The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

VTB, Bank of Moscow, Rosselkhozbank Brush Off Sanctions

By Delphine d'Amora

July 30, 2014



A man looks out of a window as a sign with the logo of VTB bank is seen in central Moscow.

Russian bank VTB Bank on Wednesday declared U.S. sanctions politicized and "completely inappropriate" but said that they will not prevent the bank from raising capital when needed, while Bank of Moscow and Rosselkhozbank, also struck by Washington, said the measures will have little impact on their business.

In an emailed statement, VTB, Russia's second largest banking group, said that the United States' decision was "exclusively politically motivated, unjust, in contradiction of legal frameworks and causing mutual economic damage."

At the same time, VTB said that it "is sure" that it can generate capital abroad when needed, and that the sanctions will not prevent the banking group from fulfilling its obligations to shareholders, clients and investors.

"VTB has a good reputation among international investors and has excellent expertise in borrowing not only on Western markets," the statement said.

The U.S. on Tuesday expanded its economic sanctions against Russia to include VTB, its subsidiary Bank of Moscow and the Russian Agricultural Bank, or Rosselkhozbank. The sanctions will bar U.S. persons and people on U.S. territory from transacting with the targeted banks and providing them with new equity or debt with a maturity period of longer than 90 days.

"In light of Russia's continuing support for separatists in Ukraine, we took additional steps today to further increase financial pressure on the Russian government," U.S. Undersecretary for Terrorism and Financial Intelligence David Cohen said in a statement.

Bank of Moscow, which unlike its parent company is focused almost exclusively on the internal market, said that the sanctions will "not impact business at all."

"Funding from external loans is insignificant and does not exceed 2 percent of the bank's balance sheet," the bank said in a statement, adding that its last loans in foreign currencies were taken out in 2010.

In an online statement, Rosselkhozbank said that it is operating normally and does not expect any negative impact from U.S. or European Union sanctions.

Along with the other targeted banks, "Rosselkhozbank may turn to the Russian government with a request for support, which will be completely reasonable," a member of the bank's advisory committee was quoted as saying.

While Bank of Moscow and Rosselkhozbank responded to all impending sanctions, VTB only addressed those imposed Tuesday by the U.S., ignoring the European Union sanctions that are set to fall on the banks on Thursday.

The EU member states agreed on Tuesday to bar European people and companies from buying or sell new bonds, equity and other financial instruments with maturity periods of longer than 90 days to majority state-owned Russian banks and their subsidiaries.

See also:

Russia's Central Bank Vows to Support Sanctioned State Banks

EU Sanctions to Squeeze Russian Banks, Consumers

Contact the author at d.damora@imedia.ru

Original url:
https://www.themoscowtimes.com/2014/07/30/vtb-bank-of-moscow-rosselkhozbank-brush-off-sanctions-a37819