efficiency in the purchasing guideline among decision criteria in the selection process for purchasing new electrical devices. The procurement and cost management department at Sberbank Europe, who acts as an interface in the approval process of all expenditures in the banking group, is checking those decision criteria before the official approval.

SBERBANK EUROPE GROUP TOTAL ENERGY CONSUMPTION



Sberbank Europe employees are required to use all resources provided by Sberbank in a meaningful and economical manner in their daily work. Because attitude alone does not guarantee success, we have set internal sustainability goals (ISG's) which are monitored on a yearly basis by the steering department of Sberbank Europe. Since energy is the resource a bank is using the most, the first step was to set the ISG's in that area. Despite the challenge deriving from additional energy needs deriving from the internal digital-

ization process, Sberbank Europe achieved the target to decrease its energy (notably heating/cooling and electricity) and fuel consumption until 2020 by 20% already in 2017. We found out that our measurements implemented with both the car policy as well as the purchasing policy had a greater effect that expected. The bank has therefore adapted its targets and aims to reduce fuel by 25% and energy consumption by 30% until 2020.

ENERGY CONSUMPTION BY SUBSIDIARY

	SBEU	SBAT	SBBH	SBBL	SBCZ	SBDE	SBHR	SBHU	SBSI	SBRS
2013	25764 MWh	160 MWh	1820 MWh	2289 MWh	8960 MWh	0 MWh	5237 MWh	5119 MWh	952 MWh	1227 MWh
2014	28554 MWh	519 MWh	2160 MWh	3200 MWh	7930 MWh	11 MWh	3911 MWh	8346 MWh	1046 MWh	1431 MWh
2015	27567 MWh	513 MWh	2304 MWh	2970 MWh	8540 MWh	58 MWh	3495 MWh	7357 MWh	1081 MWh	1258 MWh
2016	24249 MWh	512 MWh	2438 MWh	3750 MWh	4987 MWh	59 MWh	3300 MWh	6737 MWh	1181 MWh	1284 MWh
2017	18914 MWh	528 MWh	2090 MWh	3376 MWh	4811 MWh	24 MWh	3370 MWh	2538 MWh	899 MWh	1278 MWh

The bank is collecting best practice models from all affiliated companies and sharing ideas and success stories within the group. Sberbank Czech Republic is the first bank in the Czech Republic pro-actively monitoring and reducing its CO² emissions. The bank measures its carbon footprint - the amount of greenhouse gases that correspond with its activities and products. Monitoring of the carbon footprint helps to figure out how environment-friendly the bank is and which steps should be taken to improve its environmental standards. At the beginning of 2016, Sberbank CZ has moved its old head office in Prague to the eco-friendly, LEED Gold certified office building Aviatica. The new office building has been designed by "Jakub Cigler Architekti studio" – winner of "ESSA green developer of year" award. Next to the high technical standard, the efficient setup of the working spaces led to a reduction of the energy consumption for heating and cooling by almost 40% compared to the former Headquarter. In spite of the increasing headcount, the new building helped the Czech bank to reduce its carbon footprint in 2017 by 13.6%, or 259 tons of CO², which is equivalent to CO² released by 155 vehicles driven 10,000 km within a year.



Aviatica: The award-winning new Headoffice of Sberbank CZ

Since Sberbank Europe is renting most of its facilities, the bank has limited possibilities in terms of implementing new technologies. However, the example from Czech Republic has proven that whenever Sberbank Europe is renting new facilities, we always follow our commitment to a healthier environment by focusing on energy efficiency of the property as an important factor in the selection process. To assure that all subsidiaries are following the same approach, the steering units at Sberbank Europe are involved in the selection processes and need to confirm the right behavior before any decision is taken.

Our properties – our commitment

The branch network is following an open concept, which is very effective in terms of heating and cooling systems and furthermore decreases the required number of needed illuminants. Sberbank Europe prefers locations with large windows in order to use as much natural light as possible. The windows and portals are partially laminated with special foils in order to save energy. In feasible areas, the bank is installing light sensors and respectively automated turn off units.

Our best practices

DOCUMENT MANAGEMENT SYSTEM (DMS)

Since its market entry, Sberbank Europe is in the process of continuous improvement of our internal procedures in order to be more efficient and faster for our customers and to save resources (especially paper) wherever possible. Some of our departments are using paper for legislative and reporting required documents only; all other documents are fully digitalized.

PRINTING MANAGEMENT

Optimized printing management does not only save paper. It has a substantial influence on the waste through the toners and the energy consumption as well. Therefore, we decided to give up the accommodativeness to have a designated printer for each office, or each employee and replaced them by multifunctional printers, classified as category “A” energy efficiency.

