

VTB 24 Planning to Sell \$240M of Bad Loans

By [The Moscow Times](#)

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VTB 24, the retail arm of Russia's second-largest banking group, plans to sell 7.7 billion rubles (\$238 million) worth of bad loans, thereby unloading a larger share of its portfolio on to debt collectors than initially planned.

The bank sold 5.8 billion rubles (\$180 million) worth of bad consumer loans in June, Kommersant reported. The new sale, planned for November, would bring this year's total to 13.5 billion rubles, up from the 10 billion rubles projected by the bank's chief Mikhail Zadornov earlier this year.

A slowing economy and fears that borrowers will be late in repaying their debts has caused banks to set aside more money to cover potential losses from high-risk consumer loans. Banks have been aggressively growing their consumer loan portfolios, and expanding provisions are becoming a dead weight on balance sheets. Debt collectors expect a lively end to the year.

Playing down VTB 24's overshoot target, Alexander Pakhomov, head of the bank's troubled assets department, called the projection of 10 billion rubles a minimum that was set a year ago.

In a change of policy, the bank has decided to begin selling off loans that are more than 250 days overdue, rather than only those more than a year in arrears, as it had done previously, Kommersant reported, citing an unidentified source close to VTB 24.

Last year, VTB 24 sold bad loans worth 9.3 billion rubles. This year the bank aims to reduce its proportion of bad loans from 5.6 percent to 5.45 percent.

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