

Gazprombank to Become First State Lender to Issue Eurobonds Since Ukraine Crisis

By [The Moscow Times](#)

June 18, 2014



Gazprombank is expected to be the first of a trio of Russia's leading state-owned financial institutions that could issue in the bond markets before the summer break.

Gazprombank is poised to become the first Russian state-owned issuer to borrow money in the international bond markets since the political crisis with Ukraine began in late February.

The lender has hired four banks to arrange investor meetings in London, Paris and Frankfurt next Monday and Tuesday, ahead of a potential benchmark-sized euro-denominated bond.

Gazprombank is expected to be the first of a trio of Russia's leading state-owned financial institutions that could issue in the bond markets before the summer break.

The country's biggest lender, Sberbank, has hired banks, according to sources, while development bank VEB has sent a request for proposals for a potential bond, said bankers.

A lead said on Wednesday, hours after Gazprombank's announcement, that Sberbank has hired Barclays, BNP Paribas, Deutsche Bank and Sberbank CIB ahead of a potential euro-denominated bond offering, and that the bank will meet fixed income investors in a series of meetings in Europe on June 19 and 20.

Sberbank and VEB are also considering issuance in euros as Russian borrowers play it safe for the time being and avoid the dollar market.

The first Russian bond deal since the Ukraine crisis escalated was also in euros. ABH Financial, the holding company of private lender Alfa Bank, sold a \$350 million three-year bond earlier this month. That deal generated 1.3 billion euros of demand suggesting investors in Europe, at least, remain keen to buy Russian debt.

Gazprombank, rated Baa3 by Moody's and BBB- by both Standard & Poor's and Fitch, has hired Credit Suisse, Deutsche Bank, Gazprombank Financial Services and SG CIB to arrange the bond offering. The bank has one euro-denominated bond outstanding, according to Tradeweb, a 1 billion euro 2018 note that is trading at a yield of 3.75 percent. That bond was sold last October and was Gazprombank's first in euros in more than a decade.

Gazprombank is typically bracketed as a state-owned lender even though its biggest shareholder is Gazfond, a non state-owned pension fund, which holds a 47.4 percent stake. But state-owned Gazprom owns 35.5 percent, VEB 10.2 percent, while 6.3 percent is a combination of Treasury stock and retail ownership.

See also:

[Russia's No. 2 Bank VTB to Stop Servicing Russia-Based U.S. Clients](https://www.themoscowtimes.com/2014/06/18/gazprombank-to-become-first-state-lender-to-issue-eurobonds-since-ukraine-crisis-a36517)

Original url:

<https://www.themoscowtimes.com/2014/06/18/gazprombank-to-become-first-state-lender-to-issue-eurobonds-since-ukraine-crisis-a36517>