All our employees have the default setting, for all their applications, to print in duplex and Black/White. This setting is restored after each reboot. Furthermore our facility management department is regularly pointing out the importance of the printing behavior of each employee in their newsletter.



Sberbank Europe AG purchases only the Green Star certified “EU Ecolabel” paper. The “EU Ecolabel” for printed-paper stands for low air and water pollution during paper production and printing process as well as reduced environmental damage or risks related to the use of hazardous chemicals.

BRIGHTEN OUR ENVIRONMENT

Sberbank Europe is replacing old luminaires with high-end LED lighting solutions supplied from a well-known market leader who is ISO 14001 certificated. Moreover, the bank and the supplier are working together on lighting plans and light management in order to achieve the highest possible efficiency. Purchasing high quality products does not only have the advantage of a reduction in energy consumption. It guarantees that the manufacturing is according to ISO 9001 standard, with a stable product quality. This is important, since less technical services are needed resulting in an additional saving on the fuel for the journey and the resources for production.

One important step was to use the LED technologies for the bank’s exterior signs and logos. The signs are centrally produced by a competent partner, who is always adapting the materials used to the latest market standard. The savings achieved in the group were significant. In order to avoid saving via buying cheaper lightings we put the usage of LED technology in our branch network guideline.

AWARENESS CAMPAIGNS

The main driver of a successful energy and resources management are the real estate and facility management departments in Sberbank Europe’s subsidiaries. Apart of the technical measures introduced, the bank’s subsidiaries are regularly sending information about sustainable behavior in our properties and about already achieved targets of our different entities to all colleagues. Sberbank Europe will extend this activity in 2018 and regularly inform employees how they can apply on an individual level ecologically responsible behavior in their everyday life.

Sberbank Europe's resources management teams in all countries of the bank's presence are urged to regularly screen the local market for renewable energy

sources. Sberbank Europe is aiming at gradually replacing conventional energy sources by alternative and "green" solutions.

Mobility and travelling

For Sberbank Europe employees, the responsibility for our environment starts already at home. The bank encourages the usage of public transport by offering a free yearly ticket for the public transport to employees in Vienna head office. Furthermore,

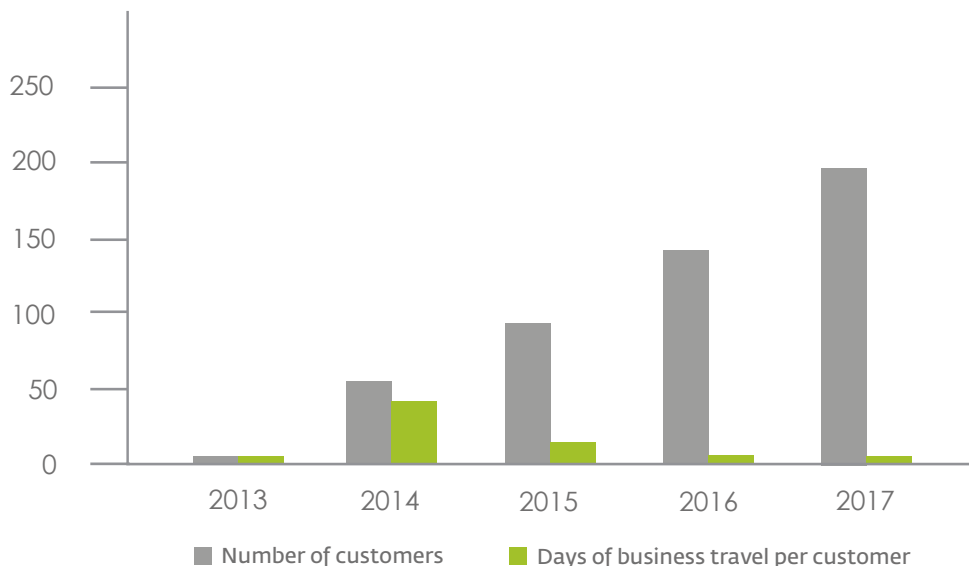
Sberbank Europe offers a bicycle room in all its headquarters in order to motivate its employees to use bicycles instead of cars, contributing to a reduction of CO² emissions and to a healthy lifestyle.

Travel management

The best way to limit emissions on business trips is to generally avoid them. Sberbank Europe has therefore implemented a sophisticated video conference system in all its subsidiaries. Furthermore, the bank is using "Skype for business" for all employees in order to enhance direct communication between employ-

ees and customers without increase the CO² footprint. Thanks to this initiative, the number of business trip days by employees of Sberbank Europe Head office in Vienna decreased in relation to the growing customer base, as shown on the graph below.

SBERBANK EUROPE AG BUSINESS TRAVEL DEVELOPMENT



For inevitable business trips, Sberbank Europe implemented a group-wide travel policy which is set up to keep the amount of business trips as low as possible.

