

To: Johann Strobl
Chief Executive Officer
Raiffeisen Bank International

Subject: Global civil society organisations call on Raiffeisen Bank International for a moral exit from Russia

Nijmegen, May 25, 2023

Dear Mr. Strobl,

We, the undersigned civil society organisations from all over the world call on the Board of Raiffeisen Bank International (Raiffeisen) to make an urgent and moral exit from Russia – one which disentangles the bank from the country without gifting the Russian state or its finance sector with billions in assets that may be used to wage and prolong its brutal war in Ukraine. It is high time Raiffeisen leaves Russia and ensures any profits, both from any sale of its assets and from its continued business in Russia after the invasion, are directed towards the reconstruction of Ukraine and supporting its people.

Russia's full-scale invasion of Ukraine has caused massive death and destruction. Russia is violating international humanitarian law by committing war crimes and crimes against humanity through attacks on civilians and infrastructure, resulting in many thousands of people being killed or injured, and millions more having been forced to flee their homes in search of safety. Russia's invasion of Ukraine has also created one of the largest humanitarian and refugee crises in modern times, destabilised the global economy, and undermined the rules-based order on which multinational business depends.

In addition, Russia has made it next to impossible for foreign businesses to operate in the country without becoming directly complicit in Russia's war efforts, for example through legislation obliging international companies to support war mobilisation efforts by conducting military registration of their employees. As grave human rights and international law violations are ongoing, and to avoid being complicit in war crimes, it is clear that the only responsible course of action for business is to leave Russia.

Yet, over a year since the beginning of the war, Raiffeisen continues to operate in Russia and remains systemically important for its economy. Raiffeisen accounts for roughly one quarter of euro transfers to Russia and handles up to 50% of all the money flows between Russia and the rest of the world.¹² In addition, the bank continues to be significantly exposed to Russia's oil and gas industry, which in turn supports the country's ability to finance its war efforts.³ Raiffeisen's record profits in 2022 were driven by its Russian division, which reportedly accounted for more than half of the bank's net profit.⁴ This resulted in an estimated €559 million paid in taxes to the Russian government.⁵

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<https://www.reuters.com/markets/europe/ecb-pressures-austrias-raiffeisen-bank-quit-russia-sources-2023-03-23/>

² <https://www.ft.com/content/1cea1f08-83ac-4471-9fa4-1cdfcc86fcb0>

³ <https://defuel-russias-war.org/stop-financing/>

⁴ <https://www.reuters.com/business/finance/austrias-rbi-earns-growing-share-profit-russia-2023-02-01/>

⁵ <https://sanctions.nazk.gov.ua/en/boycott/21/>

Over the past few months, calls for Raiffeisen to leave Russia have intensified, and scrutiny from regulators has increased. In January 2023, the US Treasury Department's Office of Foreign Assets Control (OFAC) launched an inquiry concerning potential breaches of Western sanctions by Raiffeisen⁶ and in March, Raiffeisen faced demands from the European Central Bank to develop a plan for unwinding its Russian business.⁷ Meanwhile, the Ukrainian National Agency for Prevention of Corruption (NACP) has taken the unprecedented step to list Raiffeisen as international sponsor of the war.⁸

With the war now well into its second year, no firm plans have yet materialised from the bank for a moral exit from Russia. Plans leaked in March by Austrian news outlet Falter suggest that Raiffeisen is considering exchanging €400 million worth of profits trapped in Russia against Sberbank's frozen cash in Europe.⁹ This plan, which has been labelled a "financial prisoner swap", would allow Kremlin-owned Sberbank to recover some of its assets now frozen by European sanctions, a portion of which will undoubtedly end up replenishing Russia's war coffers. This leaked plan gives the impression that Raiffeisen is willing to take any step, no matter how unprincipled, to protect its profits and recover its assets.¹⁰ These concerns intensified following the bank's Annual General Meeting on March 30th when Raiffeisen declared its plans to sell or spin off its Russian subsidiary.¹¹

Our organisations strongly believe that it is the responsibility and moral duty of Raiffeisen to the people of Ukraine to exit Russia as soon as possible without further supporting the Kremlin's finances in the process. We urge the bank to ensure that all profits from any sale of its Russian assets are used for the reconstruction of Ukraine and for the support of its people.

