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Sberbank Suit Adds to Volksbanken Woes

By The Moscow Times

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VIENNA — Sberbank has taken partially state-owned Austrian lender Volksbanken, or VBAG, to court in a dispute over the value of the VBI Eastern European business that the Russian bank bought last year, VBAG said on Friday.

Sberbank paid 505 million euros ($687 million) for Volksbanken International, or VBI, but has since complained about the quality of the assets it purchased.

Sberbank closed the deal after getting an 80 million euro discount off the originally agreed price. It gave Russia's top bank a springboard to expand in emerging Europe.

"Sberbank of Russia brought an action against VBAG at the International Court of Arbitration in November. Based on the claims put forward in the action and following an internal analysis of the accusations contained therein, no indemnification losses can currently be identified," VBAG said in its third-quarter financial report.

VBAG is in the midst of a radical downsizing ordered by the European Commission as a condition for approving state support received by the bank in the wake of the financial crisis.

Austria took a 43 percent stake in VBAG last year as part of a rescue that cost taxpayers more than 1 billion euros in write-downs on previous aid, fresh capital and guarantees.

VBAG said Thursday that its restructuring would keep it in the red until at least the end of 2015.

It still needs to sell a 51 percent stake in its deconsolidated Romanian business — which it has entirely written down — by the end of 2015, as well as its 50 percent stake in VB Leasing International, or VBLI, by the end of 2014.

It said it was evaluating "possible scenarios" based on indicative offers it got in September for VBLI. It was also reviewing offers for parts of its private equity portfolio.

Investors had until the end of October to make initial offers for its Malta business, it said without making clear whether it had actually got any.

VBAG injected 61.2 million euros into its Romanian unit last month and immediately wrote it down. The unit needed more equity after revaluing real estate collateral and "due to impending legal risks," it said without being more specific.

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