

VTB Profit Doubles to Near \$1Bln In Q2 Spurt

By [The Moscow Times](#)

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VTB is sponsoring the Spasskaya Tower show now running on Red Square. **Vladimir Filonov**

VTB Group, the country's second-biggest bank, more than doubled its second-quarter profit to a record as it boosted lending and recorded fewer bad loans.

Net income climbed to 27.4 billion rubles (\$948 million) from 11.6 billion rubles a year earlier, VTB said Thursday in a statement.

Russia's economy may grow 4.1 percent this year from 4 percent in 2010, spurring corporate demand for financing. Prime Minister Vladimir Putin's government approved a record \$14 billion bailout for Bank of Moscow in July, as VTB acquired control of the country's fifth-biggest lender.

"They look good. Credit growth picked up in the second quarter, and coupled with a slight pickup in margins, this highlights a strong underlying quarterly revenue performance," David

Nangle, head of equity research at Renaissance Capital in Moscow, said by e-mail.

VTB shares rose 1.72 percent to 7.63 kopeks at the close of trading in Moscow on Thursday. Sberbank rose 0.19 percent to 85.09 rubles.

"Banks in general are getting hit," Luis Saenz, chief executive of the U.S. unit of Moscow-based brokerage Otkritie Financial, said by e-mail. "The results are not bad. I would say they're marginally better than expected."

VTB's lending rose 7 percent in the period to 3.28 trillion rubles, while nonperforming loans declined to 7.7 percent of total lending from 8.6 percent at the end of last year. The bank set aside 9.6 billion rubles to cover impaired loans, about 18 percent less than in the year-earlier period.

"We have taken important steps toward the integration of the group's new businesses," VTB President Andrei Kostin said in the statement. "We believe these will provide strong support to the group's franchise and deliver further value to shareholders."

The lender's earnings were boosted by a one-time gain of 10.3 billion rubles from the recovery of provisions for loans VTB had expected to write down. Excluding this revenue, the bank's net income was 18 percent below an estimate by analysts at Citigroup.

This was "on the back of higher-than-expected operating costs and higher-than-expected provisioning," Citigroup analysts Simon Nellis and Maria Semikhatova wrote in an e-mailed note. "We view the results as neutral, as strong core revenue trends were offset by higher costs and provisions."

VTB's staff costs and administrative expenses climbed 58 percent to 34.3 billion rubles from 21.7 billion rubles a year earlier. Assets increased 10 percent to 4.72 trillion rubles at the end of June.

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