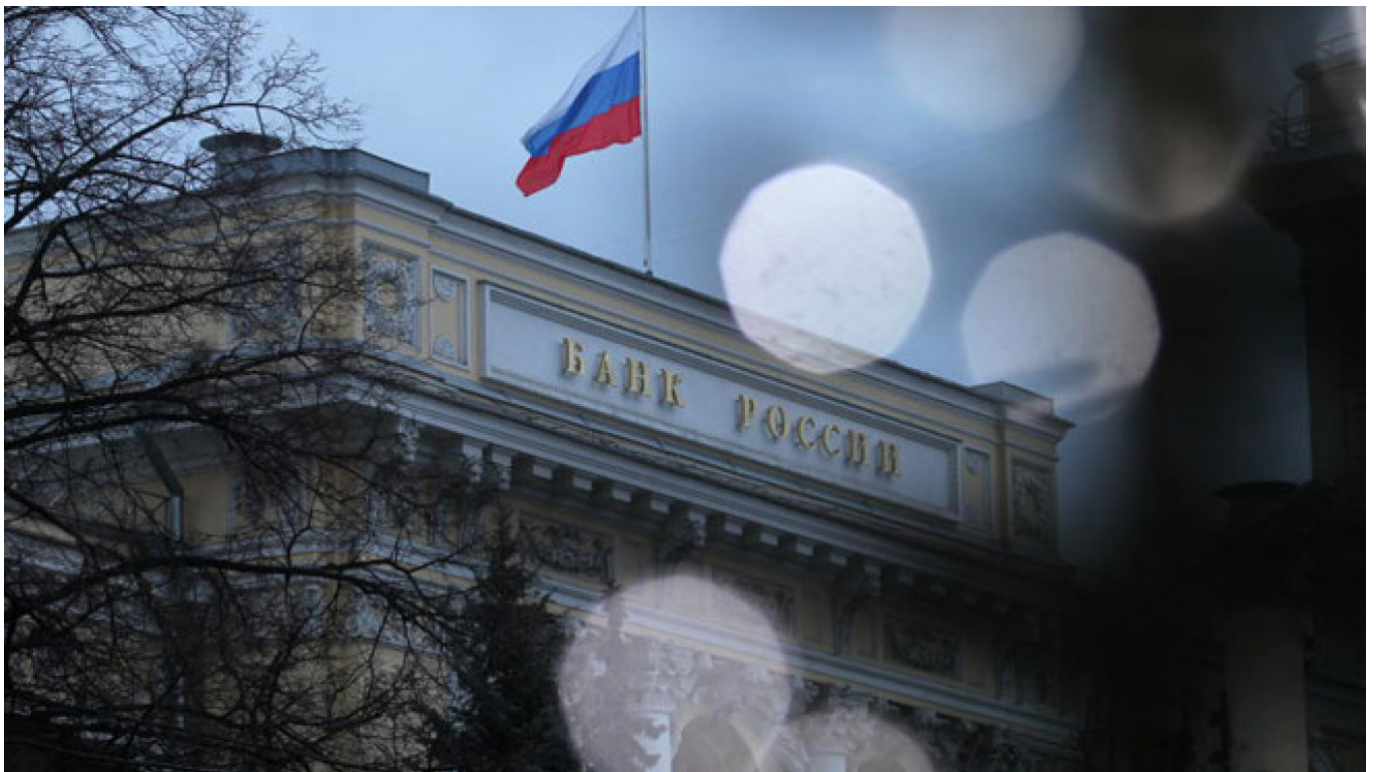


Russian Central Bank Ignores Downgrades as Economic Pressure Builds

By [The Moscow Times](#)

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Russia's economy is expected to contract by as much as 6.5 percent this year if oil averages its current price of \$50 a barrel.

In an attempt to ease pressure on the country's buckling financial system, the Central Bank announced Monday it would ignore recent downgrades of Russian banks and instead refer to ratings issued before Western sanctions against Moscow over its role in Ukraine's crisis.

The regulator will apply ratings active on March 1 last year — or two weeks before Russia's annexation of Ukraine's Crimean peninsula — to financial institutions and their securities, it said in a statement published on its website. For local and national sovereign debt, as well as other corporate entities, ratings active on Dec. 1 will be applied, the statement said.

The move is an extension of a package of crisis measures adopted in the wake of the rescue

of mid-sized lender Trust Bank last month, designed to ease pressure on banks' capital ratios.

The annexation of Crimea set off multiple rounds of Western sanctions, which in combination with faltering oil prices has led the big three international ratings agencies — Fitch, Moody's and Standard & Poor's — to downgrade Russian sovereign and corporate debt ratings in recent months.

Warnings of meltdown in the financial sector have grown over the past months as a currency crisis and slipping asset quality hit banks that have had their access to foreign capital limited by Western sanctions.

While the ratings of Russian sovereign debt and the country's biggest banks are still investment grade, analysts are braced for downgrades to "junk" status as economic growth forecasts worsen. Russia's economy is expected to contract by as much as 6.5 percent this year if oil averages its current price of \$50 a barrel.

S&P said on Friday it would make a decision on a downgrade by the end of the month.

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