



Doors of change: Bank of Moscow (left) disappears from this year's listing of top 100 Russian banks after its absorption into VTB (right)

RUSSIA'S AGE OF CONSOLIDATION

Acquisitions by both private and state-owned banks in Russia are gradually concentrating the top end of the banking sector, but the long tail of closely held and regional banks remains.

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Russia's top four banks remain unchanged, with state ownership continuing to dominate the financial sector. Sberbank's \$5.2bn secondary public offering in September 2012 reduced the state's holding to only just above 50%, and the bank's management is aiming for international best practice.

Below the top four, consolidation is taking hold. Bank of Moscow, 14th in last year's rankings, disappears this year after its absorption into VTB in 2011 – although the brand remains in use (see Top 500 Brands ranking, page 16). Large regional player Bank of Khanty-Mansiysk, ranking 24th last year, has also been removed from the ranking after its purchase by Nomos Bank. And Rosbank, into which French owner Société Générale consolidated several smaller Russian subsidiaries last year, has now overtaken Alfa Bank to be the largest privately owned bank in Russia in tier 1 capital terms.

The consolidation trend looks set to continue in 2013. Otkritie, which has risen to 29th in this year's ranking from 34th last year, has announced that it will acquire the much larger Nomos, ranked at eight. If the deal closes successfully, the combined entity would potentially be Russia's second largest privately owned bank by assets (after Alfa), with total assets of more than \$28bn as of the end of 2011.

CONSUMER LENDING STARS

In last year's ranking, *The Banker* flagged up the superior performance of specialist consumer and credit card lenders, and this trend has if anything become even stronger in this year's ranking. In fact, five of the top 10

banks for return on assets (ROA) in Russia in 2011 were consumer lenders. A sixth consumer lending bank, Russian Standard, lies at number 11, with a return on assets of 3.5%.

Locally owned Russian Standard effectively founded the sector in Russia in 1999, but consumer credit is now predominantly a business for foreign players, including the US-based GE Money and Hungary's OTP. The second best performer, Home Credit, is owned by PPF Group, the investment vehicle of Czech entrepreneur Petr Kellner, while Credit Europe Bank is owned by Fiba Group, which was founded by Turkish banking pioneer Husnu Ozyegin. Among the consumer lenders in the top 10 for ROA, only Orient Express Bank is locally owned.

The only full-service universal bank among the top 10 for ROA in Russia is the country's largest, Sberbank, the dominant player in both retail and corporate banking. Thanks to a vast network of more than 19,000 branches – the legacy of its role as the Soviet-era savings bank – Sberbank's hold on the country's retail deposit base has provided a cheap source of funding that allows the bank to maintain high margins. Sberbank itself has identified the consumer lending segment as a potential source of even better returns, buying a 70% stake in the Russian subsidiary of Cetelem, BNP Paribas'

LOWEST COST TO INCOME RATIOS

Rank	Top 100 rank	Bank	Cost income ratio (%)
1	27	CentroCredit Bank	20.64
2	96	Bank BFG Credit	22.82
3	9	UniCredit Bank Russia	28.00
4	57	Vneshprombank	31.13
5	15	Bank Saint Petersburg	33.17
6	84	Alef Bank	34.70
7	31	OTP Bank Russia	35.62
8	46	RosEvroBank	36.31
9	14	Home Credit and Finance Bank	36.42
10	21	Credit Bank of Moscow	37.56

Source: www.thebankerdatabase.com

consumer lending brand, in 2012.

In fact, Sberbank accounted for an extraordinary 58% of the top 10 largest Russian bank profits in 2011, generating more than \$12bn. This is a far larger share than either of the two other leading state-owned banks, VTB and Gazprombank. While they may be highly profitable, the consumer lenders remain comparatively small – only Home Credit makes it into the top 10 in terms of the size of its profits.

LEAN MACHINES

In addition to the growth potential of retail lending, consumer banks also benefit from very lean business models that make extensive use of centralised data management, as well as mobile and online banking technology. Both OTP and Home Credit feature among the 10 banks with the best cost-to-income ratios. Many of the other banks on this list are closely held institutions that focus on lending to a captive corporate customer base, and therefore run with relatively small staff numbers and branch networks.

