

## Uralsib scores with \$313m loan, UkrSibbank signs club

EuroWeek

[www.EuroWeek.com](http://www.EuroWeek.com)

Issue: 1062 - 11 July 2008

**URALSIB BANK was the latest Russian financial institution to surprise and impress lenders this week after the borrower signed a \$313m facility in Dubai on Sunday (July 6).**

The deal was oversubscribed and was increased from \$150m. Emirates NBD, BayernLB, ING and Credit Suisse led the loan as bookrunners. National Bank of Oman was a mandated lead arranger.

Bankers welcomed the news as another indication that the loan market was still open for Russian bank borrowers, despite predictions earlier this year that many would find it very hard to return to market. It also served as further evidence that the Middle East continues to find favour with borrowers from eastern Europe, who are increasingly turning to the region to find support for their transactions and to diversify their investor bases.

But while the presence of Middle Eastern banks at the top level of the facility helped pull in local investors — 41% of participants hailed from Asia and the Gulf — officials close to the transaction said that the syndication strategy had been very broad.

"It wasn't so much a Middle Eastern deal, although working with banks in that region is part of a strategic move for us too," said Leonid Vakeyev, an executive director at Uralsib. "Thirty-two banks came into the deal, from 19 countries."

Aside from the Middle Eastern bid, 53% of participants were European and 6% were from the US. According to Vakeyev, banks from Croatia, Spain and Turkey were among the participants, and the loan drew in investors from Taiwan on the Asian side.

The deal partly refinances a \$290m loan arranged by Emirates Bank and ICICI that was signed in July last year. Proceeds will also go towards replacing a \$300m facility from 2006, which had an 18 month tenor and was repaid by the borrower in May this year. Uralsib has already repaid \$640m in outstanding loans since the beginning of the year, but has other facilities maturing later this year, including a \$137m deal from December 2007.

As for every other bank borrower from the region, however, the cost of returning to market has been steadily climbing since last year, although officials at Russian financial institutions argue that this is partly offset by falling Libor costs. In Uralsib's case, its \$313m facility paid a margin of 100bp over Libor, and pricing on the top ticket was 275bp. The borrower's \$404m deal from last year paid a margin of 75bp.

"There are constraints for borrowers at the moment, but that doesn't mean we can't do anything," said Vakeyev. "With the right structure, things can still be done."

Another facility for a CIS bank borrower to find success in the Middle East recently is the \$75m club deal for Ukraine's **UkrSibbank**, which was signed this week. Emirates NBD, First Gulf Bank, Mashreqbank, National Bank of Oman, SMBC and Union National Bank took part in the facility, which has a one year tenor and pays a margin of 100bp. UkrSibbank is majority owned by BNP Paribas.