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Russian Banks Post Record $25Bln First Half Loss

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Sophia Sandurskaya / Moskva News Agency

Russia's banking sector lost 1.5 trillion rubles ($24.8 billion) in the first half of 2022, a top Central Bank official said Friday.

This is the first time the Central Bank has disclosed financial results since Moscow invaded Ukraine in February.

"The loss-making banks lost 1.9 trillion rubles and profit-making banks made 400 billion rubles," Dmitry Tulin, the Central Bank's first deputy chairman, told the RBC news website in an interview.

"Thus, algebraically, we get a total loss of 1.5 trillion rubles," Tulin said.

The Central Bank stopped publishing figures for the banking sector after the start of the war and banned lenders from publishing regular earnings reports as Western governments froze Russia's financial assets abroad and imposed sanctions on Russia's banks.

The loss for the Russian banking sector is the first in seven years, RBC reported.

Tulin said one-quarter of Russian banks posted losses in January through June, while three-quarters remained profitable.

Two-thirds of first-half losses in 2022, or 1 trillion rubles, related to foreign currency operations, according to Tulin.

“We can say that we’ve managed with few casualties so far,” he told RBC, noting Russian banks still had 7 trillion rubles ($116 billion) in reserves.

“A smaller part of this capital reserve has been used as a result of these losses. That’s not the most expensive price for overcoming the consequences of the powerful blow dealt to our banking system by sanctions,” Tulin said.

The banker forecast Russia’s banking sector to close out 2022 with losses of 1.5 trillion rubles or less.

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