SOVLINK
YOUR FIRST CALL – FOR THE SECOND TIER

February 8, 2008

SBERBANK

Investment Alert

BUY

Upside: 48%

Target price: $5.07

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Target price revision

• Taking into consideration developments on global financial markets, the bank's interim 9M07 IFRS report and its preliminary RAS 2007 results, we have revised our target price for Sberbank. Our updated valuation model includes information released during a conference call on January 28 as well as management's forecasts for 2008.

• Consequently, although we reiterate our **BUY** recommendation, we have lowered our 2008 year-end target price for the bank's ordinary shares by 3.3% from **$5.25 to $5.07** per share. We lowered our target price due to weaker than expected financial figures for 9M07 and significant additional expenses for Q407 – according to management, year-end net profit will be slightly above the lower level of the previously declared range of RUR 95-110 bn. Accordingly, we reduced our net profit estimates from RUR 103-107 bn to RUR 96-98 bn. Nevertheless, despite the difficult conditions prevalent on financial markets, the bank's profit growth forecast over the next few years is, on the whole, favourable – we expect net profit of 28% (CAGR) in 2007-10. In particular, we expect the bank's interest margin to perform better (than our previous forecast) due to a higher proportion of retail loans in the bank's loan portfolio (based on management's forecast) and the anticipated rise in the bank's credit rates, reflecting higher borrowing costs.

• The bank's RAS net profit in 2007 increased by 43% (net of additional expenses, which will affect the bank's financials after the reporting date). On an annual basis, the bank's loan portfolio has grown more than 50%, with corporate loans increasing by almost 60%. Such impressive growth was backed by a considerable increase of the bank's equity as a result of the SPO, over 30% growth of its retail deposits and almost 50% growth of its corporate deposits. This exceeds our preliminary estimates and creates a solid foundation for further growth of the bank's interest income.

• During the conference call, the bank's management announced quite optimistic forecasts for 2008. They predict that the bank's loan portfolio will grow (in absolute terms) by at least as much as it did last year. An increase of 30-40% of its retail and corporate deposits will provide the bank with its basic funding source, and another $3-4 bn will be raised by borrowing on international markets. Management expects an improvement in the bank's interest margin and a significant slowdown in operating expenses to 20%, in contrast with an average annual rate of 26% and 30% in 2007. Even though we have used slightly more conservative assumptions in our model, we expect the bank's net profit in 2008 to exceed RUR 140 bn – an almost 50% increase over the expected results for 2007.

• In our opinion, at the current level, Sberbank is attractively priced. However, the deteriorating conditions on global markets together with uncertainty over the transition to the new management team have exerted considerable pressure on the bank's shares. Nevertheless, Sberbank's business model is extremely resilient – relying on internal funding sources, the trust of its customers, uniquely diversified branch network, leading positions in all segments of the Russian banking system, conservative credit policy, and state support. Unless these factors change significantly, the bank will continue to develop effectively.

Stock data

Ticker	Sber	M.Cap, $ mn	74,086
Shares Ords '000	21,586,948	Free Float, %	40
Shares Pref '000	1,000,000	Free Float, $ mn	29,634
Bid Ords, $	3.33	Offer Ords, $	3.59
Bid Prefs, $	1.91	Offer Prefs, $	2.10

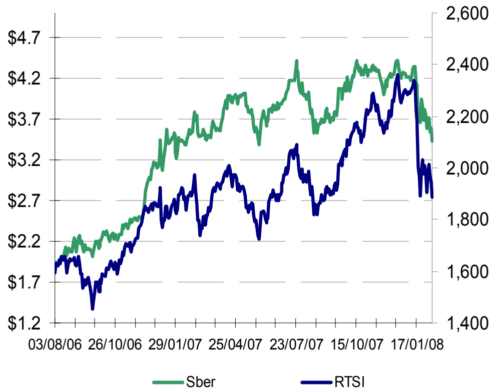
Market performance

		1 month	6 months
Absolute	Ords	-17.8%	-3.3%
Relative to RTSI	Ords	0.1%	-9.6%
Price range, $			
High	Ords	4.35	4.42
Low	Ords	3.43	3.43

