

Alfa Wants Tender for City Asset

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Alfa Bank is promoting an open process to privatize Bank of Moscow. **Igor Tabakov**

Bank of Moscow should be privatized via an open tender, rather than through a direct sale to state-controlled VTB, Alfa Bank has announced, declaring its intention to compete for the asset.

Alfa Bank has informed Moscow Mayor Sergei Sobyanin, Federal Anti-Monopoly Service head Igor Artyemov and Central Bank Chairman Sergei Ignatyev that it intends to acquire all shares in Bank of Moscow.

As a first step, Alfa Bank wants to obtain the city's 46.48 percent share in the bank in an open bid. That package, along with 25 percent plus one share in Stolichnaya Strakhovaya Gruppya, which owns 17.3 percent of Bank of Moscow, was added to the city's privatization program after VTB announced its desire to buy Bank of Moscow.

The mayor's office does not plan on holding a competition for the share. Sources close to the bank's board and the management of VTB have said VTB will buy the city's share before the

end of February.

That deal would most likely take the form of a transfer of municipal property, which would allow VTB to be the sole contender for it and make it possible for the city to receive its money by this spring.

The sources said a resolution by the mayor is necessary for the deal. They added that Sobyenin and Finance Minister Alexei Kudrin, who is also chairman of the VTB supervisory council, reached an agreement on the sale of the city's share in the bank and the share in the insurance company for 90-100 billion rubles (\$3-3.33 billion).

Moscow needs money badly. A Finance Ministry spokesman said city income has fallen by 20 percent in real terms since the crisis began, while Sobyenin is expected to keep repairing the roads.

Alfa Bank said an open competition would be "an important confirmation of the honesty and openness of the government's intentions for the sale of share packages in state companies."

Alfa Bank's public announcement, especially on the eve of the World Economic Forum in Davos, makes an open competition altogether likely, said Anton Danilov-Danilyan, head of the Delovoi Rossia business organization experts' council.

He dismissed objections that the city doesn't have time to hold an open competition. Calculating the time necessary for an open sale, he said, "Three or four months is entirely possible."

Alfa Bank has not revealed the amount it is willing to pay for Bank of Moscow. Alfa Bank has less capital than Bank of Moscow, but its parent company, Alfa Group, was worth more than \$19 billion at the beginning of last year.

An Alfa Bank / Bank of Moscow combination would be the country's third-largest lender.

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