Each business trip needs to be checked against eco-

nomical efficiency, safety, environmental awareness, health risks and ecological impact. Short-distance flights below 300 km are not allowed. Those destinations should be reached primarily via train, while a business trip within an urban region or the way to

the airport needs to be done via public transport. The superior line manager is responsible to monitor the compliance of the guideline and has to approve the business trip via the respective software tool. In order to avoid commuting at the business trip destination, Sberbank Europe provides a list of recommended hotels, which are in walking distance to the regional Headquarters.

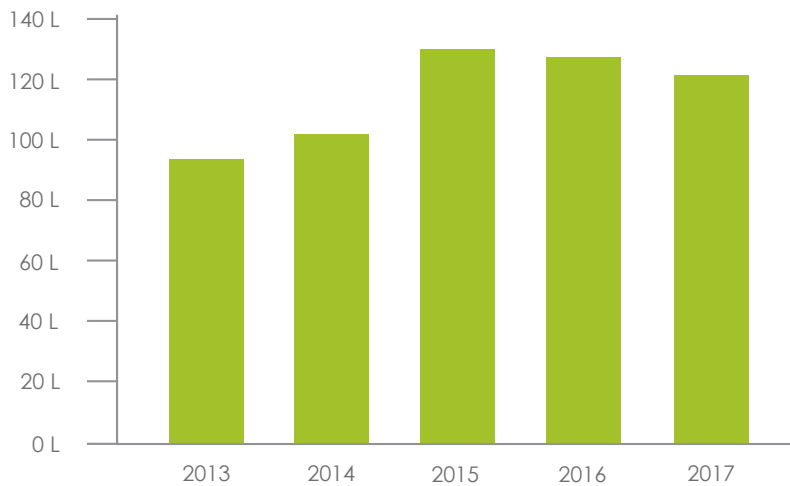
The ISG set in 2014 was to decrease the number of business travel per customer from 19.2 below 10. Sberbank Europe has achieved the goal already in 2015 and adapted it to reach five days until 2020. For further reduction of the CO² emission caused by business trips, Sberbank Europe Group will follow the current strategy and is constantly seeking further improvements.

Car fleet management

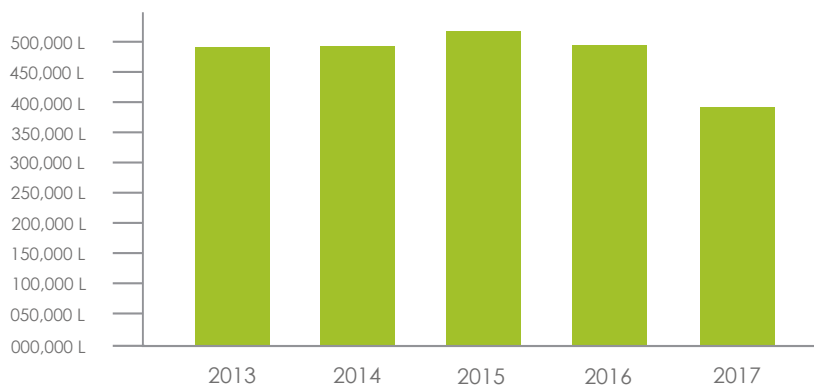
In the first two years after the acquisition of VBI the fuel consumption per employee increased. Thanks to increased efficiency in the usage of company pool cars, Sberbank Europe was able to decrease the total number of cars and the fuel consumption in the

group. The bank is running an iterative process for identifying further reduction potentials in order to reach our ISG to decrease the fuel consumption per employee to 90 liters until 2020.

SBERBANK EUROPE GROUP FUEL CONSUMPTION PER EMPLOYEE



SBERBANK EUROPE GROUP FUEL CONSUMPTION



FUEL CONSUMPTION BY SUBSIDIARY

	SBEU	SBAT	SBBH	SBBL	SBCZ	SBDE	SBHR	SBHU	SBSI	SBRS
2013	484397 l	14002 l	38332 l	32890 l	146554 l	0 l	63715 l	98096 l	25252 l	65556 l
2014	484728 l	24590 l	38182 l	38738 l	154640 l	338 l	66916 l	66601 l	26073 l	68650 l
2015	494059 l	57640 l	41528 l	40972 l	163270 l	4104 l	53203 l	45990 l	23539 l	63813 l
2016	478984 l	34091 l	34851 l	36375 l	186868 l	5993 l	40404 l	48239 l	23513 l	68650 l
2017	392903 l	19000 l	32500 l	37250 l	126794 l	4694 l	40500 l	46659 l	19938 l	65568 l

Each car in our fleet needs to comply with the CO² emission levels, shown in the table below, which centrally regulated via the car fleet policy and monitored by the real estate and facility management department in Vienna.