Financials, 2007E

Assets, $ mn	192,593	ROE	21.0%
Book Value, $ mn	25,229	P/E	19.6
Net income, $ mn	3,858	P/BV	3.0

Sberbank - Relative performance



Source: RTS

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Taking into consideration developments on global financial markets, the bank's interim 9M07 IFRS report and its preliminary RAS 2007 results, we revised our target price for Sberbank. Our updated valuation model includes information released during a conference call on January 28 as well as management's forecasts for 2008.

Table 1– Sberbank's 2007 results (RAS)

	RUR bn	y-o-y growth
Assets	4,920.1	41.6%
Loan portfolio	4,103.9	51.3%
Corporate loans (excl. interbank loans)	3,076.7	59.5%
Retail loans	947.5	36.7%
Retail deposits	2,656.2	30.9%
Corporate deposits	1,286.9	49.9%
Net profit	126.1*	43.4%

** Excluding events after the reporting date (estimated at about RUR 8 bn by Alla Aleshkina, a first deputy chairman of Sberbank).*
Source: Company data, Interfax, SOVLINK estimates

Based on the bank's 9M07 IFRS and its RAS reports, we adjusted our estimates of its basic IFRS figures for 2007.

Table 2 – IFRS 2007 balance sheet summary

	Old estimates, RUR bn	New estimates, RUR bn	y-o-y growth
Assets	4,888	4,922	42%
Loan portfolio (gross)	3,778	3,962	50%
Loan portfolio (net)	3,676	3,854	52%
Corporate loans (excl. interbank loans)	2,777	3,003	54%
Retail deposits	2,697	2,640	29%
Corporate deposits	1,095	1,161	48%

Source: Company data, SOVLINK estimates

As we stated in our report issued on January 28, the bank's 9M07 IFRS net profit was 6% lower than our estimates and the consensus forecasts. The bank's trading loss in 3Q07 (RUR 2.7 bn) and rapid growth of operating expenses negatively affected the bank's results. However, its loan portfolio and interest margin growth exceeded our expectations. As a result of changes in its asset structure (a lower proportion of securities and a higher proportion of loans with higher yields), the bank managed to increase its yield on assets from 11.4% in 1H07 to 11.5%, with borrowing costs remaining at the same level. As a result, its net interest margin grew from 6.6% to 6.7%.

The proportion of retail loans in the bank's loan portfolio dropped from 26% at the beginning of the year to 24.2% in late September, which, in our view, is due to strong demand for credit by corporate customers as a result of the credit crunch on global markets. Based on the data published on the bank's web-site, conditions on global markets did not improve in 4Q07 – consequently, the bank's corporate loan portfolio increased by 19%, and its total loan portfolio grew by 15%. We expect the proportion of retail loans in the bank's loan portfolio to stabilise at 24% at the end of the year. Although the decline in retail loans reduces the upside potential of the bank's portfolio (since retail loans are more expensive), this is partially compensated by higher corporate loan rates in 3Q07. Furthermore, it would have been difficult for the bank to expand its loan portfolio at these rates over such a short period of time based on retail borrowers without lowering the quality of its loan portfolio.

During the conference call on January 28 Bella Zlatkis, a deputy chairman of the bank, spoke on the following issues:

1. Despite the trading losses in 3Q07, 4Q07 results will show clear improvements. In October, the bank sold about 10% of its securities portfolio and booked profits of RUR 19 bn.

