

Sberbank's Net Profit Down 0.5% This Year

By [The Moscow Times](#)

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People stand in a line to get into a branch of Sberbank of Russia bank in Donetsk, eastern Ukraine.

Sberbank, Russia's largest bank by assets, said on Friday its net profit for January-August fell by 0.5 percent to 252.6 billion rubles (\$6.8 billion) year on year, due largely to an accounting change following new Central Bank regulations.

State-controlled Sberbank is one of five Russian banks under European Union sanctions which restrict them from raising equity and debt of longer than 90 days on the European market.

The EU sanctions are a part of a wider Western package placed on Moscow earlier this year for its stance over the conflict in Ukraine, which has largely closed western capital markets for Russian banks and firms.

As a result, companies are turning to domestic banks to meet demand. Sberbank said

corporate loans were up 12 percent since the start of the year, with retail loans up 16 percent.

With the growth in lending, Sberbank put aside more money to cover potential bad loans in a Russian economy flirting with recession. Provision charges more than doubled to 189.2 billion rubles versus 74.1 billion rubles a year ago.

For the eight month period, however, overdue loans were 2.5 percent of its portfolio, the same as for the past 12 months.

The Russian Central Bank has kept its loan growth forecast unchanged this year at 15-17 percent for the banking sector as a whole, despite risks related to the Ukrainian crisis and overall worsening of Russian economy.

Domestic banks are capable of refinancing their debts locally this year and in 2015, deputy chairman Mikhail Sukhov said on Thursday, estimating they need to refinance around 300 billion rubles this year and more next year.

Reporting under Russian accounting standards which are viewed as an indicator of its performance under international standards, Sberbank said net profit was down due to accounting changes following new Central Bank regulations.

"Excluding the effect of the one-off change in accounting, net profit would have amounted to 261.6 billion rubles, up by 3.1 percent versus 253.8 billion rubles in January-August 2013," it said in a statement.

Sberbank said net interest income was up 22.5 percent, while net fee and commission income grew by 22.4 percent year-on-year.

It expects Russia's economic growth to be "close to zero" this year, Sberbank CEO German Gref said last week, compared with the Economic Development Ministry's forecast of 0.5 percent growth.

Nevertheless the bank is sticking to its five-year targets, promising to focus on costs and loan quality.

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