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Sanctioned VTB Bank to Open Branches in Occupied Ukraine

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VTB Bank office in Moscow. **Sophia Sandurskaya / Moskva News Agency**

Russia's second-largest lender VTB Bank announced Tuesday that it plans to open new offices in occupied Ukraine this year.

"The bank will open two new branches in Luhansk in July and, by the end of the year, it plans to start customer service in Mariupol and Donetsk," VTB said in a statement.

The three cities are located in eastern Ukraine's Luhansk and Donetsk regions, which President Vladimir Putin annexed alongside the partially occupied Kherson and Zaporizhzhia regions in the fall of 2022.

VTB did not indicate whether it planned to expand into the latter two regions.

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VTB was one of the first banks to be hit by Western sanctions and excluded from the SWIFT

global payment system after Russia invaded Ukraine in February 2022.

Before the invasion, large Russian banks shied away from working in territories seized from Ukraine in fear of sanctions. After the full-scale war, the majority state-owned VTB began operating in annexed Crimea via its subsidiary, the sanctioned Russian National Commercial Bank.

VTB's announcement comes months after President Vladimir Putin called on Russian banks to be "more proactive" in expanding to regions the Kremlin calls its "new territories."

"Everything that was feared before the sanctions has already happened, so there is nothing to be afraid of," Putin said in January.

VTB earned a record 432.2 billion rubles ($4.7 billion) in 2023, one year after suffering a sanctions-induced loss of 667.5 billion rubles ($7.5 billion).

"VTB is where our client is. Today we're going to our clients in the new regions," said Andrei Kostin, the sanctioned CEO of VTB and a close associate of Putin.

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