

Russia's Central Bank Rides to the Rescue of Sanctioned SMP Bank

By [The Moscow Times](#)

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Russia's Central Bank threw sanctions-hit bank SMP a lifeline Wednesday, saying it would receive loans to help save three smaller banks from bankruptcy, a move analysts said may also boost SMP's number of branches.

SMP is co-owned by Arkady Rotenberg, a former judo sparring partner of President Vladimir Putin, and his brother Boris, and was put under sanctions in April by the U.S. to punish Russia for annexing Ukraine's Crimea region.

The brothers were put under sanctions in an earlier wave, which Washington said targeted Putin's "cronies."

SMP said the sanctions have hurt the bank's operations, but were not causing direct losses. But the measures may have persuaded some clients to leave, analysts said.

The Central Bank said in a statement it had decided to bail out retail bank Mosoblbank, the country's 83rd largest bank by assets, and two affiliated lenders, handing their rehabilitation to SMP to protect the rising number of obligations to clients.

The Deposit Insurance Agency would give the bigger lender a loan worth 96.8 billion rubles (\$2.8 billion) over 10 years to help the banks' recovery, it added.

Mosoblbank had been operating under Central Bank restrictions since May 2011.

It is the second-largest bailout since the 2011 rescue of Bank of Moscow, local media said, when VTB took over the bank only to find that almost half of its loan book was doubtful, forcing a record \$14 billion state bailout.

Kommersant reported earlier that, by putting SMP in charge of the three banks, the sanctions-hit lender would gain control over a large number of branches, which could help boost its funds.

With about 100 branches and assets of 208 billion rubles (\$5.8 billion), SMP stands 35th among Russian banks by assets on a ranking by Interfax. But with assets growing 52 percent from a year earlier, it is one of the fastest-growing.

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