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Russian Banks Slash Gold Reserves in 2024

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Donat Sorokin / TASS

Physical gold reserves in Russian banks at the end of 2024 sharply decreased to about 38 tons, or half as much as in autumn 2023, the RBC news website estimated Tuesday.

As of Jan. 1, 2025, the volume of gold held in commercial banks stood at its lowest level since July 2022.

According to the Russian Central Bank, precious metals account balances decreased by 23.6% in 2024 in monetary terms, while dropping by 46%, or more than 33 tons, in physical terms.

The last time such a sharp decline in gold reserves was seen in 2020 during the Covid-19 pandemic when the volume of gold held by Russian banks declined by 34.5 tons, RBC reported.

While the specific banks operating with physical gold have not been disclosed since 2022, the leading banks with such operations up until February 2022 were Sberbank, VTB, Gazprombank, Rosselkhozbank, Otkritiye Bank, Sovcombank and Promsvyazbank.

RBC noted that major banks deal in physical gold in the interests of clients like gold producers and refineries, accounting for it on their balance sheets before selling it to contractors of such companies, including abroad.

However, market participants surveyed by RBC suggest that banks' operations with gold producers have actually increased.

But under the all-time high interest rates set by the Central Bank and high gold prices, it is more profitable for both banks and their clients to turn the metal over as fast as possible and not keep it on the banks' balances, which actually led to lower gold holdings at the end of the year.

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