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Sberbank CEO Renews Call for Interest Rate Cut

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Herman Gref. **Sergei Kulakov / Roscongress**

The CEO of Sberbank, Russia's largest lender, renewed his calls Tuesday for the Central Bank to cut its key interest rate, arguing that policymakers have poured too much cold water on the economy in their fight against inflation driven by military spending.

"An economy simply cannot survive for a prolonged period under the weight of the extremely high real interest rates we're seeing today," Herman Gref said during Sberbank's annual shareholders meeting.

Russia's Central Bank hiked its key interest rate to a two-decade high of 21% in late 2024 as inflation surged. While it has since pursued a policy of monetary easing — lowering borrowing costs to 14.25% earlier this month — the regulator recently warned that a widening budget deficit and growing problems in the domestic fuel market may force it to keep rates elevated for longer.

Gref called it "completely irrational" to use monetary policy to combat inflation caused by

what he described as "one-off factors," including the global energy crunch sparked by the U.S.-Israeli war against Iran, as well as Ukrainian attacks on Russian oil refineries.

"We've already overcooled the economy. The rate needs to come down," Gref said.

At the annual shareholders meeting, the CEO also briefly addressed the war in Ukraine, which he said the business community and the broader Russian public are growing tired of, as it shows no sign of ending.

"I think we are all worried about the same thing. I don't believe there is anyone in this country whose primary concern is anything other than an end to military hostilities as soon as possible," Gref said.

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Gref, who warned last June that high interest rates and an overvalued ruble would stifle investment and GDP growth, said Tuesday that investments have already fallen by over 14% and could drop by another 3% this year.

Policymakers expect Russia's GDP to grow by just 0.4% in 2026, a significant downgrade from their previous estimate of 1.3%.

At the St. Petersburg International Economic Forum earlier this month, Gref had called Russia's continued economic growth despite high borrowing costs a "miracle."

Aside from Gref's macroeconomic warnings, Sberbank's annual shareholders meeting on Tuesday brought positive news for investors and the Russian state. The lender announced it will pay out record dividends on its 2025 results for the fourth consecutive year, totaling 850.2 billion rubles ($10.8 billion).

The payout marks 37.64 rubles per share, following a record annual profit of 1.69 trillion rubles ($21.58 billion), an 8.4% increase from the previous year.

Dividends from major state-owned companies serve as a critical revenue source for Russia's federal budget, and Sberbank's share to the state will total 425 billion rubles ($5.4 billion) this year.

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