

KBC to Sell Unit for \$395M

By [The Moscow Times](#)

December 24, 2012

The  **Moscow Times**

BRUSSELS — Belgian banking and insurance group KBC struck a deal to sell its Russian banking unit Absolut Bank, one of the final businesses it is divesting to meet conditions arranged with European regulators after it received state aid.

KBC said Monday that it was selling Absolut for 300 million euros (\$395 million) to a group of companies that manage the assets of Blagosostoyanie, the country's second-biggest nonstate pension fund owned by Russia's rail monopoly.

The Belgian group bought a 95 percent stake in Absolut in 2007 in a deal valuing the whole at 761 million euros, or 3.8 times book value, flagging its purchase as a high-growth business in a rapidly expanding market.

KBC said the divestment, which includes the repayment of 700 million euros of KBC funding in Absolut, would free up 300 million euros of capital for KBC, primarily by reducing 2 billion euros of risk-weighted assets. KBC's tier-1 capital ratio would improve by about 0.4 percentage points.

The deal, set to close in the second quarter, would have a positive impact of about 100 million euros on KBC's consolidated results, KBC added.

KBC already repaid 3.5 billion euros of aid to Belgium, and early next year it plans to give back 1.17 billion euros of the 3.5 billion euros it took from the region of Flanders.

Absolut Bank, among the top 45 Russian banks by assets and among the top 10 by the size of its mortgage portfolio, is one of the last and smaller divestments KBC plans.

It has also committed to selling KBC Bank Deutschland, Antwerp Diamond Bank, Serbian unit KBC Banka and its minority stake in Slovenia's Nova Ljubljanska Bank.

Related articles:

- [Report: KBC to Sell Absolut Bank](#)
- [Quantitative Easing May Sow Trouble](#)
- [NOMOS-Bank Scraps Plans to Buy Absolut Bank](#)

Original url: <https://www.themoscowtimes.com/2012/12/24/kbc-to-sell-unit-for-395m-a20410>