

VEB to Hold RusAl, EADS Stakes for Profit

By [The Moscow Times](#)

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Vneshekonombank will sit on its stakes in United Company RusAl and EADS until it makes money and plans to follow the Finance Ministry with a ruble eurobond issue, VEB head Vladimir Dmitriyev said in an interview Tuesday.

The government relied on VEB during the crisis to help Russia through its worst recession in 15 years by buying stocks and refinancing corporate debt to prevent the bankruptcy of big companies and consequent job losses.

Among the measures, VEB lent \$4.5 billion to RusAl. It later purchased 3 percent in the January initial public offering of the world's largest aluminum producer to protect its investment.

RusAl shares are trading some 21 percent below the IPO price in Hong Kong.

"We have no right to quit this investment [in RusAl] with a loss," Dmitriyev said, referring to the state development bank's charter.

"For a strategic investor, which we consider VEB to be in RusAl, this time is not sufficient to make quick conclusions," he added.

VEB's other assets include 5 percent in European aerospace group EADS — to which the same rules apply.

"Based on our principle of not making a loss, we will wait," Dmitriyev said, adding that the EADS stake is currently worth about 60 percent of its original price.

VEB — which placed \$1.6 billion in a debut dollar eurobond this summer, increasing the issue from an original \$1 billion because of heavy demand — is now planning to tap foreign investors with a ruble-denominated offering.

"The ruble eurobond market seems to me quite a promising prospect, and above all, a realistic one," Dmitriyev said.

"During our roadshow [for the summer issue], we came across foreign investors' interest ... in ruble eurobonds, and they are ready to invest long money for a good credit risk, a good rating."

But it will not enter the market until after the sovereign, he added. Russia aims to be ready for a sovereign ruble eurobond issue worth up to \$3 billion by the middle of November, but it has not yet decided on the timing, Finance Ministry officials have said.

"We have an agreement. ... We will not come out before the Finance Ministry," Dmitriyev said.

With the crisis now over, VEB is reverting to its role developing the economy, helping to modernize it and promote sectors outside of oil and gas, such as banking.

To this end, it aims to form a postal bank to rival Sberbank, currently the country's biggest lender, in terms of the number of branches.

It is still in discussions with the privately owned Russian Standard bank and Nomos-Bank and expects its future partner to come up with at least 6 billion rubles (\$196 million) worth of fresh capital.

"The total costs [of forming the postal bank] will be from \$2 billion to \$3 billion," Dmitriyev said.

VEB will likely share the financial commitment and overall share in the project with its partner on a pro-rata basis.

Other projects include stimulating investment in infrastructure, with VEB having created a \$1 billion Macquarie Renaissance Infrastructure Fund with the Australian bank, Renaissance Capital and other partners.

"This is already not just interest — it is concrete investment," Dmitriyev said, adding that the

fund would announce participation in two new projects in coming weeks.

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