Also among the top 10 best cost-to-income ratios are Bank St Petersburg (BSP)

and Credit Bank of Moscow, which both specialise in lending to small and medium-sized businesses. This is another area where there is ample scope for lending growth, with Sberbank historically the only provider of local small business lending in many regions. Both BSP and Credit Bank now benefit from the stability and technical expertise provided by having multilateral organisations – the European Bank for Reconstruction and Development and the International Finance Corporation – as significant shareholders. Credit Bank of Moscow is also second on the fastest movers list, after almost doubling its Tier 1 capital in 2011.

The fastest mover is Surgutneftegasbank, which could be part of a wider trend for the captive banks of hydrocarbon companies to increase their role in Russia's economy. Gazprombank is already a major presence in the sector and oil company Rosneft hired a trio of Morgan Stanley executives in 2012 to lead the consolidation of its financial subsidiaries into a single Rosneft Bank. This will be built out of the Russian Regional Development Bank, currently at number 60 in our ranking.

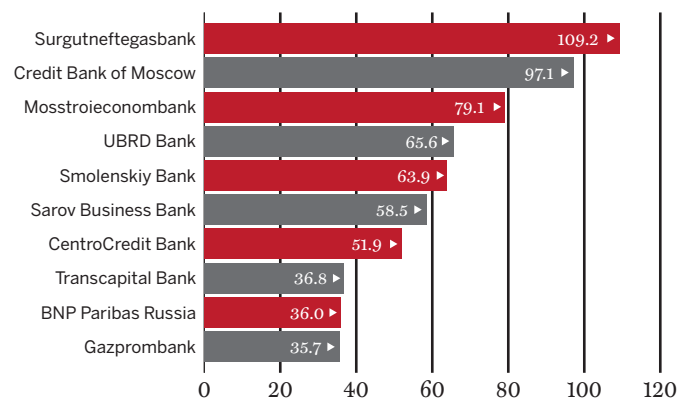
FOREIGN FOCUS

BNP Paribas Russia, a subsidiary of the French bank, is also among the 10 fastest movers in 2011. This might seem surprising, given the volume of commentary suggesting that pressure at home would prompt euro-zone banks to retrench in central and eastern Europe. A number of banks certainly have scaled back. Germany's WestLB no longer exists, while Spain's Santander and the UK's HSBC and Barclays have sold out of retail operations in Russia. Banks such as the Russian subsidiary of Intesa and Uniastrium (owned by Bank of Cyprus) have held Tier 1 capital flat even while the banks are profitable. This suggests profits in Russia are being paid to the parent rather than reinvested in the local operations.

But those banks committed to Russia appear to be intensifying their activities. BNP Paribas, Société Générale's Rosbank and ING Bank Eurasia are all among the top 10 banks for asset growth. Nordea Bank Russia, which *The Banker* flagged up last year as a potential growth story, continued its rise up the ranking, entering the top 20 this year from 26th last year. **tb**

Russian banks – top 10 fastest movers

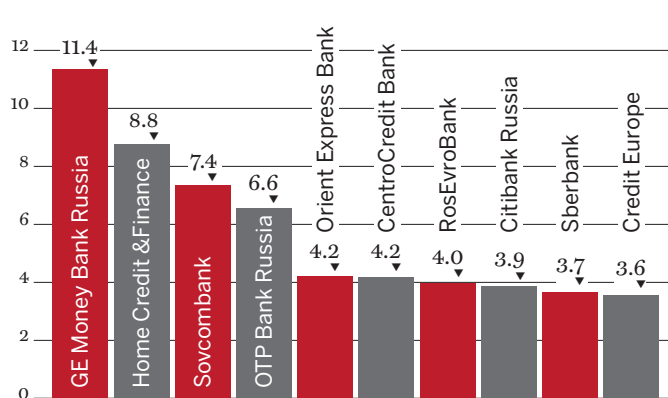
Tier 1 capital (% change)



Source: www.thebankerdatabase.com

Russian banks – top 10 return on assets

(%)



