


SBERBANK	common shares		RTS: SBER MICEX: SBER		Div'd Yld	2.2%		Recent Price	\$2.9		Target Price	\$3.9		Recomm endation	BUY	Upside	35%																																																																																
	preferred shares		RTS: SBERP MICEX: SBERP			3.3%			\$2.1			\$3.1																																																																																					
	1.32 0.48	3.50 1.31	4.43 3.11	4.35 0.65	2.77 0.39	3.51 2.04	3.89 1.91	High	Institutional Decisions <sup>A</sup> (3Q12)		Trading Multiples <sup>B</sup>																																																																																						
									Buy	22	P/E	12.3	18.1	5.0	5.6	5.9	5.0																																																																																
									Sell	1	P/BV	2.3	1.8	1.4	0.8	1.2	0.7																																																																																
									Hold	1	P/NII	4.5	4.6	2.7	2.4	2.9	1.8																																																																																
									% Total Return		Capital Structure as of 30/06/2012																																																																																						
									6m	-16%	80% of Liabilities (\$349bn) Deposits & Accounts (71% Retail); LT Debt incl. \$10bn subordinated loan from Bank of Russia																																																																																						
									12m	-1%	Pfd Stock \$2.1bn Pfd Div'd \$38mn (2010)																																																																																						
									18m	-20%	Common stock 21,586,948,000 shares																																																																																						
									24m	+14%	Market Cap: \$ 65bn																																																																																						
									Est12m	+35%																																																																																							
Indicators (IFRS), \$	2005	2006	2007	2008	2009	2010	2011	2012	2016	<p>Sberbank was established in 1841 as one of first country's savings business. Sberbank's shares started to trade on MICEX and RTS in 1996. In March 2007, the Bank conducted SPO, raising \$8 bn in new capital. CBR intends to sell 7.6% of the bank later this year.</p> <p><b>Valuation Assumptions</b></p> <table border="1"> <tr> <td>Cost of Equity</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>13.4%</td> </tr> <tr> <td>Terminal Growth</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>2.0%</td> </tr> <tr> <td>Terminal Return on Average Equity</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>18.0%</td> </tr> </table> <p><b>Annual Rates</b></p> <table border="1"> <tr> <td></td> <td>5yrs</td> <td>3yrs</td> <td>5 Yrs Est.</td> </tr> <tr> <td>Net Interest Income</td> <td>22%</td> <td>9%</td> <td>14%</td> </tr> <tr> <td>Earnings</td> <td>29%</td> <td>40%</td> <td>11%</td> </tr> <tr> <td>Book Value</td> <td>27%</td> <td>16%</td> <td>11%</td> </tr> <tr> <td>Net Loans</td> <td>20%</td> <td>12%</td> <td>17%</td> </tr> <tr> <td>Total Assets</td> <td>21%</td> <td>14%</td> <td>16%</td> </tr> </table>								Cost of Equity																	13.4%	Terminal Growth																		2.0%	Terminal Return on Average Equity																		18.0%		5yrs	3yrs	5 Yrs Est.	Net Interest Income	22%	9%	14%	Earnings	29%	40%	11%	Book Value	27%	16%	11%	Net Loans	20%	12%	17%	Total Assets	21%	14%	16%
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Earnings per Share	0.1224	0.1605	0.1986	0.1821	0.0356	0.2771	0.4969	0.5072	0.8312																																																																																								
Dividends per Share	0.0056	0.0142	0.0199	0.0193	0.0025	0.0303	0.0747	0.0812	0.1662																																																																																								
Book Value per Share	0.3846	0.5428	1.2025	1.1819	1.2014	1.4921	1.8276	2.4553	4.2743																																																																																								
Common Shs Outst'g, mn	19 000	18 998	20 962	21 585	21 585	21 585	21 585	21 585	21 585																																																																																								
Average P/E Ratio	6.3	11.9	19.5	14.3	39.4	10.2	6.5	5.9	3.6																																																																																								
Average Div'd Yield	2.1%	0.9%	0.4%	0.8%	1.4%	1.1%	2.2%	2.5%	3.5%																																																																																								
Total Assets (mn)	90 299	131 657	200 797	229 111	236 560	282 717	337 122	412 116	704 219																																																																																								
