

VTB Profit for 2010 at \$576M, Total Sector Up

By [The Moscow Times](#)

April 27, 2011

The  Moscow Times

VTB, the country's second-biggest lender, affirmed its commitment to strategic acquisitions to strengthen market positions as it posted record fourth-quarter net profit, returning to the black for the year.

"We have lived up to our promises, delivering a record net profit. We are also pursuing strategic acquisitions that will enable us to ... further strengthen market position across core businesses," chief executive Andrei Kostin said Wednesday.

VTB has recently bought stakes in TransCreditBank, or TCB, and Bank of Moscow, Russia's fifth-biggest lender, intending to increase its holdings further.

VTB, which reported under international standards for the first time since it floated 10 percent of state-owned shares in February, said net profit reached 16 billion rubles (\$576 million) in the fourth quarter, in line with expectations.

Full-year net profit was 54.8 billion rubles, after state-owned lender was in the red in all four quarters of 2009 due to high provision charges.

"The results are close to the market's expectations, but TCB consolidation improved loan portfolio's growth and its quality," said Olga Belenkaya, an analyst with Sovlink.

VTB said the acquisition of 43.2 percent stake in TCB last year helped it increase total gross loans by 20.2 percent to 3.06 trillion rubles.

"Now the market is waiting for clarity on how mergers and acquisitions will affect VTB's growth prospects," said Andrei Klapko, an analyst with Gazprombank.

VTB said its net interest margin, which shows the bank's efficiency in core business, rose to 5.1 percent last year from 4.6 percent in 2009.

Its nonperforming loan ratio decreased to 8.6 percent of total gross loans from 9.8 percent at the end of 2009.

The results were also boosted by lower provision charges for impairment of debt financial assets, which were down to 51.6 billion rubles, almost three times less than in 2009.

Consolidated pretax profit in the Russian banking sector increased 84 percent year on year to 214 billion rubles in the first quarter of 2011, Interfax reported Wednesday. This figure totaled 117 billion rubles for the same period of 2010.

Total non-loss-making banks came to 913 banks in the first quarter compared with 894 banks in January-March 2010. Total loss-making banks decreased from 153 to 93 banks. The total number of active banks came to 1,006 banks on April 1, 2011, a decrease of 41 from 1,047 banks for the same date in 2010. The share of profitable banks increased to 91 percent from 85 percent.

Total profit from non-loss-making banks came to 217 billion rubles for the first quarter of 2011, up 54 percent from 141 billion rubles for the same period of 2010.

Total losses from loss-making banks came to 2.9 billion rubles for the first quarter of 2011, down 88 percent from 24.37 billion rubles in total losses for the same period of 2010.

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