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Bank to Get $500 Million Bailout as Russia's Banking Crisis Spreads – Report

By The Moscow Times

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A chain is seen wrapped around a road sign for parking, with the coat of arms of the Central Bank seen on it, near the headquarters of the bank in central Moscow.

The Central Bank is set to announce a bailout of up to 35 billion rubles ($530 million) for mid-sized Russian lender Tavrichesky Bank, business daily Vedomosti reported Wednesday.

Problems with the St. Petersburg-based bank first emerged in December when customers suddenly found they were unable to withdraw funds.

If the bailout goes ahead, it would be one of the largest injections of cash into the troubled banking system in recent months as the Russian authorities struggle to contain a growing banking crisis, sparked by high interest rates and a deepening economic recession.

In December, the Central Bank set a new record for the largest bailout in Russian history when it assigned 127 billion rubles ($1.9 billion) to rescue Trust Bank, now Russia's 22nd largest

bank by assets, according to financial website banki.ru. Russia spent a total of 262 billion rubles ($4 billion) on bank bailouts in 2014.

Discussions have been ongoing between the Central Bank, state-controlled lenders and the St. Petersburg government on how to deal with Tavrichesky Bank, media reports said.

But a bailout of the lender is now the most likely outcome, Vedomosti reported Wednesday, citing an unnamed central banker, St. Petersburg officials and a source working with the struggling institution.

Tavrichesky Bank is the 110th largest bank in Russia by asset volume, according to banki.ru. Material on the Central Bank website shows that it is owned by a complex web of minority shareholders, including dozens of individuals and Norwegian bank SpareBank 1 Nord-Norge.

Over 40,000 people receive their salaries via Tavrichesky bank cards and the lender had recently launched a campaign to expand its retail lending program, according to the bank's website.

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