2. According to management estimates, 4Q07 will see significant additional expenses attributed to both higher salaries in 3Q07 and the bank's earlier decision on reallocating some 2008 expenditures to 2007. We commented on the bank's decision in our report of 28.11.2007. Taking into consideration, CBR's requirements for banks to record their revenues on an accrual basis under RAS as of January 1, 2008, expenses recorded previously as use of funds will be accounted for in the income statement. To avoid overstating expenses in 2008, the bank's management will partially allocate these to the end of 2007, which will be reflected in both its RAS and IFRS reports. Hence, the growth rate for operating expenses will accelerate to 30% (management forecast growth of 26% in late October). Management has forecast that the bank's IFRS net profit will slightly exceed RUR 95 bn, close to the lower level of its previous forecast (RUR 95-110 bn).

Comment – Given the bank's forecast trading revenues for 4Q07 and higher operating expenses for the year, we anticipate the bank's net profit at RUR 96.8bn (vs. RUR 107-108 bn forecast in our previous valuation model, as net profit expectations before the bank's 9M07 reports were issued were estimated at RUR 103-105 bn). Nevertheless, there is some uncertainty regarding the bank's 2007 IFRS net profit forecasts, due to large non-recurring revenues (from securities trading) and expenses.

3. In 2008, the bank expects its loan portfolio to grow (in absolute terms) by at least as much as it did in 2007. (In relative terms, we estimate growth to slow from 50% to 30-35%.) The growth will be mainly financed by growing retail and corporate deposits (by 30-40%, according to the bank's estimates) – the bank's forecast is based on faster growth of their retail deposits over the past few months. The bank also intends to borrow $3-4 bn on international financial markets. If necessary, management expects to borrow any additional funds required on the domestic bond market. At the same time, the bank will reduce the proportion of loans in its assets by approximately 3 p.p. as it needs to maintain a larger share of securities in order to ensure higher liquidity.

Comment – We estimate that the bank's loan portfolio grew by RUR 1.319 bn in 2007. Next year, we expect it to grow by RUR 1.270 bn ($60 bn), or 32%. Given our growth forecast of 35% ($62.7 bn) for the bank's retail and corporate deposits, this will be enough to fully finance the growth of the bank's loan portfolio. However, in order to maintain its current proportion of loans as a percentage of assets (about 77-78%), its assets should increase by about $77 bn, which implies a need for $14 bn in funding. We estimate that the bank will not borrow more than $5-5.5 bn on the debt markets (both, foreign and domestic) in 2008. However, given projected net profit figures of about $6 bn, the bank's goals seem quite attainable.

4. In 2008, the bank is going to follow a strict policy to lower its operating expenses growth to at most 20% vs. 26% in 2005-2006 and 30% in 2007.

Comment – This is very positive news, given the historically high level of Sberbank's operating expenses. Nevertheless, the high inflation rates forecast for 2008 (10.5% according to our optimistic scenario vs. 11.9% in 2007), as well as the need to encourage the new management (according to reports circulating in the media, management's salaries will be raised by 25% in 2008), leads us to maintain our previous forecast of operating expenses growing by 22% in 2008.

5. The bank expects its net interest margin to improve in 2008 as a result of two factors: 1) a higher proportion of high-yielding retail loans in its loan portfolio (up to 26%); and 2) interest rates on loans will grow more than the cost of borrowings. In particular, the effect of the decline in retail deposit rates that occurred in May 2007 will continue to be felt, since the bulk of the bank's term deposits have maturities of 1-2 years. As a result, the bank's management expects the bank's interest margin to increase by 0.1 p.p. (based on a 70% weighting on the first factor, and 20-30% on the second).

Comment – At the end of last year, the President of the bank, German Gref, announced plans to raise interest rates on loans and deposits. In our model, we incorporated the projected increase in loan rates (for both, corporate and retail borrowers), which resulted in net interest margin forecasts increasing from 6% to 6.4% for 2008. Media reports on the plans of Sberbank's main competitor, VTB24, to raise rates for mortgages with low initial deposits by 0.5-1 p.p. make it easier for Sberbank to do the same. However, in our opinion, any increase in rates on priority products (for the bank) such as mortgages and auto loans will be minimal. Nonetheless, our interest margin forecast is slightly more conservative than the bank's forecast – we expect the interest margin to remain at the same level as *in 2007. In our opinion, given increased competition over customers' funds and higher market deposit rates, Sberbank's ambitious lending plans (particularly, in the more expensive retail deposits segment) will lead to higher costs of funds and will limit the bank's opportunities to benefit from higher credit rates. In the near future, we forecast a gradual decline in the cost of funds due to the incentives offered by the monetary policies pursued by global central banks, which will lead to lower interest rates. However, retail deposit rates will decline slowly due to the relatively high forecast inflation rates in Russia. We expect deposits as a proportion of Sberbank's liabilities will remain above 60%.*

