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VEB Undercuts Peer With Loan Terms

By The Moscow Times

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Vneshekonombank proposed borrowing costs less than those paid by a state-owned peer as it markets a $2 billion loan, three people with knowledge of the deal said.

VEB offered to pay lenders initial interest of 130 basis points over the London interbank offered rate on the three-year term loan and an annual fee of 28.3 basis points, said the people, who declined to be identified because the transaction is private. A basis point is 0.01 percentage point.

That compares with an interest margin of 150 basis points agreed by Sberbank for a $2 billion loan in December, which was the most recent syndicated loan to a government-owned Russian bank, according to data compiled by Bloomberg.

The interest margin VEB will pay on its new financing is still being negotiated with lenders, according to the people.

Yekaterina Karasina, a spokeswoman for VEB, didn't immediately respond to an e-mail

seeking comment.

VEB chairman Vladimir Dmitriyev said earlier this month that the bank was seeking a syndicated loan of $2 billion, Bloomberg reported. VEB is also seeking a three-year term loan, two people with knowledge of the situation said at that time.

VEB shares its rating with its parent, the Russian Federation, of Baa1 from Moody's Investors Service and BBB from Standard & Poor's and Fitch Ratings.

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