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Russia's National Welfare Fund May Be Used to Support Banks

By The Moscow Times

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Economic Development Minister Alexei Ulyukayev

Money from the National Welfare Fund might be used to give subordinated loans to Russian banks, which in turn could increase loans to sanctioned Russian firms, news agency RIA Novosti quoted Economic Development Minister Alexei Ulyukayev as saying Saturday.

The National Welfare Fund "could serve as the basis for funding the operations of commercial banks," Ulyukayev said. Banks working with the 3 trillion ruble ($80 billion) fund might in turn assist Russian firms such as sanctioned oil major Rosneft, Ulyukayev said.

In October, Finance Minister Anton Siluanov rebuffed Rosneft's request for $49 billion from the fund to help it weather Western sanctions, although he added that Rosneft may still receive some support.

Top bank Sberbank and Russia's second-largest bank, VTB, have seen their ability to lend

crimped by EU and U.S. sanctions that effectively cut the banks off from Western capital markets. VTB is seeking up to 200 billion rubles ($4.77 billion) in state aid to boost its capital, business newspaper Vedomosti reported in October, citing banking and government sources.

On Sunday though, Sberbank's chief rejected Ulyukayev's statement, saying the bank did not need any form of state help. "We don't need capital. Everything is fine with us," Sberbank head German Gref said, news agency Interfax reported.

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