Car Category	Maximum CO ₂ Emission
I	150 g/km
II	140 g/km
III	120 g/km
IV	110 g/km
V	100 g/km

INITIATIVES:

In order to use the pool cars in the most efficient way, in Sberbank Czech Republic has implemented a car sharing application to connect employees with a similar travel destination. The application is used on a daily basis across the whole country and has shown big acceptance among the employees. While in former days almost all business trips with a pool cars have had one passenger only, the colleagues in Czech Republic achieved to have only 28% single trips.

Sberbank Slovenia is operating hybrid cars in its car fleet in order to decrease their ecological footprint

since 2014. This decision does not have an impact on our car fleet emissions only. Because the employees using those cars are now familiar with that technology we assume that it is more likely that our employees follow the idea to a buy hybrid cars for their private usage as well.

Starting with 2018, Sberbank Slovenia will introduce the usage of a car sharing provider for Ljubljana. As soon as the service will be available to other regions as well, the bank plans to use it in all available urban regions.

Environmental aspects in the employee restaurant of SBAG

SV (Austria) GmbH provides daily catering at the employee restaurant at Schwarzenbergplatz 3 in Vienna. SV Austria is actively committed to a conscious approach to the environment and its resources. Emphasis is placed primarily in the areas of purchasing, waste disposal and recyclables separation, energy and cleaning agent consumption, as well as continuous improvement of environmental performance through continuous employee awareness.

The environmental goals for the SV restaurant at

Schwarzenbergplatz 3 include, amongst others, an increased attention to regional and seasonal purchasing as well as the use of take-away cups made from corn starch, e.g. for the freshly produced Vital shakes. Another focus is the continuous development of the vegetarian and vegan offer through new, innovative recipes and regular action weeks.

By processing the disposed used cooking oils into ecologically sustainable biodiesel, a reduction in CO² of 1,290 kilogram has been reached in 2017 at SV Restaurant Schwarzenbergplatz 3, 1010 Vienna.

COMPLIANCE

Sberbank Europe AG has implemented guidelines, procedures and standards across the entire group and holds training sessions with its employees on anti-bribery and anti-corruption topics. Whistleblowing systems are implemented in all Sberbank Europe subsidiaries in order to detect and sanction potential bribery, corruption or other illegal action. Sberbank Europe aims to increase the number of trainings per year as well as avoiding cases of corruption and bribery by assessing the proper risk areas in the yearly risk assessment process done by the compliance department.

Anti-Money Laundering (AML) is recognized as one of most important tasks of our bank. The AML function has been strengthened by various initiatives, like the new AML system, increased number of trainings in all subsidiaries and various awareness-building measures. Sberbank Hungary has implemented an AML training process for all new employees, as well as face-to-face trainings in branches and the introduction of an AML helpdesk for employees working in sales. Across Sberbank Europe Group, an average of 78% of all employees passed the online test about the Anti-Money Laundering and its prevention. In the next years, we will focus on increasing this percentage and reducing number of audit findings. Big step ahead and one of main goals for 2018 is the new IT system that was successfully implemented in Croatia in 2017 and is currently being implemented in other Sberbank Europe subsidiary banks. The new IT sys-

tem will enable a more efficient and accurate detection of potential AML issues.

The Anti-Money Laundering team is responsible for assuring that the procedures are being followed by exercising the monitoring plan of AML and Compliance as well as the yearly risk assessment process after which a yearly report is being prepared for the Supervisory Board and the Management Board of Sberbank Europe.

Sberbank respects human rights and recognizes their importance and universality. We fully support the fundamental principles established in the Universal Declaration of Human Rights, the Convention for the Protection of Human Rights and Fundamental Freedoms, Declarations and Conventions of the International Labour Organization and other international documents in the field of human rights. Our agreement with those principles is reflected in our policies and actions towards our colleagues, customers, partners and other parties with which we cooperate. Sberbank Europe Group integrated main rules of human rights in the group policy which is implemented across the Sberbank Europe Group. One of priorities for the following period is development of human rights procedures in Procurement department. The plan is to track the number and percentage of suppliers with contracts that underwent human rights screening starting from 2018.

SECURITY AT SBERBANK EUROPE

Security organization



Sberbank Europe Headquarters in Vienna

Shortly after the acquisition of VBI by Sberbank, the Management Board of Sberbank Europe AG approved a resolution containing basic principles concerning the organization of security within the company and security aspects with relevance for the bank's daily activities.

The Security Department has responsibility for the following areas:

- Information security;
- Physical security;
- Business Continuity & Crisis Management;
- Data Protection.

