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Sberbank Improves Terms of $4.6Bln Loan for RusAl

By The Moscow Times

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United Company RusAl, the world's largest aluminum producer, obtained improved terms on a $4.6 billion loan from state-controlled Sberbank as part of a debt refinancing.

Sberbank agreed to reduce the annual interest rate on the loan to 4.5 percent above the London Interbank Offered Rate from 5 percent, the company said Tuesday. The loan, which had been due to expire in 2013, will now mature in five years.

The agreement leaves Hong Kong-listed RusAl with only $2 billion debt left to refinance with Russian banks. RusAl wants to remove curbs on dividend and investment spending imposed by lenders in 2009 after the largest corporate debt restructuring in Russian history.

The amended terms of the loan will be approved by Sberbank's board of directors "in due course," RusAl said in a statement. "The agreements once again demonstrate our plans to develop long-term relations with RusAl," Sberbank said.

As a result, a $2.25 billion guarantee from Vneshekonombank, Russia's state development lender also known as VEB, will be canceled.

Sberbank offered RusAl the loan last year to refinance $4.5 billion owed to VEB. RusAl had taken the loan from VEB in November 2008 to pay back foreign lenders that helped it finance a purchase of 25 percent in Norilsk Nickel, the country's largest mining company. That 25 percent holding will remain as collateral with Sberbank, RusAl's press office said Tuesday.

RusAl, controlled by billionaire Oleg Deripaska, signed accords with banks and shareholder Mikhail Prokhorov in 2009 to restructure a $17 billion debt as profits slumped during the global financial crisis.

The aluminum giant has also been in talks to renegotiate loan terms with VTB and Gazprombank, Oleg Mukhamedshin, the company's head of capital markets, said in June. An agreement with those banks may be reached next month, RusAl said at the time. Its debt totaled $11.3 billion by the end of the first quarter.

Natalya Staroselskaya, a spokeswoman for VTB, Russia's second-biggest lender, declined to comment. Nobody from Gazprombank could be reached for comment.

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