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Sberbank's Net Profit Rises 13% in Q2

By The Moscow Times

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Performers dance during a ceremony to open a Sberbank branch office in Russia's southern city of Stavropol.

Sberbank, Russia's biggest lender by assets, said on Thursday its second-quarter net profit rose 13 percent to 97.5 billion rubles ($2.7 billion), beating analyst forecasts thanks in part to revenues from its foreign exchange operations.

Analysts had expected a profit of 82.8 billion rubles ($2.2 billion).

"The forex market volatility supported the bank's earnings. The profit was boosted by revenues from the forex operations ... as well as solid cost control," Gazprombank analyst Andrei Klapko said.

Forex operations contributed 10.1 billion rubles to the profit of state-controlled Sberbank, an important lender to Russia's $2 trillion economy, which is on the verge of recession due to lower investment and a flight of capital in the wake of Western sanctions over the country's policy towards Ukraine.

Sberbank is one of five Russian banks subject to European Union sanctions that ban all EU nationals and companies from buying or selling new bonds, equity or other financial instruments it issues with a maturity of more than 90 days.

The sanctions were introduced in July, after the reporting period.

Shares in Sberbank were down 1.2 percent as of 7:25 a.m. GMT, in line with the broader Moscow stock market.

Sberbank's loan loss provisions stood at 73.8 billion rubles in the second quarter of 2014, up from 30.9 billion rubles a year ago.

Sberbank added its Tier 1 capital adequacy ratio was at 10.5 percent, down 10 basis points.

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