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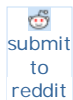
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Bailed-out Goldman Sachs profit soars to 3.44 bln dlr



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Wall Street giant [Goldman Sachs](#) on Tuesday posted second-quarter profit of 3.44 billion dollars, beating market expectations and possibly signaling recovery in the battered US financial sector.

Goldman Sachs, which has repaid a 10-billion-dollar US government bailout in full in the quarter, said its net profit soared 65 percent thanks to robust trading operations.

Goldman is the first of the "big guns" in the financial sector to report second-quarter results. It saw earnings per share of 4.93 dollars, besting analysts' forecast of 3.54 dollars.

Investors are keenly awaiting the quarterly results to see whether massive public aid and better conditions in the stock market have put the ailing sector back on the road to recovery.

"While markets remain fragile and we recognize the challenges the broader economy faces, our second-quarter results reflected the combination of improving financial market conditions and a deep and diverse client franchise," Lloyd Blankfein, chairman and chief executive, said in a statement.

The [Wall Street](#) investment giant said the results included its payback of government aid under the Treasury's 700-billion-dollar Troubled Asset Relief Program (TARP).

The bailout program was launched as the global financial crisis accelerated after the collapse of Wall Street investment bank Lehman Brothers in September.

The government has poured billions into the financial sector in an effort to unblock frozen credit and pull the economy from the worst recession since the Great Depression.

Last month Goldman was among 10 major US banks repaying the Treasury for the capital injections, in a sign of a stabilizing financial system.

The repayments came after the Federal Reserve and Treasury agreed to allow some banks to begin reimbursing a total of 68 billion dollars of aid.

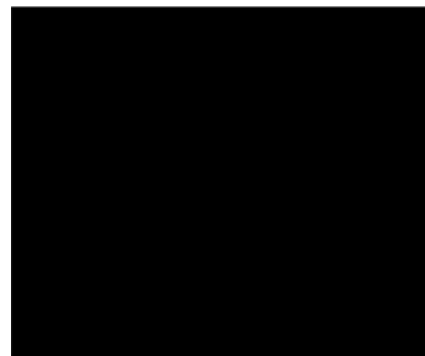
The New York-based Goldman repurchased the 10 billion dollars in preferred shares taken by the government in October and paid a dividend of 425 million dollars.

Goldman said that excluding that dividend, it had second-quarter earnings per share of 5.71 dollars.

As widely anticipated by the market, trading was the key profit driver for the bank, which converted to a commercial bank amid the financial meltdown last year to gain access to Federal Reserve resources.

"Goldman Sachs is living up to every bit of its expectations on how it is routinely and systematically taking money out of the markets in its trading activities," said Jon Ogg of 24/7WallSt.com.

For Charles Geisst, a finance professor at Manhattan College, the consolidation of the financial sector amid the crisis has been a boon to Goldman.



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Fewer competitors exist today, he said, "allowing them more latitude in trading and underwriting."

"Also, their appetite for risk never diminished and as a result, they were able to take advantage of the market which has some distinct bargains in it. They may not be that successful in the future, however, if the competition returns."

Goldman's gold-plated earnings came as investors fretted about the possible bankruptcy of CIT Group, a major player in industrial loans.

CIT, which operates in more than 50 countries and provides financial services to small and middle market businesses, said late Sunday it was in talks with regulators "to improve the company's near-term liquidity position."

In December, CIT Group won approval to change its charter to a bank holding company and received 2.33 billion dollars in TARP funds.

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