Net Loan Book (mn)	64 219	96 525	159 762	172 701	161 945	179 862	240 190	300 070	534 735																																																																																								
Loan Loss Prov's (mn)	3 344	3 831	4 749	6 880	19 305	23 018	20 610	20 771	31 122																																																																																								
Clients Funds (mn)	74 057	107 433	157 972	163 088	181 084	217 927	246 799	292 751	464 987																																																																																								
Net Interest Income (mn)	5 528	7 204	9 881	15 203	15 825	16 326	19 765	22 370	37 233																																																																																								
Net F&C Income (mn)	1 265	1 844	2 575	3 465	3 182	4 069	4 783	5 276	10 231																																																																																								
Operating Cost (mn)	4 043	5 345	7 653	9 271	7 217	9 306	12 531	15 051	26 102																																																																																								
Net Profit (mn)	2 326	3 049	4 163	3 930	768	5 981	10 746	10 949	17 942																																																																																								
Shareholders Equity (mn)	8 302	11 717	25 959	25 513	25 934	32 210	39 451	53 002	92 269																																																																																								
Return on Average Equity	34%	30%	22%	15%	3%	21%	30%	24%	21%																																																																																								
Loans to Assets	71%	73%	80%	75%	68%	64%	71%	73%	76%																																																																																								
<p><b>BUSINESS:</b> Sberbank has the largest countrywide branch network with 17 regional head offices and more than 19,100 retail outlets with about 241 000 employees. Elsewhere, Sberbank operates subsidiary banks in Kazakhstan and Ukraine contemplating Belarus and targets 5% share of these markets.</p> <p>Controls over a quarter of total banking assets in Russia, 46% of retail deposits, 30% of retail &amp; corporate lending. Operations include treasury and securities services, commercial banking, retail financial services, card services. Directors &amp; office own less than 1% of common; Government 58%. Chairman CEO: G.Gref. Internet: www.sbrf.ru</p>										<p><b>Earnings Pers Share (EPS), \$</b></p> <table border="1"> <tr> <td></td> <td>1Q</td> <td>2Q</td> <td>3Q</td> <td>4Q</td> <td>Full Year<sup>C</sup></td> </tr> <tr> <td>2009</td> <td>0.001</td> <td>0.007</td> <td>0.006</td> <td>0.020</td> <td>0.036</td> </tr> <tr> <td>2010</td> <td>0.067</td> <td>0.032</td> <td>0.070</td> <td>0.111</td> <td>0.277</td> </tr> <tr> <td>2011</td> <td>0.137</td> <td>0.148</td> <td>0.127</td> <td>0.089</td> <td>0.497</td> </tr> <tr> <td>2012</td> <td>0.142</td> <td>0.126</td> <td>0.130</td> <td>0.127</td> <td>0.508</td> </tr> </table>			1Q	2Q	3Q	4Q	Full Year <sup>C</sup>	2009	0.001	0.007	0.006	0.020	0.036	2010	0.067	0.032	0.070	0.111	0.277	2011	0.137	0.148	0.127	0.089	0.497	2012	0.142	0.126	0.130	0.127	0.508																																																								
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<p><b>Sberbank released neutral 2Q12 IFRS results. Reported earnings for 2Q 12 came in at USD 0.13 a share, in line with our expectations as well as those of the market but slightly short of the USD 0.15 a share earned in the second quarter of 2011. Stable margins and improving asset quality, as well as an increase in operating expenses were the main items that factored into second quarter performance. Looking ahead, we continue to like the bank's prospects. Although there are widespread concerns in regard to the global economy, we expect Russia's banking sector to continue its gradual development in the near term, and Sberbank should benefit from the process.</b></p> <p><b>Net interest income increased by 7% q-o-q to RUB 174 bn on a sustainable quarterly increase (+5.3%) in average interest earning assets (IEA) while NIM stabilized at 6%. The quarterly jump in IEA was mainly driven by expansion of lending activities. The gross loan book reached RUB 9424 bn and has grown by 12.4% YTD. Strong performance by the retail segment over the last few quarters developed into impressive 29% YTD growth in the retail loan book, which outpaced the industry average of 18.4% and reached RUB 2328 bn. Growth in the corporate segment, despite being less pronounced (+7.9%), still outperformed the sector (6.2%). NIM was flat over the last quarter (6%), reflecting upward pressure on rates for both funding (+10 bp) and allocation (+20bp). Given the growing liquidity problems within the industry coupled with a hike in interbank and market deposit rates lead us to expect NIM to deteriorate going forward.