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Russian Bank Profits Down 10% in 2014, Central Bank Says

By The Moscow Times

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Russian banks may earn 10 percent less profit in 2014 than last year, the Central Bank's First Deputy Chairman Alexei Simanovsky told a news conference on Monday.

External markets are largely closed for Russian banks and companies, some of which — including top banks Sberbank and VTB — are under Western sanctions over Moscow's role in the Ukraine crisis.

Banks' profits and margins are also under pressure because they have to serve increased domestic demand for loans, while their sources of capital and liquidity are limited.

A December 2013 report from the Central Bank placed last year's banking-sector profits at 1.05 trillion rubles, and Simanovsky said profits next year are expected to again reach around 1 trillion rubles ($22.26 billion). Moreover, banks will expand their loan portfolio by between 12 percent and 15 percent, he said.

Simanovsky also expects deposits at Russian banks to grow by some 10 percent in 2015 in comparison with this year's figure.

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