

VTB Soars on European Retail Market

By [Howard Amos](#)

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VTB has been expanding its international presence in recent years. Above, a sign for the VTB offices in the Moskva-City financial quadrant. **Sergei Porter**

Even VTB executives admit that they never expected to attract a client base of French pensioners.

But the quadrupling of income received by the bank's foreign retail business in 2011 included a substantial jump in the amount deposited by French and German citizens.

French pensioners were particularly keen on the Russian state-controlled giant. Though its presence outside Russia is still largely confined to the countries of the former Soviet Union, VTB — like its main Russian rival Sberbank — has been expanding its international presence in recent years.

German and French clients deposited 20.9 billion rubles (\$712 million) with VTB's retail operations in those countries in 2011, the bank said Wednesday in material distributed to reporters. That amounted to 38 percent of the total deposits made with VTB 24's foreign

operations in 2011.

VTB 24 also has operations in Ukraine, Armenia, Belarus, Georgia and Kazakhstan — and is looking at moving into Azerbaijan.

In Germany alone, more than 40,000 accounts were opened with VTB Directbank and 400 million euros (\$529 million) was deposited. The amount of deposits, however, had almost tripled to more than 1 billion euros by the end of March, said Vsevolod Smakov, VTB 24 vice president.

Smakov said VTB 24 had been surprised at the alacrity at which French and Germans had flocked to open accounts. The customers were not expatriate Russians — in France Russian citizens were not even eligible for the service.

French media portrayed VTB's arrival as "honest people [finally] offering an honest rate ... our fat cats don't want to work, but the Russians can," first deputy president at VTB 24 Dmitry Rudenko said. "It was completely unreal!"

VTB's attractiveness was based on the high rates of return they were offering on deposits. In France the deposit rate was 3.5 percent, said Smakov. But VTB 24 does not plan to offer credit lines to its European customers.

The lender intends to grow its total foreign credit portfolio by 28 percent in 2012 and the total deposits made by clients by 10 percent.

VTB Group increased net profit according to international financial reporting standards by 60 percent to 90.5 billion rubles (\$3.12 billion) in 2011, up from 54.8 billion rubles for 2010, the bank said in a statement, Interfax reported.

VTB initially forecast its 2011 net profit at 100 billion rubles. However, the bank's president and chief executive Andrei Kostin said at the end of March that this figure, according to the bank's own estimates, would top 90 billion rubles but come under 100 billion rubles. The lender's chief financial officer Herbert Moos said results had been negatively influenced by volatility on financial markets.

"VTB posted a record result for its entire history ... meeting the strategic target for bringing return on equity to 15 percent," Moos said. "The result could have been even better. However, volatility on the financial markets had a negative impact on our results in the fourth quarter."

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