

Central Bank: Drought Won't Push Up Bad Loans

By [The Moscow Times](#)

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Russia's drought will not dramatically increase overdue bank loans, since agricultural loans account for about 5 percent of total loans, Mikhail Sukhov, a Central Bank board member, said Thursday.

Profit for the banking sector this year should be at about the 2008 level, Sukhov said.

The "increasing importance of debt instruments" versus direct bank lending should make banks consider cutting their rates on corporate loans, he said.

Russian banks increased lending to companies and individuals last month, and overdue loans slid from a June 1 peak, he said.

Corporate lending increased 0.3 percent in July, while retail lending climbed 1.6 percent, he said.

Bad loans have subsided from the June 1 peak, he said. Overdue corporate loans were at 6.2 percent on Aug. 1, and overdue retail loans were 7.5 percent, he said.

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