Sberbank (SBER)

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Sberbank and Emirates NBD sign definitive agreement for the sale and purchase of 99.85% of shares in Denizbank A.S.

May 22, 2018, Moscow, Dubai, Istanbul - Emirates NBD Bank PJSC (***Emirates NBD***) and Sberbank of Russia (***Sberbank***) announce that they have entered into a definitive agreement whereby Sberbank will sell its entire 99.85% stake in Denizbank A.S. (***Denizbank***) to Emirates NBD. Upon closing of the transaction, Sberbank will cease to be a shareholder in Denizbank.

In accordance with the signed agreement, the consideration for 99.85% equals TRY 14,609 mn under a locked box mechanism, based on consolidated equity capital of Denizbank as of October 31, 2017. In addition, Emirates NBD will pay interest on the consideration for the period between October 31, 2017 and the transaction closing date. All profits from the locked box date till closing date will be to Emirates NBD's account. As part of the transaction, and on closing, Emirates NBD will assume ownership of Denizbank's subordinated debt previously provided by Sberbank.

The closing of the transaction is subject to regulatory approval in Turkey, Russia, the United Arab Emirates (UAE) and other relevant jurisdictions where Denizbank operates. The transaction is expected to close in 2018.

Denizbank, headquartered in Turkey, is the fifth largest private bank in the country, with assets of TRY169.4bn, loans to customers amounting to TRY119.2bn, deposits amounting to TRY115.7bn as on March 31, 2018. The bank operates through a network of 751 branches, with 708 branches in Turkey and 43 in other territories (Austria, Germany, Bahrain, Moscow and Cyprus), servicing ~11.8 million customers, through ~14.1k employees and ~5.9k ATMs.

Sberbank Quote

"Denizbank is one of the most attractive assets in the Turkish banking sector. We highly value the management team and the results achieved during our ownership of Denizbank since 2012.
The decision to sell Denizbank is prompted by a change in Sberbank Group's international strategy and will allow us to focus further on development of ecosystem of Sberbank." — Mr. Gref, CEO of Sberbank commented.

At the transaction completion Sberbank expects positive effect on capital adequacy ratios under both Russian Accounting Standards and IFRS. The actual financial effects of the transaction for Sberbank are dependent on dynamics of currency exchange rates, as well as on timing between the transaction signing and closing. Denizbank equity capital at a locked box date - October 31, 2017 - amounts to TRY12.5bn.

ENBD quote
"Through this transaction, Emirates NBD will establish itself as a leading bank in the MENAT region and achieve meaningful diversification of its operations, both in new countries and in a broad range of business segments", Mr. Hesham Abdulla Al Qassim, Vice Chairman and Managing Director, Emirates NBD commented. He further stated that Emirates NBD supports Denizbank's proven strategy to achieve sustained and profitable growth in its established markets and operating segments, by adequately leveraging its strong and experienced local management and market leading digital capabilities.

Mr. Shayne Nelson, Group CEO, Emirates NBD said "The transaction represents a significant milestone for Emirates NBD and is expected to be accretive to shareholders in the first year. Denizbank is a well-managed and prominent organization in the Turkish banking market, which with the current deal structure, comes at a reasonable price on acquisition for Emirates NBD."

Denizbank equity capital amounts to TRY13.7bn as of March 31, 2018. Emirates NBD will increase its international presence to 13 markets and international assets will exceed 30% of the consolidated post acquisition balance sheet.

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Emirates NBD is a leading banking Group in the region. As at March 31, 2018, total assets of the Group were AED 475.6 billion (equivalent to USD 129.5 billion). The Group has a significant retail banking franchise in the UAE and is a key participant in the global digital banking industry, with over 90 per cent of all financial transactions and requests conducted outside of its branches. The bank was declared the Most Innovative Financial Services Organization of the Year at the 2017 BAI Global Innovation Awards.

The bank currently has 228 branches and 1057 ATMs and SDMs in the UAE and overseas and a large social media following, being the only bank in the Middle East ranked among the top 20 in the 'Power 100 Social Media Rankings', compiled by The Financial Brand. It is a major player in the UAE corporate and retail banking arena and has strong Islamic Banking, Global Markets & Treasury, Investment Banking, Private Banking, Asset Management and Brokerage operations.

The Group has operations in the UAE, Egypt, the Kingdom of Saudi Arabia, India, Singapore, the United Kingdom and representative offices in China and Indonesia.

The Group is an active participant and supporter of the UAE's main development and community initiatives, in close alignment with the UAE government's strategies, including financial literacy and advocacy for inclusion of People of Determination under its #Together Limitless platform. Emirates NBD Group is an official Premier Partner of EXPO 2020 Dubai.

For more information, please visit: www.emiratesnbd.com

Sberbank is Russia's largest bank and a leading global financial institution. Sberbank holds almost one third of aggregate Russian banking sector assets, it is the key lender to the national economy and the biggest deposit taker in Russia. The Central Bank of the Russian Federation is the founder and principal shareholder of Sberbank owning 50% of the Bank's authorized capital plus one voting share, with the remaining 50% held by domestic and international investors. Sberbank has more than 133 million individual and over 2 million corporate clients in Russia. Sberbank offers its services through the largest banking distribution network of over 14,000 branches and has over 56.8 million of active individual users through remote channels.

Sberbank's international footprint is spread through CIS region (Kazakhstan, Ukraine, Belarus), Turkey, Switzerland, Central and Eastern Europe and other countries.

The Bank holds the general banking license No.1481 issued by the Bank of Russia. Official websites of the Bank: www.sberbank.com (Sberbank Group website), www.sberbank.ru.

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