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Sberbank Profit Up 14% in 4 Months

By The Moscow Times

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Sberbank posted a 14 percent increase in four-month net profit under Russian accounting standards, with gains partly offset by a rise in bad loan provisions that followed rapid growth in the lender's loan book.

The bank said Thursday that net profit in January to April rose to 127.3 billion rubles ($4.2 billion), from 111.2 billion rubles in the same period last year, on the back of strong core operations.

Sberbank, whose earnings under local accounting standards are seen as an indicator of its performance under international standards, said its net interest income was up by almost 27 percent year on year, while net fee and commission income rose 22.2 percent.

The lender, in which the Central Bank holds a 57.6 percent stake, controls about a third of overall lending in Russia and about half of household deposits.

Its nonperforming loan ratio was unchanged in April at 3.34 percent and the bank was able

to write back 5.3 billion rubles of bad loan provisions "due to improving financial conditions of some borrowers and loan restructurings."

For the four months, Sberbank set aside 6.7 billion rubles in bad debt provisions versus write-backs of 14.6 billion rubles in the same period last year as its loan book continued to expand.

Sberbank said its assets had grown 8.1 percent since the start of the year to more than 11 trillion rubles.

The Central Bank is preparing to sell a 7.6 percent stake in Sberbank this year, but timing is unclear due to unstable market conditions and a government reshuffle after ex-president Dmitry Medvedev was appointed prime minister this week.

Sberbank expects to publish first-quarter earnings under international accounting standards on May 30.

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