The Moscow Times
30 YEARS
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Russia's No. 2 Bank VTB Gets $5 Billion State Recapitalization

By The Moscow Times

July 30, 2015



The bank capitalization program was intended to help banks continue lending to limit an economic slowdown.

Russia's second-largest bank VTB said Thursday it had completed the placement of around 307 billion rubles ($5.15 billion) of preference shares with the state corporation Deposit Insurance Agency.

The share issue is to be included in VTB Bank's core Tier 1 capital following registration of the issue by the Central Bank, VTB said in a regulatory filing.

VTB was expected to receive the capital boost under a bank recapitalization program announced late last year, when panic gripped Russian financial markets in the wake of Western sanctions over the Ukraine crisis and a collapse in oil prices.

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an economic slowdown.

"The capital increase provides additional resources for VTB to catch up with the resumption of economic growth in Russia as well as to support import substitution programs and strategically important Russian industries and companies," VTB Chief Executive Andrei Kostin said in a statement.

In 2014, VTB converted into preference shares a 214 billion ruble subordinated loan from the government and received a separate 100 billion ruble capital boost.

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