

Sberbank's Profits Smaller Than Expected

By [The Moscow Times](#)

August 25, 2010

The  **Moscow Times**

Sberbank on Wednesday reported a smaller-than-expected net profit as continued growth in bad loans and provisions eclipsed a nascent recovery in lending growth.

Second-quarter net profit came in at 20.8 billion rubles (\$675 million), Sberbank said in a statement, undershooting analysts' expectations of 23.2 billion rubles.

That is up sharply from a 5.4 billion ruble profit in the year-ago period, when Russia was mired in its worst recession in 15 years, but is down 52 percent from a record 43.5 billion rubles in the first three months of 2010.

With nonperforming loans rising to 9.1 percent of the total portfolio, the state-controlled lender channeled 56 billion rubles into provisions during the quarter, compared with the median forecast of 54.1 billion rubles. In the first half of 2010, provisions increased by 110.3 billion rubles.

Net interest income fell to 115 billion rubles from 129 billion in the second quarter of 2009, "reflecting market trends on lower interest rates ... and high competition to attract quality clients," Sberbank said.

The bank's net loan portfolio increased slightly less than expected to 4.76 trillion rubles at the end of June, up 0.4 percent from 4.74 trillion rubles at the end of March.

"Starting from the second quarter of 2010, an increase in demand was noticed, both for commercial and for retail loans," the bank said.

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