

Almost Half of Vneshekonombank's Olympic Loans to Be Restructured

By [The Moscow Times](#)

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Construction work in Sochi ahead of the Olympic games in February 2014. **Andrey Makhonin**

Nine out of 20 bank loans given out by state-owned Vneshekonombank, or VEB, for the Winter Olympics need to be restructured to protect investors who have sunk money into construction in Sochi, a news report said Wednesday.

Some of Sochi's main Olympic venues are experiencing financial problems, including the ski resort at Roza Khutor, the Olympic Village, a cargo port, a hotel complex with space for 3,600 visitors and the media zone, Vedomosti reported.

"The projects are loss-making on an operational level and the bank loans on them would be non-returnable without restructuring and additional state support measures like tax breaks," an unidentified individual close to VEB said.

VEB has issued loans worth a total of 240 billion rubles (\$7.3 billion) for the Olympics.

The nine "problematic" loans account for 79 percent of the total volume of Olympic loans, or 190 billion rubles. A VEB official estimates the bank's losses at 175 billion rubles.

The heads of some of the biggest Olympic investors — Sberbank, Gazprom, Basic Element and Interros — in March asked the Cabinet to authorize tax breaks and the restructuring of their loans with VEB. Other businesses involved in Olympic construction followed their lead soon after.

The total cost of the government's preparations for hosting the Winter Olympics in Sochi next year has gone up from 314 billion rubles to 1.5 trillion rubles, making it the most expensive Games in history.

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