

Promsvyazbank Sees \$42Mln In Q2 Losses

By [The Moscow Times](#)

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People walk past a branch of Promsvyazbank in Moscow.

Promsvyazbank, one of Russia's largest non-state banks, made a loss of 2.8 billion rubles (\$42 million) in the second quarter, the bank said on Friday, as it increased provisions for bad loans.

Promsvyazbank is one of several big Russian banks that have expanded in the past year as Western sanctions have hampered state rivals.

But it too has seen its profits squeezed by an economic slowdown that has hurt the ability of Russian households and companies to meet loan repayments and dampened demand for borrowing.

The bank's second-quarter results follow a roughly 2 billion ruble loss in the first quarter and were dragged sharply lower by a 10.7 billion ruble provision charge for loan impairment.

Promsvyazbank's share of non-performing loans rose to 5.3 percent at the end of June from 2.9 percent at the beginning of the year.

"The situation in the economy is not yet stable," the bank's Chief Financial Officer Vladimir Mamakin told reporters.

Mamakin said Promsvyazbank saw demand for loans from large exporters and that the bank could increase its corporate loan book by around 5-10 percent in the second half of the year.

Corporate lending shrunk slightly in the first six months of the year, but falls in its retail lending and lending to small and medium businesses were far more steep, which Mamakin said was part of the bank's strategy to weather the current crisis.

Promsvyazbank now has foreign-currency liquidity of around \$1 billion and could easily lend \$300 million to \$500 million to companies and still leave enough for its day-to-day operations, he added.

"From our point of view, the level of liquidity we have — that \$1 billion I talked about — is excessive."

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