

VTB to Part With Control of Tele2 Russia

By [The Moscow Times](#)

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State-controlled bank VTB plans to cut its holding in the Russian unit of Tele2 below a controlling stake within the coming year, VTB chief financial officer Herbert Moos said on Wednesday.

Moos said the bank was in talks with Russian and foreign investors to cut the stake.

The Nordic telecom operator last month struck a \$3.5 billion deal to sell its Russian business to VTB and carried it out in a rapid sale process, with the deal closing within days after being announced.

Moos also said the bank was planning to meet with potential investors from around the world as it prepared to issue new shares of up to 100 billion rubles (\$3.16 billion) to support its growth.

He said the bank could not predict the timing of the long-expected issue, but that it would be held on Moscow's bourse via open subscription.

VTB needs to raise its capital buffer to meet tighter regulatory requirements and give it freedom to make more loans to Russian consumers and businesses.

It earlier reported its Tier 1 capital adequacy ratio was up to 10.3 percent by the end of last year from 9.0 percent in 2011. Moos said VTB aimed to keep this at no less than 10 percent in 2013, irrespective of whether the share sale goes ahead.

Also on Wednesday, VTB posted flat profits on the previous year and an improved capital position, beating analysts' estimates for a profits fall as its loan book grew.

Net profit for 2012 was 90.6 billion rubles (\$2.86 billion), flat on the previous year, VTB said.

Analysts polled by Reuters had expected the lender to post 85.9 billion rubles in 2012 net profit, down 5 percent year-on-year, due to trading losses earlier in 2012 and a low capital position.

In the fourth quarter, VTB's net profit stood at 30.4 billion rubles, also beating estimates.

VTB said its total gross loans grew by 10.8 percent in 2012 boosted by retail lending, which was up 35.9 percent. Corporate loans were up 5.3 percent last year, it said.

It set aside 59.4 billion rubles in provisions for possible bad loans in 2012, up from 31.6 billion rubles in 2011. Its non-performing loan ratio was flat at 5.4 percent in 2012.

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