

# VTB Completes New Offering That Reduces State Stake By 15%

By [The Moscow Times](#)

May 23, 2013

**The**  **Moscow Times**

VTB says it has completed its 102.5 billion ruble (\$3.3 billion) offering of new shares at 4.1 kopecks each. The stake held by the government, which did not participate in the offering, was diluted to 60.9 percent from 75.5 percent.

The sovereign wealth funds of Qatar, Norway and Azerbaijan and China Construction Bank have bought about 55 percent of the new shares on offer from VTB, according to a statement late Wednesday.

A share issue was essential for VTB to improve its capital adequacy ratio and fuel lending growth targets for this year, set at between 15 and 20 percent.

Chief executive Andrei Kostin, under whom VTB also offered shares in 2007 and 2011 at 13.6 kopecks and 9.15 kopecks respectively, told President Vladimir Putin in Sochi that sovereign wealth funds are "a quality label" for the bank.

Three sovereign wealth funds bought 55 percent of new shares worth \$1.5 billion.

"It's a signal for other investors — if a sovereign wealth fund has come, others may follow," Kostin said. He added that each of the three sovereign funds — Azerbaijan's SOFAZ, Norges Bank Investment Management and Qatar Holding — invested between 15 billion and 20 billion rubles (\$479-639 million) each.

Investors from Brazil also took part, he said.

VTB has placed shares via the Moscow Exchange, executing Putin's earlier order to conduct state privatization deals in Russia to turn Moscow into a global financial center rivaling New York or London.

The share issue will boost VTB's Tier 1 capital ratio to 11.9 percent of assets from 10.3 percent at December 31.

The new Tier 1 ratio, a measure of a bank's ability to absorb losses, will be higher than Russia's biggest lender Sberbank's ratio, which stood at 10.4 percent at the end of last year.

"The transaction allows us to meet our capital adequacy targets and also provides funding for the continued growth of the business," Kostin said in a statement.

VTB management has promised to present a new strategy later this year, turning to a new page in the bank's history. On Tuesday, Kostin said he expected VTB to post a record net profit of over 100 billion rubles in 2013.

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