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Boost in Interest Income Raises Sberbank Profits

By The Moscow Times

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Sberbank posted a 17 percent rise in profits for January-February under Russian accounting rules and compared with the same months last year, as rising loans to companies and consumers boosted its interest income.

The state-controlled bank said Wednesday that net profit for the two months rose to 61.7 billion rubles ($2 billion) under Russian Accounting Standards, or RAS. RAS results are viewed as an indicator of performance under the more widely recognized International Financial Reporting Standards, or IFRS.

"Sberbank's results give the first glimpse of the sector's strong performance in February, though we believe it once again has left most other names behind in terms of lending growth and profitability," UralSib said in a note.

Net interest income rose 28.8 percent in the two months year on year.

Sberbank's corporate loan book grew 1.5 percent in February, with retail loans up 3.3 percent.

The growing loan book prompted the lender to raise provisions for bad loans to 9.4 billion rubles in the two months from 4 billion rubles for the same period last year.

Sberbank's nonperforming loan ratio stood at 3.35 percent on March 1, little changed from 3.36 percent at the start of 2012.

The bank, with a market capitalization of $77.9 billion, is the second-largest European lender after HSBC. It posted a record 322 billion rubles in net profit under RAS last year with return on equity — a key measure of profitability — reaching 27.1 percent. Sberbank plans to report full-year results under IFRS at the end of March.

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