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VTB Gets Sovereign Backing

By The Moscow Times

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VTB attracted a new class of sovereign investor into Russia with a $3.3 billion share sale, whose proceeds the state-controlled bank pledged to invest in expanding its share of the domestic market.

Russia's second-largest bank is offering stock at a third of the price at which it floated six years ago, reflecting the impact of the global crash, a troubled acquisition and a costly push into investment banking.

The deal was covered before subscriptions were due to open, VTB said on Monday, with backing from sovereign funds from the energy-rich states of Norway, Qatar and Azerbaijan, described by CEO Andrei Kostin as "committed, long-term investors".

Kostin had presided over an initial public share offering in 2007 and a subsequent stock offering in 2011 that helped send VTB's share price lower, but after months of financial diplomacy the urbane former diplomat has managed to reel in big-ticket investors.

(Reuters)

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