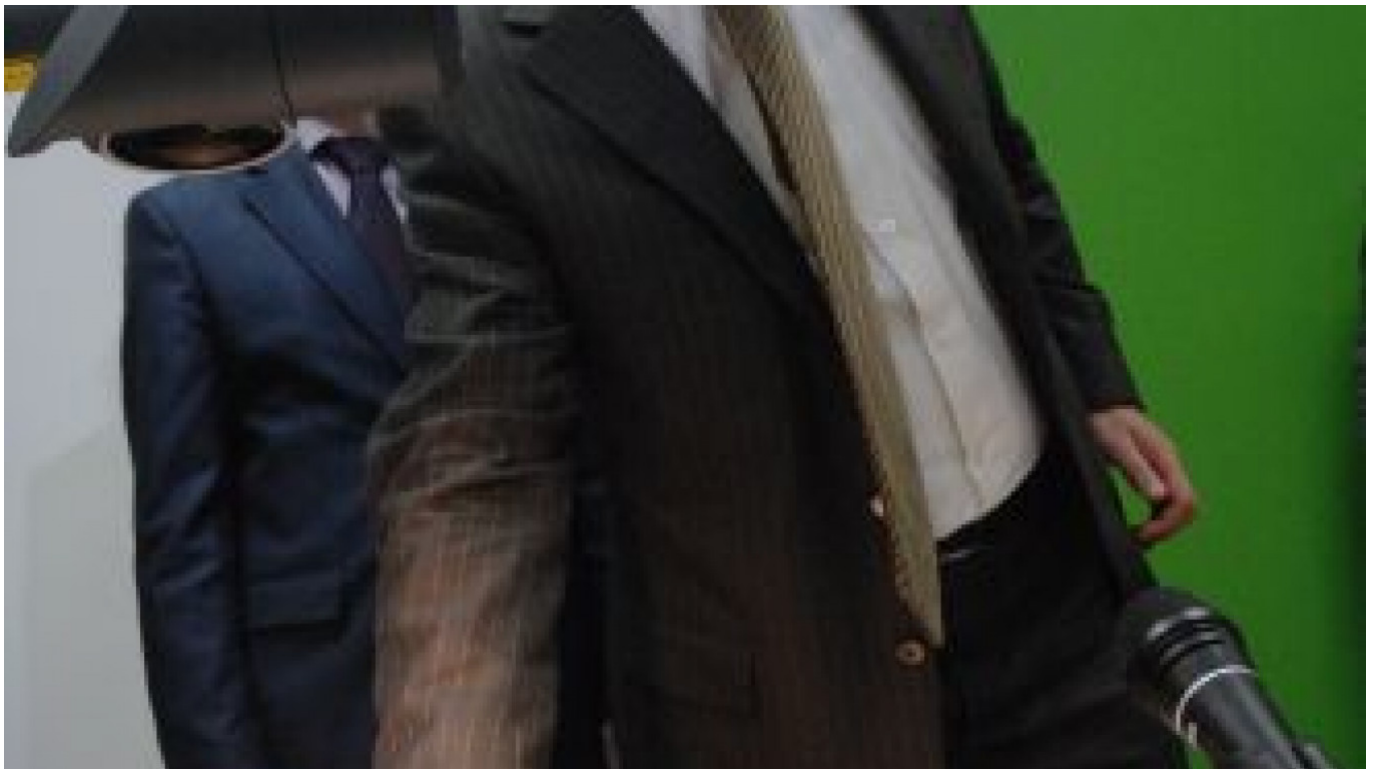


Sberbank Wraps Up \$5.2Bln Listing

By [Howard Amos](#)

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Sberbank president German Gref supervising a bank presentation earlier in the year. **Sergei Porter**

Sberbank president German Gref usually speaks in little more than a whisper, but there were no problems with audibility Wednesday as he announced the state-owned bank's successful sale of a \$5.2 billion stake to domestic and international investors.

The conclusion of the long-awaited deal, which leaves the Central Bank with 50 percent plus one share of the nation's largest lender, may help reinvigorate the Kremlin's ambitious program of state sell-offs.

"If they believe in us, they believe in Russia," Gref told reporters at Sberbank headquarters in a voice that carried to every corner of the room. "With this deal Sberbank has opened the gates for privatization in this country."

