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$8Bln in Loans For Russian Companies Endangered By Ukraine Turmoil

By The Moscow Times

March 05, 2014

Loans worth $8 billion being sought by Russian companies from international banks are in danger of falling through because of the crisis in Ukraine, a news report said.

Billionaire Mikhail Fridman's telecoms company VimpelCom is among 10 Russian firms who had been in negotiations to receive loans from U.S., European, and Japanese banks. Russian companies took on $52 billion in dollar-denominated loans last year, up from $38 billion in 2012, Bloomberg reported Tuesday.

Moves by foreign banks to lower the cost of debt and attract greater involvement have spurred Russian companies to increase their borrowing. VimpelCom is currently seeking a $2 billion credit line, according to sources familiar with its financing. Among other companies seeking loans are Petrochemicals company Sibur, owned by billionaire Leonid Michelson, miner and metals company Metalloinvest and Novolipetsk Steel, industry insiders said. Potash producer Uralkali, state nuclear corporation Rosatom and Slavneft have also held talks with

banks.

Dutch bank ING Group was the biggest arranger of syndicated loans to former Soviet states last year, with about 7 billion euros ($9.6 billion) in Russia.

The cost of insuring Russian debt from losses has been driven up by the increasing political chaos in Ukraine, which expanded last week when troops believed to be Russian seized control of Crimea. JPMorgan said average yields on Russian corporate bonds rose 42 basis points on Monday to 6.25 percent.

A resolution to the crisis is unlikely to prompt a return to the status quo. Negative sentiment toward Russian companies seeking financing will linger after the crisis cools, according to a report by Barclays.

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