

Banker Vozrozhdenie Beats Q2 Forecasts

By [The Moscow Times](#)

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Vozrozhdenie, a top-30 Russian lender, said second-quarter net profit halved year on year, but the bank beat expectations thanks to a rise in lending and a reduction in its share of bad loans.

Vozrozhdenie, the first listed Russian bank to report second-quarter results to International Financial Reporting Standards on Wednesday unveiled a 121 million ruble (\$3.98 million) profit — down from 256 million rubles in the year-ago period.

The result beat analysts' forecasts for a 109 million ruble profit and represented a 25 percent increase on the first quarter.

The results offer further proof that the worst is over for Russia's banking sector, dominated by state-controlled behemoths Sberbank and VTB.

As Russia's economy continued to recover from its worst recession in 15 years, demand for loans picked up — both from corporates and from the retail sector. This enabled Vozrozhdenie, most of whose business is in the Moscow region, to increase its loan portfolio by 7.4 percent.

"The share of problem loans fell for the first time since the start of the financial crisis in fall 2008, from 11.1 percent in the first quarter 2010 to 10.6 percent of the loan portfolio," the bank said in a statement.

On the flip side, the filtering through of Central Bank interest rate cuts pushed down net interest income to 1.4 billion rubles from 1.5 billion rubles in January–March, pushing down the net interest margin by 26 basis points to 3.74 percent.

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