Source: www.thebankerdatabase.com

TOP 10 LOSSES

Rank	Top 100 rank	Bank	Pre-tax profits (\$m)	Tier 1 capital (\$m)
1	12	Bank Uralsib	-158.40	1328.42
2	22	National Reserve Bank	-131.23	617.53
3	17	Ak Bars Bank	-129.62	832.65
4	75	Svyaznoy Bank	-129.37	101.56
5	80	Moskommertsbank	-18.33	84.71
6	94	Aljba Alliance Bank	-13.20	46.07
7	47	Tatfondbank	-8.78	242.61
8	97	UralTransbank	-7.60	43.37
9	88	Bank Solidarnost	-3.34	62.48
10	29	Otkritie Financial Corporation	-2.65	455.76

Source: www.thebankerdatabase.com

TOP 10 FASTEST ASSET GROWTH

Rank	Bank	Assets % change	Assets \$m
1	Svyaznoy Bank	189	1183
2	Eurofinance Mosnarbank	78	2153
3	Intercommerz Bank	63	989
4	NOTA Bank	62	1627
5	ING Bank Eurasia	57	6361
6	Smolenskiy Bank	57	743
7	Rosbank	55	23,155
8	BNP Paribas Russia	50	3328
9	VTB Bank	50	210,883
10	Novikombank	49	3062

Source: www.thebankerdatabase.com

TOP 100 RUSSIAN BANKS 1-33

Rank	Bank	Year end	Strength		Size		Soundness		Profits		Performance	
			Tier 1 capital \$m	% change	Assets rank	\$m	Capital assets ratio %	Rank	Pre-tax profit \$m	% change	Return on capital %	Rank
T100											Return on assets %	Rank
1	Sberbank	12/11	26,862	14.4	1	336,535	8.0	72	12,289.7	62.8	45.8	6
2	VTB Bank	12/11	13,073	-19.1	2	210,883	6.2	85	3,587.4	53.8	27.4	21
3	Gazprombank	12/11	5,299	35.7	3	76,956	6.9	78	1,674.2	-35.4	31.6	15
4	Russian Agricultural Bank	12/11	4,839	27.5	4	39,894	12.1	30	10.9	-54.8	0.2	88
5	Rosbank	12/11	2,742	8.1	7	23,155	11.8	32	3,39.8	502.2	12.4	52
6	Alfa Bank	12/11	2,721	14.5	5	31,365	8.7	60	762.0	8.9	28.0	19
7	Raiffeisen Bank Russia	12/11	2,189	-1.1	9	18,794	11.7	36	568.0	84.0	25.9	26
8	Nomos Bank	12/11	1,917	26.6	8	20,566	9.3	52	482.4	13.2	25.2	28
9	UniCredit Bank Russia	12/11	1,826	22.7	6	23,977	7.6	77	617.0	47.7	33.8	14
10	MDM Bank	12/11	1,678	-11.9	12	10,636	15.8	19	68.8	-37.2	4.1	79
11	Promsvyazbank	12/11	1,437	10.5	10	17,473	8.2	67	219.4	132.3	15.3	48
12	Bank Uralsib	12/11	1,328	-17.7	11	13,426	9.9	47	-158.4	P>L	-11.9	94
13	Citibank Russia	12/11	1,197	16.4	15	9,004	13.3	24	348.4	-10.7	29.1	18
14	Home Credit and Finance Bank	12/11	949	8.0	27	4,836	19.6	13	423.4	8.8	44.6	7
15	Bank Saint Petersburg	12/11	885	20.2	13	10,251	8.6	61	226.3	34.3	25.6	27
16	Bank Petocommerce	12/11	867	-4.2	23	6,202	14.0	23	19.5	119.0	2.3	86
17	Ak Bars Bank	12/11	833	-7.0	16	8,912	9.3	51	-129.6	P>L	-15.6	95
18	Russian Standard Bank	12/11	749	-6.2	24	5,843	12.8	27	205.1	146.9	27.4	22
19	Nordea Bank Russia	12/11	692	12.9	17	8,525	8.1	68	85.2	-43.8	12.3	53
20	ING Bank Eurasia	12/11	689	11.9	22	6,361	10.8	40	104.5	-22.6	15.2	49
21	Credit Bank of Moscow	12/11	661	97.1	20	7,217	9.2	55	150.9	22.6	22.8	31
22	National Reserve Bank	12/11	618	-32.4	66	1,342	46.0	3	-131.2	P>L	-21.3	97
23	Zenit Banking Group	12/11	616	10.0	18	7,663	8.0	71	110.1	-35.2	17.9	43
24	Bank Rossiya	12/11	599	-16.8	14	9,339	6.4	81	108.5	78.6	18.1	40
25	Sviaz bank	12/11	523	-22.9	21	6,841	7.6	76	17.2	L>P	3.3	82
26	Bank Vozrozhdenie	12/11	521	-2.0	25	5,711	9.1	56	62.6	162.9	12.0	54
27	CentroCredit Bank	12/11	514	51.9	55	1,930	26.7	7	80.5	-69.4	15.7	47
28	Credit Europe Bank Russia	12/11	491	3.9	41	3,040	16.2	15	108.0	2.3	22.0	32
29	Otkritie Financial Corporation	12/11	456	14.1	19	7,465	6.1	86	-2.6	P>L	-0.6	89
30	Absolut Bank	12/11	437	1.9	33	3,505	12.5	28	79.1	L>P	18.1	41
31	OTP Bank Russia	12/11	413	27.1	32	3,631	11.4	38	238.1	68.4	57.7	2
32	Banca Intesa Russia	12/11	398	-2.1	47	2,724	14.6	21	38.3	107.3	9.6	59
33	Royal Bank of Scotland Russia	12/11	380	6.2	57	1,831	20.7	11	39.1	-26.6	10.3	57