6. The bank has planned a GDR offering (according to management, the terms could be finalised in 2H08 as a result of improvements on international financial markets) in order to raise over $6.7 bn. The bank does not plan to issue new shares, but will buy out shares from existing shareholders.

Comment – Although the declared GDR issue is less than 10% of Sberbank's capitalisation, we believe that listing on the LSE with its stringent requirements will enhance the transparency and corporate governance of the bank. Clearly the bank does not intend to list on Western stock markets before the end of the credit crunch prevalent on global financial markets, as this would only exert additional pressure on its price.

7. The bank intends to maintain its net profit growth rates in 2008 at the same level as in 2007. Previously, Mr. Gref had forecast weaker net profit growth in 1H08 due to the difficulties prevalent on global financial markets. According to his estimates, the bank's profit will grow at a rate of at least 20% by the end of the year.

Comment – The bank's net profit for 2007 is expected to grow at about 30% under RAS, and 17-18% under IFRS. According to our estimates, the bank's forecast is excessively conservative. We expect the bank's IFRS net profit to grow by 49% or RUR 144 bn in 2008. Our forecast takes into account deteriorating market conditions and a contraction of the proportion of non-core operating income (revenues from trading, transactions with currency, etc.) from 10% to 5%.

Conclusion – We maintain our positive view on the bank's prospects over the next few years. (We expect the bank's net profit will grow at 28% CAGR in 2007-10.) In the generally more difficult conditions prevailing in the banking sector, Sberbank enjoys strong competitive advantages in terms of liquidity, a diversified clientele base, minimal dependence on foreign markets, and optimal asset and revenue structure. Nevertheless, the risks of the bank not being able to maintain its high profit growth rates stem from the potential deterioration of conditions on financial markets (both, foreign and domestic), the credit crunch, and the bank's ability to reduce costs. We are cautions on the new management's plans to enter the Chinese, Indian, and the CIS markets – although these markets are promising, capturing market share aggressively may require significant expenditures over the next few years.

New appointments

On January 29, the bank's supervisory board confirmed the bank's new management structure as well as changes at the bank's Board. According to the bank's announcement, the new structure entails spinning off retail and corporate units as stand-alone divisions, the establishment of a regional development unit, better organisation and eliminating redundant functions, as well as the creation of a unit responsible for the strategy and development of the bank. This structure has been created for a transitional period – until the elaboration of the bank's five year strategy, which is expected to be completed by the end of the year.

The board approved the following changes in management – A.K. Aleshkina (first deputy chairman), I.N. Bokhan (Head of the crediting department), A.V. Brinza, A.F. Manoilo and A.E. Pogodin left the bank. They were replaced by deputy chairman of the Board A.A. Karamzin (financial unit) and four senior vice-presidents: D.A. Bugrov (corporate development strategy), O.N. Kanovich (operational unit), S.K. Kuznetsov (administrative unit), and V.M. Orlovskiy (IT).

Vacancies still remain for a first deputy chairman and one member of the Board. These positions are expected to be filled over the next 1-2 months. At the same time, the status of first deputy chairman will be changed – previously, a first deputy chairman supervised several business units – this will be changed in order to avoid excessive concentration of power.

