

Putin Reminds Sberbank Head of Its Social Role

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The social aspects of Sberbank's work should not be relegated to a position of secondary importance, President-elect Vladimir Putin said, as the country's biggest lender prepares for a \$6 billion privatization.

Almost a quarter of a million people are employed by Sberbank, the largest financial institution in Russia and Eastern Europe, and 5 million customers visit its branches every day. With about 20,000 offices across the country, for many the bank offers the only available financial services.

"Sberbank is a special institution," Putin told bank president German Gref during a meeting Friday, according to a transcript on the prime minister's website.

"We support it, we always have supported it and we will support it, ... and I am very much counting on the fact that this social aspect of your work will not be pushed into second place."

The Central Bank holds a 57.6 percent stake in Sberbank but has said it intends to sell 7.6 percent of this to the market, leaving the state with a majority holding by a margin of one share.

The bank last year closed 150 offices, Gref said. If Sberbank's social obligations were ignored and decisions taken on a purely commercial basis, one-third of the bank's branches would be shut down, he added.

When the bank shuts branches in remote areas, it tries to ensure that the affected area is covered by either a "mobile office" or that Internet-banking kiosks are installed, Gref said.

Like many state-controlled companies, Sberbank also invests heavily in social projects across the country. Sberbank has said it provides financial support to 25 percent of the country's state-run orphanages.

Despite the uneconomic nature of parts of its operation, Sberbank posted a record 2011 profit of 315.9 billion rubles (\$10.8 billion) — 74 percent year-on-year growth.

The financial giant's privatization was delayed from fall last year in the face of turbulent market conditions. Media reports have suggested that the offering could go ahead this month, but Gref has denied that it is imminent.

Putin and Gref did not discuss the privatization in their official meeting Friday.

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