TOP 100 RUSSIAN BANKS 34-66

Rank	Bank	Strength		Size		Soundness		Profits		Performance							
		Year end	Tier 1 capital \$m	% change	Assets rank	\$m	Capital assets ratio %	Rank	Pre-tax profit \$m	% change	Return on capital %	Rank	Return on assets %	Rank	Loan to assets ratio	Cost income ratio	
T100																	
34	Deutsche Bank Russia	12/11	375	5.5	37	3133	12.0	31	474	31.8	12.7	51	1.5	45	57.3	79.1	
35	Orient Express Bank	12/11	360	31.2	30	4259	8.5	65	179.1	95.3	49.7	4	4.2	5	83.6	43.8	
36	Bank Avangard	12/11	342	22.6	48	2583	13.2	25	25.8	15.6	7.6	66	1.0	62	69.7	55.0	
37	Evrofinance Mosnarbank	12/11	341	-11.4	54	2153	15.8	17	14.9	-44.6	4.4	78	0.7	71	71.5	89.4	
38	Commerzbank Eurasia	1/12	339	7.6	68	1157	29.3	5	8.5	-83.2	2.5	85	0.7	68	84.0	66.2	
39	Transcapital Bank	12/11	329	36.8	36	3176	10.4	44	21.4	-59.1	6.5	74	0.7	73	73.9	52.0	
40	Masterbank	12/11	328	6.9	53	2300	14.3	22	14.9	-72.1	4.6	77	0.6	74	74.7	46.1	
41	Rossiyskiy Kredit Bank	12/11	300	-7.6	94	399	75.2	2	4.1	-78.3	1.4	87	1.0	59	61.3	79.8	
42	Uniastrum Bank	12/11	287	0.5	46	2790	10.3	46	18.8	21.4	6.6	73	0.7	72	78.6	69.9	
43	Moscow Industrial Bank	12/11	272	33.0	28	4528	6.0	88	19.3	9.7	7.1	69	0.4	82	68.9	86.1	
44	Probusinessbank	12/11	264	4.0	29	4467	5.9	91	78.8	23.6	29.8	17	1.8	41	56.9	70.2	
45	National Bank Trust	12/11	262	n/a	26	5440	4.8	100	46.0	n/a	17.6	45	0.8	66	61.3	n/a	
46	RosEvoBank	12/11	261	20.0	43	2889	9.0	57	114.5	70.8	43.9	8	4.0	7	50.4	36.3	
47	Tatfondbank	12/11	243	-9.5	51	2452	9.9	48	-8.8	P>L	-3.6	92	-0.4	92	63.1	75.5	
48	Rosgosstrakh Bank	12/11	242	19.4	44	2854	8.5	64	53.0	0.6	21.9	33	1.9	37	73.8	52.2	
49	Investment Trade Bank	12/11	240	-2.2	42	3024	8.0	73	13.8	161.4	5.7	75	0.5	81	73.0	56.2	
50	B&N Bank	12/11	240	6.6	31	3954	6.1	87	8.6	L>P	3.6	80	0.2	87	76.7	91.8	
51	BNP Paribas Russia	12/11	212	36.0	35	3328	6.4	82	19.1	945.6	9.0	62	0.6	80	66.2	69.1	
52	Bank Soyuz	12/11	206	4.0	50	2479	8.3	66	57.3	828.5	27.8	20	2.3	24	71.0	43.9	
53	GE Money Bank Russia	12/11	198	-14.1	77	854	23.2	9	97.1	3.7	48.9	5	11.4	1	90.1	41.8	
54	SKB Bank	12/11	189	31.7	34	3381	5.6	94	36.6	21.0	19.4	38	1.1	57	70.7	50.7	
55	Novikombank	12/11	183	6.0	40	3062	6.0	89	12.8	-48.5	7.0	70	0.4	83	57.5	74.7	
56	Locko Bank	12/11	182	9.8	56	1869	9.7	50	39.3	18.3	21.7	34	2.1	33	71.7	52.9	
57	Vneshtrombank	12/11	179	29.5	45	2823	6.3	83	37.6	87.8	21.1	35	1.3	52	55.3	31.1	
58	Metallinvestbank	12/11	173	4.8	63	1604	10.8	41	41.3	86.9	23.9	29	2.6	18	81.2	43.3	
59	Sudostroitelny Bank	12/11	171	1.4	65	1389	12.3	29	25.1	5.6	14.7	50	1.8	39	64.6	57.0	
60	Russian Regional Development Bank	12/11	170	-27.3	39	3100	5.5	95	60.6	25.0	35.6	11	2.0	36	47.3	60.6	
61	UBRD Bank	12/11	169	65.6	38	3106	5.4	96	19.5	-14.3	11.6	56	0.6	77	47.7	56.6	
62	Surgutneftegasbank	12/11	148	109.2	69	1140	13.0	26	28.3	L>P	19.1	39	2.5	20	70.9	58.6	
63	Bank Severo Vostochny Alliance	12/11	147	-7.3	99	185	79.5	1	4.0	L>P	2.8	83	2.2	30	64.8	90.9	
64	Zapsibcombank	12/11	145	4.3	52	2310	6.3	84	51.9	141.5	35.8	10	2.2	26	73.0	51.3	
65	Barclays Bank Russia	1/11	142	n/a	74	901	15.8	18	-1.9	n/a	-1.3	91	-0.2	90	53.1	145.5	
66	Baltiyskiy Bank	1/12	141	-3.5	49	2511	5.6	93	36.7	253.1	26.2	25	1.5	48	51.7	112.4	

