

Sberbank 'Agrees' to Pay \$850M for VBI

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VIENNA — Sberbank has agreed to buy VBI, the Eastern European arm of Austrian lender Oesterreichische Volksbanken, for 585 million euros (\$850.3 million), sources close to the transaction said Monday.

The price is at the low end of a range that was drawn up in a preliminary accord struck in July.

"The binding agreement was signed. Now it must be approved by VBI's shareholders," one source close to the deal said.

Volksbanken has a 51 percent stake in VBI, while France's Banque Populaire Caisse d'Epargne and Germany's DZ Bank/WGZ Bank each own 24.5 percent.

Sberbank and Volksbanken declined to comment.

Sberbank's acquisition of VBI aims to secure a platform for Russia's largest bank to expand into Europe.

It would help Volksbanken — which failed a European bank stress test in July — to shore up

its balance sheet as it seeks to repay state aid it got from the Austrian government during the financial crisis.

The Vienna-based lender said last week that it was unlikely to pay a 2011 dividend, raising prospects that it could be the third Austrian bank to be nationalized.

The VBI deal would be Sberbank's second purchase this year after its \$1 billion takeover of Troika Dialog.

The purchase will open the door to Sberbank's expansion outside the former Soviet Union as it prepares to earn about 5 percent of net profit from international operations by 2014.

Sberbank, whose assets of more than \$310 billion account for a third of the Russian banking system, also operates in Kazakhstan, Belarus and Ukraine. It has said it is also interested in entering Turkey and Poland.

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