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State May Give Up Sberbank Control by Selling Its Shares

By The Moscow Times

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The government may cede its controlling stake in Sberbank by selling stock, First Deputy Prime Minister Igor Shuvalov said Tuesday.

"No scenarios should be ruled out for Sberbank," Shuvalov said after meeting with foreign investors on issues including privatization. "Our strategy is to increase the stability and reliability of Sberbank."

Prime Minister Vladimir Putin's government plans to raise $50 billion selling assets over the next five years to help fund a budget gap that it expects to reach 5.3 percent of gross domestic product this year. The government, which controls 60.3 percent of Sberbank, initially planned to sell no more than 9 percent of the lender to retain majority control.

Shuvalov, Putin's point man for foreign investment, said the government plans to get "a minimum" of $3 billion for 10 percent of VTB Group, Sberbank's smaller competitor. The

government will hire a “major” foreign bank to be the agent for the VTB sale, which may be concluded by the end of the year, Shuvalov said.

This will be the “new mechanism” for privatization, hiring agents and consultants, Shuvalov said.

Goldman Sachs and Morgan Stanley are among the foreign banks that may win contracts to advise Russia on asset sales, Shuvalov said, without identifying any others. JPMorgan, Merrill Lynch, UBS and Troika Dialog are also vying for government contracts, the Economic Development Ministry said in April.

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