

# Tinkoff Bank Buying Up Loan Books as Recession Strikes Rivals

By [The Moscow Times](#)

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Russian consumer credit firm Tinkoff Bank is ready to buy a loan book worth up to 30 billion rubles (\$456 million) in one go, step up lending and diversify its business to increase market share, its chief executive said.

Tinkoff Bank, part of London-listed TCS Group, is an outlier among Russian consumer credit firms in that it ended the first half of 2015 with a profit, despite an economic crisis that has caused bad loans to rise.

"We are attacking [the market] carefully," Oliver Hughes, the bank's chief executive, said in an interview at the Reuters Russia Investment Summit.

Hughes said by the end of 2015 Tinkoff Bank would be issuing around 90,000 credit cards per

month, three times the number it was issuing each month at the start of the year, and that it was also looking at continuing to buy loan portfolios from rivals.

"Our path ahead is likely to be a series of small deals of 2 to 3 billion rubles," Hughes said. "But another path is that if a larger bank is leaving the market and ... we see portfolios of 20-30 billion rubles of a good quality and right price, we are ready to become a buyer."

Tinkoff Bank bought around 3 billion rubles worth of loans from rival Svyaznoy Bank in two deals earlier in the year. It sees an opportunity to continue buying loan portfolios at a time when rivals are in difficulty and looking to reduce the size of their balance sheets.

Profitability has been supported by its low costs, since it operates without a branch network. Hughes said tight lending criteria that set low borrowing limits for clients even before the current crisis escalated had also helped.

He cited a potential rise in unemployment as the greatest threat to Tinkoff Bank's plans.

"It's the most frightening thing in the consumer credit market. Our portfolios are a barometer for unemployment."

Russia's economic crisis has yet to cause a steep rise in unemployment, although the Central Bank says 2016 could see joblessness rise.

Hughes said his bank now aimed to launch products to diversify its income stream and become a "full retail" bank, including servicing micro and small businesses and offering brokerage services.

He echoed comments by controlling shareholder Oleg Tinkov that in order to finance further expansion TCS Group was unlikely to pay dividends on its 2015 results, but said a decision was yet to be taken on later dividend payments.

"We will only grow if it will be profitable for us. If we see a worsening in loan quality, a rise in risks, we will simply stop issuance and go into hibernation mode."

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