The final price for the new shares was 93 rubles (\$3.04), two rubles above the minimum set for the placement and a 4.1 percent discount on Friday's closing price. The launch of the sale was announced before markets opened Monday.

The books for the deal were covered on the first day and, by the time they were closed Tuesday, were twice oversubscribed at the final 93 ruble price.

While it had not affected his voice, Central Bank Deputy Chairman Alexei Ulyukayev's satisfaction was as evident as Gref's.

This is "one of the three largest placements in modern Russian history," he told reporters. "It is important as a model of a high-quality privatization deal."

And the scale of the deal, in which 1.7 billion ordinary shares were sold to buyers including 300 institutional investors, will have macroeconomic significance and help reverse capital outflow, Ulyukayev added.

President Vladimir Putin made his own addition to the chorus of praise for Sberbank late Tuesday, stressing the profitability of the deal for the state.

"For every \$100 invested in Sberbank 10 years ago, today the majority shareholder, the Central Bank, received \$3,700," Putin said, RIA-Novosti reported. "That's a very good yield."

Investors who decided to buy into the Sberbank story of domestic domination and foreign expansion came from Europe, Asia, the Middle East and the United States, Gref said.

Local demand for the Sberbank secondary public offering, or SPO, was less than expected. Only 3 percent of the total listing was on the joint Micex and RTS Moscow Stock Exchange, in contrast to an upper limit of 15 percent that executives announced Monday.

Funds controlled by U.S. billionaire George Soros were some of the biggest participants, media reports said. There were 10 bids for \$100 million or more of the stock, Sberbank deputy chairman Anton Karamzin said.

Gref stressed that for many of those who participated it was their first experience of association with Russian companies.

"A large proportion [of buyers] have never invested in us or in Russia in general," Gref said. "It was an international exam that we passed."

Though Sberbank said earlier this week that Sberbank Investments, a subsidiary of Sberbank, could acquire up to 20 billion rubles of ordinary shares in the placement, Gref said sufficient outside interest meant this step had not been necessary.

With 46 percent of retail deposits, Sberbank's market position in Russia is exceptionally strong. But both Putin and Ulyukayev underlined that the problem-free placement was a positive signal for the whole financial sector.

There were immediately signs of others looking to cling to Sberbank's shirttails.

The nation's second largest bank, VTB, said Wednesday that it was hoping to complete a privatization of at least \$2 billion, probably by next spring.

Under current plans approved by the Kremlin, the government must sell 25.2 percent of its majority stake in VTB by 2014.

"We will go ahead," VTB head Andrei Kostin said Wednesday, Reuters reported. "We were waiting for Sberbank."

And VTB received official encouragement from the government to start preparing to mirror Sberbank's success.

"Now that Sberbank's done with, VTB must be worked on," Deputy Prime Minister Igor Shuvalov said, RIA-Novosti reported.

Sberbank's share price has slumped in recent days: 3.37 percent since the close of Friday trading and the announcement that the secondary public offering was underway. The Micex Index fell 2.36 percent in the same period.

But Gref said the fall was only a blip.

As the company's stock has been depressed since the government approved plans for the sale of the 7.58 percent stake belonging to the Central bank last year, the shares will gain in the wake of the successful placement, he added.

Sberbank's SPO was organized by investment banks Goldman Sachs, J.P. Morgan, Credit Suisse, Morgan Stanley and Troika Dialog.

It will be the last such deal carried out by the once-independent Moscow brokerage Troika Dialog, which was purchased by Sberbank last year as a part of a bid to establish a full range of financial services and build an international reputation.

The placement was the last deal for Troika Dialog and the first for Sberbank's Corporate Investment Banking department, said Troika Dialog head Ruben Vardanian.

While executives and officials were hailing Sberbank's success as the beginning of a new love affair between international investors and Russian stocks, others sounded a note of caution.

Sberbank's management efficiency and dominant position on the domestic market make it part of a select group of Russian companies — and the vagaries of the macroeconomic situation could throw up obstacles at any moment.

"The Sberbank SPO will open a window of opportunity for Russian companies to follow," said Alexander Morozov, chief economist at HSBC in Moscow. "Yet this market window might be pretty short."

U.S. investor Jim Rogers has become a consultant at VTB Capital, the investment banking arm of VTB, according to an e-mailed statement from the bank Tuesday. He will help lure agriculture investments, VTB Capital said. Rogers co-founded the Quantum Fund with George Soros.

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