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Economic Upturn Lifts VTB Q1 Net to $923M

By The Moscow Times

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VTB Group said profit surged to a record in the first quarter as the country's economic recovery helped fuel gains in corporate and investment banking.

Net income attributable to shareholders climbed 71 percent to 26 billion rubles ($923 million) from 15.3 billion rubles in the same period a year earlier, state-run VTB, the country's second-largest lender, said in a statement Monday.

The government expects economic growth to accelerate to 4.2 percent this year from 4 percent last year as it continues to recover from 2009's record 7.8 percent contraction. Banking assets increased 16.9 percent in the year through June, according to the Central Bank.

"During the first quarter of 2011, we took important steps to strengthen major business lines within corporate and investment banking, and we are extremely well positioned to capitalize on further economic recovery," VTB first deputy chief executive Yury Solovyev said in the

statement.

Delinquent loans fell to 8.2 percent of overall lending on March 31 from 8.6 percent at the start of the year, VTB said. The shares were little changed at 8.46 kopeks at 12:23 p.m. Monday in Moscow, valuing the company at about $31.4 billion.

VTB said operating income before provisions jumped 26 percent to 72.9 billion rubles in the first quarter, outpacing the 22 percent increase in staff costs and administrative expenses, which reached 33 billion rubles. Net gains from financial instruments rose 16 percent to 9.7 billion rubles.

VTB Group raised its net income forecast for the year to 100 billion rubles from 88 billion rubles, Herbert Moos, deputy chairman of the management board, told reporters Monday.

VTB Group plans to borrow in "exotic currencies" in the second half as it seeks to tap capital markets for about $1 billion, Moos said.

The bank will maintain its borrowing program at $5 billion for this year after already raising about $4 billion so far in 2011, Moos said.

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