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80% of Foreigners' Deposits Flee Gazprombank in March

By The Moscow Times

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Of the 28 billion rubles that left Gazprombank, 16.5 billion was removed from accounts denominated in foreign currency held by non-residents.

Foreign depositors removed 80 percent of the cash they had stored in state-owned Gazprombank during March, the bank's balance sheet on April 1 showed.

Over last month, during which Russia incited economic and political sanctions from the West by annexing Crimea from Ukraine, the value of short-term deposits held at Russia's third-largest bank fell by 7.6 percent to 347.6 billion rubles ($10 billion), Vedomosti reported Monday.

Of the 28 billion rubles that left Gazprombank, 16.5 billion was removed from accounts denominated in foreign currency held by nonresidents. Most of this money was deposited in the bank in December for periods between six months and three years, meaning that the cash was withdrawn early.

A representative of Gazprombank declined to comment on the outflow.

Nonresidents turn out to be sensitive clients, reacting quickly to events in Crimea and to sanctions, said head of analysis at Corporate Finance Bank Maxim Osadchy. The money was likely withdrawn by a small number of wealthy clients, he said.

For a bank as large as Gazprombank the outflow may be insignificant: "For Gazprombank the loss of such an amount is only a rounding error," said Fitch analyst Alexander Danilov. Compared with the bank's total deposits, the outflow amounts to less than 1 percent, and 265 billion rubles were deposited in the bank by companies in January and February, he said.

Gazprombank is not directly owned by any individuals on the sanctions lists of either the U.S. or the European Union, but some sanctioned individuals are indirectly affiliated with the bank.

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