The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

# Russia's MKB Flags Deepening Loan Losses as Bad Debt Surges Eightfold

December 08, 2025




**Sofia Sandurskaya / Moskva News Agency**

One of Russia's largest "systemically important" banks has disclosed severe financial strains as overdue loans mount across the corporate sector.

Credit Bank of Moscow (MKB), closely linked to state oil major Rosneft, reported an eightfold surge in overdue debt since the start of the year, the Kommersant business daily reported, citing the bank's financial records.

Clients failed to repay 585 billion rubles ($7.66 billion) in loans on time between January and September, pushing total non-performing loans to 668 billion rubles ($8.75 billion), or about 28% of the bank's loan book.

A source told Kommersant that the problems were uncovered during a Central Bank inspection that began in summer 2024.

MKB was the only major bank to post a net interest loss in the third quarter, with the loss

amounting to 157.6 billion rubles ($2.06 billion).

Founded by billionaire Roman Avdeev, MKB was drawn into Rosneft's orbit in 2017 after nearly collapsing alongside other lenders in the so-called "Moscow ring" — Otkritie FC Bank, Binbank and Promsvyazbank.

**Related article**: How Customer Discounts Ignited a Battle Between Russia's Banks and E-Commerce Giants

Rosneft effectively rescued MKB by injecting capital, placing long-term deposits maturing in 2066 and shifting into the bank hundreds of billions of rubles in reverse-repo deals used to finance its operations.

It remains unclear which borrowers defaulted in 2025, as the bank's disclosures do not specify.

The Central Bank noted in November that several mining and metals companies required debt restructuring amid falling demand and prices, while the oil and gas sector has been hit by sanctions and a sharp decline in crude prices.

According to Central Bank data, problem loans across the Russian banking sector reached 10.4 trillion rubles ($136.24 billion) by the end of the third quarter, or 1.9 trillion rubles ($24.89 billion) more than at the start of the year.

Analysts at rating agency Expert RA estimate that one in four companies with bank loans has fallen behind on payments, the highest share in six years.

Roughly 165,000 legal entities had overdue loans, up 41,000 since January and 100,000 more than before the war.

The government-linked Center for Macroeconomic Analysis and Forecasting (CMASF) has forecast that a systemic banking crisis could hit Russia by October 2026.

Declining output and profits in the real economy, combined with heavy interest burdens, could drive more corporate defaults, eroding banks' asset quality and capital buffers, the analysts warned.

A recession would also risk weakening employment and rattling retail depositors, potentially triggering a bank run if sparked by a sharp information shock, CMASF wrote.

The center identified a deterioration in asset quality and volatile funding as the key "drivers" of a potential system-wide crisis.

Original url:
https://www.themoscowtimes.com/2025/12/08/russias-mkb-flags-deepening-loan-losses-as-bad-debt-surges-eightfold-a91370