

Russian Bank VTB Swings to Profit in Q2

By [The Moscow Times](#)

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The logo of VTB Group is seen next to the Federatsiya (Federation) Tower at the Moscow International Business Center also known as "Moskva-City", in Moscow, Russia.

Russia's second-largest bank, VTB, made net profit of 1.2 billion rubles (\$18.3 million) in the second quarter, snapping a loss-making streak as a recovery in its interest margin and lower loan-loss provisions supported its bottom line.

VTB has seen its profits evaporate as an economic downturn has caused a spike in bad loans and as Western sanctions over Russia's role in the Ukraine conflict have restricted its access to international capital.

The bank made net losses in each of the previous two quarters. Its second-quarter profit was nevertheless 74 percent lower than the year-earlier figure of 4.6 billion rubles.

"VTB Group saw early signs of improvement in the operating environment during the second quarter of the year," VTB Chief Executive Andrey Kostin said in a statement.

Loan-loss provisions fell to 31 billion rubles in the second quarter from more than 48 billion rubles in the first quarter.

Its net interest margin improved to 2.5 percent in the second quarter from 1.7 percent in the previous quarter, helped by the central bank cutting its main lending rate.

Analysts polled by Reuters had predicted VTB would make a net loss of 5.7 billion rubles in the second quarter and that loan-loss provisions would be as high as 49 billion rubles.

VTB continued to rein in lending for a second quarter in a row. Its gross loans stood at 8.6 trillion rubles at the end of June against 8.9 trillion rubles at the end of the first quarter.

But its loan book quality continued to deteriorate. VTB's non-performing loan ratio stood at 7.0 percent of gross customer loans as of June 30, compared with 6.4 percent three months earlier.

Its Tier 1 capital adequacy ratio stood at 10.1 percent at the end of the reporting period, up 0.4 percentage points in the second quarter.

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