The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

# Foreign Investors in VTB Float Revealed

By Nailya Asker-Zade

February 16, 2011




More than 10 investors spent over $100 million each on VTB shares during the bank's recent float, deputy president Herbert Moos said.

The top spenders include Italy's Generali, China Investment Corporation and U.S.-based TPG Capital. Even Harvard University got a piece of the pie.

VTB floated 10 percent minus two shares, from which the government will receive 95.7 billion rubles ($3.3 billion). Global Depositary Receipts of 2,000 shares were sold for $6.25 each. Individual shares went for 9.15 kopeks.

The largest investor — spending $300 million — was Generali, Moos said. More than 10 investors spent over $100 million, he said. These include TPG Capital and the Chinese sovereign fund China Investment Corporation, whose transactions have already gone through.

"This is the first significant investment into Russia by a Chinese fund and the start of an

interesting trend — nontraditional investments from abroad," Moos said, adding that the U.S. fund Harvard Endowment also bought shares.

The state bank will now have about five to 10 investors with stakes of about 1 percent each, he said.

During VTB's initial public offering in 2007, the largest stake — about 5 percent of the float — was bought by the Singapore state fund Temasek. About 3 percent was bought by Capital International.

This time, several shareholders increased their stakes. According to Moos, they include Blackrock — which held 0.43 percent at the end of last year, according to Bloomberg data — and Vanguard Group — which held 0.46 percent. Other index funds will increase their holdings in VTB, he said. Because of the increased free float, VTB's weight in the MSCI Index will grow, and the funds will rebalance their portfolios.

Russian investors — including foreign companies managing Russian money — bought about 15 percent of the float, Moos said. But there were no government structures among them because the offering was not supposed to be supported by state cash — only by private investors, he said.

VTB has reeled in a solid group of long-term investors, said Andrei Movchan, managing partner at Third Rome. "Harvard Endowment is one of the best asset managers in the world. Its yield is up to 13-14 percent per year. The fund is like Madoff's [16 percent per year] — but honest. China Investment Corporation is a major Chinese state fund. That both the Chinese and the Americans are buying stakes in the bank is a positive sign," he said.

VTB Group may sell yuan bonds for a second time as it chases cheaper funds, its investment banking arm said.

"They want to diversify their funding base," Andrei Solovyev, VTB Capital's global head of debt capital markets, told a media briefing in Singapore today. "They may come with a longer-maturity deal."

VTB's sale of yuan securities in December was a first for a developing country outside Asia. The bank's three-year yuan bonds yield 2.986 percent, compared with 7.5 percent for its ruble notes due March 2013, according to Cantor Fitzgerald and Bank of Moscow prices.

*(Bloomberg)*

Original url:
https://www.themoscowtimes.com/2011/02/16/foreign-investors-in-vtb-float-revealed-a5050