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VTB Profit Reaches $468M, Beating Estimates

By The Moscow Times

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VTB Group, Russia's second-largest lender, said Thursday that it swung to a higher profit than estimated in the third quarter after a loss a year earlier as the economy growth fueled loan demand.

Net income reached 14.7 billion rubles ($468 million) from a loss of 15 billion rubles, VTB said on its web site. The average estimate of five analysts was for profit of 13.1 billion rubles.

VTB sees "significant" profit growth next year from estimated net income of 50 billion rubles this year as lending increases, deputy chief executive Herbert Moos told reporters.

Nonperforming loans dropped to 9.5 percent of total lending as of Sept. 30 from 9.8 percent at the end of last year, the bank said on its web site.

Russian banks are benefiting from increased demand for loans as the economy of the world's

biggest energy supplier recovers from its 7.9 percent slump last year. The country's financial sector has recovered and is approaching the industry's 2007 "record" profitability of 500 billion rubles, Central Bank Chairman Sergei Ignatyev said Oct. 18.

Total gross loans gained 10 percent since the start of the year to 2.8 trillion rubles, VTB said. The bank posted a record profit of 38.8 billion rubles for the first nine months, compared with a loss of 45.5 billion rubles during the same period last year, the lender said.

VTB expects the Central Bank to hold interest rates at current record lows until at least the middle of next year, Moos said.

"We don't see a reason to forecast a rate hike before mid-2011," he said. "The banking system is not yet demonstrating stable credit growth."

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