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Deposit Insurance Pays Out for AMT

By Roland Oliphant

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While Bank of Moscow got a bailout for problematic loans, AMT got its license revoked for reporting irregularities. **Andrei Makhonin**

The Deposit Insurance Agency is facing its largest-ever payout after the Central Bank pulled the operating license of the country's 83rd largest bank Thursday.

The Central Bank withdrew AMT Bank's operating license over "substantial reporting irregularities," it said in a statement posted on its web site Thursday morning.

"AMT Bank placed funds in low-quality assets without adequate provisioning against possible losses," the regulator said.

The Central Bank added that AMT had not complied with repeated instructions from it on the accurate assessment of the bank's assets and creation of reserves, "which significantly affected the volume of bank equity."

AMT, which holds an estimated 15 billion rubles ($536 million) in retail deposits, was put

into temporary administration until it goes into receivership or a liquidation administrator is appointed.

The Deposit Insurance Agency said that each AMT depositor would be covered for up to 700,000 rubles.

The agency is likely to pay out 12 billion rubles to AMT depositors — the largest payout in its history. The remaining 3 billion is to be raised from the liquidation process, Gazeta.ru reported.

The license withdrawal is in sharp contrast to the Central Bank's handling of Bank of Moscow, which received a record $14 billion in state-backed loans after the discovery earlier this month that almost a third of its assets were "problematic."

But analysts dismissed suggestions that the Central Bank could be trying to make up for its leniency in the earlier case or that it could herald a crackdown on other privately owned midsized banks.

"From the perspective that Bank of Moscow was a state-connected entity, it is like comparing apples and oranges," said Jason Hurwitz, banking analyst at Alfa Bank's research department.

"Given the history of the shareholders of AMT Bank, this doesn't look like a wider crackdown — and a wider crackdown would take longer to start bearing fruit," he added.

The bank is closely connected to disgraced Kazakh businessman Mukhtar Ablyazov, who was granted asylum in Britain earlier this month. Ablyazov owns 18.8 percent of the company, while Kazakhstan's BTA Bank, which he headed until 2009, holds another 22.3 percent, Reuters reported.

Ablyazov has been living in exile in London since the Kazakh government nationalized BTA in 2009. He maintains that the takeover was illegal and motivated by his support for opposition groups in the country.

BTA accuses him of embezzling at least $2 billion from the bank and has asked British authorities to arrest him.

In December he lost a legal fight to stop his assets from being subject to a receivership order, with a British judge saying he could not be trusted to not dissipate the disputed assets.

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