

Deputy Mayor Defends City's Bank of Moscow Sale

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City Hall will seek to prevent any damage to its reputation when selling its controlling stake in Bank of Moscow, Deputy Mayor Andrei Sharonov said Thursday, amid concerns that City Hall sidelined contenders other than VTB.

“The Moscow city government is afraid of any reputational risks,” he said in a brief interview. “That’s why we will try to make the process of selling the bank as transparent — and profitable for the city — as possible.”

Earlier in the day, MDM Bank chairman Oleg Vyugin complained at a Troika Dialog investment forum that the state behaved like an “oligarch” in dealing with businesses.

“Some companies buy some assets without caring about transparency and others’ rights,” he told a panel on privatization in an apparent reference to VTB.

City Hall-appointed members on the Bank of Moscow board recently voted to nominate senior VTB executives for the next board at the annual general shareholders meeting Feb. 21. VTB chief Andrei Kostin publicly promised that the country's second largest lender would buy into Bank of Moscow by May, prompting private Alfa Bank to appeal to the authorities last month for a competitive bidding.

Sharonov attributed the city government's "love" of VTB to the fact that the bank was the only potential buyer that made a firm offer and named a price. The price looks "serious," he said.

A certified appraiser, which Sharonov declined to name, is scheduled to complete a valuation of Bank of Moscow later this month, he said.

The market values the bank at about 100 billion rubles (\$3.4 billion), and the city government owns slightly more than half of it. The city announced that it was willing to sell its interest as part of an ambitious privatization program after Mayor Sergei Sobyenin replaced Yury Luzhkov in October.

Sharonov also said the city government intended to streamline its permit procedures to attract investors.

Investment, including from abroad, was most welcome in building roads, parking space, overpasses and rail links between the city's three key airports, he said. City Hall would also welcome investment in turning the ring railroad inside Moscow into a new transportation route, he said.

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