</b></p> <p><b>Loan delinquency in absolute terms (one day past due) decreased by 4.7% YTD to reach RUB 462 bn by June 30. The bank wrote off a large problem loan for a company, the assets of which it acquired in June.</b></p>										<p><b>Net Interest Margin (NIM), %</b></p> <table border="1"> <tr> <td></td> <td>1Q</td> <td>2Q</td> <td>3Q</td> <td>4Q</td> <td>Full Year</td> </tr> <tr> <td>2009</td> <td>8.1%</td> <td>8.1%</td> <td>7.5%</td> <td>7.3%</td> <td>7.8%</td> </tr> <tr> <td>2010</td> <td>7.3%</td> <td>6.3%</td> <td>6.1%</td> <td>6.7%</td> <td>6.6%</td> </tr> <tr> <td>2011</td> <td>6.2%</td> <td>6.5%</td> <td>6.5%</td> <td>6.7%</td> <td>6.5%</td> </tr> <tr> <td>2012</td> <td>6.0%</td> <td>6.0%</td> <td>6.2%</td> <td>6.3%</td> <td>6.1%</td> </tr> </table>			1Q	2Q	3Q	4Q	Full Year	2009	8.1%	8.1%	7.5%	7.3%	7.8%	2010	7.3%	6.3%	6.1%	6.7%	6.6%	2011	6.2%	6.5%	6.5%	6.7%	6.5%	2012	6.0%	6.0%	6.2%	6.3%	6.1%																																																								
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<p><b>Net fee and commission income constituted 19% of total operating revenue and expanded at an impressive 18.7% pace over the last quarter (24.6% on an annual basis) thanks to the volume growth in customer cash and settlement transactions as well as card transactions. Operating costs remain quite high, but given continuing investment in IT and branch refurbishment, coupled with the recent acquisitions of Troika Dialog and VBI, a 13.1% q-o-q increase (29.7% y-o-y) we are not unduly concerned. Cost to income stood at 50% for the second quarter compared to 46.2% a year ago.</b></p> <p><b>We still look for the company to earn about USD 0.51 a share in 2012. At the same time, we are lowering our EPS estimate for 2013 by USD 0.10 to USD 0.58 due to an increase in the cost of risk for 2013 (mainly retail segment related). This top quality blue chip remains an excellent choice for buy-and-hold investors, thanks to the company's solid growth potential. The much anticipated SPO rumored to take place this coming fall should improve liquidity and diversify the investor base. We reiterate our BUY recommendation for both common and preferred shares and TPs of USD 3.90 per common share and USD 3.10 per preferred share.</b></p>										<p><b>NPL(&gt;90 days overdue)/Gross Loans, %</b></p> <table border="1"> <tr> <td></td> <td>1Q</td> <td>2Q</td> <td>3Q</td> <td>4Q</td> <td>Full Year</td> </tr> <tr> <td>2009</td> <td>3.5%</td> <td>6.4%</td> <td>7.9%</td> <td>8.4%</td> <td>8.5%</td> </tr> <tr> <td>2010</td> <td>8.9%</td> <td>9.1%</td> <td>8.6%</td> <td>7.3%</td> <td>7.3%</td> </tr> <tr> <td>2011</td> <td>7.2%</td> <td>6.6%</td> <td>6.1%</td> <td>4.9%</td> <td>4.9%</td> </tr> <tr> <td>2012</td> <td>4.8%</td> <td>3.4%</td> <td>3.6%</td> <td>3.8%</td> <td>3.8%</td> </tr> </table>			1Q	2Q	3Q	4Q	Full Year	2009	3.5%	6.4%	7.9%	8.4%	8.5%	2010	8.9%	9.1%	8.6%	7.3%	7.3%	2011	7.2%	6.6%	6.1%	4.9%	4.9%	2012	4.8%	3.4%	3.6%	3.8%	3.8%																																																								
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<p><b>OLMA Research</b> Head of Department - Dmitriy Parfenov (ext.1224) Equity Markets - Anton Startsev (ext. 1226) Utilities - Roman Gabbasov (ext. 1243) Financial Institutions - Ruslan Yunusov (ext. 1227) Tel.: (495) 960-31-21</p>										<p>Notes</p> <p>As of June 30st, 1 Russian ruble was equivalent to 3.08 U.S cents; A - Bloomberg data, B - OLMA estimates; C - Does not sum due to rounding and currency conversion. SB - SberBank; RP - Russian Peers. All figures in the report - IFRS, figures in bold - OLMA estimates</p>																																																																																							
<p>Ruslan Yunusov August 30, 2012. ruslan.yunusov@olma.ru</p>																																																																																																	
<p>The information contained herein is for your private use. OLMA respects international regulations concerning sales and distribution of securities, therefore we do not solicit any action based upon this information. This is not to be construed as an offer or recommendation to purchase or sell any investment. OLMA has based this document on information obtained from sources it believes to be reliable, but which sometimes it has not independently verified, therefore we provide no guarantee for its completeness and/or accuracy.</p>																																																																																																	