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Sberbank 4-Month Profit up 1.3%

By The Moscow Times

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Sberbank, Russia's largest bank by assets, posted a 1.3 percent rise in profits for the first four months of 2013 under local accounting standards, boosted by higher retail lending, the bank said in a statement on Tuesday.

It reported 128.9 billion rubles ($4.1 billion) in net profit, up from 127.3 billion rubles the same period a year ago.

The bank said its loans to legal entities, the bulk of which are corporate loans, were down 0.1 percent, while retail lending added 6 percent.

Russian banks, of which Sberbank, VTB and Gazprombank are the largest, have been increasing high-margin retail lending as corporate demand weakens following a slowdown in both global and domestic economic growth.

Russia's official economic growth forecast has been cut to 2.4 percent for this year, which would be its worst year since 2009, but still higher than for Europe, Moscow's key export market.

Retail spending, however, is still growing, as a rising middle class continues to buy consumer goods and spend on travel.

Sberbank, which controls about a third of overall lending in Russia, said on Tuesday that it had set aside 37.4 billion rubles in provisions for possible bad loans during the four months versus 6.7 billion rubles the same period last year.

Sberbank sees its corporate loan portfolio growing at 13.5-14 percent this year, and is considering cutting lending rates to boost demand, deputy chief executive Andrey Donskikh said last month.

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