We welcome the increased clarity with respect to key appointments in the new management team; however, given Mr Gref's lack of experience in the banking sector, we would have preferred a more professional background (in terms of experience in the banking sector) of the top managers. Whilst the selection of Kanovich and Orlovskiy is reassuring, the expertise of some of the other key figures is not fully compatible with Sberbank's profile and scale of business. This primarily concerns Mr Bugrov, senior vice president for strategy and a former partner at McKinsey. Although McKinsey is an established international consulting company, and Bugrov participated in several successful banking projects, including the development of the Russian Standard Bank, his lack of direct work experience in the banking sector means that he will need a certain period of time to adjust to the new business environment. Former first deputy chairman Alla Aleshkina played a key role at Sberbank, and the market would welcome an adequate (in terms of qualifications and status) replacement in the new management team. On the whole, given the crisis prevalent on global financial markets, a change in the management of Russia's central bank creates certain risks, as the price of potential mistakes occurring during the transition period will be higher.

Nevertheless, Sberbank's business model is extremely resilient – relying on internal funding sources, the trust of its customers, uniquely diversified branch network, leading positions in all segments of the Russian banking system, conservative credit policy, and state support. Unless these factors change significantly, the bank will continue to develop effectively. On the other hand, if the new team manages to promote more flexible and customer oriented policies, speed up the launch of new products on the market, improve control over expenses and enhance transparency, these improvements will emerge as the new drivers of the bank's share price. We expect that the bank's position will become clearer by the end of the year, when the transition period comes to an end, and its mid-term development strategy is elaborated.

Valuation of ordinary shares

As in our previous model, we estimate the fair value of Sberbank's shares based on Gordon's modified model (target P/BV) (P/BV=(ROE-g) / (r-g)). We also continue to forecast terminal growth rates (g) of 6%, terminal ROE of 20% and a discount rate of 11.46%.

$ mn	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Equity	24,473	31,123	37,441	43,245	49,399	58,646	69,658	81,252	95,515
Net profit	3,786	5,942	7,346	8,678	10,169	11,860	13,674	15,675	18,002
Cost of equity		11.46%	11.46%	11.46%	11.46%	11.46%	11.46%	11.46%	11.46%

Then, applying the Gordon model we obtain target P/BV-2015 of 2.56. Taking the forecast BV-2015=$95 515 mn, we obtain Sberbank's fair value at the end of 2015 to be P-2015=$244,932 mn.

Having discounted the value as at the end of 2008, we obtain P-2008=$114,611 mn, with a target price of $5.07 per share at the end of 2008, offering potential upside of 48% from current prices. (Our previous target price was $4.71 at the end of 2007 and $5.25 at the end of 2008, which is 3.3% higher than our current target price). We, therefore, reiterate our **BUY** recommendation on the bank's ordinary shares.

Terminal ROE	20.0%
Terminal growth rate	6.0%
Target P/BV-2015	2.56
Fair value of equity (P-2015), $ mn	244,932
Discount rate	11.46%
Fair value of equity by the end of 2008, $ mn	**114,611**

Ordinary shares after SPO, mn	21,587
Preferred shares, mn	1,000
Total shares	22,587
Fair value of 1 ordinary share by the end of 2008, $	**5.07**

Total, fair value of 1 ordinary share by the end of 2008, $	**5.07**
Market value of 1 ordinary share (07.02.2008)	**3.42**
Upside, %	**47.8%**
Recommendation	**BUY**

Valuation of preferred shares

The discount on preferred shares against ordinary shares has significantly increased after the SPO – from an average of 17% in 2006 to 30-45%. This is due to the lower portion of preferred shares in the bank's equity (less than 5%) and their lower liquidity in comparison with ordinary shares. After the split, ordinary shares became 1,000 times cheaper, and the bank's preferred shares lost their advantage of shares, affordable to ordinary retail investors. We wrote in our previous models that the current discount level was very high and that it may fall to 25% in the mid-term. Nevertheless, so far it has remained at the same level. At the moment, given the extremely difficult conditions prevailing on the stock market, we do not see any special drivers that could reduce the discount. Although, there could be a temporary contraction of the discount on preferred shares before the close of the register related to the accrual of dividends, it will not have a significant impact, since the dividend yield for Russian banks' shares is traditionally low. **We, therefore, adjust our fair value estimate on the discount of the bank's preferred shares against its ordinary shares from 25% to 40%**. Accordingly, we estimate the fair value of the bank's preferred shares by the end of the year at $3.04, giving potential upside of 54% from current prices.

