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2 Banks Take Business to Kiev

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VTB Capital and Otkritie are joining other Russian investment banks in Kiev. **Sergei Porter**

VTB Capital on Thursday announced that it will open an investment banking division in Ukraine, as it sees more deal making with the country after the election of a pro-Moscow president there.

"We see strong development potential for Ukraine-Russia economic relations," VTB Capital president Yury Solovyov said in a statement about the opening. "VTB Capital is planning to take an active role in building a long-term partnership and business dialogue between the two nations."

Brokerage house Otkritie made a similar announcement Wednesday, saying it will complete buying into a Ukrainian securities trader before the end of this year to offer a range of investment services.

Elected in February, Ukrainian President Viktor Yanukovych replaced Viktor Yushchenko, who angered Moscow with his nationalist rhetoric and pursuit of NATO membership.

The two new players will join the ranks of three other major Russian investment banks

present in Kiev: Alfa Bank, Troika Dialog and Renaissance Capital. The expansion by the Russian investment banks testifies to better prospects for bilateral economic relations, said Denis Shavruk, an analyst at Alfa Capital, the Kiev branch of Alfa Bank.

It also means that Russian banks are more eager than their Western rivals to operate on Ukraine's fledgling financial market, which is in need of outside expertise to grow further, he said.

“Russian players understand the country better,” Shavruk said. “They evaluate risks in a more adequate way.”

VTB Capital has already pulled off a deal in Ukraine. In a consortium with JPMorgan and Morgan Stanley, it won a tender in May for bookrunning a sovereign eurobond issue for Ukraine.

Otkritie plans to provide brokerage, Internet trading, consulting and tutorial services to professional market players and individuals, it said.

“The Ukrainian market is only beginning to grow and develop,” the brokerage's chief executive, Yevgeny Dankevich, said in a statement. “Thanks to the experience we have accumulated, we know how to work at this stage of the market's development.”

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