

# Russia's Gazprombank Gets State Bailout to Cope With West's Sanctions

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Gazprombank, Russia's third-biggest bank, will receive almost 40 billion rubles (\$770 million) from one of the country's oil-revenue-funded sovereign wealth funds to help it weather Western sanctions that have cut it off from international capital markets, according to an order published on the government's website Tuesday.

The money from the National Welfare fund will be used to buy new-issue preferred shares in Gazprombank, boosting the bank's capital.

Russian state banks and energy majors have queued up for bailouts from the \$77 billion National Welfare Fund after sanctions on Moscow over the Ukraine crisis blocked their access to international capital, leaving them with huge debts to foreign banks that they can no longer roll over.

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The new support in effect extends a government bailout of Gazprombank issued during Russia's previous financial crisis in 2009. Then, the bank received 90 billion rubles in subordinated loans from Vnesheconombank (VEB), a government-controlled development bank, 50 billion rubles of which was later transferred into share capital.

Under the new scheme, Gazprombank will return the remaining 40 billion rubles of subordinated debt to VEB, only to re-receive the cash from the National Welfare Fund as balance-sheet-firming capital.

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