

Tinkoff Credit Systems Profits Tumble 64% in Q1

By [The Moscow Times](#)

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Russian consumer credit company TCS, majority owned by Russian entrepreneur Oleg Tinkov, said first-quarter net profit fell to 362.3 million rubles.

Russian consumer credit company TCS said Monday that its first-quarter net profit has fallen 64 percent, year-on-year, driven by higher loan-loss provisions as the Russian economy slows.

TCS, owner of Tinkoff Credit Systems, which went public in London in October, said first-quarter net profit fell to 362.3 million rubles (\$10.54 million) from 1 billion rubles a year earlier, missing analysts' forecasts.

The company's shares fell 6.2 percent in early London trading.

TCS said its cost of risk — the reserves it would have to set aside this year to cover lending risks — rose to 20.5 percent from 16.2 percent a year ago.

Its return on equity, a measure of profitability, fell to 7.0 percent in the first quarter from 41.2 percent for the whole of last year.

TCS said in a statement that its full-year profit guidance of more than 7 billion rubles was now under review.

The company, majority owned by Russian entrepreneur Oleg Tinkov, has challenged state-controlled banks and grabbed market share in the high-margin business of consumer credit. It focuses on Russia's regions, where it delivers credit cards by courier.

A Reuters survey of seven analysts had forecast that net profit at TCS would be 969.7 million rubles in the first quarter, 6 percent down on the year-earlier figure.

The Central Bank last year toughened regulation of consumer credit companies, forcing them to raise their provisions against bad loans to prevent them from destabilizing the wider financial system.

A slowdown in the Russian economy, which is forecast to achieve growth of just 0.5 percent this year amid instability caused by the Ukraine crisis, has also increased the share of nonperforming loans at major banks including Sberbank and VTB.

TCS said its share of nonperforming loans rose to 8.9 percent in the first quarter from 7 percent for the whole of last year.

See also:

[Tinkoff Credit Systems Boosts Profits by 48% in 2013](#)

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