

Foreign Investor for Orient Express Bank

By [The Moscow Times](#)

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Private equity firm Baring Vostok Capital Partners is to buy a stake in mid-sized Russian lender Orient Express Bank, a sign that investors' interest in Russia's banking sector is back after the financial crisis.

BVCP is a private equity firm operating in Russia and the former Soviet Union with assets of \$2 billion. It has entered into a deal to buy about 20 percent of Orient Express Bank, Andrei Kostyashkin, a partner with BVCP, told Reuters on Thursday.

"We requested the Central Bank's approval for buying up to 30 percent. We will make a final decision on further increasing the stake after the Central Bank's answer," he said in a phone interview.

Kostyashkin said a majority of the bank's shareholders had proportionally cut their holdings to let BVCP take a stake, without elaborating. Igor Kim, Andrei Bekarev and Alexander Taranov along with bank's chief executive Sergei Vlasov directly own 47 percent in Orient Express, according to its web site.

The bank was not immediately available for comment. Mikhail Shlemov, an analyst with VTB Capital, said the deal showed that investors were confident in Russia's banking system prospects. "It is a very important sign," he said. "It is a first major investment in a local bank after the crisis, that means the interest [in the sector] is back," he said.

Shlemov valued the 30 percent stake in Orient Express Bank, which ranks in the top 50 of Russian banks by assets, at \$255 million. Russia's banks have been growing rapidly for most of the past decade but were poorly hedged against financial risks and were hard hit by the recession. While margins remain weak, loan growth could accelerate in 2011, the Central Bank said Wednesday.

BVCP, which is also a shareholder of Kaspi Bank, one of Kazakhstan's top 10 lenders, will consider using Orient Express Bank as the basis for consolidating any possible future acquisitions in Russia, Kostyashkin said. In May, Orient Express announced a plan to launch initial public offering, aiming to raise at least \$200 million. The bank did not respond to a Reuters request for comment on these plans.

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