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IIB's Retail Lender Also Loses License

By The Moscow Times

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The Central Bank said Thursday that it revoked the license of the retail lending unit of lawmaker Sergei Pugachyov's International Industrial Bank, or Mezhprombank, after it ran out of funds.

"Over a lengthy period of time, Mezhprombank Plus provided loans to the bank's sole holder and affiliates, which has left it entirely without capital," the Central Bank said in an e-mailed statement, referring to the International Industrial Bank retail unit, also known as M Plus.

The retail unit, which participates in Russia's deposit insurance system, had about 2 billion rubles ($65 million) in deposits, RIA-Novosti reported. The Deposit Insurance Agency

will guarantee as much as 700,000 rubles each per customer, according to a statement posted on the bank's web site.

The regulator's decision comes two weeks after M Plus' parent, International Industrial Bank, lost its license. The bank failed to repay 200 million euros ($280 million) of bonds in July and

sent a default notice on $200 million of bonds maturing in 2013.

The Central Bank had given International Industrial Bank time to satisfy creditors' claims and plans to recover 32 billion rubles of loans extended to the bank within the next few months, Central Bank First Deputy Chairman Alexei Ulyukayev said Oct. 5. He said at the time that the regulator saw no reason to revoke M Plus' license.

The government should ensure that International Industrial Bank creditors get paid, Central Bank Chairman Sergei Ignatyev said earlier this week.

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