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Russia's VTB to Reduce Presence in London and Western Europe, CEO Says

By The Moscow Times

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Head of VTB Bank Andrei Kostin speaks during the VTB Capital "Russia Calling!" Investment Forum in Moscow, Oct. 2, 2014.

WASHINGTON — Russia's VTB Bank will slightly reduce its presence in London and the rest of Western Europe but keep its core operations there, the bank's chief executive said.

The West imposed sanctions on the bank over Russia's role in the Ukraine crisis.

"We will of course shrink our structure in London and Western Europe, but it will only be slightly," VTB CEO Andrei Kostin told reporters on the sidelines of the IMF and World Bank meetings in Washington late Friday, when asked whether sanctions would force the bank to lay off staff.

His comments were cleared for publication on Monday.

VTB Bank, Russia's second largest bank by assets, was sanctioned by the U.S. and European

Union in the summer, limiting its access to international capital markets along with other Russian state banks.

Kostin said that his bank would keep the "core" of its operations in London and the rest of Western Europe and that he believed the situation would improve in a year or two.

"There are a whole range of operations which aren't needed. If there are restrictions on access to capital, then probably such operations as IPOs, share issues, bond issues on international markets, which to a significant extent are being wound down," he said. "Therefore we were forced to resort to cuts. But there are other areas where we will need more people."

VTB's first deputy president recently said VTB's investment banking arm, VTB Capital, was looking at reducing its investment banking presence in the U.S. due to lower demand for its services and was refocusing its team in Britain, without giving details.

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