

# Ukraine Shuts 2 Banks Linked to Viktor Yanukovich Cronies

By [The Moscow Times](#)

June 12, 2014



The National Bank of Ukraine is conducting stress tests on a number of Ukrainian banks.

Ukraine is shutting down two banks owned by tycoons close to its ousted president and a smaller lender which has also been hit by the country's economic and political upheaval, a senior banking official said.

Brokbusinessbank, Ukraine's 16th biggest by assets, and Forum Bank, the 24th largest, are the most prominent business casualties of a recession aggravated by a separatist rebellion in east Ukraine and Russia's annexation of Crimea.

Announcing on Wednesday the central bank's decision to close the three banks at a banking "roundtable" in Kiev, Andriy Olenchyk, Deputy Managing Director of the state Deposit Guarantee Fund, said other banks could also soon follow them out of business.

"The National Bank is stress-testing the banking system and by the end of the year a decision

could be taken (on closing) a sizeable group of banks," he said.

"Brokbusinessbank is liquidated as of today. The liquidation of Mercury Bank will start tomorrow, not today. The decision has already been taken ... and unfortunately Forum Bank also faces liquidation."

The banks' closure underlines the difficulties facing the business community in Ukraine as the economy's slide continues and violence seethes in the east, where armed separatists are calling for some regions to be annexed by Russia.

The economy declined by 1.1 percent in the first quarter compared with a year earlier and the government says it could fall by three to five percent after zero growth in 2013.

The problems persist despite a \$17 billion bailout from the International Monetary Fund, partly needed to help Ukraine meet large debt payments.

Work has stopped at many factories, mills and coal mines in eastern regions which have been hit by violence and contribute about 16 percent to Ukraine's economy. A Reuters poll forecast an up to six percent fall in industrial production this year.

### **Banks Feel the Strain**

Olenchyk said the total deposits being guaranteed by the state at the three banks being closed exceeded 6.5 billion hryvnia (\$559 million).

Central bank figures showed Brokbusinessbank had assets worth 28.91 billion hryvnia at the start of 2014 but was put into administration by the central Bank in march.

It was part of a group owned by Sergei Kurchenko, a young billionaire who was close to Moscow-leaning President Viktor Yanukovich, who was overthrown in February after street protests and fled to Russia.

Forum Bank had assets worth 10.4 billion hryvnia at the start of this year, according to the central bank, but went into administration in March. It was controlled by Vadim Novinsky, a business partner of Ukraine's richest man, Rinat Akhmetov.

The third, Mercury Bank, was Ukraine's 82nd biggest with assets of 1.97 billion hryvnia at the start of the year.

Central bank governor Stepan Kubiv announced plans last month to stress-test commercial lenders after the hryvnia's fall — it has lost about a fifth of its value against the U.S. dollar this year — and a speeding up of withdrawals.

Ukraine's economy had been in trouble long before the crisis with Russia erupted but declined more as tension rose after Yanukovich's departure and the annexation of Crimea in March.

**See also:**

[World Bank Cuts Growth Outlook Citing Ukraine Crisis](#)

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