Fair value of Sberbank's preferred shares

Fair value of 1 preferred share at the end of 2008, $	**3.04**
Market value of 1 preferred share as of 07.02.2008, $	1.98
Upside, %	**53.5%**
Recommendation	**BUY**

Thus, we reiterate our **BUY** recommendation on Sberbank's ordinary and preferred shares.

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Table 3 – Projected income statement, RUR mn

	2005	2006	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Interest income on loans to customers	214,275	284,174	380,544	554,392	696,072	855,020	1,037,418	1,212,248	1,402,777	1,602,873	1,835,043
Interest income on securities	29,299	28,668	33,618	37,543	48,302	60,803	74,039	85,528	98,240	113,386	128,682
Interest income on loans to banks	1,948	4,804	7,500	4,531	5,202	6,080	6,345	6,942	8,224	9,660	11,250
Interest expenses	-89,149	-122,030	-180,360	-260,748	-330,222	-412,001	-503,994	-585,399	-681,573	-779,425	-892,402
Net interest income	**156,373**	**195,616**	**241,302**	**335,718**	**419,354**	**509,902**	**613,808**	**719,320**	**827,668**	**946,493**	**1,082,572**
Provision for loan impairment	-19,602	-13,851	-10,059	-19,810	-33,994	-41,185	-47,363	-51,924	-56,464	-63,293	-70,120
Net interest income after provision for loan impairment	**136,771**	**181,765**	**231,243**	**315,908**	**385,360**	**468,717**	**566,446**	**667,396**	**771,204**	**883,199**	**1,012,453**
Net fee and commission income	**35,783**	**50,076**	**65,379**	**83,074**	**104,674**	**130,842**	**162,244**	**199,560**	**243,464**	**294,591**	**353,509**
Operating income	**201,995**	**254,160**	**316,058**	**419,982**	**515,825**	**631,115**	**767,042**	**912,585**	**1,068,071**	**1,239,780**	**1,437,855**
Operating expenses, including salaries and wages	**-114,373**	**-145,140**	**-188,682**	**-230,192**	**-278,532**	**-334,239**	**-401,087**	**-473,282**	**-549,007**	**-631,358**	**-726,062**
Profit before tax	87,621	109,020	127,376	189,790	237,292	296,876	365,955	439,303	519,064	608,421	711,792
Profit tax	-21,814	-26,216	-30,570	-45,549	-56,950	-71,250	-87,829	-105,433	-124,575	-146,021	-170,830
Net profit	**65,808**	**82,804**	**96,806**	**144,240**	**180,342**	**225,626**	**278,126**	**333,870**	**394,488**	**462,400**	**540,962**

