

# IFC to Buy 15% of Otkritie for \$100M

By [The Moscow Times](#)

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International Finance Corporation plans to hold the Otkritie stake for five years and close the deal in November. **Sergei Nikolaev**

International Finance Corporation, the World Bank's private-sector lending arm, will buy a 15 percent stake in Otkritie Financial for \$100 million, ahead of the Russian bank's initial public offering.

The World Bank's board has approved IFC's purchase of the Otkritie shares, as the bank spends as much as \$500 million in the coming two years on stakes in "midsized" Russian banks amid a lending recovery, Timothy Krause, senior regional manager for financial markets at IFC, said in a telephone interview Monday. IFC will hold the stake for five years, and the deal will take place in early November, he said.

"Russian banks are performing well and are selling at much more reasonable prices compared with two years ago," Krause said.

Local banks can be purchased at the equivalent of 10 times earnings, compared with 20 times

earnings two years ago, he said.

Otkritie is merging its commercial and investment banks, which operate under the same name, and partially owned Bank Petrovsky into a single lender, before a potential IPO in early 2012, its CEO Roman Lokhov said in July. The brokerage plans to raise as much as \$375 million in an IPO to fund expansion and acquisitions, Lokhov said.

IFC already owns a 25 percent stake in Petrovsky and is in talks to purchase another 25 percent from Nomos Bank, according to a May 13 statement on its web site.

IFC has invested \$2.4 billion in Russia, its second-biggest investment worldwide, providing financing for banks, health care, agriculture, telecommunications and manufacturing, according to IFC's web site.

The Washington-based institution won't invest in VTB Group, Russia's second-largest bank, because it would be "a drop in VTB's ocean," Krause said. TPG Capital, a global private-equity investor, is in talks to acquire a 10 percent stake in the lender, Kommersant reported this month.

IFC also has a minority stake in MDM Bank, Russia's second-largest private lender, which it acquired in July 2007.

A resumption of bank lending and declining overdue loans will help spur an upgrade of Russia's credit ratings, Finance Minister Alexei Kudrin said Tuesday. The government expects that the economy will expand 4 percent this year, after a record 7.9 percent contraction in 2009.

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