

Russian Standard Bank's Import Venture Defaults on \$37M Bonds

By [The Moscow Times](#)

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Roust Trading Ltd., an import venture associated with the Russian Standard Bank and alcohol company, defaulted on its \$37 million bonds, the RBC news website reported Wednesday.

The default on the company's three-year bonds raises questions about the stability of one of Russia's largest banks and the country's leading consumer lender. The Russian Standard Bank, owned by vodka tycoon Roustam Tariko, returned a loss of 2.3 billion rubles (\$36 million) in the first quarter of 2016.

Four days before the May 31 deadline, Roust offered its investors a restructuring plan that would prolong securities until the end of November 2016, RBC reported. More than 90 percent of bondholders voted to extend, and they will receive a five percent commission.

The company told investors that it may need to restructure the debt, reduce or delay capital expenditures, sell assets or seek additional equity after the first quarter of this year.

Tariko's Roust has \$750 million of bonds to pay off by 2018. The Russian Standard bank acquired the bonds after absorbing the Central European Distribution Corporation (CEDC) in 2013.

In Roust's summary presentation at the end of the first quarter, it said that cash flow was "below optimal level" due to a number of "force majeure" circumstances affecting both the alcohol and banking sector.

They linked the problems to increased financing costs for Russian banks, increased vodka sales from Russian Standard competitor the Status Group, the banning of Russian vodka in Ukraine, and the falling purchasing power of Russian consumers. The ongoing crisis in Ukraine and the ruble's devaluation is putting considerable pressure on the bank to generate cash flow, RBC reported.

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