The first Eurozone Banks get hit by sanctions while Switzerland is waiting to see if the Federal Government follows in the EU's steps.

To some degree or another, Swiss banks will not be able to escape sanctions against Russia, whether they affect corporate loans, commodity trade financing or business with wealthy clients from Russia.

Switzerland's second-largest bank, Credit Suisse, has stopped financing of commodity trades out of Russia, for example.

No Comment

Swiss financial watchdog Finma told finews.asia it is in talks with banks about the risks posed
by sanctions on their Russian business. It is unclear to what extent subsidiary institutions operating in Switzerland such as Sberbank (Switzerland), Gazprombank (Switzerland) and VTB Capital, primarily in financing commodity deals, will be affected.

Sberbank, Gazprombank and the Association of Foreign Banks in Switzerland declined to comment to finews.asia on the current situation.

Sberbank Pressure

In the Eurozone, Russia's Sberbank subsidiaries are teetering on bankruptcy due to sanctions imposed by the EU, the U.S. and U.K.. According to the ECB's banking regulator, they are no longer able to service their debts or other liabilities, and the parent company is also prohibited from injecting funds.

According to the report, Vienna-based Sberbank Europe and its two euro-area subsidiaries, Sberbank in Croatia and Sberbank Banka in Slovenia, are affected.

Substantial Outflows

«Sberbank Europe and its subsidiaries experienced significant deposit outflows as a result of the impact of geopolitical tensions on their reputations,» the banking regulator said in a statement. «As a result, their liquidity position has deteriorated. Moreover, no measures are available where there is a realistic prospect that this position will be restored at the group level and at the level of individual subsidiaries in the banking union.»

The Austrian Financial Market Authority (FMA) also reacted, temporarily suspending nearly all business operations of Sberbank's European subsidiary. The Vienna-based bank is «not allowed to carry out any withdrawals, transfers or other transactions.» Depositors, however, are allowed to withdraw 100 euros per day to cover daily needs.

Bank Run?

«We are making every effort and fully support the authorities to use their powers to address this unprecedented situation in the best interest of customers,» Sberbank Europe CEO Sonja Sarkoezi wrote in a statement.

Several banks in the group have seen «a significant outflow of customer deposits within a very short period of time,» she said, resulting in daily cash withdrawals being restricted in some
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cases.

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