

Putin Orders VTB to Get in Shape

By [The Moscow Times](#)

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Prime Minister Vladimir Putin told managers and staff of VTB, the country's second-biggest lender, to shape up and do more sports to help improve the bank's performance in coming years.

VTB is set to kick off Russia's biggest post-Soviet privatization drive, with at least 10 percent of the state-controlled bank up for sale next year, so perceptions of its future prospects are particularly important.

Putin, who heads VTB's supervisory board, told chief executive Andrei Kostin — a stocky theater fan — to get in shape.

"I try not to give any direct orders. But this one must be considered as an order," said Putin, a 58-year-old judo black belt who has fostered an image as a tough, super-fit action man.

"You have young, good-looking staff. But if they spend all the time at the computer, the result will be plain in a year [or two]," Putin told VTB staff at a meeting held at the bank's Moscow

headquarters.

Kostin, speaking at the same meeting, said investors could hope for VTB's share price to return to its spring 2007 initial public offering price of 13.6 kopeks in 2011 or 2012, implying 35 percent growth from Tuesday's close.

But the head of VTB's investment arm was more modest, expecting the bank's stock to show just 10 percent price growth in 2011. "It is hard to predict the exact figure as we depend on the world markets. I think ... [VTB shares] will exceed 11 kopeks and will steadily go higher," VTB Capital president Yury Solovyov said.

In comparison, analysts polled by Reuters see the Russian stock market adding 20 percent in 2011.

The government in 2007 cut its stake in VTB to 85.5 percent, helping the bank raise about \$8 billion in an IPO. Earlier the same year, Sberbank, the country's top lender and VTB's closest rival, raised about \$9 billion in IPO.

Shares in Sberbank, which is headed by a healthy lifestyle admirer German Gref, who said he runs for 10 kilometers every Sunday, are trading almost 17 percent higher than their IPO level.

"We are not like in Sberbank [in terms of sports]. ... I don't do training. But, sure, we could start," Kostin told Putin.

Russia plans to cut its stake in the both banks to 50 percent in 2011-13 in a privatization drive, selling 7.6 percent in Sberbank and 35.5 percent in VTB — together worth about \$18 billion, based on the current market price.

But Tuesday's meeting yielded little news for investors keen to find out details of the sale plan. Private equity group TPG leads a consortium that may buy 10 percent of VTB.

Kostin said he sees a wide circle of investors taking part in the sale. "The consortium is still building up. ... The circle of investors could be wider than was initially expected, including sovereign funds but also institutional investors," Kostin said.

He reiterated that the bank expects to close the deal in the first quarter 2011.

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