Cutting all ties with Russia may well result in a short-term financial hit, but other banks that have exited the country have fared well despite this. For example, in May 2022, Société Générale took a €3.2 billion hit on the sale of its Russian assets but still managed to deliver record underlying performances that year, with the CEO Frederic Oudea stating "it was the best decision and we [left Russia] in a very responsible way".¹²

We acknowledge that, as time has passed and difficult decisions have been postponed, the range of exit options for Raiffeisen to leave Russia has diminished. On the other hand, if Raiffeisen remains mired in Russia with no exit strategy, the legal, sanctions and reputational risks to the bank will only continue to grow as the war proceeds and the Russian state resorts to ever more draconian measures to keep its economy afloat.

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<https://www.reuters.com/business/us-sanctions-authority-asks-raiffeisen-about-business-related-russia-2023-02-17/>

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<https://www.reuters.com/markets/europe/ecb-pressures-austrias-raiffeisen-bank-quit-russia-sources-2023-03-23/>

⁸ NACP, "Raiffeisen Bank International – International Sponsor of War," <https://sanctions.nazk.gov.ua/en/boycott/21/> (accessed April 12, 2023).

⁹ <https://www.falter.at/zeitung/20230314/milliarden-fuer-putin-die-raiffeisen-dokumente>

¹⁰ <https://www.ft.com/content/2682965b-34b2-421a-8011-389e2972bacb>

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<https://www.bloomberg.com/news/articles/2023-03-30/raiffeisen-eyes-russia-unit-sale-or-spinoff-amid-pressure-to-act?leadSource=verify%20wall>

¹² <https://www.youtube.com/watch?v=bwjoELtdWQk>

The time to make the right decision and conduct a moral exit from Russia is *now*. We trust that you, as the CEO of a bank with its history proudly rooted in the movements for social justice in the 19th century, will make that right decision.¹³

We wish you courage in making this decision and seek to hear from Raiffeissen on how you will respond to this call by 15 June, 2023 at the latest.

Yours sincerely,

Johan Frijns
Executive Director, **BankTack**

and

Signed:

Okereke Chinwike, Founder and CEO, **African Law Foundation (AFRILAW)**
Jason Weiner, Executive Director and Legal Director, **Bank Climate Advocates**
Sun Li, Operations Manager, **Blue Dalian**
Name withheld, **Boycott Russia**
Maria Huma, President of the Board, **Buy Responsibly Foundation**
Olexi Pasyuk, Project Leader, **CEE Bankwatch Network**
Oleksandra Matviichuk, Head, **Center for Civil Liberties**
Viacheslav Nozdrin, Communication Director, **Centre for Economic Strategy**
Kate Watters, Executive Director, **Crude Accountability**
Lynn Pasterny, Senior Policy Adviser, **Earthsight**
Julia Fish, Coordinator, **Fund Our Future**
Ying Ying Lu, Board Director, **Green Longjiang**
Jasmin Duregger, Climate & Energy Campaigner, **Greenpeace CEE**
Rich Stazinski, Executive Director, **Heartland Initiative**
Simon Papuashvili, Programme Director, **International Partnership for Human Rights**
Nataliia Shapoval, President, **KSE Institute**
Will van de Pol, Campaigner, **Market Forces**
Maurice Ouma Odhiambo, Executive Director, **Jamaa Resource Initiatives**
Ivar Dale, Senior Policy Adviser, **Norwegian Helsinki Committee**
Cor Oudes, Program Lead Humanitarian Disarmament, Business Conflict and Human Rights, **PAX**
Jan Willem van Gelder, Director, **Profundo**
Mark Hanis, Founder, **Progressive Shopper**
Svitlana Romanko, Director, **Razom We Stand**
Radek Kubala, Campaigner and Researcher, **Re-set: platform for socio-ecological transformation**
Stephanie Brancaforte, Executive Director, **Rinascimento Green**

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<https://www.google.com/url?q=https://www.rbinternational.com/en/who-we-are/facts-figures/history.html&a=D&source=docs&ust=1682506347738378&usg=AOvVaw2Qy35A6XOLuFSS1rhnXixE>

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