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MSCI Keeps Sberbank and VTB in MSCI Russia Index

By The Moscow Times

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Sanctions-hit Sberbank and VTB, Russia's largest lenders, will be kept in the MSCI Russia Index, index compiler MSCI said late Friday.

MSCI said the decision was made following consultation with the investment community regarding the treatment of Sberbank and VTB in the context of the U.S. and European economic sanctions imposed against Russia over its policy in Ukraine.

Brussels has banned all EU nationals and companies from buying or selling new bonds, equity or other financial instruments with a maturity of more than 90 days issued by Sberbank, VTB and three other major state-owned Russian banks or those acting on their behalf.

The possible exclusion of Sberbank's shares from the index has added to nervousness in the Russian stock market.

MSCI indexes are used by many investment funds to determine their weightings, so exclusion from the Russia index could have significantly reduced demand for the banks' shares.

MSCI said it decided to maintain both banks in the index "until further notice, as the issues potentially resulting from the commingling of existing and new equity are not perceived as an immediate concern by most consulted market participants."

Both Sberbank and VTB have officially announced that they do not intend to issue new shares in the near future, MSCI said.

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