TOP 100 RUSSIAN BANKS 67-100

Rank	Bank	Strength			Size		Soundness		Profits		Performance						
T100		Year end	Tier 1 capital \$m	% change	\$m	Assets rank	% change	Capital assets ratio %	Rank	Pre-tax profit \$m	% change	Return on capital %	Rank	Return on assets %	Rank	Loan to assets ratio	Cost income ratio
67	Mosstroieconombank	12/11	140	79.1	580	87	-6.0	24.2	8	-1.2	P>L	-0.9	90	-0.2	91	53.9	99.4
68	Center Invest Bank	12/11	137	-2.9	1694	61	6.9	8.1	69	36.2	247.9	26.5	24	2.1	32	80.7	47.8
69	Development Capital Bank	12/11	135	9.3	447	92	21.7	30.2	4	4.5	-82.7	3.3	81	1.0	61	66.8	52.1
70	Investbank	12/11	128	-3.7	1449	64	7.7	8.9	59	9.5	82.3	7.4	67	0.7	75	82.1	83.7
71	Baltic Investment Bank	12/11	117	4.6	1819	58	11.5	6.4	80	10.8	-17.7	9.3	60	0.6	79	79.4	76.8
72	Chelindbank	12/11	109	15.6	938	73	0.4	11.7	35	22.9	-18.0	20.9	36	2.4	21	63.6	64.4
73	Sovcombank	12/11	106	34.3	1780	59	25.3	5.9	90	130.9	102.1	123.9	1	7.4	3	63.3	39.3
74	Mezhtopenergobank	12/11	105	9.7	888	75	-4.6	11.8	33	8.8	-54.8	8.4	64	1.0	64	85.6	60.0
75	Svyaznoy Bank	12/11	102	22.9	1183	67	188.7	8.6	62	-129.4	P>L	-127.4	100	-10.9	100	58.2	361.9
76	Sarov Business Bank	12/11	101	58.5	872	76	40.7	11.6	37	18.2	107.3	18.0	42	2.1	35	54.8	53.5
77	Gazbank	1/12	99	-4.2	844	78	16.3	11.7	34	5.1	-10.8	5.1	76	0.6	78	78.9	55.7
78	Credit Ural Bank	12/11	99	1.0	621	84	-6.8	15.9	16	19.5	54.0	19.8	37	3.1	13	82.8	47.0
79	International Bank of St Petersburg	12/11	99	-1.0	1707	60	2.1	5.8	92	15.4	114.4	15.7	46	0.9	65	70.5	60.9
80	Moskomsmerbank	12/11	85	-19.0	758	80	-17.6	11.2	39	-18.3	P>L	-21.6	98	-2.4	97	89.9	171.7
81	First Czech Russian Bank	1/12	82	-4.6	532	88	-0.9	15.5	20	5.7	L>P	6.9	72	1.1	58	66.5	128.3