In addition to its direct responsibilities for Austria and Germany, the Security Department at Sberbank Europe Headquarters in Vienna has a coordinating and steering function for its eight European subsidiaries to ensure seamless implementation of the bank's security strategy and standards.

In order to share information related to security issues among all relevant stakeholders, the Management Board approved the introduction of the so-called Security Panel. The Security Panel is a forum with the participations of representatives from Compliance, Risk Management, Facility, IT Department and Security who discuss the most recent security topics. The information about decisions taken at the Security Panel are submitted to the Management Board.

The Security department is responsible for implementing the bank's security strategy with the aim of increasing the protection of its main assets, both material and immaterial: people, information, physical assets (premises, documents, values, works of art, etc.) and reputation. The Security department defines and implements policies and guidelines in

order to increase the bank's resilience to external attacks and natural events, thus making sure that its business can continue even in case of major disasters. The Security department supports the bank's business capabilities by introducing the most appropriate security countermeasures in the areas of competence, based on a continuous risk assessment activity. In addition to the Head of Security, all Sber-

bank Europe subsidiaries have introduced the function of an Information and Physical Security Manager as well as Data Protection Officer. In order to ensure the bank's resilience towards crisis events and to safeguard its business, Sberbank Europe and its subsidiaries have a business continuity and crisis management system in place.

Physical Security

Employees

The security departments at Sberbank Europe HQ in Vienna and its subsidiaries have developed several programs aimed at increasing the level of security awareness among employees, as well as the other stakeholders (providers, customers, etc.). Particular attention was paid to the training of the receptionists, as the first line of defense. The following initia-

tives were taken and are subject to periodical review:

- Timely training and education programs;
- Centralized on-board training for newcomers;
- Intranet or e-mail based notifications on security-related issues;
- Training courses on the correct use of the equipment;

Buildings (branches and HQ)

A general policy sets strict standards for the protection of the assets as well as standard guidelines for the assessment of the security of branches. In Vienna HQ, a new access control system was introduced in 2017 in order to strictly limit accesses to the building to authorized persons.

Additional highly effective policies were adopted in order to reinforce the company's anti-robbery strategy as well as the security of cash in branches and ATMs.

Personal protection

Considering the growing acknowledgement of the role of our bank on the European market, and the volatile geopolitical environment in some countries of our presence, we recognized the need to introduce countermeasures in order to protect Sberbank em-

ployees from adverse events. New guidelines were introduced and adopted group-wide, in particular on the protection of employees participating on corporate events and during business trips (travel security).

Information security

Banks worldwide have been in the spotlight of cyber-attacks ever since. In order to ensure maximum

protection, Sberbank Europe AG has developed a unified strategy, including a set of policies, guidelines,

and exact definitions of usage of software as well as exchange of information. The bank adopted several documents in the area of information security: ATM and POS security policy, general information security policy, information classification policy, security of multichannel bank policy, security of network and application policy, identity and access management policy. Additional countermeasures were introduced to prevent data leakage in all subsidiaries (such as the introduction of SIEM tool), the spread of social engineering phenomena (through effective awareness

programs for the employees). Regular penetration testing is one of the golden rules according to our policy, together with a constant risk assessment of our IT systems. A clean desk policy has been introduced in order to reduce the potential loss of confidential information. Sberbank Europe security department has been offering trainings to all employees in order to raise awareness for cyber security. Additionally, Sberbank Europe has spent considerable resources in introducing the state-of-the art security technologies to face potential cyber-attacks.

Business Continuity and Crisis Management

Since 2013, the security departments in Vienna HQ and subsidiaries have developed a consistent Business Continuity & Crisis Management (BC&CM) strategy, based on regulatory documents (policies and guidelines) and concrete suggestions on how to draw a Business Impact Analysis (BIA). Additionally, a strategy has been developed to prepare our companies for managing incidents and crises, by introducing a crisis management system with the clear indication of roles and responsibilities.

Sberbank Europe has adopted a business continuity policy in order to identify critical processes and re-

sources and to adopt the necessary countermeasures to protect them in case of major disruption.

In Austria, the BIA is performed every year and the critical processes are tested on a regular basis. Considering the absence of a back-up location in Austria, secondary sites have been located in assets belonging to Sberbank Czech Republic. Similar activities are regularly performed in Sberbank Europe subsidiaries as well.

A crisis management handbook has been introduced and provided to those employees responsible for crisis management.

Data protection

At Sberbank Europe AG, a new data protection policy was introduced as a group-wide standard for handling, processing and transfer of personal data in order to meet all applicable legal requirements. This policy further ensures an adequate level of data protection for cross border data flows in compliance with the EU Data Regulation and other national laws, including countries where no adequate data protection legislation is currently in force.

