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Head of Russia's VTB Says Relations With U.S. Banks Still Good

By The Moscow Times

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Most U.S. financial institutions maintain good working relations with Russia's VTB Group, which was blacklisted by the U.S. government over Russian actions in Ukraine, the head of the banking group said on Friday.

Andrei Kostin, the chief executive of Russia's second-largest bank by assets, VTB Group, said some Western banks were wary of closer ties due to the sanctions, which limit VTB from raising longer-term debt and equity on U.S. capital markets.

The sanctions are meant to have no impact on the bank's day to day operations, but Kostin said the imposition of U.S. sanctions in July prompted U.S. financial institutions to implement special controls over all Russian banking operations.

Many Western financial institutions, burned by billion-dollar fines over evading sanctions in places like Iran and Sudan, have sought to avoid any contact with sanctioned entities, even for

legal business.

"So this hypersensitivity in the banking sector, it's having an effect today," Kostin told reporters on the sidelines of the fall meetings of the International Monetary Fund and World Bank. "At first, we experienced some problems with payments, mainly with delays."

"But the majority of our traditional partners, especially in the United States, are ready to work with us," he added, after meetings with banks and others in Washington, enabling the bank to maintain its regular business.

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