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INDEPENDENT NEWS FROM RUSSIA

Sberbank Named Most Profitable Bank Investment of Last 5 Years

The state-controlled lender has been delivering higher shareholder returns than any other major bank in the world since 2016.

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Sberbank will pay out 50% of its profits in dividends for the next three years. **Sberbank**

Russia's Sberbank has delivered the strongest shareholder returns over the last five years of any bank in the world, the Boston Consulting Group (BCG) has calculated.

An investment in the state-controlled lender, Russia's largest publicly listed company, has returned an average of 28.4% a year since 2016, counting dividend payments paid out by the bank as well as share price growth, BCG said.

That was the highest return of any major bank in the world, BCG said — far ahead of the annual average of 6.7% financial institutions have returned to shareholders over the last five years.

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A number of other Russian companies also scored strongly for shareholder returns in their industries. Evraz was the second most-profitable investment in the metals sector, returning an average 58.4% a year, and private oil giant Lukoil was the fourth best-performing investment in the oil sector, returning 24.7% a year.

Despite oil ranking as the worst of all 33 sectors studied by BCG with an average annual return of just 1.1%, four Russian companies were ranked in the top 10 for shareholder returns.

"According to these ratings, many Russian companies came through the coronavirus crisis more confidently than their competitors and were among the world leaders in their industries," said Max Hauser, managing director of BCG's Russia office.

He added that use of technology was what separated the high performers from the laggards.

"All these companies are in different sectors of the economy, but they are all active in implementing digital solutions in their work."

The Russian government has mandated Sberbank to pay out at least 50% of its net profit in dividend payments — a policy which resulted in a record payout of 422 billion rubles ($5.7 billion) based on 2020 profits.

The bank has started 2021 strongly, posting record monthly profits at the start of the year, and is on track to post annual profits in excess of 1 trillion rubles ($13.6 billion).

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