The introduction of the new European Regulation on Data Protection (GDPR) will modify the approach that has been followed so far. Sberbank Europe is currently adapting all its activities to the new GDPR requirements. The Data Protection Officer in Vienna HQ maintains a strict control on the implementation of the GDPR on group-wide level in order to ensure full compliance with the new regulation.

CHARITY AND SPONSORSHIP

As a socially responsible and locally relevant financial institution, Sberbank Europe puts great emphasis on projects that are of social significance for its regions of presence and the respective market. Sberbank Europe supports regional projects and initiatives that have a social or cultural dimension. The banking group has a tradition in promoting a healthy lifestyle and supporting key regional sports activities.

Through its sponsoring and charity activities, Sberbank Europe wants to foster a positive development of the society overall, to ease the individual situation of those in need, especially children, and to foster cultural cooperation between Russia and the countries

of Sberbank Europe's presence. By sponsoring selected sports initiatives and events, Sberbank Europe fosters corporate volunteering, promotes a healthy lifestyle towards its stakeholders and supports them achieving their individual athletic ambitions. Each subsidiary of Sberbank Europe continues to be engaged in at least one of the three main pillars of Sberbank Europe's sponsoring and charity activities.

Sberbank Europe focuses its sponsoring and charity activities on three main pillars:

- a. Society, Education & Childcare
- b. Culture
- c. Sports

Society, education & childcare



Sberbank Slovenia donated toys to children from socially disadvantaged families

In autumn 2017, employees of Sberbank Serbia painted 2,000 square meters of classrooms in five local schools in the cities of Kragujevac, Lazarevac, Subotica, Šabac and Belgrade. One of the schools renovated by employees of Sberbank Serbia was "Šabačka gimnazija". This renowned institution, celebrating its 180th anniversary in 2017, has educated

many famous scientists, athletes and artists, including Janko Veselinović, Oskar Davičo and Mileva Marić Einstein.

Sberbank CZ joined the Movember campaign, an annual event involving the growing of moustaches during the month of November to raise awareness of men's health issues. It was placed second among all participating Czech banks in 2016, with over CZK 115,000 (EUR 4,500) raised. In 2017, Sberbank CZ achieved even better results, CZK 174,000 (EUR 6,800), selling moustache-shaped cookies self-baked by the employees and hosted a series of workshops on oncological diseases and their prevention.

On the sidelines of the traditional annual Christmas party, Sberbank Europe employees in Vienna Head office collected more than EUR 1,800 for Vincent – a 12-year-old boy suffering from cerebral palsy, who needs special therapy. "Round Table 32 Vienna", a non-profit charity organization, launched a campaign to help Vincent by selling exclusive vinegar made out of the best Austrian white wine.

Thinking about children in need, employees of Sberbank Slovenia donated several hundreds of toys to children from socially disadvantaged families

Culture

For the purpose of promoting Russian art and culture in Europe and supporting local cultural projects in CEE, Sberbank Europe continued to cooperate with various cultural organizations throughout the year. Sberbank Europe AG was the official partner of the Russian Film Days organized by the Institute of Russian Culture in Austria and the National Film Foundation of Russian Federation. Employees of Sberbank Europe AG were able to watch all films for free.

Making Russian traditional and contemporary art accessible to employees and visitors of Sberbank Europe's Head office in Vienna, the bank has provided its main office area for a series of free art exhibitions. On the occasion of the 175th anniversary of Sawwa Mamaontow, the Institute of Russian Culture gathered the most renowned copies of the Abramzewo-Mamontow circle for Austrian visitors. Sberbank Europe presented a series of paintings of the great Russian painters of the late 19th and early 20th century at its HQ premises. The paintings of



Paul Droschl-Enzi, employee of Sberbank Europe AG and member of Round Table 32 hands over a cheque worth EUR 1,830 to Vincent and his father

for Christmas.

Sberbank Europe employees also help each other. The bank's employees in Vienna supported two of their Ukrainian colleagues at VS Bank who have cancer diagnoses. Over EUR 2,200 were collected and directly donated to Olena and Eugene for their treatments.

Valentin Serow, Ilya Repin, Viktor Wasnezow, Wasilij Polenow, Adrian Prachow and Ilya Ostrouchow represent sketches of stage designs and costumes of the famous Russian Abramzewo Theatre. As part of a cooperation with the Institute of Russian Culture in Austria, the Abramzewo exhibition was followed by the paintings of Vasily Polenov and his circle. Sberbank Europe has also cooperated with the gallery A.R.C.O. and organized an exhibition under the title "The Tenth Muse" at the bank's headquarters in Vienna. The works, performed in different techniques and styles, depict the variety of forms and personifications of the feminine nature. The Russian contemporary painters were N. Reznichenko, A. Gasparyan, V. Anufriev, A. Smirnoff, P. Pokidyshev, A. Bazarin, A. Gerasimov, E. Titov, I. Tcholaria, O. Larionova, A. Sigov. Their paintings are exhibited in museums and collected by art lovers around the world, including Anthony Hopkins and Madonna.

