

# Siguler Guff buys minority stake in Russian banking group



Russia has experienced a sharp drop in private equity investment this year after being hit hard by the downturn, with investment reportedly dropping from \$1.5bn in 2008 to \$148m in 2009.

The deal follows MDM raising a \$250m syndicated loan last week, above initial targets of \$175m, with bookrunners included Standard Chartered Bank, Calyon, ING, RZB, and VTBD.

In August, the bank merged with Siberia-based Ursa Bank, to form one of Russia's biggest banks, the merged group retaining the MDM Bank name. Existing shareholders in the group include Olivant, the International Finance Corporation and the European bank for Reconstruction and Development.

Senior Siguler Guff executives have made calls in the past for Russia to make more concerted efforts to attract private equity investment by cutting red tape. Speaking at a Moscow Summit between US president Barack Obama and Russian premier Dmitry Medvedev in July, managing director Drew Guff said, "We'd like to see laws changed, we'd like to see the environment changed [in a way] that would further promote private equity investment. What is good for small and medium business is good for us," according to Reuters.

In March, African banking group Standard Bank took a 33 per cent stake in Russian bank Troika Dialog. Standard Bank paid \$200m in cash for the share and contributed its Russian commercial banking division, ZAO Standard Bank.

Earlier this week, BNY Mellon Asset Management acquired a 20 per cent minority interest in Siguler Guff, which has approximately \$8bn under management.

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