

Russia to Tap 'Rainy Day Fund' to Buy Central Bank's Stake in Sberbank

By [Reuters](#)

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Sergei Fadeichev / TASS

Russia will tap its National Wealth Fund (NWF) to buy the central bank's stake in Sberbank, ending years of debate about potential conflicts of interest arising from the central bank controlling the country's top lender.

The sale at market price, discussed at Russia's top-level since late last year, will also help fund social pledges made by President Vladimir Putin last month when he proposed overhauling Russia's political system.

The finance ministry has sat on the National Wealth Fund, a cushion accumulating oil revenues, for years, waiting for it to reach a certain threshold. However, now that it has reached \$125.6 billion, close to 7% of gross domestic product, spending is due to start this year.

“The decision to sell the stake will remove an issue of potential conflicts of interest,” Finance Minister Anton Siluanov said in a statement on Tuesday.

The ministry would buy the central bank’s 50%-plus-one-share stake in Sberbank for a “market price”, it said on Tuesday, without specifying the price and schedule. The central bank has held a stake since 1991.

Two sources close to the deal told Reuters that Sberbank’s stake is estimated to cost around 2.45 trillion roubles (\$39 billion), below the market value of 2.8 trillion roubles based on Refinitiv Eikon data on Tuesday.

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Siluanov said the Sberbank deal will be financed from NWF funds exceeding the 7%-to-GDP threshold, and the move would not prevent plans to invest NWF money in infrastructure projects.

Putin’s fresh social spending comes atop of the 25.7 trillion roubles that he ordered in 2018 to be spent on 13 policy areas, known as “National Projects”, that included demography. The NWF is a key part of that process, too.

Putin’s Pledges

The central bank plans to keep around 700 billion roubles from the deal, it told Reuters on Tuesday, which the sources said would be used to partially cover for losses from three private banking group bailouts in 2017.

The rest, or 1.25 trillion roubles, is to be returned back to the state budget, in line with the existing law, the sources said.

Calling the need to boost Russia’s birth rate ‘our historic duty’, in January Putin outlined a number of support measures, estimated to cost 4 trillion roubles over four years.

The use of budget funds is less strict than for NWF funds, so by taking half of Sberbank’s sale proceeds back, the finance ministry plans to use 900 billion roubles to fulfill Putin’s fresh pledges in 2021-2023, the sources said.

The deal is planned in several steps starting in April and to be finished in mid-2021, another source involved in the talks told Reuters earlier on Tuesday.

The central bank plans to make an offer to buy out the minority shareholders in Sberbank, part of the deal ending its nearly three decades as the bank’s shareholder, it said. Sberbank’s shares were 2% up after the announcement.

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