

Borodin Asks to Repeal Warrant

By [The Moscow Times](#)

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Bought by VTB, Bank of Moscow is now getting a \$14 billion bailout loan. **Vladimir Filonov**

Former Bank of Moscow chief executive Andrei Borodin asked a Moscow appellate court to overturn an international warrant issued for his arrest.

Investigators haven't provided any proof of wrongdoing or financial losses caused by Borodin, his attorney, Mikhail Dolomanov, said Tuesday as he petitioned the Moscow City Court to annul the warrant.

Borodin is wanted on suspicion of abusing his authority in connection with a 12.8 billion ruble (\$460 million) corporate loan granted in 2009, according to the Interior Ministry's investigative committee. Funds from the loan ended up in the personal account of Yelena Baturina, wife of ousted Mayor Yury Luzhkov, the ministry said Feb. 17 after police raided Baturina's company, Inteco.

The loan is being repaid on schedule, Dolomanov said. Regulators said July 1 that they are extending a record bailout of 395 billion rubles (\$14 billion) to Bank of Moscow after bad debt

was uncovered following its February acquisition by state-run VTB Group. Bank of Moscow is the country's fifth-biggest lender.

The Deposit Insurance Agency will provide the bailout loan, with a term of 10 years at 0.51 percent annual interest. The Central Bank will provide the money to the agency in the form of a five-year loan at 0.5 percent interest. In addition, organizations in VTB Group will provide a charter capital increase totaling 100 billion rubles.

VTB has held 46.48 percent of shares in Bank of Moscow and a blocking stake in Capital Insurance Group, which in turn owns about 17 percent of Bank of Moscow shares, since February 2011.

Moscow's Tverskoi District Court issued the international arrest warrant on May 4 after Borodin, who was believed to be in London, didn't appear at a court hearing. It then rejected an appeal by Borodin against that decision.

Gennady Terebkov, a spokesman for Inteco, said April 6 that he does not expect a criminal case to be opened against Baturina because she has not done anything wrong.

VTB Group, Russia's second-largest lender, agreed on Feb. 22 to buy the Moscow government's controlling stake in Bank of Moscow for \$3.5 billion in the biggest acquisition by a lender in the country.

Borodin and his adviser sold a combined 20.3 percent of the bank, Interfax news service reported April 8, citing the former CEO. Borodin declined to name the buyer, price or when the transaction took place, according to the report.

The Audit Chamber will complete a check of Bank of Moscow by October. "There is a huge amount of work," Audit Chamber auditor Mikhail Beskhmel'nitsyn said.

The Audit Chamber has a clear picture of about two-thirds of the bank's loan portfolio.

"We have the most questions concerning loans totaling about 64 billion to 65 billion rubles to offshore companies, mainly registered in Cyprus. As a rule, these companies have no assets and are borrowing money in the interest of third parties," he said.

It was reported earlier that the Audit Chamber reported on the preliminary results of its check of Bank of Moscow in March. At that time it identified three basic problems: organization of lending, problem loans and restructured loans, and interactions with noncore companies.

(Bloomberg, Interfax)

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