

Central Bank Foresees More Foreign Banks Leaving

By [The Moscow Times](#)

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Some foreign banks may be preparing to exit Russia because of low profitability, but Asian banks are actively looking at the market, a senior Central Bank official said.

Deputy Chairman Mikhail Sukhov said Thursday that of the 48 banks that reported losses last year, 13 were foreign-owned.

"Probably they are waiting," he said at a briefing. "Not all of them have plans for a sale, but negative financial results are an additional factor for banks controlled by foreign capital."

In recent years, several foreign banks have exited Russia or scaled back their presence in response to tough competition from large state-backed banks, led by Sberbank and VTB, as they struggle in their home markets.

Britain's Barclays and HSBC and Spain's Santander divested their Russian retail operations,

while Belgium's KBC agreed to sell its Russian subsidiary to local buyers.

Sukhov said it was understandable that some foreign banks were scaling back plans to expand in emerging markets such as Russia because of tighter regulations at home that were forcing a more conservative attitude to risk.

However, he said the 13 loss-makers were a minority of the 100-plus foreign-owned banks in Russia.

He also said the field of foreign banks in Russia is becoming more geographically diverse, with Asian banks particularly poised to enter the Russian market.

Late last year, Japanese financial company Sawada Holdings acquired a 40 percent stake in Solid Bank to develop retail banking in the Far East.

"We will see several new entrants in the near future. This year there will be several banks not of European or American origin," said Sukhov, who is director of the credit licensing and financial rehabilitation department at the Central Bank.

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