

## VTB Bank Raises \$8 Billion in Biggest IPO This Year (Update1)

By Todd Prince

May 11 (Bloomberg) -- VTB Group, Russia's second-biggest bank, raised \$8 billion in the world's largest initial public offering this year, as investors seek to benefit from lending growth of more than 30 percent a year.

State-owned VTB, which owns about 10 percent of Russia's banking assets, sold 1.51 trillion new shares for 13.6 kopeks each, near the top of its range, the Moscow-based lender said in an e-mailed statement today. That values VTB at \$35.5 billion, more than France's Natixis and Germany's Commerzbank AG.

Russian companies and individuals are borrowing in record amounts to buy new equipment, cars and homes as a nine-year economic boom lifts incomes and earnings. The nation's lending industry will expand at an annual average rate of more than 30 percent through 2010, according to UBS AG and Deutsche Bank AG.

"People want exposure to the Russian macroeconomic story and banks are the best way to do it," said Kevin Dougherty, who helps manage \$200 million at Pharos Financial Group in Moscow and ordered VTB stock. "VTB shares offer a good way to diversify from Sberbank."

The IPO of VTB, formerly Vneshtorgbank, the Soviet Union's bank for international trade, is the second-largest ever in Russia, trailing last year's \$10.6 billion offering by state oil company OAO Rosneft.

### Stock Sales

Including VTB, Russian companies have raised \$16.7 billion in stock sales this year, on track to exceed last year's record \$18.9 billion, data compiled by Bloomberg show. This year's figure excludes so-called rights offers, including state savings bank OAO Sberbank's \$9 billion sale in February.

Last week, AFI Development Plc, Israeli billionaire Lev Leviev's Russian property unit, raised \$1.4 billion in the biggest IPO ever by a European real estate developer.

VTB's stock will begin so-called conditional trading at 9 a.m. in London today and will start official trading on the London Stock Exchange on May 17. It's the first foreign listing by a Russian bank. Sberbank's shares, which trade in Moscow, have risen 65 percent in the last six months, valuing the lender at about \$86 billion.

VTB sold depositary receipts for \$10.56 each, near the top of its range of \$8.77 to \$10.79. It had sought between 11.3 kopeks and 13.9 kopeks for its ruble-denominated shares.

Deutsche Bank AG, Goldman Sachs Group, Citigroup Inc. and Renaissance Capital managed the sale.