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INDEPENDENT NEWS FROM RUSSIA

Sberbank Sets Record Dividend

By Howard Amos

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Sberbank announced Friday that it intends to reduce the number of state representatives on its board of directors and recommended that dividends for 2011 be paid at 15.3 percent, a post-Soviet record.

The moves came at the end of a week filled with repeated media reports that Russia's biggest lender was planning to go ahead with its flagship $5.5 billion privatization in April.

The Central Bank, which owns a controlling stake in Sberbank, has said it will sell 7.6 percent of its holding when the bank's share price climbs beyond 100 rubles ($3.40). That threshold was crossed on Feb. 28, and a new digital screen displaying the company's share price in the recently refurbished lobby of Sberbank's Moscow headquarters showed Friday afternoon that it had not been a fluke.

Speaking after the end of a board of directors' meeting, President German Gref said a "sharp increase" in the number of independent directors was a positive step for the state-controlled company. "Independent directors are more meticulous and more critical," he said. "That will help us."

Among the candidates for the new board of directors are three new faces: Sberbank's Anton Danilov-Danilyan, academic Dmitry Tulin and Ronald Freeman, a member of steelmaker Severstal's and brokerage Troika Dialog's boards of directors. Anna Popova, a former deputy economic development minister, will leave the group.

The board of directors recommended Friday that the company use 15.3 percent of its 2011 profit to pay dividends — up from 12.1 percent in 2010. That will amount to 2.08 rubles per share and 2.59 rubles per preferred share. The allocation needs to be approved by Sberbank's next annual general shareholders meeting scheduled for June 1.

Net income in 2011 rose 79 percent to 3.11 trillion rubles, according to Gref.

Despite the positive numbers and record dividends, Gref sought to pour cold water on speculation that the country's biggest lender had already set a timeline for privatization.

"We didn't look at this question during the board of directors meeting," Gref told reporters. "We have taken no decisions and have not considered [it]."

Media reports about an April date for privatization were largely false, he said. "It is possible that we will go through with the sale in the first half of this year, but it is just as possible that it will be in the second half of the year and not less possible that it will be next year."

As the first in a series of state sales, Sberbank's privatization is going to be carefully watched by international and domestic investors. Central Bank Deputy Chairman Alexei Ulyukayev has described Sberbank as a "proxy" for Russia.

"We are oriented toward the market situation," he said, adding that there were more factors to take into account than just the 100 ruble threshold. "To tell a fortune with tea leaves now is completely pointless."

Sberbank closed down 0.37 percent to 100.30 rubles in Friday trading.

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