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State VTB Takes $3Bln Loan

By The Moscow Times

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VTB secured a $3.13 billion syndicated loan Friday, as it raises its stake in the stricken Bank of Moscow to 75 percent.

VTB currently owns 46.5 percent of Bank of Moscow — which last week received the largest state bailout in Russian history — and has a blocking minority stake in an insurer that owns a further 17 percent.

Under the bailout plan, VTB must raise its stake in the bank to 75 percent before the Central Bank can issue the bailout loan.

VTB will pay 100 billion rubles ($3.57 billion) for the stake, while the Central Bank will provide another 295 billion rubles.

VTB said the $3.13 billion loan was granted by a number of Russian, Asian, European and U.S. banks for three years and three days at an annual rate of 130 basis points over LIBOR.

The Bank of Moscow bailout, which was much larger than had been expected, followed an audit that found a balance-sheet hole of 250 billion rubles, largely resulting from lending by former management to property projects in which it was involved.

On Thursday, UniCredit said VTB risked triggering a default on two eurobonds as a result of taking control of Bank of Moscow.

When asked to comment on the UniCredit assumption, VTB's press service said "government measures aimed at strengthening Bank of Moscow positions won't affect VTB's public debt."

Bank of Moscow will receive bailout funds from VTB Group and the Deposit Insurance Agency in the next month to month and a half, Finance Minister Alexei Kudrin told reporters in London on Friday.

The additional capital will see the lender "stabilized once and for all," he said.

(Reuters, Bloomberg)

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