In 2017, Sberbank Croatia became a proud sponsor of



Gosfilmofond der Russischen Föderation
Botschaft der Russischen Föderation in der Republik Österreich
Russisches Kulturinstitut Wien

TAGE DES RUSSISCHEN FILMS IN WIEN

30.11. - 3.12.2017



Sberbank Europe promoted Russian Film Days in Vienna

the Croatian National Theatre Ballet. With this sponsorship, Sberbank Croatia continued to support Croatian-Russian cultural co-operation and to promote Croatian culture and art to the Russian audience. At the same time, Croatian audience has the opportunity to enjoy the world-famous performances of the Russian ballet ensemble from Mariinski Theatre.

Sberbank Serbia officially opened its new business center in Novi Sad with an exhibition of artworks by the students of the Academy of Arts. The art exhibition is in line with a social responsibility strategy of

Sports

Aiming at contributing to a healthy lifestyle of the employees and the general public, sports sponsoring as well as internal sports events for the bank's employees have a long tradition at Sberbank. From 17 to 23 July, Kazan, the sports capital of Russia, welcomed participants and guests of the 12th summer Sberbankiada. Sberbankiada is an annual Sberbank group-wide event promoting sports and a healthy lifestyle, and was founded by Sberbank's Moskovsky

the bank. Sberbank Serbia is continuously cooperating with the Academy of Arts of Novi Sad. Striving to enhance the quality of service, Sberbank Serbia opened a business centre that provides its customers with more comfort, convenience and all in all caters for a better customer experience. Every new client who opened an account in the new branch from June 20 to 30 was able to choose between three beneficial options: free current account for a period of 12 months; special, favorable savings rates; or applying for credit products with free of charge application processing.



Art Exhibition at Sberbank Europe AG

Bank in the early 1990s. The first international Sberbankiada was held in Sochi in 2001. Delegations from Sberbank Europe have been participating in Sberbankiada every year since the acquisition of Volksbank International in 2012. Last year, around 2,000 of the Group's top sportspeople from Russia, Kazakhstan, Belarus, Turkey, Turkey, Europe and all regional banks of Sberbank Russia gathered at the facilities of Universiade village in Kazan to compete in 12 sports



Representatives of Sberbank Europe at summer Sberbankiada 2017 in Kazan

disciplines. The team from Sberbank Europe achieved its best results in badminton and beach volleyball.

In 2017, Sberbank Europe was the Official Partner of the Snow Volleyball European Tour and the Beach Volleyball Satellites. In total, CEV had been organizing 12 Snow Volleyball Tournaments and Beach Volleyball Satellites in the countries of Sberbank Europe's presence such as Czech Republic and Slovenia.

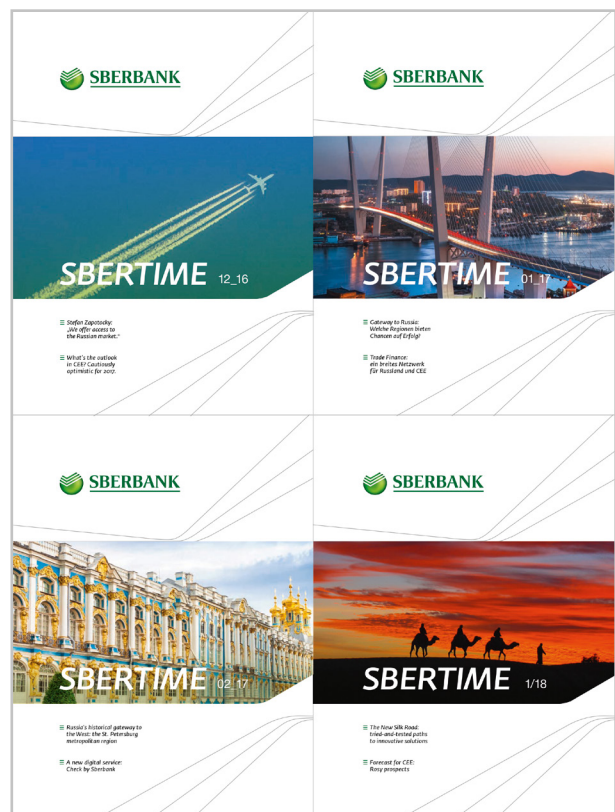
Sberbank Slovenia has additionally sponsored the Slovenian Sitting Volleyball Team – a discipline conducted by young people with physical disabilities. On top of the regular Volleyball sponsoring activities, Sberbank Slovenia is the Golden sponsor of the Slovenian Nordic teams (ski jumpers, cross-country skiers, Nordic combined teams). The “Slovenian eagles” are the most successful and most popular athletes in Slovenia. Sberbank Slovenia has its own sports association for the employees of the bank. More than 2/3 of all bank's employees are members of the association which is regularly organizing ski competitions, volleyball tournaments and other activities.

