Risks of implementation of Sberbank's Development Strategy for 2014–2018

Updating the Strategy's objectives, analysis of the "gaps" between the current and target state, implementation of the initiatives related to their elimination, and clarification of the tasks in the short term take place in each cycle of business planning implemented on the basis of three-year rolling planning with annual updating. When developing a business plan, Sberbank pays special attention to the analysis of the Strategy implementation and ensuring the attainment of the strategic objectives of the Group.

Though the current forecasts for Russia's economic development and banking sector development have worsened compared to the scenario considered during the development of the Strategy, fundamental global technological trends and expectations regarding clients' preferences did not suffer any significant changes. That means the main qualitative transformations set out in Sberbank's Strategy remain relevant and do not need to be revised

The main factors capable of having an impact on the implementation of the Strategy are provided below.

Factors	Possible impact on Sberbank	Minimization measures
State of the global economy and geopolitical risks	• The Group's financial result may differ from the strategic plans	• Updating the forecasts for the development of the economy and banking markets as well as triggers for the transition between scenarios • Clarification of the initiatives aimed at eliminating discrepancies between the current situation and the Strategy objectives
Slowdown of key banking markets and deterioration of asset quality in the banking markets	• Reduced performance of the Group's business • Growing share of distressed assets of the Group, reduction of profitability	• Review of the action plan of a number of initiatives to resolve the most urgent tasks aimed at supporting Sberbank's activities during the crisis period (risk management, working with troubled assets, and development of Big Data)
Increased competition from nonbanking companies	• Considerable flow of clients to digital channels and reduced satisfaction of traditional banking clients • Outflow of clients to other companies • Reduction of Group income	• Building the ecosystem and marketplaces of Sberbank: IT-platform for aggregation of partners' proposals and provision of our own nonfinancial services to maximize coverage of client needs • Ensuring a technology breakthrough by means of transition to digital channels and creating the best offer for the client based on advanced technologies, including personalization of product proposals on the basis of Big Data • Reduction of the time to market by implementing agile-based approaches toward change management

Despite the complicated external conditions, the main objectives set out in the Strategy are maintained. Implementation of the Strategy is supported by organized processes of strategic and business planning, project activity management, and the executives' performance efficiency management system based on the above.

On a regular basis, the Group –and Group members evaluate the results of implementing the Development Strategy and attaining the business plan target indicators. The analysis of deviations between actual and target indicators and the forecast of the strategy and business plan fulfillment subject to newly discovered circumstances are, among other things, the basis for decisions on adjusting the strategy or business plan, making it possible to reduce the potential adverse effect from strategic and business risks.

Prospects of the Sberbank development

The range of key programs and projects implemented in accordance with the objectives of the Strategy is still considered up-to-date.

New opportunities

In today's new economic conditions, Sberbank sees new opportunities for its Strategy's success by

Increasing the trust and loyalty of clients

by deepening our knowledge of our clients, using feedback, accelerating the reforms of the sales and management systems, consolidating our positions on the Russian market

Maintaining the needed capacities to implement strategic projects

at a time when competitors have difficulty maintaining current business parameters

Strengthening our position as a technology leader

by improving the reliability and availability of services for clients, building an ecosystem for Sberbank powered by breakthrough technologies accelerating the introduction of new products to the market, introducing agile-methods of creating services, moving to a unified IT platform

Upgrading management systems

through a client-centered approach and cross-functional interactions in the management of services, processes and projects

Radically improving efficiency

in each area of Sberbank's operations through cost management, risk and return ratio, reduced operational risk, increased business process efficiency, and the implementation of new business models

Developing data analytics

by systematically introducing technologies to identify bottlenecks and preventive responses to opportunities and deviations

Developing new employee competencies

by teaching them new skills and implementing a new corporate culture