Source: Company data, SOVLINK estimates

Table 4 – Projected balance sheet, RUR mn

	2005	2006	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Cash and cash equivalents	123,369	169,805	182,139	196,415	224,502	259,840	291,645	316,878	356,111	416,650	483,314
Mandatory reserves	56,809	77,915	116,456	168,746	281,158	368,112	445,898	529,049	622,989	725,589	839,090
Securities	389,154	474,686	514,082	851,131	1,080,936	1,351,170	1,610,387	1,810,734	2,118,860	2,416,569	2,730,723
Loans to other banks	25,932	41,276	63,995	65,472	83,149	103,936	126,802	150,894	178,056	208,325	241,657
Loans and advances to customers	1,787,288	2,541,617	3,854,086	5,102,283	6,428,876	8,036,096	9,884,398	11,910,699	14,114,178	16,584,160	19,320,546
Fixed assets	106,850	125,216	132,912	144,037	182,928	228,660	278,965	331,968	391,722	458,315	531,645
Other assets	23,726	36,158	59,006	19,076	33,343	45,801	42,115	39,227	23,634	22,886	18,718
Total assets	**2,513,128**	**3,466,673**	**4,922,676**	**6,547,159**	**8,314,891**	**10,393,614**	**12,680,209**	**15,089,449**	**17,805,550**	**20,832,494**	**24,165,693**
Bank credits and deposits	24,912	44,836	188,253	217,189	221,871	278,077	305,887	335,964	363,306	368,711	425,909
Retail deposits	1,514,302	2,046,035	2,640,928	3,565,253	4,634,829	5,839,884	7,241,456	8,689,748	10,253,902	12,048,335	14,036,310
Corporate deposits	546,806	782,789	1,161,633	1,568,205	1,975,938	2,430,403	2,916,484	3,412,286	3,958,252	4,551,990	5,234,789
Own debt securities	86,890	123,729	105,734	115,834	192,289	278,077	339,874	403,157	505,469	589,938	660,160
Other borrowings	62,964	107,332	119,118	231,804	295,829	370,770	453,166	537,543	631,836	737,422	851,819
Subordinated loans	29,393	26,880	26,103	24,779	25,062	26,542	27,920	28,737	29,451	30,115	30,676
Other liabilities	16,793	26,548	55,141	68,653	49,899	45,485	44,358	31,133	53,692	109,041	55,810
Total liabilities	**2,282,059**	**3,158,149**	**4,296,910**	**5,791,717**	**7,395,715**	**9,269,238**	**11,329,145**	**13,438,567**	**15,795,909**	**18,435,552**	**21,295,474**
Total equity	**231,069**	**308,524**	**625,766**	**755,442**	**919,176**	**1,124,376**	**1,351,064**	**1,650,882**	**2,009,641**	**2,396,942**	**2,870,219**

Source: Company data, SOVLINK estimates

Table 5 – Projected financial ratios

	2005	2006	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
EPS	122.01	160	200	314	389	459	538	628	724	829	953
BVS	431.90	586	1,295	1,647	1,981	2,288	2,614	3,103	3,686	4,299	5,054
P/E	31.87	24.32	19.57	12.47	10.09	8.54	7.29	6.25	5.42	4.73	4.12
P/BV	9.23	6.3	3.0	2.4	2.0	1.7	1.5	1.3	1.1	0.9	0.8
ROE	34.5%	30.9%	20.9%	21.4%	21.4%	21.5%	22.0%	22.0%	21.3%	20.8%	20.4%
ROA	3.0%	2.8%	2.3%	2.6%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
Asset yield	12.9%	12.2%	11.3%	11.3%	11.4%	11.0%	10.8%	10.6%	10.2%	10.0%	9.7%
Cost of liabilities	-4.5%	-4.5%	-4.9%	-4.9%	-5.2%	-5.1%	-5.0%	-4.9%	-4.7%	-4.7%	-4.6%
Net interest margin	8.2%	7.5%	6.5%	6.4%	6.4%	6.2%	6.0%	5.8%	5.6%	5.5%	5.3%
Operating expenses / assets	5.2%	4.9%	4.4%	3.9%	3.7%	3.6%	3.6%	3.5%	3.5%	3.4%	3.4%
Cost / Income	51.6%	54.2%	57.9%	52.3%	50.7%	49.7%	49.2%	49.1%	48.8%	48.5%	48.1%
Fee and commission income / operating income	18.3%	19.7%	20.7%	19.8%	20.3%	20.7%	21.2%	21.9%	22.8%	23.8%	24.6%

Source: Company data, SOVLINK estimates

STOCK RATING POLICY

STRONG BUY:	Upside over 25%; confidence level – high / upside over 100%; confidence level – low
BUY:	Upside between 15 and 25%; confidence level – high / upside between 25% and 100%; confidence level – low
HOLD:	Upside of less than 15%; confidence level – high / upside of less than 25%; confidence level – low
SELL:	Target price at or below current price levels

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