

## Standard Bank Takes One-Third Stake In Troika

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By Catarina Stewart

South Africa's Standard Bank will buy a 33 percent stake in Troika Dialog, Russia's second-largest investment bank, in the first acquisition deal by a foreign lender in Russia's troubled banking sector since the onset of the economic crisis.

Troika said in a statement that Standard will pay \$200 million in cash, initially as a convertible loan, and hand over its Russian business in return for a 33 percent stake in Troika. The agreement is subject to regulatory approval.

Such corporate deals have been rare in Russia since the country entered a deep economic crisis last September in the wake of its short war with Georgia and plunging oil prices. Credit dried up and investors withdrew tens of billions of dollars from the country. Its stock markets have fallen about 70 percent since May and the ruble has lost a third of its value against the dollar since the summer. The country is expected to enter an official recession - two consecutive quarters of negative growth - this year.

The deal will give Troika an avenue into corporate banking, positioning it to take advantage of the expected wave of consolidations in Russia's banking sector. Investment banks have been hard hit in Russia on the back of a drop-off in IPOs and merger and acquisitions.

Troika, which will have an asset base of \$850 million after the deal's completion, said it hoped "to explore new business areas and geographies."

Rival Renaissance Capital has aggressively targeted new business in Africa, expanding its business there over the past two years.

Last fall, metals magnate Mikhail Prokhorov swooped in to take a 50 percent stake in Renaissance Capital, Troika's biggest domestic rival, for \$500 million, a fraction of the price sought before the crisis.

Standard is Africa's largest bank by assets. The Industrial and Commercial Bank of China became its biggest shareholder last year after it acquired a 20 percent stake.

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