By participating at the 30th Belgrade Marathon last year, employees of Sberbank Serbia supported the initiative “Value of life”. Thanks to the donations from Sberbank Serbia, 22 kids from the Center for Protection of Infants, Children and Youth in Zvecanska and Shelters of Belgrade were invited for seven days of vacation in Divcibare Mountains, with several sports and creative activities.

STAKEHOLDER COMMUNICATION

Sberbank Europe follows the principle to ensure regular, transparent, direct, timely and informative stakeholder communication related to all relevant developments of the bank, positioning Sberbank Group as globally successful and locally relevant bank. Employees of Sberbank Europe are regularly informed about the strategy and the business performance via direct mailings and on the company's intranet. The monthly newsletter "On the Move" contains cross-regional news from all Sberbank Europe subsidiaries, reaching over 4,000 employees in eight countries. The subsidiary banks regularly publish local newsletters, corporate magazines and internal news to keep their employees informed. All subsidiaries are organizing regular "town hall" meetings with employees and/or meetings with the Top Management in order to enhance direct communication between the Management Board and the employees of the bank. Following the "one company - one voice"-principle and ensuring a proper reputation and crisis communication management, the Head of Communications at Sberbank Europe AG has group-wide responsibility for coordinating and managing all media and public relations and has an intermediary function between Sberbank Russia PR Team and Sberbank Europe subsidiaries. On the subsidiaries level, the responsibility is with the respective local Head of Communications.

In 2017, the quarterly corporate magazine SberTime has been introduced, with the aim to provide first-hand information to a broad range of Sberbank Europe stakeholders: clients, employees, the shareholder, supervisory board, regulators, public



Sberbank Europe's corporate magazine SberTime

representatives, and other cooperation partners. SberTime serves as a cross-regional platform, containing macroeconomic analyses about Russia and CEE markets, interviews with renowned industry experts as well as Sberbank's Management Board, portraits of successful regional companies as well as relevant business events and partnerships.

Abbreviations

AML	-	Anti-Money Laundering
BAM	-	Bosnia and Herzegovina convertible mark
BC&CM	-	Business Continuity and Crisis Management
BIA	-	Business Impact Analysis
CEE	-	Central and Eastern Europe
CEO	-	Chief Executive Officer
CIS	-	Commonwealth of Independent States (Russian Commonwealth)
CITES	-	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CIO/COO	-	Chief Information Officer/Chief Operations Officer
CSI	-	Customer Satisfaction Index
CZK	-	Czech Crown (Czech currency)
DMS	-	Document Management System
EUR	-	EURO (joint Eurozone currency)
ESMS	-	Environmental and Social Management System
GDPR	-	General Data Protection Regulation
ISG	-	Internal Sustainability Goals
MB	-	Management Board
NaDiVeG	-	Nachhaltigkeits- und Diversitätsverbesserungsgesetz
NPS	-	Net Promoter Score
PBC	-	Polychlorinated Biphenyls (group of man-made organic chemicals consisting of carbon, hydrogen and chlorine atoms)
POS	-	Point of Sale
SB	-	Supervisory Board
SBAG/SBAT	-	Sberbank Europe AG (Vienna Headquarters)
SBBH	-	Sberbank Bosnia & Herzegovina (Sberbank BH d.d. Sarajevo)
SBBL	-	Sberbank Banja Luka (Sberbank a.d. Banja Luka)
SBCZ	-	Sberbank Czech Republic (Sberbank CZ, a.s.)
SBDE	-	Sberbank Direct (Germany)
SBEU	-	Sberbank Europe or Sberbank Europe Group
SBHR	-	Sberbank Croatia (Sberbank d.d.)
SBHU	-	Sberbank Hungary (Sberbank Magyarország Zrt.)
SBSI	-	Sberbank Slovenia (Sberbank banka d.d.)
SBRS	-	Sberbank Serbia (Sberbank Srbija a.d. Beograd)
SBRU	-	Sberbank of Russia
VBI	-	Volksbank International

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Sberbank Europe Shareholder:

Sberbank Europe is a banking group that is 100% owned by Sberbank of Russia, the largest financial services provider in Russia. The Central Bank of the Russian Federation is the founder and principal shareholder of Sberbank of Russia. Sberbank provides services to more than 145 million clients in 20 countries. Its international operations include the UK, USA, CIS, CEE and Turkey.

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