

Russian Government Completes \$28B Sberbank Swap

The Central Bank has sold its controlling stake in the country's largest lender to the Finance Ministry.

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Sberbank is Russia's largest bank. **Sergei Fadeichev / TASS**

The Russian government has completed the purchase of a majority stake in Sberbank from the country's Central Bank in a 2.1 trillion ruble (\$28.5 billion) deal.

The government tapped into its sovereign wealth fund to finance the unorthodox purchase, which was first rumored to be on the cards at the end of last year, with the final price coming in under original estimates of around 2.5 trillion rubles. The economic turmoil from the coronavirus pandemic significantly altered the original plans for the swap, which was planned to be completed in tranches over an 18-month period.

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Instead, under the new deal, the Central Bank sold its 50% plus one stake in Sberbank, Russia's largest financial institution, in one move at a price of 189.44 rubles per share. The price was taken as an average of Sberbank's closing share price over the last month of volatile trading. The Central Bank has already transferred 50% of the shares, a [statement](#) from the regulator and Russia's Finance Ministry said Friday, with the final single share to be transferred within the next month due to legal technicalities.

The purchase does not change Sberbank's role as a state-owned bank, but was designed to remove the regulatory conflict of interest which could arise from the country's banking regulator owning the country's largest bank. Russia's banking sector is heavily concentrated, with around three-quarters of the market controlled by the government following a huge clean-up mission after the 2014-16 economic crisis. Sberbank itself plays a huge role in the country's financial system, accountable for more than half of Russia's mortgages, and almost half of all customer deposits.

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