

Raiffeisen Bank Services Firms Supplying Russia's War Machine – Bloomberg

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A sign outside an office of Raiffeisenbank in Moscow. **Artyom Geodakyan / TASS**

Raiffeisen Bank's clients include firms supplying the Russian military as it continues to wage war on Ukraine, Bloomberg [reported](#) Monday, citing bank statements and other documents it obtained.

The Austrian bank, which operates the largest Western-owned banking branch still active in Russia since the invasion of Ukraine, is effectively stuck in the country despite pressure from the U.S. and the European Central Bank to withdraw.

According to Bloomberg, Raiffeisen's Russian unit received over 62 million rubles (\$620,000) last year for its services from chemical company Unichim, which supplied the sanctioned firm Rawenstvo with materials needed to produce military systems.

It is "almost certain" that Raiffeisen has other clients supplying the Russian military-

industrial complex, Bloomberg cited anonymous European officials familiar with the documents as saying, as President Vladimir Putin has [placed](#) the country's economy on a war footing.

According to the U.S. Treasury Department, Rawenstvo develops and manufactures navigational radar systems. It is part of the sanctioned state-run Concern Granit-Electron, which produces key elements of missile systems for the Russian Navy.

The U.S. Treasury also says that Granit-Electron is linked to the Tactical Missiles Corporation, one of Russia's largest weapons manufacturers.

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Granit-Electron's website [states](#) that it "was awarded a commendation by the Russian president for its great contribution to the creation of new special equipment, strengthening the country's defense capability and high performance in production activities."

An RBI spokesman told Bloomberg that the bank complies with all EU, U.S. and U.K. sanctions on Russian entities.

Although Raiffeisen cut its Russian loan book by almost 25% in the third quarter of 2024 following an order from the European Central Bank, it cannot avoid dealing with clients that, in a wartime economy, are linked in one way or another to the defense industry.

Russia only allows accounts to be closed in certain circumstances and does not recognize sanctions imposed on its companies. Additionally, Raiffeisen's Russian unit is regulated by the Central Bank and subject to Russian law.

Since the start of the war in Ukraine, Raiffeisen's Russian unit, which remains one of the few in the country that continues to make foreign currency payments, has become Raiffeisen Bank International's most profitable subsidiary. In the first three quarters of 2024, Raiffeisen's Russian unit generated over \$1 billion in after-tax profit, paying 227 million euros in Russian taxes.

However, Russian capital controls prevent Raiffeisen from withdrawing its profits, which have grown to 4.4 billion euros, from the country.

If Raiffeisen is authorized to sell its Russian business, it can only do so at a 60% discount of its real valuation. It would also be forced to make a "voluntary contribution" of 35% of the deal to the Russian state.

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