

Russian Central Bank Expected to Make Loss in 2017 and 2018

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Reuters

Russia's Central Bank is expected to make a loss in 2017 and 2018, [the RBC news outlet reported Friday.](#)

According to an unreleased report seen by RBC journalists, profits at the bank this year are predicted to total less than a third of the bank's income in 2015.

The bank will see an income of just 31.5 billion rubles (\$500 million) in 2017, down from a predicted 70 billion rubles (\$1.1 billion) in 2016 and 112.6 billion rubles (\$1.8 billion) in 2015.

Russia's Central Bank is officially charged with controlling inflation and supervising the banking system, rather than producing any income for the state.

Yet 90 percent of any profit the bank does make — through interest on loans to commercial banks or by trading on the foreign exchange market — goes straight to the state budget.

The Finance Ministry have blamed the fall in income on an increasingly high levels of structural liquidity in the banking sector, RBC reported.

The trend has not only decreased the amounts which commercial banks are borrowing from the Central Bank, but it has also reduced demand for refinancing credit.

Commercial financial companies are also depositing an increasing amount of money with the Central Bank, forcing it to pay out more in interest, RBC reported.

The Central Bank last recorded a loss in 1998, when its income exceeded 27.8 billion rubles. The institution was able to once again turn a profit a year later, earning 1.185 billion rubles for the state.

The Central Bank and the Finance Ministry both refused to comment on the findings, RBC reported.

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