82	NOTA Bank	12/11	81	25.0	1627	62	62.2	5.0	99	45.2	119.6	55.9	3	2.8	17	59.2	48.3
83	SDM Bank	12/11	76	30.0	960	72	14.8	7.9	74	13.5	14.8	17.8	44	1.4	51	51.4	66.5
84	Alef Bank	12/11	73	5.3	350	97	46.5	20.9	10	6.2	-32.5	8.4	63	1.8	40	63.2	34.7
85	Garanti Bank Moscow	12/11	72	9.8	388	95	18.0	18.6	14	8.7	-47.2	12.0	55	2.2	27	52.7	54.8
86	Primsotsbank	12/11	68	22.0	766	79	31.1	8.9	58	23.6	56.2	34.7	12	3.1	15	76.2	65.7
87	Altabank	12/11	63	-2.0	640	83	13.3	9.9	49	4.4	-52.9	7.0	71	0.7	70	57.1	80.9
88	Bank Solidarnost	1/12	62	-16.6	597	85	2.8	10.5	43	-3.3	5.7	-5.3	93	-0.6	93	46.3	126.1
89	Smolenskiy Bank	12/11	58	63.9	743	81	57.0	7.8	75	5.2	24.9	9.1	61	0.7	69	71.0	48.9
90	Bank Tavricheskiy	12/11	57	n/a	1070	70	n/a	5.3	98	13.6	n/a	23.8	30	1.3	53	69.5	38.8
91	ICICI Bank Eurasia	1/12	56	-14.9	281	98	-23.5	19.9	12	4.2	-8.1	7.6	65	1.5	46	90.7	54.0
92	Intercommerz Bank	12/11	53	4.5	989	71	63.1	5.4	97	16.6	L>P	31.4	16	1.7	43	81.4	63.6
93	Bank Levoberezhniy	12/11	48	22.8	592	86	33.1	8.0	70	18.4	18.0	38.6	9	3.1	14	80.9	58.5
94	Aljiba Alliance Bank	12/11	46	-21.6	170	100	-21.8	27.1	6	-13.2	P>L	-28.6	99	-7.8	98	63.3	-804.8
95	European Trust Bank	12/11	45	n/a	486	90	n/a	9.3	54	1.2	n/a	2.6	84	0.2	86	63.2	95.1
96	Bank BFG Credit	12/11	43	16.3	644	82	18.2	6.8	79	11.8	10.4	27.1	23	1.8	38	97.6	22.8
97	UralTransbank	12/11	43	-18.1	511	89	-6.7	8.5	63	-7.6	15.0	-17.5	96	-1.5	96	54.8	64.0
98	NBD Bank	1/12	42	-4.7	454	91	5.9	9.3	53	14.6	711.9	34.6	13	3.2	12	74.6	58.8
99	Bank Kazanskiy	12/11	42	-1.4	406	93	1.1	10.3	45	4.2	33.7	10.0	58	1.0	60	63.8	66.6
100	Moscomprivatbank	12/11	40	22.2	376	96	-61.4	10.7	42	2.9	-41.2	7.3	68	0.8	67	47.5	85.6

Key: L>P – loss to profit