

Russia's VTB Banking on Crops Expansion

The state-backed bank has enlisted Putin's help to become a national grain champion.

By [Reuters](#)

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VTB Bank is Russia's second largest lender and controlled by the Russian government. **Andrei Makhonin / TASS**

Russia's VTB bank, which is expanding in commodities in a bid to create a national grains champion, will exit the sector once it has built up the assets in the next few years, its CEO told Reuters.

Andrey Kostin also said in an interview that VTB plans to start trading wheat via its Swiss operation and that it is in the final stage of talks to purchase half of the Taman grain terminal on the Black Sea.

VTB, Russia's second largest bank, is now a major physical grain exporter after buying a local

grain trader in August, and became the largest operator of Russia's grain export terminals and other infrastructure this year.

"Oil is going to run out one day but not the grain," Kostin said in the interview, conducted last week and authorized for publication on Tuesday. "With that in prospect over the next few years, while the business is being built, we will still act as a player in the grain market."

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In June the state-controlled bank asked President Vladimir Putin to help it create a Russian grain champion to curb the role of foreign traders and give the state greater control over exports, according to a Jun. 26 letter seen by Reuters. However, Kostin told Reuters that once the business has been built up, VTB plans to hand it over.

"We have not finished the expansion yet. We do not rule out building new grain terminals in the Black Sea," Kostin told Reuters.

"After we consolidate and wrap up this business, we will exit these assets," he said. He did not elaborate on the options to leave the business or potential future owners.

In its letter to Putin, VTB said it would need another two to three years to consolidate and acquire more grain assets.

The bank plans to start trading wheat through its "fairly well-developed commodities trade business in Zug [Switzerland]", Kostin said, adding that supplies to Russian traditional buyers — the Arab countries and Vietnam — have been its main focus.

VTB is also in the final stage of talks to purchase half of the Taman grain terminal from Ukraine's Kernel group, Kostin said. Global trade giant Glencore owns the other half of the terminal, located in Russia's part of the Black Sea.

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