

# Kostin Proposes Dividend Payouts in Shares

By [The Moscow Times](#)

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Russian banks should be able to pay at least part of dividends in the form of shares, the chief executive of the country's second biggest bank, state-controlled VTB, told a banking forum Wednesday.

"Given quite a difficult situation with banking capital, we are proposing to allow banks to pay at least part of dividends in the form of shares," Andrei Kostin said.

"It will help to resolve two issues in one go: to increase dividend payouts and to boost capitalization."

While banks elsewhere in Europe theoretically could carry out such moves with the consent of shareholders, it would be highly unusual.

Mikhail Sukhov, deputy chairman at Russia's Central Bank, said he supported the idea.

VTB in May raised 102.5 billion rubles (\$3.2 billion) via a new share issue, which diluted the state's stake to 60.9 percent from 75.5 percent, helping the bank to boost its Tier 1 capital adequacy ratio to 11.9 percent from 10.3 percent at Dec. 31.

The bank offered shares at 4.1 kopecks, or 0.6 times the bank's book value, down from the level of share offerings in 2007 and 2011, where the price was set at 13.6 kopecks and 9.15 kopecks respectively.

Kostin, who has overseen the three equity deals, did not specify which shares the bank might use for dividend payouts.

Last year, VTB bought back some of the shares held by minority shareholders at the 2007 IPO price, after then-prime minister Vladimir Putin ordered the bank to reimburse those who lost money from a fall in VTB's share price.

The bank spent 11.4 billion rubles buying back minority shareholders, some of whom were elderly people, ahead of 2012 presidential elections that Putin won.

VTB plans to pay out 15 billion rubles in 2012 dividends, or 16.5 percent of last year's net profit of 90.6 billion rubles.

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